

# **DEFENSE BASE CLOSURE COMMISSION**

## **1995 HEARINGS**

### **BOOK I**

- 1. March 1, 1995**
- 2. March 6, 1995**
- 3. March 7, 1995**
- 4. March 16, 1995 (Reuse)**
- 5. March 29, 1995 (Guam)**
- 6. March 30, 1995 (Grand Forks)**
- 7. March 31, 1995 (Great Falls)**
- 8. April 04, 1995 (Birmingham)**

## DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

## OPEN MEETING

9:00 a.m.

106 Dirksen Senate Office Building  
Washington, D.C.

Wednesday, March 1, 1995

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1 1993 as a four-star general, after a distinguished 35-year  
2 career. General Davis.  
3 Mr. S. Lee Kling is chairman of the board of Kling,  
4 Rector, and Company, a merchant banking company. Mr. Kling.  
5 Admiral Benjamin F. Montoya of New Mexico retired  
6 from the Navy with the rank of rear admiral. He is currently  
7 president and chief executive officer of Public Service  
8 Company of New Mexico. Admiral Montoya.  
9 Mr. Joel Robles, General Joe Robles retired from  
10 the Army with the rank of major general after 28 years of  
11 service and is currently chief financial officer, corporate  
12 controller of USAA Financial Services. General Robles.  
13 Mrs. Wendi L. Steele has worked in the United  
14 States Senate and served in the Bush Administration and is a  
15 former distinguished staff member of the Base Closure  
16 Commission in prior rounds. Mrs. Steele.  
17 We thank you all, not only for your willingness to  
18 serve on this Commission in a very difficult task, but for  
19 your understanding of the democratic process in this country,  
20 which leads us to the requirement that you must remain out  
21 there until such time as you are confirmed by the Senate.  
22 I would hope that the Senate hears me as a make

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## COMMISSIONERS PRESENT:

Alan Dixon, Chairman

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1 those remarks this morning and can find, as we used to say,  
2 Congressman Montgomery, a window today to confirm these very  
3 fine potential commissioners.  
4 Today, ladies and gentlemen, we embark on a  
5 difficult and, for many communities, individuals, and  
6 businesses, a painful journey that will end on July 1st, when  
7 the Commission presents its final recommendations for base  
8 closures and realignments to the President of the United  
9 States.  
10 Before we hear from Secretary Perry, General  
11 Shalikashvili, and Deputy Secretary Deutch about the Defense  
12 Department's recommendations, I want to describe briefly the  
13 recent history of base closure, and I want to tell you about  
14 his this Commission will operate in the coming months.  
15 I cannot emphasize strongly enough that both the  
16 law under which we operate and the personal feelings of every  
17 person associated with this Commission commit us to a fair  
18 and open and an independent process that will result in the  
19 timely closure and realignment of military installations in  
20 the United States.  
21 In 1988, then Secretary Carlucci undertook, with  
22 the approval of Congress, the first round of domestic base

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## PROCEEDINGS

1 CHAIRMAN DIXON: Ladies and gentlemen, the initial  
2 meeting of the 1995 Defense Base Closure and Realignment  
3 Commission will now come to order. I feel a little bit like  
4 the Maytag repairman up here by myself, and apologize to all  
5 of you in the country at large because of the fact that my  
6 seven colleagues, the other commissioners, have not yet been  
7 confirmed by the United States Senate.

8 As a former Senator, I take into account that this  
9 is a matter of some concern in the Senate and that it will be  
10 addressed shortly. I would like to take this opportunity,  
11 before we start the hearing, to introduce, in alphabetical  
12 order, my colleagues, who will be shortly confirmed by the  
13 Senate, I am confident, and who will serve with me from this  
14 day forward on the Commission.

15 Mr. Al Cornella is a businessman in Rapid City,  
16 South Dakota and a Navy veteran with service in Vietnam. Al,  
17 would you rise? Thank you.

18 Mrs. Rebecca Cox is a vice president of Continental  
19 Airlines, and she served with great distinction as a base  
20 closure commissioner in the 1993 round. Ms. Cox.

21 General J.B. Davis, retired from the Air Force in  
22

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1 closures in more than a decade. That round resulted in the  
2 closing of 86 bases and realignment of 13 others. Two of the  
3 closures were in my own state, when I chaired the Readiness  
4 Subcommittee of the Armed Services Committee, and so I know  
5 the pain of being on the receiving end of one of these  
6 decisions.

7 It was a frustrating time for me and for many other  
8 elected officials. Secretary Carlucci operated well within  
9 the guidelines given him by the Congress. Nonetheless, the  
10 1988 process was, to be very candid, a closed one.

11 When it was over, Senator Nunn, Senator Warner, and  
12 I, and others, set about devising a way to close bases that  
13 would be done fairly and openly and, as a result, in 1990,  
14 Congress passed the Defense Base Closure and Realignment Act  
15 under which we now operate.

16 I believe the law we passed has improved  
17 substantially on how bases were closed in the pass, and the  
18 hallmark of this process is openness. I want to assure  
19 everyone here today, and every citizen of every community in  
20 this country that's on the list, that everything this  
21 Commission does between now and July 1st will be done in the  
22 open.

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1 All the material that pertains to this job at hand  
 2 will be in our library and available to the public and the  
 3 press. Our many hearings in Washington, and all around the  
 4 country, are, of course, open to all. The notes we take on  
 5 these visits will be in the library and so will every document  
 6 any community gives us in support of their own base.  
 7 There are no Freedom of Information Act Requests  
 8 necessary. If we have it, you can have it. In this process,  
 9 there will be a seat at the table for anyone who wants one.  
 10 We all know that passions will run high as this  
 11 process unfolds. Believe me, we appreciate what's at stake  
 12 for the communities on this list, and I give you my word --  
 13 which is about all you have in this business of government --  
 14 that we will go about our difficult business sensitively, as  
 15 well as fairly.  
 16 As all of you know, is the final round of base  
 17 closings under the current legislation -- I stress, under the  
 18 current legislation. Our Commission goes out of business on  
 19 December 31st of this year.  
 20 The first three rounds of base closings have  
 21 reduced domestic base structure by approximately 15 percent.  
 22 Overall, the Department of Defense is now closing 70 major

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1 bases, realigning 38 others, and implementing more than 200  
 2 other smaller closures.  
 3 But, as you know, what you might call the "easy"  
 4 decisions -- and none of them were easy -- have all been  
 5 made. We are down to, for the most part, excellent bases,  
 6 many with a long and a distinguished history of support for  
 7 our great armed forces, and our decisions this year will be  
 8 all the more difficult because of that reason.  
 9 I believe that base closing must not be looked at  
 10 -- must not be looked at -- as simply a budget-cutting  
 11 tactic. It should be undertaken to reduce our defense  
 12 infrastructure in a deliberate way that will improve long-  
 13 term military readiness and ensure we are spending taxpayers'  
 14 dollars in the most efficient way possible.  
 15 We should not make decisions that will eliminate  
 16 important military assets based on our near-term budget  
 17 imperatives. This Commission's challenge is to develop a  
 18 closure list that allows us to maintain readiness, modernize  
 19 our military, and preserve the force levels we need to  
 20 maintain security.  
 21 And that's why it's so important that this third  
 22 round proceed as scheduled -- both our national security and

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1 our long-term budget goals demand it. Briefly, we will go  
 2 about our work in the following way:  
 3 Hearings today and on March 6th and 7th in  
 4 Washington at which Defense Department officials will explain  
 5 their recommendations.  
 6 A hearing March 16th, here in Washington, on the  
 7 base re-use activities of the federal government.  
 8 As many regional hearings as we need around the  
 9 country to allow interested parties to express themselves  
 10 fully.  
 11 Base visits by commissioners and staff; and my  
 12 fellow commissioners have been kind enough to indicate  
 13 they'll share that responsibility with me, so that a  
 14 commissioner will go to everyone of these bases or  
 15 installations and walk on the ground with the people who are  
 16 concerned about their interests in that base.  
 17 Hearings in Washington in June at which Members of  
 18 Congress can address this Commission.  
 19 Public sessions beginning in late June at which the  
 20 commissioners will cast their votes, in public, on which  
 21 bases to close or realign.  
 22 We will make our judgments based on eight clearly

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1 stated criteria, developed by the Defense Department under  
 2 the authority given the Defense Department by Congress,  
 3 involving military value, return on investment, and impacts  
 4 on the community, as well as on the force structure plans of  
 5 the military branches.  
 6 In addition to our closure and realignment list,  
 7 our final report will also include recommendations to the  
 8 Congress regarding how to carry out base closures in the  
 9 future, and it will include an evaluation of the  
 10 effectiveness of the federal government's programs for  
 11 providing assistance to communities in replacing these bases  
 12 in the local economy. It is a large, wrenching, and  
 13 necessary undertaking, and your assistance will be greatly  
 14 appreciated.  
 15 I believe this process has worked just about as  
 16 well as we could have hoped for when we thought it up. If  
 17 the number of calls for base closure type commissions to be  
 18 created to deal with other vexing public policies is any  
 19 indication, it has surely been a success.  
 20 In the past two rounds, this Commission, working  
 21 under great time constraints and political pressure, has  
 22 produced, I think, a fair and prudent reduction of our

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1 domestic military infrastructure. Today, we begin the job of  
 2 completing that task.  
 3 I want to welcome all three of our distinguished  
 4 witnesses to the Commission this morning. I understand that  
 5 each of the three have opening remarks. Before you begin,  
 6 let me say that, in 1993, as part of the National Defense  
 7 Authorization Act for fiscal year 1994, the Base Closure Act  
 8 was amended to require that all testimony before the  
 9 Commission at a public hearing be presented under oath.  
 10 As a result, all of the witnesses who appear before  
 11 the Commission this year must be sworn in before testifying.  
 12 Secretary Perry, General Shalikhshvili, and Secretary Deutch,  
 13 would you mind rising and raising your right hands? Thank  
 14 you very much.  
 15 (Witnesses sworn.)  
 16 CHAIRMAN DIXON: I thank you. Secretary, Perry, we  
 17 will begin with you, and we thank you for your presence here  
 18 this morning.  
 19 SECRETARY PERRY: Thank you very much, Mr.  
 20 Chairman.  
 21 With the ending of the Cold War, there came about a  
 22 significant reduction in the military threat to the United

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1 States and that, in turn, allowed us to make a significant  
 2 reduction in our force structure. Indeed, from about the  
 3 mid-'80s to the mid-'90s -- '86 to '96 -- that force  
 4 structure reduction is about 33 percent.  
 5 With fewer forces, obviously, we need fewer bases.  
 6 In BRAC '88, '91, and '93, we've already effected or have  
 7 underway about a 21 percent reduction in infrastructure.  
 8 Now, I would note for you that that 21 percent is not still  
 9 up to the 33 percent which is the reduction in our forces.  
 10 The Department of Defense and the services are  
 11 motivated to reduce this infrastructure further and the  
 12 reason they are is because we want to free up the dollars it  
 13 takes to support those bases so we can apply that money to  
 14 our forces, to the readiness, and to the modernization of our  
 15 forces. So for those reasons, we have a very strong  
 16 motivation for proceeding forward with this base closing  
 17 round.  
 18 The process we're using -- and I may use a chart  
 19 now to illustrate that point -- the first chart simply  
 20 reflects the numbers, which I've already given you and the  
 21 next chart describes the process which is underway. It is a  
 22 bottom-up process.

<p style="text-align: right;">Page 13</p> <p>1 That is, we have gone to each of the services and  2 to the defense agencies and asked them to do a very careful  3 analysis, using their own best judgments, the facilities that  4 they have, the capacities they need. Then, on the basis of  5 the published force structure and the published criteria for  6 BRAC, they made their recommendations to me as to what they  7 recommend in terms of base closing and base realignment.  8 This was done on the bottom-up review force  9 structure, the first time that we have done a base closing  10 that was calibrated to that particular force structure.  11 It was done, for the first time, using joint cross-  12 servicing. This is a very difficult process, and we have  13 made real progress in that direction, but we have not gone,  14 as you will see, we have not gone the total distance in  15 effecting cross-servicing. You will see, though, in our  16 recommendations on depots, a very serious consideration about  17 making better use of cross-servicing.  18 The services made their recommendations to me early  19 this month -- early in February, pardon me -- and both my  20 staff and General Shalikashvili's staff have been reviewing  21 it since that time. We did not, in this reviewing, attempt  22 to second guess their judgments, which was the tradeoff</p>	<p style="text-align: right;">Page 16</p> <p>1 be removed from the list clearly had merit. When we make  2 available to you the information from the services, we will  3 also make available to you the analysis we did where we were  4 considering whether or not to keep the recommendations on the  5 list.  6 I want to summarize on this point by saying again  7 that the list that we are recommending, recommendations we  8 are submitting to this Commission are the same as the  9 recommendations that we got from the service and that our  10 analysis, in the last month, simply confirmed the services'  11 recommendations, rather than finding exception to them.  12 I believe this was because the process we used for  13 the review, in which we had a BRAC review group chaired by  14 Deputy Secretary John Deutch, that we have maintained  15 communications with the service all through this process, to  16 it's not surprising that we are able to validate, at the end  17 of this process, that indeed they followed the laws and the  18 policies and that they had considered the points which we  19 felt it was important for them to consider.  20 Let me tell you about the criteria which we used.  21 They are listed on the next chart.  22 Military value was the first criteria, and General</p>
<p style="text-align: right;">Page 14</p> <p>1 between their needs, as they saw them, and the importance of  2 those bases meeting the needs. Instead, we applied what we  3 thought were our particular responsibilities.  4 We wanted, first of all, to verify that their  5 process had followed the laws and the DOD policies.  6 Secondly, we wanted to be confident that the requirements of  7 our war-fighting commanders in chief in the field will be met  8 by these, and General Shalikashvili will have more to say  9 about that, but that was a very important part of his review.  10 Both he and I looked very carefully at the question  11 of whether these base closings would in any way affect treaty  12 obligations. For example, we are recommending the closing of  13 a missile base. This missile base come under the terms of  14 the START treaty, so we wanted to be very sure that what was  15 happening here, what was being recommended here, would not  16 adversely affect this treaty.  17 We had to look at the effects on other departments  18 of the government. We are recommending, for example, the  19 closure of Kirtland Air Force Base; and there is, in  20 Kirtland, resident in Kirtland, a very important national  21 security facility managed by the Department of Energy, so we  22 had to coordinate with the Department of Energy to be sure</p>	<p style="text-align: right;">Page 17</p> <p>1 Shalikashvili will be talking to you more about that in his  2 testimony. We had to be able to be sure that all of the  3 military requirements continued to be met, even in the face  4 of this base closing.  5 A second consideration was cost and savings. I  6 will have more to say about that in my testimony. I want to  7 emphasize, though, that in this review, the principal  8 criterion we used was assessing the present value of the  9 proposed closing. That is, we took into account the cost, we  10 took into account the savings, and we also took into account  11 the cost of money. We used, then, a computation of the net  12 present value over a 20-year period as a principal criterion.  13 That gave us somewhat different results, perhaps,  14 than we'd have gotten if we'd used the criteria of two years  15 ago, because it tended to put a stronger emphasis on near-  16 term savings and it put an emphasis against heavy front-end  17 costs. So some of the realignment we might have done, which  18 would have involved moving from one base to another and  19 entailing very expensive military construction costs, tended  20 to be less likely, because we're using this net present value  21 method.  22 Finally, we considered community impacts, both</p>
<p style="text-align: right;">Page 15</p> <p>1 that this action was not adversely affecting its mission.  2 Finally, we had asked each of the services to  3 conduct a cumulative economic impact, but we wanted to look  4 at the economic impact across the services. In the event  5 that one region had an Army, Navy, and Air Force base being  6 closed in the region, then we could consider cumulative  7 across the services as well as cumulative through the last  8 three BRACs.  9 That was the nature of our review that we have been  10 making in the last few weeks.  11 I would like to report to you that this review was  12 intensive and, during the course of this review, we received  13 many, many recommendations from people outside the process,  14 asking us not to have their base on the list. We considered  15 these carefully; we considered our own analysis carefully  16 and, when this process was all done, we concluded that we  17 were going to accept all of the recommendations of the  18 services.  19 The list which we will be recommending to this  20 Commission is the list that was submitted to myself by the  21 services. There were three or four cases where it was a very  22 tough call to make. That is, the recommendations that a base</p>	<p style="text-align: right;">Page 18</p> <p>1 economic and environmental impacts in the course of our BRAC  2 determination. While ultimately, we will have to pay for  3 removing the environmental problems of the base, we did not  4 use them in our calculation as to whether or not -- in our  5 net present value calculation and, indeed, as of this point,  6 the bases that we are recommending to you for closure, we  7 have not yet computed the environmental costs of doing it.  8 We did very much consider the economic impact,  9 including the cumulative economic impact from the three  10 previous base closings.  11 Now with that background, let me give you the  12 results on this next chart. This aggregates the results in  13 terms of the costs and savings of BRAC. I would like to call  14 your attention to the first column, called "BRAC Actions,"  15 which says, that in BRAC '95, we have 146 BRAC actions, which  16 is about 20 percent less than the ones we had in 1993.  17 Let me jump, though, over to the next column.  18 Notice that the closure costs, even though we're only 20  19 percent less, the closure costs are about half of what they  20 were in BRAC '93. This reflected our emphasis on avoiding  21 heavy front-end costs.  22 Most significantly, I think, is the six-year net</p>

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1 savings which is shown in the third column, that, whereas in  
 2 BRAC '93, over a six-year period, we had just barely broken  
 3 even, on this BRAC, we will have \$4 billion of savings  
 4 reflected by the end of the six-year period.  
 5 Indeed, once we reach a positive savings, from that  
 6 point on, the annual savings will be \$1.8 billion. So, even  
 7 though this is a smaller BRAC in terms of number of actions,  
 8 in '93, we have essentially the same annual savings resulting  
 9 from it.  
 10 Finally, if I go to the last column, which is  
 11 called "Total Savings," this is the net present value over a  
 12 20-year period, including discounting the savings for the  
 13 cost of money. That shows that this BRAC is the largest BRAC  
 14 we've ever had in terms of net present savings.  
 15 We have referred to this BRAC as being somewhat  
 16 smaller than the previous BRACs in terms of actions and in  
 17 terms of job losses but, in terms of savings, it's actually  
 18 the largest BRAC we have ever had.  
 19 Let me go from there to listing for you some of the  
 20 major decisions that were made.  
 21 In the Army, the closing of Fort McClellan;  
 22 Fitzsimmons Medical Center; Aviation Troop Command in

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1 Missouri; Letterkenny Depot in Pennsylvania; and the Red  
 2 River Depot in Texas.  
 3 In the Air Force, the closing of Grand Forks Air  
 4 Force Base -- that was the missile base that I was referring  
 5 to earlier in my testimony; Kirtland Air Force Base, which I  
 6 also referred to; the Rome Lab in New York; and two Air Force  
 7 bases in Texas -- Reese and Brooks.  
 8 Navy, the closing of the shipyard at Long Beach;  
 9 Naval Air Station in Meridian, Mississippi; Naval Air Weapons  
 10 Center in Indianapolis; Surface Warfare Center at Louisville,  
 11 Kentucky; and we're closing some Naval activities in Guam.  
 12 And, finally, the Defense Logistics Agency has some  
 13 closures associated with the previous ones that I've  
 14 mentioned to you, at Red River, for example, as well as  
 15 closures at Memphis and Ogden.  
 16 Now, if I reflect these on the map, the next chart  
 17 shows the Army actions spread across the country. I have  
 18 listed on here what we considered significant Army actions,  
 19 significant in terms of more than 200 civilian loss or more  
 20 than 500 military loss.  
 21 Any closing or realignment which qualified for that  
 22 is listed on this chart. You can see they are spread rather

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1 widely, geographically.  
 2 These are the Navy actions. You don't have the  
 3 same geographic spreading in the Navy. The Navy tends to be  
 4 located generally along the coasts, of course, and we see,  
 5 therefore, a different geographic spreading for the Navy.  
 6 The next chart lists the DLA actions; and the next  
 7 one the Air Force actions.  
 8 Now, I'd like to discuss one specific conclusion,  
 9 which refers to my previous comment on cross-servicing. We  
 10 have looked and worked on a very difficult problem of how to  
 11 make our depots more efficient, and the Navy, indeed, has  
 12 proposed closing some depots as part of this proposal.  
 13 The Air Force, on the other hand, took a different  
 14 approach to it, and that is reflected in the next chart. The  
 15 Air Force elected, instead of closing one of two of the  
 16 depots, to make a reduction in all of them -- a reduction in  
 17 size in all of them. The reductions were large enough that  
 18 they required BRAC actions to do this.  
 19 This chart shows you the comparison between the two  
 20 alternatives, the one which was scaling down the size of all  
 21 their depots versus alternatively closing two depots.  
 22 This is very instructive, because if you look at the one-time

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1 costs, we see that there's \$218 million versus \$1 billion for  
 2 the one-time cost of closing. Not surprisingly, it costs  
 3 more to close down two depots than it does to scale down all  
 4 five of them.  
 5 In the second column, that reflects the savings  
 6 that are achieved. This, again, is over the six-year period.  
 7 This shows you that the scaling down, the savings is \$627  
 8 million, about twice what we would have saved on closing the  
 9 two depots.  
 10 The annual savings are also larger and, most  
 11 significantly, I think, is that the net present value, which  
 12 is our primary criterion for valuation, shows almost \$3  
 13 billion net present value with the scaling down, whereas it  
 14 would have been about \$700 million net present value from the  
 15 closing.  
 16 On the basis of this analysis, the Air Force  
 17 decided and we concurred that this was a better action to  
 18 take.  
 19 I wanted to also describe to you the effect on  
 20 jobs. This has been a very important factor. It's one that  
 21 has affected all of the communities in which BRAC is affected  
 22 and, on this rather complicated -- we now have a map which

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1 should show you the effect of the job losses.  
 2 You won't be able to read that map from that  
 3 position. We will make the charts available, for your  
 4 committee, though, to review.  
 5 CHAIRMAN DIXON: I'd appreciate your doing that as  
 6 soon as you can, Mr. Secretary, so we could have them at hand  
 7 next week.  
 8 SECRETARY PERRY: We'll do it today.  
 9 CHAIRMAN DIXON: Thank you.  
 10 SECRETARY PERRY: I will give you a few highlights  
 11 from this chart, though. I have listed on this the job  
 12 losses from all previous BRACs, is the first number listed  
 13 and the second number is the job losses from this BRAC.  
 14 I note, for example, California, which had taken a  
 15 very, very heavy hit in the previous BRACs. 26,000 jobs were  
 16 lost in all previous BRACs. We did not exempt California  
 17 from this time, but it is hit considerably less hard this  
 18 time, a total of 3,900 jobs lost in this year's BRAC.  
 19 If I go down to Texas, we see in all previous  
 20 BRACs, there was an insignificant loss of jobs, only 100  
 21 actually, whereas this year it is rather heavily hit, with  
 22 6,600 jobs total, with the closing of the Red River Arsenal

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1 and the Brooks and the Reese Air Force Bases.  
 2 If I go up to New York, I see that, in previous  
 3 BRACs there was a loss of 3,000 jobs; in this BRAC, a loss of  
 4 1,400.  
 5 You see similar information across the country. I  
 6 think you will conclude, in looking at this chart, two  
 7 things.  
 8 First of all, there is no geographic bias or  
 9 preference in what we are doing and, secondly, that there was  
 10 a consideration of cumulative economic impact, and so the  
 11 ones which were hit the hardest in the previous times are not  
 12 hit the hardest this time.  
 13 We believe that, besides implementing this BRAC --  
 14 that is, implementing the closing of bases -- we do have a  
 15 responsibility to assist the communities in developing their  
 16 redevelopment plans and their reuse plans.  
 17 I have, on this chart, just one map, a plan called  
 18 "Base Reuse. This will give you a flavor of how this is  
 19 going on at one particular base. This is the Lowry Air Force  
 20 Base, which was closed in 1991 and has had a vigorous reuse  
 21 plan underway since then.  
 22 This has resulted in a redevelopment of that Lowry

<p style="text-align: right;">Page 25</p> <p>1 Air Force Base, which includes Defense Finance and Accounting 2 Center being located there, new housing, a business park, an 3 educational campus, recreation areas. In short, what the 4 people around Lowry Air Force Base have done, they have taken 5 the problem posed to them by BRAC and made an opportunity out 6 of it. We have assisted them in this purpose and we will 7 continue to assist the communities that are affected by this 8 1995 BRAC. 9 Let me conclude my statements, Mr. Chairman, by 10 observing that the BRAC, for the communities and for the 11 Defense Department as well, has been a painful process. 12 Nevertheless, it is a necessary process. 13 In order to gain the proper balance between our 14 infrastructure and our forces, in order to gain the proper 15 balance between tooth and tail or our military forces, it was 16 necessary to close the bases we closed in the past; it's 17 necessary to close the ones that we are proposing in 1995. I 18 believe that BRAC is not only the right way of doing this, it 19 may be the only way that we could effect base closures of 20 this magnitude. 21 We have made a serious effort to carefully follow 22 the process that was prescribed by the BRAC legislation. We</p>	<p style="text-align: right;">Page 28</p> <p>1 moments, if I may, to elaborate on the recommendations that 2 have been forwarded for your consideration. The CINCs and I 3 reviewed the list of proposed base closures before it was 4 submitted to this Commission. We examined and analyzed this 5 list to determine if any of these base closures would harm 6 our readiness or our ability to train our forces, or our 7 ability to deploy, too, and to conduct joint operations. 8 Additionally, these recommendations were evaluated 9 against the requirement to support our future force structure 10 as described in our force structure plan that has been 11 provided to you and the Commission. The infrastructure that 12 will remain when the list is approved will fully support that 13 force structure and is ample to carry is into the next 14 century. 15 In fact, excess capacity will still remain that, at 16 some point, I think, in the future, might warrant 17 consideration of future base closures. As you can imagine, 18 when the CINCs and I began to review the recommendations that 19 lie before you, there were some healthy discussions and some 20 concerns were raised. 21 One proposal on the list before you caused 22 discussion regarding our war-fighting capability. In its</p>
<p style="text-align: right;">Page 26</p> <p>1 welcome, we truly welcome the role of this Commission and we 2 pledge to fully cooperate with the Commission, including 3 making available to you all of the data which we have 4 assembled in the course of arriving at our recommendations to 5 you. 6 With those remarks, I'd like to turn the floor over 7 to General Shalikashvili. 8 CHAIRMAN DIXON: Mr. Secretary, before I go to the 9 distinguished chairman of the Joint Chiefs, I understood 10 that, at least you and the general -- I'm not so sure about 11 Secretary Deutch -- have to leave at some appointed hour. 12 SECRETARY PERRY: General Shalikashvili and I have 13 to leave at 10:30 for another hearing. Secretary Deutch is 14 prepared to stay behind at that time. 15 CHAIRMAN DIXON: May I inquire of all three of you 16 if the distinguished Secretary also has obligations later in 17 the morning. I'd like to go to pretty close to about 12:15 18 or so this morning on questions, so it might be that you 19 would want to select other staff people after you depart to 20 answer questions, unless the distinguished Secretary can stay 21 that long. That may be a burden on you, sir. 22 MR. DEUTCH: I believe I can stay until shortly</p>	<p style="text-align: right;">Page 29</p> <p>1 recommendations, the Navy proposed the closure of the Fleet 2 Industrial Supply Center, Guam and the Ship Repair Facility, 3 Guam, changing the home port of five Combat Logistics Force 4 ships from Guam to Hawaii, and relocating Naval aviation 5 units from Anderson Air Force Base to locations in Hawaii and 6 on our West Coast. In this connection, two concerns were 7 raised. 8 The first was that the personnel reductions and 9 realignments associated with these actions might contribute 10 to Allied perceptions that we are withdrawing from the 11 Pacific. 12 Actually, once this proposal is implemented, we 13 will still have a military force of over 7,000 personnel on 14 Guam -- a significant presence and a significant capability 15 -- and, as you know, we continue to be committed to 16 maintaining a force of some 100,000 personnel in the region. 17 The second concern was the loss of the Fleet 18 Industrial Supply Center, the Ship Repair Facility, and the 19 restationing of the logistics ships and how it would impair 20 logistics support for deployed battle groups. 21 However, we are preserving the physical facilities 22 of the ship repair and supply center in the event that, at</p>
<p style="text-align: right;">Page 27</p> <p>1 before 12:00. I have to be back and host a luncheon at 2 12:00. 3 CHAIRMAN DIXON: Is there anybody else you would 4 like to select that I could put under oath now so that, after 5 you leave -- 6 MR. DEUTCH: Yes. Let me introduce Mr. Bayer. 7 CHAIRMAN DIXON: Well, of course, Bob will be on 8 our list this afternoon, I believe. But perhaps we would 9 swear him in now, so that, while that might be a little out 10 of order with the procedure, I'd like to get a lot of work 11 done this morning, frankly. So would you mind, Bob, letting 12 us do that now? Let me see if I can find the oath here. 13 Would you raise your right hand, please? 14 (Witness sworn.) 15 CHAIRMAN DIXON: Would you mind pulling up a chair, 16 please, Mr. Bayer? The distinguished chairman of the Joint 17 Chiefs, General Shalikashvili. 18 GENERAL SHALIKASHVILI: Thank you, Mr. Chairman, 19 future members of the Commission. I am pleased to have this 20 chance to offer my views on this, the fourth round of the 21 base realignment and closure process. 22 This morning, I would like to take just a few</p>	<p style="text-align: right;">Page 30</p> <p>1 some time in the future, these facilities could be needed for 2 contingency operation. In addition, facilities in Hawaii and 3 Japan provide sufficient logistics support capacity, ship 4 repair, and operational flexibility, to sustain fleet 5 operations. 6 As a result of these considerations, it is my view 7 that these closures on Guam will not impair the operation of 8 our forces. 9 In addition to the Guam proposal, there were two 10 other issues that were not directly affecting our current 11 war-fighting capability, but were of concern. 12 The recommendation to inactivate the Missile Wing 13 at Grand Forks Air Force Base in North Dakota and to move the 14 missiles to Malmstrom Air Force Base in Montana makes good 15 military sense. However, as Secretary Perry indicated, there 16 are associated issues, particularly arms control issues, that 17 still need to be resolved. 18 Finally, the proposed closure of the Naval Surface 19 Weapons Center at White Oak in Maryland raised concerns, as 20 well. 21 In this case, the loss of the hyper-velocity wind 22 tunnel at that facility could eliminate a unique national</p>

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1 capability, a capability that serves military research and  
2 development needs and that is used, as well, by other  
3 agencies, such as NASA. While the wind tunnel at White Oak  
4 should probably be retained, there are no military objections  
5 closing the base that houses the facility.

6 In each of these issues I just raised, the  
7 Department of Defense will continue to work hard to resolve  
8 the specific concerns, but I am convinced that the closure,  
9 reassignment, and redirection recommendations that have been  
10 submitted to this Commission in no way impair our readiness,  
11 our ability to train our forces, or our ability to carry out  
12 the full scope of military missions and joint operations.

13 You also asked for my views on the issue of  
14 consolidating common functions across the services.

15 In addition to the significant work of the six  
16 joint cross-service groups just described by Secretary Perry,  
17 there are other initiatives being pursued outside the BRAC  
18 process. Over the past decade we have made many strides in  
19 this direction, some large and some small.

20 For instance, at Fort Bragg, we established a  
21 composite wing adjoining Pope Air Base that has proven very  
22 successful. The invasion of Haiti, which our last-minute

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1 diplomatic success allowed us to call back at mid-flight, was  
2 launched from that last job and proved very successful. We  
3 also have established a joint readiness training center that  
4 has been very successful in cross-service training.

5 Other examples are the initiatives that were  
6 included in General Powell's last role submissions and  
7 functions report, specifically those that concentrated Army  
8 and Air Force helicopter training at one base, Fort Drucker,  
9 and several other consolidations of a similar nature.

10 On a smaller side, there are bases all around the  
11 United States and overseas that have been finding ways to  
12 combine certain functions, from sharing bus services to  
13 finding any number of other ways to pool services to their  
14 communities.

15 I might add that while consolidations and  
16 cross-servicing are not the primary functions of either the  
17 Joint Requirements Oversight Council or the  
18 congressionally-mandated Commission on Role Submissions, I  
19 expect that some of their recommendations will involve  
20 improving future effectiveness and finding future economies  
21 by bringing more jointness into how we manage our bases and  
22 facilities.

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1 And as Secretary Perry mentioned, while we made  
2 progress in this round with regard to cross-servicing, the  
3 services and the Joint Staff will continue to look for more  
4 ways to reduce our infrastructure and pursue efficiencies.

5 I believe that this list is the prudent step at  
6 this stage. It strikes the right balance between the  
7 investment required to close unneeded bases and still  
8 adequately fund vital near-term readiness and future  
9 modernization of our armed forces.

10 I fully appreciate the difficulty of the task  
11 before you. Like all of us who make the armed forces a  
12 career, I have spent my life moving between these and like  
13 military communities, and I view each of these communities as  
14 something very special. These are the home towns that have  
15 welcomed us and cared for us during our assignments, and they  
16 are home to the same citizens who did so much to make our  
17 service rewarding, and that took our families into their  
18 schools and into their churches and cared for our families  
19 when we were away from home.

20 They have been cherished neighbors, and we hate to  
21 leave them. But all of us must balance this against our need  
22 to sustain the finest fighting force in the world, which for

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1 us must remain the overriding consideration.

2 Thank you, Mr. Chairman, for the opportunity to  
3 make these comments.

4 CHAIRMAN DIXON: Thank you, General. Mr.  
5 Secretary, we're delighted to have you here, sir.

6 SECRETARY PERRY: Mr. Chairman, I have no prepared  
7 statement to permit time for questions, sir.

8 CHAIRMAN DIXON: That's very considerate of you.  
9 Thank you, Mr. Secretary.

10 Secretary Perry, in the course of this whole  
11 process, there have been a good deal of discussions about  
12 what the size of this closing would be, and I recall on  
13 different occasions different ideas being expressed by some  
14 over at the Department of Defense and in the different  
15 services.

16 Can you tell us what caused you to alter your  
17 original guidance to the services regarding the closure of 15  
18 percent of the planned replacement value, and how you  
19 determined the size of the base closure list you are  
20 presenting to us this morning?

21 SECRETARY PERRY: Mr. Chairman, the hope originally  
22 was that we would be able to close in this last round of the

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1 closing, last round of BRAC, that we would be able to close  
2 enough bases to balance out the bases -- the infrastructure  
3 with the force structure.

4 CHAIRMAN DIXON: And if I may interrupt --  
5 SECRETARY PERRY: Yes.

6 CHAIRMAN DIXON: -- obviously, we have not done  
7 that.

8 SECRETARY PERRY: We've not done that. And that's  
9 why, as General Shali indicated, and I will affirm, that I  
10 think that it is likely we will be wanting to come back to  
11 the Congress requesting another round in perhaps three or  
12 four years.

13 CHAIRMAN DIXON: May I interrupt at that point --  
14 SECRETARY PERRY: Certainly.

15 CHAIRMAN DIXON: -- to say, Mr. Secretary, that I  
16 have indicated at the time of my confirmation, both before  
17 the Committee and the United States Senate and in other  
18 places, that we are prepared to make some recommendations  
19 along those lines, and I would ask if you and Secretary  
20 Deutch and the Chairman of the Joint Chiefs and others would  
21 be nice enough to let us communicate with you about our  
22 thoughts as we develop these plans.

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1 SECRETARY PERRY: Very good. The problem,  
2 basically, has been a management problem. Anybody that  
3 manages any enterprise, whether it's a government or  
4 industrial or university, knows that the most difficult  
5 management task is managing a downsizing.

6 CHAIRMAN DIXON: Yes.

7 SECRETARY PERRY: And we have had three downsizings  
8 going on in parallel. The downsizing of the personnel in the  
9 after-duty forces, where we're making a 33 percent reduction  
10 over about six years, seven years; the downsizing of the  
11 industrial base, the defense industry; and the downsizing of  
12 the bases themselves, which is the subject of this BRAC.

13 This is causing an enormous amount of turbulence  
14 and made it very difficult to maintain the effectiveness and  
15 readiness of the forces in the face of this, not even  
16 counting the problems of the communities that are caused by  
17 this downsizing. I'm referring mostly to the management  
18 problems in the Department of Defense.

19 Our best judgment -- my best judgment was that --  
20 and the services' recommendations to me reflected this -- is  
21 that we were pushing about as hard as we could push this  
22 time. We have not fully digested the previous BRACs, not

<p style="text-align: right;">Page 37</p> <p>1 only BRAC '93, but we're still working -- have very 2 significant work to do on the reuse efforts in BRAC '91, but, 3 in particular, we have a long way to go on BRAC '93 yet. 4 This was about a big a lump as we could swallow at 5 this stage and manage it effectively and efficiently, in my 6 judgment. It will not take us all the way towards a balance, 7 as both General Shali and I have indicated, and, therefore, I 8 do think it will be appropriate to consider one more base 9 closing round. I do not think it will take more than one, 10 and I think we're talking about fine-tuning rather than 11 another major reduction. 12 Having said that, let me say this is not a small 13 BRAC. This is a very significant BRAC, almost, in terms of 14 number of closures, as large as the last one, and in terms of 15 economic impact, it is a larger BRAC than the last one. 16 CHAIRMAN DIXON: Well, I was pleased to see your 17 numbers about the savings involved in this process this time, 18 which I think is significant, and many of us that have been 19 around this process a long time understand that there's a lot 20 of up-front cost to this thing that you've obviously taken 21 into consideration in this round. 22 Let me ask you this, because I met with senators on</p>	<p style="text-align: right;">Page 40</p> <p>1 CHAIRMAN DIXON: I thank you for that. Now, 2 there's always some misunderstanding, I find, as I go around 3 the country, and I have found in the years I've been involved 4 in this process, about the criteria. Let's quickly set that 5 at rest. 6 The criteria used this time, the eight criteria, 7 were, in fact, the same criteria used on the past occasions, 8 were they not? 9 SECRETARY PERRY: That is correct. Those eight 10 criteria were given to the services, and they were told to 11 follow all eight of them. 12 CHAIRMAN DIXON: And, in fact, under the law, the 13 law is that the Department of Defense suggests the criteria 14 to the Congress, which has an opportunity to reflect on that 15 and suggest changes if the Congress cares to do so. 16 My understanding is that that has not been changed 17 in any way by the Congress, and that the criteria used this 18 time are, in fact, the same criteria as used on past 19 occasions. 20 SECRETARY PERRY: We have the same criteria. 21 CHAIRMAN DIXON: And you are stating to us, Mr. 22 Secretary, that no political considerations of any kind have</p>
<p style="text-align: right;">Page 38</p> <p>1 the Senate side and congressmen on the House side and gave 2 them an opportunity to tell me their thoughts about this 3 whole thing before this hearing took place today, and many 4 have asked me to ask you what you've already answered in your 5 statement. 6 I understand your testimony to be that you did not 7 take off the list or add to the list any bases or 8 installations independent from those recommended to you by 9 the separate services. Is that your testimony under oath? 10 SECRETARY PERRY: That is my testimony. We had the 11 opportunity to do that. I had no compunction about doing it. 12 If I had felt that any of the bases did not pass these tests 13 which I laid out for you, I would have taken them off. 14 CHAIRMAN DIXON: But if there any suggestion, ever, 15 of any political considerations being involved in the process 16 before it got to this Commission, you are testifying under 17 oath that you did not in any way alter the lists given you by 18 the separate services. 19 SECRETARY PERRY: That is my testimony. 20 CHAIRMAN DIXON: And I had asked you further, Mr. 21 Secretary -- and I've been asked to ask this -- I hope you 22 understand it -- been asked to ask you this by the members of</p>	<p style="text-align: right;">Page 41</p> <p>1 taken place in connection with this list that you are 2 submitting to the Commission, the list that you have received 3 from the separate services. 4 SECRETARY PERRY: The list that I received from the 5 services I have evaluated based on the criteria which I gave 6 you -- which I testified to you about. Those criteria had to 7 do with a political consideration, in that the treaty 8 consideration you might consider a political consideration. 9 We had to consider, for example, what the 10 geopolitical effects would be on closing down that base 11 relative to our treaties. 12 CHAIRMAN DIXON: I respect that. But the criteria 13 used -- 14 SECRETARY PERRY: The criteria used were the ones 15 that I testified to. 16 CHAIRMAN DIXON: I thank you, Mr. Secretary. 17 General Shalikashvili, in your view, when the 1995 18 base closure and realignment proposal is combined with the 19 closures and realignments of previous rounds, is there an 20 appropriate balance, in your opinion, between the general 21 draw down of forces and base infrastructure? 22 GENERAL SHALIKASHVILI: I believe that there is,</p>
<p style="text-align: right;">Page 39</p> <p>1 the Congress -- did you in any way direct the separate 2 services about what they ought to do or suggest to them in 3 advance that some base installation or other unit in the 4 country ought not to be on the list? 5 SECRETARY PERRY: We had a comprehensive, detailed, 6 day-to-day discussion with the services over a period of very 7 many months. That included not only broad policy guidance, 8 but discussing and debating with them the specifics, base by 9 base, whether this was a good idea or that was a bad idea. 10 So we had very intense guidance from the services all during 11 this process, and Deputy Secretary Deutch can describe that 12 to you in as much detail as you would like, because he was 13 the chairman of the BRAC review group. 14 But, in the last analysis, it was the 15 recommendations -- the services were free to make the 16 recommendations they felt important to make, and, indeed, 17 the recommendations they made were not in some cases the ones 18 I would have made. I would have preferred to do it a 19 different way. But our job was not second- 20 guessing them; our job was being sure that they followed the 21 process and that it passed these tests.</p>	<p style="text-align: right;">Page 42</p> <p>1 but, as both I and the Secretary indicated, we are taking 2 down force structure faster and more than we are taking down 3 infrastructure. And, therefore, although we are retaining 4 the correct balance, we still have some over-capacity, which 5 then drew me to conclude that it might be worthwhile to 6 consider, once the dust settles from these closures, to 7 consider another one. 8 CHAIRMAN DIXON: I thank you. 9 Secretary Perry, you were quoted in the press last 10 month as saying that even after this year's closure process 11 is finished, the nation will have more bases than it needs to 12 support the scaled-down military of tomorrow. And, of 13 course, that's your testimony here today, and, as I 14 understand it, it's the testimony of the distinguished 15 Chairman of the Joint Chiefs. 16 If the Commission, the President, and the Congress 17 endorsed the list of closures and realignments that you are 18 presenting today, would there still be excess capacity in the 19 Defense Department's basing structure, based on what you're 20 previously said? I take it your answer is yes? 21 SECRETARY PERRY: Yes. 22 CHAIRMAN DIXON: And in what general areas is there</p>

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1 still excess capacity? In what specific areas that you can  
 2 outline for us is there still excess capacity?  
 3 SECRETARY PERRY: I'll testify to that and also ask  
 4 General Shalikashvili and --  
 5 CHAIRMAN DIXON: Fine, and if you would all  
 6 participate --  
 7 SECRETARY PERRY: -- Deutch to testify. But one  
 8 area in particular, I want to point out an excess capacity,  
 9 which I think is a desirable excess capacity, is that we have  
 10 roughly 100,000 troops in Europe and roughly 100,000 in the  
 11 Pacific. But we also have at our bases in the United States  
 12 capacity for receiving some of those troops back.  
 13 CHAIRMAN DIXON: Yes.  
 14 SECRETARY PERRY: In other words, we have some  
 15 redundancy in our basing. To a certain extent, that  
 16 redundancy is desirable, not only because there may be  
 17 changes in the future in overseas basing, but I think, more  
 18 importantly, because we may have some requirement to  
 19 reconstitute or increase the size of our forces some time,  
 20 and we don't want -- and that sort of redundancy would be  
 21 desirable from that point of view.  
 22 So we have -- in particular, with respect to our

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1 ground army units, we have some redundancy in basing, in that  
 2 we are basing both in the United States and overseas for the  
 3 same unit.  
 4 Let me ask General Shali to comment further.  
 5 CHAIRMAN DIXON: May I interrupt at one point  
 6 before the general assumes the obligation. There has been a  
 7 suggestion that in the depot and lab and other areas, there  
 8 may be some redundancy of some things.  
 9 SECRETARY PERRY: I believe there is, and I'll ask  
 10 Secretary Deutch to testify on that.  
 11 CHAIRMAN DIXON: Then if the two of you, at your  
 12 pleasure, please, you first, Mr. Chairman.  
 13 GENERAL SHALIKASHVILI: I would say, in addition to  
 14 what Secretary Perry said, I believe we can harvest excess  
 15 capacity through smart joint basing. I don't think we have  
 16 exhausted that possibility. And I would very much think  
 17 that, in light of how Secretary Perry stated it, that it is  
 18 fine-tuning, what we have done now. We need to take a harder  
 19 look at joint basing and joint operations that I think will  
 20 allow us to further shed our infrastructure.  
 21 CHAIRMAN DIXON: And I think there is very strong  
 22 popular support for that, and I would urge you to do all of

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1 that you can. Secretary Deutch, thank you.  
 2 MR. DEUTCH: Mr. Chairman, let me comment on this  
 3 from the point of view of cross-servicing, which is of  
 4 particular importance in a place where the Office of the  
 5 Secretary has especially tried to make an initiative in this  
 6 round of BRAC closures.  
 7 The areas were five depots, tested evaluation  
 8 facilities, medical facilities, laboratories, and pilot  
 9 training. I would suggest, Mr. Chairman, that in all of  
 10 those areas there is a significant possibility for future  
 11 economy, future reduction and consolidation.  
 12 In order to be effective and not to lose the  
 13 effectiveness of these critical support functions, it is  
 14 important that it take place a step at a time, in a workable  
 15 way for the services, and while important first steps were  
 16 made in this round of BRAC, I would say that there is a  
 17 significant opportunity in the future for future  
 18 consolidation in those areas.  
 19 CHAIRMAN DIXON: Thank you very much.  
 20 Secretary Perry, to your knowledge, were any of the  
 21 sure or realignment recommendations submitted to you by  
 22 services changed by others in your office other than you?

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1 SECRETARY PERRY: No.  
 2 CHAIRMAN DIXON: I understand your testimony that  
 3 you did not. You believe that there were no changes in your  
 4 house, not just by you or Secretary Deutch, but by others  
 5 under your command.  
 6 SECRETARY PERRY: I believe not.  
 7 CHAIRMAN DIXON: And I've asked you before, but  
 8 I'll ask you in a more specific way now. Secretary Perry,  
 9 did your office, either you, Secretary Deutch, or anyone  
 10 acting in your capacity and under your instructions, instruct  
 11 the services to exclude certain installations as they  
 12 developed their recommendations?  
 13 SECRETARY PERRY: Let me ask Secretary Deutch to  
 14 answer that. He was the chairman of the BRAC review group  
 15 and had the interfaces with the services.  
 16 MR. DEUTCH: I don't believe, Mr. Chairman, that  
 17 any service was directed to exclude any particular category  
 18 of facilities or specific facilities. There were extensive  
 19 discussions and numerous occasions between myself and the  
 20 various secretaries of the services about possibilities,  
 21 endlessly debating very difficult choices.  
 22

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1 As you mentioned, I think, in your own opening  
 2 statement, we are at the position where we are reducing and  
 3 eliminating high performing and valuable facilities. There  
 4 were hard decisions to be made, and many specific  
 5 possibilities were discussed at length and repeatedly from  
 6 very many points of view. But no service secretary was  
 7 directed to exclude any facility or any category of  
 8 facilities from their consideration, and that's my view on  
 9 the matter.  
 10 SECRETARY PERRY: Mr. Chairman, I would add to that  
 11 that I believe we have managed this process, I believe we've  
 12 managed it effectively with the services; we have not  
 13 manipulated the process.  
 14 CHAIRMAN DIXON: Yes. And, of course, I hope you  
 15 understand that this Chair appreciates the fact that in your  
 16 exchanges and communications with one another in the process,  
 17 obviously, you discuss an infinite number of different bases.  
 18 My point in this, frankly, is that when I met on  
 19 the Senate side, I was surprised to find about 25 senators  
 20 show up, and when I met on the House side, I was surprised to  
 21 find 65 or 70 show up, all of whom were concerned about these  
 22 questions, frankly, being asked. And the obvious point of

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1 these questions is to establish in a public forum, to the  
 2 satisfaction of the Congress and through the Congress, our  
 3 country, that the judgment call by virtue of which your  
 4 office ultimately brought this list to us was predicated on  
 5 the criteria involved in the process, and not some sort of  
 6 political considerations or a suggestion that one place had  
 7 been hit enough, another place not enough, or something of  
 8 that character, that might cause some suspicion in the  
 9 country.  
 10 SECRETARY PERRY: One way of getting a good feeling  
 11 for that is by our answers to the questions. Another way is  
 12 simply by examining the list itself. And I think any  
 13 contention that partisan politics have played a role in  
 14 putting this list together is simply refuted by an  
 15 examination of the list. It hurts Democrats and Republicans  
 16 equally, and it is not a partisan list.  
 17 CHAIRMAN DIXON: I thank you, Mr. Secretary. I  
 18 don't think I was really implying that so much as regional  
 19 considerations and other things. But, in any event, it would  
 20 be your answer that that is not involved, either, I take it.  
 21 SECRETARY PERRY: Regional considerations were  
 22 involved only to the extent that we instructed the services

<p style="text-align: right;">Page 49</p> <p>1 to take account of cumulative economic impact.  2 CHAIRMAN DIXON: Oh, yes.  3 SECRETARY PERRY: And, therefore, a region that had  4 been hit heavily in the last three BRACs would have some  5 claim to not being hit heavily this time.  6 CHAIRMAN DIXON: I understand. Now, some  7 communities,  8 Mr. Secretary -- and it might be Secretary Deutch would want  9 to answer, I don't know, but whoever feels appropriately  10 comfortable in answering -- some communities have apparently  11 expressed concern to our staff that not all communities are  12 receiving the same level of assistance from local base  13 officials as they prepare their rebuttals to closure or  14 realignment.  15 One community says that their base officials have  16 received orders to provide no assistance, and I take that as  17 something that --  18 Is there a DOD policy that restricts base officials  19 from providing assistance to communities as they prepare  20 positions or materials to present to the Commission?  21 MR. DEUTCH: Mr. Chairman, it's a very good  22 question. I appreciate the opportunity to comment on it</p>	<p style="text-align: right;">Page 52</p> <p>1 Those costs are all coming out, in one sense, of  2 modernization and readiness. So we have an up-front cost  3 associated with doing this.  4 That's part of what I'm talking about when I say we  5 have so much we can absorb at once. So the readiness and  6 modernization issue cuts both ways. What you're doing, if  7 you were to close twice as many bases right now, is, you're  8 taking a terrible hit on readiness and modernization over the  9 next three or four years for doing that.  10 In order to get savings on into the next century,  11 we have tried to make a balance between near-term and  12 far-term readiness. So it is not that closing more bases  13 buys you more readiness and modernization; it buys you less  14 readiness and modernization in the next few years, but gets  15 you more on into the next century. And that's the tradeoff  16 that we're making here.  17 Secretary Deutch?  18 MR. DEUTCH: Mr. Chairman, I'd like to make an  19 additional point here about the management of this process.  20 As Bill Perry stated, there is a very aggressive payback of  21 savings here after the initial costs. That requires  22 scrupulous management attention and an enormous</p>
<p style="text-align: right;">Page 50</p> <p>1 publicly. Our policy is to provide all the data that was  2 used in this BRAC process to you and to the public so that  3 the case can be reexamined afresh by your independent  4 Commission, and we would be interested to learn of those  5 places which are not getting the assistance that they require  6 to make their case to this Commission.  7 So our view is that we should be treating all  8 communities equally, of course, and providing them assistance  9 in making their case to this Commission.  10 CHAIRMAN DIXON: I thank you, Mr. Secretary, and I  11 will suggest to my competent staff that's been here for many  12 years doing this in the past, long before I got stuck with  13 this job this time, that they communicate perhaps with Mr.  14 Bayer or Mr. Gotbaum or others, and perhaps even the names of  15 the communities that feel that they have not been adequately  16 provided information, so that that problem can be cleared up.  17 And I was sure that would be your answer.  18 Anything that we have is available to properly  19 inform people to present their defense of their -- or to help  20 them, aid them in the presentation of their case, and I have  21 no doubt that this audience has in it many representatives  22 that want to hear that said.</p>	<p style="text-align: right;">Page 53</p> <p>1 implementation effort by the men and women in all the  2 services throughout the country. Adding an additional  3 increment of bases to close at this time would impair, in my  4 judgment, the capability of our system to actually implement  5 the schedule that we have here.  6 So not only do we have to have a credible system  7 for actually being able to realize the savings, we can't have  8 an appetite larger than our ability to digest the program  9 that is already on our plate.  10 SECRETARY PERRY: Thank you, Mr. Secretary.  11 Mr. Chairman?  12 GENERAL SHALIKASHVILI: Mr. Chairman, if I may add,  13 we have all been reading about the issue of near-term  14 readiness. Increasing that list beyond what we have now  15 would, as Secretary Perry said, adversely -- potentially  16 adversely impact on near-term readiness. And so it is a  17 balancing act, and I think the balance is about right.  18 CHAIRMAN DIXON: Could I ask you, as a follow-up to  19 that, to review for me the national military strategy in the  20 force structure that you used in developing this year's  21 recommendations?  22 GENERAL SHALIKASHVILI: We looked at the force</p>
<p style="text-align: right;">Page 51</p> <p>1 MR. DEUTCH: Yes, sir.  2 CHAIRMAN DIXON: And that's laid at rest, and I'm  3 delighted to have your answer.  4 Mr. Secretary, or any one of the three of you that  5 desires to answer, how do you answer critics who say that by  6 leaving excess infrastructure in place -- and I think we've  7 agreed there is some excess infrastructure in place -- you've  8 jeopardized the future ability of the services to train, to  9 modernize their forces, particularly since there's not  10 another round of base closings authorized under the current  11 law?  12 I suppose part of the answer, in all candor, is,  13 both you and I think there ought to be a review of the  14 question of another round later, and I hasten to add, not two  15 years from now, because I don't think people are prepared for  16 it then.  17 SECRETARY PERRY: No, I think three or four years  18 from now. I'd also point out, though, that, in terms of  19 maintaining the readiness and modernization of our forces,  20 that base closing is not a free lunch, and, indeed, in the  21 fiscal '96 budget, which I submitted to Congress last month,  22 we have \$4 billion of costs associated with base closing.</p>	<p style="text-align: right;">Page 54</p> <p>1 structure that we're going to and, of course, the strategy.  2 The strategy is one that drives the force structure and  3 becomes the sizing requirement for our structure.  4 The strategy recognizes that the world has changed,  5 and that we are going to regional strategies to deal with  6 regional threats and instabilities, while at the same time  7 being prepared to deal with a resurgence of a threat from the  8 former Soviet Union.  9 We recognize that to best deal with such threats  10 and with such a world, we need to have a combination of  11 forward-deployed forces that not only provide the stability  12 in those regions vital to our interests, like Europe and  13 Northeast Asia, but also are an ocean closer to the potential  14 trouble spots, like the Middle East or the instabilities that  15 could very well occur in North Africa and elsewhere.  16 However, the preponderance of our force is a force  17 now that is stationed within the United States. The sizing  18 requirement for that force in a new world has to be our  19 ability to successfully engage in simultaneous regional  20 contingencies in two widely separated parts of the world, and  21 it useful, for the near term, at least, to consider those to  22 be Northeast Asia, with the threat posed to us by North</p>

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1 Korea, and in the Middle East, the threat that today is Iraq,  
2 but in the near future, could become Iran; that such a  
3 requirement, in fact, calls for a force as postulated in a  
4 bottom-up review.

5 And so when we looked at what force we need to be  
6 able to bed down, to be able to train, to be able to support,  
7 to be able to deploy to overseas theaters for conduct of  
8 operations, that is the kind of a strategy and force size  
9 that we considered and compared against the infrastructure  
10 that we need to do what needs to be done, Mr. Chairman.

11 CHAIRMAN DIXON: I guess, along those lines, I'd  
12 like to ask, are you satisfied that sufficient capacity has  
13 been retained to support the potential need for a more robust  
14 force structure in the future? Are you satisfied with that?

15 GENERAL SHALIKASHVILI: I am satisfied that the  
16 structure we have now is robust enough to handle the force  
17 that we have today and any changes that we now can possibly  
18 foresee.

19 And, secondly, that, as I testified already, the  
20 structure that we are retaining has sufficient additional  
21 capacity, either to do what you postulate, but, more likely,  
22 to be a candidate for further reductions.

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1 CHAIRMAN DIXON: And are you saying to me that you  
2 and the Joint war-fighting commanders-in chief are satisfied  
3 that the basing infrastructure that remains provides  
4 sufficient mobilization and deployment capacities to support  
5 a two major regional conflict scenario?

6 GENERAL SHALIKASHVILI: Absolutely, yes.

7 CHAIRMAN DIXON: Mr. Secretary, or, Secretary  
8 Deutch, whichever would care to answer this, was any  
9 consideration given to consolidating and realigning smaller  
10 bases or functions to those larger bases which were  
11 essentially exempt from closing because of their strategic  
12 functions?

13 MR. DEUTCH: Mr. Chairman, I think the answer to  
14 that question is yes, that particular piece of analysis is  
15 one which was done by the individual services, and I believe  
16 that detail on the question is best directed to the  
17 individual services, sir.

18 CHAIRMAN DIXON: General Shalikashvili, will the  
19 basing infrastructure that is being proposed today be  
20 sufficient to support any probable restationing of  
21 forward-deployed forces in terms of available land, usable  
22 facilities, and necessary training facilities and ranges?

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1 GENERAL SHALIKASHVILI: The answer is yes, in some  
2 -- probably in most cases. Certainly, it is sufficient to  
3 base any kind of realignment from overseas to the United  
4 States that we can possibly envision.

5 CHAIRMAN DIXON: Now, according to the '95 DOD base  
6 closure report, General, you have validated the airfield  
7 requirements for the two unified commands at MacDill and have  
8 determined that the Air Force should take responsibility for  
9 supporting those requirements.

10 During the '91 and '93 rounds, the Joint Staff was  
11 unable to validate those requirements.

12 Can you explain what has changed to permit  
13 validation now?

14 GENERAL SHALIKASHVILI: I cannot speak specifically  
15 for the judgment -- what the judgments were based on before.  
16 When I looked at the issue, it was my determination that the  
17 two commands in

18 MacDill did require access to an airfield. Additionally,  
19 there is a joint communications element located at MacDill  
20 that requires the capacity to deploy on very short notice.

21 That those three issues drove me to conclude that  
22 there is, in fact, a valid requirement for the use of an

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1 airfield to support the two headquarters in this particular  
2 joint communications element. And I, in turn, then asked the  
3 Air Force to take a look at how best that could be  
4 accomplished.

5 The answer back to me from them was that it can be  
6 best accomplished, and in the overall scheme most  
7 economically accomplished, by, in fact, retaining that  
8 airfield, MacDill, that earlier had been put up for  
9 elimination.

10 CHAIRMAN DIXON: Mr. Secretary, you've proposed  
11 inactivating the 321st Missile Group at Grand Forks unless  
12 you determine prior to December '96 -- and I quote -- "that  
13 the need to retain ballistic missile options effectively  
14 precludes this action."

15 What has prevented an earlier decision on the need  
16 to retain these options that would have enabled the  
17 Commission to act on a more definitive type of  
18 recommendation?

19 MR. DEUTCH: Frankly, Mr. Chairman, the question  
20 about the treaty implication of closing that missile wing at  
21 Grand Forks is something that we focused on here rather late  
22 in the process, after we received February 3rd or 4th the

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1 recommendation from the Air Force.

2 In order to come to a proper judgment on it, it's  
3 not just a Department of Defense matter. We have to get  
4 interagency views from others about the treaty implications.  
5 That's going to take some period of time.

6 I believe that the material transmitted to the  
7 Commission includes a view from our General Counsel and our  
8 Undersecretary for Policy that we think that it's clean from  
9 the point of view of the treaty. But we do need to have  
10 interagency confirmation of that, and we will report back to  
11 you as soon as that's available and will try to do so on a  
12 prompt basis.

13 CHAIRMAN DIXON: Thank you, Mr. Secretary. Mr.  
14 Secretary, is it your opinion that that can be made available  
15 to us prior to our responsibility to act in late June?

16 SECRETARY PERRY: We're certainly going to make  
17 every effort to do so. I can't promise because this requires  
18 the performance of an interagency process, but we're  
19 certainly going to make every effort we can to clear this up  
20 for you as quickly as possible.

21 CHAIRMAN DIXON: I appreciate that. Did the Air  
22 Force or your staff exclude F.E. Warren Air Force Base from

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1 consideration because of peacekeeper missile-basing?

2 SECRETARY PERRY: Mr. Chairman, I cannot explain  
3 why the Air Force did or did not put a certain base on their  
4 list, but  
5 F.E. Warren, of course, was not one of the bases that came on  
6 their final recommendation to us.

7 I do have the impression that the Air Force  
8 examined all possible alternatives for the basing of the  
9 Minute Man system consistent with the bottom-up force  
10 structure that is, I think, between 450 and 500 in our plan.  
11 So all possible options, I'm sure, were looked at by the Air  
12 Force on missile-basing. I can't explain why they came up  
13 with this particular one. I'm sure they can.

14 CHAIRMAN DIXON: Can you, Mr. Chairman?

15 GENERAL SHALIKASHVILI: I can only tell you that  
16 the documentation that I reviewed indicated clearly that they  
17 considered all options. Certainly, they were driven by  
18 availability of silos into which Minute Man III missiles  
19 could be relocated, and where it made most economic and  
20 war-fighting sense to reduce those silos, and that drove them  
21 to the conclusion to go to Grand Forks.

22 But you will see when you examine the

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1 documentation, they really looked at all conceivable options.  
 2 CHAIRMAN DIXON: Thank you. Secretary Perry, what  
 3 impact did the work of the joint cross-service groups that  
 4 you set up last year have on the final recommendations that  
 5 you've given us here this morning? Either you or Secretary  
 6 Deutch, whoever feels comfortable.  
 7 SECRETARY PERRY: I'll start off by observing that  
 8 was an important step -- that was important to allow us to  
 9 make the step forward we did make in these recommendations,  
 10 but we have not gotten an early enough start on that to have  
 11 gone all the way -- to achieve all of the potential in this  
 12 area.  
 13 Therefore, we believe that there's still more value  
 14 to be achieved in more cross-servicing, and that's one of the  
 15 things we would hope to do if we had another round of BRAC.  
 16 In the absence of another round of BRAC, we would  
 17 still try to make more progress in cross-servicing. It would  
 18 easier, much easier, though, if we had another round of BRAC  
 19 to do that.  
 20 John?  
 21 MR. DEUTCH: Mr. Chairman, first of all, Bill Perry  
 22 expresses my view. It's a start, it's an important start.

1 addressed. You just cannot wave it all away and say do it  
 2 anyway, where you will have a system that operates broken,  
 3 not functioning.  
 4 And, therefore, on many occasions we proposed --  
 5 early on in the system, I wrote a letter to the Secretary of  
 6 the Navy and the Secretary of the Air Force, asking them to  
 7 come back to me with a plan for a joint aircraft depot. And  
 8 that also did not come to resolution.  
 9 The fact of the matter is, is that we pushed. In  
 10 each one of these cases that come up, there are substantive  
 11 issues that were raised by the services, helicopter training,  
 12 and go on and on. Concrete steps were made. Recommendations  
 13 are before you that will work, and not impair the proper  
 14 functioning of the military.  
 15 But there's more to be done here. And while I am  
 16 100 percent in sympathy with Admiral Owens' suggestion, it  
 17 does not seem to me that we were in a position to direct  
 18 these actions on the various services.  
 19 SECRETARY PERRY: Mr. Chairman, if I may add to  
 20 that. The underlying philosophy being expressed by the  
 21 deputy is one that we have tried to manage the Pentagon on,  
 22 which is, we manage not by edict, we manage by managing. And

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1 We haven't gone far enough. Let me give you some examples  
 2 that pop into my mind where there were some successes, at  
 3 least from the point of view of cross-servicing.  
 4 I believe that the Air Force is proposing to  
 5 transfer some of the functions of the Rome lab to Fort  
 6 Monmouth, an Army installation. The Air Force is also  
 7 planning to transfer some of the functions which were at the  
 8 Brooks Air Force Base currently in San Antonio, Texas, to the  
 9 Natick laboratories of the Army in Massachusetts.  
 10 We've always had a very good system for analysis to  
 11 allow medical facilities to be judged on a tri-service basis,  
 12 and some of the recommendations that are before your  
 13 Commission reflect the interservice planning for medical.  
 14 The Defense Logistics Agency was able to this time  
 15 take into use the logistics facilities' capacity available in  
 16 the Air Force, I believe, especially at McClellan, so that  
 17 they were able to do some downsizing in the Defense Logistics  
 18 Agency and make use of Air Force logistics capacity.  
 19 And pilot training is another area where we have  
 20 made, and continue to make, progress.  
 21 So there are some positive steps here, but not as  
 22 far as potentially what can go.

1 it's harder to do it that way, but we think the results are  
 2 better.  
 3 CHAIRMAN DIXON: General Shali?  
 4 GENERAL SHALIKASHVILI: Mr. Chairman, let me fully  
 5 align myself with what Secretary Deutch and Secretary Perry  
 6 said. I think what you are quoting from is something that I  
 7 believed in also in the beginning of the process, and so Bill  
 8 Owens, with my full knowledge, sent that memorandum to  
 9 Secretary Deutch.  
 10 As we discussed this among ourselves, as we saw the  
 11 alternatives, I feel very comfortable where we ended up on  
 12 this issue and see the pitfall had we pressed this too hard.  
 13 CHAIRMAN DIXON: Are you satisfied then that the  
 14 services have consolidated some of their common functions as  
 15 much as they need to, or as much as they can, at least at  
 16 this point in time?  
 17 GENERAL SHALIKASHVILI: I think, taking everything  
 18 into consideration, that's probably a true statement. I have  
 19 already indicated to you that I would like to see the process  
 20 taken further, but not by edict, as Secretary Perry said, we  
 21 just need to get together and reach a consensus. But I think  
 22 I am clear on the notion that there's more room for that in

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1 CHAIRMAN DIXON: May I say, incidentally, General,  
 2 to you and Secretary Perry, that I'm watching the clock, and  
 3 in 10 minutes we'll have a break, and you gentlemen will be  
 4 excused.  
 5 Let me follow up on that, Mr. Secretary. In May of  
 6 1994 the Vice-Chairman of the Joint Chiefs of Staff, Admiral  
 7 Owens, recommended to the Deputy Secretary of Defense that  
 8 the services be required to incorporate the recommendations  
 9 of the joint cross-  
 10 service groups into their base closure recommendations, and  
 11 the Deputy Secretary elected not to require this of the  
 12 services.  
 13 Why wasn't the Joint Chiefs of Staff recommendation  
 14 accepted with respect to that?  
 15 SECRETARY PERRY: Since that was a recommendation  
 16 of the deputy, let me ask him that.  
 17 (Laughter)  
 18 CHAIRMAN DIXON: Now, you see? That's what happens  
 19 when you do these things.  
 20 MR. DEUTCH: Mr. Chairman, in each one of these  
 21 cases when you go for cross-servicing, there are very, very  
 22 complicated arguments of merit, of habit, which have to be

1 the future.  
 2 CHAIRMAN DIXON: Secretary Perry, in June of '93  
 3 the Secretary of Defense and the Chairman of the Joint Chiefs  
 4 of Staff asked the Commission not to address fixed wing  
 5 aviation depots separately from other interservicing issues.  
 6 They asked, instead, for the opportunity to come forward with  
 7 comprehensive interservicing recommendations in '95.  
 8 So I ask you, Mr. Secretary, are you satisfied that  
 9 your recommendations in the area of fixed wing aviation  
 10 depots represents a comprehensive approach to the problems of  
 11 interservicing and excess capacity in this area?  
 12 SECRETARY PERRY: My answer there would be the same  
 13 as before. We have made progress since that time. It's an  
 14 important progress reflected in these recommendations. We  
 15 still have a way to go.  
 16 MR. DEUTCH: Mr. Chairman, I just would add two  
 17 things. I believe we tried very hard in looking at all the  
 18 options on aircraft depots, one of the really thorny issues  
 19 in front of us in our downsizing efforts. We looked at all  
 20 options, including, as I mentioned earlier, my asking the  
 21 secretaries of the Air Force and Navy to try and find a joint  
 22 aircraft depot method that they could work with.

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1 I do want to stress that the Air Force has come up  
2 with a different approach to excess capacity, one which has  
3 higher payback. As Bill Perry described it in his  
4 presentation to you, they elected to go a different way in  
5 downsizing than closing depots by, as Bill Perry described to  
6 me, reducing their capacity at each depot and consolidating  
7 a depot. So they elected to go a different route.  
8 CHAIRMAN DIXON: Secretary Perry, the Air Force has  
9 had five major air logistics centers since the Vietnam era.  
10 In the '93 round, the Air Force recommended the closure of  
11 one of those five depots, but that depot was removed from the  
12 list by the Secretary of Defense.  
13 This year, with the same selection criteria, and a  
14 smaller force structure plan, there's once again no Air Force  
15 depot on the list. And I'll ask you, on what basis did you  
16 determine that the Air Force continues to need five air  
17 logistics centers?  
18 SECRETARY PERRY: The basis was summarized in the  
19 chart that I presented in my opening statement. The basis  
20 was arithmetic. That is, they presented a powerful argument  
21 to us that they could save the Defense Department, they could  
22 save the taxpayers more money by reducing the size of all

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1 five of them rather than by closing one or two of them.  
2 CHAIRMAN DIXON: You're satisfied with the  
3 correctness of that position. I heard you eloquently address  
4 that earlier.  
5 SECRETARY PERRY: I found the arithmetic compelling  
6 on that argument, that's right.  
7 CHAIRMAN DIXON: Any comments either by Secretary  
8 Deutch or General Shali?  
9 (No response.)  
10 Secretary Perry, are you satisfied that your  
11 interservicing recommendations to the Commission removed most  
12 all of the excess capacity in each of the five  
13 cross-service study areas that can be done now? And if there  
14 are areas where this is not the case, can you explain why  
15 not?  
16 SECRETARY PERRY: The answer is, no, we have not  
17 gone as far as we could go in that area. We could have gone  
18 farther by simply, as I said, making an edict and then making  
19 it happen. But I think the process we're taking here will  
20 take longer, but it will be more effective in the long run.  
21 It's a management judgment.  
22 CHAIRMAN DIXON: I think I'm getting that message

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1 from all three of you that it's a combined view, Mr.  
2 Secretary, of  
3 Secretary Deutch, the Chairman of the Joint Chiefs, and  
4 yourself, that the way to do it is the way that you've  
5 determined to do it in order to have the support systems in  
6 place out there in the services.  
7 SECRETARY PERRY: Yes. If we can convince you of  
8 one thing, and it is that we have not taken this problem  
9 lightly. We've worked it very hard. And that while we're  
10 not satisfied we have the final answer, we are satisfied that  
11 this is the best step -- the best path to getting to that  
12 final answer.  
13 That is certainly my judgment. I believe that's  
14 the judgment of --  
15 CHAIRMAN DIXON: I think that comes through to the  
16 Chairman very clearly, and I note that all my future  
17 commissioners are present, listening very attentively, and  
18 I'm gratified they would all take from their busy schedules  
19 to be here this morning, notwithstanding the confirmation  
20 process has not gone forward in apt time.  
21 I want to thank you, Secretary Perry, and you,  
22 General Shalikashvili, for accommodating us this morning. I

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1 understand that Secretary Deutch is willing to stay.  
2 We will probably be sending you, Mr. Secretary, and  
3 you, General, some additional written questions. We have a  
4 considerable number at hand from members of the Congress and  
5 other sources, communities and other places, questions we  
6 think ought to be answered. I'm sure you have no problem  
7 about accommodating us.  
8 SECRETARY PERRY: We'd be happy to do that.  
9 CHAIRMAN DIXON: And we thank you both, and you  
10 both excused at this point in time. We're going to take a  
11 10-minute recess.  
12 (A brief recess was taken.)  
13 CHAIRMAN DIXON: Secretary Deutch, I thank you for  
14 staying. It is very accommodating of you to give us your  
15 time this morning, in view of the fact that we want to hit  
16 the ground running, as soon as I have seven commissioners to  
17 run with me, here; and I presume that the Senate will attend  
18 to that.  
19 I do want to announce that the former chairman of  
20 the Armed Services Committee was over here and indicated to  
21 me, Senator Nunn indicated to me that he is spending a lot of  
22 time on the floor with the leaders of both sides, trying to

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1 encourage them to find a window today for the confirmation of  
2 the commissioners, and I presume that will be done.  
3 Secretary Deutch, may I have your assurance, sir,  
4 that the Commission staff will have every bit of the cross-  
5 service data and options, as well as all other minutes from  
6 the working group deliberations, so we can see everything  
7 that was done on cross-servicing?  
8 MR. DEUTCH: Yes, sir. We make that pledge to you  
9 and, if there's any trouble whatsoever, I hope that you will  
10 come to me, but there should be none. Full cooperation is  
11 our intent.  
12 CHAIRMAN DIXON: We're very sensitive about the  
13 management problems. My friends that are potential  
14 commissioners, three of them with military backgrounds, have  
15 assured me that they understand that the problems inherent in  
16 that are fairly significant, and we respect that and around  
17 sensitive to it.  
18 We also are sensitive to the fact that the country  
19 and many in the Congress feel that more needs to be done in  
20 that area when we're talking about substantial savings and,  
21 obviously, we want to review that pretty deliberately and, if  
22 you could be kind enough to cooperate with my staff -- and

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1 I'm sure that will be done -- we'd like to have all that  
2 material.  
3 MR. DEUTCH: Yes, Mr. Chairman.  
4 CHAIRMAN DIXON: Thank you, Mr. Secretary.  
5 Now, Secretary Perry has been quoted as saying that  
6 you would try to avoid having any one state suffer in as a  
7 result of the closure process. I'll ask you, was any  
8 installation removed from or added to a service list  
9 primarily because of economic impact, including cumulative  
10 economic impact within a state or a community, as far as you  
11 know?  
12 MR. DEUTCH: Mr. Chairman, cumulative economic  
13 impact was first considered by the services in terms of the  
14 cumulative impact of prior BRAC actions and then, when the  
15 services submitted their recommendations to Secretary Perry  
16 to us, we reviewed cumulative economic impact out in terms of  
17 multiple service actions in any single area.  
18 When we accomplished our review of cumulative  
19 economic impact at the secretarial level, no instance was  
20 found where an action had to be reversed or taken because of  
21 cumulative economic impact. It was one of the pieces of  
22 analysis that we did, Bill Perry's staff did, before the

<p style="text-align: right;">Page 73</p> <p>1 judgment was reached to accept the service recommendations.  2 CHAIRMAN DIXON: Very good. Now, I do understand,  3 then, that the services did take that into consideration to  4 some extent.  5 MR. DEUTCH: That's absolutely correct, sir.  6 CHAIRMAN DIXON: I notice here -- and I quote from  7 the Department of the Navy Analysis and Recommendations,  8 Volume 4, March 1995, Page 2:  9 "Because of the large number of job losses  10 occurring in California and Guam, the DON decided against  11 recommending several closures that could otherwise have been  12 made. Other than Long Beach Naval Shipyard, no other closure  13 is recommended that would result in a negative direct  14 civilian job loss impact in any economic area in California."  15 MR. DEUTCH: Mr. Chairman, that was the judgment of  16 the Department of the Navy. It is certainly a subject that I  17 discussed with them. The Navy has had -- because it is, of  18 course, on the coast -- has had significant impact on  19 California, on different parts of California.  20 There were, of course, other BRAC actions by  21 different services in California this time but, as Bill Perry  22 pointed out to you on this map of direct civilian job losses,</p>	<p style="text-align: right;">Page 76</p> <p>1 say that our principal mode of analysis was not on a state  2 level, but on impacted areas.  3 For example, if you look at the proposal on the Red  4 River Army Depot, it is at the corner of four states --  5 CHAIRMAN DIXON: I know.  6 MR. DEUTCH: -- Oklahoma, Louisiana, of course,  7 Arkansas --  8 CHAIRMAN DIXON: You managed to get four states mad  9 there.  10 MR. DEUTCH: That's correct. That's exactly right,  11 Mr. Chairman. So, in that particular case, you don't do a  12 state analysis, you do an analysis -- in all cases, you do an  13 analysis which does the affected communities and the affected  14 people.  15 CHAIRMAN DIXON: Incidentally, none of this is  16 funny. Forgive me for cracking wise. Because, obviously, to  17 any state impacted -- you know, there's the old story about  18 the fact that it's a depression if it's your job that was  19 lost. I certainly respect the fact that anybody who loses a  20 base is very unhappy about it.  21 I wanted to observe further, in looking at these  22 maps you've made available, I've seen some publicity about</p>
<p style="text-align: right;">Page 74</p> <p>1 there's a sharp reduction in the impact on California  2 compared to prior BRACs although, if you sum up all BRAC  3 actions, the people of California have had an amazing  4 fraction of the total BRAC actions, since we began the  5 process.  6 CHAIRMAN DIXON: For the '93 closure round, Mr.  7 Secretary, your staff established cumulative economic impact  8 thresholds that resulted in the removal of at least one  9 installation from the service recommendations by your staff.  10 Were any similar cumulative economic thresholds set  11 for the '95 round? I understand you've testified that you  12 didn't remove any from the list or anything. But were there  13 cumulative economic thresholds set for the '95 round there  14 were, for instance, available to the service chiefs or  15 others?  16 MR. DEUTCH: There was a method of analysis for  17 that.  18 CHAIRMAN DIXON: I see.  19 MR. DEUTCH: I might say we also hosted a  20 conference, more than a year ago, to try and improve our  21 understanding of what appropriate measures would be. From  22 that consultation with experts, a criterion based on standard</p>	<p style="text-align: right;">Page 77</p> <p>1 Texas being hardest hit this last time, or one of them, but I  2 notice that, in all of the cumulative rounds before, only 100  3 jobs have been affected in Texas?  4 MR. DEUTCH: That's correct, sir.  5 CHAIRMAN DIXON: That's very interesting. Let me  6 ask you this. In calculating cumulative economic impact, how  7 did you differentiate between economic impacts caused by  8 previously announced force structure changes and those that  9 were due to closure or realignment decisions?  10 MR. DEUTCH: I will not be able to give you a  11 thorough answer to that, Mr. Chairman, and I would hope that  12 you would ask that later this afternoon, of Bob Bayer or Josh  13 Gotbaum.  14 CHAIRMAN DIXON: Was DOD reluctant to close major  15 industrial laboratory test and evaluation installations  16 because of economic impact?  17 MR. DEUTCH: No.  18 CHAIRMAN DIXON: Was any decision taken to  19 downsize, rather than close, an installation as a result of  20 economic impact considerations, as far as you know?  21 MR. DEUTCH: Not an economic impact. I would point  22 to the very important strategic choice made by the Air Force</p>
<p style="text-align: right;">Page 75</p> <p>1 statistical metropolitan areas was developed and it was  2 available to everybody.  3 As you point out, Mr. Chairman, in sum, at the  4 secretarial level, in this round of BRAC, no installation was  5 removed because of cumulative economic impact.  6 CHAIRMAN DIXON: The old story is you can get  7 numbers to do about anything here in the Congress. I know  8 that from my political career. It's clear, certainly, that  9 California has suffered a great number of job losses and, of  10 course, obviously, it's also clear it's the largest state in  11 the Union.  12 I don't know whether you did some kind of a  13 percentage analysis or some kind of analysis of total GNP  14 against job loss or something like that to arrive at these  15 decisions, because I don't guess numbers really tell you  16 much. You could look at a little, one state and see that not  17 many had been lost, but not many people are there, you know.  18 MR. DEUTCH: That's correct. There are many  19 different ways of doing the analysis.  20 CHAIRMAN DIXON: Yes.  21 MR. DEUTCH: And I would suggest that, later on,  22 you go into this with Mr. Gotbaum and Mr. Bayer. But let me</p>	<p style="text-align: right;">Page 78</p> <p>1 of downsizing the depots for cost savings as opposed to  2 closing particular facilities. As that famous chart which  3 Bill Perry pointed out, that election to downsize and  4 consolidate at every depot as opposed to closing one or two  5 was principally done on the basis of the cost savings to the  6 Department. That was the central point.  7 It, of course, changes the distribution of economic  8 impact on communities to everybody hurting a little from a  9 couple, one or two, hurting a lot. So that is a change in  10 economic impact. But the reason for that was the cost  11 savings to the Air Force and to the Department of Defense.  12 CHAIRMAN DIXON: Is that analysis available for us  13 to carefully evaluate? I say, with due respect to you -- and  14 I do respect you and Secretary Perry -- it seems like  15 something of a reach to say you can downsize all of them and  16 get a better savings than closing one of them.  17 I'm not trying to be argumentative. It just is  18 sort of a novel suggestion to me, that I think may have  19 value, but it, at first blush, seems a little hard to accept.  20 MR. DEUTCH: Mr. Chairman, of course that analysis  21 is going to be available to you, and I would ask for you to  22 give it your most critical review. Let me say that, for me,</p>

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1 it is not at all a surprising result.  
 2 The real savings here occur most rapidly and most  
 3 significantly from loss of jobs -- what is most painful for  
 4 the community -- loss of jobs, and the real costs come from  
 5 closure actions that have to be taken or the new  
 6 instruction that has to be taken elsewhere, that is avoided  
 7 if you don't close the facility. Those are the up front  
 8 costs. So, to me, the result, instead of being counter-  
 9 intuitive, is, to me, quite reasonable.  
 10 The Air Force really would have had a problem  
 11 paying for the up front costs of, I believe, over \$1 billion  
 12 in addition to that, if you include the environmental costs  
 13 of closing two depots. This way they get the economic  
 14 benefits without these up front costs.  
 15 CHAIRMAN DIXON: We're going to get into the old  
 16 story of "Do you close a dirty base," now, if you don't mind.  
 17 According to your policy guidelines, and I quote:  
 18 "Environmental restoration costs of closing bases are not to  
 19 be considered in cost of closure calculations." I would  
 20 agree with that policy.  
 21 Your policy further states that: "Unique  
 22 contamination problems requiring environmental restoration

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1 will be considered as a potential limitation on near-term  
 2 community reuse."  
 3 So I would ask you, were any installations or bases  
 4 not recommended for closure or realignment due to unique  
 5 contamination problems?  
 6 MR. DEUTCH: Mr. Chairman, certainly that action  
 7 was not taken at the secretarial level. Whether that  
 8 happened in each one of the services' processes as they came  
 9 forward with their recommendations, I cannot answer to you,  
 10 but it is a question that should be presented to each  
 11 service, so that they can tell you whether they took such  
 12 action in their own recommendations.  
 13 CHAIRMAN DIXON: A good point and, of course, as  
 14 you know, we'll have the service chiefs and the service  
 15 secretaries in next Monday and Tuesday, and staff will remind  
 16 me to revisit that.  
 17 Maybe this will go along the same line and you  
 18 might again want to pass it along to them. But, were any  
 19 installations eliminated from closure consideration because  
 20 of the high cost of environmental cleanup, at least to your  
 21 knowledge?  
 22 MR. DEUTCH: No.

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1 CHAIRMAN DIXON: How many installations, Mr.  
 2 Secretary, recommended for closure in this or prior rounds,  
 3 are expected to have substantial portions of land placed into  
 4 caretaker status due to unique contamination problems, in  
 5 your judgment?  
 6 MR. DEUTCH: I cannot give you an accurate answer  
 7 to that, but I will provide one for the record, sir.  
 8 CHAIRMAN DIXON: Is there a fairly large number, in  
 9 your view? Because, let me say this to you, in all candor.  
 10 MR. DEUTCH: Yes.  
 11 CHAIRMAN DIXON: In the time that I served as  
 12 chairman of readiness -- and my friend at the table with you  
 13 and my friend that is the director here now both know -- we  
 14 were jurisdictional on some of this stuff and, obviously,  
 15 there was never enough money authorized or appropriated for  
 16 all the environmental cleanup in the country at these bases,  
 17 and I presume that's still the case, so I presume we're going  
 18 to have some problems out there.  
 19 MR. DEUTCH: We are certainly paying attention to  
 20 the issue of environmental remediation at all of our sites,  
 21 whether they are scheduled for closure or whether they remain  
 22 our active facility list, and it is a major concern to

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1 Bill Perry and to myself about not only covering these  
 2 environmental costs but also making sure that the programs,  
 3 the environmental cleanup programs, are implemented properly.  
 4 We will get an answer to the record here about the  
 5 specific question you raised, sir.  
 6 CHAIRMAN DIXON: I'd appreciate that. Along those  
 7 same lines, I would ask, did the overall cost of  
 8 environmental restoration at closure bases -- which is a  
 9 budget factor in closing bases, even though it's not a  
 10 decision factor -- limit the size of the list presented to  
 11 the Commission, in your opinion?  
 12 MR. DEUTCH: The answer to that question is no. As  
 13 you know, Mr. Chairman, currently we have estimated the cost  
 14 for the prior rounds to be about \$3.8 billion and the cost  
 15 for the environmental cleanup of this particular round has  
 16 not been estimated, which will be very significant, indeed.  
 17 CHAIRMAN DIXON: Thank you. Given that wartime  
 18 medical requirements far exceed, obviously, those of  
 19 peacetime, is there enough medical infrastructure remaining  
 20 to support our two major regional conflict strategy, in your  
 21 opinion?  
 22 MR. DEUTCH: Yes, sir. That's both an issue of

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1 medical personnel and an issue of facilities. We have just  
 2 had a very -- in response to a request by Congress -- a very  
 3 significant and detailed study of the medical requirements,  
 4 both in wartime and peacetime, and that study could be made  
 5 available to the Commission, as well.  
 6 CHAIRMAN DIXON: Let me follow up along that line  
 7 on medical issues. Military medical facilities, of course,  
 8 play an important role in terms of both readiness for war and  
 9 supporting the force during peacetime.  
 10 For families of military members, retirees, and  
 11 their families and survivors, the local military hospital is  
 12 often of particular importance, as you know. Military  
 13 medical assets are also important from a Department budget  
 14 point of view, quite obviously, in their ability to reduce  
 15 the civilian health and medical program for the uniformed  
 16 service costs.  
 17 However, the fate of military hospitals is often  
 18 tied to larger closure and realignment decisions about the  
 19 installations on which they are located. What guidance did  
 20 the Department provide to the respective services and to the  
 21 joint cross-service groups to ensure that decisions that  
 22 impact military hospitals and military beneficiaries are made

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1 in consideration of those impacts I've described?  
 2 MR. DEUTCH: Mr. Chairman, a very good question.  
 3 The quality of life of the military personnel, of their  
 4 families, of retired military personnel, is very heavily  
 5 influenced by our ability to provide adequate medical care.  
 6 In this area, above all else, over time, in my judgment, a  
 7 cross-servicing approach has been the rule rather than the  
 8 exception.  
 9 So the Cross-Servicing Group on Medical Care that  
 10 we established was very conscious of the ability to use the  
 11 facilities and the capabilities of various services to  
 12 provide needs for the total military community in an area,  
 13 and also very knowledgeable about the strategy and the path  
 14 we're following to try and provide affordable medical care to  
 15 all aspects of our community. They were also very heavily  
 16 sensitive to what the results would be of closures of  
 17 particular facilities on associated hospitals or clinics in  
 18 an area.  
 19 I would think that this is of the strongest aspects  
 20 of this BRAC, and you should have -- you or your staff here  
 21 -- an entire analysis of the Medical Cross-Servicing Group,  
 22 which really was the engine running the medical closure and

<p style="text-align: right;">Page 85</p> <p>1 realignment suggestions that are being presented to you.  2 CHAIRMAN DIXON: I thank you for that answer, and I  3 take it from that that you're comfortable that the medical  4 needs and the health attention required by our service people  5 everywhere has been adequately considered in what you've  6 done?  7 MR. DEUTCH: This is a top priority for Bill Perry,  8 maintaining the quality of life for our military personnel,  9 our retirees and their families. This is very important, and  10 I would say yes, especially, I think this is one of the  11 strongest cross-servicing units that we had.  12 CHAIRMAN DIXON: I want to get, now, to the subject  13 that you hear little about in the country because of the  14 power of our national television to simplify things in the  15 minds of people in this country. As you know, Mr. Secretary,  16 60 Minutes and a number of other stories resulting from that  17 have sort of dispersed around the country, from the BENS  18 report, a view that some of this work has not been adequately  19 done in the past.  20 I would want to comment, first, that when you're  21 talking about a situation where bases weren't closed in  22 decades, and now you're closed hundreds of them and saved</p>	<p style="text-align: right;">Page 88</p> <p>1 We have prepared, at the time, a very careful  2 analysis of their report and our response to it, and some  3 errors which we think were in their report, and have provided  4 it to them and we would be happy to make that available to  5 you.  6 In sum, community reuse of closed facilities is  7 exceedingly important. We are working that problem hard.  8 Our services are working it hard, and we think we're making  9 progress on it, and we will make progress greater in the  10 future.  11 CHAIRMAN DIXON: I thank you for that very  12 excellent response. I share your view that BENS is an  13 important and distinguished group of business executives that  14 does an important service to our country and has generally  15 been very supportive of our national security interests. I  16 did not mean to imply that there was any question about the  17 integrity of that group.  18 I do think, when you say you only shut down a  19 third, you didn't say we've already shut down, actually.-- or  20 you still have a third open. It doesn't say we actually shut  21 down two thirds, which I think, in some ways, is rather  22 remarkable. I've gone through this process and I know how</p>
<p style="text-align: right;">Page 86</p> <p>1 billions of dollars, one would think there ought to be a  2 compliment or two involved, but I suppose it is the  3 continuing burden that one bears in public service that all  4 we get is the criticism.  5 I say that as I go into this subject matter, but I  6 think it's necessary to address this subject matter, because  7 those of us on the Commission will have to deal with it this  8 time.  9 As you know, in October of 1994, Business  10 Executives for National Security -- commonly known as BENS --  11 issued a report, uncovering the shell game, which criticized  12 the Department's record in actually closing military  13 facilities.  14 60 Minutes featured the report later in you year,  15 and the essence of the report and the 60 Minutes  16 characterization that, of the 67 bases the President,  17 Congress, and the Pentagon have agreed to shut down thus far,  18 over one-third never closed or have quietly reopened under a  19 new name or function.  20 As you know, Mr. Secretary, we plan on offering  21 recommendations to the President concerning reuse and future  22 closure actions. Reports such as and BENS report detract</p>	<p style="text-align: right;">Page 89</p> <p>1 tough it is to shut down a base.  2 I would also say that I was pleased with the  3 progress of this Administration in being more concerned about  4 that transition period. I see Mr. Bayer here and others that  5 have been hands on on that, and the fact that you have  6 transition chiefs in these communities, now, that are working  7 with the Department and with the government and so forth is  8 very helpful.  9 As you know, I have suggested, in my confirmation  10 hearing and throughout the course of my service as chair  11 here, that one of the things I think we need to continue to  12 work on is a post-closure process. I really see that as a  13 significant problem around the country, to make sure that --  14 you know, nobody wants this to happen to them but, if it  15 happens to a community, we ought to be in place.  16 I'm not talking about throwing money at them. I'm  17 talking about working with them in the appropriate ways to  18 help these communities get back on their feet, and I think  19 it's just so important to us to do that well. I thank you  20 for your suggestions along those lines.  21 Following up on that, the Defense Finance and  22 Accounting Service is currently slated to consolidate its</p>
<p style="text-align: right;">Page 87</p> <p>1 from general support for the closure process. I'd like to  2 have your comments about it.  3 MR. DEUTCH: Mr. Chairman, let me begin by saying  4 that the prompt reuse of facilities is a very important  5 priority of this Administration. In July of 1993, President  6 Clinton announced a streamlined interagency approach to try  7 and do better at the pace at which closed facilities were  8 converted to productive reuse for the communities in which  9 they are located.  10 There is no question about the fact that our record  11 here at providing that process of reuse is improved. It is  12 satisfactory? I would say that it is not satisfactory until  13 we have found a way to have closed facilities producing jobs  14 for communities which have historically been of such strong  15 support. My main point is we have a high priority on this.  16 We are doing better. We have further to go.  17 With respect to the specific report that you  18 mentioned, the Business Executives for National Security,  19 this is a very valuable and strong organization whose  20 commentary on national security affairs is of importance to  21 us. In this particular case, we think they were a little bit  22 fast off the mark.</p>	<p style="text-align: right;">Page 90</p> <p>1 200-plus offices at the five centers it currently operates --  2 Denver, Columbus, Kansas City, Indianapolis, Cleveland. It  3 also has plans to add 21 new sites, many of which will be on  4 installations slated to close as a result of previous base  5 closure rounds.  6 Our staff's analysis of the Business Executives for  7 National Security Report indicates that, of the 26 bases  8 noted in the report as being reopened -- reopened -- 14 were  9 operating reasonably close to the recommendations of the  10 Commission. The other 12 were recipients of DFAS centers.  11 Please explain why DOD plans to place 12 of the 21  12 new DFAS offices on bases which are slated to close, rather  13 than on bases remaining open which have existing excess  14 capacity.  15 MR. DEUTCH: The criteria -- which was a published  16 criteria -- for selection of the DFAS centers included making  17 use of existing federal facilities or closed bases. This was  18 one of the criteria of, I believe, as I recall, eight  19 different criteria that were used.  20 It was felt that, if you were going to open a new  21 center at a new location, you should take cost into account  22 -- how cheaply could it be done; you should take into account</p>

1 whether there was an adequate supply of personnel to carry  
2 out the function; you should take into account whether there  
3 was a facility which was available, which was owned by the  
4 Department of Defense, had been slated for closure but could  
5 be used to help the community which had been so severely  
6 impacted.

7 Since I was one who was involved in the selection  
8 of these DFAS centers, I recollect how the selection process  
9 was made. The consequence was that several of the new DFAS  
10 centers will go to bases that were slated for closure.

11 Bill Perry, earlier today, mentioned Loring Air  
12 Force Base, which is a closed base, but where a DFAS site is  
13 being centered. Last week, I was down in Charleston, South  
14 Carolina, where there we opened the first DFAS center in the  
15 United States at Charleston Navy Yard, which was a closed  
16 facility.

17 In my judgment, that's exactly right, as long as  
18 the dollars and cents are right. To go and put the DFAS  
19 centers in places which have been previously impacted by job  
20 loss is certainly consistent with our Department's concern  
21 with community impact. It was one of several criteria that  
22 were made.

1 At no time did it overwhelm the general, single  
2 most important view of the DFAS consolidation, which was to  
3 save money for the taxpayer but, when that first primary  
4 purpose was served, if there was a way of locating a DFAS  
5 center at a closed facility in a community which had been  
6 impacted by a base closure, there was a possibility in this  
7 weighting system to allocate points for that purpose.

8 CHAIRMAN DIXON: I thank you for that. It occurred  
9 to me -- and this is sort of a simplistic thing, and none of  
10 this stuff is simple -- that a lot of the BENS criticism  
11 probably arose because of the DFAS centers at these bases  
12 at were supposed to be closed.

13 MR. DEUTCH: I'm not aware that that has anything  
14 to do with the BENS criticism. I will say this. In those  
15 places where a DFAS center -- Fort Ord is another example --  
16 is going, because it's in a location and a community which  
17 has previously been adversely impacted by the closure of a  
18 facility and loss of jobs, I think that's terrific news for  
19 the people and I'm all for it.

20 CHAIRMAN DIXON: About one-third of the 21 new  
21 Defense Finance and Accounting Service sites have yet to  
22 open. There's a military construction requirement for nearly

1 \$200 million to make improvements to many of these sites. In  
2 light of the ongoing consolidation efforts taking part in  
3 other parts of DOD, would it be worthwhile, in your opinion,  
4 to consider further reductions in the number of DFAS sites?

5 MR. DEUTCH: No, sir. The DFAS consolidation is a  
6 consolidation where we are underway.

7 We are moving from whatever it was, several hundred  
8 sites, to two dozen or so sites, and I think that what is  
9 important here is, by consolidating in smaller increments --  
10 that is, to two dozen rather than seven or eight or none --  
11 what you have is an easier transition from the existing  
12 structure to the new structure. Paybacks will be earlier, so  
13 that you don't have to wait until you have the full, all up  
14 megasites.

15 I think that here is a situation where we are  
16 headed towards downsizing -- economic downsizing, high payoff  
17 downsizing -- and the DFAS system is an example of how it  
18 should be done right, not one which needs to be reviewed.

19 CHAIRMAN DIXON: Secretary Deutch, on the question  
20 of future base closures and realignments, you and I and the  
21 others have talked today about the fact that this is the  
22 final round under the 1990 Act.

1 Once this round is completed, as you and I know,  
2 the Department of Defense will go back to operating under the  
3 section of Title 10, U.S. Code, that required DOD to conduct  
4 extensive budgetary, strategic, economic, and environmental  
5 studies of a potential closure affecting more than 300  
6 civilians or a realignment affecting more than 50 percent of  
7 an installation's civilian work force before proposing such a  
8 closure or realignment.

9 I think you and I can both agree that it's almost  
10 impossible to close or realign a military base under this  
11 authority. My experience, when I was here in the Senate, was  
12 that we just didn't close any until we had the Carlucci  
13 round.

14 This Commission plans to make recommendations on a  
15 process for closing or realigning military bases in the  
16 future after this 1995 round is completed. I think that's  
17 important, because there was all this closure talk about the  
18 "mother of all base closings" and everything else; "This is  
19 the last one; it's the end of it all forever and for all  
20 time," and I've never thought that was the appropriate and  
21 responsible and businesslike way to look at this.

22 You appealed to me, and my sense of things, when

1 you said earlier, you and others, that you'd made some  
2 management decisions here. After all, that's what this job  
3 of yours is all about, making smart management decisions.

4 I would ask you, will you make whatever  
5 recommendations you consider important in your house to us  
6 about what should be done in the future and work with us, as  
7 we prepare our suggestions for the Congress, subsequent to  
8 this round, about what ought to be done in the future?

9 MR. DEUTCH: Yes, Mr. Chairman. Bill Perry has  
10 already, I think, given you the outlines of his thinking on  
11 it. We'll be glad to work with you to be more detailed in  
12 what our views are for another BRAC round after this one.

13 CHAIRMAN DIXON: Given that the list is smaller  
14 than initially planned here, how much will DOD have to plus  
15 up the budget to accommodate reduced savings in the late  
16 '90s, in your opinion?

17 MR. DEUTCH: Well, Mr. Chairman, this list is not  
18 smaller compared to any expectation that I think Bill and I  
19 have had for quite some period of time. It is smaller  
20 compared to what would be a calculated number for a  
21 proportional reduction in force space relative to budget  
22 decline in force level --

1 CHAIRMAN DIXON: If I may interrupt -- I apologize  
2 -- I had said "smaller than initially planned," because I  
3 felt that the suggestion earlier was that it might be a  
4 larger list.

5 MR. DEUTCH: Certainly there was a great effort by  
6 everybody to get as much reduction as possible, but I don't  
7 think that Bill and I have had the view that it was going to  
8 be larger than '93 when the services finally came in with  
9 their recommendations for a considerable period of time.

10 Be that as it may, the net savings which are  
11 proposed in this round are very, very significant indeed.  
12 The payback is much more rapid than in prior rounds. So, in  
13 point of fact, this is welcome news to our programming of  
14 resources out over the next six years, both because the  
15 paybacks are larger and because the costs, up front costs  
16 connected to the paybacks, are smaller.

17 There is an important management challenge here,  
18 Mr. Chairman, that I want to be very explicit about. We have  
19 to accomplish these projected savings. Savings are not  
20 savings when they're projected. Savings are only savings  
21 when they're finished.

22 So there is an enormous management challenge to

<p style="text-align: right;">Page 97</p> <p>1 actually execute this program. That's why I think it's so 2 cautious to imagine making major changes, major additions for 3 closure on this list, because what the challenge is for us 4 from this day forward -- or, actually, more precisely, from 5 July 2nd forward -- is to actually achieve the very 6 aggressive savings that have been identified in the proposal 7 that is in front of you.</p> <p>8 CHAIRMAN DIXON: Thank you. Secretary Deutch, the 9 proposed fiscal year '96 budget you presented to Congress 10 last month represents a reduction of almost \$6 billion, or 11 5.3 percent in real terms, from the fiscal '95 level. It 12 includes \$785 million to begin implementing the '95 closures 13 in fiscal '96.</p> <p>14 Was the size of the '95 closure and realignment 15 list that you are presenting today limited by your ability to 16 budget adequate up front closing costs to carry out these 17 closures?</p> <p>18 MR. DEUTCH: No. Generally, the answer to that is 19 no. On the other hand, I will report to you, again going 20 back to this important case of the Air Force logistics 21 centers, that the up front costs estimated there to close two 22 centers were sufficiently large that it led the Air Force to</p>	<p style="text-align: right;">Page 100</p> <p>1 excuse me a moment, Mr. Secretary, while I talk to my staff? 2 (A discussion was held off the record.) 3 CHAIRMAN DIXON: Mr. Secretary, I have questions 4 from certain Members of the Congress here and, frankly, my 5 staff believes that some would be better directed to the 6 service, chiefs of the service secretaries, but I want to ask 7 you this one because the distinguished Congressman is in the 8 room, I'm told, and we think you perhaps can answer this 9 question and, if you find that it's one better handled by 10 someone else, we'll pursue it more later.</p> <p>11 I have represented to Members of the Congress that 12 this would be their instrument for asking the tough questions 13 and, frankly, the reason I've done that, Mr. Secretary, is 14 because I've been pretty vocal in saying that I'm going to 15 avoid a huge cosmetic add-on that will cause great expense 16 and concern in the country, and so we want to be pretty tough 17 about how we evaluate everything, frankly, that you've done.</p> <p>18 This question is from Congressman Browder: 19 Secretary Deutch, the 1993 Base Closure and Realignment 20 Commission removed from the list proposed by the Department 21 of Defense and directed the -- let's get this right. Yes. 22 Secretary Deutch, the 1993 -- there's been a little</p>
<p style="text-align: right;">Page 98</p> <p>1 examine another alternative, and that is the alternative 2 which is, indeed, in the proposal before you, to downsize and 3 consolidate rather than to close facilities.</p> <p>4 So, in the particular case of the Air Force, I 5 think they were quite concerned about the need for the up 6 front monies to close their logistics centers and looked for 7 a more economical alternative.</p> <p>8 At a certain stage, as General Shalikashvili 9 mentioned, if we allocate too much money to these up front 10 costs, it will impact short term readiness and our ability to 11 maintain the forces as we should.</p> <p>12 CHAIRMAN DIXON: Now, there are reports that the 13 cost to close bases and the time required to recover those 14 costs from previous rounds are significantly greater than 15 anticipated.</p> <p>16 First of all, is this accurate and, second, if it's 17 accurate, what steps have you directed to ensure that cost 18 and savings estimates are realistic for the '95 round?</p> <p>19 MR. DEUTCH: There is an incentive in each service 20 to make their costs and savings as realistic as possible 21 because, if they are wrong, it is their service budget that 22 is going to have to eat that difference. I want to stress</p>	<p style="text-align: right;">Page 101</p> <p>1 scratching on this. I've got to be a little careful how I do 2 this, to get it correct.</p> <p>3 Secretary Deutch, the 1993 Base Closure and 4 Realignment Commission removed Fort McClellan in Alabama from 5 the list proposed by the Department of Defense and directed 6 the Secretary of Defense to pursue all the required permits 7 and certification for the construction of facilities at a new 8 location prior to the 1995 base closure process before the 9 DOD could again place that installation on the 1995 BRAC 10 list.</p> <p>11 Fort McClellan is recommended for closure again 12 this year. Have any of the necessary permits been obtained 13 by the Army at the receiving installation?</p> <p>14 MR. DEUTCH: No, they have not. Let me make a 15 philosophical remark and then return to this particular case. 16 Bill Perry mentioned that, when the list from the different 17 services came forward, that we carefully evaluated each and 18 every list and there were six or seven extremely difficult 19 cases that received our personal attention.</p> <p>20 He mentioned the Missile Wing at Grand Forks 21 because of its treaty implications, and here is another 22 instance which was discussed extensively as being one of the</p>
<p style="text-align: right;">Page 99</p> <p>1 that there is a very large incentive on the services to 2 estimate this as best they can.</p> <p>3 Conversely, if they realize savings, those savings 4 can be used to support their programs that they need to 5 defend the country. I think the Navy is most pronounced on 6 this view, that these savings are key, they must be had, in 7 order to pay for the projected Navy programs.</p> <p>8 So there's a natural incentive in the services to 9 be as accurate as possible.</p> <p>10 I do not want to give you -- I'm not in a position 11 here to give you -- an accurate and complete, thorough 12 assessment of how well we have done at estimating costs of 13 closure for particular bases in past BRACs.</p> <p>14 I think it's a very important point for you to 15 examine and I would guess, from such an examination, that the 16 resulting judgment would be not great. We're doing better, 17 but it's always hard to estimate closing costs and especially 18 hard if you include the environmental closing costs 19 associated with it.</p> <p>20 But my answer would be, probably not great, but I 21 don't have a thorough analysis to present to you.</p> <p>22 CHAIRMAN DIXON: Thank you very much. Will you</p>	<p style="text-align: right;">Page 102</p> <p>1 five or six really tough questions before us. That is both 2 whether we would be able to maintain our chemical defense 3 preparedness and, secondly, whether in combination 4 McClellan's proximity to the Anniston, Alabama chemical 5 decommissioning work -- it would be possible it would be 6 impaired by this recommendation.</p> <p>7 So this was a very close call and one that we did 8 spend a great deal of time on.</p> <p>9 I believe that the proposal before the Commission 10 says, the proposals to move the Chemical Warfare School 11 element up to Fort Leonard Wood, Missouri -- it would not go 12 to Fort Leonard Wood, the proposal says, unless the proper 13 permits are received from the State of Missouri. So that is 14 a process that the Army has got to go through before we would 15 be happy to close or would be willing to close Fort 16 McClellan.</p> <p>17 CHAIRMAN DIXON: Would you excuse me a moment while 18 I talk to staff about that? 19 (A discussion was held off the record.) 20 CHAIRMAN DIXON: Mr. Secretary, as I understand 21 that, in discussing this with staff -- and, in saying this, 22 may I say to the Congressmen in question and everybody in</p>

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1 this room, we do not yet determine the correctness of your  
2 decision, of course. That's part of our process, which will  
3 be an ongoing process for many months.

4 But, as I understand this now, in the event, in the  
5 and, that we would support your decision, it's clear that we  
6 would have to have before us clear evidence that all permits  
7 were in place.

8 MR. DEUTCH: That's our recommendation to you, Mr.  
9 Chairman.

10 CHAIRMAN DIXON: And it is our statement to you  
11 that we would not act unless they were in place, I take it.

12 MR. DEUTCH: That's our recommendation to you, as  
13 well.

14 CHAIRMAN DIXON: Thank you, sir. Thank you, sir.  
15 (A discussion was held off the record.)

16 CHAIRMAN DIXON: Well, we're going to pick on you a  
17 little more because they say, since you came from Energy, you  
18 may be more conversant with this than many others, anyway.

19 The New Mexico congressional delegation, Senators  
20 Pete Domenici and Jeff Bingaman and Representatives Joe  
21 Skeen, Bill Richardson, and Steve Schiff, asked the Chair to  
22 ask this:

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1 I would welcome, Bill Perry would welcome, your  
2 scrutiny of that to see that our judgment was correct. It  
3 was a very close call and you are hitting the issues which,  
4 in our mind, were the most difficult to resolve.

5 CHAIRMAN DIXON: May I pursue it further, because  
6 their question is in three parts.

7 Two, one of the principal BRAC objectives is to  
8 consolidate DOD activities. Was consideration given to the  
9 interrelationship of the bases on the list and the tenants  
10 located on facility? Were these tenants contacted and asked  
11 to provide information about the economic effects base  
12 realignment will have on them and the effects on their  
13 overall mission? And can you provide tenant responses to  
14 these questions, along with a list of tenants, for each base  
15 on this list, including the functions shared between the base  
16 and the tenant?

17 Again, a very long question.

18 MR. DEUTCH: Mr. Chairman, there were a variety of  
19 tenants at that base, some of which are interrelated and  
20 some, quite frankly, which are not interrelated. The Air  
21 Force assures me that they have gone through, step by step,  
22 assessing the impact on every tenant at the base, and I would

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1 One, nuclear deterrence remains the backbone of the  
2 U.S. strategic policy of deterrence. Are any facilities  
3 under consideration involved with or connected to the U.S.  
4 nuclear deterrent capability? Was an analysis done on the  
5 impact on this capability and was the Department of Energy  
6 consulted with regard to this impact?

7 Is that too convoluted?

8 MR. DEUTCH: No, no, it's not. We're going down,  
9 Mr. Chairman, in this set of questions, precisely those cases  
10 which we, Bill Perry and I, personally looked at most  
11 closely.

12 Bill mentioned Grand Forks. We've just discussed  
13 McClellan. Next on my list here is Kirtland Air Force Base  
14 in New Mexico where the concern was that the Air Force, in  
15 taking an action based on Air Force-perceived requirements  
16 and needs, would unintentionally and adversely impact the  
17 very critical functions that are performed by the Sandia  
18 National Laboratory, which is co-located on the Kirtland Air  
19 Force Base.

20 I had an opportunity to -- and I must say, Mr.  
21 Chairman, that prior consultation in the process months ago  
22 between the Air Force and the Department of Energy on this

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1 urge you to talk to the Air Force about that specific point.  
2 but not all of the tenants of the base are as critically  
3 interrelated to the nuclear deterrent function.

4 I want to emphasize, Mr. Chairman, this was a very  
5 difficult judgment on the part of Bill Perry and myself and  
6 it deserves to be reviewed so that not only the congressional  
7 delegation but the community are sure that this was  
8 thoroughly and properly analyzed.

9 CHAIRMAN DIXON: The last thing on their list, the  
10 third question:

11 Which bases on the proposed list for realignment or  
12 closure have an inter-governmental relationship with agencies  
13 or entities outside the base? Were these entities notified  
14 or asked to provide information about economic effects or  
15 missions? And will you provide these responses?

16 MR. DEUTCH: Certainly, we will provide the  
17 responses. There are certainly several bases where that  
18 interrelationship exists with other agencies. I can't give  
19 you a thorough, and accurate list now, but we will provide  
20 one for the record.

21 I can think of two or three places where that same  
22 interrelationship -- for example, McDill, which we discussed

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1 point, I think, was not as extensive as I would have liked it  
2 to be.

3 So when this proposal came forward I personally  
4 went out of my way, especially because of my concern for the  
5 proper functioning of the Department of Energy installations,  
6 to assure that the recommendation made by the Air Force to us  
7 and to the Commission would include allowance for an adequate  
8 support of the infrastructure at the Kirtland Air Force Base  
9 land area.

10 That is, providing for adequate support for  
11 perimeter security as well as security for some of the  
12 remaining DOD facilities that were there, fire support, and  
13 other kinds of accident prevention support.

14 The Air Force confirmed to me that we were not  
15 going to take out any activities there that would impair the  
16 proper functioning of Department of Energy activities. I  
17 believe the Secretary of the Air Force, Sheila Widnall, has  
18 written the Department of Energy Under Secretary, Charlie  
19 Curtis, a letter to that effect and, therefore, it was Bill's  
20 and my judgment that the action which is proposed to you will  
21 not impair adversely the integrity of the whole facility or  
22 operation of the Sandia National Laboratory.

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1 earlier. There, we are reversing back from a proposal, I  
2 believe, of the '93 Commission, to have the Department of  
3 Commerce run that runway, if I'm not mistaken, back to the  
4 Department of Defense. So there were different situations  
5 where this came up.

6 I am not sure, nor do I want to give the impression  
7 that in each case there was full and thorough consultation  
8 with the affected other government agency. Perhaps there  
9 should have been. I must say that other government agencies  
10 always like to have the Department of Defense bear their  
11 infrastructure costs, so this is a painful process for  
12 people.

13 CHAIRMAN DIXON: I've noticed that in the past,  
14 too, Mr. Secretary.

15 I tell you what I'm going to do. With respect to  
16 the question by the distinguished Congressman and with  
17 respect to the question by the New Mexico delegation, I think  
18 I will also, if you don't mind, direct to you and Secretary  
19 Perry in writing those questions in an adequate form for your  
20 written responses and maybe to the service secretaries and  
21 others, as well, so that we can lay the necessary foundation  
22 for those distinguished members of the Congress to be

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1 adequately informed of the decision making process.  
 2 Now, there's only one other here, and I suspect  
 3 that my staff thinks it's not appropriate to ask you, but I'm  
 4 going to do it anyway, simply because I wouldn't want one of  
 5 my colleagues, past colleagues, to think that his was the  
 6 only question not asked.  
 7 Senator David Pryor, distinguished Senator from  
 8 Arkansas, has asked me to submit this on behalf of the Red  
 9 River Army Depot Community to the Secretary of Defense:  
 10 The Department of the Army was requested to  
 11 consider the cost of moving the DLA activity at the Red River  
 12 Army Depot in its analysis of total closure costs. The  
 13 community has estimated the cost to be in excess of \$300  
 14 million dollars for such a move. Is this estimate consistent  
 15 with the costs calculated by the Department of Defense?  
 16 That's the first question.  
 17 MR. DEUTCH: I do not have the answer to that and I  
 18 suggest that both Admiral Straw, the head of Defense  
 19 Logistics Agency, and the Army, be asked to answer that  
 20 question, sir.  
 21 CHAIRMAN DIXON: The next question: It's my  
 22 understanding -- Senator Pryor says -- that the Red River

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1 Army Depot was recently awarded the 1995 President's  
 2 Prototype Award in support of the Administrations National  
 3 Performance Review Initiatives. Were such awards for quality  
 4 and efficiency considered by the Department of Defense in  
 5 this base closure process?  
 6 MR. DEUTCH: Mr. Chairman, that's an important  
 7 point and takes us right back to the beginning of this  
 8 hearing. On this recommended list in front of you, there are  
 9 excellent facilities. They are facilities that are high  
 10 performers, that have done enormously valuable work for us,  
 11 and we wish they weren't there.  
 12 I mean, it is not only the Red River Depot that had  
 13 awards given to it, but several of the others that are in  
 14 front of us also were distinguished performers. We took into  
 15 account excess capacity, but we also took into account, in  
 16 the analysis of the various services, the ability of  
 17 individuals and units to perform their jobs.  
 18 The general answer is that all of the facilities  
 19 that are being impacted today are made up of high-performing  
 20 individuals and very supportive communities. But explicitly,  
 21 awards were not taken into account because it's not one of  
 22 the criteria that are specified by law.

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1 CHAIRMAN DIXON: I'm persuaded that that is a  
 2 sensible answer, and I've said so many times that, by the  
 3 time you get to this fourth round, presumably anything that  
 4 we should have gotten rid of is pretty well gone already; and  
 5 I appreciate the fact that we all have to be sensitive to the  
 6 fact that this is all pretty good stuff we're looking at.  
 7 The closing question by Senator Pryor: Could you  
 8 detail the reasoning behind the Department of the Army's  
 9 recommendation to completely close one of its primary depots  
 10 and realign another when the other military services appear  
 11 to have chosen realignment initiatives through downsizing in  
 12 place at their maintenance facilities?  
 13 I think that is a fairly valid question in view of  
 14 all the testimony today.  
 15 MR. DEUTCH: There are two parts to that. First of  
 16 all, directly, I think that that's a question you should ask  
 17 the Army.  
 18 CHAIRMAN DIXON: Okay.  
 19 MR. DEUTCH: But the issue about what strategy is  
 20 best, to close or to reduce in place, depends upon the costs  
 21 which are estimated for the closure and how much excess  
 22 capacity you have, so you don't necessarily get the same

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1 answer for the Navy, the Army, and the Air Force, in this  
 2 depot area, and that is one of the points that we did look at  
 3 in our cross-servicing analysis.  
 4 CHAIRMAN DIXON: I assure you, we will ask those  
 5 services in each of these cases, as well. And I'm going to  
 6 ask you the last question in a moment here, and announce to  
 7 the audience that, first of all, we appreciate very much your  
 8 accommodation. Bob Bayer and Josh Gotbaum, I believe, will  
 9 be in after lunch and we will be questioning them at 1:30.  
 10 I want to tell everyone here it will be promptly  
 11 1:30, and I think that probably, in a matter of not an  
 12 excessive two hours, we'll conclude this afternoon, and we  
 13 remain appreciative of the imposition on the time of every  
 14 one of you and your forthright answers to our questions.  
 15 Senator Jeff Bingaman of New Mexico requests that I  
 16 ask Dr. Deutch the following question before he leaves:  
 17 In December of 1990, Senators Jeff Bingaman and  
 18 Pete Domenici were told -- now, you understand this is  
 19 Senator Bingaman's question; I don't know this to be factual  
 20 but he's an honorable man, obviously; it is factual if he  
 21 says so -- were told by the chief of staff of the Air Force,  
 22 General McPeak, that the Air Force planned to close Los

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1 Angeles Air Base in the mid-'90s and move the Air Force's  
 2 Space Systems Division and the Aerospace Corporation to  
 3 Kirtland Air Force Base in Albuquerque.  
 4 The Air Force, in 1990, even did a draft  
 5 environmental impact statement in preparation for that move.  
 6 The Air Force analysis in this round of Air Force lab and  
 7 product centers puts L.A. Air Base in Tier 2, along with  
 8 Kirtland Air Force Base. In six of the eight categories  
 9 Kirtland ranks ahead of L.A., in another is tied.  
 10 Now, I don't know these things to be factual. I'm  
 11 reading this question.  
 12 Why is Kirtland closed in your proposal and not  
 13 L.A. Air Force Base? Now, that is the question.  
 14 MR. DEUTCH: Mr. Chairman, as I recall, the first  
 15 part of that said 1990. Is that correct?  
 16 CHAIRMAN DIXON: Senator Bingaman alleges that, in  
 17 1990 -- or states -- in 1990 he and his colleague, Senator  
 18 Domenici, had a conversation with the then chief of staff,  
 19 General McPeak.  
 20 MR. DEUTCH: The only point I want to make is that,  
 21 in 1990, I was happily elsewhere, not in Washington, D.C.  
 22 (Laughter)

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1 CHAIRMAN DIXON: Are you stating that you're not  
 2 pleased to be here with me this morning?  
 3 (Laughter)  
 4 MR. DEUTCH: No, no. I didn't mean to imply that  
 5 at all, Mr. Chairman. I'm just trying to say that my  
 6 occupation and activity was very different at that time.  
 7 CHAIRMAN DIXON: All right.  
 8 MR. DEUTCH: But I do believe that there was a  
 9 proposal at that time for consolidation, as is said by  
 10 Senator Bingaman, to Kirtland. I happen to know that, but it  
 11 would take me greater detail to give you a complete analysis  
 12 there. But I think he's correct about the proposal to move  
 13 Aerospace Corporation in the Los Angeles Air Force Station  
 14 and the Space Command to Kirtland.  
 15 (A discussion was held off the record.)  
 16 CHAIRMAN DIXON: In other words -- I've asked staff  
 17 here, because I wanted to clarify that -- I don't believe  
 18 that my friend and former colleague is suggesting -- and I  
 19 believe this is correct, is it not -- I don't believe he's  
 20 suggesting that, on the eight criteria that you use, that  
 21 Kirtland is ahead on six of the eight and tied on one. I  
 22 think he's talking about some other kind of a category

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1 analysis that the Air Force used.

2 Is your understanding, and is that your  
3 understanding? Because I think that would be important.

4 MR. DEUTCH: Mr. Chairman, let me say there has  
5 been no proposal here for Los Angeles or Kirtland in either  
6 '93 or '91, as well as this year. I'm sure you're referring  
7 to other proposals, other criteria.

8 CHAIRMAN DIXON: Yes.

9 MR. DEUTCH: But I also suspect that this is also a  
10 comparison with the Phillips Lab at Kirtland Air Force Base,  
11 it is related to the presence of Phillips Lab, which we are  
12 not realigning or proposing to be reduced in this BRAC round,  
13 but it's a very complicated, separate subject.

14 CHAIRMAN DIXON: Yes. Of course, one of the  
15 reasons I asked this, aside from the fact that I'll ask any  
16 question that a Member of Congress asks me to ask, because I  
17 think it's appropriate that they do this in the discharge of  
18 their duties as a representative of our people and our  
19 country, but the point being, if we're not going to add on a  
20 huge number and make this thing, you know, kind of a circus  
21 again -- scratch the "again," but not adding on a great many  
22 -- I think it's important to understand that, for major

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1 confidence that the right recommendation and actions will be  
2 taken.

3 CHAIRMAN DIXON: Mr. Secretary, I'm indebted to  
4 you, as are the potential commissioners, hopefully to be  
5 commissioners shortly. We thank you for the morning you've  
6 given us and we'll look forward to seeing Deputy Secretaries  
7 Gotbaum and Bayer this afternoon to pursue this matter  
8 further.

9 MR. DEUTCH: Thank you, Mr. Chairman. Thank you.

10 CHAIRMAN DIXON: Thank you very much for your time.  
11 We are adjourned until promptly 1:30.

12 (Whereupon, at 11:45 a.m., a luncheon recess was  
13 taken.)  
14

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1 closures, we'll want to lay down next to those closures other  
2 similarly situated types of bases and things and then analyze  
3 whether, in our view, the services and the Secretary of  
4 Defense made the right decision.

5 Do you follow what I'm saying or is that a little  
6 convoluted again? You're pondering.

7 MR. DEUTCH: My problem is that I don't think that  
8 Los Angeles Air Base is a close substitute for Kirtland.  
9 That's what's giving me a little bit of trouble, here. It is  
10 a substitute for a facility at Kirtland, not for Kirtland Air  
11 Force Base.

12 CHAIRMAN DIXON: Okay.

13 MR. DEUTCH: Kirtland Air Force Base is really --  
14 and that is one of the questions about it -- is really a  
15 hotel for lots of different functions, and that's a little  
16 bit different in Los Angeles. That's the problem I'm having.  
17 But this is something we have time to assess and weigh.

18 CHAIRMAN DIXON: Incidentally, if there's any  
19 possibility of a misunderstanding, I want to again clarify, I  
20 think that my predecessor, as chairman, did an outstanding  
21 and splendid job and that every prior BRAC Commission did,  
22 and the only thing this chairman is saying is, after

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### AFTERNOON SESSION

(1:30 p.m.)

1 CHAIRMAN DIXON: Good afternoon, ladies and  
2 gentlemen, and welcome. At this afternoon's hearing we're  
3 pleased to have with us the Honorable Joshua Gotbaum,  
4 Assistant Secretary of Defense for Economic Security,  
5 Secretary Gotbaum serves as Chairman of the Defense  
6 Department's BRAC '95 Steering Group, and in that capacity  
7 he's had responsibility for reviewing the Department's base  
8 closure process.

9 He's accompanied by Mr. Robert E. Bayer, Deputy  
10 Assistant Secretary of Defense for Installations.

11 They will explain for us the methodology the  
12 Department used in developing its closure and realignment  
13 recommendations. And I hope they will also address two  
14 important areas that were under Mr. Gotbaum's purview,  
15 namely, establishing guidelines to measure both the economic  
16 impact and the cumulative economic impact of base closures on  
17 local communities and the work of the joint cross-service  
18 groups that were established in the Pentagon for the '95 BRAC  
19 round to examine areas with significant potential for  
20 cross-service cooperation.  
21  
22

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1 reviewing this thing three times in the past, and having in  
2 mind all the consultants' fees and fancy attorney fees and  
3 other things involved in the closing process, that's a great  
4 deal of pain to communities and areas around the country.

5 I certainly don't want to add to that pain

6 unnecessarily. That does not mean we won't add on. We will.  
7 But we're not going to add on, I don't think, in the  
8 substantial numbers that has been done in the past, unless my  
9 colleagues, who obviously have equal voice with me, disagree  
10 with what I'm saying.

11 The only point I wanted to make there was that, if  
12 people are making an allegation that, in their view, taking  
13 into account now not some other categories, but the eight  
14 criteria, that someplace was really a stronger candidate than  
15 the place closed, then I think that's a valid thing for us to  
16 be carefully evaluating.

17 MR. DEUTCH: Absolutely.

18 CHAIRMAN DIXON: Yes.

19 MR. DEUTCH: That's your job.

20 CHAIRMAN DIXON: Yes.

21 MR. DEUTCH: And we think it's important for you to  
22 through that assessment, because it gives everybody

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1 Before you begin, let me say that in 1993, as part  
2 of the National Defense Authorization Act for fiscal '94, the  
3 Base Closure Act was amended to require that all testimony  
4 before the Commission at a public hearing be presented under  
5 oath. As a result, all of the witnesses who appear before  
6 the Commission this year must be sworn in before testifying.

7 Now, Mr. Gotbaum, we picked on Mr. Bayer this  
8 morning. He is now properly sworn. So would you please rise  
9 and raise your right hand, Secretary Gotbaum, and do you  
10 solemnly swear or affirm that the testimony you are about to  
11 give to the Defense Base Closure and Realignment Commission  
12 shall be the truth, the whole truth, and nothing but the  
13 truth?

14 MR. GOTBAUM: I do.

15 CHAIRMAN DIXON: I thank you. And you understand,  
16 Mr. Bayer, that you are still under oath.

17 MR. BAYER: I do, Mr. Chairman.

18 CHAIRMAN DIXON: And, ladies and gentlemen, again,  
19 I am alone up here because we have not been successful in  
20 finding a window to confirm my colleagues, the other seven  
21 commissioners, but because of their devotion to our national  
22 security interests and their responsibilities as good

<p style="text-align: right;">Page 121</p> <p>1 citizens, they have been kind enough to stay here all day, 2 and I want to reintroduce them this afternoon. 3 Mr. Al Cornella is a businessman in Rapid City, 4 South Dakota, a Navy veteran with service in Vietnam. Mr. 5 Cornella. 6 Ms. Rebecca Cox is a vice president of Continental 7 Airlines, and she served with great distinction as a base 8 closure commissioner in the '93 round. Ms. Cox. 9 General J.B. Davis retired from the Air Force in 10 1993 as a four-star general after a distinguished 35-year 11 career. General Davis. 12 Mr. S. Lee Kling is chairman of the board at Kling 13 Rector &amp; Company, an emergent banking company in St. Louis. 14 Mr. Kling. 15 Admiral Benjamin F. Montoya of New Mexico retired 16 from the Navy with a rank of rear admiral. Currently 17 president and chief executive officer of Public Service 18 Company of New Mexico. Admiral Montoya. 19 General Joe Robles retired from the Army with a 20 rank of major general after 28 years of service. Is 21 currently chief financial officer and corporate controller of 22 USAA Financial Services. General Robles.</p>	<p style="text-align: right;">Page 124</p> <p>1 which is, I'm accompanied, as you know, by the Honorable Bob 2 Bayer, who is my Deputy for Installations. He, in addition 3 to a number of other talented individuals in this room, is 4 also a former employee of the Chairman of this Commission, 5 thereby proving we know where talent lies. 6 And if I may, Mr. Chairman, I'm going to defer and 7 let him talk about our work in economic impact. 8 CHAIRMAN DIXON: Good. 9 MR. GOTBAUM: Before I talk about the details of 10 our process and procedure, I'd really like to make four 11 points about the process itself. One, that it is fair. The 12 Congress, in designing the BRAC process, when it recognized 13 that the existing procedures for base closure were not 14 working and proposed BRAC as a solution, nonetheless demanded 15 that the result had unquestionably to be fair, and we in the 16 Department of Defense go to extraordinary lengths to make 17 sure that it is. 18 As the law requires, we consider all installations 19 equally. We direct the use of a common force structure and a 20 common set of criteria. The services develop their tests for 21 implementing these criteria and their weighting factors in 22 those tests in advance of actually getting the data. So that</p>
<p style="text-align: right;">Page 122</p> <p>1 And Ms. Wendi L. Steele worked in the United States 2 Senate for a period of years and in the Bush administration, 3 and is a former distinguished staff of the previous Base 4 Closure Commission. Ms. Steele. 5 And, of course, everyone in the government and 6 everyone concerned about this process thanks all of your for 7 your kindness in bearing with us as the Senate tries to find 8 the appropriate moment to confirm all of you, and we all 9 understand and know that you're highly qualified, 10 well-experienced people, and that the Senate will shortly do 11 its work, because we'll have hearings again next Monday, 12 March 6th, and Tuesday, March 7th, and I rely upon the fact 13 that all of my colleagues will be well prepared to ask the 14 appropriate questions then. 15 Secretary Gotbaum, the administration's fiscal year 16 '96 budget -- oh, excuse me, I apologize. Mr. Secretary, 17 excuse me. Please make your statement. 18 (Laughter) 19 CHAIRMAN DIXON: That's a rotten thing to do, not 20 give a chance to a man to defend himself before he's brutally 21 attacked. 22 (Laughter)</p>	<p style="text-align: right;">Page 125</p> <p>1 the guidelines, if you will, are set up in advance of any 2 information about any particular base. 3 And this whole process is audited by the service 4 Inspectors General, the Inspector General of the Department 5 of Defense, and the General Accounting Office. 6 I mention this because all of these requirements 7 together form a discipline. From that discipline we can then 8 make what are obviously critical and difficult judgments, and 9 then those judgments are themselves reviewed. They're 10 reviewed by the Secretary of Defense, they're reviewed by the 11 General Accounting Office, by the public, and, obviously, 12 most importantly, by you and your Commission. 13 First, it's fair. Second, it is undeniably 14 painful. As the Secretary noted this morning, we did not 15 arrive at our recommendations easily. We are forced in this 16 process to choose among installations which are themselves 17 excellent. There are facilities on this list, not because 18 they aren't excellent, but because they are either more than 19 we need or more than we can afford. 20 In every one of these cases there will be an 21 installation commander who is justifiably proud of his base 22 or her base, and in every case there will be a community that</p>
<p style="text-align: right;">Page 123</p> <p>1 MR. GOTBAUM: Mr. Chairman, I will tell you that 2 Secretary Deutch told me that you were active in your 3 questioning, but I didn't realize this active. 4 (Laughter) 5 CHAIRMAN DIXON: Well, all I know is, the Secretary 6 made a statement this morning about happier times, and I 7 said, "You mean to tell me you're not happy being with us 8 here?" 9 MR. GOTBAUM: I'm sure that we in the Department 10 are all enormously gratified that the responsibility is now 11 shared with this Commission. 12 Mr. Chairman, members of the public who may some 13 day be commissioners, thank you very much. You've asked this 14 afternoon that we review for you what are the processes and 15 the procedures that the Department of Defense has followed in 16 making its recommendation. And so, with the Commission's 17 permission, I will submit a statement for the record, but I'd 18 like to go through the steps in some detail. 19 CHAIRMAN DIXON: Please do. Your statement will be 20 reproduced in full in the record, of course. 21 MR. GOTBAUM: Thank you, sir. Before I get to the 22 details -- actually, let me make one other point, if I may,</p>	<p style="text-align: right;">Page 126</p> <p>1 has supported the nation's armed services in some cases for 2 hundreds of years. We know it is painful. 3 The third point, which you, Mr. Chairman, know, 4 having been through the process before, and which your future 5 co- 6 commissioners will know in gory detail, is, it is an 7 extraordinarily complicated process we follow. Because the 8 Congress, in directing us to do the BRAC process, said that 9 you have to make a judgment about different kinds of 10 facilities that is at the same time effective, accurate, 11 consistent, public, and fair, and in order to fulfill that 12 mandate we have developed many different methods for 13 analysis, many different ways to implement the selection 14 criteria. 15 And as a result of this complexity, quite frankly, 16 there are going to be people who come before this Commission 17 and say, "Look, the result was so close. Isn't the 18 Department being arbitrary?" 19 And the point I want to make first is that, as 20 you'll come to see when we and the services talk about the 21 processes, this process is not arbitrary at all. 22 There will be people who will come forward and</p>

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argue that some additional factor ought to be taken into account to help their facility survive, and it is, of course, this Commission's job, entirely properly, to make judgments about those arguments. But we hope that you'll do so being conscious of the fact that every ad hoc addition to this process makes the results less consistent and the process even more complicated.

And my last point before going into the details of the process, Mr. Chairman, is that as we go through all these details, it is absolutely essential not to lose sight of the reason we do BRAC in the first place and why we have to close bases. And the reason, very frankly and very bluntly, is because we need those funds. Even after the first three rounds of BRAC, we have too many bases. Reductions in our forces, reductions in our budget have simply not kept pace with our basing structure.

And we believe the process, as I believe the Secretary testified this morning, will ultimately provide on the order of \$50 billion for the armed services and the taxpayers of this country.

So those the points I'd like to summarize. If I

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1 but not with the same priority.

2 And while the criteria have not changed, I think  
3 it's important to note that the way the Department is  
4 implementing them has improved. Mr. Bayer will talk to you  
5 in detail about how we now look at the issues of economic  
6 impact, but I think it's worth noting for the record, and for  
7 the Commission to understand the level of depth in which we  
8 work, that the way we have looked at the other criteria also  
9 has been improved over time.

10 Just to give you some for instances. The Army, in  
11 assessing its training bases, never looked at air training  
12 space; they looked at ground training space. As a result,  
13 facilities like Fort Rucker did not get the credit that they  
14 properly deserved. The Army now does so. The Army also  
15 gives credit now for ranges that are computerized versus  
16 those that are not.

17 The Air Force has made a number of significant  
18 changes. In BRAC 1991, on each base they looked at about 80  
19 different sources of data. In this round of BRAC, about 250.

20 So the criteria stay the same. We believe the way  
21 the criteria are implemented is more articulated than it has  
22 been in the past.

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1 can then talk, sir, about the process. The first point that  
2 needs to be made about this process is that it is essentially  
3 a bottoms-up process under secretarial guidance. Most of the  
4 analysis and most of the review work is carried out by the  
5 military departments and the defense agencies under policy  
6 guidance from the Secretary of Defense and the Deputy  
7 Secretary of Defense.

8 The Deputy Secretary, over a year ago, established  
9 the policy and the procedures that we all follow. By  
10 memorandum which has been furnished to this committee, and is  
11 included in our published report, he said to the services  
12 they have to make recommendations exclusively based on the  
13 selection criteria and the force structure; that they needed  
14 to consider and must consider all installations within the  
15 United States equally; that they can categorize bases and  
16 should categorize bases; and that in making their judgments,  
17 they have to use objective criteria wherever possible, but  
18 recognize that this is not a process that strictly comes out  
19 of a computer; this is a process that requires military  
20 judgment.

21 The Deputy Secretary also at that time established  
22 an organizational process within the Department of Defense to

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1 The process, if I may, begins when the service  
2 categorizes its bases, and I wonder, Mr. Chairman, if I  
3 might, as a useful tool for the prospective commissioners and  
4 for you, if I might just leave a small diagram with you and  
5 ask Colonel Jacobs to pass it around.

6 CHAIRMAN DIXON: Please. We'd be delighted to have  
7 your charts.

8 MR. GOTBAUM: Okay. Colonel, could you provide  
9 that?

10 Each service starts, first of all, by categorizing  
11 its bases. For the Air Force, small aircraft, large aircraft  
12 and missile, depots, labs, et cetera.

13 And then they have to define, in advance, what are  
14 the factors that should be taken into account to apply the  
15 decision-  
16 making criteria to those kinds of facilities. Obviously,  
17 those factors differ. What is militarily important to a  
18 depot is obviously different from what's military important  
19 to an airfield.

20 CHAIRMAN DIXON: Yes.

21 MR. GOTBAUM: Also, in advance, they define what  
22 are the data requirements. For each kind of facility, if I

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1 oversee it, the BRAC Review Group, which has already been  
2 referred to. That group, chaired by Deputy Secretary Deutch,  
3 operated and was composed of the service secretaries and the  
4 chiefs and other senior department officials. That's the  
5 policy and oversight group for the Department. There was  
6 beneath them and reporting to them a BRAC steering group,  
7 which, upon confirmation, I chaired beforehand. Mr. Bayer,  
8 in an unusual combination of both doing the work and getting  
9 the group, chaired the group.

10 And that is really the group, Mr. Chairman, that  
11 day to day resolved the questions of consistency, the  
12 questions of policy, the questions of information that we  
13 had.

14 The selection criteria on which we have operated,  
15 and which have been, I know, provided for the Commission  
16 before, were unchanged in this process. We've relied on the  
17 selection criteria that were used in previous rounds of BRAC.  
18 Those place a priority, in our view entirely properly, on  
19 military value.

20 Considerations of cost savings are secondary,  
21 though obviously important, and considerations of community  
22 impact, which we do take into account, are also considered,

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1 want to look at those kinds of factors, what kind of data do  
2 I have. So they define the data that would measure those  
3 factors.

4 And, as I mentioned, the services were directed to  
5 try as much as possible to work with measures that are  
6 quantified, quantifiable, and objective.

7 The other thing that is done in advance is to  
8 assign a weighting of the factors that enter into judgment.  
9 And if I may refer you, Mr. Chairman, to the second page of  
10 this handout, what you see here is the weighting developed by  
11 the Army -- we chose it as an example -- before they had  
12 information on any of their depots as to how they should  
13 weight the particular factors that they looked into in  
14 deciding which depots were better and which depots poorer.  
15 So that the factors they took into account and the weightings  
16 they gave were all defined in advance.

17 And if I may, Mr. Chairman, that's really one of  
18 the most important points about this process, is that, as  
19 much as possible, the rules were laid down before any names  
20 were attached and any data was provided in order to be as  
21 objective and as fair as possible.

22 The other point which I should make is that this

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1 is, by its nature, a bottom-up process; that in order to  
 2 assess the information, to form judgments about it, you need  
 3 a lot of information, and that's really why the services are  
 4 the front line.  
 5       Once the services have made their judgments about  
 6 what factors matter, once they've made their judgments about  
 7 what kind of weightings are appropriate, then, and only then,  
 8 do they actually ask for data. And the data, as you know,  
 9 Mr. Chairman, comes from the field, is certified from each  
 10 installation as being to the best of their knowledge,  
 11 accurate and complete.  
 12       That information is sent back to headquarters and  
 13 then analyzed. And if you look at the next page, Mr.  
 14 Chairman, it is analyzed in accordance with the ground rules  
 15 the services have already set up. And so what you see in the  
 16 second page is a set of depots and the rankings they were  
 17 given by the Army as part of its analysis process.  
 18       And my point here is that the latter -- the  
 19 analysis and the rankings were developed only after the Army  
 20 had decided which factors matter most. That's an important  
 21 part of this process.  
 22       From that point on, the services have what is

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1 admittedly a difficult job. They need to assess what is the  
 2 capacity that they have and how much capacity do they need.  
 3 They need to evaluate the military value of particular  
 4 alternatives, and they need to evaluate the other criteria  
 5 that matter. What are the real costs involved? What are the  
 6 economic impacts on the community? What are the  
 7 environmental impacts?  
 8       And also, as the Secretary noted this morning,  
 9 closing bases costs money up front. The services have become  
 10 more sophisticated and more thoughtful and have learned how  
 11 to reduce the up front costs, but there are still very  
 12 substantial up front costs in this round, and those need to  
 13 be taken into account because we do operate under a budget.  
 14       At the end of all this deliberation within the  
 15 service, the service secretary makes a recommendation. And  
 16 my last point on the service secretary process, which is  
 17 shown, really, by the first chart in your packet, Mr.  
 18 Chairman, is that ultimately each service makes a judgment  
 19 about rankings of facilities, an independent judgment about  
 20 the capacities it needs, and only thing brings them together.  
 21       And, in the final judgment, the recommendation of  
 22 each service secretary is a recommendation as well of the

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1 chief of service. Each service treats this as something  
 2 which requires the intense cooperation of senior military as  
 3 well as senior civilians. It reflects their best both  
 4 military and civilian judgment, and you can be assured they  
 5 are not taken lightly. I have no doubt that the Secretary of  
 6 the Army, the Navy, and the Air Force will tell you about  
 7 many nights and many hours spent in these deliberations.  
 8 They're quite serious.  
 9       In addition to this process -- and you asked about  
 10 it, Mr. Chairman -- for the first time, the Secretary of  
 11 Defense and Deputy Secretary of Defense directed a process to  
 12 consider where there are possibilities for cross-servicing.  
 13 This was a first ever effort. And what was done is, at the  
 14 beginning of last year, the Deputy Secretary established five  
 15 joint cross-service groups. These are groups consisting of  
 16 personnel, senior personnel, from the Office of the Secretary  
 17 of Defense and also from each of the military departments.  
 18       There was a group on depot maintenance, there was a  
 19 group on medical treatment, there was a group on labs, there  
 20 was a group on testing and evaluation, and there was a group  
 21 on undergraduate pilot training. And in each case it was  
 22 their job, first of all, to develop as best they could some

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1 form of consistent data. The same issue that we have within  
 2 a service, we had a cross-service, which is, if you're going  
 3 to measure something and you're going to make judgments, you,  
 4 first of all, need to get comparable data. And the fact is  
 5 that, historically, services keep their records in different  
 6 ways.  
 7       So the first thing that each of these groups did  
 8 is, they tried to develop as best they could some form of  
 9 objective, relatively consistent measures across the kinds of  
 10 facilities by function.  
 11       Then they went and developed estimates for the  
 12 Department as a whole of how much capacity we have across the  
 13 Department as a whole and an estimate of how much capacity we  
 14 need, based on the future years' defense plan and a measure  
 15 of safety.  
 16       And then the joint cross-service groups essentially  
 17 developed measures of functional value, measures of which  
 18 facility is likely to be more capable than another, and  
 19 combined those to develop a set of alternatives, which they  
 20 recommended to the services.  
 21       And my first point here is that the joint  
 22 cross-service groups were an adjunct to the more detailed,

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1 more formalized, more objectified service process.  
 2       And so what they did -- and if I use the example,  
 3 say, of depots -- is that the depots joint cross-service  
 4 group, led by my colleague Jim Klugh, the Deputy  
 5 Undersecretary for Logistics, developed an estimate of excess  
 6 capacity, developed some measures of functional value, and  
 7 then, using, in part, a linear optimization model and, in  
 8 part, judgment, suggested to the services several different  
 9 configurations of facilities that they ought to look first  
 10 for closure and consolidation, one, and, in addition,  
 11 work-sharing arrangements.  
 12       And so General Klugh's group, which included  
 13 representatives of the services, recommended to the services  
 14 that they consider this configuration and this possible  
 15 workload.  
 16       Then the services analyzed these recommendations as  
 17 part of their BRAC process. In some cases, the services came  
 18 forward and concluded that the recommendation made sense and  
 19 adopted it and passed it on to the Secretary of Defense. In  
 20 other cases, the services came back and said, "With some  
 21 modifications, this makes sense."  
 22       In still other cases, the services came back and

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1 said, "Absolutely no way. You're talking about reducing a  
 2 facility which is of such military importance that we would  
 3 never consider closing it, notwithstanding your judgment  
 4 about its functional value."  
 5       And in still other cases, they made judgments for a  
 6 variety of reasons to take other paths, and one of them,  
 7 obviously, is the decision by the Air Force, which the Deputy  
 8 Secretary, I know, briefed you on this morning, to  
 9 consolidate and reduce capacity in their depots in a  
 10 configuration that was different from the one that was  
 11 suggested by the joint cross-service group.  
 12       So that, Mr. Chairman, is how the joint  
 13 cross-service group process went. It fed into the services  
 14 and was fed back to the services. It was, I will tell you,  
 15 an iterative process. As recently as last week, when there  
 16 was a question before the Secretary of Defense of whether or  
 17 not there was sufficient consolidation in one area, one of  
 18 the joint cross-service groups met for a -- I'm sure for  
 19 them, an extremely difficult 24-hour period to satisfy  
 20 themselves that the service actions in response to their  
 21 recommendations were sound and could be endorsed.  
 22       At the end of this process, the service

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1 recommendations come to the Office of the Secretary of  
2 Defense, and there is an additional process of review. Those  
3 recommendations were made to the Secretary at the beginning  
4 of February, and there were a range of reviews.

5 For example, the Joint Staff, representatives of  
6 the unified commands, came in to review them to satisfy  
7 themselves that the war-fighting requirements of the CINCs  
8 would be supported, notwithstanding these recommendations.

9 At the end of the day, as I'm sure General  
10 Shalikashvili testified this morning, he is comfortable, and  
11 the Joint Staff is comfortable, that these recommendations do  
12 not limit the nation's war-fighting requirements. But that  
13 is a review which absolutely had to be done before the  
14 Secretary of Defense could recommend this list.

15 Secondly, within the Office of the Secretary of  
16 Defense, we did a series of reviews. One, to satisfy  
17 ourselves that there were not interests beyond the services  
18 that had been ignored, for example, treaty obligations,  
19 obligations under chem demil (chemical demilitarization) or  
20 obligations under START or ABM, which I know Deputy Secretary  
21 Deutch has discussed with you. That's one set of reviews.

22 Secondly, there were reviews to consider whether or

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1 way of looking at that impact so that decision makers could  
2 take that into account when they are comparing alternatives  
3 for closure realignment.

4 I want to highlight what those differences are and  
5 what those improvements are. And the last point I want to  
6 make is that our economic impact was focused on local  
7 economic areas; that is, the standard metropolitan  
8 statistical areas; or, if there are rural areas in a county  
9 or multi-counties. In other words, we looked at where people  
10 actually lived and spent their money, rather than any larger  
11 aggregation, state or regional.

12 As you know, the whole foundation of this process  
13 is force structure and criteria, and while the first four  
14 criteria support and emphasize military value and are, by  
15 definition, the most important, the sixth criteria does speak  
16 to economic impact.

17 Beginning in 1993, after we had had two closure  
18 rounds already, there was a great deal of interest in looking  
19 at not only impact on one closure round, but also looking at  
20 cumulative impact as well. That was begun in 1993, and I  
21 believe we've improved upon that metric quite significantly  
22 in this round.

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1 not one service had in its recommendation neglected an  
2 interest of another service or another agency that was  
3 already providing assistance to us in the national security  
4 mission.

5 And then, within my office, we performed two  
6 reviews. One, as best we can, to determine that the service  
7 has, in fact, followed the rules, that they used the force  
8 structure, they followed the criteria.

9 And, secondly -- and, again, I'm going to defer to  
10 my colleague on this -- to satisfy ourselves that no service,  
11 acting independently, had created an economic impact which  
12 had not been taken into account by another service, we had  
13 looked all of the services to take into account the economic  
14 impacts of previous BRAC, and to take into account the  
15 economic impacts of their base closure decisions in this  
16 round. But they obviously were not privy to the base closure  
17 decisions of other services, and so that was a judgment that  
18 had to be done in our office, and that I will defer to Bob to  
19 describe for you.

20 That, Mr. Chairman, is the process that we  
21 followed. I guess I would summarize by saying that it was  
22 obviously painful, extremely detailed, but, we believe, fair,

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1 We looked really at two measures when we determined  
2 what the impact was. One, was the potential job change  
3 within an economic area, military and civilian. And,  
4 secondly, taking that raw number, we applied it as a  
5 percentage of the total military and civilian jobs within an  
6 area. So we wanted a raw number of how many jobs are going  
7 to be affected, and then, well, how large an impact is that  
8 on an area?

9 We also used multipliers for both our military and  
10 civilian employees so that we could see what the spillover  
11 would be in the community itself. That varied substantially.  
12 The low end were military trainees, where there was only a  
13 multiplier of .1, because they're staying on the base,  
14 they're not spending a whole lot of money, they're not  
15 invested in the community.

16 On the other hand, some civilians, in particularly  
17 technical disciplines, had a very high multiplier, almost  
18 2.5. So it really varied by the type of individual, the type  
19 of activity, and also the size of the economic area itself.  
20 We found that, statistically, all three of those dimensions  
21 made a difference. All those were taken into account in  
22 coming up with this ultimate impact.

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1 and we believe, if implemented and supported by this  
2 Commission, it will ultimately save the armed forces and the  
3 taxpayers billions of dollars, and, obviously, that will  
4 depend on whether this Commission supports it.

5 And so we welcome the review that the law has  
6 provided and this Commission has provided, and we look  
7 forward to answering your questions, notwithstanding what may  
8 have been said earlier this morning, sir.

9 CHAIRMAN DIXON: Thank you very much, Mr.  
10 Secretary.

11 Mr. Bayer, do you have anything that you can  
12 briefly add to this before we go into the questions?

13 MR. BAYER: Yes. Mr. Chairman, I want to focus  
14 specifically on the issue of economic impact, how that  
15 particular criterion was dealt with this year, because it was  
16 dealt with in a way that was different what the Department  
17 has done in the past.

18 Three major points I'd like to start with. One, is  
19 that we understand the difficulty that communities face when  
20 we close a military installation, and so economic impact  
21 isn't something that we try to sweep under the rug. On the  
22 contrary, we developed this time a much more sophisticated

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1 As far as the economic areas are concerned, again,  
2 we said if it's an urban area, we're going to use the  
3 standard metropolitan statistical area. But we also  
4 recognized that when OMB develops those areas, and they  
5 changed them between the last two BRAC rounds, I believe,  
6 there were some anomalies that wouldn't be very useful to us  
7 in telling the decision maker what the impact would be.

8 A very good example is in the Washington area.  
9 After the census, when the OMB looked at that date, they made  
10 Washington and Baltimore one standard metropolitan  
11 statistical area. Well, while there are people who commute  
12 from Baltimore, the vast majority of them live and work in  
13 this area.

14 So what we did was, we looked at every one of the  
15 areas where all of our bases were located -- that was a total  
16 of 351 areas -- and we examined specifically where people  
17 lived and worked, and made adjustments to almost 20 percent  
18 of those areas, in almost every case making them smaller, and  
19 as you make them smaller, the effect is to pronounce the  
20 impact of our reductions.

21 If you have a larger area, you dilute it further.  
22 So we made it more smaller to try to make it more fair and

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1 more accurate.  
 2 Then there was the question of cumulative impact.  
 3 We looked at that two ways, and it's almost bi-directional.  
 4 We looked at it retrospectively, what BRAC actions have  
 5 already occurred in an area in previous rounds. Every one of  
 6 the services had in their database all of the actions of all  
 7 of the services of all of the areas. So that data was  
 8 already in there.  
 9 They also knew what actions had already been agreed  
 10 to, but had yet to happen. In other words, we call this the  
 11 second shoe falling. There are many actions approved in BRAC  
 12 '93 that have not yet occurred, so that when you look at the  
 13 economic statistics for an area -- and we went back 10 years  
 14 to see what the vitality of a community's economy was -- some  
 15 of those adverse actions have yet to occur. The database  
 16 already included all of those.  
 17 So then when the service came to look at a  
 18 particular closure or realignment alternative, and they  
 19 determined the direct impacts and the indirect impacts, they  
 20 had a perspective that said what happened retrospectively,  
 21 what would happen prospectively if their action took place.  
 22 When the services all brought their actions to us,

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1 then we looked at cumulative impact across the board, and we  
 2 asked, where were the services independently recommending  
 3 actions within the same economic area. Because they didn't  
 4 have that information when they made their own judgments.  
 5 It turned out there were 46 areas that were  
 6 multiply hit. Fortunately, most of them were hit by actions  
 7 that were small, so that cumulatively it didn't really make  
 8 any difference. The ones that were the most significant is  
 9 where you had a service logistics activity, and then you  
 10 would have a Defense Logistics Agency activity that was a  
 11 follower that would move as well.  
 12 The long and short of that analysis was that we did  
 13 not recommend that any of the actions be changed, although we  
 14 gave all of that data back to each of the services to  
 15 reconsider their actions in light of this expanded economic  
 16 knowledge that they now had available to them.  
 17 Now, the question was asked early on by Mr. Deutch,  
 18 because this issue was so important, did we actually develop  
 19 a process that would stand the light of day? After all,  
 20 we're not trained economists. This is not the Department of  
 21 Defense's business. We went to a panel of six economic  
 22 experts from government, academic, and the private sector,

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1 who looked at our model, and we asked them the question, "Is  
 2 this an adequate depiction of what we want," realizing the  
 3 time constraints we were under, the volume of work we were  
 4 under.  
 5 The conclusion they drew was that it was, in fact,  
 6 a very adequate model to use. They had a few suggestions,  
 7 most of which we included. The one point that they made that  
 8 I would stress to you was that they felt that we were bending  
 9 over backwards to look at a worst case. We were painting the  
 10 absolute worst economic impact from our actions that one  
 11 could paint. In other words, we were assuming all the  
 12 actions would occur at one time; that there would be no  
 13 spreading out of the impact over time; and they were also  
 14 assuming that there would be no other economic regeneration  
 15 in the area to mitigate those actions.  
 16 So they felt that we needed to stress to you, in  
 17 particular, when we appear before the Commission that these  
 18 estimates are worst case. As professional economists, they  
 19 would not have made those kinds of projections.  
 20 In closing, I'd like to point out the limitations  
 21 of the process. We were limited by the amount of data that  
 22 we could gather in a reasonable period of time and the fact

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1 that the services were running literally hundreds and  
 2 hundreds of iterations. So we don't try to advertise this  
 3 model as something that you could do an economic dissertation  
 4 on. It's a user document that I believe provided the  
 5 decision maker with reasonable estimates of prospective  
 6 impacts, rather than budget quality information. It's simply  
 7 not that.  
 8 But it is reasonable, and, just as importantly,  
 9 it's consistent across the board. So the exact same analysis  
 10 was used by all of the services across the board, so that  
 11 when we looked at solutions that had multiple service bases  
 12 as possibilities, when we looked at the economic impact, each  
 13 of the service's analysis were identically arrived at, so  
 14 that you could compare apples and apples along the way.  
 15 In conclusion, I believe the Department did conduct  
 16 a fair, consistent, and auditable assessment of economic  
 17 impacts, and while the tools we developed did not assess  
 18 every conceivable economic impact -- particularly social  
 19 economic impact -- we believe it captured a sufficiently  
 20 broad and timely set of data for our decision makers, who  
 21 could then make the appropriate decisions.  
 22 That concludes my remarks. I'd be happy to answer

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1 your questions.  
 2 CHAIRMAN DIXON: Thank you.  
 3 MR. BAYER: And my larger statement, of course, is  
 4 for the record.  
 5 CHAIRMAN DIXON: And it will, of course, be  
 6 reproduced in the record.  
 7 I'm going to talk with you mostly in the macro  
 8 sense, and not about these weight factors. But I think it  
 9 would be interesting as a matter of record early on, because,  
 10 quite frankly, as we go into this process, particularly if  
 11 our add-ons are not voluminous, as we've indicated we hope to  
 12 avoid, then I think it will be a comparative analysis of the  
 13 respective bases, and so we'd see, you know, why did you  
 14 arrive at your decision?  
 15 And it was interesting, I thought, to hear what you  
 16 had to say about that, Mr. Secretary, in which you suggest,  
 17 as I understand what you said -- and I regret sort of that we  
 18 didn't have the opportunity, as we had this morning, to see  
 19 some larger diagrams over there that the audience could see.  
 20 But I believe you have suggested to me in your testimony that  
 21 this chart here represents the factors that you employed in  
 22 your analyzation of different bases, even before you received

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1 those bases to compare this analysis against the data on each  
 2 separate base.  
 3 MR. GOTBAUM: That the Army did receive, sir, yes,  
 4 that's right.  
 5 CHAIRMAN DIXON: So these weight factors, which  
 6 appear to come to a score of 1,000, were the kind of weight  
 7 factors you applied against the respective bases when you  
 8 looked at the separate bases.  
 9 MR. GOTBAUM: Let me make sure that I'm clear on  
 10 this. For every kind of base, and in many cases for every  
 11 type of function within a base, the Army, the Navy, and the  
 12 Air Force tried absolutely in advance to essentially develop  
 13 their methods for implementing the criteria and scores. And  
 14 this, sir, is an example of one such measure for one depot  
 15 function, okay?  
 16 CHAIRMAN DIXON: Okay. And then you used these  
 17 three depots on the next page to suggest how you employed  
 18 those weight factors in coming to your conclusions about  
 19 those separate depots.  
 20 MR. GOTBAUM: The relative ranking thereof, sir,  
 21 yes.  
 22 CHAIRMAN DIXON: So my question at this point in

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1 time would be, Mr. Secretary, as we go through this laborious  
2 process -- you know, what we do as commissioners, what my  
3 friends will ultimately confirm, in having these hearings and  
4 going out to the field and going onto the bases and  
5 ultimately having hearings in every part of the country, all  
6 this is sort of the tip of the iceberg.  
7 I mean, we have here behind me staff people that  
8 have been here for several other rounds, most of whom -- in  
9 fact, all of whom, at the team chief level and their people,  
10 are people that are experienced through this process several  
11 times to do this sort of fundamental work you're talking  
12 about.  
13 But if I understand you correctly, for the benefit  
14 of myself and the other commissioners in the room, on every  
15 result that has been achieved in the recommended closures  
16 that we receive as your list, there's a comparative analysis  
17 of the individual base selected and other similarly situated,  
18 like bases or installations.  
19 MR. GOTBAUM: I should be careful not to assert  
20 that for every single type of base, there is that list, but I  
21 can tell you, Mr. Chairman, that for all of the varieties  
22 that I personally have seen, there is just such an analysis,

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1 yes.  
2 CHAIRMAN DIXON: You understand why I pursue this  
3 so vigorously.  
4 MR. GOTBAUM: Yes.  
5 CHAIRMAN DIXON: Because, as a person who, in his  
6 own professional career as a United States Senator,  
7 experienced some of this and thought, you know, I don't think  
8 this was fair to me, and I don't think this was fair to my  
9 state, we have to all understand, as human beings, we all go  
10 through that process.  
11 And every United States Senator and every U.S.  
12 Congressman, and, for that matter, every mayor and every  
13 individual business person, labor union, leader and other  
14 person in any part of the country adversely affected by this,  
15 says, "Hey, there was another one you should have picked, not  
16 mine," you know. That, of course, we all accept as part of  
17 this unpleasant process.  
18 But you are saying to me, under oath, I think, with  
19 few exceptions, if any, that as we pursue this assiduously  
20 and finitely, we can come to a reason why at least you folks,  
21 in your expertise and in your shop or in the separate service  
22 shops, came to your decisions by some kind of a hard process

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1 that makes some kind of sense, not just a judgment call --  
2 we'll get to the judgment calls in a minute -- but more than  
3 a judgment call.  
4 MR. GOTBAUM: Yes, Mr. Chairman.  
5 CHAIRMAN DIXON: A judgment call, finally, on the  
6 numbers, but not just a judgment call, when you say, "Well,  
7 this one obviously looks more likely to be the base we ought  
8 to close than that one." There's a reason in this analysis  
9 that comes to that conclusion.  
10 MR. GOTBAUM: Yes, Mr. Chairman. As I said -- and  
11 I think it's an extremely important point -- we know how  
12 difficult a process this is, we know how important a process  
13 this is, and, therefore, every service and the Department as  
14 a whole, has been at great pains, as much as is possible, to  
15 develop objective measures and to rank their bases as much as  
16 they can on objective measures.  
17 There is no one who could assert, or should assert,  
18 that military judgment shouldn't be part of that process.  
19 But, yes, the whole reason I mentioned the criteria and the  
20 waitings is because we try, as much as possible, to in fact  
21 make the rules before we know the names.  
22 CHAIRMAN DIXON: Well, obviously, judgment is part

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1 of the process because you look at what the services did and,  
2 quite frankly, we're going to look at what you did, and we  
3 get the last judgment call, I suspect, because, after that,  
4 the President is pretty well stuck with what we do, or take  
5 it or leave it pretty much.  
6 He could sent it back and say "I think you ought to  
7 look at it again" but, essentially, we are the last time a  
8 judgment call of any significant amount is made in this. The  
9 Congress, finally, as I well know as a former Senator,  
10 ultimately has a choice of voting it up or down, quite  
11 clearly.  
12 But you are saying that, in your judgment as the  
13 man in charge of this process, the man that had to put the  
14 numbers together and do the nitty gritty and the hard core  
15 analysis, that there is a numerical basis of some merit for  
16 the judgment you arrived at that will support that judgment  
17 call.  
18 MR. GOTBAUM: Mr. Chairman, that there is a  
19 numerical basis for the ranking of facilities. What the  
20 numbers are not going to tell you is how many bases do we  
21 need.  
22 CHAIRMAN DIXON: I realize that.

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1 MR. GOTBAUM: I want to be clear, because I don't  
2 want to mislead you or the rest of the Commission. But, what  
3 we have tried to do assiduously, sir, is, in fact, tried to  
4 make the measures of merit as objective as possible, yes.  
5 So when a service comes before you and says, "We  
6 decided to close Base X," they should also be able to tell  
7 you, "We evaluated Base X by comparison with Base Y and Z."  
8 CHAIRMAN DIXON: Good. Now, let me ask staff  
9 before I formulate the thought for this next question.  
10 (A discussion was held off the record.)  
11 CHAIRMAN DIXON: Let's go to something that's  
12 already been done, then. I want to take something that's  
13 already been done, because when you deal in the hypotheticals  
14 here, everybody is so sensitive that they see something in  
15 almost anything you say. But there was an exercise that I  
16 was familiar with as a United States Senator from Illinois  
17 that went on concerning Naval training bases. We all  
18 understand that exercise and what the ultimate result was.  
19 Take that hypothetical type situation. Are you  
20 saying to me that if one said, about that exercise, "I don't  
21 think you picked the right ones to close and I don't think  
22 you left the right one open and enlarged it," that you could

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1 say, "We can show you, in all of these different criteria or  
2 these breakdowns in categories" -- I won't call it criteria,  
3 because then there are eight criteria you apply to all these  
4 categories -- "why we did that," and we could justify that on  
5 the numbers, why we made the ultimate judgment call; would  
6 that be true of almost everything you've done?  
7 MR. GOTBAUM: Mr. Chairman, every decision in this  
8 process is subject to audit, every decision in this process  
9 is public and, therefore, yes, sir, every decision in this  
10 process must be capable of being justified. I hope, quite  
11 frankly, that on every one of the marginal calls, that this  
12 Commission will search very carefully --  
13 CHAIRMAN DIXON: This Commission will, and our  
14 staff people will be over there going all over you like, you  
15 know, white on rice. And so we'll be around.  
16 I wanted to make sure that I understand that you  
17 felt that you had that kind of a defense apparatus in place  
18 over there to show us the hard core numbers.  
19 MR. GOTBAUM: We don't consider it defense  
20 apparatus, sir. We consider it --  
21 CHAIRMAN DIXON: My apology for a bad choice of  
22 language there.

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1 MR. GOTBAUM: But, yes, and we are, of course,  
2 prepared to answer the Commission's questions on any of these  
3 decisions in any detail you want.  
4 CHAIRMAN DIXON: Thank you, Mr. Secretary. I was  
5 interested, Mr. Bayer -- forgive the formality, because  
6 you're Bob and I'm Al when we're other places, as an old  
7 associate of mine on the Readiness Subcommittee -- but one  
8 thing that was interesting to me is when you said that you --  
9 the economic impact, I thought you said, was on a regional  
10 basis. You tried to make it on a regional basis. You went  
11 into the discussions about Washington, D.C. and Baltimore and  
12 that.  
13 But I thought this morning -- do we have it? I  
14 thought this morning, and here it is, the Navy, in their  
15 report, the Department of the Navy Analysis and  
16 Recommendations, Volume 4, March, 1995 said, on Page 2:  
17 "Because of the large number of job losses occurring in  
18 California and Guam, the DON decided against recommending  
19 several closures that could otherwise have been made. Other  
20 than Long Beach Naval Shipyard, no other closure is  
21 recommended that would result in a negative direct civilian  
22 job loss impact in any economic area in California."

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1 I don't mean to be particularly argumentative. I  
2 don't even know that I argue much with the knowledge or the  
3 sense of that, in view of what happened in California last  
4 time, which I'm sure was difficult for those people to  
5 accept. But wouldn't that go against what you had indicated?  
6 I mean, that seems to be a statewide, in the biggest state of  
7 our union, perception of what ought to be done, to some  
8 extent.  
9 MR. BAYER: I think you bring up a good point.  
10 Clearly, that statement speaks to a statewide impact, rather  
11 than a local impact. I was describing how our model was  
12 developed and how it was applied, and it was applied on a  
13 local level.  
14 In making that judgment, the Department of the Navy  
15 made a policy judgment that was above and beyond what we had  
16 established as a modality for that particular criterion.  
17 CHAIRMAN DIXON: I see. Mr. Secretary, the  
18 Administration's fiscal year '96 budget reflects net savings  
19 of \$6.6 billion over five years for the first three rounds of  
20 the base closures. This budget also includes requests for  
21 \$785 million and \$824 million fiscal years '96 and '97  
22 dollars, respectively, to cover costs for the 1995 Commission

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1 closures.  
2 Will you tell us how actual costs and savings  
3 compare with what had been anticipated in the previous  
4 budgets? Can you do that? In other words, we've heard that  
5 they ran higher.  
6 MR. GOTBAUM: That costs ran higher? I think, Mr.  
7 Chairman, there are two things that have happened. One is  
8 that Murphy's Law applies to the process of estimating moving  
9 and construction costs.  
10 CHAIRMAN DIXON: Murphy's Law applies to all things  
11 governmental, as we can see, as my commissioners sit here  
12 unconfirmed.  
13 (Laughter)  
14 MR. GOTBAUM: Yes. Yes, unfortunately. I think,  
15 Mr. Chairman, it's important to separate out two things. One  
16 is, what are the estimates that are made when the Department  
17 makes a base closure recommendation, which is an estimate, as  
18 Mr. Bayer would say, not budget quality. It is a rough  
19 estimate which is made essentially for every possible  
20 configuration.  
21 We have a model, the COBRA model. We have a set of  
22 estimates for the base closures we recommend, as well as all

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1 of the ones that we don't. And those are of necessity  
2 because there are so many alternatives, rough. No way around  
3 it, no apologies for it. They are rough estimates. That's  
4 the basis on which we make recommendations.  
5 Then once recommendations are made to you and once  
6 the Commission decides what its slate is, the Department goes  
7 through a formal budget process, a budget scrub, and develops  
8 estimates for the bases in which case they know will be  
9 closed, on a much more detailed basis.  
10 It is frankly not surprising, Mr. Chairman, that  
11 between the rough estimate that is done for real estate  
12 decision making process and the budget process that there  
13 are, in some cases, substantial differences. I will tell  
14 you, however, that those differences go both ways.  
15 It turns out, over time, that in some cases -- and  
16 this is the part that we all know about and we all hear about  
17 -- things cost more. It also turns out over time that, since  
18 we do not include environmental costs in the real estate  
19 decision making process that is BRAC, that environmental  
20 costs need to be added to the accounts that we submit.  
21 It also turns out, Mr. Chairman, that the services  
22 over time develop ways to achieve the results at less cost.

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1 And so we see, between the cup and the lip, all of those  
2 processes, sir. What I think would be useful and, with the  
3 Commission's permission, I would like to submit it for the  
4 record, is an actual comparison of the estimates when made,  
5 the budget estimates we have now for the prior rounds of  
6 BRAC, and what the changes have been over time.  
7 What you will see, I believe, is that the  
8 divergences are declining over time.  
9 CHAIRMAN DIXON: Good.  
10 MR. GOTBAUM: We believe that the estimates now are  
11 better.  
12 CHAIRMAN DIXON: I'd like to see the hard numbers.  
13 Very good explanation, but I'd sure like to see the hard  
14 numbers.  
15 MR. GOTBAUM: We will provide them.  
16 CHAIRMAN DIXON: But simplistically, let me ask you  
17 once again, in fact, have the costs run a little higher than  
18 you've anticipated in past rounds?  
19 MR. GOTBAUM: The costs have run slightly higher.  
20 CHAIRMAN DIXON: Only slightly?  
21 MR. GOTBAUM: Why don't I submit the formal numbers  
22 for the record, sir?

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1 CHAIRMAN DIXON: Good. But it's run a little  
2 higher, would you say?  
3 MR. GOTBAUM: Yes. If I may, Mr. Chairman, the  
4 other point which I should note is that, notwithstanding  
5 increase in costs, if the question is whether or not, on net,  
6 the base closure process still saves the taxpayers money, I  
7 must be very clear and very direct that it absolutely does.  
8 CHAIRMAN DIXON: Can you have those for us within  
9 ten days, do you think, Mr. Secretary?  
10 MR. GOTBAUM: Absolutely. Absolutely.  
11 CHAIRMAN DIXON: I'd greatly appreciate it. It's  
12 useful to us.  
13 Now, what are the annual costs and savings expected  
14 from your recommendations on the '95 round of closures? I  
15 appreciate the fact that Murphy's Rules apply. What do you  
16 think it's going to cost?  
17 MR. GOTBAUM: The estimates that have been  
18 developed by the services as part of their recommendation  
19 process total, in fiscal '96 dollars -- and I'm going to  
20 switch, sir, to real dollars, just because that's how we do  
21 our accounts for comparing this BRAC to previous rounds --  
22 total a little less than \$4 billion -- \$3.8 billion as

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1 closure costs for the entire round over a six-year period.

2 CHAIRMAN DIXON: For the '95 round?

3 MR. GOTBAUM: Yes.

4 CHAIRMAN DIXON: How do you keep track of savings  
5 and costs from that process? How do you track that?

6 MR. GOTBAUM: Good question and important one.

7 When we go through our next year's budget process, as I say,  
8 the COBRA runs, the service estimates, et cetera, will then  
9 be broken, by the service controllers and by the Department  
10 of Defense controller, into separate accounts.

11 The costs of closure will go into the BRAC account,  
12 with which I know you are well acquainted, and the savings  
13 estimates will be allocated to whichever account makes sense  
14 -- usually O&M accounts in the Department of Defense.

15 So, for example, in our budget now, there have been  
16 debits to the O&M account to reflect the expected savings  
17 from previous rounds of BRAC and this round, once approved  
18 and completed, we will follow the same process.

19 CHAIRMAN DIXON: At what point is it more cost-  
20 effective to keep excess infrastructure, rather than pay the  
21 up front closure costs? Because there's been a lot of  
22 discussion this time about the up front closure costs.

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1 MR. GOTBAUM: The various services have said to us  
2 -- and, in fact, have said to us for months -- that the  
3 budget limits the total scope of what they can do, but that  
4 is different from saying that, in any particular case, they  
5 would undertake a closure that didn't itself ultimately  
6 provide savings.

7 Each of the actions in this packet is taken because  
8 it saves money for the taxpayers and the Department of  
9 Defense.

10 CHAIRMAN DIXON: Right.

11 MR. GOTBAUM: Now, total size, however, is  
12 constrained by the amount of money we have.

13 CHAIRMAN DIXON: Well, of course it is. But now,  
14 in fact, you and I would both agree, and the distinguished  
15 gentlemen that appeared this morning have stated under oath,  
16 the fact that we all know that there's excess infrastructure  
17 still out there after we do our duty this time. All of us  
18 have talked about a recommendation about how we'll look again  
19 another time.

20 Are you in a position to say how much the annual  
21 cost is to the taxpayers of this country for the excess  
22 infrastructure remaining after we do this '95 round? Do you

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1 MR. GOTBAUM: We haven't hit that point, Mr.  
2 Chairman.

3 CHAIRMAN DIXON: Is there some kind of a formula  
4 you'll use?

5 MR. GOTBAUM: Yes.

6 CHAIRMAN DIXON: Have thresholds been established?

7 MR. GOTBAUM: Not quite. What we have done is, in  
8 applying the criteria -- as you know, Criterion No. 4 is cost  
9 and manpower implications and Criterion No. 5 is return on  
10 investment. So up front costs are included in that judgment,  
11 the judgment about when do you get savings and how much you  
12 get savings.

13 CHAIRMAN DIXON: Yes.

14 MR. GOTBAUM: As a result, for each facility, in  
15 making the judgment about which ones to include, the service  
16 involved and then the Secretary of Defense have taken account  
17 of up front costs and measured them against cost savings and,  
18 in the report that we've submitted to the Commission for your  
19 consideration, for every single base, you will see a number,  
20 which is an estimate of the closure costs.

21 You will see another number, which is an estimate  
22 of the ongoing savings, and I'm sure we're willing to provide

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1 have a judgment call on that? Do you know?

2 MR. GOTBAUM: Mr. Chairman, no. The reason for  
3 that, let me tell you, is another reason why this is a  
4 service-led process.

5 We use, within the Department of Defense as a  
6 whole, a set of very rough measures to measure our  
7 infrastructure. We use terms like "plant replacement value"  
8 and "base ops cost," et cetera. But the fact is, when you  
9 look at the plant replacement value of what we've got in Rock  
10 Island, and the value to the Department of Defense in Rock  
11 Island, those are quite different things.

12 So the reason we have relied on the services for  
13 this judgment is because we don't see an overall measure that  
14 we can use as a management tool. We keep track, but we don't  
15 see that.

16 CHAIRMAN DIXON: I respect your answer, if I may  
17 interrupt, Mr. Secretary.

18 MR. GOTBAUM: Yes.

19 CHAIRMAN DIXON: The point I wanted to make,  
20 though, was this. If we are to come back at the conclusion  
21 of our work -- and I think this is supported by the Chairman  
22 of the Joint Chiefs and the secretary and deputy secretary

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1 the year-by-year breakout, if you would like. But, in every  
2 case, it has to result in net savings to the taxpayers.  
3 Otherwise, we wouldn't do it.

4 CHAIRMAN DIXON: Is it finally just a financial  
5 judgment decision, would you say, or is it a real decision  
6 predicated upon some kind of thresholds and formula?

7 For instance, one of the discussions this morning,  
8 which I respect very much, that came to us from the  
9 principals this morning -- Secretary Perry, Deputy Secretary  
10 Deutch and the Chairman of the Joint Chiefs, General  
11 Shalikashvili -- was that, in all candor, some of the closing  
12 costs were such that it impacted, to some extent, the  
13 ambitious nature of this program this year.

14 MR. GOTBAUM: May I separate out two things, Mr.  
15 Chairman? One is whether or not our budget constrains the  
16 total size of the package that we recommend to you. The  
17 answer on that one, as the Secretary of Defense himself has  
18 said -- not only today, I expect, but certainly in the past  
19 -- is that, because there are up front costs and because we  
20 must pay them up front, the size of the closures are affected  
21 our budget.

22 CHAIRMAN DIXON: Yes.

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1 who appeared this morning and I sense it's probably supported  
2 by you and Mr. Bayer --

3 MR. GOTBAUM: Absolutely.

4 CHAIRMAN DIXON: -- if we are to come back and say  
5 we should look at this another time -- and again, I say, not  
6 with a '97 round; I say to my friends in this room and the  
7 country I'm not going to come back and suggest that, but  
8 sometime in the future look again -- I think we need to make  
9 a case for why it ought to be done.

10 And part of that case is the annual cost to the  
11 taxpayers of this nation to sustain the excess infrastructure  
12 still remaining after this round by virtue of force level  
13 reductions and reductions in authorizations and  
14 appropriations, and all the things that are taking place over  
15 this last few years since we reached our peak in the Reagan  
16 years.

17 MR. GOTBAUM: With the Commission's permission,  
18 perhaps we can do some work and see what kind of rough  
19 measures we might be able to provide for you and for the  
20 record.

21 CHAIRMAN DIXON: Okay. But you would agree, would  
22 you not -- and that's the point of all this, I think -- that

<p style="text-align: right;">Page 169</p> <p>1 the excess infrastructure cost out there is a drain on 2 modernization, operations, and maintenance funds? 3 MR. GOTBAUM: Absolutely. 4 CHAIRMAN DIXON: That's why we engaged in this 5 exercise. We didn't come here to do pain to the country. 6 MR. GOTBAUM: Yes. 7 CHAIRMAN DIXON: We came here out of need. As I go 8 around to my service chiefs and the service secretaries and 9 to you fine gentlemen, and others who care about this 10 country's defense capabilities and are concerned about our 11 national security needs, you say to me in private, "Mr. 12 Chairman, we need these dollars for other things, for 13 fighting, for the weapons and the procurement necessities and 14 the people and the force levels and other things out there." 15 And that's why we're doing this. 16 MR. GOTBAUM: Absolutely, sir. 17 CHAIRMAN DIXON: So I think it's important that, to 18 some extent, you indicate to us for the record, as we come 19 back to the Congress later with recommendations, what that 20 cost is. 21 MR. GOTBAUM: All right. Let us see what we can do 22 for you.</p>	<p style="text-align: right;">Page 172</p> <p>1 service recommendations by your staff. Were there any 2 similar cumulative economic thresholds set for the '95 round? 3 MR. GOTBAUM: There were no thresholds set and 4 there were no actions that were removed because of economic 5 impact. 6 CHAIRMAN DIXON: That is my understanding, and I 7 will ask you both directly, as I asked the two secretaries 8 and the distinguished chairman of the Joint Chiefs this 9 morning, can you state under oath that there were no changes 10 made at your level after the services gave you their lists 11 and so forth? 12 MR. GOTBAUM: There were no changes made to the -- 13 no installation was either added to or subtracted from the 14 list in the process of the review by the Secretary of 15 Defense. 16 CHAIRMAN DIXON: And I will ask you, as hands-on 17 people that were involved at the scrubbing level, were there 18 any directions given? That is to say, I know that there was 19 communication and discussions that went on on a continuous 20 basis, but were there any kinds of discussions where you 21 said, "Now this is off limits; don't do this; don't touch 22 this," or anything of that kind?</p>
<p style="text-align: right;">Page 170</p> <p>1 CHAIRMAN DIXON: Now, again, this is a little bit 2 sophisticated, I suppose, but can you define for the record 3 here for us your view of what the cumulative economic impact 4 is, either you or Mr. Bayer? In other words, how are losses 5 from previous closure rounds captured? Can impacts from 6 previous closures be differentiated from other negative 7 impacts on the economic area, such as civilian downsizing, or 8 you lump everything together, or how do you do that? 9 MR. BAYER: Let me answer that, Mr. Chairman. The 10 cumulative impact is based on past BRAC actions. We know the 11 number of employees -- direct and, with multipliers, indirect 12 -- that we have taken out of an economic area based upon past 13 base closure and realignment actions. We don't know what 14 other activities have occurred in that economy over time. 15 CHAIRMAN DIXON: Or how well they responded. 16 MR. BAYER: Exactly. 17 CHAIRMAN DIXON: Because different places respond 18 better. 19 MR. BAYER: Exactly. 20 CHAIRMAN DIXON: I look around the country and see, 21 in my own state and other places, how certain communities 22 seem to bounce back better and get the business systems</p>	<p style="text-align: right;">Page 173</p> <p>1 MR. GOTBAUM: I think it is fair to say, Mr. 2 Chairman, that there are very few politicians from any level 3 of government who did not say to some official of the 4 Department of Defense at some stage in you process, "Don't do 5 it." 6 CHAIRMAN DIXON: Oh, how surprised I am to hear 7 that. 8 (Laughter) 9 MR. GOTBAUM: But I can assure you that, 10 notwithstanding all of that, our process was straight. 11 CHAIRMAN DIXON: Thank you. Well, you understand 12 the reason for this questioning. 13 It's important to us to have a record that is 14 replete with the responses of those of you who did this job 15 before it came to us, that, in your view, this result that 16 you have handed to us now is predicated upon a strict 17 compliance with your directives in the law and the eight 18 criteria and the things that are at least as objective as one 19 can get in an inexact science, because it is an inexact 20 science. 21 MR. GOTBAUM: I think, Mr. Chairman, you've 22 characterized it very well. The answer is yes, we believe</p>
<p style="text-align: right;">Page 171</p> <p>1 flowing better and seem to almost, in effect, do as well 2 after the closure. I don't believe that's the case, but I 3 think there are many cases around the country where you'd be 4 surprised at the result, and you can't measure that, 5 obviously. 6 MR. BAYER: No, we can't. So what we did was, as 7 we were developing this model, I said, "Well, a decision 8 maker needs not only to know the number of jobs that were 9 taken out previously or would be taken out by a prospective 10 action, but he or she needs to know sort of what the vitality 11 index of the economy is, how vibrant has it been?" 12 And so, before any action was put before one of the 13 military secretaries, they had an array of economic data that 14 looked back 10 years for that economy, looking at job growth, 15 unemployment statistics, things of that nature, so that you 16 could see, yes, we might have known that we did these certain 17 things to an area. We don't know what other things occurred, 18 but we do know what the net results are through 1993, based 19 upon national economic data. So that's how we dealt with it. 20 CHAIRMAN DIXON: In the '93 closure round, your 21 staff established cumulative economic impact thresholds that 22 resulted in the removal of at least one installation from the</p>	<p style="text-align: right;">Page 174</p> <p>1 that all of our recommendations are entirely consistent -- as 2 I said, both in the spirit and in the letter -- with the 3 force structure and the structure. 4 MR. BAYER: I would agree with that testimony, Mr. 5 Chairman. 6 CHAIRMAN DIXON: Was DOD reluctant to close major 7 industrial laboratories or test and evaluations installations 8 because of economic impact? 9 MR. GOTBAUM: I would say that the Department of 10 Defense has to be mindful and does recognize that the 11 economic impacts of laboratories, depots, other industrial 12 facilities, are substantial. But I think the record shows 13 quite clearly that, notwithstanding that fact, the Department 14 of Defense is prepared, in fact, to close large industrial 15 facilities when it needs to, which it does. 16 CHAIRMAN DIXON: I will ask you both, was any 17 decision taken to downsize, rather than close an 18 installation, as a result of economic impact considerations? 19 MR. GOTBAUM: I do not believe so. 20 MR. BAYER: I'm not aware of any, sir. 21 CHAIRMAN DIXON: Going back to the Navy question 22 that I had referred to before, that's in the Department of</p>

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Base Closure Commission

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1 the Navy Analysis and Recommendations, Volume 4, March 1995,  
 2 on Page 2, this morning the secretary indicated that no base  
 3 was removed from the list for economic impact reasons but,  
 4 early, the Navy -- I say "clearly, the Navy" because they  
 5 so in print here -- refrained from putting some  
 6 installations on the list for economic impact reasons.  
 7 Did they establish their own economic threshold, as  
 8 far as you know?  
 9 MR. GOTBAUM: As we're already discussed, Mr.  
 10 Chairman, each service has its own process.  
 11 CHAIRMAN DIXON: Yes.  
 12 MR. GOTBAUM: Each service implements the criteria  
 13 in its own way, and the Navy, I understand, as a matter of  
 14 policy and process, in fact applied an extra economic screen  
 15 in making their judgments.  
 16 What I hope the Secretary of Defense said and  
 17 believe and Secretary of Defense said is that we, at the  
 18 level of the Secretary of Defense, did not either add to or  
 19 subtract from the list on the basis of economic impact,  
 20 notwithstanding the fact that we spent many hours and much  
 21 effort to assess those effects as part of our decision-making  
 22 process.

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1 CHAIRMAN DIXON: Well, now, you've read this  
 2 language, as we have. Did you agree with the Navy's not  
 3 submitting some installations for economic reasons?  
 4 MR. GOTBAUM: We did not direct the Navy to add to  
 5 their list.  
 6 CHAIRMAN DIXON: Are you aware of which  
 7 installations are referenced by the words "several closures"?  
 8 MR. GOTBAUM: No.  
 9 CHAIRMAN DIXON: Can you find out and make that  
 10 available to us?  
 11 MR. GOTBAUM: I would be happy to do so. I would  
 12 suggest that this is probably a fit subject for  
 13 discussion with the Navy directly.  
 14 CHAIRMAN DIXON: I think a fair question is which,  
 15 if any, installations were substituted for those California  
 16 and Guam facilities removed from consideration.  
 17 MR. GOTBAUM: My understanding, Mr. Chairman -- but  
 18 I would like to get this and provide it for the record -- is  
 19 that the issue in California did not result in substitutions.  
 20 It was a judgment about capacity. But I think we should --  
 21 CHAIRMAN DIXON: Well, of course, but one of two  
 22 different things obtained. Either other installations or

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1 bases were substituted or the list was made smaller. One of  
 2 those two results had to obtain and the question is, which  
 3 did? And staff will pursue that.  
 4 Are you aware if the Navy determined a numerical  
 5 measure of threshold to conclude that the cumulative economic  
 6 impact should cause them to decide against further  
 7 consideration of installations they would otherwise close?  
 8 Is that a possibility?  
 9 MR. BAYER: I'm not aware of that, sir.  
 10 CHAIRMAN DIXON: The only reason I ask these  
 11 questions is, again, the obvious one. We're not the only  
 12 ones who read these books, and there are obviously going to  
 13 be people asking these questions, and I would like to have  
 14 the answers.  
 15 Mr. Secretary, several years ago, the Went Study at  
 16 DOD Maintenance Depots, done for the chairman of the Joint  
 17 Chiefs, concluded that there was 25 to 50 percent excess  
 18 capacity in the depots. The General Accounting Office  
 19 reviewed the study and concurred that there was significant  
 20 excess capacity. An April 1994 study by the Defense Science  
 21 and Engineering Research Agency concluded that 24 depots remaining after the BRAC '93  
 22 measures round will have 20 to 30 percent excess capacity.

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1 One of the goals of the Joint Cross-Service Depot  
 2 Maintenance Group was to eliminate unnecessary duplication  
 3 and excess capacity. Do the closure recommendations that  
 4 you've submitted result in significant elimination of excess  
 5 depot maintenance capacity?  
 6 MR. GOTBAUM: Yes, sir, they do. Jim Klugh, the  
 7 deputy under secretary for logistics, spoke at the last BRAC  
 8 review group meeting and reported that his group, in their  
 9 estimates, worked in terms of depot equivalents.  
 10 They said that they believed that the excess  
 11 capacity that they could measure in the department was  
 12 somewhere in the range of four to six to eight depot  
 13 equivalents excess, that the list of recommendations that the  
 14 Department has, I believe, is in the equivalent, when you run  
 15 through all the numbers of about 5-and-a-half to 56 depots  
 16 equivalent.  
 17 So his view, our view, is that, in fact, there is  
 18 substantial capacity reduction in depots as a result of these  
 19 recommendations.  
 20 CHAIRMAN DIXON: In candor, there are some  
 21 suggestions to us that more could have been done in the depot  
 22 area. Is it your feeling that it is the limit of what you

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1 could have done in this round? I know that's a tough  
 2 judgment call. I'd just like to ask your professional  
 3 opinion.  
 4 MR. BAYER: No, go right ahead.  
 5 (Laughter)  
 6 MR. BAYER: I think, in a number of areas, as the  
 7 secretary said, we know we still have excess capacity, but  
 8 the truth is that the areas that we're looking at -- and I  
 9 think logistics perhaps, along with medical, are the most  
 10 sensitive to our war-fighting capability -- that we needed to  
 11 take into account not only where we wanted to be in the long  
 12 term but what we could do in the short term, not just from a  
 13 budgetary point of view, but also from a functional  
 14 operational point of view.  
 15 There's a tremendous amount of turbulence in  
 16 executing the activities that we've already agreed to and  
 17 what we're proposing now, and so, if you want my judgment on  
 18 where we are, I think that, if the measurement of overall  
 19 excess capacity was eight and we got close to six at this  
 20 point, given the fact that all of that turbulence will  
 21 directly impact the readiness of our forces, unless it's done  
 22 very, very carefully, that that is a good military reason to

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1 acknowledge that you might want to go further, but you don't  
 2 do it in a way that's going to jeopardize the near term.  
 3 CHAIRMAN DIXON: I thank you for that. I presume  
 4 that the person that was doing the charts earlier is not  
 5 here, but I would like to look at the Air Force depot chart.  
 6 Director, we ought to have someone below your level who could  
 7 do that.  
 8 (Laughter)  
 9 CHAIRMAN DIXON: Well, we got a colonel. That's  
 10 pretty high authority. Thank you, Colonel. I appreciate it.  
 11 Now, let's see. Is that the one I want, though? Air Force  
 12 Depot -- yes.  
 13 Secretary Deutch suggested a thorough scrubbing by  
 14 the Commission staff of costs and savings reflected on a  
 15 chart that he presented this morning titled "Air Force  
 16 Depots" would tell us this story, and we have that chart. I  
 17 understand that the Air Force analysis suggests it is more  
 18 cost-effective to downsize all five Air Force depots than to  
 19 close two.  
 20 I'll ask you, Mr. Secretary, first, do you agree  
 21 with this analysis?  
 22 MR. GOTBAUM: Me, my staff, my colleague, Mr. Bayer

<p style="text-align: right;">Page 181</p> <p>1 and his extremely talented staff -- many of whom are sitting 2 behind me, so I think they ought to get the appropriate 3 recognition -- have gone through the Air Force analysis and 4 are, in fact, satisfied, Mr. Chairman, that, if and when 5 implemented, that the Air Force is correct that it can, in 6 fact, save more money at lower up front cost by the proposal 7 that they have made, than by proposing to close the two 8 depots that they had under consideration. 9 CHAIRMAN DIXON: So you will defend the position 10 that downsizing five saves more than closing two? That is 11 the position of your staff? 12 MR. GOTBAUM: That is the position. 13 CHAIRMAN DIXON: Did your Cross-Service Depot Group 14 agree with this analysis? 15 MR. GOTBAUM: The Cross-Service Depot Group acceded 16 to the fact that the Air Force -- 17 CHAIRMAN DIXON: No, not if they acceded. Did they 18 agree? 19 MR. GOTBAUM: If I may -- 20 CHAIRMAN DIXON: I acceded to a lot of things in my 21 life I didn't agree to. 22 (Laughter)</p>	<p style="text-align: right;">Page 184</p> <p>1 configurations, sir, and I will admit, since I don't have 2 them immediately at hand, I cannot recall exactly how many 3 depots were on each. 4 CHAIRMAN DIXON: Let me say to you that staff says 5 that the Joint Cross-Service Maintenance Group, in fact -- 6 Depot Group -- in fact recommended eight depots that should 7 be closed and, quite candidly, you do not have eight on the 8 list. 9 Now, I'm not saying you dropped some on the way to 10 the final analysis or accusing anybody of anything. But 11 would you explain how we got information somehow that there 12 should have been eight depots on the list and it ends up 13 being how many? Two? That's a pretty big amount to drop, 14 two complete ones. 15 I think we ought to have an analysis of that. 16 MR. GOTBAUM: Let me make two points, Mr. Chairman, 17 if I may. 18 CHAIRMAN DIXON: Please do. Please do. And this 19 is not meant to accuse of anything, but we want to get to the 20 facts. 21 MR. GOTBAUM: I understand. But it's important to 22 get an understanding of what the joint cross-service process</p>
<p style="text-align: right;">Page 182</p> <p>1 MR. GOTBAUM: What I can say is what Jim Klugh 2 said, which is that he was satisfied with the result. 3 CHAIRMAN DIXON: Okay. I'm not sure that you're 4 not copping a little bit on that, Mr. Secretary, but I don't 5 want to be argumentative. 6 This chart reflects a savings that's represented to 7 us of \$1.8 billion. Is that right? 8 MR. GOTBAUM: Actually, \$2.8 billion, sir. 9 CHAIRMAN DIXON: Oh. Excuse me. \$1 billion due to 10 non-BRAC actions, yes. Why are non-BRAC costs and savings 11 included in there? 12 MR. GOTBAUM: The point that the Air Force wished 13 to make is that, just because we don't count them in our BRAC 14 decision-making process doesn't mean the taxpayers don't pay 15 for it when they have excess over that. 16 CHAIRMAN DIXON: I think that's a valid point. 17 Okay. Was an analysis conducted of closing just one Air 18 Force fixed wing depot? 19 MR. GOTBAUM: I'm sure that the answer to that is 20 yes, but I cannot assert that I know it for the record, so 21 let me provide it for the record. 22 CHAIRMAN DIXON: I wonder if you could look at that</p>	<p style="text-align: right;">Page 185</p> <p>1 can do and cannot do. 2 The purpose of the joint cross-service process -- 3 and it was a first time ever effort. My understanding, 4 although I was not in the Department of Defense at the time, 5 is that it was considered, in 1993, in the 1993 round of the 6 Department of Defense, and essentially turned down as being 7 too difficult. 8 CHAIRMAN DIXON: Yes. 9 MR. GOTBAUM: This was a first time ever effort. 10 It was an attempt to develop consistent data, consistent 11 alternatives, and then get some consideration of cross- 12 service opportunities. 13 I will tell you, sir, that it is my opinion -- and 14 this is a personal opinion -- that, for a first time ever 15 effort on a cross-service basis, it was, I must say, a 16 success, because we have had some of the recommendations 17 taken as is; we have had other recommendations taken as 18 modified, and we have also, frankly, established some 19 benchmarks for further work. 20 It is certainly the case that the BRAC process, by 21 itself, is neither the right forum nor the easiest forum to 22 encourage all of the management issues that are involved in</p>
<p style="text-align: right;">Page 183</p> <p>1 and also indicate, if you're not able to -- and I understand 2 that one can't anticipate all these questions -- we'd like to 3 know how would that analysis change these figures? In other 4 words, why is the up front cost to close one of these depots 5 so high? 6 If I hear you say two, you know, I mean -- but we'd 7 like to have a better analysis of that, because, quite 8 candidly, there have been questions raised, even by the 9 press, during the intermission for lunch, about the analysis 10 of that, which I think, simplistically, doesn't appeal too 11 much, the suggestion that you can downsize and save more than 12 closing. I think people question that a little. 13 I'd like to have a better, more thorough evaluation 14 of that from you, if you don't mind. 15 MR. GOTBAUM: Absolutely, Mr. Chairman. 16 CHAIRMAN DIXON: Mr. Secretary, the staff 17 understands that the Joint Cross-Service Maintenance Depot 18 Group recommended that eight depots should be closed by DOD's 19 list. Is this accurate? Your list, of course, is fewer than 20 that. 21 MR. GOTBAUM: The Depot Maintenance Group 22 recommended for consideration to the services two separate</p>	<p style="text-align: right;">Page 186</p> <p>1 cross-servicing. 2 CHAIRMAN DIXON: I think I'd conceded that. 3 MR. GOTBAUM: So going through it, where we found 4 we were most effective, in fact, is those areas where there 5 were already some discussions among the services. One of 6 those I will tell you, sir, was, in fact depots, which is why 7 the head of the Depot Joint Cross-Service Group pronounced 8 himself satisfied with that kind of progress. 9 I would not assert, and none of us would assert, 10 that every recommendation of the Joint Cross-Service, of any 11 Joint Cross-Service Group was taken by any service. That's 12 not true. But, frankly, that wasn't the purpose. The 13 purpose was to get them to consider that and that, sir, they 14 have. 15 CHAIRMAN DIXON: Yes. Let me be very candid with 16 you again, because this isn't intended to try to trap 17 anybody. It's intended to make everybody understand what 18 we're looking at. 19 I heard everything that was said this morning by 20 your distinguished at this morning's hearing, where Mr. Bayer 21 was kind enough to join us, and I hear what you're saying 22 now, and I hear all the stuff about the management concerns</p>

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1 and the cross-service problems and, frankly, the potential  
2 commissioners here, that are distinguished former leaders of  
3 our respective services in this country, confirm the truth of  
4 that, so I understand the problem involved.  
5 But there seems to be an awful lot of feeling, in  
6 candor, that with the directions we had from the last  
7 time, we might not have done as fully as possible what could  
8 have been done in that area.  
9 Would you be kind enough to review thoroughly with  
10 our staff that question? For instance, assume, for the  
11 purpose of our discussion, that, in fact, a group at one  
12 point in time did say that there were eight maintenance  
13 depots to be considered and it ends up being only two.  
14 You know, the question obviously is how much excess  
15 capacity would be eliminated if the recommendations were  
16 accepted as originally made at some level and how much  
17 additional excess capacity would be eliminated if all eight  
18 maintenance depots were closed?  
19 Now, you're talking about big numbers when you get  
20 into that kind of stuff, and so I think it's relatively  
21 important to have that analyzed.  
22 MR. GOTBAUM: Absolutely, and we shall.

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1 MR. BAYER: Mr. Chairman --  
2 CHAIRMAN DIXON: Now, I'm not going to keep you  
3 real long, but -- yes.  
4 MR. BAYER: I was just going to make an observation  
5 about what the joint cross-service groups provided in the way  
6 of alternatives and how that relates to what came out of the  
7 military services.  
8 As Secretary Gotbaum said, their job was to try to  
9 do what has never been done before -- compare functions and  
10 capacity and requirements across the service lines. They did  
11 that and, through this optimization model, sort of pushed the  
12 envelope to as far as one could go and, in fact, in the depot  
13 area, the judgment was that, if you pushed it as far as you  
14 could go, you could probably squeeze eight depot equivalents  
15 out of the system. The proposals we had before us actually  
16 recommend the closure of five-and-a-half to six, depending on  
17 how you count.  
18 I think where the difference is, is the kind of  
19 factors that Secretary Deutch and Perry mentioned -- dollars  
20 and management -- and I think that's the reasons for the  
21 difference between where you might be able to push and what  
22 you can do in the near term.

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1 CHAIRMAN DIXON: I hear that and I respect that,  
2 and I think we would like to take another look at that. I  
3 see there, quite candidly, nobody argues with the fact that  
4 there's got to be management decisions about what keeps  
5 things running correctly and smoothly and so forth, and I  
6 respect that.  
7 You know, we're not going to be nitpickers. But,  
8 if there's some fairly big numbers here, then I think that  
9 we're concerned about looking at that.  
10 (A discussion was held off the record.)  
11 CHAIRMAN DIXON: Mr. Secretary, in April of 1994,  
12 the Defense Science Board Report states, "The defense  
13 laboratory system is an obsolescent artifact of the Cold War  
14 which has not kept pace with the shrinking military force  
15 structure and changing patterns of technology advancement  
16 generation."  
17 The DSB recommended a 20 percent cut in the  
18 laboratories' civil service personnel in addition to the 4  
19 percent per annum cut directed by defense policy guidance,  
20 1995 through 1999. According to a senior DOD official, these  
21 cuts will result in a 35 percent reduction in these personnel  
22 by the end of the century.

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1 How much of a reduction in DOD laboratory  
2 infrastructure is contained in your recommendations?  
3 MR. GOTBAUM: Mr. Chairman, I must tell you I'm not  
4 sure that I know the answer to that and, with your  
5 permission, I'd like to find out and come back for the  
6 record.  
7 CHAIRMAN DIXON: I thank you for doing that. Do  
8 you believe it to be somewhere approaching the kinds of  
9 substantial numbers I have identified here or do you think  
10 that you've fallen short?  
11 MR. GOTBAUM: Mr. Chairman, since I really,  
12 genuinely do not know, I think the best approach is for us to  
13 come back to you.  
14 CHAIRMAN DIXON: All right. And, if you would, the  
15 follow up question: how and when is DOD going to eliminate  
16 the excess infrastructure, particularly in view of the  
17 findings of the DSB that it's an "obsolescent artifact of the  
18 Cold War"?  
19 (No response.)  
20 CHAIRMAN DIXON: As you know, test and evaluation  
21 was one of the joint cross-service areas selected for special  
22 emphasis during the '95 BRAC process. Several studies and

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1 key officials have pointed out that the greatest  
2 opportunities for reduction in test and evaluation  
3 infrastructure exist in testing of high-performance aircraft,  
4 electronic warfare systems, weapons and munitions testing,  
5 test support aircraft, and selected test and training  
6 functions.  
7 Why did DOD's BRAC '95 not recommend significant  
8 consolidations in those areas?  
9 MR. GOTBAUM: The Department considered the number  
10 of consolidation alternatives, and some of them were taken.  
11 There is, in fact, some shrinking of T&E infrastructure  
12 generally within service.  
13 What we found is that each service considered its  
14 T&E facility to be sufficiently core, sufficiently central to  
15 their role that they were not comfortable that they could  
16 execute their Title 10 authorities by giving them up.  
17 And so, as a result, there is, in these  
18 recommendations, a reduction in capacity. There is, in these  
19 recommendations, enclosures. But you are not seeing joint  
20 operation of real estate. Do you want to add to that?  
21 MR. BAYER: Yes, I do. I think that the last two  
22 questions actually are quite related, as I experience the

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1 process. The general strategy in all of our technical bases  
2 would be that the land and air and sea space of our test  
3 facilities are the irreplaceable assets, that you can build  
4 vertical facilities virtually anywhere, you can replace them,  
5 but you can't replace those air and land and water ranges.  
6 So, in an ideal world, you would want to migrate  
7 laboratory functions to large test installations that you  
8 were going to need for other purposes. Since we weren't able  
9 to make a great deal of progress in the test and evaluation  
10 side for the reasons that Secretary Gotbaum mentioned, it  
11 became a lot more difficult to consolidate laboratory  
12 functions.  
13 What we were able to do, on a service-by-service  
14 line, is to close out quite a number of small test and  
15 evaluation activities and migrate them to larger test and  
16 evaluation or research and development activities, but  
17 amalgamating the two just was more than this process could  
18 handle.  
19 CHAIRMAN DIXON: Thank you, Mr. Bayer.  
20 In the cross-service areas of depots, tests and  
21 evaluations and laboratories, I understand the need to retain  
22 a core capability within the Department of Defense, but not

<p style="text-align: right;">Page 193</p> <p>1 within each service. With fewer dollars available for new 2 weapons systems, how can the Department justify retaining 3 these duplicate core capabilities? 4 I mean, did the cross-service groups calculate the 5 cost of these duplications? Is that a matter of record? 6 MR. GOTBAUM: I believe so. 7 CHAIRMAN DIXON: I wonder if we could have a look 8 at that. And again, we respect the problems in connection 9 with cross-service capabilities. 10 Mr. Secretary, some of the same inter-servicing 11 areas have been studied and costed for the last 20 years. In 12 most cases, recommendations were rejected by the services, 13 and the Department chose not to direct. Do you feel that 14 this Commission is the only way to get rid of the excess 15 infrastructure costs? 16 MR. GOTBAUM: I believe the BRAC process is the 17 only way to get rid of the excess infrastructure costs, sir, 18 absolutely. The point I make, which is really quite an 19 important one, is that there is, within the Department now, 20 increasing jointness. 21 This is not a speedy process and it's not an easy 22 process, because it requires changing things that have been</p>	<p style="text-align: right;">Page 196</p> <p>1 and change what they've been doing. 2 CHAIRMAN DIXON: Mr. Secretary, the country is 3 going through a major realignment in the delivery of health 4 care. Hospitals across the country are merging within cities 5 and regions, as you know. 6 What do your recommendations do to merge medical 7 facilities across service lines within areas and regions, and 8 what are the specific recommendations by area and region, and 9 was each analyzed? 10 MR. GOTBAUM: Let me go backwards in time. Were 11 they analyzed? The answer is yes, sir. The Medical Joint 12 Cross-Service Group took into account, by catchment area, if 13 you will, what the demand was and what the capacity was. 14 Were there consolidations? Yes, sir, I will tell 15 you there were. Can I give you a list of them line by line? 16 Not now, but I would be happy to provide that for the record. 17 CHAIRMAN DIXON: Okay. But you can provide that 18 for us? 19 MR. BAYER: I can give you a few examples, Mr. 20 Chairman. We have two hospitals in the Colorado Springs area 21 -- Fort Carson at the Air Force Academy; we also had a major 22 medical center only, what, 70, 80 miles away at Denver --</p>
<p style="text-align: right;">Page 194</p> <p>1 done the way they are, in some cases, for generations, but it 2 is happening, sir. 3 It is a fact that, before BRAC '95, the Navy and 4 the Air Force were having discussions about doing a common 5 curriculum for pilot training and, as a result, we were able, 6 in the BRAC process, to give a real estate result to those 7 sets of discussions. 8 It is also the case that, in the depot maintenance 9 area, there is now substantial cross-servicing and that that 10 amount is increasing. 11 It is also the case, in the lab area that, in this 12 round, for example, the Air Force has proposed moving some 13 facilities out of Rome, New York -- painful to me, as a New 14 Yorker, I would say -- to Monmouth, to Fort Monmouth, to co- 15 locate with the Army's facilities. 16 So it is certainly the case that the BRAC process 17 is essential, but I think it's important to note that the 18 other processes are going on within the Department, even as 19 we speak, and I expect that they will continue. 20 CHAIRMAN DIXON: Your report states that an 21 independent review of the DOD cumulative economic impact 22 analysis was performed by six experts from government,</p>	<p style="text-align: right;">Page 197</p> <p>1 Fitzsimmons. This package recommends the closure of 2 Fitzsimmons. So that was a rationalization of regional 3 medical care. 4 Another one was here in the Washington area where 5 we have major medical facilities of all three of the services 6 -- the Air Force at Andrews Air Force Base, the Navy at 7 Bethesda, and the Army at Walter Reed. 8 Not only were they downgrading some of those 9 facilities, they were rationalizing the graduate medical 10 education, the residencies, so that only one of these major 11 medical centers in the area would provide residency training 12 for one discipline. That was a tremendous cost savings 13 initiative. 14 We also -- 15 CHAIRMAN DIXON: That's excellent. If you could 16 give us all of those that you've done, Mr. Bayer, that's very 17 helpful. 18 MR. BAYER: All right. 19 CHAIRMAN DIXON: Mr. Secretary, in your view, what 20 are the pros and cons of DOD integrating fully Air Force and 21 Navy undergraduate pilot training programs? 22 MR. GOTBAUM: I'm not sure, Mr. Chairman, that I</p>
<p style="text-align: right;">Page 195</p> <p>1 academia, and the private sector. They concluded that the 2 Department "estimates tend to overstate economic impact" and 3 that the Department should stress this in its presentations 4 to the Commission, the Congress, and the public. Is that 5 accurate? 6 MR. GOTBAUM: Yes. 7 MR. BAYER: Yes, sir, that is, and that was part of 8 my statement. 9 CHAIRMAN DIXON: And I think you've suggested that 10 here today. Do you believe that our analysis of economic 11 impact may be unduly exciting areas of the country that are 12 affected by this? 13 MR. BAYER: Well, that's a real judgment call about 14 whether it's unduly exciting. They are clearly worst-case, 15 and so I think that needs to be stressed. Perhaps, on the 16 one hand, because they're consistently applied, they did 17 provide us with the ability to choose one alternative versus 18 another. 19 When, though, communities look at the impact, one 20 would hope that they would see that as the worst possible 21 case and perhaps be motivated to the kind of very aggressive 22 community leadership that's needed to diversify an economy</p>	<p style="text-align: right;">Page 198</p> <p>1 should claim that I'm even qualified to have an opinion but, 2 since it is my understanding that they Air Force and the Navy 3 have now agreed on a common curriculum that will be taught at 4 all of their facilities, I guess, since both the Air Force 5 and the Navy are in favor of it, I should be, too. 6 CHAIRMAN DIXON: Did the Undergraduate Pilot 7 Training Joint Cross-Service Group recommend that any Air 8 Force or Navy UPT bases be closed? 9 MR. GOTBAUM: They recommended that the services 10 consider a number of closure alternatives, some of which 11 were, in fact, closed as a result of the service 12 recommendations, or would be if confirmed by this Commission. 13 CHAIRMAN DIXON: Does DOD have a policy regarding 14 the cross-servicing of UPT? 15 MR. GOTBAUM: I'm not sure that I understand the 16 question, sir. 17 CHAIRMAN DIXON: Do you have a policy in your shop 18 about cross-servicing of undergraduate pilot training? In 19 other words, are you working towards that goal? 20 MR. GOTBAUM: Oh, absolutely. I mean, as I say, 21 that's part of the reason that -- that's part of the reason 22 that the Joint Cross-Service Group on Undergraduate Pilot</p>

1 Training was able to make the progress it was as part of the  
2 BRAC process, because there already was considerable progress  
3 in developing a common curriculum on which to build.

4 CHAIRMAN DIXON: Mr. Secretary and Mr. Bayer, this  
5 morning I read questions from several members of the  
6 Congress, that had sent them to us. You were here, Mr. Bayer  
7 at the time. I feel that I should do that again this  
8 afternoon. We have these two; is that correct?

9 This morning, Congressman Sonny Montgomery spent a  
10 considerable amount of time here -- I don't see him now -- he  
11 spent, I believe, the entire morning, and he is a man who has  
12 long been involved, as you know, in concerns about our  
13 military in this country, serves with great distinction on  
14 the House Armed Services Committee.

15 He asked these questions. There are three of them,  
16 Mr. Secretary, and that always gets a little confusing. But  
17 let me read them:

18 "How did DOD handle the obvious benefits of  
19 regional complexes?"

20 Second: "I understand that, in the process, NAS  
21 Meridian received two looks -- one at the service level and  
22 the second look at the joint level. If the joint ranking was

1 the record, et cetera, that essentially involve likely costs  
2 of expansion of those facilities if they were so designated.

3 So the Joint Cross-Service Group, after considering  
4 the issue, essentially said, "On the merits, we don't -- not  
5 that it doesn't make sense to have this kind of joint  
6 facility but that it does not make sense to have this kind of  
7 joint facility here and that, if it makes sense to have that  
8 kind of joint facility, it will be in one of the bases that  
9 we are already keeping open."

10 CHAIRMAN DIXON: Thank you. Will you excuse me a  
11 moment, please?

12 (A discussion was held off the record.)

13 CHAIRMAN DIXON: Mr. Secretary and Mr. Bayer, the  
14 last question I have from any Member of the Congress is from  
15 Congressman Sherwood Boehlert. He is from the 23rd District  
16 in New York, as you know.

17 He says, in this morning's testimony, Secretary  
18 Perry described Lowry Air Force Base's reuse plan as a  
19 successful consequence of the BRAC process. In the BRAC '95  
20 process, did you consider the community's reuse plans as a  
21 result of previous BRAC closure or realignment decisions?  
22 That's the first question.

1 higher, why didn't DOD take action based on the joint  
2 ranking, rather than leave the service-unique lists in place?  
3 After all, aren't we trying to save by consolidation and  
4 joint functions?"

5 And finally, his last question: "If you did look  
6 at regional synergisms, why didn't DOD create a ranking based  
7 on these synergisms and regional complexes, and then direct  
8 closure actions based on these new rankings?"

9 Can you answer that? Is that too complicated, the  
10 form of the question?

11 MR. GOTBAUM: Mr. Chairman, I can respond to part  
12 of it, because it is absolutely the case that, as part of our  
13 review at the Office of the Secretary, we did look at  
14 precisely this issue.

15 CHAIRMAN DIXON: Okay.

16 MR. GOTBAUM: This is all in the record, and we  
17 will be happy to provide all the information that the  
18 Commission would like on it.

19 The joint cross-service groups essentially made  
20 judgments about how much excess capacity there was, and made  
21 closure recommendations as part of it.

22 The Navy, when they came forward with their

1 Should already completed, well-developed reuse  
2 planning efforts be a part of subsequent BRAC decisions?  
3 That's another question.

4 And then, secondly, at Rome, New York, for  
5 instance, as a result of the realignment of Griffiss Air  
6 Force Base, a reuse plan was completed with the assistance of  
7 the Office of Economic Adjustment in the Air Force. Was the  
8 impact to the community's reuse plan taken into consideration  
9 in the decision to close Rome Lab?

10 MR. GOTBAUM: As I'm sure the Secretary said, the  
11 Department of Defense is especially mindful of our obligation  
12 in has been directed, I will say, by the President of the  
13 United States, that we have to help base closure communities  
14 adjust, bring in new job training, new development, et  
15 cetera, and we are doing so.

16 We think it's especially important that those  
17 efforts not be compromised in any way by the BRAC process,  
18 because we have had communities come to us and say, "Does the  
19 fact that we're planning for reuse mean that we are likelier  
20 to be closed?" And the answer -- I want to be very clear and  
21 direct -- is no, it does not.

22 So, what we did in the BRAC process is, we said we

1 recommendations, suggested we believe that, based on our  
2 workload and our capacity, that we are going to and we should  
3 close the Meridian, Mississippi facility, and Corpus -- I  
4 mean, that was not their only closure in this area -- but  
5 that we think it would be, in fact, a good candidate for a  
6 larger joint facility with the Air Force's Columbus facility,  
7 about 60 miles away.

8 This seemed like a sensible suggestion. The Navy  
9 obviously had not gotten the Air Force to agree. So we  
10 asked, the deputy secretary asked the deputy under secretary  
11 for readiness, who chaired the Joint Cross-Service Group on  
12 Undergraduate Pilot Training, essentially to look at the  
13 question again, which he did.

14 And, frankly, I convened a meeting with him in my  
15 office with Mr. Bayer and representatives of the Navy and the  
16 Air Force, and said, "Let us look and consider this proposal  
17 for a combined facility."

18 The group worked, I will tell you, extremely  
19 intensively, and came back a couple of days later and said,  
20 "It is our considered judgment that, if it makes sense for  
21 there to be unified base, that the place to do so is probably  
22 Meridian, Columbus," for reasons that we can get into for

1 have to develop economic indicators that can be applied  
2 consistently across the country, and that's why we developed  
3 the measures that Mr. Bayer described to you before. Those  
4 relate to the current economic situation, the likely change  
5 in employment, and so forth.

6 We are extremely mindful and very careful about  
7 keeping separate the other part of, frankly, my organization  
8 within the Department of Defense that does reuse. Those  
9 people have nothing to do with the BRAC decision-making  
10 process.

11 CHAIRMAN DIXON: Sure. Thank you. Did you have  
12 anything to add, Mr. Bayer, to that?

13 MR. BAYER: No, I do not.

14 CHAIRMAN DIXON: I thank you both, and I thank all  
15 of you in the Department of Defense for the many months that  
16 you've spent on this process.

17 You accept, I am sure, the fact that, while this is  
18 not an entirely adversarial relationship now, it is our  
19 obligation to ask you the very hard questions because, in the  
20 first place, we expect to work, to a great extent, from your  
21 document, and the appropriate thing to do in view of that is  
22 to question that document, and we will continue to do that.

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1 I know, in the sense of your high standards about  
 2 public service, you will fully cooperate with us and we thank  
 3 you for that, and our staff people will be bothering you a  
 4 good deal in the future.  
 5 Yes, Mr. Secretary?  
 6 MR. GOTBAUM: Mr. Chairman, if I may say two  
 7 things.  
 8 CHAIRMAN DIXON: Please do.  
 9 MR. GOTBAUM: One is, I understand an issue came up  
 10 this morning about a study that suggested that incomplete  
 11 closures were not sufficiently attractive to the taxpayers,  
 12 and I would like, if I may, to submit for the record my  
 13 response to the group that made that study, for your  
 14 consideration.  
 15 CHAIRMAN DIXON: I thank you. Yes, we had a  
 16 considerable discussion on that this morning. I appreciate  
 17 your submitting it. Do you have it with you, for the record?  
 18 MR. GOTBAUM: I do not, but I will get it to you  
 19 today.  
 20 CHAIRMAN DIXON: You are welcome to do that. You  
 21 and I have discussed that on a past occasion. I would very  
 22 much like to have it in the record.

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1 Thursday, March 16th, 216 Hart Senate Office Building.  
 2 9:00 a.m., private sector individuals and groups  
 3 present testimony on issues relating to reuse of closing  
 4 military installations; and at 1:30 p.m., government  
 5 officials present testimony on reuse issues.  
 6 I say again, we invite, Mr. Secretary and Mr.  
 7 Bayer, you back again. We invite our friends in the  
 8 Congress, both the Senate and House, and people in the  
 9 municipalities and regions and states around the country that  
 10 have questions, to send them to us.  
 11 The questions will be answered. The matter will be  
 12 thoroughly investigated to the finite, ultimate point that it  
 13 can be investigated and we will send out views to the  
 14 President of the United States before July 1 of this year.  
 15 Thank you very, very much for being with us today  
 16 and this meeting is adjourned.  
 17 (Whereupon, at 3:15 p.m., the meeting was  
 18 adjourned.)  
 19 \* \* \* \* \*

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1 MR. GOTBAUM: And, if I may say, Mr. Chairman, it  
 2 is our view that this process does not work without you. We  
 3 are happy for you to ask every question, tough or easy.  
 4 CHAIRMAN DIXON: Thank you.  
 5 MR. GOTBAUM: We're happy to provide any  
 6 information, any time. We're happy to come back if it makes  
 7 sense or to talk with your staff any time, any place, any  
 8 information.  
 9 CHAIRMAN DIXON: I thank you very much. And, to  
 10 the extent that you can be around as we do this again next  
 11 Monday, March 6th and next Tuesday, March 7th, with the  
 12 service chiefs and the service secretaries, that will be  
 13 helpful.  
 14 Between now and then, I'm sure a great many more  
 15 questions will be developed by staff and my colleagues on the  
 16 Commission who, by then, I'm sure will be certified  
 17 commissioners.  
 18 Also, I encourage, quite frankly, Members of the  
 19 Congress, the Senators and Members of the House who are  
 20 interested, to send their questions, because I don't want  
 21 people, when the process is finished, to say I wish we would  
 22 have had this answer during the process. We should have

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1 those answers, and we will ask all the questions.  
 2 I thank you both very much for being here today.  
 3 Pardon me a minute.  
 4 (A discussion was held off the record.)  
 5 CHAIRMAN DIXON: Let me have the hearing dates for  
 6 next week and where they are, if you don't mind. We have a  
 7 hearing next Monday, March 6th. May I have that, Wade?  
 8 For the benefit of people here, Monday, March 6th,  
 9 Caucus Room 345, Cannon House Office Building. The service  
 10 secretaries present recommendations on methodology for  
 11 service selection process.  
 12 9:00 a.m., Secretary of the Navy John Dalton; 1:30  
 13 p.m., Secretary of the Air Force Sheila Widnall.  
 14 On Tuesday, March 7th, 106 Dirksen Senate Office  
 15 Building, defense and service secretaries present  
 16 recommendations, methodology for defense agency and service  
 17 selection process.  
 18 9:00 a.m., Secretary of the Army Togo West, Jr.;  
 19 1:30 p.m., defense agencies, including the Defense Logistics  
 20 Agencies.  
 21 Then, Mr. Secretary and Mr. Bayer -- and I know  
 22 this is of interest to you -- March 16th -- let's see, that's



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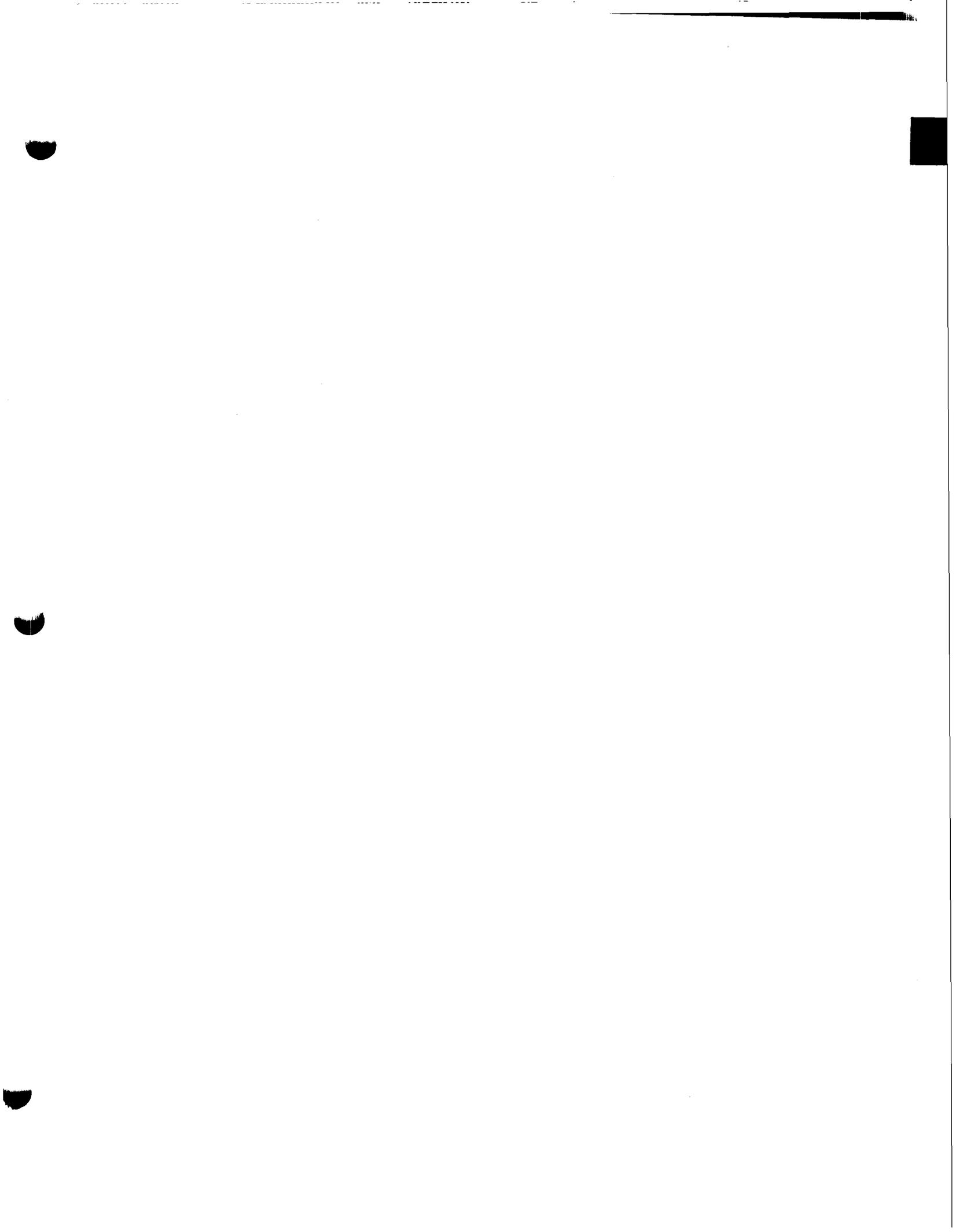
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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

9:00 a.m.

345 Cannon House Office Building  
Washington, D.C.

Monday, March 6, 1995

1 PROCEEDINGS  
2 (9:00 a.m.)  
3 CHAIRMAN DIXON: Ladies and gentlemen, this second  
4 hearing of the Defense Base Closure and Realignment  
5 Commission will please come to order. I'm delighted, ladies  
6 and gentlemen, to welcome my fellow base closure  
7 commissioners, who were confirmed, I'm glad to say, by the  
8 Senate, last Thursday.  
9 I wonder, as I introduce them, if they would please  
10 rise so you can see who they are.  
11 In alphabetical order, Mr. Al Cornella is a  
12 businessman in Rapid City, South Dakota, and a Navy veteran  
13 with service in Vietnam.  
14 Ms. Rebecca Cox is a vice president of Continental  
15 Airlines and was a distinguished member of the Base Closure  
16 Commission in 1993.  
17 General J.B. Davis retired from the Air Force as a  
18 four-star general after a distinguished 35-year career.  
19 S. Lee Kling is a distinguished businessman in St.  
20 Louis, where he heads his own merchant banking firm.  
21 Benjamin Montoya, retired from the Navy as a rear  
22 admiral, is now president of Public Service Company of New

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COMMISSIONERS PRESENT:

Senator Alan J. Dixon, Chairman  
Mr. Alton W. Cornella  
Ms. Rebecca G. Cox  
General J.B. Davis, USAF (Ret.)  
Mr. S. Lee Kling  
Rear Admiral Benjamin Montoya, USN (Ret.)  
Major General Josue Robles, USA (Ret.)  
Mrs. Wendi Louise Steele

PANEL I:

The Honorable John H. Dalton  
Secretary of the Navy  
Admiral Jeremy M. Boorda  
Chief of Naval Operations  
General Carl E. Mundy Jr.  
Marine Corps Commandant  
The Honorable Robert B. Pirie Jr.  
Assistant Secretary of the Navy for  
Installations and Environment  
Mr. Charles Nemfakos

PANEL II:

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Page

1 New Mexico. Benjamin Montoya. I put you in the wrong site  
2 for a minute there, Admiral.  
3 Joe Robles, General Joe Robles, retired from the  
4 Army as a two-star general, is now controller of USAA, Inc  
5 in San Antonio, Texas.  
6 Mrs. Wendi Steele is a former U.S. Senate staff  
7 member, a former Bush Administration official, and a former  
8 distinguished Base Closure Commission staff member.  
9 Now, would the seven of you please rise and raise  
10 your right hands?  
11 (Commissioners sworn.)  
12 CHAIRMAN DIXON: Congratulations to you all.  
13 Ladies and gentlemen, this morning we begin the  
14 first of four hearings the Commission will hold today and  
15 tomorrow here in our Capital City. At the first three  
16 hearings, we'll hear from and question the secretaries of the  
17 military departments and their chiefs of staff about the  
18 recommendations of the Secretary of Defense to close or  
19 realign bases in their branch of the service.  
20 At the fourth hearing, tomorrow afternoon, we will  
21 hear from the heads of defense agencies affected by closure  
22 and realignment recommendations.

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1 This morning we are, of course, pleased to have  
2 with us the Honorable John H. Dalton, Secretary of the Navy;  
3 Admiral Jeremy M. Boorda, the Chief of Naval Operations;  
4 General Carl E. Mundy Jr., the Commandant of the Marine  
5 Corps; and the Honorable Robert B. Pirie Jr., the Assistant  
6 Secretary of the Navy for Installations and Environment.  
7 First, let me say that, in 1993, as part of the  
8 National Defense Authorization Act for fiscal year '94, the  
9 Base Closure and Realignment Act was amended to require that  
10 all testimony before the Commission at a public hearing be  
11 presented under oath.  
12 As a result, all of the witnesses who appear before  
13 the Commission this year must be sworn in before testifying.  
14 Mr. Nemfakos, are you going to testify, as well, my  
15 friend?  
16 MR. NEMFAKOS: That's largely dependent on you.  
17 CHAIRMAN DIXON: But you may participate. So would  
18 you be kind enough to rise and raise your right hand, along  
19 with the other four distinguished gentlemen?  
20 (Witnesses sworn.)  
21 CHAIRMAN DIXON: I thank you all. Secretary  
22 Dalton, would you please proceed?

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1 SECRETARY DALTON: Yes, sir, Mr. Chairman. I would  
 2 like to submit a full statement to the Commission for the  
 3 record, but would like to present a shorter statement at this  
 4 time.  
 5 CHAIRMAN DIXON: Mr. Secretary, your full statement  
 6 will be reproduced in the record and carefully analyzed by  
 7 staff, and we thank you for your consideration in giving us a  
 8 shorter one. Thank you.  
 9 SECRETARY DALTON: Chairman Dixon, members of the  
 10 Commission, it is indeed an honor for me to provide an  
 11 overview of the Department of the Navy's recommendations for  
 12 base closure and realignment. These recommendations are the  
 13 result of a rigorous analytical process that builds upon the  
 14 BRAC '93 process, which was validated in the last round by  
 15 both the General Accounting Office and the Base Closure and  
 16 Realignment Commission after extensive review.  
 17 Mr. Chairman, our primary goal for BRAC '95 was to  
 18 reduce the Department of the Navy's share infrastructure to  
 19 the minimum required to sustain Navy and Marine Corps forces  
 20 through the year 2001.  
 21 Additionally, we are striving to design a more  
 22 streamlined and responsive support structure capable of

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1 maintaining a forward deployed expeditionary force. This is  
 2 an absolutely critical requirement. Our visibility  
 3 throughout the world must be reflective of a potent force  
 4 that is able to demonstrate our resolve wherever it is  
 5 deployed.  
 6 With our transition and operational focus to a  
 7 from-the-sea fighting force, we must also undertake right-  
 8 sizing of our infrastructure support so it is able to sustain  
 9 Naval forces in the broad spectrum of responses now and into  
 10 the foreseeable future. While we recognize that the  
 11 resources freed up by this process are vital to future  
 12 readiness, we are also mindful of our obligation to preserve  
 13 readiness today, as well.  
 14 Mr. Chairman, you highlighted the fact that, as  
 15 this is the last round of base closure authorized under the  
 16 Defense Base Closure and Realignment Act of 1990, you were  
 17 interested in a process for future base closure. There are  
 18 two questions that need to be asked:  
 19 First, how soon should we begin this process?  
 20 I believe, after a suitable period to implement and  
 21 assess prior base closure decision, we may once again need to  
 22 streamline the open process allowed by the Base Closure Act

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1 to re-orient our infrastructure. Without that process, we  
 2 have a very limited ability to effect such changes on our  
 3 own.  
 4 The second question, I believe, is this: is there  
 5 a better way to do this work in the future?  
 6 From the Department of the Navy's perspective, the  
 7 Base Closure Act has worked well. I think, Mr. Chairman, you  
 8 and your former colleagues in the Senate and House Armed  
 9 Services Committees accomplished a remarkable achievement  
 10 with this legislation. If it is possible to duplicate it for  
 11 future rounds of base closure, it has our endorsement.  
 12 However, because this is the last scheduled round  
 13 of closures, we have proceeded as if this were our final  
 14 chance to bring the size of our infrastructure into balance  
 15 with our declining force structure. We have faced a very  
 16 different challenge in this round of base closure.  
 17 Nevertheless, we have arrived at a set of  
 18 recommendations which, when taken with the decisions made in  
 19 previous base closure rounds, result in a Navy and Marine  
 20 Corps infrastructure able to support the kind of fast-paced,  
 21 flexible, worldwide operations that Naval forces will be  
 22 conducting well into the next century.

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1 Four principle themes are evident in our process  
 2 and recommendations:  
 3 First, we must retain the ability to pursue or  
 4 sustain essential technological effort;  
 5 Next, we must provide appropriate maintenance  
 6 support to fleet assets;  
 7 Third, our operational home ports must be  
 8 structured to provide the necessary degree of flexible  
 9 responsiveness;  
 10 Finally, we must position forces, training, and  
 11 support functions to support the total force concept.  
 12 With BRAC '95, we have eliminated unnecessary  
 13 duplication in our facilities without adversely impacting our  
 14 recent quality of life achievements. The savings we generate  
 15 from this process are absolutely critical to  
 16 recapitalization, which is the linchpin of our future  
 17 readiness.  
 18 These bases and installations also are the places  
 19 where our men and women live. Therefore, it is important  
 20 that what we retain contribute to overall morale and, thus,  
 21 operational readiness, by providing acceptable housing and  
 22 sufficient social, recreational, religious, and other support

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1 for sailors, Marines, and their families.  
 2 With these objectives in mind, I charged the under  
 3 secretary of the Navy, Mr. Richard Danzig, to assemble a Base  
 4 Structure Evaluation Committee to accomplish the analysis  
 5 required to satisfy the mandates of the act. This committee  
 6 was chaired by the Assistant Secretary of the Navy for  
 7 Installations and Environment, Mr. Robert Pirie.  
 8 The committee was supported by the Base Structure  
 9 Analysis Team whose responsibility was to collect data and  
 10 perform analysis as directed by the Evaluation Committee.  
 11 The Naval Audit Service worked in conjunction with the  
 12 analysis team to ensure that the standards of integrity which  
 13 the public has every right to expect were strictly followed.  
 14 These auditors reviewed and validated the data  
 15 gathering and evaluation process from top to bottom,  
 16 employing over 250 auditors from coast to coast, and in  
 17 Washington.  
 18 To ensure that the process was responsive to the  
 19 Navy and Marine Corps leadership, the Evaluation Committee  
 20 held a number of deliberative sessions with the fleet  
 21 commanders in chief and other major commanders to apprise  
 22 them of the progress of the process and to discuss potential

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1 impacts on fleet operations, support, and readiness. Prior  
 2 to making my final decisions, I also met with the Chief of  
 3 Naval Operations and the Commandant of the Marine Corps  
 4 several times to seek their advice, as well.  
 5 The efforts of the Department of Defense joint  
 6 cross-service groups complemented our process. We formally  
 7 considered their suggested alternatives, and many of our  
 8 recommendations include these suggestions. The joint cross-  
 9 service process did give us a broader sense of what was  
 10 possible and confirmed the validity of our evaluation  
 11 process.  
 12 I am confident that the Commission recognizes the  
 13 enormous task involved in reviewing over 800 activities in  
 14 five categories and in fully considering all mechanisms to  
 15 reduce excess capacity. The consistent theme, in looking at  
 16 that large universe of activities, was to ensure that we  
 17 could satisfy our goal of having a shore infrastructure that  
 18 had the full range of capability to support our Navy and  
 19 Marine Corps team.  
 20 Clearly, some excess capacity remains but, where it  
 21 remains, it has been identified as peculiar to a particular  
 22 type of installation or is being retained to protect future

<p style="text-align: right;">Page 13</p> <p>1 flexibility.</p> <p>2 Now, Mr. Chairman, I'd like to discuss each of our</p> <p>3 five major categories of activities, in light of the</p> <p>4 philosophic framework I've just described. The approach</p> <p>5 taken in this final round was profoundly affected by the 1993</p> <p>6 base closure round which, as you recall, my department</p> <p>7 completely closed two major ship home ports and two major</p> <p>8 aviation bases.</p> <p>9 Our decisions this time were carefully constructed</p> <p>10 to ensure that our forces had sufficient capacity remaining</p> <p>11 at operational bases to ensure the flexible response to</p> <p>12 changing operational requirements that have become so vital</p> <p>13 to the Naval forces' ability to go in harm's way, as well as</p> <p>14 to perform emerging new peacetime missions.</p> <p>15 Much of the remaining ship home-porting capacity is</p> <p>16 located in our fleet concentrations on the Atlantic and</p> <p>17 Pacific coasts. While our aggressive operating tempo would</p> <p>18 allow some additional closures, I did not think it prudent to</p> <p>19 further reduce our stateside infrastructure beyond the</p> <p>20 actions taken in the round of 1993.</p> <p>21 The changing shape of our Pacific fleet and the</p> <p>22 changing nature of Pacific deployment patterns allowed us to</p>	<p style="text-align: right;">Page 16</p> <p>1 tempo associated with contingency operations. Our BRAC '95</p> <p>2 analysis focused on eliminating excess capacity while</p> <p>3 ensuring that the right combination of capability and</p> <p>4 capacity remained to meet fleet operational requirements.</p> <p>5 The Navy Department's depot capabilities are the</p> <p>6 most diverse in the Department of Defense and span aviation,</p> <p>7 surface ships, submarines, and ground combat weapons systems.</p> <p>8 While excess capacity was fragmented across a large number of</p> <p>9 diverse categories, significant reductions overall will be</p> <p>10 achieved through our BRAC '95 recommendations.</p> <p>11 The smaller force structure, with little relief</p> <p>12 from operational requirements, dictates a highly responsive,</p> <p>13 robust industrial management capability at major fleet</p> <p>14 concentrations. The Department must safeguard a level of</p> <p>15 nuclear ship repair capability and the ability to meet both</p> <p>16 scheduled and emergent depot maintenance requirements to</p> <p>17 support fleet assets forward deployed around the world.</p> <p>18 Our BRAC '95 depot maintenance recommendations are</p> <p>19 a continuation of the efforts that began in 1991 and include</p> <p>20 the closure of ship repair facility at Guam and our last</p> <p>21 remaining non-nuclear shipyard at Long Beach. The decreased</p> <p>22 ship depot maintenance requirements associated with a smaller</p>
<p style="text-align: right;">Page 14</p> <p>1 redo our Western Pacific presence in Guam while retaining the</p> <p>2 necessary wharves, infrastructure, and equipment to allow</p> <p>3 continued access.</p> <p>4 For Naval aviation, the previous round of closures</p> <p>5 was cost-effective, but had significant startup costs at</p> <p>6 existing bases for the transfer of assets. With the</p> <p>7 continued reduction of Naval aviation assets, our analysis</p> <p>8 this time considered realignment of prior BRAC movements in</p> <p>9 order to minimize future expenditure of scarce resources.</p> <p>10 Better use of facilities at existing bases through</p> <p>11 co-location of like air frames and grouping of common</p> <p>12 missions resulted in significant cost savings. Reassigning</p> <p>13 carrier-based anti-submarine warfare assets to Naval Air</p> <p>14 Station Jacksonville builds a synergy of anti-submarine</p> <p>15 warfare platforms and allows single-siting all F-14 and Navy</p> <p>16 Atlantic Fleet strike fighter tactical aviation in existing</p> <p>17 capacity at Naval Air Station Oceana. Pacific Fleet carrier</p> <p>18 support aviation is redirected to North Island.</p> <p>19 The combination of these redirects saves military</p> <p>20 construction for new capacity at Marine Corps Air Station</p> <p>21 Cherry Point and Naval Air Station Lemoore, equivalent to the</p> <p>22 value of an entire Naval air station. The shift in location</p>	<p style="text-align: right;">Page 17</p> <p>1 force and changing deployment patterns enable the closure of</p> <p>2 these activities, while meeting fleet requirements to support</p> <p>3 unified commanders' taskings.</p> <p>4 Additional excess capacity was eliminated through</p> <p>5 consolidations, divestiture of facilities, and the</p> <p>6 incorporation of technical center industrial workload into</p> <p>7 remaining depot activities. These actions, along with</p> <p>8 previous closures, equate to a reduction of 50 percent of our</p> <p>9 aviation depots, 64 percent of our shipyards and ship repair</p> <p>10 facilities, and 64 percent of the depot maintenance functions</p> <p>11 that were previously located at our technical center</p> <p>12 activities.</p> <p>13 The magnitude of these reductions clearly</p> <p>14 demonstrates the Department's firm commitment to right-size</p> <p>15 to levels commensurate with future requirements.</p> <p>16 We applied a great deal of emphasis and energy to</p> <p>17 the review of our array of technical centers. Our efforts</p> <p>18 were focused on right-sizing to the appropriate minimum set</p> <p>19 of sites that would give significant overhead cost reductions</p> <p>20 while at the same time ensuring that we could pursue</p> <p>21 essential technologies and develop war-fighting systems</p> <p>22 capability well into the 21st century.</p>
<p style="text-align: right;">Page 15</p> <p>1 and reduction in maritime patrol operations allows the</p> <p>2 closure of Naval Air Station Adak.</p> <p>3 The vital asset at Naval Air Station Key West is</p> <p>4 irreplaceable training air space, so I've recommended</p> <p>5 realigning it to a Naval air facility to release unneeded</p> <p>6 excess infrastructure not associated with the operational</p> <p>7 that raining mission.</p> <p>8 When considering reserve aviation infrastructure,</p> <p>9 we focused on the fleet commanders' desire to have the best</p> <p>10 possible aviation capability in the Northeast Region. The</p> <p>11 best way to meet fleet operational needs, total force</p> <p>12 requirements, and reduce excess capacity was to close Naval</p> <p>13 Air Station South Weymouth and move reserve assets to Naval</p> <p>14 Air Station Brunswick, Maine. This supports integration of</p> <p>15 regular and reserve forces, preserves demographics, and gives</p> <p>16 us the most capable base north of Norfolk to support fleet</p> <p>17 operations.</p> <p>18 Depot maintenance is a cornerstone of fleet</p> <p>19 readiness and of forward presence and power projection</p> <p>20 sustainment. Our ability to provide the required depot</p> <p>21 support for our operational forces is critical to ensuring</p> <p>22 the nation's ability to continue meeting the high operational</p>	<p style="text-align: right;">Page 18</p> <p>1 We tried to match our infrastructure reductions</p> <p>2 with the changes in numbers and use of our operational</p> <p>3 forces. Our emphasis was to minimize the amount of top-line</p> <p>4 money going into the cost of operating and maintaining a</p> <p>5 large infrastructure and to focus our limited resources on</p> <p>6 the development, acquisition, and operation of war-fighting</p> <p>7 systems.</p> <p>8 The result is a list of recommendations that we</p> <p>9 feel will significantly improve technical support to the</p> <p>10 fleet while reducing overhead cost and duplication. We moved</p> <p>11 depot and industrial functions from the technical centers and</p> <p>12 return these efforts to the Navy industrial activities or</p> <p>13 made the decision to depend on the private sector.</p> <p>14 An example of this industrial consolidation is our</p> <p>15 recommended closure of the Naval Surface Warfare Center Crane</p> <p>16 Detachment, Louisville, Kentucky. This action consolidates</p> <p>17 ships' weapons systems -- primarily guns and associated</p> <p>18 equipment -- with the general industrial workload at Norfolk</p> <p>19 Naval Shipyard, which already has many of the required</p> <p>20 facilities.</p> <p>21 This functional workload distribution also offers</p> <p>22 an opportunity for cross-servicing large gun barrel plating</p>

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functions to the Army Watervliet Arsenal in New York. Likewise, the closure of the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana moved similar types of workload into Naval Surface Warfare Center, Crane, Indiana; Naval Air Warfare Center, Weapons Division, China Lake; California; and the Aircraft Center of Excellence at Patuxent River, Maryland.

By these consolidations, we also realized both a reduction in excess capacity and major reductions in cost.

Obviously, Mr. Chairman, the closures were difficult decisions; but the reduction of excess capacity, the relocations of functional workload to activities performing similar work, and the economies that will be gained in the management of these similar functions demanded our consideration.

Our recommendations both reduce our technical infrastructure and result in significant savings to the taxpayer and the Department of Defense without impeding our ability to provide the forward presence, power projection, and war-fighting responsibilities for which we are responsible.

Operational educational flexibility was the key to

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the Department's examination of existing capacity within the training establishment. To support the smaller force levels dictated by the force structure for 2001, it might appear that we could dramatically shrink our capacity.

However, we were concerned that our training activities be able to support fleet operational requirements and allow sailors and marines to be trained in their home ports. Accordingly, we eliminated excess aviation training capacity by closing and realigning two training air stations to take advantage of the full air space and ground support synergies at the West Florida and South Texas complexes.

We also realigned schoolhouse training activities to be more responsive either to the fleet or to follow-on training opportunities. The result of these actions are centralized, economically based training center complexes which serve fleet, sailors, and Marines.

Our recommendations result in educational institutions, fleet training centers, and training air stations which provide personnel-oriented, family supportive training complexes that meet requirements for today and the future.

In the "personnel support - other" category, the

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Department evaluated the changes that were necessary to reflect force downsizing and closures. The focus in Reserve centers was to retain an infrastructure that supports the Reserve force that is robust, demographically sound, and supports fleet readiness.

For Administrative activities, we pursued further streamlining to eliminate excess and support the President's National Performance Review. Reduction of management layers continues and further refines the process begun by the Department in BRAC '93.

Our recommendations resize the Reserve infrastructure by closing 11 Reserve centers. These closures, in conjunction with BRAC '93 recommendations, maintain a presence in each state, maintain a demographically sound Reserve establishment, and are supportive of the fleet Reserve recruiting and readiness.

Six actions are recommended for administrative activities, which reflect a concerted effort to balance the need to reduce infrastructure against that of supporting force readiness.

The redirect of Space and Naval Warfare Command Headquarters to San Diego is an example of the effort to

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create a synergy between the Navy's Headquarters Commands and the fleet. This redirect consolidates a command activity with its technical activity in an area of fleet concentration. It co-locates those providing the requirement with those having the requirement and eliminates one entire management layer.

This action will allow translation of fleet requirements into a product that functions in the operational environment with minimal delays.

With these recommendations, I am happy to report that our BRAC '95 goals have been achieved. They reflect the closure or realignment of 62 Department of the Navy activities. Annual savings will exceed \$600 million per year with a net present value of savings of \$8.5 billion over 20 years.

These actions should be viewed in conjunction with the significant actions undertaken by the Department during BRAC '93 where our actions result in an annual savings of \$1.4 billion and net present value of savings of \$9.7 billion over 20 years.

While this round of base closure evaluation was underway, the Department of the Navy continued the process of

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implementing the prior three rounds of BRAC decisions. For fiscal years 1996 and 1997, we have requested over \$3 billion to execute our base closure program.

Ninety-eight Navy and Marine Corps bases were identified for closure in the previous three rounds. Thirty-eight other bases were selected for realignment. Of the original 98 bases, 49 have been closed and 11 others have been realigned.

We would like to be further along on implementing these decisions, but we have been hampered by less than adequate funding. These resource limitations have restricted our ability to close facilities in a timely manner and have delayed our expected savings. These delays not only jeopardize force modernization, they also delay return of these facilities to productive civilian use.

With our BRAC '95 recommendations, Mr. Chairman, the Department of the Navy also anticipates considerable savings once the actions are realized. Obviously, if the implementation process is delayed or full funding is not received, the savings we have projected will not be realized.

We already expect and we are basing our Department budget projections on the realization of \$1.9 billion per

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year in savings from earlier BRAC rounds. It is, therefore, absolutely vital that we stay the course. We must make these suggested cuts in excess infrastructure. Our future readiness depends on it.

The base realignment and closure process, and you and your colleagues had the foresight to envision when you gave us these tools, have come a long way from those early days of 1998, which I know you remember well, Mr. Chairman. I can fully assure you that our process of selection has been as accurate, fair, responsible, and responsive as we could possibly make it.

As in previous rounds, Mr. Chairman, this is a very painful process. We are saying goodbye to trusted friends and dedicated communities. They have nurtured and adopted our bases. They have fed and housed our troops. They have entertained and counseled our families during those long absences for which our maritime forces are well known. They were always there to welcome us home and to honor those who gave all they had to give.

Because of this longstanding relationship, I believe the efforts of your committee are critical in ensuring the citizens of these communities that the correct

<p style="text-align: right;">Page 25</p> <p>1 decisions have been made. 2 Throughout the nation, we are seeing the successful 3 re-utilization of our Navy and Marine Corps installations. 4 Local leaders are implementing plans to diversify the use of 5 land and facilities closed and realigned under previous BRAC 6 actions. We are confident that, with the President's five- 7 part Community Reinvestment Program, we can work together 8 with communities to create new jobs. You can be confident 9 that we will do everything we can to work with those affected 10 to revitalize our communities. 11 Mr. Chairman, I'll be happy to respond to your 12 questions along with the other members of my panel. Thank 13 you very much. 14 CHAIRMAN DIXON: I thank you, Mr. Secretary. We're 15 delighted to have with us Admiral Jeremy Boorda, the Chief of 16 Naval Operations. Admiral Boorda, thank you for being with 17 us this morning. 18 ADMIRAL BOORDA: I'm glad to be here this morning. 19 I don't have an opening statement. I'd like to reserve the 20 time to answer your questions. 21 CHAIRMAN DIXON: We thank you for that, Admiral. 22 Thank you very much.</p>	<p style="text-align: right;">Page 28</p> <p>1 Next slide, please. 2 The Secretary of the Navy established formally an 3 organization which consisted of the Under Secretary and 4 overall charge, a Base Structure Evaluation Committee, or 5 BSEC, to make recommendations to him, and a Base Structure 6 Analysis Team, or BSAT, to do analyses and to support the 7 deliberations of the BSEC. 8 You will note that the Office of General Counsel 9 and the Navy Audit Service were intimately involved in this 10 process from beginning to end. 11 Next slide, please. 12 This is our BSEC. The point of this slide is that 13 these are fairly senior individuals who represent long 14 service in the government and have a good deal of experience 15 in the matters which came before it. 16 Next slide, please. 17 The BSAT, which numbered up to 50 people in full 18 cry, was also a very solid, professional organization and 19 consisted of such individuals as the former director of the 20 Navy Labs, the former commander with oversight of the Navy 21 aviation repair depots, a commanding officer of a Naval air 22 station, and a commanding officer of a Naval aircraft</p>
<p style="text-align: right;">Page 26</p> <p>1 General Carl E. Mundy Jr., the Commandant of the 2 Marine Corps. Thank you for being with us, General Mundy. 3 GENERAL MUNDY: It's a privilege to be here, Mr. 4 Chairman. 5 CHAIRMAN DIXON: Thank you, sir. 6 GENERAL MUNDY: I have no opening statement and I'm 7 prepared to respond to your questions. 8 CHAIRMAN DIXON: That's very kind of you. Thank 9 you, General. 10 We have with us the Honorable Robert B. Pirie Jr., 11 Assistant Secretary of the Navy for Installations and 12 Environment. 13 MR. PIRIE: Thank you, Mr. Chairman. Like my 14 colleagues, I am honored to be here. I have a long statement 15 regarding the process, and an illustrative example to submit 16 for the record. With your permission, I will run as rapidly 17 as I can through the illustrative slides, to give you some 18 flavor of how the Navy went about preparing its 19 recommendations. 20 CHAIRMAN DIXON: Thank you. Your statement will be 21 reproduced in the record in full, and if you would care to 22 show your slides now, we would be delighted to have it, Mr.</p>	<p style="text-align: right;">Page 29</p> <p>1 carrier. 2 Next slide, please. 3 The point of this is not just to call attention to 4 the complexity of the process but to underscore the point 5 that the Secretary of the Navy made that, throughout the 6 process, the commanders in chiefs and their representatives, 7 the systems commanders, their representatives, the assistant 8 secretaries of the Navy, were involved, and this was a highly 9 intricate process. 10 Also, you will note a point that I want to make is 11 that military value computations occupy a slot somewhere in 12 the middle of the process, not the end of the process, simply 13 a way of beginning it. 14 Next slide, please. 15 At the beginning of the process, the BSEC solicited 16 and received from the owners and operators, the commanders in 17 chief, assistant commanders, policy imperatives -- things 18 that they thought were essential characteristics to retain in 19 the base structure. Those were boiled down into 37 principle 20 policy imperatives with themes, as you see, as depicted 21 there. 22 Next slide, please.</p>
<p style="text-align: right;">Page 27</p> <p>1 Secretary. 2 Could you talk into the microphone a little bit 3 more directly? I think it would be helpful to the audience. 4 Thank you. You're very kind. 5 MR. PIRIE: Thanks, Mr. Chairman. 6 The point of this slide -- and it simply reiterates 7 what the Secretary said in his testimony -- is that there are 8 no numerical goals at which we were aiming in this round. We 9 were simply attempting to develop the structure that with 10 support our Naval forces and operations for the 21st century. 11 Next slide, please. 12 This is, as you saw before on the map, a list of 13 the major closures and, as you will see, we leaned heavily on 14 technical centers, research and development activities, and 15 the like. 16 Next slide, please. 17 No denying the budgetary pressures which impel us 18 to look for savings in the infrastructure. The yellow line 19 shows you the budget in constant dollars. The blue bar is 20 the numbers of installations. As you notice, the number of 21 installations that we project is fairly closely correlated 22 with the personnel who remain.</p>	<p style="text-align: right;">Page 30</p> <p>1 As the Secretary said, we broke down some over 800 2 installations into five major categories and 27 sub- 3 categories, for the purposes of comparison in deciding which 4 should be compared to which. 5 Next slide, please. 6 Data calls were developed, first, to determine 7 whether we had, indeed, excess capacity in the various 8 categories and subcategories, and secondly, to determine 9 military value. 10 We recognize that the process of determining a 11 single number which captures all of the many complex aspects 12 of an installation to rank it in terms of military value is 13 an exceedingly difficult intellectual and analytical task. 14 The military value data calls provided the underpinnings 15 which resulted in the aggregation of literally thousands of 16 different kinds of questions you might ask about the 17 characteristics of the installation, the purpose of producing 18 a single number for a ranking. 19 Next slide, please. 20 These are the kind of things we looked at in 21 capacity analysis. Each of the 27 sub-categories was 22 analyzed to make a determination of excess capacity, for</p>

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## Base Closure and Realignment

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1 purposes of deciding whether to proceed further with analysis  
2 of military value for those installations.

Next slide, please.

3 We have discovered, in the course of capacity  
4 analysis, that we had a good deal of excess capacity in the  
5 Department. The point that I want to make here is that the  
6 excess capacity is not evenly and smoothly distributed. It's  
7 lumpy.

8 Often, one finds that you're faced with choosing  
9 either to retain some excess capacity or, if you go the next  
10 step, you run into a deficit of capacity.

Next slide, please.

11 In the case of the shipyards, which is the  
12 illustrative example that I'd like to talk about, our  
13 capacity analysis indicated that we had substantial excess  
14 capacity in the categories listed here.

Next slide, please.

15 The findings of excess capacity led us, in the case  
16 of 19 of our 27 sub-categories, to proceed to analysis of  
17 military value. In the case of military value, as I said  
18 before, it is a very difficult process of taking a lot of  
19 yes-no questions, assigning to them weights and scores, and  
20  
21  
22

Page 32

1 coming up with a single relative measure of the value of the  
2 installation.

Next slide.

3 This just illustrates further the military analysis  
4 process. Questions were developed which cover all of the  
5 areas and they were grouped into subject areas. You can see  
6 some of the kinds of questions and some of the subject areas  
7 for Naval shipyards illustrated there on the left. The  
8 numbers in the columns on the left-hand side refer to  
9 specific locations in the data calls for purposes of  
10 inference.

11 The Base Structure Evaluation Committee approved  
12 each of the questions that was assigned and, of course, their  
13 segmentation into categories and the like. The questions  
14 were then banded and you see on the left there -- by the way,  
15 these are not all the questions, by any means. This is  
16 simply illustrative.

17 But the questions were then banded, as part of a  
18 two-stage process of scoring a question. On the left, you  
19 see assignment to bands of relative importance.

Next slide.

20 Having decided on the questions and the importance  
21  
22

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1 bands, the next stage of the process involved assigning  
2 military value criteria weights. If you'll notice the  
3 columns labeled R, F, M, and C, those refer to the four  
4 criteria of military value:

5 Criterion 1, readiness and strategic value;  
6 Criterion 2, facilities; Criterion 3, mobilization potential;  
7 and Criterion 4, cost and manpower.

8 The BSEC decided, with respect to Naval shipyards,  
9 which of those criteria was more important, and assigned the  
10 weights that you see to them there.

Next slide, please.

11 And, having decided the weights, the questions were  
12 then scored within bands. For example, Band 1 ran from 10 to  
13 7. Each one was assigned a particular score indicating its  
14 importance and a decision was made whether the question was  
15 relevant to the military value criterion that you see.

16 Having done all that work, a simple mathematical  
17 calculation assigned a number to each question. For example,  
18 if a Naval shipyard can answer the question that it drydocks  
19 CVN or CV, it gets 1.94 points toward a cumulative military  
20 value score.

You'll note that there was judgment involved in  
21  
22

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1 deciding what questions to ask. There's judgment involved in  
2 scoring and weighting the questions. But, to this point, we  
3 have not referred to any particular installations. This is  
4 done without sort of peeking ahead to what the answer might  
5 be, and we don't plug in the particular installations until  
6 this is done and the BSEC is satisfied that these scores are  
7 not in violation of common sense.

Next slide, please.

8 Finally, the yes-no answers from the particular  
9 installations are plugged in and scores are derived from  
10 them. As you can see, in this particular example, the  
11 drydocks and cost and manpower factors and production  
12 workload yield different scores for the different  
13 installations. Once again, these are just illustrative.

Next slide, please.

14 Finally, the accumulation of all this leads to a  
15 single military value score for each installation. You'll  
16 notice here that the two major shipyards -- Norfolk and Puget  
17 Sound -- have scores well up into the 50s. The ship repair  
18 facility in Guam is considerably lower at 24; Pearl Harbor,  
19 44.7; and Long Beach and Portsmouth are quite close but  
20 you'll note that Portsmouth Naval Shipyard is two tenths of a  
21  
22

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1 point lower than Long Beach in military value.

Next slide, please.

2 Now, military value is not the end of the process,  
3 by any means, nor do we simply do a simple cut by military  
4 value. The criterion for the Base Structure Evaluation  
5 Committee is not to maximize military value. It is to reduce  
6 excess capacity consistent with retaining average military  
7 value at least as high as going in and, therefore, a more  
8 sophisticated and powerful analytical tool is required to  
9 meet that criterion.

10 That tool is depicted here in the slide that says  
11 "Configuration Analysis." It comes up with an optimum  
12 solution that minimizes excess capacity while maintaining  
13 average military value.

Next slide, please.

14 It sounds, up to this point, as if there are a lot  
15 of black boxes here. There's the military value matrix;  
16 there's the configuration analysis linear programming model.  
17 But, in fact a considerable amount of professional judgment  
18 is exercised by the Base Structure Evaluation Committee as  
19 the process then develops, because we're talking about simply  
20 the beginning of the deliberative process.  
21  
22

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Next slide, please.

1 The configuration analysis gives us the basis on  
2 which to develop what are called scenarios. That is, if  
3 there's a configuration analysis that suggests a set of bases  
4 to be closed, the BSEC then reviews a number of options for  
5 closure and develops scenarios that specify how the closures  
6 are to be implemented.

Next slide, please.

7 The scenarios, of course, set the stage for the  
8 analysis of return on investment by use of the DOD COBRA --  
9 cost of base realignment action model.

Next slide, please.

10 In the case of the shipyards, the configuration  
11 model rules were that we would minimize excess capacity and  
12 maintain average military value. Those were standard rules  
13 for all --

14 CHAIRMAN DIXON: May I interrupt you for a minute,  
15 Mr. Secretary?

MR. PIRIE: Yes.

16 CHAIRMAN DIXON: My friend, the slide flipper, the  
17 one that you just took down on the left, I want to return to.  
18 Please save it.  
19  
20  
21  
22

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1 Proceed, Mr. Secretary.  
 2 MR. PIRIE: As I was going to say, the standard  
 3 rules for configuration models are to minimize excess  
 4 capacity and maintain average military value. For shipyards,  
 5 additionally, the rules are that nuclear work can be  
 6 accomplished only at nuclear yards and nuclear capacity can  
 7 be used to do both nuclear and non-nuclear work.  
 8 The configuration analysis produced an optimum  
 9 solution set that said close Portsmouth, Long Beach, and  
 10 Guam. You'll note that then reduced us to an excess capacity  
 11 there in the second column from the right of 1 percent,  
 12 fairly close, essentially zero.  
 13 Having done the configuration analysis, the BSEC  
 14 then proceeds to the selection of a closure scenario, and the  
 15 scenario data calls produce the cost of closure.  
 16 In the case of the shipyards, the BSEC decided that  
 17 1 percent was not an adequate margin of safety for excess  
 18 capacity in shipyards. The BSEC was mindful that we had  
 19 closed two nuclear shipyards in the '93 round, that the  
 20 Portsmouth facility represented a unique facilitized  
 21 capability to repair, refuel 688-class submarines, and the  
 22 decision was made to close Long Beach and the SRF Guam, but

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1 and put on my installations and environment hat for one  
 2 moment, when you have made your decisions, it will be my  
 3 responsibility to assist communities to re-utilize the  
 4 properties that we will turn over to them.  
 5 Sensitivity toward wording the recommendations in  
 6 ways that allow us maximum flexibility to deal with the  
 7 communities and turn over the property in forms that best  
 8 suit their re-utilization needs would be very, very helpful.  
 9 Thank you, Mr. Chairman.  
 10 CHAIRMAN DIXON: I certainly thank you for your  
 11 remarks, Mr. Secretary, and the very useful charts, which are  
 12 helpful to us.  
 13 Mr. Charles Nemfakos has been around the process a  
 14 long time. I'm personally acquainted with Mr. Nemfakos. Is  
 15 there anything you'd like to add, before we go to the line of  
 16 questioning?  
 17 MR. NEMFAKOS: No, sir.  
 18 CHAIRMAN DIXON: We thank you for being here.  
 19 If my friend over there would put back on the  
 20 screen -- let me say to the witnesses that the Chair had the  
 21 obligation to ask all the questions last week because the  
 22 Senate had not yet confirmed my colleagues, so I'm not going

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1 to retain Portsmouth open.  
 2 In addition, the BSEC decided that the docks and  
 3 piers retained in the '91 closure of the Philadelphia  
 4 shipyard as mobilization and surge assets could be released  
 5 and that there was considerable industrial depot type work  
 6 being done at technical centers, particular Keyport, that  
 7 could be reassigned to the shipyard sector, which would  
 8 further reduce excess capacity in shipyards.  
 9 Next slide, please.  
 10 Economic impact analysis is the next criterion  
 11 required by the Secretary of Defense in the analysis of  
 12 closure actions. We looked at each of our closure actions  
 13 with respect to the economic impact. Here, you will see a  
 14 display relating to Long Beach.  
 15 Generally, we found that economic impact was not  
 16 overwhelming in any particular metropolitan statistical area.  
 17 Next slide, please.  
 18 Similarly, the impact on local communities,  
 19 particularly gaining communities, was analyzed to ensure that  
 20 that did not create difficult situations. Here, we have the  
 21 rackup for San Diego, which gained a considerable number of  
 22 activities, both puts and takes and, as you can see, the

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1 to ask very many questions today. My colleagues will do the  
 2 questioning.  
 3 They have asked me to begin with a certain type of  
 4 general question for each of the witnesses but, even before I  
 5 get to that, because of the striking obviousness of this, I  
 6 am compelled to ask you, Mr. Secretary, that when one looks  
 7 at this, one sees that, albeit by a very small amount, but at  
 8 least clearly on your chart, Portsmouth, at 37.8, is even  
 9 lower than Long Beach at 38.  
 10 If one talks, as we do here, about doing this on  
 11 the numbers, how do we justify closing Long Beach and leaving  
 12 open Portsmouth?  
 13 MR. PIRIE: As I attempted to point out, Mr.  
 14 Chairman, the military value ranking is not the end of the  
 15 process, indeed not even the beginning of the deliberative  
 16 process. It is simply one way of assigning measures to these  
 17 things.  
 18 Our objective here is to reduce excess capacity,  
 19 it's not to maximize military value. It is the configuration  
 20 analysis that identifies -- Mike, put up the configuration  
 21 analysis slide.  
 22 The configuration analysis slide identifies the

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1 judgment by the BSEC was made that this was not a significant  
 2 infrastructure impact to the community.  
 3 Next slide, please.  
 4 Environmental impact analysis was done of each of  
 5 the closure actions in the categories that you see there, and  
 6 no significant environmental impacts were identified for any  
 7 scenario.  
 8 Next slide, please.  
 9 We, throughout these actions, eliminated  
 10 substantial excess capacity, and this is just an exemplary  
 11 slide.  
 12 Next slide, please.  
 13 There are the numbers of actions and the  
 14 anticipated savings.  
 15 Mr. Chairman, in conclusion, let me add a plea  
 16 that, in your recommendations as you find them, we have found  
 17 in the implementation process that flexibility with respect  
 18 to the options of military commanders to assign forces to the  
 19 regions that they think best meet the imperatives that they  
 20 face is very useful, so that specificity of language does not  
 21 always serve that purpose.  
 22 To step back and take off my BSEC base closure hat

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1 opportunities for closure, which are then evaluated in  
 2 scenarios which establish the conditions under which they  
 3 would be closed, the receiving installations, and so forth,  
 4 and they are then analyzed for return on investment.  
 5 You can see, Long Beach is identified in all of the  
 6 analytical runs in the configuration model. The primary,  
 7 secondary, and tertiary runs are done in the following way,  
 8 that the optimal solution is derived in the primary. Then  
 9 the model is told it can't use that solution, find another  
 10 one, the most optimal after that; and then the tertiary, in a  
 11 similar way.  
 12 Long Beach was identified in all three of the  
 13 configuration model runs. It is not a nuclear shipyard. It  
 14 is confined to strictly non-nuclear work. So it was chosen  
 15 before Portsmouth on the basis of being non-nuclear, of  
 16 having shown up in the runs of the configuration model in all  
 17 three of the runs, and simply as an asset that, if you're  
 18 weighing it, Long Beach against Portsmouth, Portsmouth was  
 19 more desirable, nuclear capability, and to be retained.  
 20 MR. NEMFAKOS: Mr. Chairman, just to amplify a  
 21 little bit, as Mr. Pirie suggested earlier, because of both  
 22 nature of the types of activities and forces being placed at

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Navy activities, the geographical necessity of coast and coast arrangements, we determined, in the '93 round of base sure, that a simple racking and stacking mechanism would do justice to our ability to both evaluate the activities and get rid of excess capacity.

The technique that we used in the '93 round of base closure that was reviewed by the GAO and confirmed as appropriate and that we have used again this time is a technique that looks at the military value, because that is the key ingredient, and then ensures that our average military value for all activities of a sub-category remains at least as good when we get through closing activities as it was before.

So, more directly answering your question on why Long Beach, why not Portsmouth, the answer is that, while the Long Beach activity has, because of the nature of the kind of work and that kind of thing, in terms of accumulating scores, on a one-for-one basis, a .2 differential.

When one looks at our approach across all activities, the average military value of our Naval shipyards goes up over where it was in the start of this process and, therefore, we have satisfied, we believe, the need to weigh

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military value. The military value for the subcategory shipyards is better when we get through with this process than it was going in.

ADMIRAL BOORDA: Mr. Chairman, if I might, may I just add to Mr. Nemfakos' comments? In a very simple-minded, sailor's way, let me simply say these are apples and oranges. One is on the East Coast, one is on the West Coast; one repairs surface ships, non-nuclear, the other does primarily submarine nuclear work with heavy emphasis on refueling. These are not the same things.

CHAIRMAN DIXON: Well, the Chair appreciates the simplicity of your response and I thank you for it. A man from Kankakee, Illinois, can easily put these things in perspective, and we appreciate that, Admiral.

Now that we are down at the more simplistic level, it will probably amaze everybody to understand that the Chair did know that one was on the East Coast and one was on the West Coast.

(Laughter.)

CHAIRMAN DIXON: I was up to that speed.

SECRETARY DALTON: If I might just add one other thing, if I could, Mr. Chairman?

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CHAIRMAN DIXON: Mr. Secretary.

SECRETARY DALTON: That is, Portsmouth Naval Shipyard was considered for closure. It is the only yard which currently supports all our SSN688 class submarines, where we do refueling, defueling. And we had closed two nuclear shipyards in the BRAC '93 round of closure in Charleston and Mare Island, and those considerations were part of our decision-making, as well.

CHAIRMAN DIXON: I thank you, Mr. Secretary.

The obvious point of this, and I'll not belabor it, because we'll return to it many times and our staff will be visiting with you many times about it, and I do understand what you're saying about the distinction between the two places, because if you laid them down side by side, they don't do exactly the same kind of thing for you and we understand that.

But, obviously, the concern that we would have is that a great many of us have been saying right along we're not going to do a lot of add-ons to the detriment of the country. So, quite obviously, when we lay these down side by side and we look at the hard numbers and do the analytical evaluation that's required doing that, obviously, when you

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1 look at the numbers there, it's hard to justify, I would say  
2 just on the numbers, without an other considerations, closing  
3 Long Beach and keeping Portsmouth open.

4 I'm sure that you will be prepared to visit at  
5 length with our Naval team chief and others, and staff  
6 people, to satisfy everybody that everyone can be comfortable  
7 with the decision process here. Nobody questions the fact  
8 that you have to apply common sense judgment calls after you  
9 have all the numbers. We do understand.

10 Now, let me simply ask these questions, and then go  
11 to my colleagues. My colleagues have asked me to do this of  
12 each of you before we get into the process, because it is a  
13 matter that has been raised sufficiently often that we need  
14 to do it in the course of getting to the ultimate facts here.

15 I'll start with you, Mr. Secretary, because you  
16 were the first witness.

17 Mr. Secretary, did the Office of the Secretary of  
18 Defense remove or add any installation closures or  
19 realignments from your recommendations to the Secretary?

20 SECRETARY DALTON: No, sir.

21 CHAIRMAN DIXON: Mr. Secretary, did anyone in the  
22 Administration instruct you not to place any specific

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1 installations on your list to the Secretary of recommended  
2 closures and realignments?

3 SECRETARY DALTON: No, sir.

4 CHAIRMAN DIXON: Mr. Secretary, did the Office of  
5 the Secretary of Defense instruct your service to place or  
6 not to place any specific installations for closure or  
7 realignment on your listed recommendations to the Secretary?

8 SECRETARY DALTON: No, sir.

9 CHAIRMAN DIXON: Mr. Secretary, did you or the  
10 Office of the Secretary of Defense remove -- remove -- any  
11 installations from the recommendations solely for reasons of  
12 environmental or economic impact?

13 SECRETARY DALTON: No, sir.

14 CHAIRMAN DIXON: Now, in that connection, one is  
15 compelled to ask further, in connection with the Navy's  
16 statement in its book that -- where's the book? Thank you.

17 Mr. Secretary, Department of the Navy Analysis and  
18 Recommendations, Volume 4, March 1995, Page 2. Staff is  
19 concerned about this. Because of the large number of job  
20 losses occurring in California and Guam, and DON decided  
21 against recommending several closures that could otherwise  
22 have been made, and so forth.

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1 Does that in any way stand at odds with your answer  
2 to my question, sir? And please don't think we're picking on  
3 you.

4 SECRETARY DALTON: No.

5 CHAIRMAN DIXON: We've got to have these things  
6 analyzed, of course, and we need to ask them for the record.  
7 SECRETARY DALTON: I don't think you're picking on  
8 me at all. It's a very legitimate question.

9 In my response to your question, I thought you  
10 asked did the Secretary or Office of the Secretary of Defense  
11 ask me to remove anything from my list; and the answer to  
12 that is no.

13 I decided to make some environmental impact --  
14 excuse me -- economic impact decisions as it related to the  
15 State of California and, in my final list, when I looked at  
16 the overall impact of job loss of BRAC '93 and BRAC '95 --  
17 and I'll be happy to present that for your consideration --  
18 but when you combined what was being recommended for the  
19 State of California with what had been done in BRAC '93, we  
20 were looking at some 30,000 job loss in that state.

21 I asked our BSEC to go back and re-analyze, revisit  
22 the State of California, and they came back to me and showed

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1 me the some \$2 billion in savings over a 20-year period that  
2 would be realized from Long Beach. I decided to leave Long  
3 Beach on the list of recommendations, but I decided, in my  
4 recommendations to the Secretary of Defense, to remove some  
5 other installations from that list, and I'll be happy to tell  
6 you what they are, if you'd like to have those.

7 CHAIRMAN DIXON: First, may I intercede and say  
8 that you are quite correct in suggesting that your answer was  
9 perfectly accurate to my question and I thank you for  
10 enlarging it by suggesting that it was your own individual  
11 decision, not one brought to you either by the Administration  
12 or someone in the Office of the Secretary of Defense, but  
13 your own decision.

14 Is that what you're telling me, Mr. Secretary?  
15 And, of course, the Chair has no problem with that. Would  
16 you be kind enough to tell us, for the record, what that  
17 decision was?

18 SECRETARY DALTON: Yes, sir. When I did review the  
19 other installations involved, I decided not to recommend to  
20 the Secretary that we close Naval Warfare Assessment Division  
21 in Corona, California; the Supervisor of Shipbuilding,  
22 Construction, and Repair in San Francisco; the Western

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1 Division Naval Facilities Engineering Command in San  
2 Francisco; and the Fleet and Industrial Supply Center in  
3 Oakland.

4 I made that decision after consulting with Mr.  
5 Pirie, the Under Secretary of the Navy Mr. Danzig. I also  
6 had discussions with Deputy Secretary Deutch and Assistant  
7 Secretary Dr. Josh Gotbaum, that you visited with last week.  
8 So I got input from a number of sources. The decision was  
9 mine.

10 CHAIRMAN DIXON: I thank you very much, Mr.  
11 Secretary. It's very helpful. And the staff people, of  
12 course, will visit with you and your people about the  
13 decisions that were made and we thank you for making it a  
14 matter of record so that that can be evaluated. You're very  
15 kind to do that.

16 Do any of the other four witnesses want to add to  
17 what the Secretary has said in this regard?  
18 (No response.)

19 CHAIRMAN DIXON: Then we'll pursue that later at  
20 the staff level, and we thank you.

21 Now, then, if I may with you, Admiral Boorda, I  
22 would ask you the same questions I've asked the Secretary

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1 and, without going into all of the detail, would your answers  
2 be the same -- in other words, to try to establish here that  
3 nobody influenced you either at the Secretary of Defense  
4 level, the Administration level, or elsewhere, with respect  
5 to these decisions.

6 ADMIRAL BOORDA: Yes, sir. My answers would all be  
7 no. I had no discussions with anyone in the Office of the  
8 Secretary of Defense. My recommendations were all to the  
9 Secretary of the Navy and, in fact, I didn't discuss this  
10 downstairs until we made our final recommendations.

11 CHAIRMAN DIXON: I thank you. General Mundy, would  
12 that be your response, sir, under oath?  
13 GENERAL MUNDY: It would, Mr. Chairman.

14 CHAIRMAN DIXON: I thank you, Commandant. Mr.  
15 Secretary, would that be yours?  
16 MR. PIRIE: Yes. My answer to all those questions  
17 is no.

18 CHAIRMAN DIXON: And Mr. Nemfakos?  
19 MR. NEMFAKOS: Yes, similar answer, Mr. Chairman.

20 CHAIRMAN DIXON: I thank you all. Now, we are  
21 going to go to the question and answer period with my  
22 colleagues, who will, in turn ask the questions as we go down

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1 the line.

2 We're going to start with Admiral Montoya, because  
3 we believe that he would be in the beset position of any of  
4 us in this panel to do a good job and, in recognition of his  
5 distinguished career in the Navy, Commissioner Montoya is  
6 going to begin our questioning this morning. Admiral  
7 Montoya.

8 COMMISSIONER MONTOYA: Thank you, Mr. Chairman.  
9 Secretary Dalton, gentlemen, good morning. I am delighted to  
10 be among former shipmates and I think, in starting the  
11 process, good friends.  
12 (Laughter.)

13 COMMISSIONER MONTOYA: And, Admiral Boorda, I'm  
14 delighted to personally congratulate you on becoming Chief of  
15 Naval Operations. Mr. Chairman, this is a man I've known for  
16 a long time, and he's a strong, strong man. The Navy is in  
17 strong hands, but very soft hands -- a fine man.

18 CHAIRMAN DIXON: A Kankakee, Illinois man.  
19 COMMISSIONER MONTOYA: Oh, is he?  
20 CHAIRMAN DIXON: A Kankakee, Illinois man.  
21 COMMISSIONER MONTOYA: Let me rephrase.  
22 (Laughter.)

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1 ADMIRAL BOORDA: And I thought I wasn't going to  
2 like this hearing. I love it.  
3 (Laughter.)

4 COMMISSIONER MONTOYA: Admiral, I'm going to ask,  
5 probably, a series of questions as my time permits, around  
6 the issue of excess capacity.

7 The first question I'm going to ask is really the  
8 umbrella question. When I think of the number 600, I  
9 remember how long it's been since I was in the Navy, when we  
10 were talking about 600 ships in lots of home ports. In  
11 reading the reports -- and correct me if I'm wrong -- I note  
12 that a couple of years ago we were thinking about 425 ships  
13 by the year 2000 and now we're talking about 344 ships, a  
14 reduction of some 20 percent.

15 Yet, in this particular BRAC, I see no reduction in  
16 the Naval stations or activities that deal with piers. I'm  
17 wondering if you have something else in mind for the future  
18 or does this BRAC bring you in balance regarding that  
19 particular excess capacity item?  
20 ADMIRAL BOORDA: It's going to be hard not to call  
21 you "Ben." Mr. Commissioner, I'm happy with where we are.  
22 We closed a lot in earlier BRACs and we closed Naval stations

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1 in earlier BRACs. Now, I think we have it about right. We  
2 cannot give up any more waterfront, any more pie space, any  
3 more installations, and still take care of the Navy today and  
4 have a reasonable ability to surge should things go  
5 differently in the future.

6 So I'm very satisfied with the Naval station lineup  
7 that we would end up with here.

8 COMMISSIONER MONTOYA: So you see this thing pretty  
9 much the same for the force structure you see out the next  
10 five years?  
11 ADMIRAL BOORDA: 346 is the number that we are  
12 looking for. That is also the bottom up review number. This  
13 lineup would satisfy that number.

14 COMMISSIONER MONTOYA: Secretary Pirie?  
15 MR. PIRIE: May I support CNO on that, Admiral  
16 Montoya? We looked at closure of some Naval station piers at  
17 Little Creek, the sub base New London and the sub base San  
18 Diego. In no case did the closure really make ultimate  
19 sense.

20 It would have left us in a position where we would  
21 have virtually no surge capacity. And you recognize that we  
22 do not have pier space to park all the ships in the United

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States Navy. We count on substantial numbers of them being constantly deployed. So we're about as tight in piers and waterfront spaces as we think it's prudent to be.

COMMISSIONER MONTOYA: Good. Before I yield my time, would you just identify the three or four other major excess capacity areas, Secretary Pirie? I think you mentioned 19 that you had identified, but I wanted to focus on three or four that you have in your mind that you might have to deal with in the future, such as depots.

MR. PIRIE: Well, we have substantial excess capacity in the training air stations.

COMMISSIONER MONTOYA: In the what?

MR. PIRIE: Training air stations, Admiral Montoya. I believe that, after these activities outlined in these recommendations are executed, depot capacity is probably no more excess -- well, we'll have to see how that parses out. But, because of the fact that we moved depot work out of the technical centers that were being closed and into the shipyards, I would be surprised if we have very substantial excess capacity even in shipyards.

Charlie, what do you think?

MR. NEMFAKOS: I think there is modest excess

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capacity in both shipyards and aviation depots, Admiral Montoya.

I think you will see -- as the staff goes through, Mr. Chairman, the record, as you indicated -- you will see that there were specific reasons for retaining that, either reasons dealing with being able to support fleet concentration in an area where that particular depot happened to be the only major industrial activity -- Jacksonville is a classic example of that -- or in the context of, for example, the Naval Shipyard, Portsmouth, where capacity turns on as simple a manner as do we perceive the submarine threat to be such that, instead of defueling and laying up 688-class submarines with a lot of life left to them, we make, for national security reasons, the decision to refuel those submarines; and that, then, drives capacity.

So there is a modest amount of excess capacity remaining, but it's there for specific reasons and it is covered in the record, sir.

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

CHAIRMAN DIXON: Thank you, Admiral. We will now have General Robles question.

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COMMISSIONER ROBLES: Again, I'm trying to get situation here, because we're sharing a microphone. I welcome all of you this morning and I'm delighted to be a green-suit guy talking to my good friends and colleagues in the Navy and finding out a little more about their activities.

Secretary Dalton, we had testimony last week from the Secretary of Defense and other senior Defense officials that the size of the list of recommendations to this Commission was limited by the Department of Defense's management ability.

Basically, what they said was: "We've bitten off a lot in the three previous rounds. The amount of closures that are contained in this '94 report are about all we can handle without breaking the force."

To what extent were these considerations extant in your determinations of just how much you could handle on a closure, as opposed to truly getting at the excess capacity that exists in the Navy and maybe going a step farther?

SECRETARY DALTON: Mr. Commissioner, we went through an exhaustive, comprehensive, but, I think, very professional process that we've described to you this

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1 morning. And the recommendations that were made by the BSEC,  
2 we went forward with to our final recommendations, with the  
3 exceptions that I have mentioned previously.

4 We think that we are cutting out the excess  
5 capacity that we need to in this round and we think that it's  
6 important that this be completed and that we have the chance  
7 to combine it with the previous rounds of BRAC, those  
8 closures, and implement those, and feel like that we will  
9 have demonstrated the substantial savings that we've  
10 mentioned.

11 I think that it's a good job. I think it's  
12 thorough. Everything that we came forward with as a result  
13 of the process, we have put on the list, with the exception  
14 of the economic impact situation that I referred to in  
15 California.

16 So the process was one that was as outlined, and  
17 that's what we utilized. I think it was thorough and  
18 comprehensive and I'm proud of the work that Department of  
19 the Navy did.

20 COMMISSIONER ROBLES: So your answer, bottom line,  
21 is managerial considerations, biting off you could chew, was  
22 not an issue with respect to the Navy submission?

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1 SECRETARY DALTON: No, sir. The submissions that  
2 we have made are as they were presented to me by the  
3 Assistant Secretary for Installations and Environment. I  
4 might ask if he would like to elaborate further on that. Mr.  
5 Pirie?

6 MR. PIRIE: No, I think we did as mandated. We  
7 reduced excess capacity to the extent feasible, consistent  
8 with the kinds of criteria that you saw relating to what we  
9 want left for the Navy base structure for the early 21st  
10 century.

11 COMMISSIONER ROBLES: As a related question,  
12 harking back to my days as the budget director, you said, I  
13 think, in your opening testimony, that a lot of your  
14 recommendations were based on the fact that you expected full  
15 funding or to get the adequate budgetary dollars necessary to  
16 do this.

17 Where were you expecting this full funding to come  
18 from -- from your budget requests going forward and hoping  
19 that they would be approved or from some special account or  
20 from some external source?

21 SECRETARY DALTON: From the budget requests that we  
22 have going forward. As I indicated in my statement, we're

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1 asking for some \$3 billion in fiscal year '96 and fiscal year  
2 '97 with respect to having the funds to close these bases.  
3 It's imperative that those funds come forward.

4 There have been situations in the past when this --  
5 I think with respect to the earthquake in California, these  
6 funds, some of these funds were diverted for that purpose,  
7 and that kind of thing, whereas that certainly was a tragedy  
8 and needed to be addressed, I would hope that these funds  
9 will not be used for purposes other than for which they are  
10 specified in the future, because the recapitalization of the  
11 Navy Department in the future depends on our ability to have  
12 the savings that would come from this base realignment and  
13 closure process.

14 We are counting on it. We are depending on it. We  
15 are making decisions expecting that to happen, and it's  
16 important that we realize those savings.

17 COMMISSIONER ROBLES: As a follow-up, I got the  
18 general impression last week that one of the considerations,  
19 at the Department of Defense level anyway, was the fact that  
20 it takes significant up front costs to execute any base  
21 closure, and we all know that. I remember the days when the  
22 O&M account was usually the bill-payer to find the funds to

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1 do this.

2 Do you believe that you are constrained in any way,

3 shape, or form? Could you have done, would you have done

4 more if you didn't have to pay the high up front costs?

5 SECRETARY DALTON: No, sir. The answer to your

6 question is no. I feel good about the fact that over 60

7 percent of the scenarios that we have put forward in this

8 year's round of BRAC closure will have an early, immediate

9 return, and, in some cases, 35 of those 62 are immediate,

10 others within a four-year period. There are a few outside

11 that. But we are emphasizing savings that occur early in the

12 process in this round of BRAC closure and I think we will

13 realize that.

14 So we did not decide to go less far or not to go as

15 far because we were constrained by that process.

16 COMMISSIONER ROBLES: The final question before I

17 pass it to one of my colleagues: I notice that the Navy's

18 list contained a considerable number of redirects, more so

19 than any other service. I guess I'd be interested, and all

20 of us would be interested, in what factors went into

21 determining which redirects you would propose?

22 Is it a function of maybe some past recommendations

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1 for closures were wrong or the environment has changed

2 dramatically since the '93 round or the '91 round? Exactly

3 what were the overriding considerations?

4 SECRETARY DALTON: Mr. Commissioner, there were

5 significant changes that had taken place since the BRAC '93

6 decisions were made. At the time of BRAC '93, we were

7 looking at a Marine Corps, for example, that was going to be

8 the size of 159,000. The bottom up review ended up with a

9 Marine Corps of 174,000. So that was a consideration with

10 respect to the Marine Corps.

11 But the redirects, as far as the Navy is concerned,

12 had to do, in large measure, with aviation. At the time, the

13 A6 was a significant aircraft in the fleet. It is now almost

14 phased out, will be phased out by '97. We have about one-

15 third fewer of our maritime patrol aircraft inventory. We

16 have about 50 percent of the F-14s inventory today than we

17 had in '93. Additionally, the number of F-18 squadrons have

18 been reduced from that time.

19 So our aviation community is smaller and that

20 afforded us the opportunity to have some redirects, for

21 example, with respect to what originally was planned in

22 moving from Cecil Field to other places, and that allowed us

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1 to make the decisions that we made with respect to Oceana and

2 single-siting the F-14s at Oceana in one place.

3 I think it would be a question of what has happened

4 to the Navy Department since then, economies that we could

5 realize as a result of that, and also, in some cases, giving

6 us the opportunity to coordinate training activity in one

7 location, and also saving significant dollars with respect to

8 avoiding military construction.

9 I think that our redirects afford us the

10 opportunity to save approximately a billion dollars in

11 avoiding military construction as a result of those

12 redirects.

13 COMMISSIONER ROBLES: Thank you, Mr. Secretary. My

14 time is up. I yield the floor to the Chairman.

15 CHAIRMAN DIXON: Thank you very much, Mr.

16 Secretary. I'm now delighted to recognize, for the next

17 round of questioning, Mrs. Wendi Steele, a former

18 distinguished staff member of BRAC, who probably knows more

19 about the process than any of us. Mrs. Steele.

20 COMMISSIONER STEELE: Thank you, Mr. Chairman. Mr.

21 Secretary, going back to quote the Chairman read earlier,

22 regarding California and Guam being excluded, I was

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1 wondering, one, how the threshold was established and did you

2 take into account cumulative economic impact or was it based

3 on your recommendations for this round alone?

4 SECRETARY DALTON: It did include a cumulative

5 economic impact, and we did not use any thresholds.

6 COMMISSIONER STEELE: Secondly, were bases added to

7 this list as substitute for bases that you mentioned that

8 were not put on this list?

9 SECRETARY DALTON: No.

10 COMMISSIONER STEELE: Thirdly, how many Navy jobs

11 would have been lost if those facilities had been closed and

12 what savings did the Navy sacrifice to keep these open?

13 SECRETARY DALTON: In the case of the savings, the

14 four California activities not closed involved the loss of

15 approximately 1,720 direct military and civilian jobs. The

16 one-time cost associated with these four actions totaled

17 approximately \$107 million and the annual savings were

18 approximately \$45 million.

19 COMMISSIONER STEELE: Thank you. We haven't gotten

20 into this very in-depth yet. I believe some of the other

21 Commissioners plan to. But regarding depots and inter-

22 servicing, are you concerned that the Air Force's decision to

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1 downsize all five ALCs might result in an increased per-unit

2 cost which would discourage the Navy from future increases in

3 inter-servicing?

4 SECRETARY DALTON: We think the inter-servicing

5 makes sense. I think the Navy Department does a fine job

6 with inter-servicing and with what we do with respect to

7 exporting work. I think Mr. Pirie, I'd like perhaps for him

8 to elaborate further on that.

9 MR. PIRIE: The Air Force made its decisions based

10 on its own considerations, and I'm not in a position to

11 comment on those.

12 We, as the Secretary says, in fact lead all

13 services in inter-servicing depot maintenance-type work, but

14 we do it on a fairly hard-headed basis. That is, we inter-

15 service where it is advantageous to us in cost so that if the

16 costs of any particular options go up, then they'll compete

17 less well with out-sourcing or doing it in our own

18 facilities.

19 COMMISSIONER STEELE: Thank you. Switching to

20 shipyards, does your statistic that closing three shipyards

21 would leave 1 percent excess capacity remaining take into

22 consideration private sector capabilities on the East Coast

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1 and the West Coast?

2 SECRETARY DALTON: We expect some work -- where we

3 can take advantage of private sector use, we plan to. We

4 think that makes sense. With respect to the 1 percent, I

5 really don't -- I will ask Mr. Pirie if he will --

6 MR. PIRIE: No. That is strictly inside the Navy

7 calculation. We do not look at private sector capabilities

8 when doing the BRAC analyses.

9 COMMISSIONER STEELE: It was reported that the

10 President told a New Hampshire audience that Portsmouth Naval

11 Shipyard would likely not be closed. Did the President's

12 public commitment in late January remove Portsmouth from

13 further consideration?

14 SECRETARY DALTON: No.

15 COMMISSIONER STEELE: I figured we covered that,

16 but I just wanted to double check.

17 Mr. Chairman, you had mentioned earlier that if

18 Members of Congress had questions, that we would ask them on

19 their behalf. We the received some questions from

20 Congressman Underwood which I would like to ask on his

21 behalf.

22 CHAIRMAN DIXON: Please do.

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COMMISSIONER STEELE: Mr. Secretary, by DOD's own figures, the potential impact for Guam in direct job loss is 9 percent of all existing jobs on Guam, with the possibility of impacting 25 percent of the total jobs in the economy. This is an incredible price to pay, the Congressman says, which would be intolerable to any stateside community. How did this economic impact factor lead to your decision or affect it in any way?

MR. PIRIE: The job loss in Guam is major. However, it may very well be overstated by those figures. A substantial number of those jobs are from the maritime prepositioning ships and other kinds of assets that are not necessarily people located and working in Guam but simply there on a transient basis.

Compared with the savings to be achieved and the fact that we still retain a major presence on Guam -- over 1,000 people at the NAVCOM stay; we left the hospital open; and in recognition of the fact that this was a pretty hard hit, we also kept the public works center open on Guam, which is normally a follower activity to the other things closed. However, Public Works Center, Guam also does work for Anderson Air Force Base, so we decided to leave that there,

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as well.

Bottom line, yes, Guam was hit very hard, but we believe that the process was fair and we think that 10 percent probably overstates the magnitude of the hit.

COMMISSIONER STEELE: This question is my own, not the Congressman's, but I understand in the past that the government of Guam has discouraged the Navy from expanding near the airport. Did that influence the Navy's decision at all, regarding Guam?

MR. PIRIE: No, the decision was based on the factors that you've seen.

COMMISSIONER STEELE: Okay. Mr. Chairman, I yield back my time.

CHAIRMAN DIXON: I thank the distinguished Commissioner for her questions. The next person to question will be Mr. Al Cornella. Mr. Cornella.

COMMISSIONER CORNELLA: Thank you, Mr. Chairman. Good morning, gentlemen. Secretary Dalton, I'll address all questions to you and you may redirect them as you wish.

SECRETARY DALTON: Thank you.

COMMISSIONER CORNELLA: Secretary Pirie and Deputy Secretary Deutch recently testified before this Commission

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that in the cross-service area, significant excess capacity will exist after BRAC '95 and will provide future opportunity for reduction. The message that more needs to be done in joint cross-servicing came through loud and clear.

In light of these statements, along with the rather small success that the cross-service groups had in getting the services to adopt their alternatives, do you think inter-servicing can ever be a successful means to eliminate excess capacity?

SECRETARY DALTON: Mr. Commissioner, we looked at all of the joint service suggestions that were presented to us and incorporated about 20 of the joint service suggestions. The ones that we adopted were the ones that demonstrated a positive return without impacting readiness or the Department's Title 10 responsibilities.

COMMISSIONER CORNELLA: Thank you. It is our understanding --

MR. PIRIE: Excuse me.

COMMISSIONER CORNELLA: Yes.

MR. PIRIE: May I add to that?

COMMISSIONER CORNELLA: Yes.

MR. PIRIE: Because I think it unjustly downgrades

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the joint cross-service groups and so forth. We adopted a fair number of joint cross-service group suggestions. The closure of Long Beach was suggested by the Joint Cross-Service Group on Depot Maintenance; the closure of Naval Air Warfare Center Indianapolis and Naval Surface Warfare Center in Louisville.

In many cases, the joint cross-service groups, in the opinion of the BSEC, didn't go far enough. They asked us to move various kinds of work out of those facilities and into other DOD facilities and sometimes other Navy facilities. But in our case, in many cases, we simply opted to close them.

COMMISSIONER CORNELLA: Secretary Dalton, we heard testimony last week from Secretary Perry that the size of the list of recommendations to this Commission was limited by the Department of Defense's management ability to implement BRAC actions when they are added to those of previous rounds.

In view of the size of the 1993 list, how, if at all, did these concerns affect the Navy's 1995 recommendations?

SECRETARY DALTON: Mr. Commissioner, I saw those comments in the press and actually spoke to Secretary Deutch

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about them, asking him about that comment, because I thought they were inconsistent with what the Navy Department did and, in fact, I think he said that it really didn't apply to us.

In other words, what we had presented to -- my recommendations to Secretary Deutch, Secretary Perry were outlined this morning in terms of the process that we used, and were not influenced by that.

COMMISSIONER CORNELLA: Thank you. When a base has multiple functions and, as such, could fall under more than one installation category, it is our understanding that the base was ranked by each of its functions. In these cases, how did the Navy evaluate the military value of the installation?

SECRETARY DALTON: I'll ask Mr. Pirie to respond to that.

MR. PIRIE: Well, in each case -- for example, if a NADEP is on a Naval air station, the Naval air station and then the NADEP got evaluated. And, in the military value analyses of each installation is a section that speaks to is this installation host to someone else and does it do support for other kinds of activities.

COMMISSIONER CORNELLA: Secretary Dalton, in the

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analysis of bases affected by several recommendations, COBRA is examining effects of the aggregate. In such cases, is there a way to determine the impact of each individual recommendation?

SECRETARY DALTON: I think the COBRA analysis is one that I think Mr. Pirie could speak to better than I could.

MR. PIRIE: The answer is, yes, we can have the staff back out those numbers for you -- the ones that you would like, Ms. Cornella.

COMMISSIONER CORNELLA: Thank you.

MR. NEMFAKOS: Just to expand, though, some of the scenarios, the analysis is interwoven, because there are moves that are interdependent. So, while some of the aggregations, Commissioner Cornella, can be broken down, there are certain ones that may not be able to be broken down because there are moves that one depends on the other, and so you can't do the analysis of half the move.

COMMISSIONER CORNELLA: Thank you. Secretary Dalton, last week Secretary Gotbaum described the method used by the services to create a military value ranking for each base and a category which was used to determine closure or

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1 realignment choices.  
 2 Are there any circumstances where the Navy closed  
 3 to realigned bases which ranked higher than those bases not  
 4 included on the Navy list and, if so, please explain the  
 5 reason for not following the military value rankings.  
 6 SECRETARY DALTON: Mr. Commissioner, I think the  
 7 example that we used earlier with respect to Portsmouth and  
 8 Long Beach was a case where the military value was some  
 9 2/10ths of 1 percent different, and so we did not adhere 100  
 10 percent to what those numbers showed with respect to the  
 11 final military value analysis, and I think the example we  
 12 discussed with respect to Long Beach and Portsmouth reflects  
 13 that.  
 14 COMMISSIONER CORNELLA: Are there any similar  
 15 circumstances?  
 16 SECRETARY DALTON: I don't know of any others. Do  
 17 you, Mr. Pirie?  
 18 MR. PIRIE: There are some, and we will supply a  
 19 complete list for the record, Commissioner Cornella.  
 20 COMMISSIONER CORNELLA: Thank you.  
 21 MR. PIRIE: But the rationale, I think, clearly  
 22 applies to all. It's not simply a matter of just turning the

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1 CHAIRMAN DIXON: Okay. Before I yield to my  
 2 friend, Commissioner Cox, just to follow up, there are five  
 3 military and national security value criteria and three  
 4 others. Since Portsmouth and Long Beach are relatively tied  
 5 on the five military, do any of the other three values come  
 6 into this at all? Is that too convoluted a question?  
 7 MR. PIRIE: No, I understand what you mean. The  
 8 analysis of environmental impact, economic impact, community  
 9 impact wouldn't have made any difference to either one of  
 10 them.  
 11 CHAIRMAN DIXON: Okay. I thank you. I'm delighted  
 12 to recognize a distinguished Commissioner in past rounds, a  
 13 wonderful lady. One wonders why one would return. But we're  
 14 honored by her return -- Mrs. Rebecca Cox.  
 15 COMMISSIONER COX: Thank you, Mr. Chairman and thank  
 16 you all for testifying today. I want to commend the Navy,  
 17 because I am well aware of the aggressive nature of the 1993  
 18 recommendations as well, and any concern that perhaps the  
 19 Navy isn't going as far this time, and your concern over the  
 20 costs to close I'm painfully aware of.  
 21 I want to ask you just one more question about the  
 22 \$3 billion, because I thought you made a very persuasive case

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1 crank and getting a military value number, it's a matter of  
 2 determining, with respect to the excess capacity that you  
 3 want to eliminate, how do you achieve a configuration that  
 4 retains average military value across everything that you  
 5 keep most effectively.  
 6 COMMISSIONER CORNELLA: Thank you, Mr. Secretary.  
 7 Secretary Dalton, the Navy recommendations include a long  
 8 list of redirects, and I think that was addressed partially  
 9 by Commissioner Robles.  
 10 What is the value of the military construction  
 11 costs eliminated by the redirects and are these costs based  
 12 on the 1993 COBRA analysis or the more detailed assessments  
 13 performed during implementation planning?  
 14 SECRETARY DALTON: As I recall, the overall  
 15 military -- and I will provide the answer precisely for the  
 16 record -- it was approximately \$1 billion dollars in military  
 17 construction avoidance that resulted, savings resulted from  
 18 those decisions. I'll ask Mr. Pirie to elaborate further.  
 19 MR. PIRIE: No, I think that that's right, it's  
 20 about \$1 billion, and the numbers are budget numbers. That  
 21 is, those are numbers in the Navy's budget or program as it  
 22 has been published.

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1 that it is important to the future of the readiness of the  
 2 Navy that that money be appropriated and spent.  
 3 Was the \$3 billion requested by the Administration,  
 4 has that gone all the way through the budget process? Has  
 5 the entire amount been requested?  
 6 SECRETARY DALTON: Yes, ma'am. It is part of our  
 7 budget request for this year's budget and fiscal '96 and even  
 8 though we haven't submitted '97 yet, it's penciled in in  
 9 terms of how we plan to go forward with respect to next year,  
 10 as well.  
 11 COMMISSIONER COX: Are you expecting -- at least  
 12 earlier in the Base Closure Commission process there was some  
 13 thought that there might be dollars coming into the Defense  
 14 Department for some of these moves. Are you counting on any  
 15 dollars from closures?  
 16 SECRETARY DALTON: Ultimately, we're counting on  
 17 significant dollars.  
 18 COMMISSIONER COX: I'm sorry, dollars coming in  
 19 from selling land, from selling equipment.  
 20 SECRETARY DALTON: No, ma'am.  
 21 COMMISSIONER COX: No. Okay. Thank you. Let me  
 22 also ask you, because I was on the 1993 Commission, there are

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1 COMMISSIONER CORNELLA: Thank you. Mr. Chairman, I  
 2 yield the remainder of my time.  
 3 CHAIRMAN DIXON: Thank you very much, Commissioner.  
 4 Before I recognize the next Commissioner, may I do one  
 5 follow-up with you, Mr. Secretary? Getting back to Admiral  
 6 Boorda's earlier statement about keeping it simple, this poor  
 7 old Southern Illinois lad sure appreciates it if you can keep  
 8 it simple.  
 9 When you get right down to it, are you simply  
 10 saying to us that, notwithstanding that small --  
 11 infinitesimally small -- fraction of a percentage point  
 12 difference between Portsmouth and Long Beach, it boils down  
 13 to the fact that it's a nuclear submarine Naval shipyard out  
 14 there in Portsmouth? Is that what you're saying? Or is it  
 15 more than that? We'd like to get it as simple as we can.  
 16 MR. PIRIE: To keep it simple, it boils down to the  
 17 fact that it is a different kind of shipyard than Long Beach.  
 18 It's a nuclear shipyard, facilitated for 688-class  
 19 submarines. We believe that the work at Long Beach can be  
 20 done in a wide variety of industrial facilities on the West  
 21 Coast, whereas the kind of work that Portsmouth does can be  
 22 done at very few facilities.

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1 a few things that are different this time, obviously, in many  
 2 cases, because of the force structure or other reasons. But  
 3 I'd just like to walk through them so that I understand where  
 4 those differences came.  
 5 For example, in 1993, the Commission, after a great  
 6 deal of consideration and working with the Navy, believed  
 7 that the Navy would require two strike training bases to  
 8 accommodate the current and future pilot training rate, and  
 9 further found that the military construction for the T-45s,  
 10 the Navy's new intermediate and advanced strike training  
 11 aircraft which was completed, I believe at Kingsville and had  
 12 begun at Meridian, required two sites to support future pilot  
 13 training and, therefore, we recommended that Meridian be  
 14 maintained.  
 15 I wonder if you can tell me, is the Navy planning  
 16 -- you've now recommended closing Meridian -- are you  
 17 planning to conduct strike training at any other location  
 18 other than Kingsville?  
 19 SECRETARY DALTON: No, ma'am. There is on longer a  
 20 need for a second strike training air station.  
 21 COMMISSIONER COX: I wonder if you could just  
 22 outline for me what are the changes that lead you to that

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conclusion?

SECRETARY DALTON: Madam Commissioner, I referred to the smaller number of aircraft and the various types and categories. We had an additional air wing to consider at the time of BRAC '93 as compared to BRAC '95. So I think just the smaller number and bringing our force structure down to the 346 ships, the 11 active carrier groups and 10 air wings, those considerations that were part of our bottom up review process led us to those conclusions.

COMMISSIONER COX: It's a force structure change that ultimately allowed that?

SECRETARY DALTON: Yes, ma'am.

COMMISSIONER COX: On the same question, sort of, but a different example, have you changed the criteria you use to decide the military value? Has that been a change since 1993?

The reason I ask, for example, Long Beach that you had up there, in 1993, military value ranked differently at that point. It ranked significantly higher than Pearl Harbor and Portsmouth, and now you all have ranked it slightly above Portsmouth and well below Pearl Harbor. Did the military value change or what else changed?

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SECRETARY DALTON: I'll ask Mr. Nemfakos to address that, since he was involved in both rounds and I was not.

MR. NEMFAKOS: Commissioner Cox, as you will recall, in the '93 round of base closure, we had, for example, large elements of military value devoted to quality of life issues. You will also recall that we were criticized, both by the Commission as well as Members of Congress, for particularizing elements of our military value to the type of installation that we were dealing with.

So you will, in fact, see, throughout the military value matrices our taking those criticisms to heart and making the necessary changes.

With regard to the industrial activities, for example, we have a much smaller and much tighter military value approach to quality of life issues, since they are predominantly civilian industrial activities.

So you will see, in fact, changes as a couple of things happy -- one, the refinements attendant to the things that were suggested to us where we could improve the process but secondly, also, with regard to force structure changes, where activities before had value because they supported a certain element of that force structure, now that element is

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no longer there and, therefore, they don't get the attendant values.

COMMISSIONER COX: To put it in the Chairman's terms, to keep it simple, generally -- there are probably a lot of changes but, generally, the weighting may be of the quality of life and, of course, any changes in the force structure would be the two major reasons?

SECRETARY DALTON: Yes, ma'am.

COMMISSIONER COX: Okay. Sort of along the same category, looking at some of your redirects -- White Oak, for example -- you all have requested this time that the Navy Sea Systems Command move mostly to the Washington Navy Yard instead of to the Naval Surface Warfare Center in White Oak. I assume that this is a cost issue as much as anything.

Is the cost of renovating the Navy yards for the Naval Sea Systems Command less than the cost to renovate the existing facilities at White Oak?

SECRETARY DALTON: Mr. Pirie, would you respond?

MR. PIRIE: Yes, it is. There is substantial savings involved in that and there are substantial savings in closing the White Oak facility itself. So we win both ways.

COMMISSIONER COX: For that same reason, is there a

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1 difference -- as I recall, and I don't remember the actual  
2 numbers, it was actually not that expensive to move to White  
3 Oak in 1993 -- are the budget numbers different because now  
4 you're closer to what the real costs would be, and are you  
5 seeing that in other areas, a lot of your costs to move  
6 higher than you expected?

MR. PIRIE: I'll ask the former deputy director of  
8 Navy budgets and accts on my left to answer the question.

MR. NEMFAKOS: Well, as General Robles can tell  
9 you, budgets do change over time. But no, I think, with  
11 regard to White Oak, and I think with regard, for example, to  
12 the movement of the nuclear training programs to Charleston,  
13 what you see is the reality of how much is it that you need  
14 to keep and what does it cost you versus something else.

In the '93 round of base closure, it was our view,  
16 looking at the technical centers as well as to the total  
17 number of people that needed to be housed, that we needed to  
18 keep the White Oak activities. We're now two years further  
19 down the pike in the budget cycle. The top line has gone  
20 down. The amount of money that we have to spend in the  
21 technical centers themselves has dropped appreciably.

We have a different understanding, if you will,

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1 appreciation of how much work needs to be done on the  
2 technical side. The numbers of people in the systems  
3 commands has continued to go down. So, in terms of how much  
4 space you need to have to house those people, that's  
5 adjusted.

And then, in the context of the redirect, for  
6 example, from New London, the schools from New London going  
7 to Charleston, it's a reflection of what the Commission felt  
8 was appropriate in terms of keeping the submarine berthing  
9 capacity in New London. We've taken that into consideration  
10 in our calculations. And as you do them, you need a  
11 different configuration of space.

COMMISSIONER COX: Just again, to keep it simple,  
14 so I understand it, because the force structure has changed  
15 and what we're attempting to do is not different but perhaps  
16 now being handled in a different manner, you really can't  
17 compare the '93 numbers to move to the '95 numbers?

MR. NEMFAKOS: Yes, ma'am.

COMMISSIONER COX: Thank you very much.

CHAIRMAN DIXON: Thank you very much, Commissioner  
21 Cox. We appreciate that. I'm pleased now to recognize  
22 General J.B. Davis for a round of questioning. Commissioner

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1 Davis.

2 COMMISSIONER DAVIS: Thank you, Mr. Chairman. I'd  
3 like to join my colleagues in welcoming you. This is my  
4 first time on this side of the dais and I like it a lot  
5 better over here.

6 (Laughter.)

7 COMMISSIONER DAVIS: Again, keeping it simple, for  
8 a simple fighter pilot from Nebraska, I'd like to ask one  
9 question and, Mr. Secretary, you can divert it to anybody you  
10 want -- hopefully not back to me.

11 (Laughter.)

12 COMMISSIONER DAVIS: I know the services were very  
13 concerned that, if we didn't have this round of base  
14 closings, that some of the money in the out years had already  
15 been eaten. I'd like to congratulate the Navy for stepping  
16 up to the process, because you surely have.

17 SECRETARY DALTON: Thank you.

18 COMMISSIONER DAVIS: Given what you've done, will  
19 you have to ask for additional appropriations to accomplish  
20 your out year budgets or do you have sufficient?

21 SECRETARY DALTON: It's imperative that the cost  
22 savings that we have requested in this round of closures, in

1 addition to what will be realized from prior rounds of  
2 closures, happen, and that we do realize the savings from  
3 these closures and, with that, we anticipate that we'll be  
4 able to do the recapitalization and take care of our people  
5 in the out years.

6 COMMISSIONER DAVIS: And you will have, clearly,  
7 enough in your readiness account and your modernization  
8 account?

9 SECRETARY DALTON: Yes, sir.

10 COMMISSIONER DAVIS: I thank you for that answer.  
11 As I citizen who would like to be protected, I'm glad to hear  
12 that.

13 I know the Navy and the Air Force has been talking  
14 about integrating pilot training. That discussion has been  
15 ongoing for years, and I think we're moving towards that. In  
16 your decision, when you looked at Meridian Air Force Base,  
17 was there any analysis done on combining training between  
18 Meridian and Columbus Air Force Base, which are not too far  
19 apart?

20 SECRETARY DALTON: General, the recommendation of  
21 the closure of Meridian was probably the most painful for me,  
22 personally, in that I've been there many times and was very

1 impressed with what I have seen there, and it is a quality  
2 facility. And, as I answered earlier, we did have to  
3 recommend that it be closed based on the fact that we no  
4 longer had the need for a second strike training air station.

5 However, because it is such a quality facility and  
6 because joint training is a goal of working together with the  
7 Air Force, in particular in our undergraduate pilot training,  
8 we thought that it might, indeed, make sense to have Meridian  
9 and Columbus working together with respect to that and we  
10 requested that OSD consider that, along with the Air Force,  
11 and made that as part of our recommendation to OSD in our  
12 submission.

13 COMMISSIONER DAVIS: Thank you, sir. If I may turn  
14 to depots, I know the Navy has, again, stepped up to the  
15 process and closed depots. Considering the Navy's recent  
16 decision to move the F-18 workload a bit, which has been  
17 inter-serviced to the Air Force, back to the Navy, do you  
18 have future plans for inter-servicing, and can you give us  
19 some idea of why you moved the F-18 back? Was it lack of  
20 timeliness, not cheaper to do it that way, et cetera?

21 SECRETARY DALTON: We believe in inter-servicing,  
22 General Davis, where it can be achieved and where it is both

1 cost-effective and from an operational point of view makes  
2 sense and, as I think was pointed out by Mr. Pirie, we  
3 probably do more inter-servicing work than anyone, and where  
4 we can achieve cost effectiveness and meeting our operational  
5 considerations, we will.

6 I might ask Admiral Boorda if he would like to  
7 speak to the decision with respect to the F-18s.

8 ADMIRAL BOORDA: In my backup to prepare for today,  
9 I had a figure of 26 percent of our work is done in other  
10 services' facilities, and we are doing a lot of -- I don't  
11 know the corresponding number of their work done in ours, but  
12 I would assume it's probably pretty close. That's  
13 significant.

14 We have downsized our depots to what I consider to  
15 be the minimum now. We have one on each Coast and one Hilo  
16 facility. You can't get a lot smaller than that.

17 With respect to the Air Force doing work on F-18s,  
18 and that work going back to North Island, that was purely  
19 economics. It is cheaper and the aircraft are returned to  
20 service more quickly, and that decision was made just as it  
21 would have been made between a public and private  
22 competition. It was made on the numbers and what got the

1 businessman from St. Louis, my friend S. Lee Kling.

2 COMMISSIONER KLING: Thank you, Mr. Chairman. Mr.  
3 Secretary, you and I have known each other for a long time  
4 and worked together for a long time.

5 SECRETARY DALTON: Indeed, we have.

6 COMMISSIONER KLING: I respect your good work. I  
7 would like to also say thanks for the good job you and your  
8 associates are doing.

9 SECRETARY DALTON: Thank you very much, sir. I  
10 appreciate that.

11 COMMISSIONER KLING: You stated that clearly excess  
12 capacity remains, but it has been identified as peculiar to a  
13 particular type of installation or it is being retained to  
14 protect future flexibility.

15 Would you provide us with a list of where this  
16 excess capacity exists and how much at each location?

17 SECRETARY DALTON: Yes, sir, Mr. Commissioner;  
18 we'll be happy to do that.

19 COMMISSIONER KLING: All right. We'd appreciate  
20 that. Going back to just -- we've asked the question so many  
21 times about the funding that you brought up, or the lack of  
22 funding, I might say. How much funding -- what I don't

1 understand is, you said that you were not able to close as  
2 many locations as you would have liked to have closed by now.

3 How much additional dollars are you missing to be  
4 able to complete the work of the past or what you're short at  
5 this time?

6 SECRETARY DALTON: Mr. Kling, I don't have that  
7 number at my fingertips. I'd be happy to provide that. The  
8 one example I cited was one in which dollars were diverted  
9 from the --

10 COMMISSIONER KLING: The earthquake?

11 SECRETARY DALTON: -- BRAC closure kitty, if you  
12 will, and prevented us from having some additional dollars  
13 spent to effect closures since then that would have otherwise  
14 occurred. But I don't know the dollars. Mr. Pirie, are you  
15 aware of what the dollar amount is?

16 MR. PIRIE: No. We have had to delay some projects  
17 and delaying projects simply delays the savings that you  
18 expect to realize from them. We can provide you a detailed  
19 list of what cuts were and what projects they impacted.

20 COMMISSIONER KLING: Has your budget request going  
21 forward included not only what you are suggesting in this  
22 round but to take care of what is needed from the past?

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MR. PIRIE: Yes, sir.

COMMISSIONER KLING: Thank you. Touching on the cross-servicing aspect a little, which I know is a tougher animal to get into, how much consideration was given to merging medical facilities and hospitals with the other services in areas where there are duplicate facilities and excess bed capacity?

SECRETARY DALTON: Mr. Pirie?

MR. PIRIE: That is an ongoing process outside of BRAC. I'll let Mr. Nemfakos talk to it, in his inimitable fashion, in a moment.

Generally, we regard hospitals as follower activities. We need hospitals in areas of major fleet concentrations, major troop concentrations, and so forth, and we need hospitals in some areas where civilian capacity would be overtaxed if we put all of our people into the civilian market. So there has been a substantial amount of consolidation and cross-servicing going on in the defense hospital establishment, and we have been part of that.

SECRETARY DALTON: Charlie?

MR. NEMFAKOS: I'll try to keep it simple by taking the Commission back to what the '93 Commission did with the

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COMMISSIONER KLING: Yes. And that's what I was really just trying to ask, though, across service lines is that done. Because, as we know, in the country there are major mergers of hospitals, saving millions and millions of dollars. Anyway, that was just a subject.

You also made a statement, Mr. Secretary, that you intended to maintain a presence -- I'm talking about the Reserve units -- in every state, and I guess I can understand the good will that that maintains from that standpoint. However, would there be additional major savings involved by coordinating more of the Reserve units cross-state and/or also having them work in consideration with the regular units?

SECRETARY DALTON: Commissioner Kling, we find that it's important to have a presence in every state. We use Reserves for many things, and Reserves play an active role in the Navy Department in a lot of areas.

One of those areas, in this past year, for example, was in the area of recruiting. We asked our Reservists to assist in recruiting. We had a difficult year in recruiting because many people think, because we're getting smaller, that we're not hiring and, indeed, we are. We need to

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proposed closure of the Naval hospital in Charleston, where the Commission felt, because of the total number of military personnel that were being serviced in that particular catchment area, the hospital should remain open as opposed to closed, even though Navy active duty personnel were leaving in large numbers.

The joint cross-service group approach this time was exactly that approach, Commissioner, was to look at the total number of people in a catchment area that needed to be serviced and then do the analysis of what needed to stay or go on that basis.

ADMIRAL BOORDA: Excuse me. I might just add, because Charlie used the Charleston hospital as an example, we have in Charleston right now -- and this is a result of what we did in '93 -- a Navy commanding officer of the hospital and an Air Force executive officer. The idea that the services are working together to not have too much capacity and make the best of what we have, Charleston is a real good example of how to do that right.

COMMISSIONER KLING: In this round, were there any hospitals specifically that would be taken down due to the fact that they could merge with, or cross-service with one of

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recruit 100,000 sailors and Marines this year and next year and the year after that with respect to our Navy Department, and Reserves help us in that area.

So it is important for us to have representation in each are, and I'd like to ask the CNO to comment on that, as well.

ADMIRAL BOORDA: Naval Reserves are primarily prior service people, or people with very special skills that we need. For example, Seabees, that Admiral Montoya is familiar with, we might hire them right out of the construction, or recruit them right out of the construction population.

Because it's basically a prior service outfit, you should see, as your staff does, the analysis, the rationality between the demographics and where we have our Reserve centers. So we put our Reserve centers where there are Reservists of the right skill levels and quality for us to have in our force.

It works out that you want to have those pretty much throughout the country, and having one in every state is not a problem. Our people do, in fact, go across state lines all the time, and you will see, when we move -- there's a good example in this BRAC. The South Weymouth closure will

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the other services?

MR. NEMFAKOS: In the analytical approach, there were Navy facilities that were identified to be downsized, Commissioner, not to close completely. When we looked at, in our own internal analysis, at those recommendations, the fact that, for example, we were bringing additional active duty military personnel into Corpus Christi did not necessarily lend itself to supporting that particular conclusion.

The fact that, in Beaufort, South Carolina, the ability to provide our active duty members with necessary support is limited did not allow us to reach that same conclusion. That was the extent of the Navy's involvement in that particular area.

SECRETARY DALTON: Commissioner Kling, I know that 22 hospitals were evaluated and over 100 clinics were evaluated in this process, so it something that we evaluated closely and, as Mr. Nemfakos indicated, there was some downsizing, but there were no closures in this area.

COMMISSIONER KLING: Mr. Secretary, was that across service lines or was that only within the Navy?

SECRETARY DALTON: That's within the Department of the Navy.

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move some aircraft into Brunswick, Maine. Sixty-four percent of the people live within less than 150 miles from Brunswick, and so we'll be drilling there.

COMMISSIONER KLING: Thank you, Admiral.

SECRETARY DALTON: The Commandant would like to add to that,

GENERAL MUNDY: I would just add emphasis to the demographics aspect, Commissioner. Indeed, it's nice to be represented in a variety of locations.

But now, correspondingly, while we have some units that would fit that description that Admiral Boorda just laid out for you, a lot of ours involve younger people and it simply is a matter of being able to have a community from which you can recruit within about a 150-mile radius, young people that are in school or whatnot, that can come in and be located there.

So there is some skill association to it, but there is also the idea of just the availability of recruits.

COMMISSIONER KLING: Thank you, Mr. Chairman.

CHAIRMAN DIXON: Thank you very much, Commissioner Kling. Now, ladies and gentlemen, the Chair recognizes the hour is 11 O'clock. We haven't had a break.

<p style="text-align: right;">Page 97</p> <p>1 Now, I recognize how important each of you 2 obviously is to his own service units and so forth, and how 3 valuable your time is. May we impose for one more quick 4 round, please? Are you comfortable without having a break? 5 I find that breaks tend to take longer than we 6 anticipate and, if no one minds too much, and you would 7 indulge the chair, I'm going to shorten the question period 8 for each of my Commissioners to six minutes and we'll have 9 one more quick round. 10 I will conclude with a sort of a short series of 11 questions that have been given me by others and we'll have 12 you out of here in time for lunch, and I greatly appreciate 13 your permitting us to impose upon your valuable time. If 14 that's all right with you, we'll go ahead, and Admiral 15 Montoya will again question. 16 COMMISSIONER MONTOYA: I want to ask some questions 17 about what I consider to be the wild card in this whole 18 process, and that's the environmental issues. 19 If there's one area where that wild card plays 20 differently depending on who's got the deck at any point in 21 time, because of the legal issues both at the leaving 22 activity or the receiving activity, the issues around permits</p>	<p style="text-align: right;">Page 100</p> <p>1 installations. 2 COMMISSIONER MONTOYA: General Mundy, any 3 experience yet with this process at El Toro, which I think is 4 on the list from before? 5 GENERAL MUNDY: Well, the costs associated with the 6 environmental cleanup are included in the funds that are 7 provided to us. There is a cost to cleaning up the 8 environment. I don't have any specifics to offer, beyond 9 that fact, I think. 10 COMMISSIONER MONTOYA: And it's not costing any 11 more or any less? Do you feel that this -- when you speed up 12 something, certainly in construction you pay a premium. How 13 do you feel about fast-track insofar as impacting your costs? 14 Any experience yet? 15 MR. PIRIE: Not enough to talk about. We can 16 provide you with explicit examples of the fast-track cleanup 17 programs that we have already implemented. I do not have the 18 sense that getting on with it makes it any more expensive. 19 On the contrary, when people have an incentive to get on with 20 it in order to re-use the property and get something else 21 going, they find ways to make cleanup work. 22 COMMISSIONER MONTOYA: One last question. Your</p>
<p style="text-align: right;">Page 98</p> <p>1 and impact statements and so forth, and then the cost issue 2 -- as you know, this will come up everywhere we go. 3 People will use this as a reason not to move or as 4 a reason not to go someplace else or will even use it as a 5 reason -- use the costs associated with that as a reason not 6 to move. 7 General Mundy, where appropriate, would you also 8 respond to this, so that we can have it on the record, to 9 these questions where applicable? 10 DOD policy has a statement that says that unique 11 contamination problems requiring environmental restoration 12 will be considered as a potential limitation on near-term 13 community re-use. Were any installations eliminated from 14 closure because of unique contamination problems? 15 SECRETARY DALTON: Who are you addressing that to, 16 sir? 17 COMMISSIONER MONTOYA: Either one. 18 Were any bases eliminated from consideration 19 because of unique contamination problems? 20 MR. PIRIE: No, sir. 21 SECRETARY DALTON: No, sir, that were not. There 22 were none.</p>	<p style="text-align: right;">Page 101</p> <p>1 extensive redirect list, was any of that driven by 2 environmental considerations that you've discovered since 3 previous BRAC decisions? 4 MR. PIRIE: No, sir, none of them were. We had 5 some cases -- for example, Lemoore is a non-attainment area, 6 we would have needed emission reduction offsets to move the 7 F-14s into Lemoore. We succeeded in obtaining those from the 8 Air Force, from Castle Air Force Base. That was, I think, 9 the only close call. 10 So, essentially, the answer is that no 11 environmental considerations affected the redirects. 12 COMMISSIONER MONTOYA: Thank you. 13 CHAIRMAN DIXON: Thank you, Admiral Montoya. 14 General Robles. 15 COMMISSIONER ROBLES: Mr. Secretary, you mentioned 16 previously that part of the rationale, or one of the 17 benefits, I would say, of the redirecting process between the 18 '93 round and '95 round were substantial savings, and I 19 assume those substantial savings impacted heavily on your 20 overall economics for the '95 round. 21 Now, the question I have is, did you take the other 22 side of this? Because obviously, when there were some</p>
<p style="text-align: right;">Page 99</p> <p>1 COMMISSIONER MONTOYA: And you have none this year, 2 so, General, that wouldn't apply to you. 3 The issue -- the fast track cleanup program which 4 was adopted by DOD some 18 months ago, my note says, that to 5 speed up cleanup, to speed cleanup on closing bases -- does 6 fast track help the Navy or the Marine Corps clean up faster 7 than it would otherwise? 8 SECRETARY DALTON: Commissioner, Mr. Pirie's title 9 is Assistant Secretary of the Navy for Installations and 10 Environment. I think he's the appropriate person to answer 11 that question. 12 MR. PIRIE: Therefore, I get the question. The 13 answer is, fast-track cleanup is a good thing and we are 14 doing well with it. 15 It turns out that, in the re-use business, that 16 when communities have an incentive to get their hands on the 17 property quickly, that difficulties with environmental 18 assessments and cleanups tend to fade away and the discourse 19 becomes much more pragmatic than ideological, and we come to 20 agreements and move on with it. 21 In fact, we're learning from BRAC situations things 22 about fast track cleanup that are assisting us in our other</p>	<p style="text-align: right;">Page 102</p> <p>1 recommendations in the '93 round, there were savings 2 attributed to those recommendations and, as you reverse those 3 or change those, you have to offset those savings with the 4 savings for this new round. How did all that work out? 5 SECRETARY DALTON: Yes, sir, Mr. Commissioner. We 6 evaluated the previous recommendations and realized that some 7 dollars, if not expended, were in the process of being 8 expended, and recognized that that would be the case, but the 9 overall savings from the redirects outweighed those 10 considerations. 11 COMMISSIONER ROBLES: The second question, cross- 12 servicing. We've talked a little bit about cross-servicing, 13 and it was interesting. 14 I remember, even when I was still back in the 15 Pentagon, that we had an extensive review group, cross- 16 service study group. They made a lot of recommendations. 17 Yet, it appears that not many of the recommendations were 18 adopted by this particular BRAC round. 19 And being pragmatic, and understanding inter- 20 service rivalry and a lot of other things, this is not along 21 that vein. I just have a specific question. 22 I know for many years we've been talking about</p>

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1 rotary aviation training, and I understand that one of the  
 2 recommendations of the cross-service group was that the Naval  
 3 Air Station Whiting Field, Florida be closed and that all  
 4 rotary wing training go to Fort Rucker. Yet, that did not  
 5 come out in your final recommendations.  
 6 Any rationale for why that wasn't done?  
 7 SECRETARY DALTON: Yes, sir. And we did review  
 8 that recommendation and found that, in terms of our aviation  
 9 training is for helicopters, it is different than what is  
 10 done between Whiting and at Fort Rucker.  
 11 We are training aviators to fly over water, to land  
 12 on ships. It does take different qualifications and  
 13 different training and it was our judgment that it made sense  
 14 not to do cross-servicing here and not to do that on a joint  
 15 basis.  
 16 But I would defer to either Admiral Boorda or  
 17 General Mundy, if they'd like to elaborate further on that.  
 18 ADMIRAL BOORDA: Let me simply say that, for the  
 19 Navy part of it -- and we train our helicopter pilots  
 20 together -- we're training to a different requirement. Were  
 21 we to move together, we would have to recreate Whiting Field  
 22 at Rucker, and the cost would not make sense.

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1 We have a very different expectation for our  
 2 helicopter pilots.  
 3 GENERAL MUNDY: We probably are the closest  
 4 together in the green suit sense. And certainly, as you  
 5 know, Commissioner, during the Vietnam War, we trained some  
 6 pilots up at Rucker and that's worked out. They turned out  
 7 great.  
 8 Fundamentally, the Naval aviator, be he a sailor or  
 9 a Marine or a she, for that matter, needs the additional, for  
 10 example, instrumentation training. We train about 30 more  
 11 hours in instrumentation training because of the over-water,  
 12 and weather need for operating our force.  
 13 For the Marine Corps, looking ahead, one of the  
 14 things that will drive us is the need to continue to be able  
 15 to have a pilot that is trained with basic fixed wing skills  
 16 and then becomes a rotary wing pilot.  
 17 The reason for that is, as we transition, beginning  
 18 in a very few years, into the V-22 aircraft, that amounts to  
 19 an airplane that takes off like a helicopter but then has the  
 20 characteristics of a fixed wing aircraft in flight at about  
 21 250 or 275 knots at extended ranges. So it's fundamentally  
 22 important to us to be able to continue to bring them up the

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1 fixed wing track and then transition into rotary wing.  
 2 COMMISSIONER ROBLES: I understand that, and I  
 3 understand the complexity. Do either one of you see --  
 4 either Admiral Boorda or General Mundy -- that maybe down the  
 5 road, at least for the very entry level rotary wing part of  
 6 it, there will be some commonality of training at a central  
 7 site and then, for the unique aspects of carrier landings and  
 8 over-water --  
 9 ADMIRAL BOORDA: General, only if it makes  
 10 financial and people sense -- financial sense, in the case of  
 11 not having to go through all the simulator things we have to  
 12 go through in the instrument training; and people sense in  
 13 that we don't move people back and forth from one place to  
 14 another to do something we can do in one place relatively  
 15 quickly.  
 16 So I mean, it has to be financially attractive and  
 17 it also has to treat our people properly, and so far it  
 18 doesn't meet either of those tests nor does it fulfill the  
 19 requirements that the two of us have talked about.  
 20 COMMISSIONER ROBLES: One final question. Last  
 21 week, when the SECDEF was here, he briefed the interesting  
 22 proposal by the Air Force that it makes economic sense to

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1 downsize five depots instead of closing one or two depots.  
 2 If it's so good, why didn't your service, the Naval service,  
 3 take that on and why did you come at it from a different  
 4 approach -- you and the Army, by the way.  
 5 SECRETARY DALTON: We closed 50 percent of our  
 6 capacity with respect to depots in the last round. And, as  
 7 Admiral Boorda has pointed out, we now have a fixed wing  
 8 depot on the East Coast, we have one on the West Coast, and  
 9 we have one helicopter depot now. That's really down to what  
 10 we need. We didn't have any reason to close another depot.  
 11 It didn't make sense for us to close another depot.  
 12 In terms of our general approach, it appears to us  
 13 that we've had better experience when we wanted to realize a  
 14 savings to actually make a closure as opposed to a  
 15 downsizing, but I don't really know the background or don't  
 16 know the analysis that the Air Force did. I'm sure that, in  
 17 their analysis, it made more sense to take the approach that  
 18 they took.  
 19 COMMISSIONER ROBLES: Thank you.  
 20 CHAIRMAN DIXON: I thank you, General Robles. Mrs.  
 21 Steele, please.  
 22 COMMISSIONER STEELE: Thank you. Mr. Secretary, is

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1 it the Navy policy to perform carrier refueling overhauls at  
 2 Newport News, rather than at a public shipyard? If so, did  
 3 this have any effect on the Navy's shipyard recommendations?  
 4 ADMIRAL BOORDA: No. It is the Navy policy to look  
 5 at that work as it comes up and do it in the most cost-  
 6 effective way.  
 7 COMMISSIONER STEELE: Several Navy recommendations  
 8 move industrial and technical missions at smaller facilities  
 9 to shipyards in aviation depots. Were any similar missions  
 10 considered for relocation to Long Beach Naval Shipyard, such  
 11 as missions currently being performed at Marine Corps  
 12 Logistics Base Barstow?  
 13 GENERAL MUNDY: No, Commissioner Steele. The  
 14 Marine Corps logistics bases are rather unique in the way  
 15 that they operate.  
 16 They are multi-commodity logistics centers and they  
 17 do not provide, really, a depot function in the classic sense  
 18 of what a depot does but, rather, they are a direct support  
 19 agency located on each coast to provide, within one day,  
 20 direct support capability or response to rapidly deploying  
 21 forces that are on the go all the time.  
 22 There was no specific function that we do there

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1 that seemed -- you know, we certainly compete the work that's  
 2 done there, as do the other depots, but we didn't have  
 3 anything to transfer, if that was the nature of your  
 4 question.  
 5 COMMISSIONER STEELE: Thank you, General Mundy.  
 6 Secretary Dalton, based on our staff's preliminary review of  
 7 your information, it appears that nuclear shipyard capacity  
 8 is approximately 40 percent in excess of needs. Yet, as we  
 9 all know today, we're only recommending the closure of one  
 10 shipyard at this point with no nuclear capability.  
 11 Would you like to comment on their inquiry  
 12 regarding those numbers? I know we've sort of beaten this to  
 13 death, perhaps.  
 14 SECRETARY DALTON: Commissioner Steele, we'll be  
 15 happy to provide additional information in terms of our  
 16 excess capacity in each of the areas, as was previously  
 17 requested, and feel good about where we are with respect to  
 18 the shipyards that we have and feel like we need the ones we  
 19 have kept.  
 20 But if there's specific further questions with  
 21 respect to the amount of excess capacity in each area, we'll  
 22 be happy to respond to that.

<p style="text-align: right;">Page 109</p> <p>1 COMMISSIONER STEELE: Thank you. Did the 2 Department measure private sector capacity? 3 ADMIRAL BOORDA: No, we did not. 4 COMMISSIONER STEELE: The Navy's detailed analysis 5 states that Portsmouth Naval Shipyard was removed from 6 consideration due to the possibility that the Navy might need 7 to refuel more 688 class submarines while awaiting delivery 8 of a replacement class of submarine. 9 Does this mean the Navy is contemplating the 10 extension of the lives of some LA-class attack subs? 11 ADMIRAL BOORDA: That could well happen. We are 12 looking at -- and to keep the unclassified nature of this 13 hearing, I won't go into a lot of the detail -- we are 14 looking at the capability of the 43 other nations that are 15 building submarines and are buying submarines. 16 We are looking at the capability of former 17 potential opponents and doing that in a way that does not 18 consider intent as the only threat criteria, because intent 19 can change almost overnight. Capability remains. 20 So the potential to want to refuel more 688s is 21 real. I hope the world stays in such a state that we don't 22 have to do more of than we plan, but I think it's a good</p>	<p style="text-align: right;">Page 112</p> <p>1 correctly earlier that the up front costs were not a problem 2 in compiling the Navy's list this round? 3 SECRETARY DALTON: You did understand me correctly, 4 Mr. Commissioner. We are realizing our savings this year, 5 initial, one-time savings and our closure costs are about the 6 same. We end up with slightly additional savings up front in 7 the first year this time around. So that did not affect our 8 going further. 9 What we submitted to you is what we think should be 10 closed and realigned and did not have a problem with that as 11 far as the Navy Department is concerned. 12 COMMISSIONER CORNELLA: I also thought I heard some 13 admissions of excess capacity yet remaining. If that is the 14 case, then I would ask why? Not given the problem of up 15 front closing costs, why weren't those installations closed? 16 SECRETARY DALTON: I think that it is important for 17 the flexibility considerations, the surge capacity that the 18 CNO spoke to earlier. We live in an uncertain world and we 19 don't think it makes sense to get down to zero excess 20 capacity in each area. 21 COMMISSIONER CORNELLA: Thank you. Secretary 22 Dalton, the analysis for supply centers indicated that the</p>
<p style="text-align: right;">Page 110</p> <p>1 capability right now for us to have as a hedge. 2 I would like to follow up on something the 3 Secretary said earlier, and back him up and say that, as we 4 finish, we're very comfortable with the shipyard alignment we 5 have now. Geography is a part of this. We joked about it 6 earlier. 7 But you'll see that we end up with two public yards 8 on each coast, all capable of doing nuclear work, and we have 9 capability to work submarines now and carriers on both 10 coasts, if we end up this way. 11 COMMISSIONER STEELE: Thank you, Admiral. Thank 12 you, Mr. Chairman.. 13 CHAIRMAN DIXON: Thank you very much, Commissioner 14 Steele. Commissioner Cornella. 15 COMMISSIONER CORNELLA: Thank you, Mr. Chairman. 16 In visiting with senior military officers over the past 17 several years, the information I have received is that the 18 military would kind of like to put the closures behind them 19 and move on with the things that they need to do. 20 With that in mind, I'd address a question to 21 General Mundy and Admiral Boorda, and I understand you can 22 only address the Department of the Navy, but were the</p>	<p style="text-align: right;">Page 113</p> <p>1 center in Oakland was not closed because of concern over 2 eliminating additional civilian jobs. Why wasn't a similar 3 consideration given to the supply center in Charleston 4 considering the larger impact or large civilian job loss in 5 that area? 6 SECRETARY DALTON: Mr. Pirie, would you like to 7 comment on that? 8 MR. PIRIE: Yes. Looking strictly at this round, 9 Charleston is a substantial net gainer of jobs, and I think 10 that's probably the fundamental answer to that. The supply 11 enters are follower activities to major fleet concentrations 12 and the major fleet concentration in Charleston is departing. 13 COMMISSIONER CORNELLA: Secretary Dalton, the Navy 14 ranked six Reserve air stations and, of the six, Naval Air 15 Station Atlanta was ranked the lowest. Naval Air Station 16 Atlanta is not, however, recommended for closure because it 17 is located in an area that is demographically rich for 18 Reserve recruitment. 19 As a result, Naval Air Station Weymouth, 20 Massachusetts, despite receiving a higher ranking than the 21 Atlanta air station, was recommended for closure. Would you 22 explain the method used by the Navy to determine the relative</p>
<p style="text-align: right;">Page 111</p> <p>1 services prepared to offer up what was needed to make this 2 the last closure round? 3 ADMIRAL BOORDA: The answer is yes. And, in fact, 4 we worked closely with the Secretary and with the staff, his 5 staff, as they did this. As Mr. Pirie described, the fleet 6 commanders in chief, the owners, operators of the equipment 7 and the bases came in, and had a full say. And we need to 8 save money, just like everyone else. 9 GENERAL MUNDY: Certainly, Commissioner, as 10 Secretary Dalton mentioned to you, the Marine Corps is in a 11 relative stabilizing mode right now. After having been 12 headed down, we planed off. So the basic structure that we 13 have right now supports the size Marine Corps that we have 14 and the capabilities, training functions. 15 Indeed, we still remain short of not only family 16 housing across our array of bases but about 14,000 bachelor 17 housing sites. So we don't have a tremendous amount of 18 excess capacity. 19 COMMISSIONER CORNELLA: Thank you. Secretary 20 Dalton, last week Secretary Perry told us that one of the 21 primary considerations, naturally, was the up front costs of 22 closing the installations. Now, did I understand you</p>	<p style="text-align: right;">Page 114</p> <p>1 value of a Reserve installation's geographic location with 2 respect to Reserve recruiting? 3 SECRETARY DALTON: I'm going to ask Mr. Nemfakos or 4 Mr. Pirie to address that question, please. 5 MR. NEMFAKOS: Commissioner, with regard to the 6 Reserve air stations, when we looked at Reserve air stations, 7 as the staff will see in the record, the Reserve air station 8 that we looked to close was, in fact, Atlanta and only 9 Atlanta. 10 We determined not to close Atlanta because it is a 11 demographically rich area that can support the air reserves 12 there. As a matter of fact, in the final analysis, we 13 heaved up the number of assets that were in Atlanta and also 14 jointly based assets at Dobbins, with the Air Force, in order 15 to take advantage of that. 16 The closure of South Weymouth was not as a result 17 -- the recommendation to close South Weymouth was not as a 18 result of an analysis of the Reserve air stations and taking 19 the one that had the lowest military value. Rather, it was 20 our intent to be able to support retaining Brunswick, which 21 is a much more capable active base which can also, then, 22 provide the necessary support for the Reserve assets at South</p>

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Weymouth.

So the tradeoff was made, essentially, in our process, not in the Reserve air station analysis but, rather, when we completed that analysis, then, as a mechanism of retaining Brunswick which, from the fleet commander's perspective, was a more prudent thing to do.

ADMIRAL BOORDA: Brunswick remains now the only base -- operating maritime patrol base -- which gives you the window into the North Atlantic in cooperation with Keflavik, Iceland. It was the operating nature of that base that led me to recommend what we did to the Secretary.

COMMISSIONER CORNELLA: Thank you. Mr. Chairman, that completes my questions.

CHAIRMAN DIXON: Thank you, Commissioner Cornella. Commissioner Cox.

COMMISSIONER COX: Thank you. Mr. Secretary -- and not meaning to beat a dead horse, because we've mentioned cross-servicing many times before -- I want to ask you, in a sense, a personal opinion.

Coming out of, I think, a sense of frustration that, in 1993, there was very little inter-servicing done, the Commission made a strong recommendation that the Defense

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Department seriously consider cross-servicing and, in fact a great deal of work apparently was done by the cross-service groups, very little of which appears to have ended up in the final recommendations.

The concern that I have about that not only is are we not moving but we're making decisions that we might not otherwise make if cross-servicing were going forward. For example, you, yourself, mentioned that it might make sense to cross-service with Meridian and Columbus.

Nonetheless, you all have gone forward and recommended closing Meridian. It may be that, were a serious effort taken, we wouldn't close Meridian, we would cross-service it and we'd be closing something in another services area, and the Navy gets harmed, in a sense the country gets harmed in a sense, by closing the wrong base should we go forward.

We haven't been able to cross-service, even in the context of the Base Closure Commission. Nonetheless, Secretary Perry has indicated that they're moving forward. Do you believe that there will be significant cross-servicing without the incentive of something like the Base Closure Commission or some further incentive other than the Defense

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Department simply moving forward to do that?

SECRETARY DALTON: Well, the answer is yes. We are committed to jointness, to cross-servicing. As we train, it's evident; as we do operations, it's evident; when we've involved in war-fighting; and I think it's evident in what we're doing from an administrative point of view and with respect to some of the out-servicing that exists. As was pointed out, I think we do more out-service work -- some 26 percent that the CNO mentioned earlier.

So we are committed to jointness. It's evident in our acquisition planning, things like the JAST -- the joint advanced strike technology. Those kinds of things I think are clear that we think jointness or cross-servicing makes sense.

Every alternative that was suggested that we consider with respect to joint servicing was, indeed, considered and considered seriously, and many of those -- I think some 20 of the alternatives -- were, in fact, implemented.

COMMISSIONER COX: I guess I'm not so much concerned about the Navy or even the Air Force or any of the services' individual commitment to cross-servicing. It's

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1 when it gets to a point where that service, you can't do it  
2 by yourself.

3 SECRETARY DALTON: I think we are doing it, though.  
4 I think I could give you some examples, like Tinker Air Force  
5 Base in Oklahoma, like Corpus Christi, and I'm sure the CNO  
6 and the Commandant could give you additional evidence of  
7 that. But I think we are seeing it, and apparently it was  
8 not apparent in our report.

9 Rob, would you like to speak further to that?  
10 MR. PIRIE: I think what I'm hearing from you is a  
11 view which may reflect a bias of the legislative perspective,  
12 that without the BRAC to force us to do this, that we're not  
13 going to do it.

14 I would, in fact, take the contrary view. BRAC  
15 makes it harder, rather than easier to do inter-servicing.  
16 Doing these things in the context of BRAC, we've got an  
17 irreversible decision that's sudden, one-time, all or  
18 nothing, is a really tough thing for a service to face up to.  
19 Now, we've got a process going on outside BRAC  
20 where we're looking at the aviation depots and where the  
21 Secretary has agreed with Secretary Widnall that when the  
22 process is over and we've got our final configuration

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1 service-to-service, we will then look at creating either one  
2 or two joint depots between the Navy and the Air Force.

3 I think that's the right way to do this kind of  
4 thing. Deciding how you're going to get your industrial work  
5 done is a managerial process that should not be done with  
6 these great big "bang, bang" mechanisms like BRAC.

7 COMMISSIONER COX: That's very helpful perspective.  
8 Thank you. A couple other questions on White Oak. You've  
9 recommended the complete closure of the Naval base that at  
10 White Oak.

11 Does that mean the Navy no longer needs the test  
12 facilities, including the wind tunnel, which I know we  
13 discussed at some length last time?

14 MR. PIRIE: The Navy does not need that test  
15 facility.

16 COMMISSIONER COX: The Navy does not? Do you  
17 anticipate that DOD or any other federal agency would take  
18 over those facilities?

19 MR. PIRIE: In accordance with the rules of  
20 disposal, if they wish to do so, they have first call on the  
21 facilities and it would be possible for them to put a fence  
22 around the part that they want.

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1 COMMISSIONER COX: To do that?  
2 MR. PIRIE: We hope that they will work carefully  
3 and considerately with the community's re-use authority to  
4 make best use of the property as a whole.

5 COMMISSIONER COX: Right. Secretary Dalton, it  
6 appears the Navy ran a consolidate cost of base alignment  
7 COBRA on the Naval warfare center in Indianapolis and the  
8 Naval surface warfare center in Louisville. Were the closure  
9 decisions based on the combined COBRA and not on individual  
10 assessments?

11 SECRETARY DALTON: Yes, ma'am. The final decisions  
12 were based on COBRA analysis and the authorized information.  
13 We did, in fact, consider information that was provided to us  
14 by the Mayor of Indianapolis and I know that Mr. Pirie and  
15 Mr. Nemfakos read that recommendation. Our final decision,  
16 however, had to use the authorized information that was part  
17 of COBRA.

18 COMMISSIONER COX: You looked at it on a combined  
19 basis or did you look at them each individually?  
20 MR. PIRIE: This is one of these cases that Mr  
21 Nemfakos was talking about where the decisions really  
22 interacted with each other so that they are very closely

## Base Closure and Realignment

<p style="text-align: right;">Page 121</p> <p>1 associated. And, since that's his idea, I'll let him explain 2 it. 3 COMMISSIONER COX: good. 4 MR. NEMFAKOS: I told my dog and my dog told his 5 tail. Commissioner Cox, as we looked at each of the 6 activities, we looked at costing of the activity itself and 7 so, proceeding further with the scenario in the Base 8 Structure Evaluation Committee, looked at individual 9 activities as we went through and as the staff will look in 10 the deliberative record, they'll see that. 11 However, when going to the final recommendation 12 that we sent forward, because there's work moving 13 interdependently, all the costs have been put together, but 14 we can break those apart for you. 15 COMMISSIONER COX: Would you be willing? 16 MR. NEMFAKOS: Yes, ma'am. 17 COMMISSIONER COX: That would be helpful. Did you 18 consider either the option of privatization in place or some 19 sort of private-public partnership, I know, was discussed in 20 1993. Did you all look at that issue? 21 MR. PIRIE: We had those proposals before us. It's 22 not because they didn't contain certified data and contained</p>	<p style="text-align: right;">Page 124</p> <p>1 relatively large, conglomerate laboratory and test activity. 2 As we looked at some of the joint working group 3 alternatives that dealt with moving pieces of workload, in 4 some cases, pieces of workload of less than 50 man years of 5 effort, they did not, in fact, result in a base closure in 6 the context of our being able to close down a base, get rid 7 of the infrastructure, stop taking care of things. 8 Those kinds of moves did not pay off financially. 9 So what you see before you in our recommendations are those 10 joint working group alternatives that fit within our overall 11 structure and paid off, because we were able to actually 12 close something down, get rid of the CO, get rid of the 13 guards, stop paying money to take care of buildings that now 14 had a little bit less work in them but still would have to be 15 maintained and taken care of. 16 So I think that's philosophically what you'll see 17 in the Department of the Navy's recommendation's, sir. 18 COMMISSIONER DAVIS: Thank you very much. That's 19 why I asked for the data, so we can have the staff look at 20 it. 21 But, on the other side of the coin, the Air Force 22 decided to close some things out at Eglin Air Force Base and</p>
<p style="text-align: right;">Page 122</p> <p>1 cost estimates of uncertain lineage. The BSEC was not 2 authorized to take those into account. Mr. Nemfakos and I 3 looked at the possibilities. 4 There are attractive possibilities for re-use, 5 which is why I raised the point at the end of my testimony 6 that I hope that the Commission will be sensitive to 7 recommendations that give us the maximum flexibility to work 8 with the community re-use authorities to effectively re-use 9 the property for the benefit of the community. 10 COMMISSIONER COX: So, even in a public-private 11 type of partnership, you would see that happening through the 12 re-use process and that it could happen through the re-use 13 process? 14 MR. PIRIE: It could very definitely be part of the 15 re-use process. It can't be part of the BSEC analysis. 16 COMMISSIONER COX: Thank you. Mr. Chairman? 17 CHAIRMAN DIXON: Thank you very much, Commissioner 18 Cox. Commissioner Davis. 19 COMMISSIONER DAVIS: Secretary Dalton, in 1993, the 20 Commission closed -- El Toro was closed and Cecil Field. And 21 again, you've covered this very well. But can you sort of 22 give us the philosophy of what changed, why you're sort of</p>	<p style="text-align: right;">Page 125</p> <p>1 move them to Nellis. One would ask, and I'm sure your data 2 will show, why didn't they consider China Lake? And I'll ask 3 them that question this afternoon. 4 But the question I have, really, for you all is, 5 can China Lake handle it if the Air Force was capable of 6 moving it there? 7 MR. NEMFAKOS: Well, sir, I think the issue is what 8 is it that's being moved. And that's always going to be a 9 problem when you're looking at moving workload around. So I 10 don't think anybody can give you an answer today on what 11 needs to be moved. 12 I would note that China Lake, I think, is probably 13 at less than half of the employment levels and throughput 14 that it was years ago which, of course, is pretty much the 15 case with most of our industrial activities. If you look at 16 our shipyards, we have, in fact, over the years, downsized in 17 place through RIFs and other mechanisms in order to match 18 workload. 19 So I think the real answer is, more work than is 20 currently going on has been done at places like China Lake. 21 The issue is what is the work that's to be moved. 22 COMMISSIONER DAVIS: Well, I assure you that that's</p>
<p style="text-align: right;">Page 123</p> <p>1 reopening El Toro and re-opening Cecil Field? Or is that 2 incorrect? 3 SECRETARY DALTON: We are not reopening El Toro nor 4 are we reopening Cecil Field. 5 COMMISSIONER DAVIS: All right, sir. If I may, I 6 asked you for the data. If I may ask you a philosophical 7 question, why didn't the Navy move some of its high- 8 performance aircraft testing -- and you'll see the bias here 9 in a minute -- to Edwards Air Force Base as recommended by 10 the joint cross-service group? Philosophical, sir. I'll get 11 the data later. 12 SECRETARY DALTON: Well, General, as I indicated 13 earlier, we considered every one of the cross-servicing 14 recommendations. Some we, in fact, acted on; others, we did 15 on. With respect to the specifics of that, I'll refer you to 16 Mr. Pirie or Mr. Nemfakos. 17 MR. NEMFAKOS: General, as you know, probably, in 18 the 91 round of base closure and then further consolidated in 19 the '93 round of base closure, the Navy went to a relatively 20 extraordinary length in consolidating both laboratory and 21 test and evaluation activities in certain locations. China 22 Lake, therefore, was one of the activities that became a</p>	<p style="text-align: right;">Page 126</p> <p>1 one of the things I want to look at very carefully, because 2 once you disestablish ranges and testing facilities, it's 3 very difficult to get them back in case of emergency. 4 ADMIRAL BOORDA: I might add that a lot of my 5 thought on this was not driven by the numbers but by the 6 irrevocable loss of air space where you can do things you 7 can't do anywhere else in this country; and I know you 8 understand that well. 9 COMMISSIONER DAVIS: Thank you. Thank you, Mr. 10 Chairman. 11 CHAIRMAN DIXON: Thank you very much, Commissioner 12 Davis. Commissioner Kling. 13 COMMISSIONER KLING: Thank you, Mr. Chairman. Just 14 two questions. Secretary Dalton, did the Navy review any of 15 the lease and sale offers made by building owners in Crystal 16 City and, if reviews were made of these offers, why were they 17 not accepted by the Navy? 18 SECRETARY DALTON: Commissioner Kling, yes, sir, we 19 did review presentations made to us with respect to Crystal 20 City and found that they were not in the Department of the 21 Navy's best interests and, therefore, did not change the 22 decisions that were made as part of the BRAC '93 process.</p>

COMMISSIONER KLING: Sounds like a good answer to me. Mr. Secretary.

Lastly, not to beat the subject to death again, but let me just ask this question. Following the recision in the fiscal year '94 funds for base closing activities, the Navy essentially borrowed funds from the Army and the Air Force and that was to meet its needs during fiscal year '94.

In fiscal year '95, will the Navy pay back the other services, number one? And the funds were not included in the fiscal year '95 appropriation, I don't believe. What impact will this payback requirement have on the Navy's ability to implement previous closures?

SECRETARY DALTON: Commissioner Kling, I will be delighted to once again give to Secretary Widnall and Secretary West the IOUs we've given them at prior times. No, sir, I don't know of any funds that are "owed" from us to the other services.

COMMISSIONER KLING: So there was none borrowed?

MR. PIRIE: The other services had substantial unobligated balances, and so the actual obligation authority was available, so it was simply a matter of shifting the obligation authority from one year to the other. So it

into account that you don't have all the statistical analysis at hand, and I just ask you for a general response to these two questions from the distinguished minority whip, Senator Wendell Ford of Kentucky, and then later, if you'd supply other answers, and we will see to it that the written questions are sent to you as well.

Senator Ford asks of you, Mr. Secretary:

In regard to Naval surface warfare center in Louisville, Kentucky, would you comment on the data used by the Base Structure Evaluation Committee to make the decision to place that facility on the list? I've heard the data call information forwarded to the Department of the Navy Crane Division and NAVSEA indicated the cost of moving the phalanx work currently being done at Louisville to Crane, Indiana, would be less than officials originally determined.

I also understand the discrepancies in those figures were brought to the attention of the inspector general, who conducted an audit and verified that, indeed, the figures submitted were not correct and the cost of moving the work to Crane, Indiana, would be higher than the figures given to the Navy's Base Structure Evaluation Committee.

Please comment on this information and we would

sounds like a loan, but it really wasn't. We just got to spend faster than they did.

And, incidentally, it gives me the opportunity to say that we have obligated every penny of the money the taxpayers are giving us to do this job.

COMMISSIONER KLING: So, just to finish it out, you will not be repaying the Army or the Air Force for these funds?

MR. PIRIE: No, we will be repaying them.

COMMISSIONER KLING: You will be repaying them?

MR. PIRIE: Yes. Yes.

COMMISSIONER KLING: And those funds, have they been appropriated now to repay?

MR. PIRIE: They are on our request, yes.

COMMISSIONER KLING: Thank you.

CHAIRMAN DIXON: Thank you very much, Commissioner Kling. I'm going to summarize with a few questions, gentlemen, and again, I express the deep appreciation of everybody on this panel for your forthright answers to all of our questions and your cooperation in staying here all this morning for these important questions to be asked.

I'm going to ask a question from Senator Wendell

request that a copy of the inspector general's audit be provided to this Commission.

And, on behalf of the distinguished whip, I do make that request. Could you answer that, Mr. Secretary?

SECRETARY DALTON: Yes, sir, Mr. Chairman. We'll be happy to provide that information to you. We did hear of some concern expressed in terms of how the work was done at Louisville. We had the Navy Audit Service review it, and are satisfied with their review, and will be happy to make that available to the Commission.

CHAIRMAN DIXON: And if you would, please supply all of that information. And I hasten to add, I do not side with the two distinguished Senators from Kentucky against the two distinguished Senators from Indiana. I ask the questions so that the file will be replete with all the facts so that, when these eight Commissioners ultimately make their decision, we will predicate it upon facts.

SECRETARY DALTON: Yes, sir. We'll be happy to provide that.

CHAIRMAN DIXON: And the Senator further asks - Senator Wendell Ford of Kentucky, the distinguished minority whip asks:

Ford of Kentucky now. In doing that, let me make this observation. I said the other day, I'm going to ask questions as they come to me from Members of the Congress, Members of the House and Senate.

I had a letter of criticism from a distinguished Senator because I asked a question the other day on behalf of the delegation from New Mexico, the other Senator taking the position that I had now favored one side, I guess, over the other in respect to this.

I do not favor any side over the other. We'll make these decisions on the basis of what we think is right. But, quite frankly, we want to give an opportunity to Congressmen and Senators who have been affected by a closure to ask a tough question here. The whole object of this thing is not to embarrass you folks, but to ask the really tough questions, because we've got to find those tough answers.

Again, I'm not a volunteer for this job. I'm drafted. If anybody in the office, the country, or the world would prefer to take this job, they're welcome to it. But, until such time as I can get out of this mischief I'm in, we've got to ask these questions.

Now, Mr. Secretary, when I ask these of you, I take

Also, in the case of Naval Surface Warfare Center Louisville, how do you evaluate and justify splintering the current work being done by the Louisville work force of engineers and machinists, those places being Norfolk, Virginia; Port Hueneme, California; and Crane, Indiana?

Was not it the determination of an early BRAC Commission to not close the Louisville facility in order to keep the Navy's five-inch gun work and now phalanx work consolidated and centrally located to ship ports on both coasts of the United States?

SECRETARY DALTON: Senator, I think that there are a number of cases in which decisions that we made in the BRAC '95 process were indeed different than previous BRAC decisions that were made, but I think the circumstances have changed.

In the case of this specific issue, we have many fewer ships than we had then, and there were other considerations that led us to the final decisions that we made.

CHAIRMAN DIXON: Thank you, Mr. Secretary. Incidentally, I see a distinguished Congressman in the room. Perhaps there are others. I see an old friend of

<p style="text-align: right;">Page 133</p> <p>1 mine, the distinguished senior Senator from Maryland, others 2 in the room.</p> <p>3 I hasten to advise everybody that in June, after 4 we've visited all the bases and after we've had all the 5 hearings around the country, the regional hearings, we'll be 6 back here in the city for three days with Members of the 7 Congress, to ask us all the hard questions and to develop 8 finally this data to their satisfaction, before we make our 9 decisions.</p> <p>10 Now, Mr. Secretary, it's important that I ask you 11 this question. Incidentally, may I express to all of you 12 again our profound appreciation? You've been very patient, 13 given us more time than we're probably entitled to, but we 14 appreciate the fact that you're doing this and it's helpful 15 to us in servicing these problems and doing the right job as 16 you want to do it for the country.</p> <p>17 Mr. Secretary, given the limitations on the base 18 closure process by current Title 10 restrictions and the fact 19 that excess capacity will more than likely remain -- excess 20 capacity will remain -- after this last and final round under 21 the current base closure law, are you prepared now to say 22 what method you would recommend for consideration in future</p>	<p style="text-align: right;">Page 136</p> <p>1 At the same time, I'm pretty sure that most of us 2 recognize the fact that there will be some excess capacity 3 there. We haven't been able to deal with all of it in this 4 round. I don't think we ought to deal with all of it in this 5 round, and I have said that repeatedly, including when I 6 presented myself before the Armed Services Committee for 7 confirmation and then before the Senate.</p> <p>8 So we will thank you for working with us, Mr. 9 Secretary, as you have been so very cooperative, along with 10 your colleagues this morning. We thank you all.</p> <p>11 I want to say to you, Mr. Secretary, and to your 12 colleagues, we'll have some follow-up questions in writing, 13 some detailed questions, both from the staff here and from 14 the Commissioners and some Members of Congress. I hope 15 you'll get the answers back to us as soon as possible for our 16 review and analysis, because we're going right ahead with our 17 hearings this month.</p> <p>18 We're going ahead, incidentally, this month, 19 towards the end of this month and throughout April, on the 20 visitations to all the bases that are affected by this round 21 and then we are going to have our regional hearings. Many of 22 those have been selected.</p>
<p style="text-align: right;">Page 134</p> <p>1 base closure efforts or would you like time to do that?</p> <p>2 SECRETARY DALTON: Mr. Chairman, I think that the 3 base closure process is a good one and I think that the law 4 that was established in 1990 and amended at that time was one 5 in which we essentially can take the politics out of a 6 difficult decision with respect to base closure, in that the 7 Congress has to vote up or down on the whole package after it 8 being presented by the President.</p> <p>9 So I think the process makes sense. We support the 10 process. In terms of when another round of closures should 11 take place, if at all, I think that we would like to have a 12 few years to assess where we are, to see, indeed, can we get 13 where we expect to be with respect to what has been done in 14 BRAC '95 and previous rounds of closure.</p> <p>15 I would think some three or four years from now 16 would be an appropriate time to reconsider another round of 17 BRAC closures. We will know better where we stand then. The 18 closures of '88, '91, and '93 will have hopefully taken place 19 by that time and be consummated, and we will be close to 20 effecting the closures in the BRAC '95 process. In many 21 cases, they will be complete, as well.</p> <p>22 I think that having the opportunity to assess the</p>	<p style="text-align: right;">Page 137</p> <p>1 Can you excuse me for a minute? 2 (A discussion was held off the record.)</p> <p>3 CHAIRMAN DIXON: I want to say that we've pretty 4 well generally discussed where we're going to have major 5 hearings around the country within a day's drive of affected 6 bases. But some people were here -- Congressman **Doggett 7 and the Mayor of Austin this morning, and others -- inviting 8 us to come to Austin.</p> <p>9 I just want to say to everybody, we'll always look 10 at their invitations. Obviously, there's a limit to how many 11 of these hearings we can hold, simply by virtue of the 12 limited ability of the Commissioners to go to all these 13 places. And then we'll be back here to the Congress to let 14 them beat us up in June and then we'll get, in apt time, to 15 the President of the United States, the revised list.</p> <p>16 I'm pleased to announce now that we're in 17 adjournment until 1:30 this afternoon, in this room, where we 18 will hear testimony from the distinguished Secretary of the 19 Air Force and other people involved in that process. Thank 20 you very much. This morning's hearing is adjourned. 21 (Whereupon, at 1:30 p.m., a luncheon recess was 22 taken.)</p>
<p style="text-align: right;">Page 135</p> <p>1 situation then, and look at the Navy Department at that time 2 and see how our situation may have changed, I think that 3 would be the appropriate time to consider that.</p> <p>4 With respect to your position and your offering 5 yourself or anyone else to take the job that you and your 6 fellow Commissioners have taken, I just want to tell you how 7 important the job is that you do and let you know how much we 8 in the Navy Department appreciate your public service and 9 congratulate you on your recent confirmation this past week.</p> <p>10 We pledge the complete support of the Department of 11 the Navy to provide you whatever information you may need, 12 additional staff work, additional criteria or the results of 13 our studies, make those available to you to assist you in the 14 process.</p> <p>15 CHAIRMAN DIXON: Thank you very much, Mr. 16 Secretary. I appreciate your remarks. I would appreciate it 17 very much if your shop would work with us in connection with 18 the work we are doing to recommend to the Congress what 19 should be done with respect to a review of this at a later 20 date. Again, I hasten to add, not with another round in 21 1997. Nobody's suggesting that. I'm pretty sure everybody's 22 had their fill for now.</p>	<p style="text-align: right;">Page 138</p> <p>1 AFTERNOON SESSION 2 (1:30 p.m.)</p> <p>3 CHAIRMAN DIXON: Good afternoon, ladies and 4 gentlemen, and welcome. This is the second of four hearings 5 today and tomorrow at which the Commission is hearing from 6 and questioning the secretaries of the military departments, 7 their chiefs of staff and the directors of defense agencies 8 regarding proposed base closures and realignments that affect 9 their service or agency.</p> <p>10 We are pleased to have with us today the Honorable 11 Sheila Widnall, the Secretary of the Air Force; General 12 Ronald Fogleman, the Chief of Staff of the Air Force; General 13 Thomas Moorman, the Vice Chief of Staff of the Air Force; 14 Major General J.D. Blume Jr., the Special Assistant to the 15 Chief for Base Realignment and Transition.</p> <p>16 Before we begin with Secretary Widnall's opening 17 statement, let me say that in 1993, as part of the National 18 Defense Authorization Act for Fiscal '94, the Base Closure 19 and Realignment Act was amended to require that all testimony 20 before the Commission at a public hearing be presented under 21 oath. As a result, all of the witnesses who appear before 22 the Commission this year must be sworn in before testifying.</p>

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1 Madam Secretary, are there other persons here with  
 2 you in addition to those at the table whom you believe might  
 3 be required to give answers to the Commission this afternoon?  
 4 SECRETARY WIDNALL: Yes, Mr. Chairman. We have an  
 5 additional six people who will testify.  
 6 CHAIRMAN DIXON: Thank you. If so, may I ask that  
 7 the four distinguished people at the front table and the  
 8 other six distinguished people in the audience all rise and  
 9 raise your hands, please.  
 10 (Witnesses sworn.)  
 11 CHAIRMAN DIXON: Secretary Widnall, please begin.  
 12 Thank you for being with us.  
 13 SECRETARY WIDNALL: Thank you very much, Mr.  
 14 Chairman. I'm pleased to have the opportunity to appear  
 15 before the Defense Base Closure and Realignment Commission  
 16 today to discuss the Air Force base closure and realignment  
 17 recommendations. General Fogleman and I look forward to  
 18 working with the Commission as it considers these  
 19 recommendations over the next several months.  
 20 The Air Force recommendations include 12 base or  
 21 activity closures, 7 realignments and 7 actions requesting  
 22 redirects of prior Commission recommendations. These

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1 recommendations are the fourth installment of a plan to  
 2 restructure our bases to support United States national  
 3 security interests into the next century.  
 4 Taken with the prior three rounds of BRAC, the  
 5 withdrawal from overseas bases and the other Air Force  
 6 downsizing activities, these 1995 recommendations will result  
 7 in a total reduction of our physical plant infrastructure by  
 8 approximately 25 percent.  
 9 We are proud of the fact that 71 percent of all  
 10 anticipated BRAC savings through FY '99 are as a result of  
 11 Air Force base closure and realignment activities.  
 12 In the first three base closure rounds, the Air  
 13 Force focused primarily on closing operational bases. We  
 14 closed or realigned 18 active duty large and small aircraft  
 15 bases. We closed or realigned only one industrial technical  
 16 support base.  
 17 These support bases, falling in the categories of  
 18 labs, product centers and logistic centers were necessarily  
 19 the focus of a great deal of our efforts in this 1995 round.  
 20 Our efforts to select bases for closure or realignment were  
 21 guided by a number of over-arching imperatives.  
 22 First and most obviously, we had to reduce excess

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1 capacity in our physical plant infrastructure. This is never  
 2 easy. All Air Force bases are outstanding installations that  
 3 stand as a credit to our nation and the communities that  
 4 surround them. However, we had to reduce unneeded capacity  
 5 to save taxpayer dollars and to preserve limited future  
 6 funds.  
 7 In selecting bases for closure or realignment, we  
 8 sought to achieve a basing structure that would satisfy  
 9 current and future operational requirements. These  
 10 recommendations accomplish that vital goal.  
 11 They also permit the Air Force to retain important  
 12 capabilities to surge in the time of national crisis and to  
 13 absorb units returning from closed or downsized overseas  
 14 bases.  
 15 The Air Force places critical emphasis on air space  
 16 needed to train and maintain combat readiness. This resource  
 17 is the cornerstone of a realistic training which saves lives  
 18 in combat and provides the winning margin.  
 19 Our recommendations reflect this absolute  
 20 requirement and the need to bed down force structure in a  
 21 manner that permits an operations tempo sufficient to achieve  
 22 training and mission objectives.

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1 Last but certainly not least we absolutely had to  
 2 approach the task of downsizing in a financially responsible  
 3 manner. We had to design recommendations that we could, in  
 4 fact, afford to implement.  
 5 Our budget is limited, and closure dollars come at  
 6 the expense of other vital Air Force programs. The  
 7 recommendations before you strike the appropriate balance.  
 8 They are recommendations we believe we can afford to  
 9 implement within our budget. They will achieve real cost  
 10 savings, and they will provide solid returns on our  
 11 investment.  
 12 Let me briefly describe the process by which the  
 13 Air Force arrived at its recommendations. The selection  
 14 process was similar to the ones used in prior rounds. In  
 15 January of last year, I appointed a Base Closure Executive  
 16 Group of general officers and civilian equivalents to review  
 17 all Air Force installations in the United States that met or  
 18 exceeded the legal requirements for consideration.  
 19 The BCEG worked extraordinarily hard. With  
 20 assistance from the installations and major commands, they  
 21 collected, verified and analyzed data on all of these  
 22 installations.

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1 The Air Force Audit Agency continually reviewed the  
 2 process to ensure accuracy. The BCEG presented the results  
 3 of their analysis to me and to General Fogleman. During a  
 4 series of more than 20 meetings, we thoroughly discussed the  
 5 underlying data, base evaluations and options.  
 6 Throughout this process, the Air Force also worked  
 7 extensively with the Joint Cross-Service Groups, collecting  
 8 data, analyzing and considering alternatives developed by the  
 9 Joint Cross-Service Group and responding with comments and  
 10 cost analysis.  
 11 The recommendation to close Rome Laboratory is a  
 12 result of this joint cross-service process. The Laboratory  
 13 Joint Cross-Service Group recommended the Air Force consider  
 14 the closure of Rome Labs, and the Air Force adopted this  
 15 proposal, recommending that the activities at Rome Lab be  
 16 relocated Fort Monmouth and Hanscom Air Force Base.  
 17 The movement to Fort Monmouth will increase  
 18 interservice cooperation and common C-3 research. The Air  
 19 Force recommendation regarding the depot category is worthy  
 20 of special comment.  
 21 I assume that later we will have an opportunity to  
 22 discuss this recommendation in greater detail, but I want to

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1 touch briefly on it now. It is, in my view, an innovative  
 2 and much needed solution to a complex problem.  
 3 The Air Force has excess capacity across the five  
 4 Air Force depots. However, when we started to consider  
 5 closing one or even two depots, it became apparent that the  
 6 cost of a full closure was effectively prohibitive.  
 7 Including environmental costs, which must become a  
 8 part of our budget planning, we estimated that it would cost  
 9 in the range of 800 million each to close the depots. Put  
 10 another way, the full cost to close a single depot would  
 11 consume most of the total amount budgeted for the next six  
 12 years for all of the Air Force 1995 closures and  
 13 realignments.  
 14 In addition, the return in future savings would be  
 15 much smaller than what we could achieve in other types of  
 16 closures. As I suggested earlier, an essential goal in the  
 17 Air Force base closure analysis was to ensure that each base  
 18 we propose for closure would make clear economic sense and  
 19 that future budget savings would exceed budget costs.  
 20 Undertaking large, unbudgeted efforts would clearly  
 21 jeopardize the future recapitalization and modernization of  
 22 Air Force programs. We simply had to find a better way to

<p style="text-align: right;">Page 145</p> <p>1 get this job done, and we did.  2 The recommendation before you reflects a creative  3 alternative to full closure, an alternative that will  4 decrease excess capacity in a way that makes operational  5 sense and that will achieve savings at a realistic cost.  6 This recommendation is fiscally sensible and does  7 not place at risk Air Force dollars needed for readiness,  8 modernization and quality of life for Air Force personnel.  9 The Air Force BRAC depot recommendation is also  10 part of a broader Air Force effort to downsize and achieve  11 savings within our depot structure. Program work reductions,  12 downsizing through contracting or transfer to other service  13 depots and the recommended BRAC consolidations will achieve a  14 total real property infrastructure reduction equal to one and  15 a half depots and a manpower capacity reduction equivalent to  16 nearly two depots.  17 The BRAC recommendations must be recognized as only  18 a portion of this overall strategy. The Air Force  19 recommendations are a total package. They provide for a base  20 structure that is needed to support the current and future  21 Air Force mission. They are balanced and reflect sound  22 financial policy. They protect the Air Force of the future.</p>	<p style="text-align: right;">Page 148</p> <p>1 Second, having said this, I would also tell you  2 that, in my view, we need to put a hold on any new BRAC  3 actions for the next five to seven years. This will provide  4 some much-needed stability for our people and the communities  5 supporting our installations.  6 Finally, if force structure reductions do occur in  7 the future, we should reexamine our basing again, and such  8 future BRAC actions, in my view, should be initiated by the  9 Sec Def coming to the Congress and asking for new  10 legislation.  11 We are prepared to discuss these in more detail or  12 provide you inputs at the appropriate point in your  13 deliberations and future BRAC actions. With this as an  14 overview, I'm now prepared to answer any questions that you  15 may have.  16 Before doing that, though, Mr. Chairman, I think  17 it's important that you know that based on a ruling by our  18 general counsel, I recused myself from considering small  19 aircraft bases and laboratories. This is a result of  20 financial interests that I have in a home outside of Kirtland  21 Air Force Base in New Mexico and a home that I have in  22 Tucson, Arizona, outside of Davis Monthan. Thank you.</p>
<p style="text-align: right;">Page 146</p> <p>1 Thank you.  2 CHAIRMAN DIXON: Thank you very much, Secretary  3 Widnall. We appreciate your remarks. General Fogleman.  4 GENERAL FOGLEMAN: Mr. Chairman, members of the  5 Commission, it's an honor to represent the Air Force here  6 this afternoon. I look forward to working with the  7 Commission as you consider the recommendations that have been  8 forwarded to you by the Secretary of Defense.  9 I'll tell you right up front that recommending  10 these closures and realignments was not an easy decision.  11 These bases are all outstanding installations.  12 Having been a commander at virtually every level,  13 every organizational level within the Department of Defense,  14 I appreciate the close relations that have been formed over  15 the years with the communities that support these  16 installations.  17 I also realize that these actions are going to  18 affect good people who have done an awful lot in the past for  19 the Air Force men and women, but this being the case, I will  20 also tell you that we must take these actions.  21 By reducing our infrastructure, we are better  22 positioning the Air Force to meet the nation's needs in the</p>	<p style="text-align: right;">Page 149</p> <p>1 CHAIRMAN DIXON: Thank you very much, General. All  2 of us probably will have a moment when we'll have to recuse  3 ourselves before this process is over. General Moorman, did  4 you have a statement?  5 GENERAL MOORMAN: No. No, sir.  6 CHAIRMAN DIXON: General Blume?  7 GENERAL BLUME: No, sir, I don't.  8 CHAIRMAN DIXON: Now, let me ask you, Secretary  9 Widnall, how will we do this with the six other folks back  10 there that have indicated they're going to testify? Because  11 if they do testify, we'll want them to get a microphone.  12 Maybe they could pull their chairs up in a more  13 comfortable position. Would the six of them mind doing that?  14 Are your chairs portable that you're sitting in there? Can  15 you get them up there around the table so that if we need to  16 call upon you for some expertise you can grab the mike and do  17 your little bit? We'll wait for you all to get comfortable  18 here.  19 SECRETARY WIDNALL: Just let me indicate that the  20 group has elected me quarterback, and the other members,  21 including General Fogleman, General Moorman, General Blume  22 and everybody else are designated as pinch-hitters in</p>
<p style="text-align: right;">Page 147</p> <p>1 long run, and these recommendations do not harm Air Force  2 readiness today or tomorrow.  3 We will have sufficient air space, training routes  4 and ranges to train and maintain critical combat skills. The  5 remaining bases and infrastructure allow us to support the  6 current security strategy as outlined by Secretary Perry and  7 Chairman Shalikashvili last week.  8 The remaining CONUS infrastructure permits a hedge  9 against future requirements if we should need to return  10 overseas force structure as a result of host nation  11 facilities being returned to host nations.  12 So these proposals will position us well for the  13 future. As I look ahead to the 21st century, let me share  14 with you some thoughts on how we might approach the  15 possibility of future closure and realignment actions as you  16 requested in your letter of instructions.  17 First, we need a sunset clause on current force  18 structure actions directed by this and previous BRACs. By  19 that I mean the services should be allowed future  20 realignments as required for operational requirements. As a  21 service chief, I need the freedom to propose prudent moves  22 after proper consultation with Congress.</p>	<p style="text-align: right;">Page 150</p> <p>1 specific areas.  2 CHAIRMAN DIXON: Thank you, Madam Secretary. I  3 would suggest in the course of the proceedings, as questions  4 are directed to you, if you don't have the complete answer  5 and want to refer it to someone else, identify who you're  6 referring it to, and we'll go ahead in that way.  7 Now the Chair is pleased to recognize for the first  8 questions in our panel a former distinguished four-star  9 general in the United States Air Force with 35 years of  10 service.  11 We've decided that before we go into the round of  12 questioning from the Commissioners, we will ask some general  13 questions. Secretary Widnall, did the Office of Secretary of  14 Defense remove or add any installation closures or  15 realignments from your recommendations to the Secretary?  16 SECRETARY WIDNALL: No.  17 CHAIRMAN DIXON: Did the Office of Secretary of  18 Defense instruct your service to place or not to place any  19 specific installations for closure or realignment on your  20 listed recommendations to the Secretary?  21 SECRETARY WIDNALL: No.  22 CHAIRMAN DIXON: Did anyone in the Administration</p>

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instruct you not to place any specific installations for closure or realignment on your listed recommendations to the Secretary?

SECRETARY WIDNALL: No.

CHAIRMAN DIXON: Did you or the Office of Secretary of Defense remove any installations from the recommendations solely for reasons of economic or environmental impact?

SECRETARY WIDNALL: No.

CHAIRMAN DIXON: And you yourself did not do so. This morning the Secretary of the Navy said he himself undertook, in the exercise of his own discretion, to make some changes, but you did not?

SECRETARY WIDNALL: No. I did not do that.

CHAIRMAN DIXON: I thank you very much. Now, if I were to ask that question of you, General Fogleman, would there be any change in your answers from that of the Secretary?

GENERAL FOGLEMAN: No, sir. They would be the same.

CHAIRMAN DIXON: General Moorman?

GENERAL MOORMAN: No, sir. They would be the same.

CHAIRMAN DIXON: General Blume?

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GENERAL BLUME: They would be the same, sir.

CHAIRMAN DIXON: Then, it is now my privilege to recognize a gentleman who served a distinguished career of 25 years in the U.S. Air Force, retired as a four-star general, General J.B. Davis.

COMMISSIONER DAVIS: Thank you, Mr. Chairman. I'd like to welcome the blue suiters to the table. Clearly, one of the things that concerned all of us, and I know it concerns you in specific, the services are on record saying that the '95 BRAC, Madam Secretary, was a necessary evil so we could meet the out-year money requirement both in the readiness and in the modernization accounts.

Given the results of '91, '93 and clearly now the '95 proposal, do you have adequate monies programmed for those two accounts in your FIDIP now?

SECRETARY WIDNALL: Yes. We have the amount we need to execute this plan, certainly order of magnitude.

COMMISSIONER DAVIS: And you won't have to come back and ask for a supplemental because of the --

SECRETARY WIDNALL: No. No, we will not have to ask for a supplemental.

COMMISSIONER DAVIS: Given everything pays out at

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the rate you've computed?

SECRETARY WIDNALL: That's right.

COMMISSIONER DAVIS: Well, Madam Secretary, the hot topic around the staff and the Commission and several other people have been the depot subject. It has created quite a stir in some of the mathematics that went into it, and you've already provided us some of the data.

Could I ask you to, sort of, give us your philosophy on how you came to this decision other than the numbers? I mean, what impacts on it? What was the thought process? Were there economic impacts that guided your decision? Were there environmental impacts, et cetera?

SECRETARY WIDNALL: Well, in terms of philosophy, I mean, the fundamental philosophy was that we were trying to do what is in the best interests of the Air Force, and we did examine, really, a number of alternatives, and we certainly did the costing for all of those alternatives.

I think there were additional things beyond economics that drove it, but certainly the economic package very attractive, but we really began to ask ourselves whether we couldn't reduce excess capacity at each individual depot, consolidate workload, do things in a more efficient

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1 and streamlined way, I think just sound, sort of, management questions.

2 And as we began looking into this possibility, I

3 believe we emerged with an extremely attractive package.

4 Now, we would, at some stage in this process, really be very

5 pleased to have you go through our analysis with us and see

6 the specifics of what we're proposing. It might help to

7 clear the air for some of the future specific questions that

8 we might get asked.

9

10 CHAIRMAN DIXON: I think we'll give General Davis

11 the additional time necessary to do that right now, and I

12 wonder, Madam Secretary, if others need to assist you in this

13 process, because this is a major concern, one we want to

14 thoroughly investigate, and I think it's entirely proper that

15 General Davis accommodate the rest of us on the Commission by

16 leading that inquiry right now, if you will accommodate him.

17

18 SECRETARY WIDNALL: Okay. Well, what I would

19 suggest is that we have Mr. Beach make a presentation on our

20 overall financial analysis and some of the costing issues and

21 that Mr. Orr speak to the specifics of the depot proposal --

22 capacity, product workload and some of the realignment issues. If we could do that now, I think it would -- in the

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1 end, I believe it will save a lot of time.

2 CHAIRMAN DIXON: Are you gentlemen going to be

3 using some charts here?

4 MR. BEACH: Yes, Mr. Chairman.

5 CHAIRMAN DIXON: Now, identify yourself fully for

6 the record.

7 MR. BEACH: Mr. Chairman, my name is John Beach.

8 I'm the Principal Deputy Assistant Secretary in the Air Force

9 for Financial Management, and I am a member of the BCEG

10 Group, which the Secretary and the Chief described earlier.

11 My responsibilities on the Group pertain principally to

12 finance and budget.

13 CHAIRMAN DIXON: Are you going to be assisted by

14 anyone, sir?

15 MR. BEACH: No. I will do about a four- or five-

16 minute presentation using four charts, which I hope will

17 answer the question that General Davis just asked, and also

18 provide you with some general background on how we came to

19 the decisions that we did.

20 CHAIRMAN DIXON: Now, you proceed, then, and if you

21 need assistance from others, I only ask that they identify

22 themselves for the record fully, and General Davis will do

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1 the questioning for the panel.

2 MR. BEACH: Very good. Thank you, Mr. Chairman.

3 If I could have the next chart, please. I hope that you can

4 see these numbers from where you are.

5 The point in this chart is that we would like to go

6 back and identify for you what the Air Force has tried to

7 accomplish in all four of the Commissions; that is, the '88

8 Commission, the '91 Commission and the '93 Commission.

9 Our belief was that by the time we got to the '95

10 Commission we had pretty much achieved what we wanted to in

11 the way of closure and realignment of operational bases, and

12 we were now addressing the tough question which deals with

13 support.

14 What we found when we got to the '95 Commission was

15 that we had the option of looking at various depot closures

16 or depot realignments, and I will come to that in a moment.

17 But the point in this chart is to demonstrate that the Air

18 Force started out very early in the closure process by

19 closing and realigning a number of operational bases in the

20 early commissions.

21 When you see in the next chart, up here you'll see

22 some of the consequences of getting an early start in the

<p style="text-align: right;">Page 157</p> <p>1 base closure process, which we did in the earlier 2 commissions. 3 This quotation is taken from Secretary of Defense 4 Perry's Blue Top budget presentation this past February. In 5 that Blue Top statement, the Department of Defense states 6 that in the first three Base Closure Commissions; that is, 7 the '88 Commission, the '91 and the '93 Commission, savings 8 of about \$6.6 billion were achieved. 9 Now, there are more savings to come because there 10 are more bases to close, but in those first three rounds at 11 the point we're at right now, the Air Force represents about 12 4.7 billion of that 6.6 billion in savings to date. 13 And the reason for that is what we talked about in 14 the previous chart, that in the '88 Commission and in the '91 15 Commission over 50 percent of the closures were in the Air 16 Force. 17 Now we're seeing some of the results of those early closures 18 in terms of accumulating savings at this point. We 19 recognize, of course, that there is a lot more to come in the 20 '93 Commission as well as more to come, of course, in the '95 21 Commission. 22 But we point out to you that one of the</p>	<p style="text-align: right;">Page 160</p> <p>1 that if we could make all the closures today and achieve all 2 the savings today, then we wouldn't have to worry about the 3 effects of inflation. 4 But here we'll dealing with long-term investments. 5 That is, we're willing to invest money today to close a 6 military installation, knowing that it may be seven, eight, 7 nine or ten years before that closure is handed off to the 8 receiving agency. 9 We want to make sure that we not only budget 10 appropriately for environmental cost, but we also must make 11 sure that we have enough money to cover the effects of 12 inflation over that period. 13 What we've discovered in this analysis is, to go 14 directly to answer the question that General Davis asked a 15 moment ago is we have put a little over \$1 billion in the Air 16 Force budget for the next six years to cover the cost of 17 closures in the '95 Commission. Our estimate today, if you 18 include environmental cost plus inflation, is that those 19 closures will come to about 1.5 billion. Identified on that 20 chart is 1,595,000,000. 21 Right now, as I said, our budget for those six 22 years is 1,048,000,000. That suggests that we have a</p>
<p style="text-align: right;">Page 158</p> <p>1 considerations that we had was that we looked at the base 2 closure package in '95 as one of a continuum of four closure 3 packages. If we could go on to the next chart, please. 4 One of the key concerns that we have had in all of 5 our base closure deliberations is what the Secretary talked 6 about in her opening comments. That is, we want to make sure 7 that what decisions we make in the '95 Commission we can 8 execute, that we have appropriate funds available from which 9 to make these closures. 10 Part of the difficulty that we have seen in the 11 past is that when you look at the traditional COBRA analysis, 12 which is part of the base closure requirements that we go 13 through, the costing that you see in the COBRA models does 14 not translate easily to what's going to happen in the budget. 15 The bottom line for us, for the secretary and the 16 chief, is that when we complete these closures, we want to be 17 able to deliver on the question that General Davis just 18 mentioned; that is, can we afford these closures? Can we 19 make them happen for the funds that we're talking about here? 20 What we don't want to have happen is traditionally 21 have some sort of a cost overrun three or four years from now 22 when we have to go back and seek more funds in order to</p>	<p style="text-align: right;">Page 161</p> <p>1 shortfall of about 547 million, but as the Secretary said a 2 few moments ago, we think our savings from the closures that 3 we have right now will be higher than what we originally 4 estimated when we put the budget together last year. 5 The 868 million that we had in the budget for 6 savings from the '95 Commission we think we can achieve a 7 billion, two, a little more than a billion, two. 8 What this means is that we think our savings will 9 be higher than originally anticipated, but we also recognize 10 that because of environmental cost, because of the cost of 11 inflation over the next six years that the cost of those 12 closures is a little greater than what we had in the budget 13 in net. 14 I think, as the Secretary said, that from a 15 financial standpoint, we can afford the closure package that 16 we have before this Commission today, and that recognizes 17 that we're going to see some environmental cost, and we're 18 going to see some inflation. 19 The problem that we face concerning the depot 20 question, which is, as you said, Mr. Chairman, very much on 21 the minds of many people today is covered in the next chart. 22 In the middle of the chart is what we are currently</p>
<p style="text-align: right;">Page 159</p> <p>1 complete those closures. 2 In order to translate the numbers from the COBRA 3 model into the budget so that we can see whether we are 4 indeed capable of achieving these closures in '95 I think is 5 an important translation, and you can see from these charts 6 that when we started with the COBRA analysis we found that 7 there were two changes that we had to make in the COBRA 8 figures in order to translate them into the budget. 9 The first is that the COBRA numbers require that we 10 not address environmental cost, and one of the keys for us is 11 that when we close a large base or we close a depot, we know 12 that the Air Force, any of the military departments, will 13 incur expenses for those closures as a result of the 14 environmental requirements of cleaning up that base before it 15 can be handed over to whoever the receiver organization is. 16 The COBRA model does very well. It's very helpful, 17 in terms of our internal analysis, but I think, in addition 18 to that, we need to be very sure that we put enough money in 19 the budget in the Air Force top line so that we can cover 20 environmental costs which are not part of the COBRA cost 21 analysis. 22 The second consideration that we have to make is</p>	<p style="text-align: right;">Page 162</p> <p>1 budgeted for in the Air Force, as I mentioned, 2 \$1,048,000,000. That's what we have to pay for these 3 closures, and you see the associated savings number inside 4 that rectangular script on the chart. 5 Now to the depot question. When we were going 6 through this, we had an eye on what it would cost to close 7 depots. The question now, as the Secretary also addressed in 8 her opening comments, is that we found that a full closure of 9 an Air Force depot is relatively expensive because, number 10 one, they're large; number two, they're well organized, and 11 you have a lot of work going on in those depots, and it takes 12 quite a little time to actually close down one of those, in 13 sense of a full closure. 14 We also noted, in some of our work, as we mentioned 15 earlier, that the environmental cost from what we could get 16 in the way of internal estimates suggests that the cleaning 17 up of a depot is a very expensive process and time consuming. 18 The question before us was how do we get rid of the 19 excess capacity in the depots knowing full well up front that 20 if we go out for a full closure it will bust our budget? In 21 other words, we'll incur a cost overrun through or four years 22 from now when the Air Force is looking for an increase in</p>

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1 their modernization program and have to transfer those funds  
2 from a modernization account in order to meet these  
3 unexpected expenses."

4 What we're trying to accomplish here in our  
5 financial analysis of the '95 Commission is look far enough  
6 in the future to make sure that you can afford what you're  
7 doing in terms of depot closures.

8 The first option we looked at was closing two  
9 depots, recognizing that our capacity suggested maybe a depot  
10 to a depot and a half. But we looked carefully at the  
11 possibility of closing two depots.

12 We found that that would cost, in itself, the  
13 closure of the two depots, assuming \$300 million each for  
14 environmental cost, that we could close those two depots for  
15 about \$1.9 billion.

16 Experts have told us that my estimates on the  
17 environmental cost are about half of what they would really  
18 be, that we could expect environmental cost for a closure of  
19 one of our depots to be, perhaps, in the range of \$6- or \$700  
20 million alone. Hard to judge.

21 We really don't know the answer to that question,  
22 but what we have determined, in addition to the cost of a

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1 That's the art form that we're involved in now, and  
2 it gets right back to what General Davis mentioned earlier --  
3 can you afford what you're doing? We have found that an  
4 option for us, and one that we think will be very helpful for  
5 the Commission to consider is rather than an outright closure  
6 of a depot is realigning all five depots.

7 Now, this realignment means that we can go at it  
8 just as fast. We can find efficiencies and economies in the  
9 various depots, and in a minute Mr. Orr will describe that in  
10 some detail for you.

11 But from a financial standpoint, we have found  
12 these two observations about large Air Force depots: Number  
13 one, they're very, very expensive to close. Number two, the  
14 economic return, as measured in terms of how much cost are  
15 you willing to invest up front to get TOA savings, real TOA  
16 savings in subsequent years, we have found that depots do not  
17 have a good economic return.

18 We think we understand pretty well why that's the  
19 case. That, I think, those two financial considerations, I  
20 think have led the Secretary and the Chief to ask us to  
21 consider, as Mr. Orr will describe to you now, other options  
22 which we think are quite capable of achieving the same

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1 closure of a depot, is that if you look at our closure  
2 package in terms of a business investment; that is, are we  
3 willing to invest so much money up front in order to save TOA  
4 over a 6-year period or a 20-year period, we found that the  
5 depots do not give us a good economic return.

6 And an economic return is measured in this sense --  
7 that you say up front I'm going to incur a cost of closing a  
8 depot, say \$900 million. How much of a return do I get over  
9 20 years?

10 We found that in the sense of our depots, in the  
11 context of each of our depots, whether you close one or you  
12 close two, that the return over a 20-year period was about  
13 half or less the rate of return that we were getting on most  
14 of our other base closures.

15 What we've discovered is if you close two depots,  
16 for example, you incur an up-front cost of \$1,853,000,000.  
17 Over 20 years, we estimated the savings to be \$3,361,000,000.  
18 At a compound annual rate of return, that means we get about  
19 3 percent per year on our money.

20 In other words, our cost of front for every dollar  
21 that we put up we can earn 3 percent per year in savings over  
22 a 20-year period on that depot.

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1 results without bankrupting the Air Force modernization  
2 program in the out years.

3 CHAIRMAN DIXON: If I may interrupt, General, I  
4 want to ask the timekeeper to only begin the General's time  
5 now and not charge any of it. General Davis.

6 COMMISSIONER DAVIS: Before you leave, a couple  
7 mathematical questions for this simple fighter pilot from  
8 Nebraska. You say the Air Force has achieved 71 percent of  
9 the 6.6 billion. That's what's on paper. Have we come close  
10 to that on a straight line analysis to achieving that same  
11 fair share?

12 MR. BEACH: Good question. When the savings are  
13 reported in the Department of Defense, either in a budget  
14 document like the Blue Top, which I referred to earlier,  
15 there is no accounting system in the Department of Defense  
16 where we can go back in retrospect and measure those savings.

17 The way that the BRAC savings are identified and  
18 applied, as far as the budget is concerned, is that when we  
19 put a budget together and we put the cost in, the savings go  
20 in at that point in the form of reducing our TOA top line.

21 But we have no viable method, no accounting  
22 structure where we can go back and find out whether those

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1 What we found out in the nondepot area in the '95  
2 Commission plus what we found out in our previous BRACs was  
3 we expected a higher rate of return than that.

4 Given that a 30-year Treasury instrument today  
5 returns about 7 and three-quarters percent, one could  
6 question us, in terms of closing a depot, to achieve an  
7 economic return of 3 percent or in that range of 3 percent.

8 We've also learned that if you put in what we think  
9 are full costs for environmental closure of a depot, that  
10 that economic return of 3 percent a year falls more into the  
11 range of 1 to 2 percent a year.

12 This was very much in the back of our minds, as the  
13 Secretary mentioned in her opening statement, when it comes  
14 to making decisions with Air Force TOA about closing big  
15 depots.

16 As she mentioned in her statement, we simply had to  
17 find a better way of getting at this problem. We wanted to  
18 get rid of capacity, on the one hand, which is very critical  
19 to our future operations, but on the other hand, we don't  
20 want to incur a cost that means we have to trade off money in  
21 '98 and 1999 from other modernization programs in the Air  
22 Force.

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1 savings actually occurred. We think they did, and we think  
2 they occur pretty much along the lines that we have  
3 indicated, because we have not had to go back and add a lot  
4 of money in the previous rounds because either costs were  
5 understated or because savings were overstated.

6 Emotionally, I have to give you the answer that I  
7 think we've pretty much achieved the savings, but we have no  
8 specific scorecard because the savings were laid in when we  
9 started each one of these commissions, and it's not possible  
10 for us to go back and check it out.

11 COMMISSIONER DAVIS: Thank you. Can I now go to  
12 the cleanup? Is there not an account for the Air Force in  
13 the Defense Environmental Restoration Account that would be  
14 transferred to the Air Force as you demonstrate the  
15 requirement for cleanup of the depots?

16 MR. BEACH: Yes, sir. There is a DERA account, and  
17 depending on whether our bases are something that's called  
18 the National Priority List, and I'm not the expert on this  
19 point, there are some environmental funding sources that may  
20 be transferred.

21 Our judgment, however, is that the adequacy of  
22 those funds is very limited for this purpose. Certainly, we

<p style="text-align: right;">Page 169</p> <p>1 would want to try to catch any of those funds to help us 2 offset anything that we were doing in terms of a depot 3 closure. 4 COMMISSIONER DAVIS: And in the form of your 5 computations, did you look at all the depots and the cleanup 6 process and took the worst case, the middle case? 7 MR. BEACH: I looked at each one of the depots, 8 sir. I looked at it from a cost and economic standpoint. As 9 I mentioned, we believe that assuming \$300 million for a 10 depot closure, and in this case I was looking at the two 11 depots that finished in the bottom tier of our ranking 12 process, experts in the environmental area have told me that 13 that 300 million is an understated number. 14 But I don't think we need to overstate the number 15 or worry that it could be significantly understated, because 16 the analysis that we've done here, when we look at economic 17 rate of returns, suggests by such a wide margin that depot 18 closures are very difficult to accomplish, in an economic 19 sense. 20 COMMISSIONER DAVIS: And the Secretary testified 21 that you didn't take anything off, but it looks like that 22 because of our environmental cleanup considerations and the</p>	<p style="text-align: right;">Page 172</p> <p>1 older facilities no longer economically feasible that we 2 currently occupy. 3 We looked at downsizing the CORE, and that is as 4 recommended by the Defense Science Board as well as by the 5 DEPSECDEF, that we needed to posture ourselves to produce the 6 CORE requirements of the Air Force as are driven by the two 7 MRCs that we need to fight. 8 We looked at the commodity and process 9 consolidation. We looked across the Air Force. We reviewed 10 the commodities and the various processes that we perform at 11 all our depots. We looked at where we could consolidate 12 those at the minimum number of locations to maximize 13 efficiency in that process. 14 We developed a plan eliminating the excess 15 equipment and capacity as we downsize our locations and to 16 streamline the industrial layout to come up with the most 17 effective and cost-efficient structure. 18 Giving some examples of the commodities -- and the 19 Xs here represent locations that will be declining in 20 workload. The zeros recommend those that we will be 21 consolidating toward -- what you see here, for example, in 22 the composite and plastic area, we currently do that across</p>
<p style="text-align: right;">Page 170</p> <p>1 mathematics of this process that you decided to go with the 2 compelling numbers that the dollars and people gave you. 3 Are there other things, factors, that went into 4 this such as surge capacity within depots, possible joint 5 service initiatives? 6 MR. BEACH: Yes. There are other considerations, 7 as I mentioned at the start. I'm addressing here only the 8 financial considerations, but we have other folks here, 9 Mr. Ron Orr and others that can address the other 10 considerations. But the answer to your question is yes. 11 There are other factors that certainly play into this very 12 much. 13 Our general sense is that, of course, one of the 14 primary purposes of going through the base closure process, 15 which as General Fogleman described, is rather painful in a 16 lot of ways is that we do it for one primary reason anyway, 17 and that is to save money; that is, to save the taxpayers' 18 money. And we want to test ourselves, when we're doing this 19 process, to make sure that that's what we're doing. 20 COMMISSIONER DAVIS: Madam Secretary. 21 SECRETARY WIDNALL: I just was going to add it 22 might be appropriate at this point to have Mr. Orr present</p>	<p style="text-align: right;">Page 173</p> <p>1 five air logistic centers. 2 What we're looking at here is minimizing the number 3 of sites down to Sacramento, who will be doing the composites 4 workload. We will drastically reduce that workload at all 5 the other centers to get maximum efficiencies. 6 If I use engine-related, we only have two LCs that 7 currently do engine workload, and our intention there is at a 8 lower level than here at fuel accessories, et cetera. We'll 9 specialize each one of those depots and that type of 10 workload. 11 Airborne electronics is an example where we're 12 currently doing it at four. We looked at trying to put it at 13 one, but it was not the economically feasible thing to do. 14 So we currently are looking at three depots will be doing 15 that workload instead of four. 16 We even looked down at a lower level at processes, 17 shows a paint and depaint there, and that as we move 18 commodities around, what we intend to do is re-lay out those 19 shops to the workload that remains there and again cut out 20 the excess capacity and infrastructure. 21 In terms of the feasibility, the COBRA costing, we 22 looked at overall downsizing, the consolidations and</p>
<p style="text-align: right;">Page 171</p> <p>1 some of the substance of our depot realignment so we can 2 answer some of these questions about workload capacity. 3 COMMISSIONER DAVIS: Mr. Chairman, I'm out of time. 4 CHAIRMAN DIXON: Well, let's have Mr. Orr do his 5 thing right now, because it's right on point. And would you 6 identified yourself, Mr. Orr? 7 MR. ORR: I'm Ron Orr, the Air Force Associate 8 Director of Maintenance. I'd like to talk a little bit about 9 what we did, in terms of depot maintenance downsizing. 10 The key in downsizing was to divest ourselves of 11 excess capacity of about one to one and a half depot 12 equivalents, downsize to CORE and to ensure we were meeting 13 the manpower reductions that we needed to meet into the out 14 years also. 15 In our downsizing infrastructure, we looked at our 16 force structure realignments, and that is, as force structure 17 has gone down, we haven't always historically divested 18 ourselves of capacity. 19 Concurrent with that, we put together looking at 20 how we can move our force structure realignment. We can 21 squeeze down. Our people have spread into more space than 22 they need as well as we need to demolish a number of our</p>	<p style="text-align: right;">Page 174</p> <p>1 realignments that we're talking about. It has about a \$183 2 million cost. You see a large payoff there in that present 3 value of \$991 million over 20 years. 4 It pays for itself within two years, and we get 5 approximately \$90 million a year savings. We felt this is a 6 cost-effective approach to downsizing our depots. 7 In addition, as other force structure goes out and 8 other downsizing actions go as part of the overall 9 downsizing, you can see with the F-111 phasing out we intend 10 to go in, rid ourselves of that excess capacity, and then 11 also we get savings in that light and other reductions, 12 primarily force structure driven, and downsizing to our CORE 13 requirement will give us additional savings. 14 Total downsizing costs will be about \$218 million. 15 You see a net present value there of close to 2.9 billion. 16 We felt this was a cost-effective and the most cost-effective 17 means of ridding ourselves of excess capacity. 18 What this means, in terms of infrastructure and in 19 terms of capacity, as measured by Department of Defense, in 20 terms of infrastructure, you see we'll be divesting ourselves 21 of over 6.8 million square feet of facilities, allowing that 22 for reuse where possible, demolishing the facilities,</p>

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mothballing.

In reuse, we've looked at areas. For example, in my recommendation, you'll see us moving the Air National Guard on the McClellan Air Force Base, moving the Defense Nuclear Agency onto Kelley Air Force Base, again to use up excess capacity and use this facility in a wise manner.

In terms of capacity, capacity is measured in man hours in the Department of Defense, and this shows that we will downsize our capacity from a current capacity of over 39,000 hours per year, man hours per year, to approximately 30.7 man hours, ridding ourselves again of over one depot equivalent's worth of capacity and therefore having the correct capacity in place, divesting our of excess capacity, downsizing toward the CORE, giving us a cost-effective method of reducing or infrastructure in the depots.

CHAIRMAN DIXON: I thank you very much. I believe we're going to let General Davis pursue this a moment further. Commissioner Davis.

COMMISSIONER DAVIS: Thank you, Mr. Chairman. I have a number of follow-up questions, and I promise to keep it to a small amount. One of the problems, Madam Secretary, is that the staff and possibly other services might be having is

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SECRETARY WIDNALL: Maybe I should respond to that.

CHAIRMAN DIXON: Madam Secretary.

SECRETARY WIDNALL: It might be more appropriate for me to respond to that. I guess what I would say about Mr. Beach's numbers is that his analysis put in, in fact, a very conservative number for environmental cost, \$300 million for each of those bases.

Certainly, under the BRAC ground rules, we do not consider environmental costs in our cost to closure. Even without environmental costs, the numbers for depot closures are very large. They're driven by military construction of - you know, facilities that already exist on one depot you have to replicate on another depot.

Those are very good numbers, and they're certainly in the submission that we gave to the Commission. All the numbers that we gave you are without environmental costs. Mr. Beach's analysis is really the only analysis that includes those, but they're notational, in the sense that it's very conservative.

So I would say that the depot realignment decision was not made because of environmental costs. It was fundamentally made because costs of closure are very large.

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the Navy has cut half their depots, and one keeps wondering why they were able to do it without excessive costs. I guess that will come out in the wash eventually.

The Secretary of Defense, Secretary Perry presented a chart which compared cost savings of downsizing and retaining all five logistic centers. And I did not see it -- it may have been in there -- but there were some nearly two-thirds of savings under the downsizing alternative came from the non-BRAC actions. Can you help us with these non-BRAC actions?

SECRETARY WIDNALL: Yeah. I think we could put that chart back up, the one that was --

COMMISSIONER DAVIS: Oh, there it is.

SECRETARY WIDNALL: We had a similar chart. Maybe you could put ours up as well, because I think our chart was the same. It might have been a little different titles, but I think it's, basically, the same chart.

COMMISSIONER DAVIS: I was trying to follow it, but I couldn't find it.

MR. ORR: I think what we do is we have a different time period that we have net present value over, et cetera. It is the same --

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But then, when you go one step further and consider the effect on Air Force TOA because of even some reasonable estimate, conservative estimate of environmental costs, then I think you begin to see the wisdom of the decision.

CHAIRMAN DIXON: Thank you, Madam Secretary. I appreciate your explanation, and we will take it as a matter of record that you're suggesting that, in fact, that decision was not predicated upon environmental considerations. Commissioner Kling.

COMMISSIONER KLING: Mr. Chairman, did you want to go on beyond the depot questions at this time?

CHAIRMAN DIXON: Commissioner, you can ask any question you darn well please.

COMMISSIONER KLING: Thank you, Mr. Chairman. Madam Secretary, then, let me just ask one last one from my standpoint of the depot and at least get it down into a little simpler terms that maybe I can understand.

According to the Defense Logistic Agency, approximately 28,000 civilian employees are presently employed at the Air Force's five logistic centers. That's an average of 5,600 civilians per center.

The Air Force proposes to retain all five of its

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SECRETARY WIDNALL: It really is the same chart. It's certainly the same bottom line, all actions.

COMMISSIONER DAVIS: Is it the phaseout, the F-111 phaseout?

SECRETARY WIDNALL: I think it's the sum of the two lines in the middle are Secretary Perry's middle line.

MR. ORR: He's broken out those two lines.

SECRETARY WIDNALL: The 13 and the 22.

COMMISSIONER DAVIS: We'll be able to --

SECRETARY WIDNALL: Sort it out. I think they are, in fact, the same information.

COMMISSIONER DAVIS: All right. Well, that's most useful.

Mr. Chairman, thank you very much.

CHAIRMAN DIXON: Before I go to the next commissioner, Mr. Beach, I wonder if I could have you for just a moment. The one thing that bothers us a little up here at the staff level is the old dirty base problem.

An awful lot of your testimony, Mr. Beach, centers on the environmental cost and leads us to some concerns about whether these decisions are, in fact, being made on environmental cost. Can you respond to that?

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air logistic centers but says that it will achieve savings that are comparable to closing two air logistic centers by consolidating functions and downsizing in place.

But the Air Force's plan achieves a net reduction of only 1,850 civilian personnel at all five centers compared to a reduction of approximately 11,000 civilian personnel that would result from closing two depots.

How can the Air Force claim that it's downsizing plan is comparable to closing two air logistic centers when closing two centers would have eliminated six times as many civilian personnel positions?

SECRETARY WIDNALL: I'm going to refer that depot numbers question to Mr. Orr.

MR. ORR: Sir, the key is that closing a depot does not mean that every manpower space at that depot will go away, that it's unnecessary. The workload, if it's a CORE workload to be done by the Air Force, which we would have downsized to CORE, will need to be moved somewhere else.

If we're going to close an Air Force base that does C-5s, that C-5 program depot needs to continue to be done, and that requirement needs to move somewhere else. So simply closing a depot does not give the level of savings which are

<p style="text-align: right;">Page 181</p> <p>1 suggested in that answer.  2 COMMISSIONER KLING: But do you think these figures  3 are, basically, right, that we'd only have a reduction of  4 about 1,800?  5 MR. ORR: It's approximately 1,800 in our  6 consolidation, yes, sir.  7 COMMISSIONER KLING: And yet one location would  8 have 11,000 personnel working there?  9 MR. ORR: I'm sorry, sir. I couldn't hear you.  10 COMMISSIONER KLING: But I say one location would  11 have -- I mean, two depots would have 11,000 people working  12 at them --  13 MR. ORR: Two depots could have approximately  14 11,000. We need to separate. The air logistic centers where  15 the depot maintenance activities are located are made up of a  16 number of functions beyond the depot maintenance that we're  17 discussing here.  18 The depot maintenance represents about half of the  19 manpower at those air logistic centers. The remaining is  20 represented by the inventory control program, acquisition of  21 weapon systems and support to the overall weapon system.  22 So as we move and as we close a depot and as we</p>	<p style="text-align: right;">Page 184</p> <p>1 clinics.  2 We went back to the Joint Cross Service Group and  3 indicated that at that time we thought that their  4 recommendations were premature in regard to how much excess  5 capacity we should reduce within the Air Force because of the  6 long-standing policy that we have within the Department of  7 Defense.  8 When you close a base or have a major realignment  9 of a base, you, in fact, close down that medical facility.  10 So what we wanted to see first was the results of our BRAC  11 recommendations in regard to what were we going to close and  12 realign and then at that point address the excess capacity  13 that remained after those recommendations and closures.  14 We feel that there is no requirement for including  15 realignments of an Air Force hospital at a base to a clinic  16 to be submitted to the BRAC Commission, that these actions  17 can be accomplished below threshold, from a BRAC standpoint.  18 So once the Air Force has a clear understanding of  19 what bases are going to be closed in the final analysis, then  20 we can address the additional excess capacity that we may  21 have in bed space in the Air Force, and we can make the  22 necessary realignments to the hospital structure by</p>
<p style="text-align: right;">Page 182</p> <p>1 move what we need to move at that air logistic center, we  2 tend to save primarily the base operating support that  3 supports those at that location and some productivity  4 savings.  5 As we do that -- I don't have my numbers in front  6 of me, which we can provide to you, but as we close an air  7 logistics center, we do have a savings, but they're of much  8 less magnitude than that, in approximately 1,100, 1,200  9 category.  10 COMMISSIONER KLING: Thank you. To turn to a  11 different subject,  12 Mr. Chairman, Madam Secretary, based on the Department of  13 Defense data, the Air Force is currently operating more than  14 two times the capacity it needs to meet wartime requirements.  15 Now I'm dealing here with hospital issues. I'm  16 sorry that I didn't mention that to begin with. And  17 according to this information, if expanded bed capability is  18 considered, capacity is more than six times the requirement.  19 Do you agree, basically, with that data?  20 SECRETARY WIDNALL: We met with the medical group  21 during our process, and I'd like to ask Mr. Boatright to  22 respond to your specific question.</p>	<p style="text-align: right;">Page 185</p> <p>1 realigning some of those hospitals to clinics.  2 COMMISSIONER KLING: Well, then let me ask you the  3 question that the Medical Joint Cross Service Group provided  4 the Air Force with alternatives for realigning eight Air  5 Force hospitals to out-patient clinics -- U.S. Air Force  6 Medical Centers Wilford Hall, Scott Air Force Base and  7 Wright-Patterson Air Force Base and the Air Force hospital  8 located at Shaw, Reese, Sheppard and Langley Air Force Base  9 and the Air Force Academy.  10 These alternatives would reduce operating beds by  11 over 1,000 and expanded beds by over 2,500, significantly  12 narrowing the gap between requirements and capacity.  13 The Department of Defense list includes none of  14 these actions. Why did the Air Force reject all of the Joint  15 Cross Service Group's alternatives? And I'd just ask you  16 that.  17 MR. BOATRIGHT: Because we felt at the time that  18 they were submitted to us they were premature because we had  19 not finalized our recommendations on closures and  20 realignments.  21 We still believe that the appropriate time to  22 address realigning a hospital to a clinic is after we clearly</p>
<p style="text-align: right;">Page 183</p> <p>1 COMMISSIONER KLING: Thank you.  2 CHAIRMAN DIXON: Mr. Boatright is an old friend of  3 mine, but if he'd identify himself for the record, we'd  4 appreciate it.  5 MR. BOATRIGHT: Mr. James Boatright. I was the co-  6 chair on our Base Closure Executive Group. I retired from  7 the Air Force as a civil servant last Friday. I'm back on  8 board as a consultant today, and so I'm here to testify in  9 regard to my responsibilities prior to my retirement.  10 In regard to the numbers that you gave us there, we  11 have a very difficult time with that kind of excess capacity.  12 I just, basically, don't agree with that. I will be glad to  13 share the more detailed assessment of that with the  14 Commission and with the Commission staff, but just,  15 basically, we disagree with that assessment.  16 COMMISSIONER KLING: But do you not feel that we do  17 have an excess capacity?  18 MR. BOATRIGHT: Yes, sir. We do have some excess  19 capacity. One of the things I'd like to point out is that we  20 received some recommendations from the Joint Cross Service  21 Group in regard to realigning some of the Air Force medical  22 facilities, primarily to realign hospitals that we had to</p>	<p style="text-align: right;">Page 186</p> <p>1 understand what base closures and realignments that we are  2 going to have in the Air Force. Once that is done, we can do  3 that outside of the BRAC process, and we can make the  4 appropriate realignments.  5 We don't disagree with all of the recommendations  6 that they put forth, but we want to address those at the  7 proper time when we clearly understand what our hospital  8 structure is going to be.  9 COMMISSIONER KLING: But within the Air Force, I  10 guess you could say that there is deep consideration and  11 understanding that there are probably major expense items to  12 save in this field of merger, consolidating across the  13 services and within the Air Force as well?  14 MR. BOATRIGHT: Yes, sir. Some realignment to our  15 medical facility structure is needed, and it will be  16 addressed as soon as we know the final realignment and  17 closure action.  18 COMMISSIONER KLING: Thank you. Secretary Widnall  19 -- I'll just take one more?  20 CHAIRMAN DIXON: Of course.  21 COMMISSIONER KLING: Fine. To what extent were  22 your recommendations influenced by economic impact</p>

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1 considerations, the decisions that were made by yourself?  
 2 SECRETARY WIDNALL: Economic impact is one of the  
 3 factors that enters into one of the eight criteria that is  
 4 defined in the BRAC process, and certainly that was data that  
 5 was provided to the BRAC working group, and it was taken into  
 6 account in the scoring and tiering of the bases.  
 7 COMMISSIONER KLING: And was any decision taken to  
 8 downsize rather than close an installation as a result of the  
 9 economic impact considerations?  
 10 SECRETARY WIDNALL: Not as a result of that  
 11 specific measure.  
 12 COMMISSIONER KLING: Not that alone?  
 13 SECRETARY WIDNALL: Not that alone.  
 14 COMMISSIONER KLING: The Navy, in their report,  
 15 stated because of the large number of job losses occurring in  
 16 California and Guam, the Department of Navy decided against  
 17 recommending several closures that could otherwise have been  
 18 made.  
 19 Other than the Long Beach Naval Shipyard, no other  
 20 closure is recommended that would result in a negative direct  
 21 civilian job loss impact in any economic area in California.  
 22 Did the Air Force establish similar economic thresholds for

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1 any state or for any particular region?  
 2 SECRETARY WIDNALL: No. We did not establish  
 3 thresholds, nor, as I said, did we come out with any decision  
 4 that was changed as a result of that particular parameter.  
 5 COMMISSIONER KLING: Thank you.  
 6 CHAIRMAN DIXON: Thank you very much, Commissioner  
 7 Kling. Commissioner Montoya.  
 8 COMMISSIONER MONTOYA: Good afternoon, Madam  
 9 Secretary, gentlemen. I have some environmental questions  
 10 that I wish to pursue, but before I do that, I have a depot  
 11 question also.  
 12 It's fair to disclose to you that while I was in  
 13 the Navy I worked environmental issues for about 11 years. I  
 14 also lived in Sacramento as a civilian for about two and a  
 15 half years and was there during the BRAC '93 McClellan issues  
 16 and am rather familiar with McClellan and its environmental  
 17 problems, which are there and have to be dealt with, the  
 18 groundwater contamination issues and so forth.  
 19 It's also fair to say that what I learned in the  
 20 private sector, I think what I'm hearing today is a bit of a  
 21 cash flow problem that the Air Force would see if they were  
 22 to go about closing these bases and not necessarily

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1 investment solutions.  
 2 So I am also going to be one of the skeptics for a  
 3 while as I learn more and more about your analyses and the  
 4 way you're downsizing as opposed to closing and keeping some  
 5 model inventory around or, for that matter, essentially,  
 6 keeping the land and/or facilities unavailable to the private  
 7 sector because of the approach you've taken.  
 8 I have one question specifically. Has the Air  
 9 Force done any sensitivity analysis in trying to look at the  
 10 future as to what kind of -- what further downsizing that  
 11 might happen in the Air Force? And certainly, the Navy has  
 12 gone from thinking they had over 400 ships two years ago, and  
 13 now they're talking 345 ships.  
 14 What further downsizing in the Air Force would  
 15 trigger a closing of one or two depots? Have you done any  
 16 work on that as to what might be foreseen?  
 17 SECRETARY WIDNALL: Let me make a comment about our  
 18 environmental program. First of all, we certainly agree that  
 19 environmental issues should not drive the BRAC process and  
 20 that the Air Force is completely committed to environmental  
 21 cleanup at both active and closing bases.  
 22 In fact, we have an extremely active program in

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1 environmental cleanup in all of our bases, and if you have a  
 2 personal interest in that, I really welcome the opportunity  
 3 to share that with you. With respect to the force structure,  
 4 General Fogleman wanted to respond to that question.  
 5 GENERAL FOGLEMAN: You made reference to the Navy's  
 6 force structure reduction to 346 ships, I believe.  
 7 COMMISSIONER MONTOYA: That's correct.  
 8 GENERAL FOGLEMAN: Which was the bottom-up review  
 9 force structure, which was issued to them. I believe that  
 10 they're in the process of reaching that number. I don't  
 11 think they're there yet.  
 12 In the case of the Air Force, we were issued a  
 13 force structure of 20 tact fighter wing equivalents. We will  
 14 be by the end of this year at 20 tact fighter wing  
 15 equivalents.  
 16 So this BRAC was made from the perspective of a  
 17 known force structure. We weren't fighting the issue. We're  
 18 not trying to stay larger. We don't want more force  
 19 structure. We were issued 20 tact fighter wings.  
 20 There is a certain amount of risk in being able to  
 21 perform two major regional contingencies with that, but that  
 22 risk has been accepted, and it's been talked about. So we

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1 think that with 20 tact fighter wings and the downsizing that  
 2 we're doing within the depots that we're right-sizing.  
 3 Part of that non-BRAC associated savings from the  
 4 depot that you saw there was a line called F-111 Force  
 5 Structure. So that's a tact fighter wing that's coming out  
 6 that's going to result -- that is capacity that, in the past,  
 7 we would have tried somehow to preserve.  
 8 We would have tried to bring more work back in from  
 9 the civilian sector or something of that nature. In this  
 10 case, we're letting that capacity go, and I think we can show  
 11 you slides that will show that, in the aggregate, by this  
 12 downsizing, we're matching that to our force structure as we  
 13 go out there.  
 14 As I said in my opening statements, unless there is  
 15 a major reduction beyond the 20 tact fighter wing, we think  
 16 that we've right-sized this. If there is, then it would be  
 17 my recommendation that we go to Sec Def and Sec Def then come  
 18 back and ask for further BRAC examination is really where  
 19 we're coming from.  
 20 COMMISSIONER MONTOYA: So your testimony is you're  
 21 in balance now, as you see it. I guess my question would  
 22 still be, and we can get into this later, is would it be one

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1 more tactical wing, and that would create the impact, or  
 2 would it be two or three?  
 3 What is that next level? What is the relationship  
 4 between the two? And we can pursue that at some other time,  
 5 but I wanted to share with you my own skepticism as we go  
 6 through the process.  
 7 GENERAL FOGLEMAN: For instance, we've looked at  
 8 things like allowing -- each of our air logistic centers  
 9 currently has both an aviation depot and our logistics  
 10 functions there.  
 11 So as we would continue to come down, we would  
 12 probably go to one of those depots, as we call them today,  
 13 and allow the aviation depot portion of that to atrophy and  
 14 just not put any more workload into there in the aviation  
 15 business. Those are the kinds of things that we're, kind of,  
 16 looking at that we can talk about.  
 17 MR. ORR: Sir, I think a key also, if you look at  
 18 the size of the depots, our current depots --  
 19 CHAIRMAN DIXON: Could I please interrupt? I hope  
 20 you'll not think I'm being too technical. Would you identify  
 21 yourself? See, the trouble, from the standpoint of the court  
 22 reporter, later we have to look at the record. Do you

<p style="text-align: right;">Page 193</p> <p>1 understand? 2 MR. ORR: Yes. 3 CHAIRMAN DIXON: So don't think I'm being a 4 nitpicker. 5 MR. ORR: Ron Orr, Associate Director of 6 Maintenance. Also, if you look at it in terms of sizing, 7 even after the downsizing, our average depot in terms of -- 8 inorganically, we'll be doing about 50 percent of our total 9 workload, which is similar to the other services. 10 We'll have five depots that will average a little 11 over 5 million hours, man hours, per year in those depots. 12 That is significantly larger than the average size of any of 13 the other depots. 14 So we believe we still have -- we are right-sized, 15 and we are still significantly above any line where the 16 marginal cost of downsizing is appropriate. 17 COMMISSIONER MONTOYA: Okay. Let me ask one 18 environmental question, because I know my time is about up, 19 and that is the Fast Track cleanup program that the 20 Department of Defense instituted, have you found that to be 21 effective both in terms of speeding up cleanup and cost-wise, 22 or is the speeding up, if it is happening, costing you more?</p>	<p style="text-align: right;">Page 196</p> <p>1 how all that relates to the operational needs. 2 I think I heard Mr. Beach say that because of a 3 shortfall in the DERA account and a shortfall in the DOD 4 inflation accounts or in your own department's inflation 5 account that any flexibility you may have at the front, some 6 up-front costs, heavy up-front costs, is gone, not that those 7 shortfalls would cause you to have to somehow subsidize this 8 process. Is that correct? 9 SECRETARY WIDNALL: We'd better get Mr. Beach back 10 here. 11 MR. BEACH: I don't think -- 12 CHAIRMAN DIXON: This is Mr. Beach speaking. 13 MR. BEACH: My name is John Beach. I don't think 14 that's quite what I had in mind. The question that I was 15 asked was are there any other sources of funds for which we 16 could get money to help with the environmental costs of a 17 closure. 18 In recognizing, first of all, the translation that 19 I had in the charts, when you stick with the COBRA approach, 20 which does not address environmental, we're still seeing that 21 depots are relatively expensive from an investment standpoint 22 before you even get into the environmental world.</p>
<p style="text-align: right;">Page 194</p> <p>1 SECRETARY WIDNALL: Let me ask Mr. Boatright to 2 respond to the technical issues raised by that question. 3 COMMISSIONER MONTOYA: Thank you. 4 MR. BOATRIGHT: Jim Boatright again. The 5 environmental costs -- I've lost the question. 6 SECRETARY WIDNALL: Fast Track. 7 COMMISSIONER MONTOYA: The Fast Track program. 8 What has that meant to you both in speed and cost, and has 9 speed driven your costs up? 10 MR. BOATRIGHT: Speed really hasn't driven the 11 costs of environmental restoration. What we have is we have 12 an environmental restoration program for each one of our 13 installations, and it's programmed over a number of years 14 currently funded under the DERA account. 15 When you move this into BRAC, what you do is you 16 squeeze the time, so the costs over a much shorter period of 17 time, same costs, essentially. So the Fast Tracking is not 18 really adding a lot of cost. There may be some minor costs 19 that are added as a result of Fast Track, but they're not 20 major costs. 21 Another thing that we're finding because of BRAC 22 and because of the accelerated cleanup that we're doing is</p>	<p style="text-align: right;">Page 197</p> <p>1 The question that I interpreted I was being asked 2 was can you find some funds to help you budget-wise 3 elsewhere, and it is possible, to some degree, that you might 4 get some money from DERA, but I can't give you a good sense 5 of it. 6 It was not my intention to say that because we 7 can't get funds from another area that we just simply 8 wouldn't be able to cover those costs without transferring it 9 from some other part of the Air Force. 10 As a general rule, what our experience to date has 11 been is that DERA funds are not generally available in any 12 significant amount to be transferred from a DERA account into 13 a closure account, if that's what you're after. 14 COMMISSIONER ROBLES: I think we're saying the same 15 thing. I just want to make sure I understand it, because, 16 obviously, although it wasn't a determining factor in the 17 economic analysis, it's sort of, as an over-arching principle 18 that said, basically, this is going to cost us more than is 19 out there. 20 We can't look to DERA for help. We have a 21 shortfall already in inflation, and it's going to us O&amp;M 22 money to subsidize any additional up-front closure costs. Is</p>
<p style="text-align: right;">Page 195</p> <p>1 that a lot of new technology is coming out. So the costs 2 that we had anticipated in the DERA account for these over 3 the long range, many of those costs are being driven down. 4 So we believe that the restoration costs of our 5 BRAC bases are really not going to be higher but, in all 6 likelihood, probably lower than what we had initially 7 anticipated, but we will have to budget for them over a much 8 shorter period of time. 9 COMMISSIONER MONTOYA: Yes. And therefore you face 10 them much quicker, too. I guess they're right in your face 11 through the BRAC process. 12 MR. BOATRIGHT: Yes, sir. 13 COMMISSIONER MONTOYA: Thank you, Mr. Chairman. 14 CHAIRMAN DIXON: Thank you, Commissioner Montoya. 15 Commissioner Robles. 16 COMMISSIONER ROBLES: Madam Secretary, gentlemen, 17 I'm also going to delve into the world of the depot 18 downsizing because it is, as you can well imagine, emerged as 19 one of the issues that we all need to understand better and I 20 certainly need to understand a little bit better. 21 And I'm going to delve a little bit into the 22 mathematics of it because, from a previous life, I understand</p>	<p style="text-align: right;">Page 198</p> <p>1 that a fair, sort of, shorthand of what you're saying? 2 MR. BEACH: That's a fair assessment. 3 COMMISSIONER ROBLES: Okay. Now, given that as a 4 backdrop, and I understand that very well, I was intrigued by 5 the analysis that I saw that talked about those \$1.1 billion 6 worth of up-front costs for the two closure alternative, 7 closing the two depots. 8 And some of the numbers, if you could, maybe, 9 explain some of the numbers. About \$249 million in 10 construction costs, and I ask 11 -- I think that assumes that you're going to do a lot of 12 construction at the places where you have to move that 13 workload to. 14 And I would say is there not sufficient excess 15 capacity already out there where you wouldn't have to do a 16 lot of new construction, or are you trying to replicate, or 17 was that the depot you closed at another depot? Isn't there 18 some economies of scale there? Isn't there some duplication 19 already, not necessarily do it all over? 20 Because I will just tell you and not in any kind of 21 pejorative manner the first couple of BRAC rounds we did try 22 to replicate things we closed down at other places often at a</p>

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not much more -- at a higher level and at a more -- a quality of life that was more than what you left before. So I assume it's not part of that \$249 million.

MR. BEACH: When we close or look at the possibility of closing a depot, we do, as you mentioned, in the COBRA analysis, we go into a great deal of detail in terms of the categories of cost.

One of those categories is military construction. I don't have all the figures here with me today, but we can certainly provide for the record the detail.

The COBRA analysis, when you look at any installation -- in this case, we're talking about depots -- we can identify for you for each depot what the cost for military construction would be in moving or closing that depot.

As Mr. Orr mentioned earlier, if we were to close one depot right now, much of the workload that was at that depot would have to be transferred someplace, and depending on where it was transferred to and depending on the availability of resources at the receiving depot would drive, to a large degree, the construction costs, as we've seen in the past. There are, of course, costs other than

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construction with moving of a depot.

COMMISSIONER ROBLES: Well, that would be helpful if you could provide those lists of construction projects that went into your analysis and why would you have to rebuild them, why you couldn't use existing facilities.

The second part, also in that 1.1 billion was assumed about \$330 million for personnel moving costs. Just a little back of the envelope analysis says that that's enough cost to move about 19,000 civilians if you use the normal cost factors.

And since you only have about 27 or 28 in the whole system, do you really believe you'd need to have to move two-thirds of your civilian personnel to accommodate the two closures of two depots?

MR. BEACH: That's a fair question. I've noticed the same thing when we were going through our COBRA analysis that the personnel costs, moving costs within that range. We've done some looking at that. You have a good eye. That's the first figure that I went to, too, in that particular analysis. We're looking at that more closely. We think it's in the ballpark. I would say my opinion is that once we do -- if we were to do a detailed analysis, that

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number may come down a bit, but I don't think it's significantly overstated. But that has caught our attention, and we're looking at it very carefully.

COMMISSIONER ROBLES: It seemed like a large number. The other one is, the third component was the \$257 million of unique one-time costs, and I'd also be interested, and you don't have to do it here, kind of tell us what those unique one-time costs are.

I guess, given what it costs to close other depots in other services, and I know they're not comparable between the services, this is four or five times order of magnitude that it costs the other services to close a depot. So it just seems to us that we need to know more about the mathematics that went into that.

Switching to another subject, one of the other issues that came across on the depot issue was, as we understand it, one of the rationale for the downsizing of the depots versus closing one was that DLA needed about 25 million cubic feet of space for storage purposes for future contingencies, and you had to factor that into your analysis.

And I find it kind of intriguing. I think DLA is also downsizing, and so why they would need 25 million cubic

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1 feet of storage capacity for contingency purposes, if that's the case; and secondly, could not some of that storage capacity be done in the private sector? Because we do have lots of warehouse space in the private sector.

Warehousing capacity doesn't have to be very unique, Air Force unique or Army unique or Navy unique. So any comments on that?

SECRETARY WIDNALL: Sure. Your assertion is not correct. The needs of DLA did not factor into our decision to realign the depots. It really was only after we had made our realignment plan that we had this excess capacity, then, that would have been freed up, and at that point we heard that DLA was looking for some excess capacity.

So we said, well, if we have excess capacity, let's make it available to them for their possible use. So it's a difference in sequence.

COMMISSIONER ROBLES: Okay. Thank you, Madam Secretary. That ends my time.

CHAIRMAN DIXON: Thank you, Commissioner Robles. Commissioner Steele.

COMMISSIONER STEELE: Thank you, Mr. Chairman. Madam Secretary, I thought I'd switch gears, because there,

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1 obviously, are other issues that are of importance to other communities, not that we've exhausted this subject by any means.

Switching to the lab subject, the Air Force has recommended that Rome Laboratory close even though it is categorized in Tier 1, which is the highest grouping, as indicated by this chart, which is Appendix 9, page 61, I gather, Industrial/Technical Support, Tiering of Bases.

Why was Rome Laboratory recommended for closure when it is Tier 1 and there are others in both Tiers 2 and 3?

SECRETARY WIDNALL: Okay. Let me go through that. The first analysis that we did of Rome Labs was an Air Force-only analysis, and I guess the cost for doing that would have been the entire, sort of, relocation and refacilitizing of Rome Labs at a different location.

The actual proposal to close Rome Labs came out of the Joint Cross Service Group, and in that we obtained significant cost reductions because of our plan that was developed under this Joint Cross Service Group to co-locate and use excess Army facilities at Fort Monmouth. This significantly reduced the cost.

Now, of course, to construct our audit trail of

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1 what process the Air Force went through in reaching its recommendations, we did not go back and correct this Air Force-only analysis.

But if you carry through the audit trail, we will see that as we move towards implementing this Joint Cross Service recommendation we came out with a different set of numbers because of the savings, less military construction.

So in the final analysis, we obtained a very attractive return on investment, which was one of the major determinants that put Rome Labs in the top tier.

COMMISSIONER STEELE: Okay. Thank you. Continuing on that subject, because Senator D'Amato and others have submitted some questions, and we had some staff questions and well and commissioner questions that overlapped in the subject.

In 1993, the Commission requested that the Air Force comment on the community concern that in realigning Griffiss Air Force Base at the time the Air Force appeared to be positioning itself to close Rome in the future.

I'm told that Mr. Boatright, who may want to come toward the microphone here, responded to the Commission in '93 saying, "The Air Force has no plans to close or relocate

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1 Rome Laboratory within the next five years."  
 2 Since then, the Rome community has made plans to  
 3 reuse Griffiss Air Force Base centered on the fact that the  
 4 Rome Laboratory was to stay in place. Now, obviously, there  
 5 is a recommendation for closure.  
 6 Could you please comment on why the Air Force has  
 7 changed its mind on the status of Rome outside of the comment  
 8 of the Joint Service Group?  
 9 SECRETARY WIDNALL: Well, of course, Mr. Boatright  
 10 can speak to himself, for himself, but let me just make a  
 11 couple of remarks. First of all, the BRAC process requires  
 12 us to consider every single base.  
 13 And so, of necessity, we did consider Rome in the  
 14 '95 BRAC as well as in the '93 BRAC. And as I mentioned  
 15 in my response to the question about what tiering Rome ended up  
 16 in, this opportunity came out of the Cross Service analysis.  
 17 In 1993, we did not do a Cross Service analysis. So the  
 18 situation is really very, very different.  
 19 In 1993, we were looking at an Air Force-only  
 20 solution. In 1995, we're looking at a cross-service  
 21 opportunity. So it's really very different, and I'll let  
 22 Mr. Boatright continue to respond to your question.

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1 COMMISSIONER STEELE: Thank you.  
 2 MR. BOATRIGHT: Jim Boatright speaking. My  
 3 comments to the '93 Commission were true at that time. We  
 4 had no plans then to close down Rome.  
 5 The question that was posed was in the context of  
 6 is this a plan of the department to go one step and then come  
 7 along later and sweep the rest of it away, and definitely  
 8 that was not our plans at the time we made our  
 9 recommendations in '93.  
 10 We believed at that time that a stand-alone  
 11 laboratory was a good, solid proposal. I still believe that  
 12 that's a good solid proposal, and the Air Force was content  
 13 with that situation.  
 14 But as the Joint Cross Service Group began to look  
 15 at this and when they completed their analysis, they came to  
 16 the Air Force with a proposal to close down the Rome  
 17 Laboratory and realign.  
 18 And as we began to look at that in more detail, it  
 19 became attractive from a cost and a savings standpoint, and  
 20 so we included it, the Secretary included it as one of the  
 21 Air Force recommendations.  
 22 COMMISSIONER STEELE: Thank you, Mr. Boatright. I

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1 realize that the BRAC statute states that in considering  
 2 military installations for closure or realignment the  
 3 Secretary may not come into account for any purpose, dot,  
 4 dot, dot, reuse plans, in essence. Was the reuse plan  
 5 considered or discussed at all regarding the Rome community?  
 6 SECRETARY WIDNALL: No.  
 7 COMMISSIONER STEELE: Okay. On that subject with a  
 8 different base, in 1991, the BRAC Commission recommended that  
 9 the Armstrong Laboratory Air Crew Training research facility  
 10 at Williams, Arizona, be relocated to Orlando, Florida.  
 11 In the current round of BRAC base closures and  
 12 realignments, you've recommended that the laboratory remain  
 13 at its present location in Arizona as a stand-alone facility.  
 14 The Air Force's justification states in part that,  
 15 "The activities are consistent with the community's plans for  
 16 redevelopment of the Williams Air Force Base property,  
 17 including a university and research part."  
 18 The same question regarding this facility. Was the  
 19 reuse planning used as a consideration factor at all  
 20 regarding this recommendation?  
 21 SECRETARY WIDNALL: General Blume, would you like  
 22 to respond to that question?

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1 GENERAL BLUME: I will. This is Major General Jay  
 2 Blume. The analysis that we went through in looking at that  
 3 particular redirect had several implications. One was it was  
 4 redirected to Orlando.  
 5 The facility at Orlando had lost the pilot  
 6 capability for aviators, which is needed by that facility.  
 7 We also did a cost analysis on that particular arrangement,  
 8 and it was not cost-effective.  
 9 Was that considered? It was not mentioned in the  
 10 analysis, but it said that we did -- or it was mentioned in  
 11 the group when was brought up that it was not against the  
 12 desires of the community.  
 13 We mentioned in the write-up just to show that it  
 14 was not something adverse to what the community had in mind  
 15 for that particular property.  
 16 COMMISSIONER STEELE: Thank you. Different subject  
 17 again. Madam Secretary, we recently received a copy of a  
 18 memorandum dated February 15, '95, from the Deputy Assistant  
 19 Secretary of the Army for Installations and Housing to the  
 20 Principal Deputy Assistant Secretary of the Air Force for  
 21 Installations expressing interest in the U.S. Army Reserve  
 22 Command requiring approximately 57 acres and 13 permitted

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1 buildings at Brooks Air Force Base should it become available  
 2 from the Air Force.  
 3 Was this request discussed and resolved during  
 4 deliberations by either the BRAC '95 Steering Group or the  
 5 BRAC '95 Review Group? I have details on that. I thought  
 6 I'd skip the middle.  
 7 GENERAL BLUME: This is General Blume again. No, I  
 8 do not recall that being introduced into our process at any  
 9 time. Jim, do you?  
 10 MR. BOATRIGHT: Jim Boatright. I'm not aware of  
 11 the particular letter or memorandum you're referring to.  
 12 COMMISSIONER STEELE: Okay. If we would make this  
 13 material available to you, I would appreciate your comments  
 14 as soon as you're able to. It would be helpful to us.  
 15 CHAIRMAN DIXON: I think the Commissioner and staff  
 16 will send to the Secretary of the Air Force all the material  
 17 referenced by Commissioner Steele, and we would greatly  
 18 appreciate it, Madam Secretary, if you could respond  
 19 forthwith.  
 20 COMMISSIONER STEELE: I'll pass back the remainder  
 21 of my time. I've got to be close here.  
 22 CHAIRMAN DIXON: I thank the Commissioner.

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1 Commissioner Cornella.  
 2 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.  
 3 Secretary Widnall, gentlemen, good afternoon. I guess I have  
 4 to start with one question on the depots.  
 5 SECRETARY WIDNALL: Why not?  
 6 COMMISSIONER CORNELLA: If I remember correctly,  
 7 the Air Force submitted a depot for closure in the last  
 8 round, at least to Secretary Aspin. Did the Air Force also  
 9 look at in '93 the downsizing rather than the closure of the  
 10 depot?  
 11 SECRETARY WIDNALL: I'll have to ask Mr. Boatright  
 12 to address that question, since I was not here.  
 13 MR. BOATRIGHT: Jim Boatright again. No, sir.  
 14 When we did our analysis in 1993, we identified McClellan as  
 15 a closure candidate, and we did -- the Secretary of the Air  
 16 Force at the time did recommend that to the Secretary of  
 17 Defense, and it was eliminated from our list of  
 18 recommendations based on cumulative economic impact.  
 19 But we did not look at a downsizing alternative. I  
 20 would tell you that the turndown of this recommendation by  
 21 the Secretary of Defense was very late in the process. It  
 22 would have been virtually impossible, from a time standpoint,

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1 to have looked at an alternative after that proposal had been  
 2 withdrawn from consideration.  
 3 COMMISSIONER CORNELLA: Thank you. Dr. Widnall,  
 4 direct my questions to you, and then you can redirect as  
 5 you desire. On Kirtland Air Force Base, regarding  
 6 realignment recommendation for Kirtland Air Force Base, were  
 7 all of the base tenants contacted in a timely manner and  
 8 asked to provide information about how the realignments and  
 9 subsequent economic impact would affect them?  
 10 SECRETARY WIDNALL: We have contacted the major  
 11 non-DOD, non-Air Force tenants and inquired as to their needs  
 12 and certainly indicated our commitment to work with them.  
 13 With respect to the various Air Force tenants that  
 14 are on the base, we worked through the MAJCOMs in an attempt  
 15 to recommend a sensible move for these various tenants.  
 16 COMMISSIONER CORNELLA: The Deputy Secretary of  
 17 Defense has testified that the Air Force coordinate this  
 18 action with the Department of Energy. What concerns does the  
 19 Department of Energy have with the realignment of Kirtland,  
 20 and how does the Air Force respond to their concerns?  
 21 SECRETARY WIDNALL: I have, actually, not received  
 22 any formal letter from the Department of Energy laying out a

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1 set of concerns, but we have certainly informed them that  
 2 we're pledged to work with them to ensure that their needs  
 3 are met.  
 4 GENERAL MOORMAN: Madam Secretary, maybe I can  
 5 elaborate on that a bit. General Tom Moorman, Vice Chief.  
 6 We identified what we were going to do to members of the  
 7 Department of Energy prior to the announcement going down to  
 8 Dr. Perry, and we also talked to people at the base.  
 9 That was right at the very last minute, and the  
 10 reason for that, of course, is the confidentiality that is  
 11 associated with the BRAC process. As soon as the  
 12 announcement was made, we sent a Tiger team down to Kirtland  
 13 to talk to the people there at Sandia as well as at base  
 14 people to identify their concerns.  
 15 Primarily, the concerns that we're getting in this  
 16 initial contact, and this is at the very first, are  
 17 associated with how will we get the requisite support  
 18 functions that we've become used to, and primarily that's in  
 19 the area of security. It's in the area of fire protection.  
 20 It's in the area of civil engineering, and those kinds of  
 21 things.  
 22 Our intent in our proposal is to civilianize the

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1 security and fire protection activities and contract most of  
 2 the civil engineering. The details of that and how that  
 3 takes place will be fleshed out as we deal with the Kirtland  
 4 group.  
 5 So we intend to do that. We've had a team this  
 6 last week. We'll send a team down next week to make sure  
 7 that the dialogue is active and we understand their concerns.  
 8 COMMISSIONER CORNELLA: Thank you. Dr. Widnall,  
 9 the Air Force has recommended realigning Kirtland Air Force  
 10 Base. As part of this recommendation, the 58th Special  
 11 Operations Wing will relocate to Holloman Air Force Base.  
 12 How is this move coordinated with United States Special  
 13 Operations Command?  
 14 GENERAL MOORMAN: Perhaps I'd better take that.  
 15 Tom Moorman again. The 58th, we did talk to the special ops  
 16 folks there. Primarily, their concerns were to make sure  
 17 that the new receiver of this activity had the right kind of  
 18 topography and the right kind of weather and the right kind  
 19 of seclusion.  
 20 What I'm talking about there, that is a training,  
 21 special ops training unit, and they wanted to make sure that  
 22 they had an activity that had water and mountains and desert

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1 and those kinds of things in which to train.  
 2 As you may recall, we're planning on putting the  
 3 58th at Holloman, and that was a very desirable one, from the  
 4 special ops location, from the special ops point of view.  
 5 COMMISSIONER CORNELLA: Secretary Widnall, in  
 6 recommending Kirtland Air Force Base for realignment, the Air  
 7 Force is proposing to move some of the Defense Nuclear Agency  
 8 activities to Kelley Air Force Base and to Nellis Air Force  
 9 Base. How was this action coordinated with the Defense  
 10 Nuclear Agency?  
 11 GENERAL MOORMAN: Tom Moorman again. We talked in  
 12 the week before the announcement with the Director of Defense  
 13 Nuclear Agency to explain what our intentions were and to get  
 14 his initial reaction, but that dialogue -- I do not mean to  
 15 state there that that's the end of the dialogue.  
 16 That's just the beginning, and we wanted to get a  
 17 preliminary assessment of these moves. Again, it was a  
 18 favorable response. Both of those moves were desirable  
 19 locations from the Defense Nuclear Agency's point of view.  
 20 COMMISSIONER CORNELLA: Thank you. Moving to  
 21 economic impact issues, Secretary Widnall, to what extent  
 22 were your recommendations influenced by economic impact

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1 considerations?  
 2 SECRETARY WIDNALL: Well, as I mentioned, economic  
 3 impact is one of the parameters that enters into one of the  
 4 eight criteria which is used in the BRAC process. And so it  
 5 factors into the measure that comes out in Criterion 7 or  
 6 Criterion 8. I don't remember which one. In any case, it's  
 7 considered by the BCEG in their overall tiering of the bases.  
 8 COMMISSIONER CORNELLA: The Navy, in their report,  
 9 stated because of the large number of job losses occurring in  
 10 California and Guam the Department of Navy decided against  
 11 recommending several closures that could otherwise have been  
 12 made.  
 13 Other than the Long Beach Naval Shipyard, no other  
 14 closure is recommended that could result in a negative direct  
 15 civilian job loss impact in any economic area in California.  
 16 Did the Air Force establish similar economic thresholds for  
 17 any state or region?  
 18 SECRETARY WIDNALL: No, we did not.  
 19 COMMISSIONER CORNELLA: This morning, Secretary  
 20 Dalton indicated that up-front closing costs were not part of  
 21 the Navy's consideration because they did not create a  
 22 problem for them. Is that the same for the Air Force?

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1 SECRETARY WIDNALL: Well, I'm not quite sure what's  
 2 meant by "up-front closing costs." Certainly, when we made  
 3 our judgments, we looked at return on investment. So yes,  
 4 the amount of money that it takes to close a base balanced  
 5 with the future savings is, in fact, an important parameter  
 6 in our analysis. We look at return on investment, number of  
 7 years to payback.  
 8 COMMISSIONER CORNELLA: Thank you, Madam Secretary.  
 9 Mr. Chairman, my time has expired.  
 10 CHAIRMAN DIXON: Thank you, Commissioner Cornella.  
 11 Commissioner Cox.  
 12 COMMISSIONER COX: Thank you. Madam Secretary, I  
 13 have a depot question, but I'll leave it to last. Large  
 14 aircraft and missile bases in the meantime. You've  
 15 recommended, the Defense Department has recommended that  
 16 inactivation of the missile group at Grand Forks, "Unless the  
 17 need to retain ballistic missile defense options effectively  
 18 precludes this action," in which case I guess you're  
 19 recommending that the missile group at Minot be inactivated  
 20 instead.  
 21 Just a technical question, maybe a legal question.  
 22 Should we consider Minot to be on the Defense Department's

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1 recommendation list? Is this on the list already, or is this  
 2 a contingent addition to the list? I'm not sure how we  
 3 should consider Minot.  
 4 SECRETARY WIDNALL: That's a fairly technical  
 5 question. Let me refer that to Mr. Boatright.  
 6 MR. BOATRRIGHT: Jim Boatright. I would suggest  
 7 that it be considered as a substitute should there be  
 8 determined an overriding reason by the Secretary of Defense  
 9 that Grand Forks Missile Field cannot be closed because of  
 10 treaty implications.  
 11 COMMISSIONER COX: So would you expect us to add it  
 12 at our deliberations, or do you believe it's already on the  
 13 list? I guess I'm just confused as to whether we will put it  
 14 on or whether -- if we take your recommendation or whether  
 15 you've already put it on the list.  
 16 MR. BOATRRIGHT: I believe it's my understanding  
 17 that it is to be considered if Grand Forks cannot be -- the  
 18 missile field at Grand Forks cannot be closed.  
 19 COMMISSIONER COX: I see.  
 20 MR. BOATRRIGHT: So I would believe that it is on  
 21 the list.  
 22 COMMISSIONER COX: It is now today.

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1 CHAIRMAN DIXON: Now, let me clarify this so  
 2 everybody understands, and I'm not trying to upset anybody  
 3 when I say it. The problem we had with this, Madam  
 4 Secretary, and the Commissioner, Commissioner Cox's line of  
 5 questions is an excellent line of questions.  
 6 We have until May 17th under the drop dead  
 7 arrangements here to add things to the list. See, what she  
 8 is pursuing quite properly is this: If we don't hear a word  
 9 on the determination on Grand Forks from the perception of  
 10 the treaty problem before May 17th and we don't do anything  
 11 on Minot by then, we could be in the position where we can't  
 12 act. Do you follow that?  
 13 So I think it will be the position of this  
 14 Commission that the folks at Minot should understand that  
 15 Minot is at risk, and the high probabilities are -- we say  
 16 this without any reflections on what will occur -- they will  
 17 be added on because there is a technical problem about  
 18 whether it's on, so that those folks understand.  
 19 Now, the reason we say that is one of the things we  
 20 found in the past, Madam Secretary, and I say this to General  
 21 Fogleman and all my friend at the table, is that some of the  
 22 people that are at risk say, "We weren't told quickly enough

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1 MR. BOATRRIGHT: But with that very specific  
 2 consideration.  
 3 COMMISSIONER COX: I see. Okay. Well, then,  
 4 speaking of that, this is an issue that came up in 1993 to  
 5 some extent, and at that time we were told, I believe, that  
 6 it could take as long as 1996 before we were sure whether the  
 7 IBM treaty would be affected by this but the Air Force would  
 8 look at along with others who would have to look at it of  
 9 course. That was now two years ago.  
 10 The Deputy Secretary recently testified that he  
 11 thought we could have an answer in two to three weeks. I  
 12 wonder if you agree with that and whether we think we will  
 13 have an answer in that short of a time period.  
 14 SECRETARY WIDNALL: I always agree with the Deputy  
 15 Secretary.  
 16 (Laughter)  
 17 COMMISSIONER COX: Are there certain steps that are  
 18 being taken that would make that more likely than not to get  
 19 to that point?  
 20 SECRETARY WIDNALL: Well, without commenting on his  
 21 comment, I guess I feel confident that if he believes we can  
 22 do that that we can do that.

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1 to prepare." Do you follow that?  
 2 So I think that that will be our understanding.  
 3 Now, we will make a formal announcement in apt time, but the  
 4 Commissioner has served us and the country I think very well  
 5 by bringing that to our attention, because I think it is  
 6 essential that we do act before May 17th.  
 7 Amazingly, I think I have that right. All right.  
 8 We thank the Commissioner, and please do not deduct from her  
 9 questioning time the statement of the Chair.  
 10 SECRETARY WIDNALL: I guess our conclusion is that  
 11 we have given you a recommending which we believe could  
 12 implement whatever eventuality comes to pass. But as you  
 13 say, it does put Minot at risk, and it's important that we  
 14 all understand that.  
 15 COMMISSIONER COX: I'll get back to missile bases,  
 16 but to ask a different question, you've got Grand Forks and  
 17 Minot as issues, but I wonder why instead of that you didn't  
 18 suggest inactivating the missile wing at Malmstrom which  
 19 would have allowed, along with other recommendations, to  
 20 close a base altogether. Was that not considered? Was that  
 21 considered?  
 22 SECRETARY WIDNALL: Well, let me ask Mr. Boatright

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1 COMMISSIONER COX: I see. And if we are unable to  
 2 get a decision from you all, then you would expect us at that  
 3 point to move forward with Minot? You're not looking for a  
 4 contingent recommendation to the extent that we would leave  
 5 that open until 1996? You would expect us to make a  
 6 decision?  
 7 SECRETARY WIDNALL: I guess I believe that --  
 8 obviously, this is an extremely important issue, and if the  
 9 Deputy Secretary comes back with a preferred wording, I would  
 10 hope the Commission would take that into consideration in  
 11 making its final recommendations.  
 12 CHAIRMAN DIXON: I think the Commissioner asks a  
 13 very important question here. May we have a moment of  
 14 intermission, Commissioner, just one second, to develop that  
 15 appropriately?  
 16 (A discussion was held off the record.)  
 17 CHAIRMAN DIXON: Give us one more moment here,  
 18 please.  
 19 (A discussion was held off the record.)  
 20 CHAIRMAN DIXON: I'd have to ask you to wait just a  
 21 moment while we get the staff to agree here.  
 22 (A discussion was held off the record.)

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1 to speak to that. It's an issue of geology and quality.  
 2 MR. BOATRRIGHT: Jim Boatright. When we did our  
 3 analysis of large aircraft bases, we also did a subanalysis  
 4 of missile fields, and in the missile field analysis, we  
 5 looked at Malmstrom, Grand Forks and Minot.  
 6 There is a very substantial difference in the  
 7 quality of the missile field at Malmstrom in comparison with  
 8 either Grand Forks or Minot. So when you look at the missile  
 9 fields at Minot and Grand Forks, they're very close to one  
 10 another in comparison, but you go up a very substantial step  
 11 when you go up to Malmstrom in regard to its missile field  
 12 capability.  
 13 Therefore, consistent with the comparative analysis  
 14 that we do in the Air Force, it would have been inconsistent  
 15 with our analysis to have selected Malmstrom for closure, and  
 16 clearly the right candidate for closure of the missile field,  
 17 based on the analysis, is Grand Forks, and the second  
 18 candidate is Minot.  
 19 And Malmstrom would be the third candidate, but you  
 20 would have to get through the other two first, and you'd have  
 21 to have overriding reasons why you could not close down those  
 22 missile fields before you went to Malmstrom.

COMMISSIONER COX: Well, I wonder if you might provide that data you just referred to for the record.

GENERAL MOORMAN: Can I add just a little bit? Tom Moorman again. Mr. Boatright referred to the criteria, and we will be glad to provide that for the record. But it was an issue of geology, which is the survivability, how secure the missile silos are -- an issue of geography in that it is far north -- and also an issue of dispersal.

It is a very large, dispersed base which also introduces some survivability elements. So as Mr. Boatright points out, it was significantly higher than the other two, Minot and Grand Forks.

COMMISSIONER COX: Thank you. I asked some questions this morning, and just to follow-up on them, there are a lot of changes since 1993, which is neither good nor bad, but I want to make sure I understand them.

Some of the big changes between 1993 and 1995 are the costs to close some of these Air Force bases. In 1993, the cost to close Malmstrom was 543. I notice that it's now \$39 million.

Minot dropped from 195 to 59 million, and Grand Forks, the Grand Forks Air Force Base, increased from 118

million to 129 million. I wonder if you might just give us a rule of thumb on why that changed so dramatically.

MR. BOATRIGHT: The big cost difference is, of course, the one at Malmstrom, and this takes a little bit of explanation, so if you'll bear with me.

The ground rule that we were playing by in '93 in regard to number of missiles, Minute Man missiles, that we would need to meet the requirements was 500. And since Grand Forks and Minot, each of those bases have 150 missile silos; whereas, Malmstrom has 200.

So when you take Malmstrom on a level playing field and try to get a comparative cost analysis, we had to reestablish a missile field for 50 missiles when you close Malmstrom.

So in the notional closure of Malmstrom, when you cost that out, we had to go back at a former missile base and reestablish, a very, very expensive proposition. So that's why that price went off of the chart.

Now, this time around, in '95, our target was 450 to 500. So when we looked at Malmstrom, it would not be a requirement now, if you closed Malmstrom, to reestablish 50 missile sites at another location.

One step beyond, in '95, this round of closures, we decided in a level playing field analysis, cost analysis, not to include the cost of realigning missiles because that cost had already been programmed.

So the cost that you see here for Minot, Malmstrom and Grand Forks, on the level playing field analysis, is the cost to close those installations and move the force structure other than the missile force structure.

COMMISSIONER COX: In this case as well as all others, as I understand it, in this round, actions taken because of force structure reductions don't count as a cost or a savings, for that matter, here. I mean, because of the change, we don't need to engage in expensive reactivation, I guess.

MR. BOATRIGHT: That is correct.

COMMISSIONER COX: Okay. And then lastly on that, I understand you're also transferring the tanker aircraft from Malmstrom to MacDill Air Force Base in Florida, which I recall in '93 we transferred to the Commerce Department or somewhere else. Is this reactivating a base? I assume there's some military reason why this is important to reactivate a base.

SECRETARY WIDNALL: Do you want to speak to that?

GENERAL FOGLEMAN: Let me speak to that. There are several reasons that we looked at the action of moving the tankers from Malmstrom to MacDill. The first had to do with the fact that we have ended up in the Air Force being directed to continue to operate that airfield at MacDill.

So, basically, the Air Force is operating an airfield to support the two large unified commands that are down there and the Department of Commerce activities. We have no force structure on the base.

We also have -- when we look at the way our tankers are distributed around the country, trying to match the receivers with tankers, we have a deficiency of tankers in the Southeast United States.

So as we looked at ways to realign force structure and get the benefit for the dollars that were being spent, it made sense to us to examine taking those tankers out of Malmstrom, closing the flying operation at Malmstrom and just continue to operate the missile field.

We began to look in the Southeast at various locations where we might put those tankers. For instance, we could have put them in the Charleston Air Force Base, but

that's a base that we're currently flying 141s out of, and we're in the process of building our C-17 fleet down there.

We eventually came to MacDill, large ramp. We're paying to operate the airfield. Why not put the force structure in there and get the benefit of it and take the savings in shutting down the Malmstrom flying operation?

COMMISSIONER COX: I believe there was an issue in '93 of whether we actually needed to continue the airfield, whether you all needed to continue the airfield.

GENERAL FOGLEMAN: There was, and there is an audit trail of exchanges between the Department of Commerce, Department of Defense, and I might let Jim -- I think he knows the record better than I, but in the end, the Department of the Air Force was directed to continue to operate that airfield.

MR. BOATRIGHT: Jim Boatright again. It was our belief earlier that we could support the requirements of the two unified commands at MacDill out of the Tampa International Airport with some modest requirements at MacDill.

So the transfer of the airfield to the Department of Commerce appeared to make a lot of sense, and so we

supported the previous recommendation.

As the requirements to support the CINCs was reviewed within the Joint Staff and it was determined that those requirements were considerably greater than what the Air Force had believed them to be, it became apparent as we began to analyze this that we were going to have to use MacDill substantially to support the CINCs.

And in doing that, our requirements would represent somewhere around 90 to 95 percent of all the air operations at MacDill. Therefore, to have the airfield transferred to the Department of Commerce with the Department of the Air Force paying for 95 percent of the costs of running that airfield didn't seem to make much sense to us.

So we have asked for a redirect, asking you to direct that the Air Force be allowed to continue to operate that airfield, and we will serve the Department of Commerce as a tenant on that airfield, and the Department of Commerce will pay the Air Force for that portion of use that they have.

Now, in addition to that, because we have to operate it now, and the airfield is going to be open and we've got those sunk costs in the airfield, it would appear

<p style="text-align: right;">Page 229</p> <p>1 that it is very prudent for us to move some force structure 2 in there and take advantage of that and make it more cost- 3 effective. 4 So the movement of the Malmstrom KC-135 aircraft 5 gave us that opportunity to do that, and we believe that that 6 proposal all put together is a very cost-effective and good 7 solution under the circumstances. 8 COMMISSIONER COX: Thank you. I wonder if you 9 might provide the audit trail that you mentioned, General 10 Fogleman, as you all went through this process. 11 GENERAL FOGLEMAN: Certainly. 12 COMMISSIONER COX: Thank you. 13 CHAIRMAN DIXON: Thank you, Commissioner Cox. Now, 14 Madam Secretary and Generals and other kind and cooperative 15 people here at the front table, we would like very much to 16 have another short round. 17 We'd like to take a ten-minute break and bring you 18 back for a shorter round of questioning with the assurance of 19 the Chair that everyone will be out of here by 4:30. Is that 20 satisfactory? 21 SECRETARY WIDNALL: That's fine. 22 CHAIRMAN DIXON: You're very kind to indulge us. A</p>	<p style="text-align: right;">Page 232</p> <p>1 COMMISSIONER DAVIS: Okay. Fine. Thank you very 2 much. 3 CHAIRMAN DIXON: And would you please identify 4 yourself for the record. 5 MR. ORR: I'm Ron Orr. 6 CHAIRMAN DIXON: Please forgive me. I have to do 7 that so that we don't show General Fogleman saying something 8 that Secretary Widnall said or something of that sort. You 9 understand why. 10 COMMISSIONER DAVIS: Madam Secretary, if I may 11 switch to undergraduate pilot training, I know the Air Force 12 and clearly the Navy have been pursuing undergraduate pilot 13 training for some time, but you really have been diligently 14 pursuing it in the last couple years. 15 The consolidation of the navigator training has 16 gone very well as I understand, and it's clearly a success 17 story. In regards to the training of the pilots, in your 18 view, what are the advantages and limitations of fully 19 consolidated Air Force and Navy undergraduate pilot training? 20 SECRETARY WIDNALL: Well, let me just echo that we 21 are proceeding with the plan that's been worked out for joint 22 Air Force-Navy cooperative training. I guess I'd like</p>
<p style="text-align: right;">Page 230</p> <p>1 ten-minute break. 2 (A brief recess was taken.) 3 CHAIRMAN DIXON: Madam Secretary, I want again to 4 express the profound appreciation of the Commission for you 5 and General Fogleman and all of the distinguished people in 6 your group giving us your valuable time the entire afternoon. 7 And I know you understand that as we pursue this 8 course and ask the hard questions it's largely because it is 9 a general feeling of many of us on the Commission, and 10 particularly the Chair has expressed many times we don't want 11 to cause any undue alarm in the country by adding a lot of 12 additional bases on the list. 13 There will be additions, incidentally, but we're 14 going to try to keep that limited to the extent that we can. 15 So we feel it's imperative for us to ask all the tough 16 questions, and I know you understand that it's not a question 17 of picking on you or anybody else. It's a question of trying 18 to get the final facts in place so we can make the judgment 19 calls. 20 Thank you for giving us an opportunity for another 21 round, and I'm going to recognize Commission Davis to begin 22 again for us.</p>	<p style="text-align: right;">Page 233</p> <p>1 General Profit to speak to the specifics of how far we've 2 gone with this joint implementation and to some of the 3 benefits. 4 COMMISSIONER DAVIS: Having known General Profit 5 for a long time, I'm delighted to be in this position to be 6 asking him questions. 7 GENERAL PROFITT: Major General Glenn Profit. I'm 8 the Director of Operations and Training in Air Education and 9 Training Command. Sir, we have, in the past two years, as 10 you've stated, gone a long way in what we refer to it as 11 joint training. Some call it consolidated, but we like to 12 look at it from a joint perspective. 13 Pilot training in joint squadrons is happening at 14 Reese Air Force Base today. Navy students are going through 15 Air Force squadrons, and there is an Air Force commander of 16 that squadron and a Navy operations officer, and those roles 17 the switch after a period of time. 18 The same thing is going on at Whiting Naval Air 19 Station. Air Force students are going through pilot training 20 in the Navy system today. And as you stated in your 21 statement, the joint navigator training consolidated at 22 Pensacola between the Air Force and the Navy will begin this</p>
<p style="text-align: right;">Page 231</p> <p>1 COMMISSIONER DAVIS: Thank you, Mr. Chairman. At 2 the risk of becoming boring, Secretary Widnall, the staff has 3 got one follow-up question. If you decided to close a depot- 4 God help us -- would the non-BRAC savings still count in 5 that process? 6 SECRETARY WIDNALL: That sounds like a very 7 technical question to me. Shall I ask Mr. Orr to answer that 8 question? Let me just say we are completely committed to 9 downsizing Air Force depot capacity to CORE whether we do it 10 by means of five depots or four depots. But let me ask 11 Mr. Orr to respond to the technicality. 12 MR. ORR: I believe the answer would be that they 13 will not be accountable as a BRAC savings. 14 COMMISSIONER DAVIS: What I'm talking about is, if 15 you can bring that chart up from the Sec Def's briefing and 16 you had on other charts, the non-BRAC actions there, would 17 they still be -- just for a data point for us, would they 18 still apply even if you closed one depot, realizing -- 19 MR. ORR: A certain portion of those, sir, would 20 apply even if you close one depot. The only portion that 21 wouldn't would be, that which is coming out of that 22 particular depot.</p>	<p style="text-align: right;">Page 234</p> <p>1 October, and that is on track. So it's a very successful 2 program. 3 COMMISSIONER DAVIS: Can I ask a follow-on? What 4 was the effect, if any, of DOD staff policy regarding cross- 5 servicing of the Air Force pilot training with the Navy on 6 training requirements and on basing decisions? 7 And if I could add a follow-on to it, did you look 8 at, in this joint servicing situation, the combination of 9 Meridian, Mississippi, and Columbus with their contingency 10 borders in that process? 11 GENERAL PROFITT: Yes, sir. I was a member of the 12 Joint Cross Service Group that looked at undergraduate pilot 13 training and provided inputs to the services, our group did. 14 The Joint was kind of an underpinning of the philosophy. 15 However, the specifics of analyzing capacity based 16 upon using joint squadrons was not part of the process, but 17 that was really not important, because that's just a function 18 of production of what's coming through there, whether they're 19 Air Force or Navy. So it doesn't really matter, in terms of 20 capacity. And your follow-up question, sir, was? 21 COMMISSIONER DAVIS: The Meridian, Mississippi, 22 undergraduate pilot training as is Columbus, and they're only</p>

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about 50 to 70 miles apart, is there synergism by keeping the two of them operating together?

GENERAL PROFITT: We did look at that. We looked at it two times specifically. Earlier on, we looked at it and could not, through our analysis, come to any conclusion that it provided any benefits in terms of cost savings.

At the end, at the very end before the final submittal was given to OSD, we did another, again, short-term analysis on this to look at the concept of what we call a complex. It was what was stated as any benefits from a complex, and then the specific one we looked at was whether or not it made sense to put all of the primary training in a complex of Columbus and Meridian.

The short answer to that, there was no benefit that we could see that made it make sense in terms of cost savings and benefits. We are continuing to look at this from a cost benefit analysis, and we can't find any savings.

The numbers of airplanes you buy, the numbers of classrooms and simulators and those kinds of things that you need is strictly based upon student capacity, student throughput through there, and it's based on that, not on separating the bases. I would also say, frankly, there could

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be some negative savings from bringing all that congestion that close.

COMMISSIONER DAVIS: And I hate to pursue this, but I think it's very important in the deliberations of this Commission, in pursuing the joint UPT, if you will, are there some common requirements between the Navy and the Air Force, and then are there some Air Force-specific requirements for pilot training that would impact on your base decision?

GENERAL PROFITT: Yes, sir, it did. And that was a complexion that we dealt with with the Cross Service Group. There are some things that we do jointly that are similar, the primary one being primary training, the initial training phase.

But there are some things that we do that are totally different, and that one being, the most obvious one being strike training for the Navy, which involves carrier operations, landing on carriers and that kind of training, which is very intense for the Navy but not required for the Air Force.

The flip side of that would be for the Air Force in our fighter bomber training track. It's specific to our needs and does not suit the Navy. So there is differences

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there that don't really mix very well.

COMMISSIONER DAVIS: As we work through this joint pilot training business, as you know, UPT is dependent upon force structure and national emergencies and things like this.

By taking the actions that have been proposed by the Department of Defense, is there sufficient capacity to ramp up in case we have to go back into another, God forbid, Vietnam situation where we're producing 4,000 pilots a year?

GENERAL PROFITT: That's an interesting debate. Because of the MRC concept, it's kind of a come-as-you-are situation war-wise, but we were very concerned about and careful to make sure we had surge capacity and enough capacity to meet immediate needs.

Long-term force structure increases would require, obviously, long-term force structure decisions for pilot training, too.

COMMISSIONER DAVIS: And you don't of we're reclosing anything with the closures from a Department of Defense standpoint, not just an Air Force standpoint?

GENERAL PROFITT: With the current recommendation, no, sir.

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1 COMMISSIONER DAVIS: And my last question is just  
2 to, sort of, give us a thought process. The Air Force  
3 selected Reese Air Force Base, Texas as its specialized  
4 undergraduate pilot training site and introduced the T-1  
5 training aircraft there and initiated the consolidation of  
6 undergraduate pilot training with the Navy in a joint  
7 program.

8 Based on these decisions, it made the impression  
9 the Air Force placed the highest value on Reese Air Force  
10 Base. Why has the Air Force now rated Reese so low in  
11 comparison to other undergraduate pilot training category  
12 bases? And we do have a chart, I think, Tier 1 to Tier 3.  
13 And Madam Secretary, you're always welcome.

14 SECRETARY WIDNALL: Well, I could make some general  
15 remarks and then ask General Profit to amplify. First of  
16 all, as I think we said in our opening statements, we find  
17 ourselves in the very unhappy position of looking at  
18 excellent facilities for recommendations for closures. This  
19 is indeed a painful process.

20 In the case of undergraduate pilot training, we  
21 developed a set of criteria. There were dozens and dozens of  
22 variables that went into this.

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1 I must say what we needed to do this time around  
2 was to identify, to, I guess I'd say, make a spread to  
3 amplify, magnify the differences between facilities so that  
4 we could come out with a recommendation.

5 It is a painful process, but we feel that all the  
6 analytical work that we did has given us a valid  
7 recommendation. I'll ask General Profit to, sort of,  
8 amplify some of the specifics that went into it.

9 GENERAL PROFITT: In regards to the SUPT, which was  
10 part of the T-1 decision and starting off at Reese, I wasn't  
11 there for that, and so I can't really give you -- I wouldn't  
12 testify to why that process developed.

13 But I would tell you this: that we're doing T-1  
14 training at Randolph and at Reese right now and Laughlin, and  
15 Vance comes on this fall. In terms of cost of moving or  
16 closing, it didn't really make much of a difference, the  
17 marginal change in that.

18 It didn't make much of a difference in terms of  
19 what base you close, because as the Secretary stated, all of  
20 them are very good bases.

21 CHAIRMAN DIXON: That was General Profit that made  
22 that statement, and I went to again say we have to keep the

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1 record accurate on this so that we know who did make the  
2 statement. General Profit.

3 GENERAL PROFITT: Sorry, Mr. Chairman.

4 COMMISSIONER DAVIS: And one final question. Could  
5 you provide the Commission staff that data that you went  
6 through, the computations? Because that's a very important  
7 process to sustain UPT. And  
8 Mr. Chairman, my time has expired.

9 SECRETARY WIDNALL: Could I add one thing?  
10 CHAIRMAN DIXON: Please do.

11 SECRETARY WIDNALL: Let me just make a note for the  
12 record that -- well, first of all, General Profit was our  
13 representative on the Cross Service Working Group, and the  
14 Cross Service Group submitted a recommendation to the Air  
15 Force and the Navy as to which undergraduate pilot training  
16 bases we should recommend for closure, and both the Air Force  
17 and the Navy followed those recommendations. So our  
18 decisions are consistent with the recommendations of the  
19 Cross Service Group.

20 CHAIRMAN DIXON: Thank you, Madam Secretary.  
21 Commissioner Robles.

22 COMMISSIONER ROBLES: Thank you, Mr. Chairman.

<p style="text-align: right;">Page 241</p> <p>1 Secretary Widnall, a February 13, 1995, memo to the Assistant 2 Secretary of Defense for Economic Security on behalf of the 3 Director of Defense Research Engineering states in part, "The 4 laboratories retain significant duplication and excess 5 capacity. 6 "To offset capacity and duplication, the joint 7 Cross Service Group recommended the consolidation of command 8 control communications and intel research in development at 9 Fort Monmouth, New Jersey, the consolidation of explosives at 10 Picatinny Arsenal New Jersey and the consolidation of 11 research and development propellants at China Lake, 12 California." 13 Would you care to at least talk a little bit about 14 some of the determinations, some of the deliberation that 15 went on? Because none of those recommendations were 16 incorporated in your particular submission. 17 SECRETARY WIDNALL: No. Well, that's not quite 18 true. We did, in fact, follow the recommendation to co- 19 locate the C3I, C4I activities at Fort Monmouth. And so we 20 did, in fact, follow those recommendations. 21 I will probably at some point turn this over to 22 General Moorman, but just let me speak to the issue of the</p>	<p style="text-align: right;">Page 244</p> <p>1 My question is what consideration was given to 2 observing workload and eliminating excess capacity at other 3 service -- that is, instead of moving it to Wright-Patterson, 4 could some of the same excess capacity in the other services 5 have been moved to Brooks to more fully utilize that capacity 6 as another cross-servicing initiative? 7 And the second part of my question is what other 8 alternatives were looked at other than Wright-Patterson Air 9 Force Base? Was Wright-Patterson your only solution, or were 10 there several other solutions? 11 SECRETARY WIDNALL: Well, I think we'll ask General 12 Moorman to speak to that, but let me just say that we have 13 made -- we made overtures to both the Army and the Navy to 14 collate some of those activities in a cross-service mode with 15 them. But let me ask General Moorman to respond to your 16 entire question. 17 GENERAL MOORMAN: The Secretary is quite right. We 18 made overtures and looked at both consolidating at Brooks and 19 consolidating at other Army and Navy activities, and those 20 were not accepted in the process. 21 As to your question as to what did we look at 22 besides Wright-Patterson, we looked at other product centers</p>
<p style="text-align: right;">Page 242</p> <p>1 explosives. We have at Eglin Air Force Base a full-service 2 armament development. It goes all the way from the most 3 basic research and development on explosives, charge-shaping, 4 sensors and intelligence through the development of specific 5 weapons through the test and evaluation of those weapons. 6 It is, in fact, a remarkable activity. We 7 certainly took that recommendation under advisement, but in a 8 fundamental sense saw no particular benefit to be gained from 9 pulling out one part of the basic and applied research 10 activity and sort of making Eglin other than a full-service 11 activity, and I've asked General Moorman to follow-up. 12 GENERAL MOORMAN: The only thing I would add -- 13 General Moorman. The only thing I would add to Secretary 14 Widnall's comment is that when we received, Mr. Commissioner, 15 that recommendation, we did an analysis, and we came to a 16 different conclusion on the value of Edward and Eglin in the 17 area of propellants and explosives. 18 We briefed that to the DDRNE, and our views and our 19 analysis are pretty well known, and we'd be pleased to 20 provide that to the Commission. 21 COMMISSIONER ROBLES: Thank you. Secretary 22 Widnall, did I hear you, understand you did move all your C3I</p>	<p style="text-align: right;">Page 245</p> <p>1 within the Air Force, Hanscom, Los Angeles, for example. I 2 think we also looked at Kirtland. 3 And because of the capacity at Wright-Patt that we 4 could go into, available buildings, as well as the match 5 between the things that are moving up there, the Human 6 Systems Center as well as Armstrong Lab, was such a good 7 match with our product center, which develops airplanes, that 8 overwhelmingly looked like the best place to move. 9 COMMISSIONER ROBLES: Thank you. As you know, 10 there is a statutory prohibition against retiring B-52Hs, B- 11 1Bs and F-111 aircraft contained in the FY '95 Defense 12 Authorization Act. To accommodate this prohibition while 13 drawing down your active bomber inventory, you created a 14 reconstitution reserve. 15 I think just for the edification of the rest of the 16 commissioners and myself for sure, how has the reconstitution 17 reserve affected the required basing structure of the Air 18 Force? And secondly, what is the Air Force operational 19 concept for maintaining these aircraft on the ramp, the 20 process for returning them to combat-ready status in the 21 event of a mobilization and the sourcing of combat-ready 22 crews to fly? In other words, what's this all about, this</p>
<p style="text-align: right;">Page 243</p> <p>1 to Fort Monmouth? 2 SECRETARY WIDNALL: Well, we took the activities at 3 Rome Lab -- some of them are directly C3I. Other of them are 4 other kinds. There is a slide available. Maybe we could put 5 the Rome Lab slide -- there are a number of activities at 6 Rome which are directly related to work going on at Hanscom. 7 And it was felt it would be better to put those 8 activities, in some sense, with their parent organization, 9 but the more basic part of the activities at Rome is going to 10 Fort Monmouth, the C3I basic activity. 11 COMMISSIONER ROBLES: Thank you. 12 SECRETARY WIDNALL: And there is some specific 13 outlines there, and we, of course, provided that to you. 14 COMMISSIONER ROBLES: Thank you. The next 15 question, in recommending the closure of Brooks Air Force 16 Base, the Human Systems Center, including the School of 17 Medicine and the Armstrong Laboratory, the recommendation was 18 to move it to Wright-Patterson Air Force Base. 19 Part of the justification for your recommendation 20 is that the Air Force has more laboratory capacity than 21 necessary to support the current and future Air Force 22 requirements.</p>	<p style="text-align: right;">Page 246</p> <p>1 concept? 2 SECRETARY WIDNALL: Yes. I'll ask General Fogleman 3 to respond to that, except I guess you're not allowed to say 4 anything about F-111s because that's small aircraft. 5 GENERAL FOGLEMAN: Except bases. I can't talk 6 about bases. I think I can talk about force structure, but 7 I'll turn and ask my lawyer and see how tense she is at this 8 point. 9 But relative to the Commissioner's direct question 10 on the bomber reserve issue, certainly the fact that the 11 total number of aircraft to be accommodated within the base 12 structure includes these reserve airplanes played a factor in 13 overall base requirements. 14 There is a misconception or a misconstrued view 15 of what we're talking about when we talk about these reserve 16 airplanes. What we are doing is we are putting these 17 aircraft into a flying reserve status. We are not assigning 18 flying hours or crews against them. 19 What we will do is we will take the money that we 20 would use to pay for flying hours and for air crews and take 21 those savings, and we're investing that in modernization 22 programs for the bombers and to buy new precision guidance</p>

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munitions to go onto these bombers out toward the end of the decade.

So it is in the 1999, year 2000 time frame that we begin to bring these aircraft out of their reserve status. We begin to train air crews, and we have programmed the flying hours to begin to fly these aircraft out in that time frame after they're modified and more capable.

In the meantime, while they are on the ramps, they will undergo the required tech order compliance items, et cetera to keep them viable airplanes so that when we get out there at the end of the decade we'll be able to fully man them, fully fly them, and they'll become part of our deployable bomber structure.

COMMISSIONER ROBLES: Thank you, General Fogleman, very informative. My final question, noncontroversial question, we have heard numerous statements regarding the 1993 Commission recommendation to establish the East Coast Mobility Wing at McGuire Air Force Base instead of Plattsburgh Air Force Base, New York, as recommended by the Air Force.

A couple questions. First, has the Air Force been satisfied with this decision, and has the establishment of

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the East Coast Mobility Wing progressed to your satisfaction? Do you think it is where it should be? And finally, will the wing be able to accomplish its mission out of McGuire?

GENERAL FOGLEMAN: Clearly, the Commission's activity in 1993 was not what the Air Force recommended. However, given that the Commission's report had the authority of law, the Air Force elected to execute the direction that we have been given.

So we have taken the necessary actions to place the force structure into McGuire that will allow us to build -- and, in fact, that air mobility wing stood up last year. It is functioning well, and at this point we are satisfied with the progress that is being made with it.

COMMISSIONER ROBLES: Thank you, General Fogleman. Madam Secretary, thank you.

CHAIRMAN DIXON: Thank you very much, Commissioner Robles. Commissioner Steele.

COMMISSIONER STEELE: I apologize in advance. My questions are a bit all over the map here. General Fogleman, consisting that approximately 5.5 fighter wing equivalents remain based overseas, how much capacity should be retained in the Continental U.S., in terms of land-usable facilities

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and training facilities and ranges for basing those units, if they are to return?

GENERAL FOGLEMAN: General Fogleman. I must tell you this is a subject that I'm going to have to defer to one of the other members, because it has to do with small aircraft basing.

COMMISSIONER STEELE: Okay. I apologize.

GENERAL MOORMAN: I will begin to talk to that, and then I will pass this to -- General Moorman -- pass it to General Blume. The question is of excess capacity. That was our overseas force structure and how we might accommodate that in the United States, and did we look at that in our considerations.

We went through a major effort in looking through at the small base situation. We began with looking at the units that should be considered in that. Then, we looked at what was our excess capacity.

Then, we made a list and compared that against the right criteria, came up with a tiering. From the tiering, we looked at various bases that are at the bottom of the tier and some ones that the Secretary asked us to look at in combination.

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And then we went into a process what gets very much to your question. We went into a process of looking at the operational concerns about ramp space, the operational considerations on range capabilities and access to ranges, maintenance considerations, and those kinds of things.

And then, at the very end we looked at and found that we would not close any small bases because we did not have the right kind of capacity to permit that, and we wanted to preserve the flexibility in the event we would have to accommodate overseas fighter wings.

So that gets right to your question, and that's why you see that the Air Force's recommendation was not to close any small aircraft bases.

To explain the complexity of when I say the operational considerations, we tried to match one base, one boss, comparable units on -- or comparable force structure on individual bases.

For example, F-16 Block 30, 40 and 50s we tried to put them, if they were to move from base to base, to other bases that had comparable force structure. I'd like to illustrate that by showing a slide and asking General Blume to speak to it.

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It is one of the bases we looked at, which was Cannon, and really points out the complexity in moving force structure around in the event of a base closure. This assumes a single-base closure, and the base would be Cannon in New Mexico. General Blume.

GENERAL BLUME: Major General Jay Blume. If you'd notice, on the chart, Cannon Air Force Base has 54 F-16s. That's two squadrons of Block 30 and one squadron of Block 50. When I say "blocks," these are different avionics. They are somewhat compatible.

The 24 F-111s and 6 F-111s would be moving, as you can see the arrow, over to Nellis Air Force Base to excess capacity at Nellis. There is also a movement of two of the squadron of those Block 30s over to Moody Air Force Base. That's where you get the plus 36.

But to do that you have to move out 36. Now, you say why would you want to move in and move out? Well, you need to keep the commonality, and to do that you have to move those Block 40s, which are Lantern airplanes, to other Block 40s, other Lantern airplane bases, and the only ones there is out at Hill Air Force Base.

So you move in 36, which forces you have to move

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out 36. The other Block 50 squadron is moved from Cannon Air Force Base to Shaw to marry up with other Block 50 squadrons.

Then you know that -- you see the totals at the bottom. There are five squadrons now at Shaw. That's very heavy loading. There have been five squadrons at Shaw before. So we thought that that was workable.

Moody is maxed out with the composite wing force structure, as you see in the total there. And then you move over and look at Nellis. Realizing Nellis, it says, well, there is only two squadrons, but you also have the fighter weapons wing.

And I think you all know that a great deal of training goes on at Nellis. We bring in our flags, the red flag and green flag, which at times will overload and have over 100 Air Force aircraft and Navy and foreign aircraft that will come in and participate.

So Nellis is really loaded also. Then, you look up at Hill. Hill Air Force Base then winds up -- and this was -- Hill, in many of the cases of our trying to bed down this force structure, winds up with extremely heavy load.

You see six squadrons of Block 40 F-16s, 90 F-16s, 15 PAA F-16 Block 30 for the Air Force Reserve. That's too

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1 heavy a loading for Hill Air Force Base.  
 2 Those are the types of considerations,  
 3 Ms. Commissioner, that we looked at in every case in trying  
 4 to maneuver this force structure around but to keep it where  
 5 it made sense, to keep the right engines together so you  
 6 don't have multiple engines in an engine shop, that you keep  
 7 the right avionics together, so that is grouped together.  
 8 And you keep the missions at a base where they can  
 9 do their particular training with the ranges and the air  
 10 space that has to be adjacent to it.  
 11 COMMISSIONER STEELE: Thank you. At this late hour  
 12 it was a good job. You anticipated my two follow-on  
 13 questions and saved some time for the whole panel. So thank  
 14 you very much.  
 15 Regarding Brooks, your recommendation to close  
 16 Brooks Air Force Base involved closing all activities and  
 17 facilities, including family housing. We understand that  
 18 there is a large waiting list for family housing at nearby  
 19 Lackland Air Force base. Why did you recommend not to  
 20 include the retention of family housing at Brooks to help  
 21 satisfy this need?  
 22 SECRETARY WIDNALL: Mr. Boatright, do you want to

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1 respond to that?  
 2 MR. BOATRIGHT: It was my understanding that we had  
 3 -- Jim Boatright. Excuse me. It was my understanding that  
 4 our recommendation would have left the family housing for  
 5 use.  
 6 COMMISSIONER STEELE: In that case, I'm sorry if  
 7 I'm mistaken.  
 8 GENERAL BLUME: No.  
 9 MR. BOATRIGHT: Okay. I'll have to defer to  
 10 General Blume, then, because I thought that we were leaving  
 11 it.  
 12 GENERAL BLUME: No. As a matter of fact -- this is  
 13 Major General Jay Blume. Let us check it again as Jim and I  
 14 were -- as we looked at this, but I feel confident there was  
 15 a total closure of Brooks Air Force Base that was  
 16 recommended. We would look at this to be sure that that's  
 17 the case, though.  
 18 COMMISSIONER ROBLES: It is the case. It says,  
 19 "All activities and facilities at the base, including family  
 20 housing and the medical facility will close."  
 21 GENERAL BLUME: Yes. I felt confident that that  
 22 was our -- this is Major General Blume again. That was our

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1 recommendation. And your question is why did we do that?  
 2 COMMISSIONER STEELE: Correct.  
 3 GENERAL BLUME: It's been policy that as far as the  
 4 Air Force -- once we close a base, we close all of the base,  
 5 and this was no exception.  
 6 COMMISSIONER STEELE: If it could help the Air  
 7 Force in another base to allow housing of that base to be  
 8 utilized, would it be appropriate in this particular case to  
 9 maybe revisit that, or is there something, an overall policy  
 10 that would be breached by doing so?  
 11 MR. BOATRIGHT: I don't think there is any  
 12 overriding  
 13 policy --  
 14 CHAIRMAN DIXON: This is Mr. Jim Boatright.  
 15 MR. BOATRIGHT: Jim Boatright again. We could  
 16 retain housing for that purpose. I think a lot of it has to  
 17 do is where is the housing located within the facility? And  
 18 if my recollection is correct, at Brooks it would be very  
 19 difficult to carve that housing out and continue to operate  
 20 it as military housing and keep a disposal there of property  
 21 that would be viable for reuse by a local community reuse  
 22 authority.

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1 So I think those are the kind of things that we  
 2 would need to look at, but -- I guess that's the extent of my  
 3 answer.  
 4 COMMISSIONER STEELE: Okay. And unfortunately, my  
 5 time has expired. I saved my good ones for last, which was a  
 6 big mistake. I'll never do that again.  
 7 CHAIRMAN DIXON: If you have another good one, I'd  
 8 love to hear it, Commissioner Steele. Ask one more.  
 9 COMMISSIONER STEELE: Which one to pick. Okay.  
 10 We'll make it one with several parts. Madam Secretary, at  
 11 one time Hill Air Logistics Center performed maintenance  
 12 depot support for the Navy F-18. In your view, what were the  
 13 strengths and weaknesses of this interservicing effort, and  
 14 why do you feel the Navy may have discontinued their support  
 15 of this interservicing?  
 16 And as a follow-up, are you satisfied that your  
 17 recommendations in the area of fixed-wing aviation depots  
 18 represent a comprehensive approach to the problem of  
 19 interservicing and the efficiencies that could be realized?  
 20 SECRETARY WIDNALL: And there he is, Mr. Ron Orr.  
 21 MR. ORR: This is Ron Orr. First, on the F-18,  
 22 that was a competitive bid with industry, North Island and

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1 Hill Air Force Base, as you stated, which Hill Air Force Base  
 2 won.  
 3 Approximately 15 months into it looked at a slight  
 4 change in that contract and looked at a merit-based system  
 5 between Hill Air Force Base and North Island and determined  
 6 that it could be done cheaper at North Island.  
 7 This was a decision made by the Navy. I am not up  
 8 to speed on all of the analysis which the Navy accomplished.  
 9 However, what they looked at is that we were in a cost  
 10 overrun at that time.  
 11 In the first year, we believe about 25 percent of  
 12 that was because of learning curve and some things that we  
 13 needed to improve upon.  
 14 About 25 percent of that was some things we needed  
 15 to learn on how to work with -- the material system was not  
 16 compatible between the Navy and the Air Force. That is, as  
 17 you ordered, materials didn't come in in a timely manner  
 18 because of some system problems, and that caused some delays  
 19 in cuing times.  
 20 And about 50 percent of it was due more to the use  
 21 of the Defense Contracting Agency, which we had not used  
 22 before and had not dealt with from an organic base.

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1 That was a good lesson learned on our part because  
 2 we are passing it on, in terms of how we can help our  
 3 industrial friends in terms of how we use the Defense  
 4 Contracting Agency, how we flow paperwork and how that does  
 5 drive up the cost. So that was a good lesson learned.  
 6 Again, I'm not privy to all the decisions and  
 7 analysis of the Navy, but they did make that analysis and  
 8 determined best, and that was coordinated by OSD and agreed  
 9 to by us.  
 10 In terms of overall aviation depots, I don't  
 11 remember exactly the question you asked again, Ma'am.  
 12 COMMISSIONER STEELE: Are you satisfied that your  
 13 recommendations in the area of the fixed wing aviation depots  
 14 represent a comprehensive approach to the problems of  
 15 interservicing and the efficiencies that could be realized?  
 16 MR. ORR: I believe that we spent a lot of time in  
 17 the Joint Cross Service Group looking at where we can do  
 18 common aircraft. For example, the C-130s for the Navy are  
 19 done at Hill still, and that is work we perform. The F-4s  
 20 from the Navy are done -- excuse me, for the Air Force are  
 21 done at Cherry Point.  
 22 We have a significant amount of helicopter workload

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1 done by the other activities. We feel that while there is  
 2 room to do some additional interservicing after BRAC that  
 3 it was looked at in the BRAC process very deeply, and we  
 4 have the best answer we can come to at this point in time.  
 5 COMMISSIONER STEELE: Thank you very much, and  
 6 thank you,  
 7 Mr. Chairman.  
 8 CHAIRMAN DIXON: Thank you, Commissioner.  
 9 Commissioner Cornella.  
 10 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.  
 11 Secretary Widnall, which of your recommendations are a direct  
 12 result of the alternatives presented by the Joint Cross  
 13 Service Groups? And please explain the use of information by  
 14 Joint Cross Service Groups.  
 15 SECRETARY WIDNALL: Okay. I think, actually, quite  
 16 a number of our recommendations are the result of the Cross  
 17 Service Working Groups, and I guess this is one point in our  
 18 discussion when I'd like to submit additional material for  
 19 the record because, as I understand, this is not a quiz. But  
 20 I'm trying to give you my sense of how the process worked.  
 21 I think, in, for example, the T&E area the Cross  
 22 Service Working Group recommended to us that we close a

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1 other services have unique facilities, and we make common use  
 2 of these facilities now, and we would anticipate continuing  
 3 to do that in the future.  
 4 COMMISSIONER CORNELLA: General Fogleman, the Air  
 5 Force has recently instituted a two-level maintenance  
 6 structure instead of a three-level maintenance program. We  
 7 understand that this has resulted in a \$259 million savings  
 8 through civilian military manpower reductions. Will this  
 9 move to two-level maintenance create excess capacity at  
 10 certain bases, and should it lead to any infrastructure  
 11 reductions?  
 12 GENERAL FOGLEMAN: This is one of those areas  
 13 where, first of all, to answer the second part of your  
 14 question, the force structure reductions that have been  
 15 identified as a part of the two-level maintenance have  
 16 already been laid into budget.  
 17 You laid out the manpower savings, et cetera. So  
 18 they have already been taken out of the Air Force end stream.  
 19 So people must generate these savings. There is simply no  
 20 longer money in there to pay for these people.  
 21 The second part -- or the first part of your  
 22 question relative to does two-level maintenance generate

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1 number of small facilities so that we could concentrate those  
 2 capabilities on some of our larger facilities.  
 3 The consolidation of Rome Laboratories at Fort  
 4 Monmouth was a direct result of the Cross Service Group. The  
 5 particular recommendations in undergraduate pilot training  
 6 that were made to both the Navy and the Air Force were now to  
 7 come to the Cross Service Group.  
 8 We certainly looked at the depot alternatives that  
 9 were laid out by the Cross Service Working Group, but in the  
 10 end we came to a different conclusion. I don't know whether  
 11 General Moorman wants to add anything to that list.  
 12 As I say, we were active participants in the Cross  
 13 Service Working Group, and we took the recommendations very  
 14 seriously. I believe the recommendation to implement the  
 15 electronic combat from Eglin to Nellis was also such a  
 16 recommendation.  
 17 GENERAL MOORMAN: Madam Secretary, the only thing I  
 18 would add -- General Moorman -- is that the Cross Service  
 19 Group, in laboratories, also pointed out the significant  
 20 value and importance of the Phillips Lab to us as a thing  
 21 that should be retained.  
 22 COMMISSIONER CORNELLA: Were Joint Cross Service

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1 excess facilities that might, then, lead to some  
 2 restructuring, you have to remember that the three levels of  
 3 maintenance that we used to have was what we called flight  
 4 line maintenance on equipment maintenance.  
 5 That has remained, for the most part, unchanged.  
 6 We may do a little bit more of that than we have in the past  
 7 because of reliability and maintainability types of  
 8 improvements.  
 9 The second type of maintenance that we used to do  
 10 was what we called back shop maintenance or intermediate-  
 11 level maintenance. That is where you would pull a part off  
 12 the airplane on a given base, and you would take it to a test  
 13 set that was in one of your back shops. You would try to  
 14 repair that locally.  
 15 What that forced us to do was replicate test sets  
 16 at various locations and the manpower that went with that.  
 17 That is the level of maintenance that we have removed.  
 18 The third level of maintenance is depot level  
 19 maintenance, and the depot level -- the scheme now is that if  
 20 you cannot troubleshoot it and fix it on equipment, then you  
 21 will take that equipment -- on the aircraft, you will take  
 22 that part, piece, or whatever it is, take it off, and you

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1 issues addressed differently this round than in '93?  
 2 SECRETARY WIDNALL: Oh, it was a very different  
 3 process. Of course, I was not here in '93, but as I  
 4 understand, an outcome of the '93 recommendations was  
 5 direction by the Commission to the Department to put in place  
 6 an organized process for looking at cross servicing.  
 7 This process was headed by Mr. Deutsche, and we had  
 8 working groups in all the different that we've outlined and  
 9 service representatives on that group. These groups put in  
 10 place an analytical framework for evaluating cross service in  
 11 these different areas. So it was a much more organized  
 12 process, and as I say, we implemented a number of their  
 13 recommendations.  
 14 COMMISSIONER CORNELLA: Secretary Widnall, in  
 15 earlier testimony, Dr. Perry, General Shalikhavili and  
 16 Secretary Deutsche expressed the desirability of cross  
 17 servicing in depots, laboratories and test evaluation  
 18 facilities to reduce infrastructure. Do you believe that  
 19 cross servicing is in the best interests of the Air Force?  
 20 SECRETARY WIDNALL: Yes, I do, and of course we  
 21 have quite a bit of it going on, not just through this BRAC  
 22 process, but we have a number of unique facilities, and the

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1 will ship it to the depot for repair.  
 2 So what we have done is we have gathered up some of  
 3 the support equipment that we had distributed out around the  
 4 world, and we've concentrated that in depots.  
 5 We have eliminated the mid-level maintenance  
 6 manpower, as I said. Now, in order for the depots to have  
 7 capability to do this, we have had some plus-ups within  
 8 certain areas in the depot.  
 9 The driving force behind two-level maintenance is  
 10 the following: In the World War II period, spare parts were  
 11 very inexpensive. Transportation was very expensive and very  
 12 scarce. In the new world that we now live in spare parts are  
 13 very, very expensive, and transportation has become  
 14 relatively cheap.  
 15 That combined with increased reliability and  
 16 maintainability allows us, then, to not have as much  
 17 inventory. So by going to this two-level maintenance, we can  
 18 have fewer of these very expensive parts moving very rapidly  
 19 through today's transportation network to be repaired in a  
 20 depot.  
 21 The net result, though, of facilities freed up is  
 22 kind of negligible. That is, on most bases where you were

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1 doing this back shop maintenance, you might have had an  
2 equipment maintenance facility where you had these test  
3 facilities, but that was imbedded in the maintenance complex.  
4 That's the kind of thing that you would -- you had  
5 an engine shop. You do, perhaps, less engine work on the  
6 base now, but you still need a place to store engines and  
7 these kinds of things.

8 So other than the manpower savings and the savings  
9 associated with inventory, facilities-wise, two-level  
10 maintenance is not going to make a great difference, I'm  
11 afraid.

12 COMMISSIONER CORNELLA: Does it make it harder to  
13 interservice?

14 GENERAL FOGLEMAN: No. I do not believe it would,  
15 in the sense of impact on the depots. I would have to,  
16 perhaps, think about that question. I haven't thought about  
17 it from the interservice perspective, but on the surface, it  
18 should not.

19 COMMISSIONER CORNELLA: Thank you. Mr. Chairman, I  
20 have no further questions.

21 CHAIRMAN DIXON: I thank you, Commissioner  
22 Cornella. Now, I realize that time passes swiftly, Madam

1 COMMISSIONER COX: Thank you.

2 GENERAL BRADLEY: Commissioner Cox, I'm Brigadier  
3 General John Bradley. I'm the Deputy to the Chief of the Air  
4 Force Reserve. What has changed since the decisions were  
5 made in BRAC '91 and BRAC '93 is that during the summer of  
6 '93, as the BRAC Commission process was proceeding through  
7 the Congress, the bottom-up review was taking place.

8 I believe in September of '93, the results were  
9 determined that the Air Force would have 20 fighter wing  
10 equivalents. After that was completed, the Air Force Reserve  
11 was left with one fighter wing equivalent of aircraft, which  
12 is 72 fighters.

13 We had previously had 2.3 fighter wings in the Air  
14 Force Reserve. So we had to come down 67 percent in our  
15 fighter force structure. So to get to today, we have,  
16 basically, six F-16 fighter units and two A/OA-10 units in  
17 the Reserve. We're only allowed to have four F-16 units.

18 So we looked at all of the bases on which we're  
19 located, and the training air space, the recruiting base, all  
20 of the eight criteria that we were required to look at and  
21 had to figure out which bases were the most operationally  
22 effective and also looking at the costing of operating those

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1 Secretary, when you're having fun. We are down to the last  
2 Commissioner's questions, and before we do that, let me  
3 announce this:

4 Tomorrow morning, we'll have the Army. Tomorrow  
5 afternoon we'll have the defense agencies over on the Senate  
6 side in SD 106. That's tomorrow. Now, the minute my  
7 distinguished colleague, Commissioner Cox, finishes her  
8 questions, I'm going wrap this close, but we're going to have  
9 another business meeting up here in front to adopt the rules  
10 that have been the same in past rounds, but we need to do  
11 that formally for the record.

12 So as you file out, would you all be kind enough to  
13 kind of -- unless you're interested in watching grass grow,  
14 you can come up here in front and watch us adopt our rules.  
15 That's okay. We're going to do that in public because of the  
16 open meetings laws, and we want our friends to know we're not  
17 doing anything in secret around here.

18 But that's what's going to go on up here in a  
19 minute. Sorry we won't be able to visit, express our  
20 personal appreciation, Madam Secretary, General Fogleman, all  
21 of you for your cooperation today, but we're going to have  
22 another thing to do here. Commissioner Cox for our closing

1 bases.

2 And Bergstrom was the most expensive operation  
3 because we were the host unit on that base, and its air space  
4 was, in some cases, not as good as the air space that we had  
5 for air-to-air training and air-to-ground training at other  
6 locations.

7 So the big change, basically, was since those other  
8 decisions were made we had six squadrons of F-16s, and we're  
9 only allowed to have four at this time. So we needed to cut,  
10 and Bergstrom was the most expensive.

11 COMMISSIONER COX: As far as you know, though, the  
12 community has continued to live up to its commitment as  
13 funding the airport? Are you aware of any change there?

14 GENERAL BRADLEY: Yes, ma'am. I know that the city  
15 is proceeding with its airport plans there, is doing building  
16 and has moved quite well forward on their airport plans there  
17 at Bergstrom.

18 COMMISSIONER COX: Thank you. Just a comment, and  
19 obviously, force structure has changed rather dramatically,  
20 and that requires that we look at it again. But I do hope --  
21 I worry about the Rome Labs, too, where we get in a position  
22 where we, sort of, make commitments, and detrimental reliance

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1 questions.

2 COMMISSIONER COX: Thank you, and I'll try to be  
3 very brief. I have some questions about the last round. I  
4 want to ask just a few more. In 1991, the BRAC Commission  
5 closed Bergstrom, agreed to close Bergstrom but to retain the  
6 reserve units if the community were willing to pony up for a  
7 civilian airport.

8 The recommendation was contingent upon it, and in  
9 1993 Air Force recommended that reserve units be relocated.  
10 At that same time the community, having relied on that  
11 commitment, had gone forward in what I might call detrimental  
12 reliance to set up a funding program for that.

13 That ultimately -- frankly, the Base Closure  
14 Commission considered that to be just plain unfair, and we  
15 did not approve moving the reserve units. I understand now  
16 that you all are asking to relocate those reserve units  
17 again.

18 Has something changed in those two years? Is the  
19 community no longer interested in airport? What's the  
20 thinking behind this?

21 SECRETARY WIDNALL: I'd like General Bradley to  
22 respond to that question.

1 from the communities on at least what they think is happening  
2 can be very harmful to community, and, obviously, we have to  
3 weigh that against the needs of the Defense Department. So I  
4 hope we look at both of those.

5 Another quick question. There are some folks in  
6 Riverside, California, who, I take it, have been involved in  
7 looking at redirecting the rotary wing assets from El Toro  
8 and Tucson to March Air Force Base.

9 I realize there hasn't been a lot of work done on  
10 that, but can you comment on whether you would consider this  
11 initiative acceptable to the Air Force?

12 SECRETARY WIDNALL: I think we'll let Mr. Boatright  
13 respond to that. It's a, sort of, technical issue.

14 MR. BOATRIGHT: Jim Boatright. The Air Force was  
15 contacted, oh, a number of months ago. In fact, I was  
16 contacted by community officials in Southern California with  
17 some interest in relocating some Navy or Marine Corps units  
18 to March Air Force Base.

19 I indicated to them that they should not be talking  
20 to the Air Force about this, but they should discuss this  
21 with the Navy and that the Air Force would be receptive to  
22 such a proposal if the Navy would make such a proposal.

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1 One condition, however, and that was an overriding  
2 condition, and that would be that if the Navy was to put  
3 ve duty Navy or Marine Corps units on March Air Force  
4 we, they would have to host the Air Force base, because we  
5 would not agree to put our Air Force reserve unit -- this is  
6 a reserve base now.

7 March is realigning its reserve base. We would not  
8 put the Air Force reserve unit in the position of being a  
9 host. That is counter to the primary purpose of the reserve  
10 component. So with that condition, we said we would welcome  
11 a proposal. We would certainly work with the Navy on such a  
12 proposal.

13 And the bottom line is that the Navy did not bring  
14 such a proposal to the Air Force. So as a result of that, we  
15 have not given any consideration to that.

16 COMMISSIONER COX: And then lastly, really a  
17 layman's question. We've talked about depots a lot. One of  
18 the things the Navy said this morning is you really can't  
19 compare Navy facilities on the East Coast necessarily with  
20 Navy facilities on the West Coast, that the military value  
21 may be more or less, but the geography is so important that  
22 it has to override that.

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1 If you were to decide to close Hill, you would  
2 either have to contone that or replicate it somewhere else,  
3 and virtually every one of our depots has something like that  
4 on it. So you're right on target.

5 COMMISSIONER COX: Thank you.

6 CHAIRMAN DIXON: Thank you, Commissioner. My dad  
7 always said, "Son, you'll learn something new every day," and  
8 here I am learning that the Air Force has no history at all  
9 from the Indian Wars, and that's useful, very useful.

10 (Laughter)

11 CHAIRMAN DIXON: My dear friends, I thank those of  
12 up here in front, Madam Secretary, General Fogleman, all of  
13 you for giving us your valuable day. We are going to go on  
14 with our other business. The hearing is adjourned, and the  
15 Defense Base Closure and Realignment Commission will come to  
16 order for a business meeting.

17 (Whereupon, at 4:35 p.m., the hearing was  
18 adjourned.)

19 \* \* \* \* \*

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1 On depots, is there a geographical reason why you  
2 would want to keep some depots versus another? Does that  
3 show up in your military value? Is that separate the way it  
4 was with the Navy this morning?

5 SECRETARY WIDNALL: I don't know if Ron wants to  
6 make a comment, but I don't sense that we have the same  
7 geographical constraints because we fly.

8 GENERAL FOGLEMAN: Could I, though, maybe before  
9 Ron comments, say something about that? Institutionally, all  
10 the services have approached depots, I think, differently  
11 for the years. So today I think the Navy still has 11  
12 depots, and that's because they need them for, as and you  
13 say, geographic reasons, et cetera.

14 Over the years, the Air Force has tried very hard  
15 to concentrate on five locations for all of its air  
16 logistics; that is, its supply support, everything else as  
17 well as its avionics or aviation depots.

18 So what we have done is we have not become tied so  
19 much to geography as we have to functionality. So over time,  
20 we have a large aircraft depot. We, actually have,  
21 fundamentally, two of them -- Kelley Air Force Base and  
22 Warner Robins.

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1 We have two engine depots, again Kelley Air Force  
2 base, and Tinker, and I guess I would have to include Tinker  
3 as a large aircraft depot also, but we get specialized by  
4 aircraft type to a large degree.

5 So we have less of a geography issue than we do the  
6 fact that associated with these depots we build very  
7 sophisticated facilities to specialize in certain things, and  
8 that was what Ron was talking about earlier when we were  
9 trying to not duplicate that and to specialize. So I think  
10 from my perspective, I would approach it that way.

11 COMMISSIONER COX: And would that be why it is  
12 different, more difficult, more expensive to close depots in  
13 the Air Force than it would be in, perhaps, some other --

14 GENERAL FOGLEMAN: Yes, and they are generally much  
15 larger. I mean, because we only have five and we concentrate  
16 all of these functions on those five, because we don't have  
17 any history from the Indian Wars, we don't have West Elephant  
18 Breath Depot and all these things from Fort wherever.

19 We have five because we're a post Second World War  
20 phenomenon. As a result, you go to a place like Hill Air  
21 Force Base where we build the worldwide landing gear  
22 facility.



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

9:00 a.m.

106 Dirksen Senate Office Building  
Washington, D.C.

Tuesday, March 7, 1995

Page 4

1 testifying.

2 Secretary West, General Sullivan, Mr. Walker and

3 General Shane, would you be kind enough to please rise and

4 raise your right hand?

5 (Witnesses sworn.)

6 CHAIRMAN DIXON: Thank you, gentlemen. Please be

7 seated. Secretary West, you may begin, sir.

8 SECRETARY WEST: Thank you, Mr. Chairman. Good

9 morning to you and to the members of the Commission. It's an

10 honor for all of us to be here.

11 I have a statement, an opening statement on behalf

12 of all of us, which with your approval, Mr. Chairman, I will

13 submit for the record, and I will simply make a few brief

14 points.

15 CHAIRMAN DIXON: Thank you, Mr. Secretary.

16 SECRETARY WEST: My points are about four, sir.

17 First, with respect to this process that you and we are

18 about, I would say that we in the Army understand the stakes.

19 We know that it makes no sense for this country to pay for

20 installations that are no longer needed by the Army, by any

21 of the services. Indeed, we know that the United States, and

22 certainly the Army, cannot afford to carry any unneeded

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COMMISSIONERS PRESENT:

Senator Alan J. Dixon, Chairman  
Mr. Alton W. Cornella  
Ms. Rebecca C. Cox  
General J.B. Davis, USAF, (Ret.)  
Mr. S. Lee Kling  
Rear Admiral Benjamin Montoya, USN, (Ret.)  
Major General Josue Robles, USA, (Ret.)  
Mrs. Wendi Louise Steele

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1 capability.

2 We have been about the business of divesting

3 ourselves of unneeded capability for quite a while, now,

4 certainly since the first Commission convened in 1988. We

5 have been restructuring our bases and restructuring our

6 capability.

7 We have reduced our personnel by over 450,000, in

8 soldiers and civilians. We restructured the Army down from

9 18 to 10 divisions. We have restructured the National Guard

10 from 10 to 8 divisions, withdrawn 145 battalion or battalion

11 equivalents from Europe, and we have closed some 77

12 installations in the U.S. and 500 overseas. Indeed, more

13 than half of all the bases closed by DOD in that period are

14 Army bases.

15 I think our second point, Mr. Chairman, would be

16 that, even so, we in the Army must remember that our

17 installations are the platforms from which we do our nation's

18 defense business. The fact is that we must take care in this

19 process not to jeopardize the ability of the United States

20 Army to respond to United States security needs in the

21 future.

22 In our military judgment, we have made the decision

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1 PROCEEDINGS

2 CHAIRMAN DIXON: Good morning, ladies and

3 gentlemen, and welcome. This is the third of four hearings,

4 held yesterday and today, at which the commission is hearing

5 from and questioning the secretaries of the military

6 departments, their chiefs of staff, and the directors of

7 defense agencies, regarding proposed base closures and

8 realignments that affect their service or agency.

9 We are pleased to have with us The Honorable

10 Togo D. West Jr., the Secretary of the Army; General

11 Gordon D. Sullivan, the Chief of Staff of the Army;

12 The Honorable Robert M. Walker, Assistant Secretary of the

13 Army for Installations, Logistics and Environment; and

14 Brigadier General James E. Shane Jr., Director of Management

15 of the Office of the Chief of Staff.

16 Before we begin with Secretary West's opening

17 statement, let me say that in 1993, as part of the national

18 defense authorization act for fiscal '94 the Base Closure and

19 Realignment Act was amended to require that all testimony

20 before the Commission, at a public hearing, be presented

21 under oath. As a result, all of the witnesses who appear

22 before the Commission this year must be sworn in before

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1 to close those bases that need to be closed, and we do not

2 see any further that need to be done. We understand that

3 views on that may differ, and we will work with you as you

4 form your own views on that matter, but we regard many of our

5 installations as precious national resources that need to be

6 protected, and we have tried to be careful about that.

7 Indeed, we are now closing some 7 out of 10 sites

8 overseas as evidence of a shift from a forward deployed force

9 to one relying rather on forward presence. We made great

10 progress in previous BRAC rounds: 83 installations closed

11 and numerous others realigned. We realize that there could

12 be considered more to be done, but for us, we believe the job

13 of closing installations for now has been attended to.

14 A word about our process. We began preparing for

15 this round of BRAC more than a year and a half ago. Some 20

16 analysts went to some 70 installations around the country to

17 begin that process. We then prepared our stationing

18 strategy, which is derived from the national military

19 strategy. We followed DOD selection criteria by putting them

20 into a format of quantitative measures by which we could

21 evaluate both the installations, their assets, their value,

22 and their importance, and then compared them.

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1 And finally, Mr. Chairman, and members of the  
 2 Commission, we have audited, audited, audited. A staff of  
 3 the seven auditors has checked and double checked our  
 4 calculations to make sure that we were getting the facts,  
 5 getting the situation correct. Out of that we have come up  
 6 with a recommendation of some 44 installations and sites to  
 7 be closed or realigned.  
 8 They are not easy choices. If there were easy  
 9 choices to make in this process, and I'm not sure there are,  
 10 they were made in the three previous BRACs. All that's left  
 11 now is the really hard stuff.  
 12 Even so, by following a strategy of minimizing  
 13 costs and maximizing savings, we begin that we will -- we  
 14 believe that we will be able to spend only one third of what  
 15 was spent in the entire three previous BRAC rounds in order  
 16 to come up with realignments and savings that will be some 17  
 17 percent more than were achieved in those rounds. Obviously,  
 18 we hope we'll be able to reinvest those savings in  
 19 modernization, quality of life, training, all components of  
 20 future readiness.  
 21 A word, then, about what we've actually  
 22 recommended. Our proposals include reducing infrastructure

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1 Mr. Chairman, I know that the Chief of Staff,  
 2 General Sullivan, has a few remarks to make, and then we'll  
 3 be ready for your questions. Thank you.  
 4 CHAIRMAN DIXON: Thank you for those very fine  
 5 remarks, Mr. Secretary. We appreciate it.  
 6 General Sullivan, we're delighted to have you here  
 7 this morning, and interested in hearing your remarks.  
 8 GENERAL SULLIVAN: Mr. Chairman, honored to be here  
 9 the second time before the Commission. It's not easy to  
 10 close bases, we all know that, but as the Secretary said,  
 11 it's necessary as we transform America's Army from a cold war  
 12 army to a power projection army. I fully support the  
 13 Secretary's comments, and I'd like to make three points with  
 14 you.  
 15 First, these recommendations are a result of a very  
 16 careful, thoughtful process, difficult choices requiring  
 17 careful judgment, and a lot of hard work by a lot of people,  
 18 some of whom are in this room. I would like you to know,  
 19 Mr. Chairman, that the senior military leadership, the senior  
 20 uniformed leadership of the department, supports fully the  
 21 recommendations which are before you.  
 22 We have, in fact, retained the bases which will

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1 and overhead by downsizing, and reducing two maintenance  
 2 depots with excess capacity by closing and realigning five  
 3 major training installations, and thus capitalizing upon the  
 4 efficiencies of collocating three Army schools.  
 5 We're recommending the closure of three ammunition  
 6 storage sites, in accordance with the major restructuring  
 7 plan. We'll take advantage of commercial ports on the  
 8 eastern seaboard, enabling us to recommend to you the closure  
 9 of a major port on that seaboard, and we are looking to  
 10 vacate several high-cost leases, eliminating 15 smaller sites  
 11 that are not required.  
 12 The DOD cross-service effort has benefitted us. We  
 13 have largely taken their recommendations in the case of  
 14 depots and in the case of medical facilities. Once again,  
 15 Mr. Chairman, we're going to try to consolidate training for  
 16 engineers, chemical specialists, and military police to  
 17 enhance training and reduce costs. This will be our third  
 18 effort to do this.  
 19 I recognize, the Army recognizes that this has been  
 20 an area of contention. I would only point out that in the  
 21 past it has received support from three successive  
 22 secretaries of Defense, two chairmen of the JCS, three

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1 keep the Army trained and ready, today and tomorrow. And our  
 2 challenge is to prepare for a world that we fully cannot see  
 3 or predict. The recommendations before you today balance  
 4 today's requirements with the potential of the 21st century.  
 5 The Army, the United States Army, is not retaining extra  
 6 facilities. There is not excess capacity out there.  
 7 The Army, unlike the other services, trains on the  
 8 land, primarily on the land. That's our environment. That's  
 9 where we train. And we are keeping the training land  
 10 necessary to support America's Army. That's a little bit  
 11 over a million men and women, active Guard and Reserve, that  
 12 will be retained into the next century.  
 13 Now, for you, I think, you should know that we feel  
 14 these recommendations are sound business decisions. The  
 15 nation is spending a historically small amount of money on  
 16 the Army during this period, and we must make the most of  
 17 those dollars. To stay trained and ready, we must tailor the  
 18 infrastructure.  
 19 The list you have before you this year gives us a  
 20 very significant return on our investment. For money  
 21 invested, we get a high return, and we get an early return  
 22 that we can then put into modernizing and improving America's

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1 secretaries of the Army, spanning two different  
 2 administrations of, I might say, differing political views.  
 3 I ask you to consider this carefully as you consider these  
 4 and other recommendations.  
 5 Finally, Mr. Chairman, we in the Army understand  
 6 that this is a collaborative process. That is, that we,  
 7 having done our job to provide these recommendations to you,  
 8 you now take on the task of making some sense out of them.  
 9 We will work with your staff and with you as you come to your  
 10 conclusions. We also realize that base closings have an  
 11 important, perhaps even a traumatic effect on the communities  
 12 and the individuals that they affect.  
 13 I come from a company town. I have a sense of what  
 14 can happen when the main or major, or one of the major  
 15 businesses says, we're closing up. We're going away, either  
 16 because we're not going to exist anymore, or because we're  
 17 going to do business elsewhere. We will take into account,  
 18 as the President and the Secretary of Defense have directed  
 19 us, the importance of working with the communities that are  
 20 inally affected by the decisions you make based on the  
 21 recommendations that we provide. We pledge to do our best to  
 22 work with them when that time comes.

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1 Army.  
 2 Lastly, I would say in conclusion, I support the  
 3 recommendations. The bases we are retaining are the right  
 4 ones. The ones we are closing are the right ones. I, like  
 5 the Secretary, though, realize that there will be other views  
 6 on that subject, and I'm prepared to participate in that  
 7 dialogue. We need your support to keep America's Army ready  
 8 into the 21st century, and I believe this list you have  
 9 before you puts us on the proper path.  
 10 CHAIRMAN DIXON: Well, thank you very much, General  
 11 Sullivan. Secretary Walker, do you have anything you would  
 12 like to add to those remarks?  
 13 SECRETARY WALKER: No, sir. Thank you.  
 14 CHAIRMAN DIXON: Well, we certainly thank you for  
 15 being here this morning.  
 16 General Shane, do you have anything to add?  
 17 BRIGADIER GENERAL SHANE: No, sir.  
 18 CHAIRMAN DIXON: Thank you very much, General  
 19 Shane.  
 20 Mr. Secretary, my colleagues on the Commission have  
 21 asked me on each occasion to ask some general questions,  
 22 largely questions that were suggested to us by members of the

<p style="text-align: right;">Page 13</p> <p>1 Congress when we met with Senators and House members at 2 individual meetings earlier, a couple of weeks ago. 3 Secretary West, did the office of the Secretary of 4 Defense remove or add any installation closures or 5 realignments from your recommendations to the Secretary? 6 SECRETARY WEST: No, sir. 7 CHAIRMAN DIXON: Secretary West, did anyone in the 8 administration instruct you not to place any specific 9 installations on your list to the Secretary of recommended 10 closures and realignments? 11 SECRETARY WEST: These are my recommendations as 12 counseled by the Chief of Staff and the Army. No, sir. 13 CHAIRMAN DIXON: Secretary West, did the office of 14 the Secretary of Defense instruct your service to place or 15 not to place any specific installations for closure or 16 realignment on your listed recommendations to the Secretary? 17 SECRETARY WEST: To my knowledge, no, and I think 18 my knowledge is pretty extensive on that, Mr. Chairman. 19 CHAIRMAN DIXON: Secretary West, did you or the 20 office of the Secretary of Defense remove any installations 21 from the recommendations solely for reasons of environmental 22 or economic impact?</p>	<p style="text-align: right;">Page 16</p> <p>1 excess capacity in the Department of Defense, so I guess it 2 must all be in the Air Force or defense agencies, because no 3 one is saying that there is any excess capacity. 4 Truly, not that we expect the services to get down 5 to zero excess capacity, what is your thoughts about excess 6 capacity remaining after this, assuming this list of closures 7 was approved? 8 SECRETARY WEST: I think to the extent that the 9 Secretary of Defense had the Army in mind in any part of his 10 comments, I think we are in agreement with him on the facts 11 that I saw him referring to. He talked, for example, about 12 basing capacity in the case that we were to return troops 13 from either Europe or the Pacific. And certainly one of the 14 concerns we had was to make sure that there was capacity to 15 do that. 16 I think it is possible that in one mind and one way 17 of looking at it, that's called retaining extra capacity so 18 that you can rebase those. That is not my view. That is a 19 capacity that we need. I don't consider that capacity 20 excess, but I'm not going to get into a semantic debate with 21 those who think it is. 22 I think the Secretary of Defense stated it</p>
<p style="text-align: right;">Page 14</p> <p>1 SECRETARY WEST: No. We took environmental and 2 economic impact into consideration as we worked our way 3 through our decisions. But no, sir, not solely for that 4 purpose. 5 CHAIRMAN DIXON: You understand the nature of 6 that -- 7 SECRETARY WEST: Not even -- for that purpose. 8 CHAIRMAN DIXON: The nature of that question is 9 largely developed as a consequence of Secretary Dalton's 10 testimony that he in fact did not put on several because of 11 economic reasons in the State of California, and it is the 12 interest of the Commission to find out whether any other 13 branch of the service made such decisions. We don't say that 14 we criticize that judgmental decision, but it's part of the 15 record we'll need to examine very carefully. 16 SECRETARY WEST: I understand. 17 CHAIRMAN DIXON: And your answer to all the 18 questions is no. 19 General Sullivan, if I went through the same series 20 of questions and asked you the same questions under oath, 21 what would be your answer? 22 GENERAL SULLIVAN: The answer to them would be the</p>	<p style="text-align: right;">Page 17</p> <p>1 correctly when he said it. I think we're also correct, too. 2 Let me say that, incidentally, that is an important point for 3 us in the Army. The ability to be prepared should it occur, 4 to house those units that might have to come back from 5 overseas -- and it would be a very close fit right now. 6 Capacity is not just looking for space, it's 7 looking for the right kind of space. It would involve, and I 8 think I would defer to General Sullivan on that as the 9 professional, it would involve some shifting of units around 10 to make sure we could do it. But at this point I think 11 that's the kind of capacity that we've been looking at, that 12 some might have thought was excess capacity. We don't think 13 so, and I don't think so. 14 MAJOR GENERAL ROBLES: I understand that the 15 contingency for taking forward deployed forces, and 16 eventually the potentiality of coming back to the United 17 States. I got the impression that he was talking about 18 industrial, medical and other capacity that was still excess 19 to the Department of Defense. And his exact frame of 20 questioning was that we're biting off as much as we can chew. 21 This is a tremendous management challenge, which I 22 appreciate, and I think all of us do, and we're going as fast</p>
<p style="text-align: right;">Page 15</p> <p>1 same as the Secretary's: no. 2 CHAIRMAN DIXON: Mr. Secretary Walker? 3 SECRETARY WALKER: My answer is the same. 4 CHAIRMAN DIXON: And General Shane? 5 BRIGADIER GENERAL SHANE: Mr. Chairman, you get the 6 same response: no. 7 CHAIRMAN DIXON: Now, we'll begin our line of 8 questioning this morning with Major General Joe Robles, who 9 retired from the Army, as you know, last July 1st. And I'm 10 sure he's eagerly looking forward to asking the questions of 11 his former bosses. 12 General Robles, now is your turn, sir. 13 MAJOR GENERAL ROBLES: Thank you, Mr. Chairman. 14 And I would say that is not true, in essence. Having sat on 15 that side of the stage many times, I understand what the 16 issues are behind it. But I would like to start with some 17 follow-ups of yesterday's testimonies, Mr. Secretary. 18 I note that in your opening remarks, you and 19 General Sullivan, you noted that there is no excess capacity 20 in the Army. The Navy said they had absolutely no excess 21 capacity, the Army says it has no excess capacity, yet the 22 Secretary of Defense last week said that there was still</p>	<p style="text-align: right;">Page 18</p> <p>1 as we think is prudent, to not have everything come unglued 2 here. But there was still some capacity that could be taken 3 down. And that's the general thrust of my questions. 4 SECRETARY WEST: As to whether there is further 5 industrial capacity that we could reduce by? 6 MAJOR GENERAL ROBLES: Correct. 7 SECRETARY WEST: I think we in the Army think we've 8 done the right thing on this, in this round of BRAC. We did 9 not hold back. We did not restrain ourselves. This is a 10 fairly sizeable BRAC for the Army. There are lots of factors 11 that bear on it, of course. When you make a decision, how 12 much of a -- are we going to spend in advance? But I think 13 we think we've done exactly what we needed to do. 14 Is there a possibility that at some future time, 15 two or three years from now, we might look at it, look at 16 where we stand and what we have, and say there is capacity 17 that we can reduce further? That could happen. But at this 18 point I don't think the Army is looking at having excess 19 capacity. 20 MAJOR GENERAL ROBLES: Yes, Chief. 21 GENERAL SULLIVAN: I would just say mobilize, train 22 and equip. I think we're taking a risk, here. I think we're</p>

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1 taking a risk. It's hard to predict what the future will  
 2 hold, and I, like the Secretary, think we have pushed the  
 3 envelope of the envelope. There may, in fact -- I'm not going  
 4 -- like the Secretary, I'm not -- I don't know quite what  
 5 was in his mind when he was talking about it, but we do have  
 6 a mobilization requirement and a sustainment requirement  
 7 during war. So.  
 8 CHAIRMAN DIXON: May I interrupt for a minute,  
 9 Commissioner Robles? I have to step out of the room to  
 10 confer with a couple of people. Would Commissioner Cox  
 11 please chair in my absence? I'll be back shortly.  
 12 COMMISSIONER COX: Certainly.  
 13 MAJOR GENERAL ROBLES: Thank you, Mr. Secretary;  
 14 thank you, General Sullivan. The ever pervasive dollar was  
 15 also an issue yesterday, and certainly last week, in that  
 16 there is some speculation that the size of this BRAC for all  
 17 the services in DOD was constrained by the shortfalls in the  
 18 budget.  
 19 In fact, Mr. John Beach from the Air Force made an  
 20 eloquent pitch here yesterday that they had shortfalls in  
 21 their inflation account, they had shortfalls in their  
 22 environmental costs, and that -- did not want to risk near-

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1 need to keep this straight so we don't attribute those  
 2 remarks in the record later to the Secretary or somebody  
 3 else.  
 4 BRIGADIER GENERAL SHANE: Yes, sir.  
 5 CHAIRMAN DIXON: Thank you. Brigadier General  
 6 Shane.  
 7 BRIGADIER GENERAL SHANE: Thank you, sir. As I  
 8 would like to point out, in the previous BRACs, '88, '91, and  
 9 '93, we spent \$3.3 billion in costs, up-front costs. This  
 10 year's BRAC, in '95, we spent one third the amount of that,  
 11 which is \$1.1 billion. And I'd like to call your attention,  
 12 if you would, please, to the savings that's been generated.  
 13 All previous BRACs, we generated just a little bit  
 14 over \$600 million, and if you look to the chart, on the  
 15 right, the top graph, there, the return on that investment  
 16 starts -- for all previous BRACs was 1998. In '95 we get  
 17 about 17 percent larger return on our investment for one  
 18 third the cost, and we get that return on the investment in a  
 19 much shorter period, 1999-2000, that time frame.  
 20 And the reason for that, and the way we approached  
 21 this in our analysis, was the fact that we felt like we  
 22 needed to get the Army to a steady state in the early 21st

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1 term readiness by having to borrow from the operating  
 2 accounts in order to pay the up-front costs of BRAC.  
 3 What was the Army's view on that? Did you feel  
 4 constrained by the fact that you have to pay up-front costs  
 5 out of your operating accounts, since there is no other  
 6 mechanism to do that?  
 7 SECRETARY WEST: I think we did what we had to do.  
 8 I don't think we felt unnecessarily constrained by anything.  
 9 We did a BRAC that was a healthy BRAC, that was an ambitious  
 10 BRAC, and was the BRAC that we set out to do in advance. I  
 11 mean, we pretty much expected that we would get -- have to  
 12 set up to a certain level. We are looking for savings while  
 13 at the same time being able to retain our ability to do our  
 14 job.  
 15 Unlike the other services? Well, let me be careful  
 16 about drawing distinctions. We are particularly proud of the  
 17 fact that in planning for this BRAC we put a healthy planning  
 18 wedge in our budgeting. We expected to spend about \$700  
 19 million or so to do this BRAC, up front, and so we felt that  
 20 that would give us room. So yes, we did look at up-front  
 21 costs as we tried to maximize savings out of this BRAC. It's  
 22 one of the things we're proud of. I mentioned that in my

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1 century in order to buy back our modernization, quality of  
 2 life. And those type of imperatives are key to our core war  
 3 fighting competencies. So that is kind of, in a nutshell,  
 4 how we approached that, and the approach the Army took. Does  
 5 that help, Mr. Chairman?  
 6 CHAIRMAN DIXON: Thank you, General.  
 7 MAJOR GENERAL ROBLES: Secretary West, probably, or  
 8 General Sullivan, probably more appropriately, can you, would  
 9 you underpin sort of the strategy you used -- alluded to --  
 10 at about potential return of the six or so brigades that are  
 11 forward deployed, eventually, and how that played into your  
 12 decision making in this particular BRAC round, sort of the  
 13 over-arching strategy?  
 14 GENERAL SULLIVAN: Well, what I had to do is, first  
 15 of all, station -- station the divisions in the United States  
 16 in a place -- in places where we could train, house,  
 17 adequately house them and their families, and 70 percent of  
 18 the Army is married today. And that was -- that is always a  
 19 challenge, is to maintain that infrastructure, and to provide  
 20 training land for the troops.  
 21 And then we had the size of the Army to consider,  
 22 which as I pointed out is actually a little bit over a

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1 testimony.  
 2 But in terms of constrained by, no. Did it affect,  
 3 from time to time, some decisions? Would we look at an  
 4 installation and, among other things, note that a \$300  
 5 million up-front cost would take about half of our planning  
 6 wedge? We would be foolish if we didn't look at that. But I  
 7 don't think we felt constrained.  
 8 GENERAL SULLIVAN: Yeah, we didn't feel  
 9 constrained. And what we're looking for is a high return on  
 10 investment, an early return on investment. And Jimmy has got  
 11 a chart, a graph, here -- he can show you -- that gives us a  
 12 return on our investment in '99-'00, which puts back into the  
 13 program so we can modernize. And that's a very early return,  
 14 as you know, much earlier than we've had in the past. Talk  
 15 with that, Jimmy.  
 16 BRIGADIER GENERAL SHANE: Mr. Chairman, let me make  
 17 a couple comments about this. One, if you take a look at all  
 18 previous BRACs that we've done to date, the costs for doing  
 19 that was \$3.3 billion.  
 20 CHAIRMAN DIXON: May I interrupt you, General?  
 21 Would you be kind enough to say who is making the remarks? I  
 22 know it is Brigadier General Shane, but for the record, we

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1 million. That's active Guard and Reserve. And most of us  
 2 will be based in the United States. I can house -- we can  
 3 house approximately 500,000 troops in adequate billets in the  
 4 continental United States. Now, we don't have 500,000 here  
 5 now, because we'll have 65,000 forward based in Europe, and  
 6 about 30,000 in Korea, and small groups here and there.  
 7 But what we did was, we stationed the Army, and we  
 8 looked ahead with a plan for this 10-division, million men  
 9 and women Army, and retained the posts we would need to  
 10 station, train, and provide a reasonable quality of life for  
 11 our people. That essentially was the strategy on that side,  
 12 on the uniformed side.  
 13 But I do have a keen interest in the dollars,  
 14 because we have to resource it, and that's what that chart is  
 15 all about, there, high return on investment. And we're not  
 16 closing places, here, just -- just to close them. We're  
 17 closing the ones we need to close to get the dollars to keep  
 18 this organization running, because we're in a declining  
 19 dollar base. We've been in a declining dollar base since  
 20 1985. And that -- that -- is that what you wanted? That's  
 21 essentially what my strategy was.  
 22 MAJOR GENERAL ROBLES: Thank you, General Sullivan.

<p style="text-align: right;">Page 25</p> <p>1 A final question before I yield the time.  2 We had a lively discussion yesterday about depots  3 and the logistic centers in the Air Force. They took a  4 slightly different approach from the Army and the Navy.  5 Their approach was, it was economically better for them to  6 downsize their five logistic centers versus closing the --  7 like the two you closed, and the Navy had previously closed.  8 My questions are, number one, did you consider the  9 Air Force's approach to life in the way they came up with  10 their economic analysis in lieu of closing the two depots  11 that you decided to close? And the second part of this  12 question: one of the determinants in their analysis was the  13 high \$1.1 billion up-front cost. They were very high. And  14 do you have the same problems? As you close a depot, do you  15 have inordinately high up-front costs that would prohibit you  16 from closing and maybe having to take some other alternative?  17 SECRETARY WEST: First of all, we considered all  18 the possibilities. Surely we considered the possibility that  19 we could simply downsize and keep them there. And in fact  20 you will find that in some other categories of installations  21 we have done just that.  22 For us, for example -- in many ways for us it is</p>	<p style="text-align: right;">Page 28</p> <p>1 front cost, was a little bit over \$100 million, 110 for the  2 two depots, if we combined them together. And it gave us a  3 return on our investment, in steady state, of -- 210 I want  4 to say -- \$210 million, with almost immediate return on our  5 investment. So we thought it was good business sense to  6 approach that in that endeavor.  7 MAJOR GENERAL ROBLES: Just a quick follow-up. I  8 understand; I just want to make sure, because what the  9 presentation yesterday afternoon focused on was that they  10 needed to do extensive military construction if they would  11 have closed two of their depots to replicate the facilities,  12 because there were unique or -- not quite understand that,  13 yet.  14 But in your case, you're saying you don't have to  15 replicate that. You don't have a large outlay of military  16 construction. You can just transfer the workload to the  17 other depots and absorb it?  18 SECRETARY WEST: Commissioner Robles, let me just  19 use the three ground maintenance depots that General Shane  20 just mentioned. We, in fact, did have to be careful of which  21 particular one we chose to close, in terms of how it would  22 fall -- the workload would fall into the other two -- to make</p>
<p style="text-align: right;">Page 26</p> <p>1 not a base closure process, Commissioner Robles. It is a  2 look-see, to see how we can so consolidate ourselves and our  3 infrastructure that we are then able to do business in a more  4 efficient and effective way. And so we are always looking to  5 see if what we'll end up doing is being able to consolidate a  6 location so that we either leave a place where we can close  7 or that will be significantly reduced.  8 In our case, what came up for us, in terms of the  9 studies by General Shane and Assistant Secretary Walker, was  10 that we could, in fact, close. Now, we also had some help.  11 We had the joint cross-service working group advice on this,  12 too. So I think we ended up concluding, as they did in a  13 couple of instances, yes, we could afford to close.  14 In terms of up-front costs and whether in these  15 particular cases we experienced them as being so high that we  16 couldn't do it, clearly, we didn't. I mean, we were able to  17 fit the cost within our planning wedge. I think part of that  18 may be that we were able to do a little bit of careful  19 planning with the wedge in advance, so we knew what we could  20 accommodate and were able to make it work.  21 The fact is, it will always be, I think, a question  22 of, in a given BRAC, say, if you were to elect to have</p>	<p style="text-align: right;">Page 29</p> <p>1 sure that we were not creating a situation in which we would  2 have to do so much expensive additional construction as to  3 make the process not worthwhile.  4 We could not have closed the heavy ground  5 maintenance on one of the other depots, so we went the other  6 way. So we took it into account. We just were able to work  7 it out so that we actually were able to close the depot.  8 MAJOR GENERAL ROBLES: Thank you, Mr. Secretary.  9 Chairman?  10 CHAIRMAN DIXON: Thank you very much, Commissioner  11 Robles. Commissioner Steele.  12 MRS. STEELE: Thank you, Mr. Chairman. Welcome  13 Mr. Secretary, Generals, and Secretary Walker. Mike, I  14 remember back in '91 we had different roles, and I must say I  15 won't miss you reminding me of the Commission's role to be  16 attentive to the defense committees. But all the defense  17 committees can thank you, because ever since our little  18 meeting back in '91, the Commission has been very attentive.  19 SECRETARY WALKER: You never know how things may  20 turn out.  21 MRS. STEELE: Mr. Secretary, I assume you are aware  22 that the -- of the Air Force's proposal to extend the runway</p>
<p style="text-align: right;">Page 27</p> <p>1 another one, there will always be the question of how that  2 can -- how that fit, how much it's going to cost us in order  3 to get the savings. It's not just up-front costs that we  4 look at, though. It is the savings we'll get and how quickly  5 we'll get it. All those things came into play for us. But I  6 don't think we had quite the same experience.  7 General Shane?  8 BRIGADIER GENERAL SHANE: Mr. Chairman, General  9 Shane. A couple comments about the depots. We recognized  10 early on in the process that we did have about 40 percent  11 excess capacity, and that percentage equates to about one or  12 two depot equivalents. And that was pretty much supported by  13 the joint cross-servicing groups as they did their  14 independent analysis of that.  15 So as we looked at that, we recognized that we had  16 approximately three different places that we were doing  17 ground depot maintenance. So it was a tough decision, but we  18 decided to look at that and how we could either close or  19 realign the depots that we have, and to produce more synergy  20 for the industrial base here with regards to depot  21 maintenance.  22 What that resulted in for us was really the up-</p>	<p style="text-align: right;">Page 30</p> <p>1 at Fort Drum while closing Griffiss Air Force Base. Will the  2 proposed runway extension be sufficient to accommodate all of  3 Fort Drum's air mobility and support needs? And is the Army  4 willing to assume the cost of operation of that runway and  5 air field facility?  6 SECRETARY WEST: I am aware. We are. We have some  7 concerns that we're watching very closely to make sure that  8 we and the Air Force bear that burden in the right way. But  9 yes, we're prepared to do that.  10 I'm going to ask either General Sullivan or  11 Secretary Walker if they want to add to it. I'm actually  12 quite familiar with what's going on there. I actually went  13 up and took a look at it before we made the final call on  14 that, so we're comfortable with what we're going to be doing.  15 We're comfortable with the circumstance in which the Air  16 Force will be leaving us.  17 SECRETARY WALKER: We have had a team that --  18 CHAIRMAN DIXON: Would you identify yourself,  19 Mr. Secretary?  20 SECRETARY WALKER: Secretary Walker.  21 CHAIRMAN DIXON: Pardon me for continuing to be a  22 little bit of a nitpicker about that, but it's necessary,</p>

because as a matter of record we need to know who said what as said.

SECRETARY WALKER: Yes, sir, Mr. Chairman. Secretary Walker. Commissioner Steele, we have had a team that has worked with the Air Force, has gone to Griffiss and has gone to Fort Drum, and that is properly sized and will take care of what our needs are at Fort Drum.

MRS. STEELE: Thank you. Did the Army consider closing Fort Drum, in those discussions, relocating the 10th Mountain Division to excess capacity on other maneuver installations, and saving the \$51 million of extending Fort Drum's runway and the annual O and M costs?

SECRETARY WEST: I have two answers. First, a general answer, then the specific one. The first, a general answer that I'm sort of required to give, Commissioner Steele. We considered every single installation that the United States Army has. That's the way we started. We refined it, and refined it, and refined it, but more specifically, as we neared sort of final decision status, did we in some way focus on Drum.

We focused on a number, and yes, we gave great consideration to whether or not Drum and other maneuver

installations ought to be taken out of the arsenal of democracy. And then specifically in the case of Drum, we decided not. It is an installation at which we house our division better than we do at any other installation in the United States.

It does its job better than any other. It is important to us in terms of being able to house all of our forces, and so for that reason and many others we kept in the force. But yes, we certainly considered it.

MRS. STEELE: Okay. One last question in this category, and you have partially just answered it. But as you know, comparing maneuver installations is often comparing apples and oranges in terms of typography of ranges, distance of ranges relative to the base, weather, the state of modernization of ranges, and even restrictions due to environmental laws. How did these factors impact the cost to train and still your decision to retain all maneuver installations?

SECRETARY WEST: Okay. I thought I had your question, but at the last -- how did those factors impact our decision?

MRS. STEELE: How did they impact the cost to train

at various installations? I know you can't run through all of them in detail, but there are great variances in training costs.

SECRETARY WEST: Well, let me start, I guess, in a more general basis. Every cost of operating the base will have a cost on our training. And I suppose that if you identify a particular base as being a little bit more expensive, yeah, it increases the cost of training, plus there are other factors to consider as well.

Maneuver installations are hard to come by. Once they're gone, there is a pretty good chance, and I will allow Secretary Walker, who specializes in this, to try to convince me otherwise, we'll never get that or equal acreage back again. And so we want to be very careful when we make a decision that maneuver base has to go away. And the absence of a maneuver base also increases our cost of training. It constricts our training opportunities.

So first and foremost, we have to be very -- we thought we had to be very careful about easily sending one of the maneuver bases out of the force. I think, secondly, we don't have any maneuver installations that are in the force right now that are idle, that are not being utilized. We're

using every one of them, and every one of them has been and is important to us.

So again, for us the cost of training is also training opportunities. Now, you specifically wanted to know about how these given factors might increase or reduce the cost of training. I'm going to let Secretary Walker talk to that.

SECRETARY WALKER: Secretary Walker, Commissioner Steele. I would say that the most significant cost to train in the future would be the loss of our maneuver training space, our maneuver space on our division post. One of the hats that I wear is, I'm the -- I oversee the Army's environmental program. And what we are seeing are growing constraints on all of our maneuver space, on our division posts.

So we're finding that we can train less days, we can train on fewer space, so that puts a premium on our training space. So in terms of cost, the cost is really a future cost, that if we don't have it, we can't train and keep a ready army for the nation.

MRS. STEELE: Thank you, Mr. Secretary.

SECRETARY WEST: I think the Chief of Staff would

like to be heard on that.

GENERAL SULLIVAN: Posts are multi-faceted.

CHAIRMAN DIXON: This is General Sullivan.

GENERAL SULLIVAN: General Sullivan. Madam Commissioner, land, infrastructure, training facilities, maintenance facilities, power projection platforms and quality of life, that all enters into it, quality of life for our people. We have to have barracks and so forth. And all of that entered into our decision making.

And also I have a -- we have a real burden in the Army, because we have in fact mobilized about four times this century, fairly significant mobilizations, and we need the capability to expand the organization without overdrawing that. Okay? Because we are in fact eliminating a lot of World War II wood which was used for mobilization. We're getting rid of that infrastructure on the bases, and we have dropped some maneuver bases.

I think what you have now is what we'll need for a 10-division force, a million men and women, with some capacity to increase. And I wouldn't want to predict what the future would hold.

MRS. STEELE: Thank you. Switching to Fort

McClellan, reading from your report, there is a line that says the governor of the State of Missouri has indicated an expeditious review of the permit application can be accomplished. I read that only because it says that, but it does not mention whether there is any guarantee or percentage of a guarantee that it will be granted.

So my question is, Mr. Secretary, the Army has again recommended relocating the chemical school from Fort McClellan to Fort Leonard Wood. Responding to a similar request, the '93 commission recommended that the Army, quote, pursue all of the required permits and certification for the new site prior to the '95 BRAC process.

Has the Army received these permits? Is the Army pursuing these permits? And in the absence of such permits, how do you believe the Commission should respond to your request?

SECRETARY WEST: I think that the Commission -- I recommend that the Commission respond in the way that we presented it to you. Let me say, Commissioner Steele, that you've hit, with respect to Fort Drum and Fort McClellan, on two decisions that in the final analysis ended up right on my desk as they sort of came up, advised by the Chief of Staff.

<p style="text-align: right;">Page 37</p> <p>1 So I'm pleased to give the direct explanation.  2 I would say that there are no guarantees in the  3 permitting process. The one thing that I, as a lawyer, over  4 the years have learned, is that we have no real indication as  5 to how the process could turn out when a community and a  6 permitting authority begin to come to grips with the reality.  7 For that reason -- and incidentally, let me answer  8 a second question that is implicit in that -- and we did not  9 start the permitting process until after the base closure  10 announcement was made by this -- the list was announced by  11 the Secretary of Defense. That was at my express direction,  12 again, I think, advised by those who have -- with whom I've  13 been working here at the table.  14 That was because that would have, in our view, been  15 premature. It would have been before the decision. It would  16 have been pre-decisional. So first we had to decide what our  17 recommendation would be this year, and then we would be free,  18 perhaps, to proceed with the initial public steps to get the  19 permit. And so our recommendation to the Secretary of  20 Defense, which he has approved and forwarded to you, is that  21 if we don't get the permits, then we don't close the base.  22 MRS. STEELE: Thank you. My time has expired.</p>	<p style="text-align: right;">Page 40</p> <p>1 Ground, Maryland. But what has occurred to offset the unique  2 capabilities that Dugway possessed in 1993?  3 GENERAL SULLIVAN: I think -- what has occurred? I  4 think we're smarter today than we were then, and I think  5 we're, frankly, more into the process. And we need to get --  6 we need to get rid of some of the infrastructure we have, and  7 I think we can do the mission as effectively as we need to do  8 it.  9 SECRETARY WALKER: Commissioner, Secretary Walker.  10 We will continue to maintain some unique facilities at  11 Dugway. It is not a complete closure. Tests will still  12 occur there.  13 COMMISSIONER CORNELLA: Is this recommendation in  14 line with your primary stationing requirement, which is to  15 maintain adequate acreage, range capacity and facilities to  16 support the Army testing program?  17 GENERAL SULLIVAN: Yes.  18 COMMISSIONER CORNELLA: How will the Army support  19 Dugway's open-air testing program following this realignment?  20 SECRETARY WALKER: We will safari-in -- number one,  21 we'll have a small contingent which will remain there, and  22 then we will safari-in additional test personnel as they are</p>
<p style="text-align: right;">Page 38</p> <p>1 CHAIRMAN DIXON: Thank you very much, Commissioner  2 Steele. Commissioner Cornella.  3 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.  4 Good morning, gentlemen. Just a follow-up on the Fort  5 McClellan question. For General Sullivan: why does the Army  6 need to continue operation of the chemical defense training  7 facility, and can that training be simulated without using  8 live agents?  9 GENERAL SULLIVAN: Less than -- probably less than  10 2 percent of the people in the United States Army have gone  11 through the facility, as you probably know. There's probably  12 other ways of doing -- there's probably other ways of doing  13 that training. This is a pluralistic society, though. There  14 are strong opinions on the other side of that issue, which  15 I'm sure I'll hear about before the day is over.  16 But at any rate, it's a good question. I have a  17 view on it. We could, in fact -- there's a couple of ways of  18 handling it, which we tried to do in the past. It's a matter  19 of official record. It's a matter of testimony last year --  20 not last year, two years ago. There are other alternatives.  21 COMMISSIONER CORNELLA: General, in recommending  22 the closure of Fort McClellan, what weight did the Army give</p>	<p style="text-align: right;">Page 41</p> <p>1 required, as those tests are required.  2 SECRETARY WEST: Commissioner, Secretary West.  3 What we decided at Dugway, frankly, was that we had an excess  4 in Army testing capability. And so what we've tried to do is  5 to find a way to retain the unique aspect of Dugway while at  6 the same time being able to consolidate those aspects that  7 could be consolidated at other locations. That's why Dugway  8 is not a complete closure. There will be a residual open-air  9 testing activity, I believe it is, that will be there.  10 GENERAL SULLIVAN: Right. Right. That will remain  11 open-air, and simulant testing will remain at Dugway.  12 CHAIRMAN DIXON: That last remark was General  13 Sullivan.  14 GENERAL SULLIVAN: Sullivan. Sorry.  15 SECRETARY WEST: Secretary West. The test and  16 evaluation joint cross-service group questioned the Army's  17 proposal to realign Dugway Proving Ground and recommended  18 that the Army withdraw this proposal. How did the Army  19 address the specific concerns raised by the test and  20 evaluation joint cross-service group regarding the uniqueness  21 of Dugway, the risks of moving research effort, and costs to  22 duplicate existing capabilities at Dugway?</p>
<p style="text-align: right;">Page 39</p> <p>1 to the effects of the move on the prospective chemical  2 demilitarization facility at the Anniston Army Depot, and  3 what do you consider those effects to be?  4 GENERAL SULLIVAN: We gave a lot of -- we gave a  5 lot of consideration to that. General Shane and Mr. Walker  6 can speak to the details of it, but the Secretary and I  7 thought a lot about it. And I believe that we're able to  8 meet our commitments to the chemical de-mil program over at  9 Anniston very well from the capabilities that we have there  10 at the depot. And we've spent an enormous amount of dollar  11 resources there improving the infrastructure to accommodate  12 that effort.  13 COMMISSIONER CORNELLA: We'll change the subject  14 here for a moment, General Sullivan. In the 1993 Army  15 recommendation, the Army considered closure or realignment at  16 Dugway Proving Ground, Utah. Ultimately it was extended --  17 pardon me, ultimately it was excluded.  18 Due to its unique capability to conduct chemical or  19 biological testing, the 1995 recommendation calls for  20 realignment of Dugway by relocating the smoke and obscurant  21 emission to Yuma Proving Ground, Arizona, and some elements  22 of the chemical-biological research to Aberdeen Proving</p>	<p style="text-align: right;">Page 42</p> <p>1 SECRETARY WEST: If my recollection is correct,  2 Commissioner, I think, frankly, we just went back and talked  3 to them about it, and showed them a better idea. My -- if  4 I'm not mistaken, I think that the group ended up agreeing  5 with our proposal and have now endorsed what we're doing.  6 GENERAL SULLIVAN: Right. I think what we told  7 them was that we're going to continue the testing there, the  8 open-air and the simulant testing. We're going to continue  9 that, but we can get some of the other activities out of  10 there. And I think they agreed with that. I think we just  11 made a presentation back to them. Isn't that right? General  12 Sullivan. That's Sullivan.  13 COMMISSIONER CORNELLA: Thank you, General.  14 Mr. Chairman, I yield the remainder of my time.  15 CHAIRMAN DIXON: I thank you very much,  16 Commissioner Cornella. Commissioner Cox.  17 COMMISSIONER COX: Thank you. You mentioned some  18 of the '93 discussions, and I wanted to follow up on some  19 other discussions in 1993, just to find out where things are.  20 For example, in 1993, the Commission had requested a full  21 evaluation of the unexploded ordnance at Fort Monroe,  22 Virginia. Was that study ever done?</p>

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BRIGADIER GENERAL SHANE: General Shane. Yes, ma'am, it was.

COMMISSIONER COX: And was a clean-up cost developed for Fort Monroe?

BRIGADIER GENERAL SHANE: General Shane, again. Yes. That approximate cost was \$22 million.

COMMISSIONER COX: Twenty-two million. And did your consideration of Fort Monroe take into account that clean-up cost?

BRIGADIER GENERAL SHANE: Absolutely.

COMMISSIONER COX: Okay. Now at the end, state fore-structure has been decided that the Army is nearing the end of its drawdown. Did you consider closing Fort Monroe and moving the training and doctoring command elsewhere?

SECRETARY WEST: I think that's a question for me, Commissioner Cox.

COMMISSIONER COX: Secretary West.

SECRETARY WEST: And the answer is, we did, just as we considered our other facilities. But yes, we did consider that. We noted that we had been urged to do it the last time, and we do not take those urgings lightly.

CHAIRMAN DIXON: That is an answer of Secretary

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West.

COMMISSIONER COX: Right.

SECRETARY WEST: Sorry. Secretary West.

COMMISSIONER COX: I wonder if you could give me a little bit more about your thinking on that so that we have just -- you looked at the costs were too high, you thought you need the --

SECRETARY WEST: Well, no. First of all, at the -- I want to be careful. It's a small closure.

COMMISSIONER COX: Right.

SECRETARY WEST: With small payback. And so it is high on our list of things, in terms of trying to get the best out of this round. Secondly, it does an important job for us. That is the headquarters of TRADOC, and there is something to be said for the lack of institutional turmoil if you don't move a headquarters of that importance to us.

Thirdly, it has a joint function that we consider very important there. And so when we started making our list of places that we thought for the benefit of the Army, in terms of savings, and for the continued operational efficacy of the Army, in terms of doing our mission, it simply did not get up high enough on our list to warrant a proposal to

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either close or realign.

COMMISSIONER COX: I see. Okay, thank you. Also during BRAC '93, the Army basing study recommended that the forces command develop alternatives for relocating units on Fort Gillem to Fort McPherson or other locations. Did you look at that recommendation, and could you give us some thoughts on that?

SECRETARY WEST: General Shane?

COMMISSIONER COX: General Shane?

BRIGADIER GENERAL SHANE: General Shane. Commissioner Cox, we did. We looked at that, and the determination was -- was the fact that it was unique and that it supported the operational mission of forces command in Second Army. So we felt, like, that the support that it rendered to that particular installation was substantial enough, and in the Army's best interest to retain it. A modest payoff.

COMMISSIONER COX: You mean facilities, or the combination was --

BRIGADIER GENERAL SHANE: The facilities, primarily Second Army motor pool, the support that they provide to Fort McPherson and Second Army.

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SECRETARY WALKER: Commissioner Cox, Secretary Walker. It would be -- number one, it would be very expensive.

COMMISSIONER COX: To move?

SECRETARY WALKER: To move. But number two, you don't have the room at Fort McPherson, as well.

COMMISSIONER COX: Is that right? They're just out of space? Thank you.

SECRETARY WALKER: That's correct.

COMMISSIONER COX: In 1993 we also, at Secretary Powell and -- Chairman Powell, on Secretary Aspen's request, looked very closely at joint depot consolidations. They had done a fair amount of work previous to the Commission. And we looked at wheeled vehicle maintenance, rotary and fixed wing maintenance, ground vehicle and tactical missile maintenance at that time.

Having looked at all of that data, there was only one, frankly, that we thought we could consolidate, based on all of the Department of Defense data and everything that we had at that time. There was one place that could be consolidated, and that was the missile -- tactical missile maintenance at Letterkenny.

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And everywhere else, frankly, we couldn't actually consolidate it. This year you are suggesting overturning that 1993 BRAC decision. I assume, however, that since that was the statute, that you all have transferred some of the systems already there. I wonder if you could give me an update on where that is.

SECRETARY WEST: All right. The update -- General Shane?

COMMISSIONER COX: Mm-hmm. General Shane?

BRIGADIER GENERAL SHANE: General Shane. First of all, we did retain the tactical missile maintenance at Letterkenny. And recall it's not a closure, it's a realignment.

COMMISSIONER COX: Right.

BRIGADIER GENERAL SHANE: And what we do with that is the fact that we disassemble the missiles, and we send that workload, the command electronics, to Tobyhanna.

COMMISSIONER COX: Yes, I know that's your recommendation, which I want to ask you about in a minute. But what I was asking is, have you started consolidating the missile, the tactical missile mission at Letterkenny today? Have you moved missiles there? Have you moved equipment

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there? Have you moved people there? What is the status of the BRAC -- '93 BRAC statutory direction?

BRIGADIER GENERAL SHANE: We have started that. Yes, ma'am.

COMMISSIONER COX: You have. And can you -- maybe you could provide for the record what workload has been transferred, what equipment has been transferred, and what is the cost so far?

SECRETARY WEST: Secretary West. We will do that.

COMMISSIONER COX: Great. Thank you very much. You also -- I think you started to say we're not actually closing Letterkenny. In fact, we're keeping the -- it looks like we're keeping not only conventional ammunition but the missile disassembly and storage, and also that Letterkenny will receive missile and storage surveillance workload from Red River. I guess this concerns me.

One of the reasons we picked Letterkenny is because we could actually consolidate all of the missile work at Letterkenny, and in fact we couldn't consolidate it at Tobyhanna, which I assume is the reason for your recommendation for not consolidating it at Tobyhanna, although it's -- it's listed as a consolidation. As I

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1 recall, the problem at Tobyhanna is that they didn't have the  
2 missile storage capability. Is that correct?  
3 BRIGADIER GENERAL SHANE: I'm not sure. I'm not  
4 sure that was correct or not.  
5 COMMISSIONER. COX: It couldn't consolidate? Well,  
6 maybe --  
7 BRIGADIER GENERAL SHANE: But it was not a deciding  
8 factor with regards to how we approached Letterkenny in '95.  
9 COMMISSIONER. COX: Right. I guess what we were  
10 looking for was consolidating, and maybe Letterkenny was the  
11 wrong place to consolidate, but the reason we consolidated at  
12 Letterkenny is because all of the mission could be moved to  
13 Letterkenny. I believe, and your recommendation seems to  
14 back that up, that it can't all be consolidated at Tobyhanna  
15 because of the missile storage problem, and that's why you're  
16 leaving the missile disassembly and storage at Letterkenny.  
17 I guess I'm asking that question. Is that why  
18 you're leaving the missile storage and disassembly at  
19 Letterkenny? Is that a fair assumption? I'm just guessing  
20 from --  
21 BRIGADIER GENERAL SHANE: That's a fair assumption.  
22 COMMISSIONER. COX: Okay. Thank you. Also at

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1 Letterkenny, as I recall, there was a sort of joint public-  
2 private partnership -- I'm not probably putting it  
3 correctly -- on the Palladin?  
4 BRIGADIER GENERAL SHANE: That's correct.  
5 COMMISSIONER. COX: Right. And that hadn't started  
6 in 1993. Has that project started, and has it been  
7 successful? It's one of your biggest contracts, I think.  
8 SECRETARY WALKER: Yes, Commissioner Cox.  
9 Secretary Walker. Yes, it's been very successful, and  
10 those -- the Palladin operations will continue until FY '97.  
11 COMMISSIONER. COX: And that is being handled at  
12 Letterkenny?  
13 SECRETARY WALKER: That is correct.  
14 COMMISSIONER. COX: Okay. Thank you very much.  
15 One -- do I have more time? One last question. Going back,  
16 then, to another issue from 1993. And I'm sorry, I want to  
17 ask one last question on McClellan, because I want to make  
18 sure I understand you.  
19 If you all do not have the permits, and I  
20 understand you didn't start for good reason till now, do you  
21 think we should close it, close Fort McClellan without having  
22 permits in hand?

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1 SECRETARY WEST: Our recommendation is conditioned  
2 on getting the permits.  
3 COMMISSIONER. COX: I guess maybe it's a legal  
4 question, then. Can we conditionally close? A procedure --  
5 I mean, is that your view, that we could -- I know that the  
6 Congress can't statutorily pass conditional legislation.  
7 That's why I'm concerned about it.  
8 SECRETARY WEST: Well, I think it's quite -- I  
9 think it's quite possible to say that we've decided to close  
10 it, unless we don't get the permits, and to make sure that  
11 the timing of the process -- we certainly wouldn't start  
12 unless we had the permits. The timing of the process awaits  
13 that.  
14 COMMISSIONER. COX: Right.  
15 SECRETARY WEST: I don't think there is a problem  
16 with that, Commissioner, although --  
17 CHAIRMAN DIXON: If I may intervene, Commissioner  
18 and Secretary West, I'm reminded by staff that Secretary  
19 Deutch's testimony was that we would not close unless all  
20 permits were in place and approved for the transfer.  
21 SECRETARY WEST: And that was our recommendation,  
22 too.

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1 COMMISSIONER. COX: All right. So we wouldn't get  
2 to the question of conditionally closing it, because your  
3 recommendations may not act unless the permits are approved.  
4 SECRETARY WEST: Right.  
5 COMMISSIONER. COX: In time for us to act. All  
6 right. Thank you very much.  
7 CHAIRMAN DIXON: Thank you, Commissioner.  
8 Commissioner Davis.  
9 SECRETARY WEST: Mr. Chairman.  
10 CHAIRMAN DIXON: Mr. Secretary.  
11 SECRETARY WEST: I'm sorry, there was just one last  
12 comment that Commissioner Cox added at the end that I'm not  
13 quite ready to go along with.  
14 CHAIRMAN DIXON: Please -- please answer.  
15 COMMISSIONER. COX: Okay.  
16 SECRETARY WEST: Unless they're approved in time  
17 for you to act.  
18 COMMISSIONER. COX: Right. We will have to act --  
19 well, we have to get a report to the President by July 1st,  
20 and we will obviously be acting before that, you know,  
21 sometime in the week or so, I assume, before that. And I  
22 guess -- what I understood the Deputy Secretary to say, and

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1 then what I was asking you: if we -- if you do not have the  
2 permits by June whatever that is, would it be your  
3 recommendation that we simply not close McClellan?  
4 SECRETARY WEST: That was not my recommendation.  
5 My recommendation is that McClellan be authorized to be  
6 closed, except it cannot close until the permits are  
7 obtained. And if they are never obtained, it can never  
8 close.  
9 COMMISSIONER. COX: I see.  
10 SECRETARY WEST: That's our recommendation.  
11 COMMISSIONER. COX: Okay.  
12 SECRETARY WEST: So that you'd want to give us more  
13 time than just June. I don't know how long that permitting  
14 process takes, Commissioner.  
15 CHAIRMAN DIXON: Well, if I may intervene, again,  
16 Commissioner Cox, we have approved, subject to final approval  
17 of all of you, our schedule throughout the balance of the  
18 time until we give the list to the President of the United  
19 States, and it will become public shortly.  
20 And so with respect to this question on permits,  
21 with respect to the treaty question that was raised  
22 yesterday, and other things, if those things aren't resolved

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1 by Thursday, June 22nd, it would be difficult for us to  
2 accommodate the services and their recommendations, because  
3 beginning on that day we start voting.  
4 SECRETARY WEST: Understand.  
5 COMMISSIONER. COX: Thank you, Mr. Chairman.  
6 CHAIRMAN DIXON: Thank you, Commissioner.  
7 Commissioner Davis.  
8 GENERAL DAVIS: Secretary West, Secretary Walker,  
9 General Sullivan, and General Shane, as I said yesterday,  
10 it's a pleasure to sit on this side of the dais. I've sat  
11 over there often enough.  
12 Mr. Secretary, clearly this Commission is going to  
13 have to make a recommendation as to future BRAC actions.  
14 Clearly your counsel would be most appreciated, as to what  
15 you thought it ought to be in the future, when it ought to  
16 be, what kind of substance it ought to take, et cetera.  
17 SECRETARY WEST: Commissioner, we have found that  
18 this procedure has worked well for the Army. Just look at  
19 the success in closing Army bases before '88 and now, and  
20 certainly I think that has been the report that you have  
21 received from the Secretary of Defense as well. We also  
22 believe that we have done the job that needs to be done. The

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1 Army has completed its back requirements. It didn't hold  
2 back.

3 Even so, things can change, and so we would be of  
4 my opinion, certainly I would be, that some kind of  
5 mechanism that would permit a further BRAC round at some  
6 future time would make a lot of sense, and we would be  
7 inclined to join with the Secretary of Defense's endorsement  
8 of it. We too have found that trying to digest it all within  
9 two years is a bit demanding on us.

10 We'll do the job because we're the Army, and that's  
11 what we do. We take orders, and we get on with it. But  
12 certainly the Secretary's idea that maybe some space beyond  
13 two years resonates with me as well.

14 GENERAL DAVIS: But the time frame you would,  
15 Secretary West, maybe three, four --

16 SECRETARY WEST: Right, and somewhere in that  
17 neighborhood.

18 GENERAL DAVIS: Turn of the century.

19 SECRETARY WEST: Sometime -- yes. Yes, sir.

20 CHAIRMAN DIXON: Maybe right after an election,  
21 rather than right before, Commissioner.

22 GENERAL DAVIS: And my calendar would say that is

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1 about 2001, Mr. Chairman.

2 SECRETARY WEST: Can I -- I think the Chief of  
3 Staff has something.

4 GENERAL SULLIVAN: General Sullivan, Commissioner  
5 Davis. I concur on that. I guess I would say the time frame  
6 would be probably turn of the century. We're going to be  
7 implementing all four BRACs simultaneously, and I think we  
8 need to reinforce the Secretary's point. We clean all of  
9 that up.

10 We're doing a lot of -- as you probably know,  
11 everybody's doing it -- automation information processing.  
12 It's coming on quickly. That may well, turn of the century,  
13 give us a look at some of the -- some of these efforts.

14 GENERAL DAVIS: It would probably give you a chance  
15 to sort of admire what you've done already and see some  
16 unnoticed impacts that you didn't expect.

17 GENERAL SULLIVAN: Yeah. Hopefully not regret it.  
18 Yes, sir.

19 GENERAL DAVIS: Mr. Secretary, did the -- and it's  
20 really -- this is for the Commission's process and  
21 deliberation. They're trying to crawl inside the Army's mind  
22 on how you did this. Were there any categories of

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1 installations or specific installations that, when you  
2 started the process with your -- one and a half years ago --  
3 that you excluded summarily, after looking at them, simply  
4 because of their unique nature or characteristics?

5 SECRETARY WEST: It's hard to say that there were  
6 categories that we excluded summarily. I think we took a  
7 look at everything. For example, one category we simply have  
8 not -- that you see no candidates from: schools. We didn't  
9 just summarily include them. We took a look at them,  
10 considered their unique nature, but yes, that was an easier  
11 decision than some others.

12 GENERAL DAVIS: But for instance, some of your  
13 training ranges, because that's such a national asset, did  
14 you --

15 SECRETARY WEST: Didn't summarily include them. We  
16 looked at them. Didn't summarily exclude them -- looked at  
17 them, and then came to our conclusions. General Sullivan?

18 GENERAL SULLIVAN: Yeah, General Sullivan,  
19 Commissioner Davis. We did look at the training centers. As  
20 I probably know, in an earlier BRAC we moved out of Fort  
21 Meade to Fort Polk. We moved the joint readiness training  
22 center because that seemed the appropriate thing to do to

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1 capitalize on the base at Fort Polk. So we looked at both  
2 the national center and the JRTC, but we were comfortable  
3 with where they were and what they were providing.

4 SECRETARY WALKER: Commissioner Davis, Secretary  
5 Walker. We looked at 13 different installation categories,  
6 and my recollection, there was only one category where there  
7 was -- or a couple of categories where there were no study  
8 candidates. The primary category was the ammunition  
9 production category, where the Army has already laid away and  
10 closed substantial ammunition production.

11 GENERAL DAVIS: Okay. And I appreciate it because  
12 clearly, as you stated, the training capability and  
13 mobilization capability is especially essential to the Army  
14 because of their mission and the way they go about things.  
15 Mr. Secretary, now '91 and '93 become very clear, and '95 is  
16 now becoming reasonably clear with the Department of Defense.

17 Is there adequate monies in the out year for your  
18 readiness and your modernization accounts, taking into  
19 account these closures? In other words, you've closed  
20 adequate facilities that got you paybacks, that allows you to  
21 do those kind of things that the Army needs to do in the out  
22 years? Or will you have to come back to the Congress and ask

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1 for additional monies for readiness and modernization in the  
2 out years because you didn't close enough?

3 SECRETARY WEST: Well, I'm not sure it will be  
4 because we didn't close enough, but we're certainly going to  
5 need modernization help in the out years, and the Secretary  
6 of Defense has promised it. In terms of our base closures on  
7 those considerations, I think we're doing the -- frankly, the  
8 best we can. I'm not sure I've gotten to the heart of your  
9 question.

10 GENERAL DAVIS: Let me -- yeah. Well, originally  
11 there was some talk about not having a BRAC '95, and I think  
12 the services stepped up and said that we've already eaten  
13 some of our seed corn in the out years, based on the planning  
14 for BRAC '95. And so we need a BRAC just so we can sustain  
15 our readiness and modernization accounts in the out years.

16 SECRETARY WEST: Well, you're absolutely right,  
17 that we are counting on the savings from our BRAC. And in  
18 fact, the Sec Def has committed to us that it will go to --  
19 that those savings will go -- will be available to us to go  
20 to modernizations, and that's especially important to the  
21 Army.

22 SECRETARY WALKER: Commissioner Davis, Secretary

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1 Walker. If I might add -- over the next six years the Army  
2 will save a billion dollars from the budget as a result of  
3 this base closure alone. And by the time we reach a steady  
4 state, in the year 2001, the Army will be saving the  
5 equivalent of \$700 million a year. That's over 1 percent of  
6 the Army's budget, a substantial savings which can be  
7 reinvested in modernization and readiness.

8 SECRETARY WEST: Secretary West, Commissioner  
9 Davis. At the same time, every time we add an installation  
10 to that we affect the savings in some way. We drive up that  
11 front cost, say -- I don't know. Take an example of your  
12 typical maneuver base that will run a \$300-or-so million add-  
13 on to the costs up front, that will affect the savings that  
14 we were counting on. Six hundred?

15 SECRETARY WALKER: Six hundred.

16 SECRETARY WEST: Six hundred. Sorry. That's about  
17 half the impact. Six hundred or so costs to your average  
18 maneuver base. Well, that affects the savings, and then it  
19 does affect what we can count on in the out years.

20 GENERAL SULLIVAN: Commissioner Davis, General  
21 Sullivan. I think you ask a very interesting question.  
22 That's very, as you know, complex -- the answer to which is

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1 very complex.  
 2 If we presumed a steady funding stream that was  
 3 inflated for -- for inflation, annual inflation, and then you  
 4 make the assumption that we could take this 1.3 billion and  
 5 reinvest it, and the base number was an adequate number, then  
 6 you could make the kind of assumption I think you're making,  
 7 that yeah, we could in fact modernize and keep the Army  
 8 trained and ready. The challenge we're faced is, we're on  
 9 a -- with that un-declining dollar base and getting out in  
 10 front of these numbers sometimes is challenging for us.  
 11 So I think I would just say in summary, I think  
 12 you're on to something there, but you'd have to make some  
 13 presumptions about the steadiness of the funding stream, the  
 14 stability in the funding stream.  
 15 GENERAL DAVIS: Yes, sir. You're exactly correct.  
 16 I'm obviously worried about the savings that have been  
 17 predicted, that we achieve those savings, because frankly,  
 18 your budgeteers have probably already taken credit for a lot  
 19 of those in the process, or required to take credit by higher  
 20 authority. And you end up short in your readiness, clearly,  
 21 and modernization, which is the one that probably scares me  
 22 the most. Thank you, sir.

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1 I have just a couple other small questions. Did  
 2 you consider, Mr. Secretary, complete closure of Dugway, or  
 3 did the up-front costs deter you from that process?  
 4 SECRETARY WEST: We considered it, but I think it  
 5 was that we needed to retain one of -- we needed to retain a  
 6 kernel of unique capability there that we can't do elsewhere,  
 7 at least essentially. That more than up-front cost, I think.  
 8 GENERAL DAVIS: Would you -- can you, just for the  
 9 record, identify or submit that portion that you wanted to  
 10 keep open, and why?  
 11 SECRETARY WEST: We will submit it.  
 12 GENERAL DAVIS: And another very short question.  
 13 Did the proximity of air combat command to Fort Monroe play  
 14 in that decision of keeping Fort Monroe open as it has in the  
 15 past?  
 16 SECRETARY WEST: I see the Chief of Staff shaking  
 17 his head, here. I'll let him answer that, Commissioner.  
 18 GENERAL SULLIVAN: Commissioner Davis, General  
 19 Sullivan. Yes, it did, and the Navy's doctrine command.  
 20 It's the synergy of all three of the doctrinal commands, to  
 21 include the Marine Corps, has, as you know, their effort  
 22 there at Quantico. So yes, it did.

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1 GENERAL DAVIS: Mr. Chairman, I have -- am enthused  
 2 with more in questions, but my time has expired.  
 3 CHAIRMAN DIXON: Thank you very much, Commissioner  
 4 Davis. Commissioner Kling.  
 5 COMMISSIONER KLING: Thank you, Mr. Chairman,  
 6 Secretary Walker, and General Sullivan and General Shane.  
 7 Thank you for being with us. We appreciate it, of course.  
 8 Just to follow up a little bit on one of the questions back  
 9 there. It's to our understanding that, during the base  
 10 closures in the past, that the Navy ran short of the funds  
 11 available for that, and in essence borrowed funds from the  
 12 Army for their closing facilities. Is that correct?  
 13 SECRETARY WEST: In essence, yes. There was an  
 14 effort in which basically the Office of the Secretary of  
 15 Defense sort of looked at what we had and said, okay, let's  
 16 try to fund what's necessary.  
 17 SECRETARY WALKER: Commissioner, Secretary Walker.  
 18 From my past life on the Hill, I must tell you that that was  
 19 initiated because the Congress took a recision to the base  
 20 closure program, which most of that recision came from the  
 21 Navy. And that's what necessitated the Department of Defense  
 22 to reconfigure the funding for both the Air Force and the

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1 Army.  
 2 COMMISSIONER KLING: Are you expecting that those  
 3 funds be returned to you, to be used for this round of  
 4 closures?  
 5 SECRETARY WALKER: Well, those funds are for a  
 6 previous round of closures, and they are being returned.  
 7 Yes, sir.  
 8 COMMISSIONER KLING: You are expecting those to be  
 9 returned?  
 10 SECRETARY WALKER: Yes, sir.  
 11 COMMISSIONER KLING: Okay. Thank you very much.  
 12 Maybe we could turn to some of the major training areas.  
 13 We have a chart up there, and this chart shows the  
 14 '93 and '95 military value rankings for the major training  
 15 areas. And Secretary West or General Sullivan, would you  
 16 please explain why the Army now ranks Fort Chaffee as 10th  
 17 out of 10 among our major training area installations, when  
 18 it was 5th of 10 in 1993?  
 19 CHAIRMAN DIXON: If I may interrupt, is it  
 20 possible, sir, to make that a little clearer in the right  
 21 column? Because I think people trying to read that might  
 22 have trouble with the right column. I'm having a little

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1 trouble over here. Maybe my specs aren't working good.  
 2 COMMISSIONER KLING: There you go.  
 3 CHAIRMAN DIXON: Now you've done it, my friend.  
 4 Thank you. Now the next problem may be -- and I hate to  
 5 interrupt you, sir -- you might be in the way of the camera  
 6 that's trying to show that to the public at large. Thank  
 7 you, sir. Go ahead, now, Commissioner.  
 8 BRIGADIER GENERAL SHANE: Commissioner Kling,  
 9 General Shane. Let me take that question on. This is a  
 10 question that deals with the various changing in the  
 11 attributes from '95 to -- from '93. And specifically what we  
 12 talk about there is, there were some changes that caused them  
 13 to move, such as, the age of the facilities we looked at real  
 14 hard, because that was a quality of life issue.  
 15 We looked at the barracks -- interested in the  
 16 barracks. And we looked real hard at the permanent  
 17 facilities associated with these installations. And then we  
 18 took a good hard look at the ranges, with regards to the  
 19 major training areas.  
 20 So what that did, it basically showed -- it  
 21 reshuffled the order, based on the installation assessment,  
 22 which was the program we ran on that, which really showed

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1 Chaffee did not do well. And they moved Dix up in those  
 2 categories.  
 3 COMMISSIONER KLING: And A.P. Hill you moved up the  
 4 same --  
 5 BRIGADIER GENERAL SHANE: That's correct, same  
 6 reason.  
 7 COMMISSIONER KLING: Yeah. Right. Do your  
 8 recommendations leave both active and reserve components  
 9 forces adequate remaining major training areas?  
 10 BRIGADIER GENERAL SHANE: We studied that in  
 11 detail, and the answer to that is yes. And I might add to  
 12 that is the fact that we did an in-depth analysis using what  
 13 the Army calls train load, which looks at both the active  
 14 component and the reserve component training requirements.  
 15 And we used that as a major analytical tool to do our  
 16 studies, and we coordinated that with the Reserves. So we  
 17 feel comfortable with that.  
 18 COMMISSIONER KLING: Thank you. Secretary West, in  
 19 the Army's recommendation on Fort Chaffee it states that,  
 20 quote, it intends to license required land and facilities to  
 21 the Army National Guard. Could you maybe elaborate what that  
 22 means? And does that include all of the 72,000 acres? And

1 which of them more than -- I understand there is roughly 1200  
 2 buildings -- so what really -- what is the intention of the  
 3 my, there?  
 4 SECRETARY WEST: I think you'll need some detail  
 5 from General Shane. Let me just say that that's not an  
 6 unusual decision by us. In almost every case we're looking  
 7 to reserve, needed reserve component lands for use by the  
 8 reserve component. And just about all of our closures, not  
 9 all of them, but just about, we've tried to be very attentive  
 10 to that. Now, to the specific question of what is going to  
 11 be licensed, General Shane has the details.  
 12 BRIGADIER GENERAL SHANE: Commissioner Kling,  
 13 General Shane. What that means is the fact that we  
 14 understand the requirement to insure that the reserve  
 15 components, National Guard, have adequate facilities to  
 16 conduct their annual training. And when we looked at that,  
 17 when we say license to them, we mean turn over a memorandum  
 18 of agreement, which they would have those facilities.  
 19 SECRETARY WEST: I think your question -- Secretary  
 20 West, Commissioner Kling. I think your question was which  
 21 particular acreage and which particular buildings.  
 22 COMMISSIONER KLING: Well, I don't -- it's kind of

1 difficult, I believe, to get into the -- if you have that  
 2 available, we would like that.  
 3 SECRETARY WEST: We can get that to you if we have  
 4 it available. I don't know. General Shane?  
 5 BRIGADIER GENERAL SHANE: Well, my comment with  
 6 regards to that is, when we look at that in the  
 7 implementation phase, then we would go that -- but we do have  
 8 an idea, and we can provide that for the record, you know,  
 9 for our general planning purposes.  
 10 COMMISSIONER KLING: Thank you. Fort Chaffee also  
 11 ved as a major refugee center during the crisis  
 12 regarding -- requiring rapid relief, when thousands of East-  
 13 southeast Asian and Cuban people fled to our shores. Should  
 14 a future contingency occur on such a scale, what other Army  
 15 installations could replace Fort Chaffee if it is closed?  
 16 SECRETARY WEST: Commissioner Kling, Secretary  
 17 West. I wonder if I might answer that question.  
 18 COMMISSIONER KLING: Please.  
 19 SECRETARY WEST: I have two points on it. One,  
 20 unhappily I must admit to having been the general counsel at  
 21 the Department of Defense at the time that happened. I had  
 22 to have had a hand in that decision. I think there is a good

1 likelihood that in the future we will be very hesitant before  
 2 we turn over a domestic installation for that purpose.  
 3 I think the second point that I would make is that  
 4 we have given some thought, in another context, not in the  
 5 BRAC context, to installations that might serve that  
 6 capacity, and we have kept that list heavily restricted and  
 7 heavily classified. If we need to make a way to make that  
 8 available to you in some other scenario, we'll do so.  
 9 COMMISSIONER KLING: Thank you, Mr. Secretary. And  
 10 I guess my last question, before I turn this -- at Fort  
 11 Indian Town Gap -- is centrally located to the largest  
 12 concentration, we understand, of reserve component forces in  
 13 the northeastern United States. And supporters contend this  
 14 proximity has significantly contributed to saving taxpayers'  
 15 dollars due to less travel time to and from the training  
 16 facilities.  
 17 Mr. Secretary, did your staff adequately study  
 18 these cost savings and how they might offset any savings from  
 19 closing the post?  
 20 SECRETARY WEST: Commissioner Kling, the bottom  
 21 line answer is, yes, I think so. And we'll make the details  
 22 available. Let me say something about Fort Indiantown Gap.

1 That's where I did my ROTC summer camp. It is one of the  
 2 last things that I'd like to see the Army do is for us to  
 3 stop doing it there.  
 4 But I think the fact of the matter is, the Army  
 5 makes a good case in its study that we don't need to do it  
 6 there; we need to consolidate, and we can do it in other  
 7 locations better. We will -- you've asked for the details of  
 8 the savings and the offsets, and we'll provide those. But  
 9 that was not an easy decision.  
 10 COMMISSIONER KLING: Well, that's the important  
 11 aspect, of course. Thank you, Mr. Chairman.  
 12 CHAIRMAN DIXON: Thank you very much, Commissioner  
 13 Kling. Now, gentlemen, you've been very kind, very  
 14 cooperative, and we appreciate your forthright answers to our  
 15 questions. I'd like to make a couple remarks, ask a couple  
 16 questions right now. But I'd like to ask your leave to have  
 17 a second round. Mr. Secretary, I assure you, we'll have you  
 18 out of here well in advance of lunch -- hopefully by 11:30.  
 19 Is there anybody that can't accommodate that  
 20 additional time with us? Well, then, we're greatly  
 21 appreciative that you would stay, and we thank you. And for  
 22 the information of the people in the audience, there will be

1 a hearing at 1:30 when we do adjourn -- recess for the  
 2 morning, a 1:30 hearing with the defense agencies, including  
 3 the Defense Logistics Agencies.  
 4 Now let me say as a member -- former member of the  
 5 Senate, I felt it was important to have meetings on the  
 6 Senate and the House side with, oh, about 25 or 30 senators  
 7 showed up on the Senate side; 65 or 70 House members. Told  
 8 them I'd ask questions for them, and we're going to do that.  
 9 The problem is -- and the questions are very good ones, but  
 10 some are getting very lengthy. And I see some of my friends  
 11 from the Congress out there.  
 12 Here's what I'm going to do, and you can blame me  
 13 if it doesn't please you, but I'm going to give these to  
 14 Madelyn Creedon, our top attorney here now and tell her to  
 15 pick -- for instance, there are some that have 15 or 16  
 16 questions on their list. I'm going to ask her to pick the  
 17 best two out of that. We will give you all of them in  
 18 writing.  
 19 I remember I was trying a lawsuit one time -- I  
 20 won't take much of your time -- but the defense counsel gave  
 21 56 instructions to the judge, one of the old country judges  
 22 in Southern Illinois where I used to try cases. And he

1 looked at him and instead of looking at them and reading  
 2 them, he said, pick the best five. (Laughter.) Which was  
 3 okay when I was a kid in Southern Illinois; I don't know how  
 4 it would work now. (Laughter.) But if Madelyn will do that  
 5 for us.  
 6 She's going to pick the best two questions from  
 7 each congressperson, either a member of the House or Senate,  
 8 and we'll ask those orally at the conclusion of the morning  
 9 hearing. And of course, we understand you might not have all  
 10 of the statistical information for responses, in which case  
 11 you can say, we'll supply it for the record later; but so  
 12 that each member of the Congress will have that opportunity.  
 13 Then we will give you in writing all the questions. You ask  
 14 15 questions, you're going to get 15 questions.  
 15 Mr. Secretary, we appreciate the fact that your  
 16 staff will take the time to carefully analyze and answer,  
 17 because these people in the Congress are the final judgment  
 18 call on what happens, of course, in this round in '95.  
 19 That's very kind of you all.  
 20 Now, the second thing, before we go to the second  
 21 round, who at the table there -- and I suspect it might be  
 22 Secretary Walker, but it could be General Shane -- did most

<p style="text-align: right;">Page 73</p> <p>1 of the work with the Joint Service Working Group?  2 SECRETARY WEST: Actually, it was our  3 undersecretary, who's not at the table.  4 CHAIRMAN DIXON: Okay.  5 SECRETARY WEST: But both General Shane and Mr.  6 Walker would have been responsible for providing support.  7 So, probably General Shane.  8 CHAIRMAN DIXON: General Shane, one of the things  9 we've talked about a lot during the course of the last  10 several days, and even since the beginning when we had the  11 Secretary and the Chairman of the Joint Chiefs and Deputy  12 Secretary Deutch in here, is this question of downsizing  13 depots instead of eliminating a depot and so forth.  14 And our staff feels that there may be a difference  15 of opinion between the Joint Service Working Group and some  16 others about whether downsizing is, in fact, an economy as  17 scale as compared to closure. And we take into account  18 different sized depots and all that kind of stuff, but do you  19 have an understanding of what the view of the Joint Service  20 Working Group was about depots?  21 BRIGADIER GENERAL SHANE: Mr. Chairman, General  22 Shane. My understanding of the Joint Cross Servicing Group</p>	<p style="text-align: right;">Page 76</p> <p>1 BRIGADIER GENERAL SHANE: Mr. Chairman, General  2 Shane. Let me take that on and try to answer for the  3 Commission, please. Do you have a slide there? Okay, how  4 about putting up the one on the Army process and let me kind  5 of talk to that.  6 CHAIRMAN DIXON: I hate to keep asking somebody to  7 move. I'm sorry to do that to you, but I think the cameras  8 have trouble seeing that.  9 How are we doing there? That looks a little bit  10 better; now you're getting it. Okay. Can all the  11 Commissioners see it okay? Oh, here we go. Well, at least  12 for us, we'll be able to -- but I think that's pretty clear.  13 BRIGADIER GENERAL SHANE: Mr. Chairman.  14 CHAIRMAN DIXON: Yes, General Shane.  15 BRIGADIER GENERAL SHANE: If you recall, Secretary  16 Gotbaum used the Army as an example. He provided you with  17 some slides and a briefing in regards to military value and  18 how we approach that. And I won't belabor that point here,  19 because -- but what I want to talk to is the Army's process  20 and how it's probably a little bit different than the other  21 services.  22 First, we talked about the installation</p>
<p style="text-align: right;">Page 74</p> <p>1 was the fact that they wanted to get at the issue of excess  2 capacity, okay? So as we approached our analysis, we tried  3 to do that. We tried to identify what the workload was, the  4 core workload, and we tried to size accordingly.  5 We -- and nor am I familiar with how the Air Force  6 kind of did that with regards to downsizing. We did not use  7 that approach. We used the approach to try to cut as much  8 overhead as we possibly could.  9 CHAIRMAN DIXON: Did you consider that approach?  10 BRIGADIER GENERAL SHANE: No, we didn't.  11 CHAIRMAN DIXON: Are you persuaded that you can  12 downsize the equivalency of a closure in savings?  13 BRIGADIER GENERAL SHANE: I would answer that by  14 saying, without looking at it in great depth, Mr. Chairman, I  15 couldn't really provide a record answer today. But I would  16 tell you that my experience has been, in looking at the  17 downsizing across the Army, looking at some other areas, that  18 in the past has not proved cost-effective.  19 CHAIRMAN DIXON: And I'll ask one more question. I  20 ask this out of ignorance -- it's your business, not mine,  21 you understand. Would size make that much difference? In  22 other words, I understand size can be a factor. But when you</p>	<p style="text-align: right;">Page 77</p> <p>1 assessments. And I think most of us understand that that  2 most important is the military value assessment. That comes  3 from a series of attributes -- benchmarks, you can call it  4 what you like. But it's a series of attributes that the Army  5 thought was very important to accomplishing our mission. And  6 our linear program was ran on that, and what you ended up  7 with was a ranking of the installations.  8 Now, that is a statistical ranking, based on  9 attributes. And what that basically tells us in the Army is  10 what we have.  11 CHAIRMAN DIXON: Can I interrupt you at that point  12 in time?  13 BRIGADIER GENERAL SHANE: Yes, Mr. Chairman.  14 CHAIRMAN DIXON: You're saying, at that point in  15 time, when you're doing step one on military value, you use a  16 statistical analysis and you rank them on military value --  17 that's your testimony?  18 BRIGADIER GENERAL SHANE: That's correct.  19 CHAIRMAN DIXON: And my question on that is, when  20 you say you use a statistical analysis, do you give numbers  21 to them or something? I mean, some --  22 BRIGADIER GENERAL SHANE: Absolutely. They're</p>
<p style="text-align: right;">Page 75</p> <p>1 get to the numbers, would size make that much difference --  2 just the fact that it's much bigger -- make that much  3 difference?  4 BRIGADIER GENERAL SHANE: I would say not.  5 CHAIRMAN DIXON: I thank you. There was early  6 testimony by a variety of people about point systems being  7 used. And I'll ask whoever is appropriate, and would you  8 please identify yourself, just for the record.  9 And would you by any chance have a slide there that  10 would show the kind of point system you use, because one of  11 the things we seek as Commissioners when we look once again  12 at what the various services did, Mr. Secretary, and then  13 what the Secretary of Defense did, is how objective were you?  14 And one of the things that arose in our hearing yesterday,  15 for instance, was a comparison of two naval bases where the  16 point system was very, very close.  17 It makes it kind of an interesting question when  18 you close one and you leave one open and it's close. And  19 those are the things we're going to have to look at. Some of  20 those things we can show the people in the country and the  21 Congress that we're being very objective about what we did.  22 Do you have something there that shows that for us?</p>	<p style="text-align: right;">Page 78</p> <p>1 weighted; there's 1,000 points that are associated with these  2 four major criteria.  3 CHAIRMAN DIXON: And in your shop you have that  4 stuff?  5 BRIGADIER GENERAL SHANE: Absolutely.  6 CHAIRMAN DIXON: And that stuff can come to our  7 team chief for Army?  8 BRIGADIER GENERAL SHANE: Absolutely. You should  9 have that --  10 CHAIRMAN DIXON: So you put the hard numbers on  11 that --  12 BRIGADIER GENERAL SHANE: You bet.  13 CHAIRMAN DIXON: -- and you get the military value,  14 and you rank them according to the hard numbers that you got.  15 And if I understand the way you do it, and I'd like to go  16 through this with you, too, because I think the others have  17 done similarly. You did that numbers analysis before you  18 looked at the different installations and bases.  19 BRIGADIER GENERAL SHANE: That's correct.  20 CHAIRMAN DIXON: And then you relate it to those  21 when you look at them.  22 BRIGADIER GENERAL SHANE: Then we apply it to our</p>

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13 categories of installations that were under study; that's correct. And what --

CHAIRMAN DIXON: I want to apologize to you. I'm informed by staff that we have the Army's data now, and I thank you for that.

BRIGADIER GENERAL SHANE: Okay.

CHAIRMAN DIXON: Go ahead with your discussion.

BRIGADIER GENERAL SHANE: That gives us a start point, much like the Navy and the Air Force. The key to the Army's process is that called the Army Stationing Study, and I think the Secretary and the Chief has talked to that a little bit. But let me tell you what that is.

First let me tell you what it is not. It is not a document that makes stationing decisions. It is not a document that provides you with any types of decisions regarding base closure or realignment. The Stationing Strategy provides you an operational context with regards to conduct the BRAC analysis in formulating our recommendations.

That Stationing Strategy is very important to the Army because what it does -- it links the national military strategy, the requirements for it, to the Army. And when we looked at that, we looked at some 13 different categories

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across the board, the spectrum, and tried to compare the major functions to the installations. And that, likewise, is spelled out in our recommendations that we've provided the commission. So that's in much detail, but that's a very simple plot.

What it tries to tell us, Mr. Chairman, is exactly what we need for the future of the Army, and I want to say, what we need for the future. From that grows a list of study candidates. And if you recall, we started with 97 and we added to that some leases and we added to that some minor ones. But it started with 97 major installations for the Army.

And we went through a very rigorous process and in-depth analysis, at which time we started paring out things because of operational necessity, because the Stationing Strategy said we need it for the Army and also need it for the current Commission to retain a trained and ready force.

So the bottom line -- we also had input from the Joint Cross Servicing Group here. So there was dialogue with my analyst with the Joint Cross Servicing Group. And when you look at our recommendations there, you will find that there are 40-some alternatives that were worked by the Army from

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the Joint Cross Servicing Group. And what that equated to was about \$235 million of savings -- annual savings -- and about \$3 billion in the over 20 year net present value.

So the Army played quite a bit with regards to Joint Cross Servicing Group, and took the recommendations where it made good sense for us, where we thought there was a cost-savings associated with it.

And then what we did, we ran it through some fiscal analysis by which we looked at what the return on the investment was -- not a sole deciding factor, but it was one that you wanted to consider, especially when you're posturing the Army for the 21st century. And then, yes, we did run it through a series of economic analyses. And you've heard testimony on that and how each service approached that. There was no major impact with regards to the Army.

And then we also looked at environmental analysis, okay? And we were consistent with the intent of the law, but we also had a special work group that looked at our analysis and our scenarios to see if there was some type of economic -- excuse me, environmental considerations that we needed to consider in the process.

And then what we got -- we went to the senior

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leadership and we gave them some recommendations. And they, with their experience and their judgment, they looked at that. And I can tell you from sitting in this seat, that was a very rigorous process.

CHAIRMAN DIXON: I believe that.

BRIGADIER GENERAL SHANE: And we went back and we studied. And I think the Secretaries testified with regards to maneuver bases -- we looked at those real hard. We looked at our depots. We were concerned about our industrial base. There was a series of things we looked at.

But the bottom line, when it all came out, was the recommendations you got today, which was the 44. Now, what was not included in this process, all eight steps, was the issue of leases. We went from criteria five to eight, we looked at the leases and we made -- took a look at those leases that paid us back. The fact is, there are some leases we've got out here that are good investments for the Army; they make good financial sense.

The next thing we looked at was minor sites. We thought it was a good opportunity to divest ourselves of this infrastructure, just for the record. And we approached that in the same vein.

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So that's kind of a summary of our process and how it kind of differs from the other services.

CHAIRMAN DIXON: Well, that's very good. I thank you for that very excellent presentation of how you arrived at your decisions. And we appreciate also having all your data.

I'm going to declare a 10-minute recess, and we'll come back precisely at 20 minutes to 11:00 and complete a second round.

(A brief recess was taken.)

CHAIRMAN DIXON: We're back to you, Joe. Now, once again, we thank you -- all four of you -- for being so accommodating. I promise you we'll have you out of here before lunch. And we'll move as expeditiously as we can in this second round. And Counsel is even now looking at the congressional questions.

We'll have a round up until me, and then as Chair, I'll ask the congressional questions, but they'll be limited to a couple of questions each. That may take a little time. You don't need to feel you have to be extremely detailed in your answers. And then we'll send the questions in writing to you for the congressmen and the senators involved. And we

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thank you for doing that, as well. We'll begin the second round again with Commissioner Robles.

COMMISSIONER ROBLES: Thank you, Mr. Chairman. Mr. Secretary, as the Chairman alluded to earlier, one of the issues we've been hearing a lot of testimony about is the Joint Cross Servicing Working Groups.

And as you know, it was an issue in the '93 round and it will be an issue in the '95 round. And the issue is, there are a lot of recommendations made, and as a matter of fact, the '93 Commission recommended the Department of Defense take a good hard look at this area. And I know there were a series of recommendations, and we have access to many of those recommendations.

The question is two-part. First, how many of those recommendations did the Army implement? And secondly, for those that they did not implement, what was the underlying rationale for nonimplementation?

SECRETARY WEST: Yes. Commissioner, I don't know the exact number. I know of the most prominent examples, which are the ones in the depots area and in the medical facilities area.

Let me say that the understanding we were given

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1 when we started this process and we met with the Deputy  
2 Secretary of Defense and he set up those cross service  
3 working groups, was that the purpose would be to try to get  
4 the Services and OSD and agencies together to come up with  
5 the best possible recommendations and then feed them back to  
6 the Services, leaving it to the Services and the Service  
7 Secretaries to make their best judgment.  
8     So one thing that I would like to emphasize is that  
9 all along, it was not contemplated that every single thing  
10 these working groups came up with the Services would do.  
11 That would have made a mockery of the process. We, the Chief  
12 and I and Secretary Walker and General Shane, were expected  
13 to exercise some judgment as presumably our roles in the  
14 Department of the Army would have required.  
15     We did that, but we did that in a cooperative, not  
16 a confrontational, way. And I think that we find that we  
17 have worked very well with this process.  
18     As I say, the most notable examples are what we've  
19 done with depots and what we've done with the medical  
20 facilities. I think it's worked well. Maybe in some future  
21 round, our views may be even closer together. But we can  
22 certainly provide you precisely what we did and what we

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1 didn't.  
2     And in those cases where we didn't accept a  
3 recommendation, obviously, our judgment based on all the  
4 facts that you saw and our process would have applied.  
5 Because the one thing is for certain, the working groups were  
6 not intended to short-circuit our own analysis in each case.  
7 I don't know if General Shane wants to add to that or --  
8     BRIGADIER GENERAL SHANE: Just a couple of points  
9 in the five categories that were looked at, testing  
10 evaluation, we worked with the Joint Cross Service Group to  
11 do those type things, and we took on some initiatives of our  
12 own with regards to Dugway, which we've talked about; Hunter-  
13 Liggett being another. So we took a look at that in detail.  
14     The other issue is under pilot training, which the  
15 Joint Cross Servicing Group looked at. The Army's postured  
16 to -- was ready to accept the recommendation that came, but  
17 primarily the Army was a recipient of those recommendations.  
18 Depots, the Secretary has already talked to -- 17 work  
19 packages which we looked at; refined; worked with them;  
20 adopted two major ones, which was consistent.  
21     Medical, he's talked to -- they gave us six  
22 recommendations and we took on three, and you heard those.

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1 Labs is an issue which you may hear about excess capacity for  
2 the, you know, across DOD. But the fact, with regards to  
3 labs, if you look back at the record, in BRAC '91 we closed  
4 17, or realigned 17, excuse me.  
5     And there's been other actions going on in the  
6 Army, such as Lab 21, which implemented the '91  
7 recommendations. There's been some RDs that's been out  
8 there. There's been some other recommendations and studies  
9 by the Army Science Board, which we've implemented. So we've  
10 really tackled the issue of labs as best we could, given the  
11 infrastructure we had to work with, and made substantial.  
12     And we can provide that type of history and  
13 overview of what the Army has done independently, as well as  
14 what we've done to support the Joint Cross Servicing Groups.  
15 But we supported them in almost every endeavor that they  
16 asked us to. But a lot of it was just minor work around, so  
17 it did not make sense from a costing standpoint in saving us  
18 bucks.  
19     SECRETARY WEST: Commissioner Robles, Secretary  
20 West. I would like to say that I applaud both the concept  
21 and the work. I think it was a good thing to do. Should we  
22 have future rounds, I think we should do it again. I think

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1 it's, in many ways, the wave of the future.  
2     We've got to do more of that to get, to squeeze the  
3 most in terms of savings and efficiency out of what we're  
4 doing. And I think it worked well for us this time. It can  
5 perhaps work even more extensively the next time.  
6     COMMISSIONER ROBLES: Thank you, Mr. Secretary. I  
7 didn't mean to imply that management and leadership judgment  
8 should be preeminent. And I understand the complex and tough  
9 issues you're handling. I was just trying to get a feel for  
10 did you implement 10 percent, 15 percent, what were some of  
11 the specific recommendations; just trying to get a feel for  
12 how far down that -- how far you bit into that tough issue.  
13 And we'll try to do a little cross-service comparison, and  
14 see how much the Navy bit into it, how much the Air Force bit  
15 into it and see where we're at. Thank you very much.  
16     The second question -- early on, we talked about  
17 economic impact. I'm interested in cumulative economic  
18 impact, which was a specific criterion set up by the  
19 Secretary of Defense. And as the Chairman alluded, the Navy  
20 used cumulative economic impact on some decisions on Guam and  
21 California. I'm just interested how the Army came at  
22 cumulative economic impact; was it a factor; were there any

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1 restrictions; were there any things that were put outside, so  
2 to speak, the box because of it?  
3     SECRETARY WEST: I think I better answer that,  
4 Commissioner Robles. We are very sensitive to it. As you  
5 saw in the chart -- well, it's actually not specifically set  
6 up by itself, but it's one of the things that's contained in  
7 the information we forwarded to you and to the Secretary of  
8 Defense as well. We look at the cumulative impact in the  
9 case of each one of those that's on that list.  
10     It did not act as a final determinant in either our  
11 decisions to include or not to include an installation. It  
12 was something that we paid attention to. It was something we  
13 took into account, but it was not a final determination in  
14 any -- to my knowledge, in any of our decisions to include or  
15 not to include.  
16     It certainly made some of the choices hard -- both  
17 cumulative on the one hand, and even sometimes the one  
18 time -- the one-time impact -- of our Fort McClellan  
19 decision. But again, you asked about cumulative impact. It  
20 made choices harder, but it did not, in the final analysis,  
21 add up to a determining factor in any one of ours, that's  
22 correct.

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1     COMMISSIONER ROBLES: Thank you very much, Mr.  
2 Secretary. Next question, which is a -- it's about hospital  
3 capacity and medical capacity. And we understand that you  
4 stepped forward and did some hospital realignments -- the  
5 medical center at Fitzsimmons and a couple other hospital  
6 closures and realignments. But in the bigger context, did  
7 you look at excess civilian capacity?  
8     It seems to me that as you look at the civilian  
9 sector, and having come from an area where there's lots of  
10 medical facilities and lots of excess capacity, there is  
11 significant excess medical capacity in civilian sector. And  
12 with the new emphasis on tri-care and some of the other  
13 programs that DOD is looking at, how did you put all that  
14 together to ensure that you aren't keeping excess station  
15 hospital capacity?  
16     I'm not into the force structure piece of this, but  
17 into the capacity, bed capacity and medical capacity so that  
18 we didn't keep more hospitals than we needed because, as you  
19 know, they're very expensive.  
20     SECRETARY WEST: Yes. I guess from my analysis,  
21 from my perspective, I'm not sure that so-called "excess  
22 civilian capacity" was as big a player in our decision as

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perhaps your question suggests. Civilian capacity was a player. It was one of the ways in which we were able to decide that we could dispense with a center here or downgrade hospital to a clinic there.

The one figure I can give you from your earlier question is, we took 50 percent of the Cross Service Working Group's recommendations in the medical arena, which is a healthy percent, indeed. And so, at least at the level at which I reviewed it, excess civilian capacity did not influence me so much as the certainty that with civilian capacity, we could be sure that that where we were making an adjustment there were still going to be proper medical care and treatment for those who depend on the Army.

General Shane, is there anything that you might say about excess civilian capacity?

GENERAL SULLIVAN: Commissioner, General Sullivan. That was considered in the joint process -- your question.

COMMISSIONER ROBLES: Great.

GENERAL SULLIVAN: What we focused our energy on was providing health care for the large active duty populations, plus in some cases, the mobilized, -- bedding on that.

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type of things that generated that. And on top of that, we did look at Greely, we did look at Alaska, and we did close, realign Fort Greely.

COMMISSIONER ROBLES: So I guess the bottom line is that you're convinced that the installations that are remaining in Alaska that are going to remain are adequate and are necessary to meet your requirements up there.

BRIGADIER GENERAL SHANE: Yes.

COMMISSIONER ROBLES: Thank you.

SECRETARY WEST: Commissioner Robles, Secretary

West. My bottom line would be that not enough change, with respect to that force structure, to cause us to want to take on the additional expense -- up front expense associated with those kinds of further adjustments and those bases.

COMMISSIONER ROBLES: Very fine. Thank you, Mr. Secretary. Mr. Chairman, I yield my time.

CHAIRMAN DIXON: Thank you, Commissioner Robles. Commissioner Steele.

COMMISSIONER STEELE: Thank you, Mr. Chairman. I actually have some follow-ups on General Robles' questions.

Back to UPT subject -- the Army's report to the Commission states that UPT, excuse me, Joint Cross Service Groups

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COMMISSIONER ROBLES: Okay. Thank you very much. Final question -- as I understand it, major force structure actions that occur are outside the BRAC process to some degree.

In other words, if you do a planned force structure reduction, it is not necessarily kicked into the BRAC role. But let's just say in Alaska, where you downsize the brigade up there -- the division up there, did you take a good hard look at you need both Forts Richardson and Wainwright, which has been an issue that has been around for just a few days?

And does it make sense to keep both those open, consolidate to one, or what was the thought process behind keeping them both open.

SECRETARY WEST: I'm going to let General Shane speak to that in a minute. Let me just say that from my perspective in looking at those installations in Alaska, Commissioner Robles, the extent to which we went down there was not quite as large as you might expect.

There is still a sizable brigade-size force there. And so I think our needs are going to be, in terms of those particular locations, fairly significant. We did some other things there. Let me let General Shane talk to you about the

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suggested that the Navy transfer its Undergraduate Pilot Training to Fort Rucker. Did the Army concur with this recommendation, and do you believe that Navy helicopter pilots can be trained at Fort Rucker?

SECRETARY WEST: The Army did concur. And that's the question we choose to answer with respect to -- we believe we can do the training. We understand that others will have their own views. There was a time, when I was Navy General Counsel, when the Navy believed that, as well. Commissioner Steele.

COMMISSIONER STEELE: The Navy expressed a very different opinion before yesterday. In your opinion, Mr. Secretary, why do you feel they chose not to adopt that proposal?

SECRETARY WEST: I don't know, but I will say this. I suspect that they are the best judge of what kind of training they need for their pilots. And we're inclined to respect that.

COMMISSIONER STEELE: I don't know what else I expected you to say to that question, actually. (Laughter.)

All right, moving to the medical issue again. The Army's recommending closure of Fitzsimmons. What will happen

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specifics.

BRIGADIER GENERAL SHANE: General Shane. That's a pretty tough question, but I think we've got a real good answer for that. Let's talk about the force structure change first. What we really saw was really not as large of a draw down as you might think. We went from something like 8,000 to about 6,000, 2,000 a net in the force structure thing.

And then when you look at it, you've got basically all the training that we have is the major training areas at Wainwright -- I think you understand that -- with the large part of the commanding control and infrastructure being at Richardson. So when we crunched the numbers, so to speak, what happened, we found that almost \$400 million to move that infrastructure from Richardson up to Wainwright. So that was the first thing that caught our attention was the extraordinary cost of doing that.

The other thing we needed to consider was, okay, what was really the strategic importance of Alaska with regards to our national strategy in the Pacific. So we felt like, from an operational standpoint, that we needed to kind of look at that in the context of flexibility it gave us to generate forces in case anything happened. So those were the

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to Fitzsimmons Army Medical Center's role as a lead agent in referral center for a 13-state region?

SECRETARY WEST: A lead -- no, I just wanted to -- as a lead agent in what role? In providing help?

COMMISSIONER STEELE: Yes, sir. Is that adequately being absorbed in the area? I know there's some moves to Carson and the Academy, but if I'm not mistaken, it was a lead in a lot of areas and there will have to be significant travel for retirees and remaining active duty.

SECRETARY WEST: Well, I think -- well, in terms of simply providing health care, one of the reasons that we feel comfortable and that the Joint Service Working Group recommended the closure of Fitzsimmons as a center, was the fact that there is adequate medical care nearby in the surrounding area. I think that's correct, is it not, General Shane?

BRIGADIER GENERAL SHANE: General Shane. There's two parts -- it goes back to the question that Commissioner Robles asked in regards to excess capacity -- civilian capacity that exists. It was my understanding that the Joint Cross Servicing Group looked at that real hard and supported this recommendation from the Army, and determined that there

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1 was capacity and that there would not be a major problem with  
2 diversion of that tri-care service throughout the area.  
3 So it's a matter of them looking at that in the  
4 implementation phase of this recommendation.  
5 COMMISSIONER STEELE: Were there different weights  
6 given to the effective closures on active duty versus reserve  
7 and retirees and others in the community, or was it --  
8 BRIGADIER GENERAL SHANE: With regards to health  
9 care?  
10 COMMISSIONER STEELE: Yes, sir.  
11 BRIGADIER GENERAL SHANE: I'll have to provide that  
12 for the record. I really don't know.  
13 COMMISSIONER STEELE: Different subject. Secretary  
14 West, we've received copies of two letters from the Army to  
15 the other Services, requesting retention of facilities on  
16 bases recommended for closure by the Secretary of Defense  
17 recommendation to the Commission. In one, the Army requests  
18 portions of the Naval Air Reserve Center in Kansas, and in  
19 others, the Army requests portions of Brooks Air Force Base  
20 in Texas.  
21 Were these two issues discussed during the DOD  
22 joint review process? And if not, why not?

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1 SECRETARY WEST: The joint DOD process? I don't  
2 know. General Shane.  
3 BRIGADIER GENERAL SHANE: Let me confer with staff  
4 just a minute, please.  
5 SECRETARY WEST: Yes. I think we'll have to give  
6 you -- I don't think any one of the force here can give you  
7 that answer right now.  
8 BRIGADIER GENERAL SHANE: I thought I knew the  
9 answer, and I do. Those were requests for enclaves for the  
10 Army to perform their immediate mission there in both of  
11 those locations, as a matter of fact. Thank you.  
12 COMMISSIONER STEELE: In the area of industrial  
13 facilities, the Army recommendation is to close Detroit Army  
14 Tank Plant and Stratford Army Engine Plant. Did the closure  
15 of these facilities -- excuse me, eliminate the ability to  
16 design production of critical items?  
17 SECRETARY WEST: No. No, it won't. I mean -- it  
18 won't do that.  
19 GENERAL SULLIVAN: Commissioner, General Sullivan.  
20 No, it does not. We have other facilities. And I'm not  
21 producing enough tanks anyway.  
22 COMMISSIONER STEELE: This may be too detailed, but

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1 how many contractor personnel at each site are affected by  
2 those recommendations.  
3 BRIGADIER GENERAL SHANE: I can give that to you.  
4 Are you talking two locations, or just Detroit?  
5 COMMISSIONER STEELE: Both locations.  
6 BRIGADIER GENERAL SHANE: Okay. Detroit, there's  
7 about 200, plus or minus a few. And in Stratford, I think  
8 the number was around 2,000 or so.  
9 COMMISSIONER STEELE: Thank you. I yield back --  
10 BRIGADIER GENERAL SHANE: But we have provided  
11 those in our recommendations. I think those are right on.  
12 COMMISSIONER STEELE: Thank you. Mr. Chairman, I  
13 yield back my time.  
14 CHAIRMAN DIXON: Thank you very much, Commissioner  
15 Steele. Commissioner Cornella.  
16 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.  
17 Secretary West, if I told you that we've heard from  
18 communities affected by the process, you probably wouldn't  
19 find that hard to believe.  
20 SECRETARY WEST: No, I wouldn't.  
21 COMMISSIONER CORNELLA: We place an important value  
22 on their input, and some communities have expressed concern

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1 about inconsistent levels of cooperation from base commanders  
2 in preparing their rebuttals to the DOD proposals. What  
3 guidance did the Army give its base commanders regarding  
4 cooperation with local communities during the BRAC process?  
5 SECRETARY WEST: Well, we've met with them quite  
6 recently, and our guidance is to be as cooperative as  
7 possible. We understand the impact of this kind of event on  
8 a community. And we understand that communities will be  
9 inclined to respond in two ways. The first way is to try to  
10 prepare their case. And the second way, perhaps, if they're  
11 well-advised, is a track that begins to prepare for what  
12 could happen.  
13 We want to be helpful in either case. I think  
14 that's our obligation, and that's our guidance. I don't know  
15 if you're asking the question whether they are able to get  
16 access to sort of all the information behind our decisions,  
17 because if that's your question, they're certainly going to  
18 get access to the information we provide to the Commission.  
19 It's a public document, I would think.  
20 COMMISSIONER CORNELLA: Well, I think the question  
21 I'm asking is, would there be some consistency across the  
22 commanders?

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1 SECRETARY WEST: I would expect so, but I also  
2 know, Commissioner, that even commanders -- even Army  
3 commanders, who routinely turn out to be good and  
4 extraordinarily competent, are individuals and their reaction  
5 may vary from place to place. We will try to counsel them  
6 and make sure that there's a relatively consistent  
7 cooperation. And if you find instances where we're  
8 inconsistent, then we'll try to correct it.  
9 COMMISSIONER CORNELLA: Thank you, Mr. Secretary.  
10 Mr. Secretary, the Army owns and operates three military  
11 ports in the United States. Do we have a chart on that? As  
12 this chart shows, Sunny Point, North Carolina, was ranked the  
13 highest in military value; Bayonne, New Jersey, second; and  
14 Oakland, California, third. Please explain why you decided  
15 to recommend the closure of Military Ocean Terminal Bayonne,  
16 but disapprove the closure of Oakland Army Base.  
17 SECRETARY WEST: I think it's very straightforward  
18 judgment, Commissioner. If you look at what we use those  
19 for, their importance to us has to do with times of surge  
20 when we will need to get material out. In the case of, what  
21 is it, Bayonne, which is an East Coast port, Oakland is an  
22 West Coast port; Sunny Point, also on the East Coast. It

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1 seems to me that the gamble we make is fairly clear. If we  
2 close Bayonne, we still have another port we can use. If we  
3 close Oakland, we have nothing but the commercial ports.  
4 Now let me say a word about commercial, because in  
5 fact, we in the Army are fairly comfortable with using  
6 commercial ports in most cases. There are greater assurances  
7 of commercial port availability on the East Coast than the  
8 West. So just as a matter of prudent planning, we elected to  
9 keep Oakland open, while we felt very comfortable that we  
10 could close Bayonne and realize the savings from that action.  
11 Right now we can't -- and it would cost about \$24  
12 million to do it. We can't use railroads in Bayonne. We  
13 have an ammunition port on the East Coast, Sunny Point. We  
14 can't outload ammunition in Bayonne because of the proximity  
15 to the city.  
16 And that's why we -- one of the reasons in my  
17 dialogue with the Secretary, we looked at doing business.  
18 And only 14 percent of the cargo, of the general cargo that  
19 went to the Gulf War -- we shipped over 40,000 40-foot  
20 containers to the Gulf War -- only 14 percent of the general  
21 cargo that went to the Gulf War went through Bayonne.  
22 So it's actually -- we use it very little. And in

my view, and in dialogue with the Secretary and with my people, I thought we could close it.

General Shane.

BRIGADIER GENERAL SHANE: General Shane. Let me make just another comment to that. As indicated, we did study both ports in detail, and everything's been said. The other is, looking at the Army projection, CONUS-based capability, what we lose on the West Coast with Oakland if it goes away is a deployment time of 3 to 17 days, depending on the type unit that goes through there.

So when you look at the operational capability it adds with the minor -- with the small number of ports you got on the West Coast, it, from our standpoint, made good operational sense to retain Oakland and still divest ourselves of Bayonne. So there was an operational cost and risk that we did not want to accept.

COMMISSIONER CORNELLA: General Sullivan, given the emphasis on and synergy from inner-Service operations, what is the Army's requirement for continuing to own and operate military parts?

GENERAL SULLIVAN: Oh, I think we need to operate certainly the ammunition ports. And from my perspective, as

1 highlighted at least their concern that bases weren't  
2 actually closing.  
3 And I wondered sort of in context with that, do you  
4 think that the Commission should change the Brooks Air Force  
5 Base and Naval Reserve Training Center recommendations to  
6 reflect establishment of reserve component enclaves so we  
7 don't have this sort of confusion? Is that your  
8 recommendation.  
9 SECRETARY WEST: Why don't we get back to you on  
10 the answer on that. I'm not sure how much that requires.  
11 COMMISSIONER COX: Thank you. Right. Thanks.  
12 General Sullivan, the test and evaluation Joint Cross Service  
13 Group recommended that the Army withdraw its proposal to move  
14 the test battalion from Fort Hunter-Liggett to Fort Bliss.  
15 They were concerned about the loss of unique test capability  
16 at Fort Hunter-Liggett and the lack of an adequate test  
17 environment at Fort Bliss. How did the Army address these  
18 concerns raised by the Joint Cross Service Group?  
19 GENERAL SULLIVAN: Can I ask General Shane to  
20 answer that?  
21 COMMISSIONER COX: Of course.  
22 BRIGADIER GENERAL SHANE: First of all, this is

Jimmy said, as General Shane said, we need the capability to assemble our equipment and to move that equipment. Oakland provides us on the West Coast with that capability. And it is -- frankly, it was helpful during the Gulf War to have places like Sunny Point and Oakland.

COMMISSIONER CORNELLA: General Sullivan, I understand that Sunny Point was retained because it is the sole ammunition terminal in the Army inventory. U.S. Navy port facilities accommodate the Navy and Marine bulk ammunition requirements. Please explain why a single Service would not accommodate Army, Navy and Marine Corps bulk ammunition shipping requirements. Would that be possible?

GENERAL SULLIVAN: I haven't thought about it much. I guess it could. But I thought we shipped -- I need to give you an answer back on that, okay, because I'm the Executive Agent -- the Army's the Executive Agent for lots of ammunition. And I think I need to give you a more precise answer.

I think what I'm shipping -- not me personally -- but I think what the Army is shipping in many cases is ammunition belonging to the other services. I provide the Marines conventional munitions and so forth.

1 General Shane. The Joint Cross Servicing Group did not  
2 address Hunter-Liggett specifically, okay? The issue comes  
3 from an inquiry which was made by OSD with regards to what  
4 training and testing were we going to divest ourselves of.  
5 And the answer to that is none.  
6 We keep all the testing facilities, all the land,  
7 and we turn that over to the National Guard. And what we  
8 divest ourselves of was about 300 people that was the test  
9 battalion that we had there, and we move them to Fort Bliss.  
10 COMMISSIONER COX: So you're keeping the base open?  
11 BRIGADIER GENERAL SHANE: Well, that's right.  
12 Already it's a National Guard-owned installation. So the  
13 National Guard will assume that. And we just divest  
14 ourselves of the overhead.  
15 COMMISSIONER COX: I see.  
16 GENERAL SULLIVAN: Commissioner, there are some  
17 topographical aspects of that test range that are important  
18 to us.  
19 COMMISSIONER COX: Right.  
20 GENERAL SULLIVAN: We're trying to eliminate some  
21 of the costs associated with them, though.  
22 COMMISSIONER COX: Thank you. Secretary West or

So I'd like to get back with you, Commissioner, on that. Because I think what we'll find when we shred the numbers that it is Marine Corps, Navy and Air Force, in some cases, ammunition, other than for the Navy, the munitions which are on the ships. I may be wrong.

CHAIRMAN DIXON: I assume staff is keeping track of these answers when we're being told that answers will be supplied so you can follow up. And we will do that, General Sullivan, thank you. Thank you, Commissioner.

GENERAL SULLIVAN: Gentlemen, I'd just like to back off. Mr. Chairman, I'd like to back off of that, because I think it's more sophisticated than what I said.

COMMISSIONER CORNELLA: Thank you. Mr. Chairman.

CHAIRMAN DIXON: Have you concluded, Commissioner?

COMMISSIONER CORNELLA: Yes, I have.

CHAIRMAN DIXON: Thank you, Commissioner Cornella.

Commissioner Cox.

COMMISSIONER COX: Thank you. Just a follow-up on Commissioner Steele's questions mentioned the two letters regarding the Naval Reserve Training Center, Brooks Air Force Base. And I know you all have looked at the BENS study -- the Business Executives National Security -- which

1 whoever, you recommended that Fort Pickett be closed because  
2 it, "focused primarily on reserve component training  
3 support." Yet you decided to leave open Fort A.P. Hill,  
4 which is not far from Pickett, due to the annual training  
5 requirements of the reserve component. What was the  
6 opposite -- why was the opposite logic used on two similar  
7 and very closely located bases?  
8 BRIGADIER GENERAL SHANE: Commissioner Cox, General  
9 Shane, let me answer that. When we ran our analysis on that,  
10 what we found was the fact that in A.P. Hill there was a  
11 large density of RC battalions, about 20 or so we looked at.  
12 And many of those that could not be diverted within what we  
13 set as an established standard 250 miles, one way or the  
14 other.  
15 At Pickett, what we found was that there was a  
16 training requirement there, but it was not to the degree of  
17 A.P. Hill. And we felt -- and we coordinated this with the  
18 reserve personnel and we felt like we could divert that  
19 training load to other installations throughout the general  
20 area -- Fort Bragg, A.P. Hill, so forth and so on. So that  
21 drove our decision to divest ourselves of Fort Pickett.  
22 COMMISSIONER COX: Okay. And then lastly,

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1 Secretary West or --  
 2 SECRETARY WEST: Essentially, I might add,  
 3 Commissioner, in a number of these instances where we do  
 4 this, where the principal utilization, or a heavy  
 5 utilization, is the reserve, we are in essence switching --  
 6 and I don't know that that's necessarily happening here --  
 7 we're switching out our active duty garrison.  
 8 BRIGADIER GENERAL SHANE: That's correct.  
 9 SECRETARY WEST: And leaving, by and large, by  
 10 working it out with the reserve command, a reserve garrison  
 11 to take care of that. That saves us overhead. Now, what  
 12 we're trying to do here with these adjustments is to save  
 13 overhead. These are dollar decisions we've made, in the  
 14 context of those two situations.  
 15 COMMISSIONER COX: So to make sure I understand on  
 16 this and the last question -- essentially what you're saying  
 17 is that we still have the ability to use these training  
 18 grounds.  
 19 SECRETARY WEST: Oh, yes, for the reserve  
 20 components. Yes, oh, yes.  
 21 BRIGADIER GENERAL SHANE: Commissioner Cox, General  
 22 Shane again. There will be a reserve enclave there on

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1 training so that they can use Pickett. And one of the  
 2 questions that we're asked about -- what do you do with the  
 3 petroleum facility that's there? And we opted to send that  
 4 to Fort Dix, and that was in coordination with the reserve  
 5 component people, too.  
 6 COMMISSIONER COX: Thank you. And then lastly, how  
 7 does the -- Secretary West, or whoever you'd like to direct  
 8 it to -- how does the recommendation to close Fort Ritchie  
 9 affect the Army's support to area requirements of the  
 10 national command? And given the importance of Fort Ritchie's  
 11 support to that national command authority, what alternatives  
 12 to closing Fort Ritchie did you examine and why did you pick  
 13 closing Fort Ritchie?  
 14 SECRETARY WEST: We did take that into account.  
 15 I'll let General Shane give you the details.  
 16 COMMISSIONER COX: Okay.  
 17 BRIGADIER GENERAL SHANE: Commissioner Cox, General  
 18 Shane. We did look at that. We can support site C & R from  
 19 Fort Detrick, which is right down the road. And we did look  
 20 at the alternative, which looked at closing and realigned  
 21 Detrick. But the fact is that Detrick is almost twice the  
 22 size of Fort Ritchie. So as we looked at the pay-off and the

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1 costs and the savings associated with divestiture, it made  
 2 good sense. And we did have excess capacity at Detrick to  
 3 accommodate this move.  
 4 COMMISSIONER COX: And -- I'm sorry, you looked at  
 5 Detrick but it was larger than Fort Ritchie?  
 6 BRIGADIER GENERAL SHANE: Well, when I say larger  
 7 -- it had the capacity to accommodate Ritchie moving there,  
 8 vice Detrick moving to Ritchie.  
 9 COMMISSIONER COX: And there are other things at  
 10 Fort Detrick that would dictate moving it to Detrick rather  
 11 than Ritchie.  
 12 BRIGADIER GENERAL SHANE: Well, just a larger and  
 13 more modern facilities, more permanent facilities.  
 14 SECRETARY WEST: It's just a more cost-effective  
 15 move from Ritchie to Detrick than from, say, Detrick to  
 16 Ritchie.  
 17 CHAIRMAN DIXON: And that was Secretary West on  
 18 that last response.  
 19 SECRETARY WEST: I'm sorry.  
 20 COMMISSIONER COX: Thank you very much.  
 21 CHAIRMAN DIXON: Thank you, Commissioner.  
 22 Commissioner Davis.

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1 COMMISSIONER DAVIS: Thank you, Mr. Chairman. I  
 2 again would like to do more of an education for J.B. Davis  
 3 than anything else. But in almost every fort that you  
 4 decided to close, Mr. Secretary, you very carefully reserve  
 5 and area for the reserve component. Are you doing that  
 6 because you're rearranging your reserve structure, or was  
 7 that reserve structure there all along? Can you help me with  
 8 that one? I've read the book, but I didn't get the answer.  
 9 SECRETARY WEST: Well, there are some reserve  
 10 structure adjustments being made, but I think what we're  
 11 doing here is trying to accommodate a rule of thumb that  
 12 General Shane mentioned, which is that in so many of our  
 13 installations, reserve components are using them for  
 14 important and needed training. And in this era, when we're  
 15 going to rely on the reserves even more, the last thing that  
 16 we in the Army want to do as we do this realignment and  
 17 closure process is to effect things that can contribute to  
 18 reserve readiness.  
 19 So we've tried to make sure that wherever we act  
 20 with respect to posts where reserves have been training, that  
 21 either they are able to do their training at another post  
 22 within a sufficient number of miles, or that we reserve an

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1 enclave so that they can do it there. And that's what's been  
 2 driving it -- and attentiveness to reserve component  
 3 readiness.  
 4 GENERAL SULLIVAN: Can I --  
 5 COMMISSIONER DAVIS: General Sullivan, sir?  
 6 GENERAL SULLIVAN: We need to reserve either an  
 7 armory or some kind of facility where the goal is to put them  
 8 within 50 miles -- to put the soldiers within 50 miles of a  
 9 facility; and then within 250 miles of some kind of a  
 10 training ground. The reason for that is we only get them for  
 11 14 days in the summer and they have to move their equipment.  
 12 And what we like to get is 10 out of that in the training  
 13 area. And as you know, when you get the Guard and Reserve, I  
 14 mean, we just have to -- we cover the country with  
 15 facilities. And that's why you'll see us maintain these  
 16 enclaves.  
 17 COMMISSIONER DAVIS: Thank you, sir. And again,  
 18 not being able to fully shut down a fort, though, was another  
 19 consideration in that process.  
 20 GENERAL SULLIVAN: Right.  
 21 COMMISSIONER DAVIS: If I could, then, and you'll  
 22 see what my bias is. Of course, I worry about our Armed

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1 Forces being able to conduct their missions in the out years.  
 2 And I asked the question previously, and I think you've  
 3 answered it, but let me just make absolutely sure.  
 4 Mr. Secretary, that with the BRAC '95 closings and  
 5 assuming some level of confidence in your numbers, the  
 6 savings that you get, at what level does it start to  
 7 constrain? If they don't pan out to 50 percent requirement?  
 8 In other words, you don't get 50 percent of your savings, are  
 9 you really starting to hurt? Is there a threshold there or  
 10 have you really taken a very conservative approach and you'll  
 11 probably get more savings than what you've predicted and so  
 12 the news would only be good, not worse?  
 13 SECRETARY WEST: I think --  
 14 COMMISSIONER DAVIS: That's a long and complex  
 15 question, but --  
 16 SECRETARY WEST: My answer was clear to the first  
 17 part of your question, but now that you have your second  
 18 part, the answer is yes to both.  
 19 COMMISSIONER DAVIS: Okay.  
 20 SECRETARY WEST: I mean, the second one first --  
 21 yes, we have taken a conservative approach. The one thing  
 22 we've learned, I think, over the years is that you can't be

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1 certain how your estimates and projections are going to turn  
2 out, so you have to be very careful, indeed. So we've been  
3 conservative in what we have listed as expected savings.

4 But at the same time, frankly, when you think about  
5 at the Chief of Staff said about the declining dollars,  
6 we're tightly constrained in every direction. I don't think  
7 I could say to you that we could afford to lose a single  
8 dollar of the savings we anticipate here. It will get tight  
9 right after that first dollar.

10 GENERAL SULLIVAN: Mr. Commissioner, I -- I've been  
11 around now since '89 in the building, in the Pentagon. And  
12 one of the assumptions that was made on previous BRACs has  
13 really been a burden to us. And that assumption was that we  
14 would, in fact, sell some of this property to investors. And  
15 so the budgets in our programs were wedged in that vein.

16 We have a very poor track record because, as you  
17 know, there is a congressional process that comes in and the  
18 government competes for the facilities itself; and then we  
19 have the presidential initiatives. So we're not doing any of  
20 that. We're not betting on anyone buying any of this,  
21 because there are programs that require us to give it to the  
22 communities and so on and so forth. So we haven't built this

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1 surge on food. We can, in fact, produce food in America and  
2 process it and get it to the troops. There are other  
3 commodities which soldiers and airmen and marines and sailors  
4 use which are difficult to surge to. But we can, in fact,  
5 produce a lot of food in America.

6 One of the capabilities we maintained in the Army,  
7 to get to your point, is Watervliet in Rock Island. Building  
8 hard-wall cannon barrels is an art, and there's only one  
9 place in America that does it -- probably the best in the  
10 world -- and that's Watervliet. And we maintain that  
11 capability for tank guns and Howitzers and naval weapons.  
12 And Rock Island is now where we assemble the Howitzer -- one  
13 of the Howitzers, the light Howitzer is assembled there,  
14 because we're producing such a tiny quantity of it that  
15 commercial industry won't do it.

16 They don't think it's commercially effective for  
17 them. So we do have those kind of special capabilities. And  
18 I'm glad you asked the question, because there are some  
19 capabilities that we do maintain in house, because commercial  
20 industry -- unless you get into a real big confrontation --  
21 they're not going to do it.

22 COMMISSIONER DAVIS: And my last, not question, but

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1 effort on those kind of assumptions.

2 And I think, to the Secretary's point, now we have  
3 what appears to us to be a good business decision here  
4 without assumptions, which, frankly, have never come true --  
5 never come true. And it's taken us a while to dig our way  
6 out from that burden.

7 COMMISSIONER DAVIS: You have my sympathy for being  
8 in the building that long. (Laughter.)

9 GENERAL SULLIVAN: Yeah, I had a full head of hair  
10 here in 1989. (Laughter.)

11 COMMISSIONER DAVIS: Mr. Secretary, I'd like to  
12 direct this to General Sullivan. Again, it's my worry about  
13 our ability to -- and the Army is probably required to do  
14 that almost more than any other Service -- is surge to meet  
15 contingencies or national emergencies. And in your depot  
16 process, you've taken some very significant actions to  
17 downsize your depot capability.

18 And I know you've answered before that you didn't  
19 have any surge capability, but have you sort of hip-pocketed  
20 a little bit of surge capability in your depot so that if you  
21 are required to surge to meet some national emergency that  
22 you have capability to surge that depot, or will you have to

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1 it's sort of a request. We'd like to make sure we work with  
2 the Department of the Army and of course the Air Force on  
3 this permitting and, for instance, to move the Dugway  
4 operation, there's some indication that it's going to take  
5 almost two years to get all the approvals and everything  
6 done. But that's very key to the process, and we'd like to  
7 work with your General Counsel along with ours to make sure  
8 that we get it all right in the final recommendation.

9 Mr. Chairman, my time has run out.

10 CHAIRMAN DIXON: Thank you very much, Commissioner  
11 Davis. Commissioner Kling.

12 COMMISSIONER KLING: Thank you, Mr. Chairman.  
13 Secretary West, you've been very forthcoming in your answers  
14 concerning cross-servicing, and I appreciate and thank you  
15 for that. I'd like to ask your opinion, in a practical  
16 sense, can cross-servicing work going forward? And will it  
17 continue without the BRAC process.

18 SECRETARY WEST: I think it will work,  
19 Commissioner. I think we're still learning a lot of things  
20 about it; learning the best ways in which we can cooperate.  
21 There are still functions that each of the Services considers  
22 unique and that each of the Services believe we have unique

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1 pump it out in the commercial sector?

2 GENERAL SULLIVAN: I have some thoughts on it.  
3 I'll let General -- if it's all right with you, I'll let  
4 General Shane answer it and then I have some experience on  
5 the subject and some thoughts.

6 BRIGADIER GENERAL SHANE: Commissioner Davis,  
7 General Shane. The short answer is yes, we did take into  
8 consideration the surge capability. A couple key things here  
9 is the fact that when you look at the core workload that we  
10 have, you find that we do that with one shift and we do it  
11 and our recommendations show that we are now at about 80  
12 percent capacity. So we have a 20 percent capacity in each  
13 one of our three depots remaining that allows us to meet the  
14 wartime surge requirements.

15 Now, there's been some debate with regards to  
16 wartime requirements versus reconstitution of the force  
17 following the two-MRC scenario. So I feel like that the  
18 three depots, based on our Stationing Strategy laid out for  
19 us, provide us the adequate depot maintenance requirement  
20 that we need to take care of the force.

21 GENERAL SULLIVAN: Mr. Commissioner, in the United  
22 States of America, we have the capability to surge, really

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1 responsibilities for. But I think it can work, and I think  
2 we're seeing that it can work.

3 Much more intriguing is your question of whether it  
4 will go forward without BRAC. That, I don't have an answer  
5 for you. I'd like to hope it would. But the underlying  
6 principle that you enunciate, that the BRAC process has given  
7 a great motivation to it, I think, is an accurate one. It  
8 certainly has given it life.

9 COMMISSIONER KLING: Maybe I could ask another  
10 question of you from along that line, and that is, yesterday  
11 the Air Force -- their statement, they said that they did not  
12 really include any closures as respects medical institutions  
13 because they just hadn't gotten to that yet. And I guess  
14 what I don't understand -- were there not some  
15 recommendations that went to the Air Force as well as  
16 medical, out of the Cross Servicing Group? Were you I  
17 believe said that 50 percent of those recommended to you, you  
18 adhered to?

19 SECRETARY WEST: Oh, Commissioner. (Laughter.)  
20 I'm certainly familiar with the ones that came to the Army,  
21 Commissioner. And that's about as far as I'm able to go.

22 COMMISSIONER KLING: Okay, thank you. Well, maybe

<p style="text-align: right;">Page 121</p> <p>1 I could just follow that up one second and say that 50 2 percent of the medical cross-servicing that was presented to 3 you, you accepted and you went forward with. The other 50 4 percent -- did those deal only with the Army, or would those 5 have included some of the other Services? 6 SECRETARY WEST: No, sir. We were speaking of 50 7 percent of those that dealt with the Army. There were 50 8 percent that we did not agree on after our analysis. 9 COMMISSIONER KLING: Thank you very much. 10 GENERAL SULLIVAN: Commissioner, can I make a 11 comment? There are some activities going on in the training 12 area which are really not related to BRAC at all where I have 13 some capacity at Fort Leonard Wood where we're doing some 14 training in our training centers -- Fort Leonard Wood and 15 elsewhere. -- other services, Fort Knox, Fort Sill, the 16 Marines train with us, and I send people to other Services. 17 So there's a lot of that going on. And we're actually 18 picking up more and more -- cooks, for instance. And it's 19 not -- it's irrespective of BRAC. It's a joint -- 20 COMMISSIONER KLING: And I think that that is just 21 a cross-servicing aspect as well, you just -- 22 GENERAL SULLIVAN: Correct.</p>	<p style="text-align: right;">Page 124</p> <p>1 I'm selecting one that counsel thought was the appropriate 2 one -- Secretary West, in making the decision to close Fort 3 Pickett, Virginia, did the Army consult with the leadership 4 of the other Services and federal agencies who currently 5 train at Fort Pickett for input concerning the value to them 6 of the installation? 7 SECRETARY WEST: Let me just see if I can get some 8 staff up here. 9 CHAIRMAN DIXON: And I think Brigadier General 10 Shane is going to answer with the help of a colonel there 11 that he works pretty closely with. 12 BRIGADIER GENERAL SHANE: Chairman, General Shane. 13 The answer is, yes. And recall that we had certified data 14 calls and Fort Pickett did provide us with that information. 15 It was considered in the process. 16 CHAIRMAN DIXON: In other words, you talked to all 17 the other people involved at Fort Pickett in making this 18 decision. The balance of those questions will be given you 19 in writing. 20 SECRETARY WEST: Commissioner, Mr. Chairman, may I 21 not say that General Shane said something in addition to 22 that. He said it was our practice to do so in every case --</p>
<p style="text-align: right;">Page 122</p> <p>1 COMMISSIONER KLING: -- pin it down to five set 2 places and say, that's the end of it. So that's really good. 3 Just a couple other quick situations. Turning to some of the 4 leases here, the BRAC '93 Commission recommended that the 5 Services review current leases to determine whether or not 6 excess government-owned administrative space could be used 7 instead of leased office space. Did the Army review all of 8 its lease facilities in an effort to get them into 9 government-owned facilities? 10 SECRETARY WEST: I believe those above \$200,000, 11 Commissioner. 12 COMMISSIONER KLING: Above \$200,000. Thank you. 13 And last question, because I believe we're probably running 14 in time a little bit. In '91 the Commission approved the 15 merger of Aviation Systems Command and Troop Support Command. 16 Would you mind explaining why the Army is disestablishing a 17 command which we just created a few years ago? 18 SECRETARY WEST: Well, it's related to your first 19 question. In our effort to try to find savings in leases, 20 the way that we could deal with getting savings out of that 21 lease, was not to try to look for where we could transfer the 22 entire thing, but to look at it going back into its</p>	<p style="text-align: right;">Page 125</p> <p>1 certified data calls. 2 CHAIRMAN DIXON: Thank you. Congressman Jim 3 Chapman, First District of Texas says, or asks -- I'll ask 4 you, Mr. Secretary, and you may refer to whoever is 5 appropriate -- "Was the combined military value and cost of 6 closure of the co-located facilities of Red River Army Depot, 7 Lone Star Army Ammunition Plant, Defense Logistics Agency 8 Distribution Depot -- DDRT -- and their tenants considered in 9 the overall evaluation as requested of the Army Defense 10 Logistics Agency and Department of Defense by the community? 11 SECRETARY WEST: I think the answer is yes, but I 12 -- by the community? 13 BRIGADIER GENERAL SHANE: Mr. Chairman, let me take 14 that on. General Shane. The answer to that is, yes, it was. 15 CHAIRMAN DIXON: Now, there are a series of other 16 questions here. And all of those questions, on behalf of 17 Congressman Jim Chapman of the First District of Texas, will 18 be sent to you in writing. 19 Here is a series of questions submitted for the 20 record by the senators from Maryland -- Senators Sarbanes and 21 Mikulski, and by Representatives Bartlett and Ehrlich; and 22 it's in connection with Fort Ritchie, Maryland. Mr.</p>
<p style="text-align: right;">Page 123</p> <p>1 components. And so we've come up with a good way, and we 2 think a very effective way, of discharging -- carrying out 3 that business of each of those -- aviation on the one hand, 4 the soldier command on the other -- by sending them to those 5 kinds of components. 6 We really wanted to get out of that lease. We want 7 to get out of all the leases we can. It's not just that we 8 take the last BRAC Commission seriously, it's that it's good 9 business for the Army. 10 COMMISSIONER KLING: Thank you very much, Mr. 11 Secretary. 12 CHAIRMAN DIXON: Now, that concludes the second 13 round. And Mr. Secretary, if you'll indulge me now, counsel, 14 Madelyn Creedon has selected what she thought to be the 15 appropriate question from each of these groupings by senators 16 and members of the Congress. And I'm going to ask you those, 17 and then we will send all the written questions to you. 18 And we are going to do that immediately after this 19 morning's hearing, and would appreciate it if your folks in 20 your shop could answer these questions in some detail. 21 First, from Senator John Warner of Virginia, he 22 asks, Secretary West -- now, he asks a number of questions,</p>	<p style="text-align: right;">Page 126</p> <p>1 Secretary, how were the cross-service capabilities of the 2 Defense Information Systems Agency's command assessed as part 3 of the Army's evaluation and final decision to recommend Fort 4 Ritchie for closure? 5 SECRETARY WEST: General Shane. 6 CHAIRMAN DIXON: General Shane. 7 BRIGADIER GENERAL SHANE: Mr. Chairman, those were 8 considered especially with regard to DISA OSD. Our database 9 concluded that they would not be included in our figures. 10 CHAIRMAN DIXON: Their next question is, did the 11 Army coordinate directly with DISA to determine the cost of 12 moving the Network Management Center? 13 BRIGADIER GENERAL SHANE: And the answer to that, 14 Mr. Chairman, is no, because what happened in that particular 15 case -- we showed them as a loss in 1996. 16 CHAIRMAN DIXON: All right. Did the DOD take into 17 account Fort Huachuca, its critical water shortage as part of 18 its recommendation to send a significant number of additional 19 personnel there? 20 BRIGADIER GENERAL SHANE: Mr. Chairman, we're 21 talking about 100 people, I believe, going to Fort -- we did 22 not consider that, nor were we aware of that at the time that</p>

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we made the recommendation -- that there was a water shortage at Fort Huachuca.

CHAIRMAN DIXON: All right, we'll pursue that later. There's a whole series of questions here, quite a substantial number, given me by these two distinguished senators and these two distinguished members of the House. Fairly lengthy, and we are going to send it all to you.

Senator Abraham asks this of you, Secretary West. Mr. Secretary, your report states there is no job loss associated with closing the Detroit Army Tank Plant.

However, General Dynamics currently manufactures M-1 tank gun mounts in the tank plant.

I understand the Army's reasoning was, since the General Dynamics contract expires in '97, and the Army has six years to complete the facility disposal, the job loss would come from an end to the contract, not from the closing of the tank plant. Is this the baseline reason to close the tank plant -- to cease gun mount production by General Dynamics? And that is the question.

SECRETARY WEST: Yes. The answer to the last question is, no, that's not the baseline reason. The baseline reason is that the plant is there to produce tanks,

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and we don't do that right now for United States use right now. The only tank production we have going on, I think, is in Lima and it's for FMS. We simply -- that plant is simply excess to the Army's use.

CHAIRMAN DIXON: Okay, anybody want to add? Thank you. Now, they ask one other there that I think I better ask, since it impacts my state and I think would only be fair to do so. I further understand Rock Island Depot in Illinois -- General Sullivan, you just alluded to that in your remarks -- is the only other manufacturer of M-1 tank gun mounts.

Why are you ending a contract with a civilian contractor, when the only other source of production is a government arsenal? Given that this does not fall in the traditional arsenal production area of barrels, why are you ceasing private production for government-owned facilities?

SECRETARY WEST: It is -- I will answer that. Mr. Chairman, it is true we produce about 10 gun mounts a month -- half at the Detroit plant and half at Rock Island. But that is not the driver in this decision. The driver in this decision is the use of that plant for the production contract that's expiring in 1996, essentially. The gun mount is an

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incident of the decision, and we will have to resolve where to pick up that extra five a month production. But that is not the driver here.

So we're doing it -- if it turns out to be that we will do all 10 at Rock Island -- we're doing it as an incidence of this decision. It did not drive this decision.

CHAIRMAN DIXON: Thank you, and there will be follow-ups in writing on that one.

Now, the distinguished Minority Leader, the Democratic leader in the House, Congressman Dick Gephardt, asks these questions, Mr. Secretary. Others will follow in writing.

In 1993, the Army determined that -- and he quotes, so I presume it's from your determination in '93 -- "the high relocation costs make realignment or closure of Adcom impractical and prohibitively expensive." Has there been a change in circumstance in the last two years that makes relocation more affordable?

SECRETARY WEST: What's changed is that we're warter for one thing. We are not going to try to relocate Adcom out of that lease as Adcom. It will be relocated in constituent parts.

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1 CHAIRMAN DIXON: And the second part of that --  
 2 Congressman Dick Gephardt says a 1991 Defense Management  
 3 report found that merging the Aviation Command and the Troop  
 4 Support Command into Adcom would result in management and  
 5 cost efficiencies. What changes led to the conclusion that  
 6 rather than consolidation, breaking Adcom into four new  
 7 entities is more efficient?  
 8 SECRETARY WEST: Yes, let me say this. For one  
 9 thing, we will be able to get out from that relatively  
 10 oppressive lease. I mean, oppressive is probably too strong;  
 11 but high-cost lease. And in fact, I think we're also going  
 12 to result in a savings in number of personnel, as well. So  
 13 the fact is, we've just found a way to do it that saves us  
 14 money and that still allows us to do the Army's job very  
 15 well. It's a smart move.

16 CHAIRMAN DIXON: There are other written questions  
 17 by the distinguished Minority Leader in the House that I'll  
 18 send along, Secretary West. Thank you.

19 Now the Senator from Michigan, Carl Levin asks  
 20 this. I think we're back to the Detroit Army Tank Plant  
 21 here. Senator Levin asks, Mr. Secretary, at the time the  
 22 Secretary of Defense announced the recommendation to close

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1 the Detroit Army Tank Plant, the Army did not have answers to  
 2 these questions regarding how and where the Detroit Army Tank  
 3 Plant's current functions would be conducted after closure  
 4 and the cost of those alternatives. Instead, the Army said  
 5 it will study those issues this summer.

6 Why didn't the Army study the cost of alternatives  
 7 to the Detroit Tank Plant as part of the BRAC process?  
 8 SECRETARY WEST: I believe we have now made some  
 9 choices about alternatives, Mr. Chairman. Am I wrong,  
 10 General Shane?  
 11 CHAIRMAN DIXON: General Shane, is this more in  
 12 your area?  
 13 BRIGADIER GENERAL SHANE: Mr. Chairman, yes it is.  
 14 We looked at that. The bottom line there was the fact that  
 15 it was truly excess capacity, the way we looked at it, and  
 16 from our analysis.

17 CHAIRMAN DIXON: Okay. He has a great many other  
 18 questions here. I'm going to send you a series that develops  
 19 his line of questioning. And we'll want those for the record  
 20 so that this distinguished senator's questions are carefully  
 21 analyzed.  
 22 Representative James V. Hansen of the First

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1 District in Utah. This distinguished congressman says, the  
 2 Army is proposing to move Dugway Smoke and Obscurant Mission  
 3 to Yuma Proving Ground. I think the distinguished  
 4 Commissioner Cox asked this. Are you aware that Yuma does  
 5 not possess the environmental permits from the state of  
 6 Arizona, required to permit open-air testing of this  
 7 magnitude?  
 8 SECRETARY WEST: We are, Mr. Chairman, and we think  
 9 it will -- we've actually included in our plan that it will  
 10 be about a year to two-year delay. And we will continue to  
 11 do that at Dugway until the permitting is available.

12 CHAIRMAN DIXON: That's Secretary West answering.  
 13 I know that that question has been asked by someone -- it was  
 14 by Commissioner Davis. But I wanted to give an opportunity  
 15 for the congressman to ask it as well. If these permits  
 16 cannot be obtained, what are your plans for this important  
 17 testing?  
 18 SECRETARY WEST: If we cannot obtain permits to  
 19 move the open-air testing away from Dugway, it will remain at  
 20 Dugway.

21 CHAIRMAN DIXON: Okay. And are you also aware that  
 22 Dugway already possesses these permits, as well as all

<p style="text-align: right;">Page 133</p> <p>1 permits required for the open-air release of live chemical 2 agents, as required in other realignment proposals? 3 SECRETARY WEST: Yes, sir, we are aware. 4 CHAIRMAN DIXON: And that's significant, I take it. 5 SECRETARY WEST: Yes, it is. 6 CHAIRMAN DIXON: The distinguished congressman has 7 other questions that will be sent to you in writing. 8 The Senator from Arkansas, Senator Dale Bumpers, 9 asks a question that is a -- he asks a whole series, and 10 closes with one that's a duplication. But I think it's 11 important that I ask it again. You had showed a chart 12 before, Mr. Secretary, and in BRAC '93, Fort Chaffee ranked 13 number five among 10 major training areas. 14 In BRAC '95, Chaffee was ranked last among those 15 same 10 major training areas. And I appreciate you all got 16 smarter, but the question here is, what factors cause that 17 ranking to drop so much in just two years? Now, what's the 18 answer to that? Specifically, what factors caused that 19 particular installation to drop from fifth to tenth in two 20 years? He's suspicious of that, of course. 21 BRIGADIER GENERAL SHANE: Mr. Chairman, General 22 Shane. I hope I'm insistent with his answer, because I think</p>	<p style="text-align: right;">Page 136</p> <p>1 more of the thinking. Automated ranges were more important 2 now than they were before, because -- instead of just listing 3 them, maybe just give us a thought or two about why. Why did 4 that change this time? 5 BRIGADIER GENERAL SHANE: I think when we looked at 6 those attributes overall, what we determined was that these 7 were the enduring attributes that we needed to train and 8 sustain the Army. So the whole series of those -- for the 9 record, I could provide those to you. 10 COMMISSIONER COX: Great, that would be fine. 11 CHAIRMAN DIXON: Good. We'll pursue that at some 12 length by the written questions. Is the Commissioner 13 satisfied that she's pursued it sufficiently? 14 COMMISSIONER COX: Yes, thank you. 15 CHAIRMAN DIXON: The next question is from my own 16 congressman, Congressman Jerry Costello. And he asks about 17 the Charles Melvin Price Support Center, named after the 18 congressman that was congressman when I started out in 19 politics, well over 40 years ago. Served many years -- over 20 40 years in the House and was Chairman of the Armed Services 21 Committee for many years, as so many of you know. 22 And Congressman Costello asks a question here that</p>
<p style="text-align: right;">Page 134</p> <p>1 I've answered once before. It's the issue with regards to 2 permanent facilities, ranges, other attributes that went into 3 the refinement of the '95 attributes, which was recommended 4 by the GAO from the '93 proceedings. So as we reordered 5 those -- what happened, you get an order of merit that comes 6 out which ranks some installations lower than others; Chaffee 7 being one of those. 8 CHAIRMAN DIXON: And again, I see, Commissioner 9 Cox, did you want to ask something there? I can see you -- 10 COMMISSIONER COX: You said that before, and I just 11 thought maybe we could get a little more detail. You said 12 it's ranges, it's training. What do you mean? This time 13 around we didn't need something as much as we needed it last 14 time? If you could just -- 15 BRIGADIER GENERAL SHANE: Not necessarily that we 16 need it, but -- 17 COMMISSIONER COX: Right. 18 BRIGADIER GENERAL SHANE: -- let me give you an 19 example. 20 COMMISSIONER COX: Good. 21 BRIGADIER GENERAL SHANE: Let's say ranges. That 22 we have more modern ranges or automated ranges that we may</p>	<p style="text-align: right;">Page 137</p> <p>1 occurs to me as being timely, because if you've read the 2 Washington Post today, a lot of it was devoted -- as you were 3 testifying today, General Sullivan -- to the question of 4 adequate housing. Here's what -- the congressman asks a 5 number of questions, but here he says, the Army has said they 6 must close the military family housing at Price because of 7 the Adcom move. 8 So the relation of those two things -- Adcom's in 9 St. Louis; Price is right across the river in Granite City. 10 Yet Congressman Costello says, yet only 17 percent of the 11 housing there is occupied by Adcom personnel, and there's a 12 waiting list of over one year. Why do the soldiers in the 13 commands at St. Louis not deserve equal housing 14 consideration? 15 I guess that's kind of a sharp question, but the 16 point he makes here is I think he's arguing that housing 17 there could be usefully used for military personnel. We've 18 just seen the front page of the Washington Post today about 19 what a terrible housing problem we have for our military 20 personnel. I wonder what your response is. 21 SECRETARY WEST: Do you want to answer that? 22 CHAIRMAN DIXON: I'm not picking on anybody.</p>
<p style="text-align: right;">Page 135</p> <p>1 apply a different value to it. It may be 100 points, versus 2 50 points in '93. So when you go through those attributes 3 and you reweigh them, what happens when you get you linear 4 program will spit out the answers to you with regards to what 5 the order of merit is, based on those attributes. And that's 6 what happened in the case of Chaffee and some others. 7 For the record, Mr. Chairman, let me say that with 8 regards to major training areas, we studied every major 9 training area in the Army. We looked at each one of those 10 and made a substantial reduction in those, which we've 11 testified here today. So even though it went from first to 12 last, it didn't matter. It had the same type of rigorous 13 analysis that number one was, because we studied them all. 14 CHAIRMAN DIXON: Well, obviously mattered from the 15 standpoint of getting on the list and staying off the list, 16 and that's why they're concerned. Commissioner Cox had 17 another question. It might not matter to you, it matters a 18 lot to them. 19 BRIGADIER GENERAL SHANE: Absolutely. I 20 understand. 21 COMMISSIONER COX: I guess I'm still trying to 22 understand the categories that were different -- a little bit</p>	<p style="text-align: right;">Page 138</p> <p>1 Whoever wants it can have it. 2 SECRETARY WEST: Let me say one thing -- 3 CHAIRMAN DIXON: Mr. Secretary. 4 SECRETARY WEST: Yes, and then I'll let others 5 chime in -- either General Sullivan or Secretary Walker. 6 With respect to the Secretary's article -- Secretary of 7 Defense's article this morning, you're right, Mr. Chairman, 8 it's timely. I would remind us all that one of the things he 9 points out is the quality of the housing we do have. 10 CHAIRMAN DIXON: Yes. 11 SECRETARY WEST: And he talks about that to some 12 extent. The choice to us whenever we have had to take out a 13 support facility -- and that's not the only one that's on 14 this BRAC list; I was just at Suffrage on Friday night, and 15 that's also on the list, and that's also a housing and 16 support, administrative support area -- is whether in the 17 process, we are somehow improving the lot of those who would 18 have to stay. Is commercial housing better available? Is 19 it -- 20 CHAIRMAN DIXON: Did you ask that question, 21 incidentally? 22 SECRETARY WEST: Well, we did a lot of analysis and</p>

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1 I'm going to let them get to that now, Mr. Chairman. Did you  
2 want to go first?

3 BRIGADIER GENERAL SHANE: Mr. Chairman, General  
4 Shane. There are 164 section quarters there. We did look at  
5 those. We looked at the cost alternatives that we pay with  
6 regards to base ops to those things. This was a tough  
7 decision.

8 CHAIRMAN DIXON: Yes.

9 BRIGADIER GENERAL SHANE: But we felt like that we  
10 could at least sustain, if not improve the quality of life of  
11 the soldier by VHA and COLA living on the economy. And our  
12 analysis showed that there was housing available on the  
13 economy to do this.

14 CHAIRMAN DIXON: Okay, that's your answer, then,  
15 General Shane. Because let me tell you my own personal  
16 experience. A man learns by what he does.

17 I remember when I was Chairman of Readiness, I used  
18 an awful lot of my influence and used up a lot of my chits  
19 getting housing for my state. And I built a lot of housing  
20 in Illinois, I'm proud to say. And I remember that, I  
21 believe, Fort Sheraton's housing was taken by the Navy, they  
22 wanted it, and the closing of Glenview, the folks at Great

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1 Lakes wanted that housing and used it.

2 So I only -- and this was, of course, obviously,  
3 pretty new stuff because it's stuff I did while I was there,  
4 so it's brand new stuff and I appreciate the appeal of that.  
5 But, you know, I would just like to have you -- there's a  
6 series of questions there and I would appreciate you giving  
7 those very careful consideration, because if that's good  
8 housing, I think that's a valuable point being made.

9 BRIGADIER GENERAL SHANE: Mr. Chairman, let me say  
10 one other thing for the record. There were four or five  
11 housing areas that we looked at. And as a soldier, I can  
12 tell you that any time you look at an enlisted soldier or an  
13 officer and move him from government quarters, which we pick  
14 up a lot of the bill, and you move him to the economy, that  
15 is a tough decision.

16 CHAIRMAN DIXON: Well, I respect that.

17 BRIGADIER GENERAL SHANE: And it is truly a quality  
18 of life decision. And we considered that.

19 GENERAL SULLIVAN: These are not easy decisions.

20 CHAIRMAN DIXON: I know that.

21 GENERAL SULLIVAN: None of them are, and you've got  
22 Suffrage, as the Secretary pointed out. By the way, I'm the

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1 Chief of Staff of the Army -- Sullivan is my name. These are  
2 tough calls. But we've got to make them.

3 CHAIRMAN DIXON: I appreciate that, General  
4 Sullivan. My wife was watching me on television the other  
5 day, and she said, "Don't be so mean with those people,  
6 they're just doing their job." I hope you understand I  
7 respect that, and I hope you understand that I'm not any more  
8 delighted with this job than you are.

9 I'm a draftee, not a volunteer. And this is  
10 painful for all of us, and the worst part of it is, it's the  
11 fourth round and everybody's been through this four times and  
12 by now, we're down to the real good stuff. And, you know, it  
13 ain't no fun. But anyway, we have to ask the questions. I  
14 hope you understand that.

15 Representative Glen Browder -- and this is somewhat  
16 repetitive, but we want to get these things in the record.  
17 What contacts has the Army or OSD had with the Governor of  
18 Missouri's staff, concerning environmental permits for this  
19 facility? In other words, we know that the permits have to  
20 be obtained; we respect that.

21 SECRETARY WEST: We have had staff-level contacts  
22 which the Governor and leadership in Missouri have

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1 promised their support and their belief that the permits will  
2 be obtained in reasonable time.

3 CHAIRMAN DIXON: Okay. And there again, a series  
4 of questions, Mr. Secretary, that will be sent to you on this  
5 whole issue, again. And by now, there are several of these  
6 things running through here where, unless we can get the job  
7 done, we can't do the -- we can't support the  
8 recommendations, quite obviously.

9 Congressman George Gekas asks the Secretary, Mr.  
10 Secretary, regarding Fort Indiantown Gap, Pennsylvania. And  
11 he asks, the Army states that annual training for a reserve  
12 component units, which now use Fort Indiantown Gap, can be  
13 conducted at other installations in the region, including  
14 Fort Dix, Fort A.P. Hill, and Fort Drum.

15 Has any study been done to make sure that these  
16 other facilities actually have the training facilities equal  
17 to the facilities at Fort Indiantown Gap are sufficient for  
18 the needs of these units, such as Tank Table 8 qualification  
19 ranges? And do these other facilities have training time  
20 available in their schedules to accommodate the needs of our  
21 training units? And additionally, has the DOD investigated  
22 the cost of transport and equipment associated with using

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1 other training sites?

2 SECRETARY WEST: That's the kind of review we  
3 undertake when we make a determination like this, and the  
4 answer is, yes, we've looked into just about all those  
5 things.

6 CHAIRMAN DIXON: Can you add to that, General  
7 Shane?

8 BRIGADIER GENERAL SHANE: Mr. Chairman, the answer  
9 to that is, yes, we took those considerations.

10 CHAIRMAN DIXON: Those were all evaluated.

11 BRIGADIER GENERAL SHANE: Absolutely.

12 CHAIRMAN DIXON: There's a series of questions by  
13 the distinguished congressman. We'll send them all to you.

14 The final one, and then again, there's a pretty  
15 good list over there of written questions we're going to send  
16 you. We've tried to honor the commitment to the  
17 congresspeople from House and Senate to give them their  
18 opportunity to have a shot at you and make their records,  
19 which is all part of the process. I'm sure you respect it.

20 And here's the two distinguished Senators from  
21 Connecticut, Senators Dodd and Lieberman. And they ask you  
22 about your decision to close the Stratford Army Engine Plant

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1 in Stratford, Connecticut. On February 14th, 1995, Secretary  
2 Decker, in a response to Senators Dodd and Lieberman stated  
3 that the Army planned on spending \$47.5 million as part of a  
4 three-year tank, engine, industrial-based program. And they  
5 have a letter attached on this, I guess, I don't know.

6 This program would retain engineering expertise,  
7 essential recuperator parts production in a minimal capacity  
8 for new engine assembly and testing at SAEP. Why, less than  
9 two weeks after this letter was written, did the Army  
10 recommend closing this facility? They say two weeks after  
11 the letter, you recommended them closing.

12 BRIGADIER GENERAL SHANE: Mr. Chairman, General  
13 Shane. Let me take that on. Number one, I was probably  
14 unaware of that letter that Secretary Decker sent in the  
15 analysis. What we kind of looked at was looking at the tank  
16 engine industrial base with regards to Stratford. The bottom  
17 line answer, I guess, is, no, we were not aware of that  
18 letter. The analysis people.

19 CHAIRMAN DIXON: But notwithstanding the letter,  
20 are you comfortable with your decision there?

21 GENERAL SULLIVAN: Yes.

22 BRIGADIER GENERAL SHANE: Yes, I'm very comfortable

<p style="text-align: right;">Page 145</p> <p>1 with it.  2 CHAIRMAN DIXON: General Sullivan?  3 GENERAL SULLIVAN: General Sullivan. We have the  4 capability to repair these engines at Anniston and Corpus  5 Christi Army Depot. We really have the capability to do this  6 elsewhere.  7 CHAIRMAN DIXON: Okay.  8 SECRETARY WEST: Actually, I guess just as  9 significantly, Mr. Chairman, is that as the Secretary, I  10 think I'm responsible for reconciling whatever it is that is  11 interpreted from Secretary Decker's letter on the one hand  12 and our action on the other. I believe I had the benefit of  13 his advice, as well, on this decision. He was certainly with  14 us when we made -- when we reviewed this. So if there are  15 further inconsistencies there to explain, we'll be happy to  16 explain them. But we think we've made the right call on  17 Stratford.  18 CHAIRMAN DIXON: Yes, well we'll give you the  19 written questions. This is all part of the record. You're  20 comfortable with your decision, notwithstanding what other  21 predecessors may have said, and that's an appropriate answer.  22 Unless there's anything to come before us this</p>	<p style="text-align: right;">Page 148</p> <p>1 which government functions, almost momentarily I know a sign  2 will appear.  3 (Laughter)  4 CHAIRMAN DIXON: I'm sorry we didn't know you were  5 coming, Margie, but we're delighted to have you.  6 MS. McMANAMAY: Thank you.  7 CHAIRMAN DIXON: Now, before we go ahead with the  8 testimony and before we begin with the opening statements,  9 let me say that in 1993, as part of the National Defense  10 Authorization Act for Fiscal '94, the Base Closure and  11 Realignment Act was amended to require that all testimony  12 before the Commission at a public hearing be presented under  13 oath.  14 As a result, all of the witnesses who appear before  15 the Commission this year must be sworn in before testifying.  16 So General Farrell, Mr. Donnelly, Mrs. McManamay, would you  17 please rise and raise your right hands.  18 (Witnesses sworn.)  19 CHAIRMAN DIXON: Thank you very much. And if  20 you'll be seated, please, before we begin your testimony and  21 the question rounds, we have a little piece of housekeeping  22 to take care of here.</p>
<p style="text-align: right;">Page 146</p> <p>1 morning, I express the gratitude of my colleagues in the  2 country for this unpleasant work you've done in coming here  3 today and testifying before us and doing your job as you're  4 ordered to do it.  5 We are in recess until 1:30 promptly.</p>	<p style="text-align: right;">Page 149</p> <p>1 We have said right along to the public-at-large  2 that we're not going to do a lot of add-ons. We're not going  3 to add on 70 or more like they did last time, but obviously,  4 it will be necessary to make some add-ons to the extent that  5 we either disagree with what the services have done or feel  6 like that there are matters that require additional attention  7 that aren't on the list given us.  8 It seems clear to us that one is not on the list  9 that must be put on the list, and Commissioner Cox has a  10 motion to make in that regard. Commissioner Cox.  11 M O T I O N  12 COMMISSIONER COX: Thank you, Mr. Chairman, and as  13 you mentioned, in light of the discussions yesterday and the  14 uncertainty of whether or not Minot Air Force Base in North  15 Dakota was on the list and therefore could be considered by  16 the Commission, we felt it was important to go ahead and  17 officially place it on the list, allowing us to look at  18 it. Therefore, I move to place Minot Air Force Base on  19 the list of Air Force bases that the Defense Base Closure and  20 Realignment Commission considers for realignment.  21 CHAIRMAN DIXON: Commissioner Davis.  22 COMMISSIONER DAVIS: I'd be pleased to second that</p>
<p style="text-align: right;">Page 147</p> <p>1 A F T E R N O O N S E S S I O N  2 (1:30 p.m.)  3 CHAIRMAN DIXON: Good afternoon, ladies and  4 gentlemen, and welcome. This is the last of four hearings  5 held yesterday and today by the Commission.  6 Yesterday and this morning we've heard from and  7 have questioned the Secretaries of the military departments  8 and their chiefs of staff regarding proposed base closures  9 and realignments that affect their branch of service.  10 This afternoon we are pleased to have with us  11 officials of two defense agencies which have installations  12 included on the Secretary's list of closures and  13 realignments. They are Air Force Major General Lawrence P.  14 Farrell Jr., Principal Deputy Director of the Defense  15 Logistics Agency; and Mr. John F. Donnelly, Director of the  16 Defense Investigative Service; and Mrs. Margie McManamay,  17 who, as I understand it, is in charge of BRAC at the DLA. Is  18 that correct?  19 MS. McMANAMAY: Yes, sir.  20 CHAIRMAN DIXON: Mrs. McManamay, I want you to know  21 that we apologize for the fact that you don't have a sign,  22 but we are preparing one, and in the efficient manner in</p>	<p style="text-align: right;">Page 150</p> <p>1 so that the folks at Minot can get prepared properly so we  2 can go visit.  3 CHAIRMAN DIXON: It has been moved by Commissioner  4 Cox, seconded by Commissioner Davis that Minot be put on the  5 list. Is there comment? I think Commissioner Cornella wants  6 to say something. Mr. Cornella.  7 COMMISSIONER CORNELLA: Thank you, Mr. Chairman. I  8 just would like to abstain from deliberations and voting on  9 this matter. Thank you.  10 CHAIRMAN DIXON: The record will show that  11 Commissioner Al Cornella will abstain from the discussion and  12 from the vote relating to this particular installation. Is  13 there further comment by anyone on the Commission?  14 (No response.)  15 CHAIRMAN DIXON: Then our counsel will call the  16 roll. On the motion to include Minot on the list made by  17 Commissioner Cox, seconded by Commissioner Davis, the roll  18 will now be called.  19 MS. CREEDON: Commissioner Cornella.  20 CHAIRMAN DIXON: Abstains for the record.  21 MS. CREEDON: Commissioner Cox.  22 COMMISSIONER COX: Aye.</p>

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MS. CREEDON: Commissioner Davis.  
 COMMISSIONER DAVIS: Aye.  
 MS. CREEDON: Chairman Dixon.  
 CHAIRMAN DIXON: Aye.  
 MS. CREEDON: Commissioner Kling.  
 COMMISSIONER KLING: Aye.  
 MS. CREEDON: Commissioner Robles.  
 COMMISSIONER ROBLES: Aye.  
 MS. CREEDON: Commissioner Steele.  
 COMMISSIONER STEELE: Aye.  
 CHAIRMAN DIXON: And the roll call shows seven ayes and one abstention on the motion by Commissioner Cox seconded by Commissioner Davis. I apologize. I can't even count right today, six ayes, one abstention, and the motion to include Minot on the list is declared passed.  
 General Farrell is it -- do you have an order of preference, gentlemen?  
 GENERAL FARRELL: No, sir.  
 CHAIRMAN DIXON: General Farrell, if you would proceed, please.  
 GENERAL FARRELL: Can you hear me, sir?  
 CHAIRMAN DIXON: I think, for the record, General,

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put the data call out. While the data call was going out, we started formulating decision rules that we would use in our deliberations.  
 And when we got the data back, then we went through some excess capacity calculations. We engaged in some interservicing with the Navy and the Air Force, and it wasn't until we did our first COBRA run, which is in the last stages of our process, that we actually took the names off of the activities.  
 Ms. McManamay headed up the working group which performed the calculations, did the data call, and I headed up the executive group. We didn't know which activities were receiving which points until we did the first COBRA run, which was about a month and a half before the process was over. Next slide.  
 This is a hard one to read, and this is really about an hour briefing all by itself, but, basically, it says we recognize that the DOD selection criteria had to be adapted to DLA's business methods and procedures and processes, since we don't have military force structure.  
 We did that crosswalk and accounted for each one of these top four military value in our four measures of merit

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if you'd be kind enough to talk into the mike for the reporter and for the public-at-large who is viewing this via television. Do you have a lapel mike there somewhere?  
 GENERAL FARRELL: I have one right here, sir.  
 CHAIRMAN DIXON: Perfect.  
 GENERAL FARRELL: Chairman Dixon, Commissioners, it's an honor for us to be here today. I'm General Larry Farrell. I'm the Deputy Director at DLA. I oversaw the executive process for the BRAC '93 round at DLA, and I also oversaw the '95 analysis. Admiral Straw asked me to present the results of the DLA analysis to you today.  
 I'll be covering something about our mission, how we approach BRAC '95, how we developed other recommendations and finally our summary.  
 The DLA business -- I think we need a little bit of focus there.  
 COMMISSIONER DAVIS: I'm not sure you can, Larry.  
 GENERAL FARRELL: Yes, sir. I've handed out copies so that you can follow along in the briefing, but, basically, since the '93 round, we've produced a strategic plan. We've come up with a lot of initiatives, and we tried to focus how we want to do our business.

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across the right here.  
 Last time around we were criticized by the General Accounting Office for focusing or appearing to focus more on COBRA outputs as a decision-maker rather than military judgment.  
 We reoriented our process this time, added a couple of evaluation tools and declared that the primary decision-maker is going to be military judgment this time. The outputs of all the analysis you see on this slide here for the interservicing that's engaged are only inputs for the final military judgment, and that's the way we approached it.  
 We coordinated closely with the services to follow their decisions because, in some cases, we're tenants on their installations, and when they close and the activity which we're supporting closes, we go, too.  
 We performed, of course, excess capacity analysis. We took a hard look at the force structure plan and, in some cases, used the force structure plan directly to see if we're coming down commensurate with the reductions in the force structure plan.  
 We have concepts of ops, which we developed in each business area following out of our strategic plan and therein

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Basically, what we say is we want to be the provider of choice for the military services as a combat support agency anywhere in the world any time of the day.  
 And the way we want to approach our business is to provide requisite readiness at a reduced cost not only in the business areas but in the support for the acquisition area, where we manage the contracts.  
 We want to leverage our corporate resources against large logistics targets and provide price savings to our customers. The three metrics that we're tracking in our Executive Information System in our strategic plan refer to quality, which is better, refer to reducing cycle time, which is faster, and reducing costs, which is our cheaper part.  
 These are the three activities which are affected in our recommendations -- contract management, right here, supply management and distribution management.  
 This is the way we approached our deliberations. We started at a fairly serial way through this, starting first with gathering data, putting out data calls while at the same time we were starting to develop criteria.  
 It was not until we had fully developed our military criteria and our measures of merit that we actually

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our report. We did two types of mil value analysis this time, one for activities, one for installations.  
 Last time around we didn't do installations. We noted that the services used it effectively, so we added that piece of analysis. We had our set of decision rules. We performed risk assessments, and we added a commercial model for distribution this time called the SAILS Model, Strategic Analysis of Integrated Logistics Systems.  
 It's a model used by Case, Kodak, people like that, Procter and Gamble. They use it for optimizing their distribution system. It's an optimizing model that solves linear equations, and it gives you the lowest cost for a given depot configuration. So we added that piece of analysis this time.  
 The way we conducted our process early on, the General Accounting Office came to me -- and their representatives are here as well as the DODIG -- and they said, "We want to be a part of your process because we're going to have to audit it."  
 I struck an agreement with them which said that the GAO would sit back and observe and be present in our meetings, have access to all of our ongoing analysis from the

<p style="text-align: right;">Page 157</p> <p>1 first day, which they did, and that the IG would assume 2 responsibility for validating my data. 3 So I took all my internal review resources, handed 4 them over to the DODIG, struck a deal with Mr. Vander Schaaf 5 and his folks that Wayne Milyon would report to me for 6 purposes of the validation of the data, and that's what we 7 did. 8 We wanted to get a handle on our facilities, so we 9 let a contract with the Navy Public Works Center in Norfolk 10 to go out and baseline all of our facilities, tell us what 11 kind of condition they're in so that we could enter that data 12 into the military value analysis. 13 So we know now, we can project out over an eight- 14 year period what we'll have to spend at each facility that we 15 own to bring it up to a certain given comparable baseline. 16 We added inputs from the field. We brought the field people 17 in when we developed our military criteria. They also 18 provided the data we used. I chaired the executive group. 19 Margie chaired the working group, and that's how we 20 proceeded. 21 These are our decision rules. I won't read them to 22 you, but I just want to emphasize a couple of things. First</p>	<p style="text-align: right;">Page 160</p> <p>1 number of reasons. Number one, they had a higher mil value 2 here, but we didn't want to manage all of these contracts, 3 large dollar value contracts, space programs, B-2, C-17 three 4 time zones away. 5 So we elected to split it down the middle and 6 remain with Boston and remain with Los Angeles, and we 7 elected to move the international contract district over to 8 Fort Belvoir and realign them with the headquarters function. 9 These are the results, a net present value of 165 10 million and steady-state savings of 13. We had one other 11 action we had to clean up remaining from the '93 round. We 12 were going to realign our western district headquarters from 13 El Segundo to Long Beach, and the language of the '93 BRAC 14 said that we had to effect a trade of a building with the 15 City of Long Beach to do that. 16 We found out we couldn't do it, that we have to buy 17 one. So we're recommending a redirect, but we changed the 18 language to being able to buy a building rather than the 19 previous plan. We're, actually, going to save more money 20 with this one. 21 I see Commissioner Cox is frowning. What happened, 22 when the President announced his five-point program, it</p>
<p style="text-align: right;">Page 158</p> <p>1 of all, we want to support the services and customers where 2 they are and where they need us to be supported, and we want 3 to close things as a top priority and to maximize use of 4 overhead, shared overhead, where we exist and optimize the 5 use of installations that we have and all the space on them 6 as nearly as we can. Next slide. 7 Okay. I'll get into our analysis now. These are 8 the three activities that were impacted. Next line. First, 9 contract management. Our concept of ops says that we oversee 10 \$840 billion worth of contracts, and we have three 11 headquarters that perform the oversight functions, and we 12 have one headquarters that performs the international 13 oversight. These guys promote uniform application of 14 contract management rules. Next slide. 15 This is our workload chart. You can see that in 16 the contract management business procurement dollars are 17 coming down, and this is in the DOD PALMs of the services. 18 As a result, our contract administration offices, 19 which are overseen by these contract management districts, 20 are coming down about 50 percent, and personnel is coming 21 down through the year 2001 by 42 percent from where we are 22 today.</p>	<p style="text-align: right;">Page 161</p> <p>1 became apparent to the communities that these facilities were 2 going to fall into their laps without having to put anything 3 out. 4 So we had thought before that we would be able to 5 trade some closing Navy activities in the Long Beach area for 6 a commercial building somewhere in Long Beach. That deal 7 fell through. So we've got to change the language. 8 In depots, we had 28 depots prior to '93 BRAC. We 9 took 5 out. We're down to 23 now. We're going to take 5 10 more out and go down to 18. The ones you see highlighted are 11 what we call stand-alone or general distribution depots, two 12 on the East and West Coast, San Joaquin and Susquehanna, 13 designed for support of the two major regional contingencies 14 in the war plans, large depots, with large throughput 15 capacity. 16 The rest of these are general distribution depots 17 here, and the small dots are located either with a major 18 fleet activity or with a maintenance activity. 19 I'm going to drive through how we made our 20 decision. First of all, we recognize that our concept of ops 21 requires us to support two MRCs from the east and the west, 22 and we recognize that San Joaquin and Susquehanna have large</p>
<p style="text-align: right;">Page 159</p> <p>1 Our decision was based upon the fact that workload 2 was dropping, expanded control was becoming more and more 3 reasonable. We did a mil value analysis, and we noted that 4 the Boston area, the Northeast Contract Management District, 5 has a big concentration of contracts up here. 6 You note the western region, which is headquartered 7 in L.A., has a large concentration of contract management in 8 the L.A. Basin, and the South is a little bit more scattered. 9 We made the decision that we could manage the 10 workload and the oversight with two districts, and then the 11 decision came to be, "How are you going to split it? Are you 12 going to split the country east and west or north and south?" 13 We said, since Boston scored so high, we would make 14 them one of the management activities which would remain, and 15 then we ask ourselves, "Since West and South were so close, 16 which one would it be?" 17 Should we manage the southern half of the country 18 from Atlanta and the northern half from Boston, or should we 19 split it about down the Mississippi River and let Boston take 20 the East and then move the contract management out to the 21 West for the rest of the country?" 22 And we elected to do it North and South for a</p>	<p style="text-align: right;">Page 162</p> <p>1 capacities, large throughput capacities and large storage 2 capacities. 3 We elected to consider strongly keeping those in 4 our system. We recognized also that, in our concept of ops, 5 we want to co-locate where we have a major customer, either a 6 maintenance customer or a fleet customer, and then we wanted 7 to accommodate contingency and specialized storage, slow 8 moving, hazardous and things like that, and then to optimize 9 the remaining storage and the system cost. 10 This is our workload, as you can see. Commissioner 11 Davis asked me about this, but our cubic foot requirement is 12 going from 788 million attainable cubic feet in 1992 down to 13 where we project we'll need about 450 million, round numbers, 14 in the year 2001. 15 This is commensurate with our workload falloff. 16 When you see the workload lines, in 1992, we were doing 44 17 million lines a year, and we project that we'll be down about 18 50 percent by the year 2001. And our personnel in our 19 program are coming down 55 percent. So we've got a lot of 20 excess capacity in the infrastructure. 21 Commissioner Davis asked me about that, and here 22 are the results. This bar here represents capacity in the</p>

cube area, and these representations down here are capacity in the throughput area. So in depots, we measure it two different ways.

You can see that our capacity right now, as we look, we've been reducing some things, lease space and stuff like that. We're at 618 million. Our requirement is at 519 today.

In the future, we project that by reducing some more things and some more lease space, we'll be able to get down to 545, but still our requirement is only going to be 452. So cube is the limiter here.

If you go down to throughput, we've got three types of throughput -- binables, which is less than three cubic feet, averages about nine and a half pounds; open storage and covered bulk storage.

You can see today we're at 45 percent, 23 and 20 percent of capacity, and even after I implement these recommendations that I've got on the table, we'll be at 78, 54 and 28, still a lot of excess capacity in the throughput area, and we'll be sized to cube.

So how do we make the decision? First, our concept calls for us to be where the services need us to be, and when

1 the decision there was to keep Richmond.

2 The reason we kept Richmond is because it's ranked  
3 third on installation mil value. The public works center  
4 analysis of those facilities say they're the best facilities  
5 you've got in DLA, and they're going to cost you less to keep  
6 them in the future and to maintain them.

7 It's also a major backup for fleet support at  
8 Norfolk. It supports the Norfolk depot. When the Norfolk  
9 depot gets overloaded with returns from the fleet, we process  
10 it at Richmond.

11 If I close Richmond, it wouldn't result in a  
12 closure, because I've also got a major inventory control  
13 point operation there. So I looked at one more piece of  
14 analysis, and that was the SAILS model.

15 The SAILS model optimizes distribution cost. And  
16 you can take the SAILS model and you can say close this  
17 depot. Keep the rest open. What does the system cost? And  
18 it measures transportation cost, and it measures  
19 infrastructure cost.

20 Most important in that calculation are where are  
21 your suppliers, and where are your vendors. So the solution  
22 you get is a solution that says this is the best place to

they close the maintenance facility, our concept calls for us to get out.

The Army closed the light vehicle maintenance facility at Letterkenny, which we support. So we elected to close that. They also closed the medium armored vehicle maintenance at Red River, so we elected to get out of there.

And that brought our capacity down to 497, still looking for 452. So what do we do with the rest, though? We said, well, we'll review installation and military value activity values and take a look at capacities.

And see how large San Joaquin and Susquehanna are. That gives you some idea of how large they are compared to the others. And what we did, we noticed that San Joaquin and Susquehanna activity military value are far and away ahead of the other stand-alone depots.

In terms of installation military value, the value of that particular installation to the Department of Defense and DLA, the Columbus facility in Columbus, Ohio, is the winner with New Cumberland second, Richmond third and the Tracy/Sharpe, which is San Joaquin out in California, in fourth.

Once we do that, we said there is a clear

1 distribute from, given transportation costs and given the  
2 location of your suppliers and vendors, which are a matter of  
3 record.

4 And when you do that and you get down -- once you  
5 decide to realign Columbus and you take it out of processing,  
6 the model says your cheapest solution is to close Memphis,  
7 close Ogden. That's 251 million system cost. That's a  
8 model-driven cost.

9 So our conclusion was we could close two  
10 installations -- Ogden and Richmond -- nice installations,  
11 but the decision process says not what you close but what you  
12 decide to keep to meet your requirements.

13 So here is our recommendation. As I've said,  
14 Letterkenny, Ogden; Red River in Memphis; realign Columbus.  
15 The net present value is 874 million, and the steady state  
16 savings is 88 million a year.

17 Moving on to supply centers, we've got five. One  
18 of them is specialized for fuels only. We, sort of, set that  
19 off to the side because it does a unique mission. Another is  
20 a specialist in troop and general support. That's the  
21 Defense Personnel Support Center in Columbus, and they do  
22 general and troop. They're the only ones that do troop

distinction in military value for the primary distribution systems on the East and West Coast, so we're going to keep them.

But they've already been facilitized for large throughput to support the war, and those are the only places today where we do airline communications and container consolidation operations.

So once we removed Susquehanna and San Joaquin from consideration, that left four depots -- Ogden, Columbus, Memphis and Richmond. We took a look at all of the mil value again, and we said that even though Columbus is the lowest ranked of our stand-alone depots, we have a need for contingency and specialized storage.

Closing the Columbus depot would not get us an installation closer, so we elected -- we had an idea. We elected to take Columbus and realign it to a slow-moving depot, and it will take about 500 people down to about 50. So we'll still store things there, but we won't be processing workload.

Once we did that, we still have this 66 million cubic feet that we've got to get rid of, and we've got three depots left to consider -- Memphis, Richmond and Ogden. And

1 support.

2 And then we have three other hardware ICPs who do a  
3 mixture of weapon system and general workload. We realize,  
4 in our strategic plan, that our management of NSNs fall into  
5 two categories -- one troop and general and one weapons  
6 system.

7 And we've decided that there is different  
8 management methods associated with those. So, in our  
9 strategic plan, we're pointing toward consolidating those  
10 types of workload. So that the basis for our recommendation.

11 Here is what a supply center does. A supply center  
12 takes demand from customers and determines requirements. It  
13 puts out buys and procurement activities. It ensures the  
14 quality, and it determines where that's going to be stored or  
15 if it's going to be stored or whether it will be shipped  
16 directly to the customer from the vendor.

17 So if it gets a requisition from a customer, there  
18 is three things that can happen. One, he can go to a DLA  
19 depot, where we've got it stored, and have it shipped to a  
20 customer.

21 He can tell a vendor to ship it to a depot, then we  
22 can ship it to a customer, and we've been doing a lot of that

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1 over the years in DLA, or one of the new things that we're  
2 doing right now is shipping directly from vendors to  
3 customers, which is further reducing our storage  
4 requirements. Better, faster, cheaper. That's what we're  
5 after. Next slide.  
6 This is our workload in the ICP. Our sales dollars  
7 are going down 14 percent. The inventory value that we're  
8 dealing with at the ICPs that they own is going down 43  
9 percent, and the people are programmed down 32 percent. So  
10 the workload is dropping in the ICP area as well.  
11 So our decision, we took a look at mil values,  
12 installation mil values, Columbus far and away the winner.  
13 The ICP at Columbus is far and away the winner. So that says  
14 that you're not going to close down the Columbus operation.  
15 So if you're going to consolidate workload, you've  
16 got to choose somewhere else to do it, and we're really left  
17 with the decision of where you put all the troop and general.  
18 And we decided to take all of the general workload that is  
19 presently managed at Columbus, Richmond and DSC and move it  
20 to the Defense Personnel Support Center in Philadelphia,  
21 making that exclusively responsible for all the troop and  
22 general support.

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1 So it takes an ICP, which is fairly large, and  
2 turns it into a much larger ICP in the Philadelphia area. At  
3 the same time, we decided, based upon mil value, to  
4 disestablish the industrial center in Philadelphia and  
5 transfer all of its workload down to Richmond.  
6 And as a result of that, Richmond gains a little  
7 bit, Philadelphia loses a little bit, and Columbus loses a  
8 little bit. But we end up closing one of our ICPs, and we  
9 end up with one ICP for troop and general and two ICPs for  
10 weapons systems support.  
11 This is the impact of our decision -- 236 million,  
12 steady state savings 18 million, and the return on investment  
13 is immediate here. These are the impacts. I've alluded to  
14 these before.  
15 All of our decisions -- the ICP decision in  
16 Philadelphia, minus 385. Richmond pluses up a little bit  
17 because they get more workload transferred in than they're  
18 transferring out.  
19 Columbus loses 365 people due to our depot decision  
20 to realign the Columbus depot and 358 do to the fact that  
21 they're transferring general workload into the Philadelphia  
22 area. That's about 358 people.

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1 The disestablishment of the Contract Management  
2 District in Atlanta is 169 people in the year 2001, and the  
3 really big impacts on the decisions that we made, that we  
4 made, were Memphis 1,300 and Ogden 1,100.  
5 Texarkana is a large decision, but as I told you,  
6 we're following the Army there. Up at Letterkenny in  
7 Chambersburg, that's only 378 for that depot decision up  
8 there. Overall, we take about 2,300 people out of the  
9 system.  
10 And this is the summary of our decisions -- 23  
11 depots to 18. We're dropping another 22 percent on depots.  
12 We're reducing the number of sites. Supply, we're going from  
13 five ICPs to four. Contract management we're going to two  
14 districts, and we're taking this command and moving it into  
15 the headquarters.  
16 The bottom line is reducing of the inventory -- of  
17 the plant replacement value that we looked at, we're taking  
18 22 percent of that out, and this is the roll-up of our  
19 decisions, \$1.3 billion and \$120 million a year steady state.  
20 CHAIRMAN DIXON: Thank you, General. I thank you  
21 for a very excellent presentation that I'm sure the  
22 Commissioners found very helpful. Mr. Donnelly, do you have

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1 something to add to that?  
2 MR. DONNELLY: Not to that. I have my own --  
3 CHAIRMAN DIXON: Well, of course. Mr. Donnelly.  
4 MR. DONNELLY: Mr. Chairman, members of the  
5 Commission, I'm Jack Donnelly, the Director of the Defense  
6 Investigative Service. The principal mission of the Defense  
7 Investigative Service is to conduct personnel security  
8 investigations for people who are affiliated with the  
9 Department of Defense, Defense agencies and Defense industry.  
10 Our second mission is to oversee the handling of  
11 classified information in Defense industries to ensure that  
12 it's protected in accordance with the security regulations.  
13 The reason for my testimony today is to discuss a  
14 single issue concerning the BRAC and the recommendation that  
15 it made and agreed to in 1988. The decision was to keep a  
16 major DIS component at Fort Holabird, Maryland, and it was a  
17 decision with which we agreed at the time.  
18 However, since that time, the deterioration of the  
19 building has accelerated and is making relocation essential.  
20 This activity at Fort Holabird, which is located in Dundalk,  
21 a suburb of Maryland, is the Investigative Control and  
22 Automation Directorate.

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1 It is organized as a personnel investigation center  
2 and a national computer center with an administrative support  
3 service. This facility is the heart and the nerve center of  
4 the Defense Investigative Service for controlling and  
5 directing all DIS personnel security investigations  
6 worldwide.  
7 It also provides automation support to our entire  
8 agency and certain other DOD agencies. It has a repository  
9 of 3 million investigative files. It also maintains an  
10 investigative index of all types of investigations conducted  
11 by the Department of Defense with 38 million entries.  
12 We have a work force there of 458 civilian  
13 employees. They receive and process approximately 775,000  
14 personnel security requests, investigative requests each  
15 year, and they respond to 206,000 requests for investigative  
16 files a year and provide automated service in support of this  
17 mission.  
18 They're presently housed in a Korean War era  
19 building located on a seven-acre site owned by the Army.  
20 That parcel of land was left over from Fort Holabird, which  
21 was almost completed converted to a commercial business park  
22 in the mid-1970s.

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1 In 1988, the only other DOD activity that remained  
2 at Fort Holabird was the Army Crime Records Center, which has  
3 been realigned recently. This is the only remaining  
4 activity.  
5 We are recommending that this facility be realigned  
6 under BRAC '95 to a smaller, modern building to be  
7 constructed at Fort Meade on an existing Army installation.  
8 Our recommendation is based on the rapidly deteriorating  
9 condition of the building.  
10 In the last three years, for example, we have spent  
11 over \$319,000 for major repairs at this facility. These  
12 costs were in addition to \$400,000 a year, which we paid to  
13 the Army for an interservice support agreement to maintain  
14 the building.  
15 We also employ a full-time maintenance staff at  
16 this location. We've experienced many serious problems with  
17 the building. For example, frequent air conditioning outages  
18 during hot summer weather has caused us to dismiss employees  
19 on several occasions. We expect these outages to continue  
20 because of the age and condition of the air conditioning  
21 system.  
22 We also have to call the fire department regularly

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because of hazardous conditions caused by the wiring. It has a leaky roof, rusted water pipes that break and foul emissions from a nearby yeast plant which is adjacent to the property.

Last year, the Army Corps of Engineers completed an engineering study of the building. That study revealed that the existing building fails to meet many code requirements and contains potential health hazards such as asbestos, lead paint and PCBs.

That engineer study concluded that it would cost approximately \$9.1 million to renovate this building. If we renovate, we will stir up the environmental problems, and we would still have an old building with the same limitations it has now, and we would also be left with excess base we do not need.

Renovation would also cause a major disruption of our operation because we would have to move to a temporary facility to allow completion of the renovation. We would then have to move back. If we realign instead of renovate, the Army would be free to dispose of this property.

CHAIRMAN DIXON: Mr. Donnelly, you're making a very persuasive case. May I interrupt you?

1 that correct?

2 MR. DONNELLY: Yes, it is.

3 CHAIRMAN DIXON: Do any Commissioners have any  
4 questions at all of Mr. Donnelly before we let him go,  
5 because we'll probably pick a lot on poor old General  
6 Farrell. Anybody want to pick on Mr. Donnelly?7 COMMISSIONER DAVIS: I do, sir, having been  
8 harassed by his agents over the years.

9 (Laughter)

10 CHAIRMAN DIXON: Well, Mr. Donnelly, I almost got  
11 you out of here scott free. Commissioner Davis, what do you  
12 want to ask Mr. Donnelly?13 COMMISSIONER DAVIS: I have two questions. Is the  
14 location important, Mr. Donnelly, where you move to?15 MR. DONNELLY: It is important for a number of  
16 reasons. Number one, it's common sense. We have a highly  
17 trained staff in the Baltimore area. Major customers are in  
18 this area, both the military departments defense agencies.  
19 The major recipients of our product, the clearance  
20 facilities, are all here, and it just makes sense to stay  
21 where the principal business associates are.

22 COMMISSIONER DAVIS: The second question is did you

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MR. DONNELLY: Certainly.

CHAIRMAN DIXON: Mr. Donnelly, I'm told by staff that everybody has looked at this and thinks that you're a good, honorable man with a just purpose and that you've come here in good faith with a lot of support, and if you will stop talking, I might accommodate you.

(Laughter)

CHAIRMAN DIXON: When I was a kid in the Illinois House, I was 23 years old, and I got up to make my first speech passing a bill, and the board lit up, and I had all the votes. An old fellow sitting next to me said, "Son, shut up now, you've won."

(Laughter)

MR. DONNELLY: Thank you, Mr. Chairman.

(Laughter)

CHAIRMAN DIXON: Mr. Donnelly, here's what I'm told. The DOD recommendation is to relocate the Defense Investigative Service Investigations Control and Automation Directorate from Fort Holabird, Maryland, to a new facility to be built on Fort Meade, Maryland, which is only 18 miles away. Is that correct?

MR. DONNELLY: That is correct.

1 look at other alternatives other than building a building?

2 MR. DONNELLY: Yes, we did, Mr. Davis. And in the  
3 package that you have, I believe at Tab 3 we have those  
4 facilities delineated.5 COMMISSIONER DAVIS: I think that's sufficient  
6 harassment, Mr. Chairman.7 CHAIRMAN DIXON: Yeah. You didn't treat him too  
8 badly. Commissioner Kling has a question, I believe,  
9 Mr. Donnelly.10 COMMISSIONER KLING: Mr. Donnelly, one very simple  
11 one. I understand there is some trend toward using more  
12 private firms, outside sources to do some of the  
13 investigative work; is that correct? Are you out-sourcing  
14 more of that, and if so, how would that affect --15 MR. DONNELLY: We are using what is called  
16 nonpersonal service contractors, and these are individuals --  
17 it's an interesting term -- that these are individuals that  
18 we hire on a contract basis.19 They're retired federal investigators, and when we  
20 have a heavy influx of investigations that is more than we  
21 can handle with our regular force, we go out and we hire a  
22 number of these. They work on a case-by-base basis at a

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CHAIRMAN DIXON: This proceed is a redirect from the recommendations of the '88 Base Closure Commission. Once the Defense Investigative Service vacates the building, the base will be vacant; is that right?

MR. DONNELLY: That is correct.

CHAIRMAN DIXON: This recommendation will not result in a change in employment in the Baltimore area because all affected jobs will remain in that area. 425 personnel will simply relocate, if the recommendation is approved; is that correct?

MR. DONNELLY: That is correct.

CHAIRMAN DIXON: The justification is that Defense Investigative Service is located in a Korean War era building. Buildings in disrepair has cost over \$319,000 in repairs since Fiscal '91 in addition to the annual costs of approximately 400,000.

A recent Corps of Engineers' building analysis indicated that the cost to bring the building up to code and to correct the environmental deficiencies would cost the DIS approximately 9.1 million.

A military construction project on Fort Meade is estimated by the Corps to cost only 9.4 million. Is all of

1 given rate.

2 There is a move to prioritize a lot more of the  
3 investigations other than these personnel security  
4 investigations with the OPM efforts, it being in the paper  
5 recently. That's still up in the air. It's not very easy to  
6 do that.7 COMMISSIONER KLING: So none of that really will  
8 really have any major bearing in your new construction.  
9 You're still going to need that no matter what you would do  
10 as far as out-sourcing?

11 MR. DONNELLY: Precisely.

12 COMMISSIONER KLING: Thank you.

13 CHAIRMAN DIXON: Are there any further questions by  
14 any Commissioners of Mr. Donnelly?

15 (No response.)

16 CHAIRMAN DIXON: Mr. Donnelly, we thank you for  
17 your kindness in appearing today. We thank you for your  
18 presentation, which was an excellent one, and you may leave  
19 at any time you choose. If you want to go right now, you  
20 may. Nobody will take offense.

21 MR. DONNELLY: Thank you, Mr. Chairman.

22 CHAIRMAN DIXON: Mrs. McManamay, I'm delighted to

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<p style="text-align: right;">Page 181</p> <p>1 see that they found you a good sign. Is there anything you'd 2 like to say before we start the round of questioning? 3 MS. McMANAMAY: No, sir. 4 CHAIRMAN DIXON: Thank you very much for your 5 attendance today, and we will begin with Commissioner Steele, 6 Major General Farrell. 7 COMMISSIONER STEELE: Good afternoon, General. 8 Thank you for your very thorough presentation. It wiped out 9 a lot of my questions, so it will save some time here. 10 If your recommendations are approved, will there be 11 enough capacity remaining in the distribution depot system to 12 accommodate the inventories that need to be moved from the 13 proposed closed depots during the transition period? You're 14 comfortable with that? 15 GENERAL FARRELL: Yes. 16 COMMISSIONER STEELE: And if there are any 17 unforeseen future operational needs, you would be able to 18 absorb those as well? 19 GENERAL FARRELL: Yes. I've got some statistics 20 you might be interested in. We took a look at what we 21 thought our wartime requirements should be, and we sized it 22 about like Desert Storm.</p>	<p style="text-align: right;">Page 184</p> <p>1 we project for the year 2001, and that's how we did our 2 analysis. 3 COMMISSIONER STEELE: Okay. Moving on to Memphis 4 and Ogden specifically, you talked about your other options, 5 and I feel like you've explained that quite well. But I 6 wanted to jump down to just a few concerns that the community 7 had. 8 In your decision to close Memphis Defense 9 Distribution Depot, how much weight was given to its central 10 location and excellent access to all types of transportation? 11 GENERAL FARRELL: They were given credit for their 12 access to transportation. All depots were. And that was 13 based upon the data calls. We asked them, and the 14 installation itself or the activity actually prepared the 15 data call. 16 They sent it up to us, and we awarded the points 17 based upon what they submitted. The thing, when you look at 18 our requirements, is what do you need in the system to 19 perform your wartime mission and your day-to-day peacetime 20 mission. So we approached it that way. 21 One of the models that we looked at was the SAILS 22 model, and I spent a little bit of time talking about that,</p>
<p style="text-align: right;">Page 182</p> <p>1 So we went back and looked at what our issues were, 2 and our issues are running about 11,500 a day. So we said 3 that's ballpark for what we might have to throughput. You 4 understand in wartime it's not a matter of storage, but it's 5 throughput. You're not storing things. You're pushing it 6 out to the combat theater. 7 So we were pushing out about 11,500 a day in our 8 system. Our normal peacetime load is about 97,000 issues, 9 and if you added another conflict, that would be another 10 11,500. So that all adds up to about 120,000 a day. That's 11 for everything. 12 And if you look at our capacity in surge, our 13 normal operation at one shift a day is 112,000, and surging 14 we go to 309. So the total requirement is 120. So even 15 after I make my recommendations, I still got three times as 16 much throughput in the system to handle that. 17 COMMISSIONER STEELE: Okay. I'm sorry. Excuse me. 18 That begs another question. Is there too much remaining? 19 GENERAL FARRELL: Well, as I briefed in my 20 briefing, we have more throughput capacity than we need, but 21 we don't have -- we had to size to cube, because we have 22 responsibilities to store things for contingency and war</p>	<p style="text-align: right;">Page 185</p> <p>1 but that SAILS model really tells you where you need to be to 2 support the vendor and the supplier locations which you deal 3 with on a day-to-day basis. 4 So it's, essentially, a peacetime optimizing cost 5 model, and it allows you to do a number of interesting 6 things. You can hold one thing constant and let other things 7 vary, or you can allow the whole system to vary. 8 When you allow the whole system to vary, it tells 9 you that you need to reposition some of the stock that you 10 have today and put it at some different places. And if you 11 just let the model run by itself and tell you where to place 12 all the stuff that you do business with, it tells you to put 13 most of it at Susquehanna and places like Richmond. 14 So it shows a preference for the location of 15 Susquehanna and Richmond. As a matter of fact, you can do 16 things like close one depot and see how it loads up other 17 depots. 18 In every case we looked at, it wants to load up the 19 Susquehanna depot. In fact, if you compute a baseline cost 20 for the system on how you're operating today, if you were to 21 operate most officially and you closed the Susquehanna depot 22 and redistributed the workload, your system costs would rise</p>
<p style="text-align: right;">Page 183</p> <p>1 reserve. 2 So we sized down to cube, but what we're left with 3 is more throughput capacity than we need for war. That's 4 true. And what that says is that we can do it from a fewer 5 number of locations because, if you look at the throughput 6 for just San Joaquin by itself, it's 135,000. 7 For Susquehanna, it's 124. So either one of those, 8 their max throughput compares very nicely with the total 9 system requirement. You wouldn't do it that way, but it just 10 gives you some feeling for how much capacity for throughput 11 we've got. 12 COMMISSIONER STEELE: And forgive me for repeating 13 this, but in storage capacity excess, what kind of percentage 14 of excess capacity exists? 15 GENERAL FARRELL: Well, we're at 619 now, and we've 16 got about 519 on the books. So that's 100 million excess, 17 17 percent. 18 COMMISSIONER STEELE: Okay. I know there are some 19 other Commissioners that are going to follow-up on that area, 20 so why don't we move to another subject. 21 GENERAL FARRELL: If I can make a point, the point 22 is not how much excess capacity we've got today but how much</p>	<p style="text-align: right;">Page 186</p> <p>1 significantly. 2 COMMISSIONER STEELE: Thank you, General. I just 3 have one final question regarding military value. Your 4 Richmond and Columbus depots I see from your charts you rated 5 lowest in the category of activity military value, I believe. 6 And installation military value Richmond is third, 7 and Columbus is first. Just what weight did you give, in 8 general, to the two categories of military value, or did you 9 just look at the numbers you came up with and then exercised 10 your judgment according to the overall recommendation? 11 GENERAL FARRELL: If you're talking about the 12 installation value and what drives the difference, how that 13 differs from activity military value and installation 14 military value, you look at the number of other major 15 activities which are serviced on that installation, and you 16 give them points based upon that. 17 So as an example, when we went out for the data 18 call, Columbus installation in central Ohio, their data call 19 said they had five major activities which they support there, 20 two of which are DLA activities, the depot and the ICP. 21 But they also support the DSA megacenter and the 22 DFAS, which is a major financial center, and they have a</p>

major Army Guard center there. So it's, essentially, a huge federal installation.

So in that mission scope, the military value awarded 150 points, and Columbus got all of it. If you look at Memphis and their answer in that case, Memphis had one significant mission, which is the depot.

So they got 30 out of 150 points on that. That was their submission. And you look at the others -- and so the points were awarded based upon their response. It gives you some idea of how to value installations differently from an activity.

COMMISSIONER STEELE: Thank you, General. No further questions.

CHAIRMAN DIXON: Thank you, Commissioner Steele. Commissioner Cornella.

COMMISSIONER CORNELLA: Thank you, Mr. Chairman. General Farrell, as was said, you gave an excellent opening statement, and I just have one or two quick questions for you, and that involves regional headquarters that you were talking about.

I note that your recommendation, which addresses a disestablishment of the Defense Contract Management District

contract activities.

So my ratio of districts to activities has dropped to 1 to 30. After I do my COBRA '95, my ratio in the Northeast is going to go to 1 to 22, and in the West it's going to go to 1 to 28 people overseeing people.

But my number of contract activities overseeing is going to drop significantly, and that's the real measure of oversight. It's going to drop to 64. So I have two districts overseeing 64 activities, and that's down to a ratio of 1 to 32.

So you could see that my ratio of contract activities overseeing since before BRAC '93 has gone from 1 to 27 down to 1 to 32. So it's about the same.

COMMISSIONER CORNELLA: But would that change whether it was Marietta or Boston?

GENERAL FARRELL: No, sir.

COMMISSIONER CORNELLA: It would be the same, wouldn't it?

GENERAL FARRELL: It would be the same. That ratio would be the same. Exactly.

COMMISSIONER CORNELLA: All right. I guess that's what I was kind of driving at. If the redistricting

South in Marietta, Georgia, states that the Northeast Boston District supports its area operations office and plant representative offices with a lower ratio of headquarters to field personnel in the southern district located in Marietta.

On the surface, it would appear that this measure of efficiency is a reasonable test. In 1993, the Defense Logistics Agency closed two contract management districts, one in Philadelphia and another in Chicago, and I think you did mention that.

Subsequent to these closures, I believe the remaining districts were redistricted. I assume that "redistricted" means that the workload was redistributed.

So my question is what was the ratio of headquarters to field personnel in the Marietta office as compared to the Boston office prior to that redistricting, and were the two districts more comparable at that point?

GENERAL FARRELL: Yes, sir. Prior to BRAC '93 in September of '92, when we looked at that, the Northeast had a ratio of 1 person in headquarters to 11 in the field. The district in Marietta had 1 to 10, and out in the West they had 1 to 15.

In other words, you could look at it either they

previously had affected which of those that you would close this round, and evidently it has.

GENERAL FARRELL: I think if the South -- to answer your question further, I guess if the South survived, their expanded control, in terms of individuals, would widen a little bit. They would go, probably, to something like 1 to 22, if they were the one that survived.

COMMISSIONER CORNELLA: Thank you very much.

GENERAL FARRELL: Yes, sir.

COMMISSIONER CORNELLA: That's all I have, Mr. Chairman.

CHAIRMAN DIXON: Thank you very much, Commissioner Cornella. Commissioner Cox.

COMMISSIONER COX: Thank you. I understand that the Defense Logistic Agency is testing service delivery program with FedEx. Could you tell us a little bit about this, and will it affect your capacity? If this works, will you see a much less capacity need?

GENERAL FARRELL: It's one of the initiatives that we've come up with in the last year. It's a privatization initiative, essentially. And what it says is that can we come up with better ways to distribute high value items?

had a higher expanded control in the West, or they were more efficient at overseeing the contract operations. But as you saw on the slide there, there is a great concentration of contract missions in the West.

In fact, most of their contract oversights are within 40 miles of the headquarters in El Segundo. So you could see where they could, in the West, could probably do it a little more efficiently.

At the same time, we had five districts, and I had 134 separate contractor operations out there. So that meant that the ratio of districts to actual activities that you're overseeing was 1 to 27.

After I did my COBRA in '93, those ratios changed in the Northeast from 1 to 11. It went to 1 to 13. In the South, it went from 1 to 10 to 1 to 12. In the West, it stayed at 1 to 15.

And when I had now three districts and 105 separate contract activities to oversee, my ratio now was 1 district to every 35. In BRAC '95, what we're looking at approaching -- approaching BRAC '95 is 1 to 18 in the Northeast, 1 to 18 in the South, 1 to 18 in the West, and with three contract management districts now, I'm only overseeing 90 separate

Can I find a customer out there who has items that he distributes -- it might be something like a programmable signal processor -- something that's worth \$2 million.

And what you want is to shorten the pipeline as much as possible so you don't have to buy all the extra spares to fill the pipeline up.

And if we could then establish a premium distribution operation anywhere where you could guarantee 24-hour delivery anywhere in the CONUS or 48 hour delivery anywhere overseas, recognizing that the customer would pay a premium for that particular, we were just interested to see if there was anybody interested.

So we let a contract with FedEx, and we just happened to have selected the Memphis depot as a place initially to work at, but you can really do it anywhere.

Our ultimate -- and you don't need much storage, because these are high value items. There wouldn't be a lot of them. First of all, we don't have any customers yet. Nobody in the services has stepped up to this, and secondly, you could, essentially, do it anywhere.

You could do it with any private contractor. So say you closed the Memphis depot and some private operator

<p style="text-align: right;">Page 193</p> <p>1 took the Memphis depot over. You could then elect to either 2 store it in FedEx facilities, which they do for other 3 companies, or you could make an arrangement for a lease fee 4 to store it at Memphis. 5 It's a much more efficient way to do it rather than 6 keeping a whole depot open just to do that small operation. 7 So it's really -- that's not a factor in our analysis. 8 COMMISSIONER COX: No. I'm sure it's not a factor. 9 I think it's a very interesting program. The question would 10 be if it would work and be pursued on a greater scale, then 11 maybe we'd be looking at even more excess capacity than we 12 have today, but it doesn't sound like it's taking off at any 13 great speed. 14 GENERAL FARRELL: Not that particular one, but we 15 have a number of other interesting programs underway that are 16 taking off and that are reducing storage requirements 17 throughout the system. 18 COMMISSIONER COX: Good. In 1993, the Base Closure 19 Commission directed that DOD's tactical missile maintenance 20 work be consolidated at Letterkenny. You all are now, as a 21 follow-on, on a Letterkenny recommendation to close. 22 But in light of the '83 decision, was the</p>	<p style="text-align: right;">Page 196</p> <p>1 looking at 5.3 million one-time cost to get out of something 2 that's costing you 4.5 million every year forever. 3 And we estimate that when we go into this new 4 building the upkeep of that would be on the order of 5 \$300,000. So once we bought it, we'd be paying \$300,000 a 6 year versus 4.5 million a year. 7 COMMISSIONER COX: The upkeep on the current 8 building is 4.5 million. Have you discussed this with GSA? 9 We ran into this in '93, and in some cases, GSA was happy, 10 rather than lose a customer altogether, to work out a lower 11 lease rate. 12 GENERAL FARRELL: The issue last year was the 13 federal center at Battle Creek. 14 COMMISSIONER COX: Right. 15 GENERAL FARRELL: I don't think GSA was too upset, 16 and I don't think they'd be too upset if we left this place. 17 That building in Battle Creek was on the Federal Registry for 18 historic buildings, and our presence there is what kept it 19 open. 20 If we left, you'd have to go through the process of 21 disposing of that building at Battle Creek, which would have 22 been a very painful process for the people there.</p>
<p style="text-align: right;">Page 194</p> <p>1 Letterkenny Defense Distribution Depot made -- did you have 2 to make infrastructure changes, and if so, what were the 3 costs? 4 GENERAL FARRELL: We haven't made any adjustments. 5 That missile workload really is not -- we're not associated 6 with that. We're associated with the vehicle workload that 7 was done at Letterkenny. 8 COMMISSIONER COX: All right. So that -- 9 GENERAL FARRELL: I believe the Army's decision is 10 to keep the missile workload and to close out the light 11 vehicle, and that's why we're closing down. 12 COMMISSIONER COX: Okay. You mentioned the 13 question of the Defense Contract Management District West, as 14 far as the 1993 BRAC decision, which I believe was to move 15 out of lease space and into a building that, essentially, you 16 could obtain for free in Long Beach. 17 And I understand that given the way the federal 18 Defense Department property could now be distributed that 19 they're not anxious to hand over a building to you. But let 20 me ask you a question about that, because I just don't 21 remember. 22 And that is I thought we were trying to get you out</p>	<p style="text-align: right;">Page 197</p> <p>1 COMMISSIONER COX: In this case, are you the only 2 tenant in the building. 3 GENERAL FARRELL: We are. We actually have -- it's 4 our headquarters plus the Defense Contract Management 5 activity which actually manages contracts in the Los Angeles 6 Basin. So there is two activities there. The second one I 7 didn't BRAC because it wasn't large enough. 8 COMMISSIONER COX: But you would intend to move 9 that as well? 10 GENERAL FARRELL: Yeah. You may be interested to 11 know that we approached the Air Force and asked them if they 12 had space at Los Angeles Airport Station to absorb the whole 13 headquarters so we wouldn't have to buy this building. They 14 didn't have room enough to do that, but they had room enough 15 to absorb the smaller activity. 16 So it wasn't reported because it didn't meet the 17 BRAC criteria, but we're moving the other activity onto the 18 Air Force installation. 19 COMMISSIONER COX: And those activities don't need 20 to be together? 21 GENERAL FARRELL: No, they do not. 22 COMMISSIONER COX: And nothing else in that sort of</p>
<p style="text-align: right;">Page 195</p> <p>1 of lease space and into something else because it was 2 cheaper. Now you're suggesting that you be given the 3 authority to buy a building to replace the lease space. 4 Assuming the original assumption is wrong, would 5 you be better off staying where you are just in that lease 6 space? Do we have to go find a building, and couldn't we, 7 maybe, find another free building? I realize no building is 8 free. 9 GENERAL FARRELL: Excellent question. But it would 10 most definitely be a lot cheaper for us to leave because 11 we're paying right now a total of \$4.5 million a year to be 12 in that GSA building. 13 4.2 million is simply the lease cost, 4.3. About 14 200,000 is real property maintenance and upkeep of the 15 building, which we also pay, and that's not very many people 16 in that building. We've done a survey in the Long Beach 17 area, and we could buy a building about the size we need for 18 4.1 million. 19 COMMISSIONER COX: I see. So in one year -- 20 GENERAL FARRELL: Yeah. So it's one year. We 21 could upgrade -- we could renovate that or do whatever we had 22 to do for about another million and a half. So you're</p>	<p style="text-align: right;">Page 198</p> <p>1 area where you could move onto an existing base? 2 GENERAL FARRELL: Not right where we are. Long 3 Beach is the best option. We could buy something in the 4 L.A. -- right in the El Segundo area, but it would be a 5 little more expensive. We'd be better off in Long Beach, we 6 think. 7 COMMISSIONER COX: Thank you. 8 CHAIRMAN DIXON: Thank you, Commissioner Cox. 9 Commissioner Davis. 10 COMMISSIONER DAVIS: Thank you, Mr. Chairman. 11 General Farrell, as far out as you can see, you've got all 12 your closures in the '95 BRAC. In other words, you're going 13 to be down to your end position? 14 GENERAL FARRELL: As far as we can see. 15 COMMISSIONER DAVIS: And when do you get down to 16 that end position, if it's all approved? 17 GENERAL FARRELL: In terms of BRAC, I think it's 18 about the year 2000 we'll be to everything. 19 COMMISSIONER DAVIS: As some of the services' 20 decisions, obviously the BRAC process is a very complex one. 21 Did any of the service decisions hurt your process at all? 22 GENERAL FARRELL: No, sir.</p>

1 COMMISSIONER DAVIS: You weren't forced to change  
2 your process at all because any service had made some other  
3 vision?

4 GENERAL FARRELL: No, sir. We accounted for that  
5 our process.

6 COMMISSIONER DAVIS: We talked about throughput.  
7 Your storage, to follow on with, sort of, Commissioner Cox's  
8 question, your storage capacity for items that have to be  
9 stored for your customers for the demand that's coming out,  
10 you've got some initiatives, I'm sure, going on, but do you  
11 have as sort of a Just-In-Time initiative that would allow  
12 you to release more space in the depot area?

13 GENERAL FARRELL: Right. I can't find my paper on  
14 that, but we have a number of things. We talked about  
15 premium transportation, which was one.

16 We have a strategy, and we call our strategy By  
17 Response By Inventory, BRBI, and it follows on from the  
18 commercial way of doing business, which says don't store  
19 things in warehouses. Buy from a supplier who is willing to  
20 deliver it to you when you need it.

21 And if you've got predictable workload -- we don't  
22 have in all the things we store. The war reserve things

1 COMMISSIONER DAVIS: And then if you could submit  
2 that for the record, I would appreciate it.

3 GENERAL FARRELL: Yes, sir, we will.

4 COMMISSIONER DAVIS: Thank you, Mr. Chairman.

5 CHAIRMAN DIXON: Thank you, Commissioner Davis.  
6 Commissioner Kling.

7 COMMISSIONER KLING: General, I'm not for sure  
8 whether your presentation was so thorough that it answered  
9 most of our questions or was so thorough that it scared us  
10 from asking questions, but either way, good job. Job well  
11 done.

12 GENERAL FARRELL: Thank you, sir.

13 COMMISSIONER KLING: Just a couple general and one  
14 specific. Do the services, basically, agree with the plan  
15 program that you've come up with? Have there been any  
16 disagreements from the services with this total program that  
17 you're outlining?

18 GENERAL FARRELL: Through our coordination -- our  
19 recommendations that we're talking about. Through the  
20 coordination with the Army, they had, sort of, wanted us to  
21 stay at Red River.

22 They closed the maintenance facility and Red River,

1 don't have predictable workload associated with them, but a  
2 lot of the commercial stuff -- the medicines, the clothing,  
3 the food that we buy -- has a predictable demand.

4 So we've invented something we call Direct Vendor  
5 Delivery, which says we're going to establish contracts with  
6 as many people as we can with an objective to the end of '95-  
7 '96 having 50 percent of all of our contracts Direct Vendor  
8 Delivery.

9 Now, we haven't really realized the full impact of  
10 that strategy yet because we've just undertaken it. So it's  
11 only that if it's successful that will, you know, free up  
12 the more stuff, but we're just not far enough along.

13 There is another one we call Prime Vendor that's in  
14 the medical area, and here is the way that one goes. We have  
15 established 21 regions in the United States to service  
16 military hospitals.

17 We've put a winner-take-all contract on the street  
18 to supply pharmaceuticals, surgical supplies and general  
19 types of medicines to all the military hospitals.

20 And once that guy wins it, his obligation is when  
21 the hospital commander calls, to deliver that stuff to him  
22 within 24 hours. And we find that not only are we getting 98

1 and when we told the Army that, "If you're closing out, we're  
2 leaving, too," the Army said, "Well, you know, if you guys  
3 leave, since we made the decision, we're going to have to add  
4 those costs to our calculation. That's going to reduce our  
5 savings."

6 Of course, they were estimating quite a lot more  
7 for costs than we were. So it, sort of, scared them off, but  
8 we were pretty insistent. And we made the point that, "If  
9 you let us calculate the costs, we'll show you it's not going  
10 to cost you nearly as much as you want to." But we can't  
11 stay there because that's excess capacity that we don't need  
12 to do our job, especially since that maintenance mission is  
13 leaving.

14 COMMISSIONER KLING: Which takes me to specifically  
15 at the Red River only 12 percent actually is used for the  
16 direct support of the Army depot, and 85 percent, I believe,  
17 was for the general area or the total mission. Was any  
18 consideration specifically to keep it open because of the 85  
19 percent workload?

20 GENERAL FARRELL: I'm looking for my paper that has  
21 that. You have to look at where Memphis -- I'm sorry, where  
22 Red River's workload goes. If you take a look at a printout

1 percent of the stuff within 24 hours now, the hospital  
2 commanders are lowering their retail inventories.

3 The cost that the hospital commanders are paying is  
4 about 35 percent less than they were paying by going directly  
5 to Johnson & Johnson in a local area.

6 We estimated our PALM '96, which is already on the  
7 street, we're going to reduce our inventory in medical from  
8 about 270 million down to about 250 just in PALM '96.

9 Now, we're right now looking at our PALM '97, and I  
10 was talking to our supply guy today, and he told me that he  
11 thinks that we'll reduce that 270 by half in PALM '97. So  
12 that's millions of dollars of inventory that won't have to be  
13 stored somewhere in the medical area.

14 We're thinking of expanding that to other  
15 categories and commodities like automotive parts, like food,  
16 all the general types of -- you could do it for construction  
17 supplies, and things like that. So it's got great potential.  
18 We're just underway.

19 COMMISSIONER DAVIS: Okay. One final question.  
20 What percentage of your facilities are leased? Give me a  
21 guess. It's probably very small, but give me a guess --

22 GENERAL FARRELL: Small right now. Small.

1 of the tonnage that they ship out and where it goes and you  
2 do a percentage calculation, it shows that while only about  
3 12 percent is maintenance, the rest of it goes all over the  
4 place.

5 Some of it is shipped to San Joaquin, which is a  
6 depot that we have that does consolidation. Some of it is  
7 shipped to Susquehanna. Some of it is shipped to Fort Hood.  
8 It's small percentages, 2, 3 and 4 percent, but it goes all  
9 over the place.

10 The point of all that is that there is no reason to  
11 keep that depot there to do general distribution because it's  
12 really sending it all over the system, and we've got other  
13 capacity within the system to be able to accommodate that  
14 workload.

15 The real reason we were there in the first place  
16 was to do the maintenance mission, by our reckoning. So  
17 that's how we approached that analysis.

18 COMMISSIONER KLING: I kind of figured you'd come  
19 up with a very good answer with that, General. Thank you.  
20 Just a last general question.

21 You set forth a number of reductions that are  
22 taking place. Are a lot of those coming forth because of

<p style="text-align: right;">Page 205</p> <p>1 closings, or do a lot of them have to do with the direct drop 2 shipments that you're talking about, the higher technology 3 controlling inventory and so forth, or is it just a general 4 combination of both closings and those modernizations in 5 dropped shippings? 6 GENERAL FARRELL: You mean are new initiatives 7 driving a lot of our -- 8 COMMISSIONER KLING: Just of your savings you 9 outlined in your program of the amount of reductions in man 10 hours and time and space and so forth that are going to take 11 place. 12 I mean, does a lot of it come from the drop 13 shipping or by the vendors, by the modernizations of controls 14 through computers and, maybe, that type of situation? 15 GENERAL FARRELL: The savings come from -- we're 16 talking about distribution? 17 COMMISSIONER KLING: Correct. 18 GENERAL FARRELL: In distribution, savings come 19 from a lot of areas. They come from infrastructure costs by 20 actually closing bases. When you close a base, you download 21 all the real property maintenance, all the guards that you 22 have, the installation command structure that runs that</p>	<p style="text-align: right;">Page 208</p> <p>1 last round of BRAC, and we had substantial opportunity to 2 save money through efficiencies in the Department's budgets 3 in the out years due to some DLA initiatives. 4 And I'm just trying to get, sort of, an 5 accountability check on how we are on that business, 6 everything from using more commercial specs to Just-In-Time 7 inventory to reducing our warehousing capacity. 8 And all that, as you know, added up to a new way of 9 accounting, which meant we have to pay surcharges for DLA 10 that was added on top of the cost of goods. 11 And I guess I just want to make sure that this 12 recommendation by the DLA is consistent with all of those, 13 those savings are generally going to be realized, there is no 14 hole in the service programs out year readiness budgets, and 15 that you've done all that you can do, and this is a leaner, 16 meaner, more efficient DLA in the supply system for 17 Department of Defense. Is that an accurate depiction? 18 GENERAL FARRELL: That's how we advertise ourself. 19 We advertise ourself as a provider of choice around the world 20 around the clock at better, faster cheaper. That's where 21 we're going. 22 If you read our strategic plan -- we're going to</p>
<p style="text-align: right;">Page 206</p> <p>1 installation and all the things you do just to open the doors 2 on the base. 3 You get rid of all of those costs, which are pretty 4 substantial. You also get rid of the portion of the people 5 who are performing that mission, because when that mission 6 goes away, you save part of the people that are associated 7 with that. 8 You say some of indirect supervision. You save 9 some of the direct labor, too, not much, but some. The other 10 savings associated with some of our initiatives are reflected 11 in our inventory reduction figures. 12 If you'll look at where we project our inventory to 13 go, I think we're reducing 108,000 cube -- 108 million cube. 14 Part of that is related to direct vendor initiatives, but I 15 can't put my finger on exactly how much. 16 COMMISSIONER KLING: And I don't need a specific, 17 but a good portion of it is coming from that as well now; is 18 that right? 19 GENERAL FARRELL: Some of it. I wouldn't say a 20 great portion. In the future, it will be substantial. The 21 savings will be substantial. 22 COMMISSIONER KLING: Thank you.</p>	<p style="text-align: right;">Page 209</p> <p>1 give you copies of it -- that strategic plan was not 2 something that was lightly written by one person at night. 3 It was a lot of people involved, and we're very serious about 4 the initiatives in there. 5 You talked about some savings associated with the 6 previous controller and all that, and you're referring to the 7 MRD process, I know. A lot of that accounting was difficult 8 to do, as you know, because one DMRD would come on the table, 9 and there would be some savings associated with that. 10 The next DMRD appeared to overlap that one, and so 11 we lost the accountability. But I'll tell you what DLA has 12 done to try to account for the initiatives in our strategic 13 plan. 14 In our last PALM, we said if we're going to be 15 accountable for saying that we're going to do things better 16 for the services, we have to show them an impact in their 17 prices. 18 And so in our strategic plan, you will see that we 19 have pledged to them that we're going to beat inflation in 20 the prices they pay for their services. We have pledged to 21 them that we're going to bring the distribution charge down 22 from \$29 right now to the neighborhood of \$20 in the year</p>
<p style="text-align: right;">Page 207</p> <p>1 GENERAL FARRELL: Yes, sir. 2 CHAIRMAN DIXON: Thank you, Commissioner Kling. 3 Commissioner Robles. 4 COMMISSIONER ROBLES: General Farrell, I'd like to 5 follow-up to Commissioner Davis' questions earlier. In a 6 previous life, I told Chairman Dixon that I would -- I remind 7 him of sitting not in this room but in a room in this 8 building when I was the Army's O&amp;M director and being grilled 9 about the report that had just come out of the press about 10 reputed \$30- or \$35 billion excess inventory in the 11 Department of Defense and what we were doing to reduce 12 capacity and all that business. 13 I remember Senator Nunn and Senator Dixon asked me 14 some very penetrating questions, and that led to, as you 15 know, a series of initiatives that were -- opportunities that 16 were given to us, the services, by the Department of Defense 17 when a former DLA controller became the deputy -- the 18 controller of -- so I want to talk a little bit about that 19 process because it all relates to this. 20 And I won't get down in the weeds too much, because 21 this is a complex subject, but I do want to talk -- because I 22 think it relates to this, especially since this is a BRAC --</p>	<p style="text-align: right;">Page 210</p> <p>1 2001. 2 Our surcharge is going for 29 percent now to 21 3 percent in the year 2001. That's in our strategic plan. We 4 have set a price structure for every single commodity we sell 5 out through the year 2001. 6 And in the last PALM, the Office of the Secretary 7 of Defense said, "Here is the inflator line at 3.2 percent," 8 or the 4, whatever it is this year, "Put that in your plan." 9 We said, "We're not going to do that. We're going to go out 10 and beat inflation, and we're going to put a price value on 11 each one of our initiatives." 12 So we took our initiatives, and we priced them out, 13 and we put them in the PALM. The PALM we submitted was \$5.5 14 billion less than what it would have been had we used the DOD 15 inflator, 2.9 billion in supply, 200 million in distribution. 16 So I think we've actually put our money where our 17 mouth is. So the question is going to be are we going to be 18 able to deliver on this process? After we submitted the 19 PALM, we did the first two years of the next budget, and it 20 shows that our prices are actually turning down even from the 21 PALM. 22 COMMISSIONER ROBLES: Well, I really applaud your</p>

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efforts, because those of us who in a former life were involved in this process worried about downstream readiness, and DLA had to get itself right-sized, and it had to be more efficient how to get your surcharges down, and what you're telling me is you've done all that, and this BRAC recommendation, sort of, cements that or crystallizes all that.

GENERAL FARRELL: Contributes to that.

COMMISSIONER ROBLES: Contributes to that whole process.

GENERAL FARRELL: Yes.

COMMISSIONER ROBLES: Yes, because it's just a piece of it but I imagine a significant piece of it. Good effort. Switching gears here, let's talk about excess capacity at McClellan Air Force Base.

Yesterday, we had the Air Force here, and I asked the question. It was reputed that one of the considerations for their cost analysis of McClellan and where it stood on their military value was a requirement to have some excess capacity available to DLA.

And the Chief of Staff of the Air Force said no, that was done after the fact. After the fact -- they said we

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could pony-up excess capacity. Now, my question to you is do you need that extra capacity? Because if you don't, then they put in their analysis a savings which really shouldn't be in that analysis.

And I thought I heard you say that you had more than sufficient capacity. So why do you need that capacity?

GENERAL FARRELL: I have more than sufficient capacity now, but once I close all the things I propose to close, I would have been at a deficit position of 21 million cubic feet.

Let me take you back to the beginning. Myself and Admiral Straw originally were going to submit a BRAC recommendation that had a deficit to our storage capacity in the cube area because we knew that we had so much throughput, and we were going to take a lot of risk, and we were going to submit about 25 million cube deficit.

And we were going to hope that we could sustain that recommendation, realizing that the communities were going to come in and argue, "Hey, how can you have that deficit there when you just closed my depot that's got 25 million cube? Bring it back on the line to make up for that deficit."

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As we were coordinating with the Air Force and exchanging information, we mentioned to them that we were going to submit with a deficit, and they said, "Do you want more space somewhere?"

And we said, "Yeah, if you got it. Where?" And they said, "Anywhere you want it." So we have struck a deal with the Air Force and the Navy, the Navy at Norfolk, to pick up -- we're picking up the Natick hangar at Norfolk that was eliminated in the BRAC '93 round, which is going to give us about 4 million cube.

And the Air Force says they will give us up to 30 billion cube at their ALCs. So it's not McClellan. It's not Tinker. It's the whole package. And we're now negotiating with the Air Force for that space. The beauty of that is it allows us to close a base, and if, in the future, we don't need it, we could turn it back.

COMMISSIONER ROBLES: General Farrell, that's very interesting. So what you're saying, if I understand you correctly, is you don't care where that excess capacity is.

It is not necessarily geographic specific that it has to be McClellan.

It could be somewhere else. So if we look at the

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analyses that was done, the costing analyses, we could take the savings attributed to that excess capacity that may be under the McClellan analysis and move it somewhere else, and you would be satisfied? Space is space, I guess?

GENERAL FARRELL: Space is space. We would like to have it spread throughout the system.

COMMISSIONER ROBLES: But it wasn't a major consideration like it is where you geographically have to put a peer -- I mean, where the peers are for the Navy or some other things?

GENERAL FARRELL: No. We're really looking for storage space, and it's not that important. It could, essentially be anywhere, but if they gave it to us all at one place, we'd probably say we'd prefer to have it spread around a little bit.

COMMISSIONER ROBLES: Okay. Thank you. Final question, and this is kind of a question of the heart because of my -- when I was in Desert Storm, one of my primary missions was to be the chief logistician and supply officer for one of the Army's tank divisions.

And after we came back from Desert Storm, we spent a considerable amount of time going through a lot of lessons

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learned about distribution and the 40-footers and where all the 40-footers were and the distribution out of the various depots, and I know that you all were very much involved in this.

In this BRAC recommendation, what, if any, of the lessons learned of Desert Storm were factored into your depot structure and your depot capacity?

GENERAL FARRELL: I'd have to say probably not a lot because those were operationals, primarily operational lessons learned. That's my characterization. You're getting me into something I'm not familiar with because that happened before I got to DLA, but I'm somewhat familiar with it.

I do know that there was a lot of containers sent that were unopened, that came back unopened. There were a lot of containers sent that got opened, and they pulled one thing out and shut it up, and we got those back.

So we had a lot of putting up to do after the war was over, and the reason that was true is because we would get multiple requisitions for the same item, because our system isn't geared to be able to provide the visibility of where that requisition is.

Here is what we're talking about is in-transit

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visibility. This is one of the top things that Mr. Jim Clough, Assistant Secretary in OSD, is working right now as a way to work the in-transit visibility problems so that we can tell the soldier in the field where his requisition is so if he doesn't get it in a week submit the requisition again.

That's one problem. The other problem is asset visibility, which gives you the visibility not only of your wholesale assets but your retail assets in the system so that you can trade retail assets between services without having to go to a vendor and put an order out to buy something that you already have somewhere in the system.

Those two major efforts are not -- I don't think they're going to solve the problem real soon.

COMMISSIONER ROBLES: No. And the reason I asked that question specifically is that we shipped probably -- and I don't remember the numbers off the top of my head -- but in the order of magnitude of twice as much stuff as we needed because we couldn't locate it.

We can't afford that to do in the future, and certainly, if we have to ship twice as much stuff because we can't locate it, then you're going to keep twice as much stuff in inventory or thereabouts, and then you're going to

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1 have twice as much storage capacity.  
 2 So there is some importance to making sure that  
 3 we're fixing that former problem so that the latter problem  
 4 doesn't exist; i.e., excess inventory, excess capacity.  
 5 GENERAL FARRELL: Well, we've done a couple of  
 6 things. We've got a program with the Army. You've heard of  
 7 the RF-tag and the automated manifest system? The automated  
 8 manifest system is a laser card that you could write onto,  
 9 and you could put it on a pallet. You can put it on a  
 10 container.  
 11 And the soldier in the field has a little reader in  
 12 his hand. When this thing rolls in, he can take the laser  
 13 card off of the container, put it in his reader, and it can  
 14 tell him not only what's in that container but where it is.  
 15 So if he's after tent poles or mosquito nets or jeeps or  
 16 whatever, he can get it.  
 17 And the other thing is we're putting an RF tag on  
 18 the containers when they ship so that they can be tracked  
 19 through the system through satellite so that we know where  
 20 that transportation control number is. We've actually tried  
 21 that. We've tried it in Haiti. We tried it in Somalia, and  
 22 it works pretty good.

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1 COMMISSIONER ROBLES: Well, thank you very much. I  
 2 applaud your efforts. Mr. Chairman.  
 3 CHAIRMAN DIXON: Thank you very much, Commissioner  
 4 Robles. Now, General Farrell, you've done an excellent job.  
 5 I don't think we're going to need a complete second round.  
 6 Let me tell you what I intend to do.  
 7 I'm going to ask you some general questions the  
 8 Commissioners have asked me to ask of all witnesses and a few  
 9 questions from a few congressmen who have sent me questions  
 10 this afternoon to ask of you.  
 11 Then we'll conclude unless anybody on the  
 12 Commission wants to ask any further questions. I'll simply  
 13 invite questions after the Commissioners have had a moment to  
 14 think about this, if anybody thinks of another question they  
 15 want to ask.  
 16 But rather than doing a complete round, I think  
 17 I'll let any individual Commissioner ask any question. I  
 18 want to congratulate you on what I think all up here thought  
 19 was a good presentation and thank Mrs. McManamay who,  
 20 obviously, did a good support job there in giving you the  
 21 things that you needed, and we thank her.  
 22 Major General Farrell, did the Office of the

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1 Secretary of Defense remove or add any installation closures  
 2 or realignments from your recommendations to the Secretary?  
 3 GENERAL FARRELL: No, sir.  
 4 CHAIRMAN DIXON: General Farrell, did anyone in the  
 5 Administration instruct you not to place any specific  
 6 installation on your list to the Secretary of recommended  
 7 closures and realignments?  
 8 GENERAL FARRELL: No, sir.  
 9 CHAIRMAN DIXON: General Farrell, did the Office of  
 10 the Secretary of Defense instruct your service to place or  
 11 not to place any specific installations for closure or  
 12 realignment on your list of recommendations to the Secretary?  
 13 GENERAL FARRELL: No, sir.  
 14 CHAIRMAN DIXON: Did you or the Office of the  
 15 Secretary of Defense remove any installations from your  
 16 recommendations solely for reasons of environmental or  
 17 economic impact?  
 18 GENERAL FARRELL: No, sir.  
 19 CHAIRMAN DIXON: Thank you, sir. Now, here are  
 20 several questions from members of the Congress, and you  
 21 understand we've invited them to ask questions because they  
 22 represent the people of this country, and they want to find

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1 out the answers regarding matters that affect their districts  
 2 or states.  
 3 This is from the Honorable James B. Hansen, member  
 4 of Congress from the First District of Utah. He asked me to  
 5 ask you this:  
 6 He says that, "DLA commissioned a Pete Marwick  
 7 study dated December 1993 which clearly shows that Ogden is  
 8 by far the single-most cost-effective depot in the DLA  
 9 system. How did cost of operations factor into your decision  
 10 when, as a casual observer, it appears that you are closing  
 11 DLA's most efficient depot?"  
 12 A pretty tough question. What's your answer to  
 13 that one?  
 14 GENERAL FARRELL: First of all, the reason we  
 15 commissioned the study is because of the falling out of BRAC  
 16 '93. We found or we suspected -- I mean, we tried to do an  
 17 operational efficiency analysis, and we just weren't simply  
 18 able, and we wanted to investigate how you do that.  
 19 In the end, we decided that you can't say which is  
 20 the most efficient depot outside of some sort of an analysis  
 21 on its material handling equipment or something like that.  
 22 Part of that we've taken account of in the

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1 throughput, but, basically, what we're trying to do in this  
 2 particular study, and the Pete Marwick guy that did it is  
 3 here -- he's not sworn -- but, basically, we wanted him to go  
 4 out and investigate the accounting codes so that when we  
 5 tried to compare depot to depot -- we inherited a lot of  
 6 depots from the Navy, a lot from the Army and a lot from the  
 7 Air Force.  
 8 They all had different accounting systems, and even  
 9 at our own depots -- and we got some of our depot members  
 10 here -- when they put their financial data together and they  
 11 put something in GNA, something in indirect and something in  
 12 direct, they're counting different things.  
 13 So that when we get the Memphis input and they say  
 14 our GNA costs are this and Ogden's GNA costs are this, we  
 15 don't know how to compare them because they're not, in a lot  
 16 of cases, counting the same things. So that's why we  
 17 commissioned the study, to go out and straighten out the  
 18 accounting codes.  
 19 Now, as far as efficiency goes, let me describe how  
 20 that works. We process three different types of stuff, open,  
 21 any open stuff, which is big, ugly stuff, you know, props on  
 22 ships, drive shafts, huge anchor chains, things like that.

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1 And then we process binables, which is generally  
 2 less than three cubes, and it averages about nine and a half  
 3 pounds. That's the easy stuff, and the smaller the binable  
 4 the more efficient it is to process it.  
 5 And then we process something we called covered  
 6 bulk. You can make a depot efficient simply by how you  
 7 workload them. So we don't think it's an issue.  
 8 Ogden does a lot of binable workload. They were  
 9 doing a lot of binable workload. That makes you efficient  
 10 because you got that kind of -- somebody that's processing  
 11 the big, ugly stuff is not going to be as efficient because  
 12 it takes more people and more money to process each issue  
 13 versus a binable issue.  
 14 CHAIRMAN DIXON: Let me see again, if I may  
 15 interrupt you, General, on the screen, if this person is here  
 16 that did that, those depots, just for fun. I don't mean to  
 17 interrupt you, but I understand what you're saying, and I see  
 18 the validity of it. I just, kind of, wanted to look at all  
 19 those depots.  
 20 But are you saying, basically, that an assertion  
 21 that Ogden is the most cost-effective won't cut it if we  
 22 analyze that carefully?

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GENERAL FARRELL: That's right.  
 CHAIRMAN DIXON: Let's say we wanted to look at it suspiciously.  
 GENERAL FARRELL: If I wanted to take all the available workload in the system and put it in Susquehanna, Susquehanna would be the most efficient depot in the system.  
 CHAIRMAN DIXON: And I'd like to see now -- let me get that here a minute. It's been long enough ago in the testimony I kind of lost it. There are the six, kind of, main ones there.  
 GENERAL FARRELL: Those are the general distribution or stand-alone depots. They're not associated with a maintenance facility or a major fleet activity.  
 CHAIRMAN DIXON: So when this distinguished congressman from the First District in Utah talks about Ogden, he's talking about one of these six major ones here.  
 GENERAL FARRELL: I think he is. I think he is.  
 CHAIRMAN DIXON: Yeah. And then let me see, now, you left open out of those which ones?  
 GENERAL FARRELL: We left open the Susquehanna complex on the East Coast, which is comprised of New Cumberland, Mechanicsburg, two separate sites. We left open

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1 the San Joaquin primary distribution system on the West  
 2 Coast, which is composed of two sites, Sharp and Tracy.  
 3 CHAIRMAN DIXON: Yeah.  
 4 GENERAL FARRELL: And we left open the Richmond  
 5 facility in Richmond, Virginia.  
 6 CHAIRMAN DIXON: And then closed Columbus, Memphis  
 7 and Ogden?  
 8 GENERAL FARRELL: We realigned Columbus --  
 9 CHAIRMAN DIXON: Realigned Columbus that had a 600  
 10 and something loss, I remember. You had some loss, but you  
 11 aligned it.  
 12 GENERAL FARRELL: Correct.  
 13 CHAIRMAN DIXON: And then closed Ogden and Memphis.  
 14 GENERAL FARRELL: Yes, sir.  
 15 CHAIRMAN DIXON: Okay. Now, I guess I have to ask  
 16 you, do to the fact that I pursued this further, is there an  
 17 objective analysis of this that supports what you said, or is  
 18 that entirely a judgment call, or can you show us some kind  
 19 of -- in the record, is there some kind of material support  
 20 for that that would bear out your decision-making process?  
 21 GENERAL FARRELL: Well, we did not try to take into  
 22 account efficiencies of individual depots. We simply didn't

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1 think that we could calculate it.  
 2 CHAIRMAN DIXON: Well, I guess what I'm referencing  
 3 there, General Farrell, and I don't want to pursue this too  
 4 long right now because I realize that the hour is getting  
 5 late, and you've done a fine job and made a good  
 6 presentation, but the other services had this objective  
 7 system where they gave points and things. Do you use that at  
 8 all in your process?  
 9 GENERAL FARRELL: Yes, sir. In the military value  
 10 analysis, we gave points.  
 11 CHAIRMAN DIXON: Oh, you do?  
 12 GENERAL FARRELL: Yes, sir.  
 13 CHAIRMAN DIXON: So in other words, if we did an  
 14 analysis of those grading systems, would it support what  
 15 you've done?  
 16 GENERAL FARRELL: I believe so, yes, sir. Let me  
 17 just say anybody can go do an analysis, and you can establish  
 18 your own criteria, and you can almost make the analysis say  
 19 what you want it to say.  
 20 What we did was establish our criteria before we  
 21 ever applied any points, and when we did apply the points, we  
 22 didn't lift the names off. So we didn't know who was getting

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1 points and who wasn't.  
 2 But you can change the analysis simply by changing  
 3 the measures of merit and the weights which you assign to  
 4 them. And if you ask each individual depot to do the same  
 5 analysis, you would get 18 different analyses because they  
 6 would put the value, probably, on different things, probably  
 7 on their strengths.  
 8 CHAIRMAN DIXON: There are a number of other  
 9 questions that the congressman asks, and we're going to send  
 10 those to you in writing, General Farrell.  
 11 Jim Chapman, the Honorable Congressman from First  
 12 District in Texas regarding the Red River Depot asks these  
 13 questions. I'm going to send all of them to you because it's  
 14 somewhat lengthy.  
 15 But the two I'm going to ask you, he says, "Defense  
 16 Logistic Agency's basis for analysis for co-located depots  
 17 was 'when a military service determined that a maintenance  
 18 depot was surplus to their needs, Defense Logistics Agency  
 19 would consider closing co-located distribution functions.'  
 20 And then he says, "Complete closure of the  
 21 facility's infrastructure generates the best economic return  
 22 to the Department of Defense, and my question is since the

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1 Army recommends leaving the ammunition mission School of  
 2 Engineering and Logistics and Rubber Products facility open  
 3 at Red River, and since the operation will require base  
 4 operation support -- Red River maintenance, sewage, water  
 5 plant maintenance, rail crew support and power station  
 6 maintenance, how does just changing the command to Lone Star  
 7 Army Ammunition Plant reduce the infrastructure costs for the  
 8 Department of Defense?"  
 9 GENERAL FARRELL: I'm not sure how to address that  
 10 question except to say that when the maintenance guys leave,  
 11 whoever is left is going to bear a proportion, a higher  
 12 proportion of the installation infrastructure costs that  
 13 remain behind, and some of those tend to be fixed.  
 14 The number of people to run installation, guard the  
 15 gates, that's a fixed. So when one guy leaves, the rest of  
 16 the people share a higher proportion of the cost. And the  
 17 reason we didn't stay there is because we didn't need it for  
 18 distribution.  
 19 And if we had stayed there, we would have had to  
 20 have found a reason to stay there. We couldn't find a reason  
 21 to stay there, and if we did stay there, we would have to  
 22 find someplace else to close.

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1 CHAIRMAN DIXON: Well, he's got a number of  
 2 questions in writing. I'm going to send them to you as well,  
 3 General. And would you have your shop answer those as soon  
 4 as you can?  
 5 GENERAL FARRELL: Yes, sir.  
 6 CHAIRMAN DIXON: The last question -- and  
 7 incidentally, this is a series, believe it or not, of 27  
 8 questions. Relax. I'm not going to ask them, but I'm going  
 9 to send them to you, all right?  
 10 But Congressman Harold Ford, the distinguished  
 11 congressman whose district contains Memphis, asks this  
 12 question, two questions:  
 13 "Was the impact a base closure would have on  
 14 economically disadvantaged communities considered by DLA when  
 15 they assessed the economic impact and their recommendations?  
 16 Did DLA compare the overall unemployment rate of the  
 17 community in relation to the unemployment rate of rest of the  
 18 state and surrounding areas? And do you believe the  
 19 Commission should use this comparison as a criterion in its  
 20 decision-making process?"  
 21 Now we're getting down to this economic question  
 22 here. Large unemployment, I take it, in his district

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1 compared to the state as a whole and the region and so forth.  
 2 And what is your answer to that?  
 3 GENERAL FARRELL: We used the economic model that  
 4 everybody else used. We all used the same model. It was  
 5 provided to us, and we simply supplied the data into it.  
 6 And for Memphis, we did look at the economic  
 7 impact, and our contribution was less than 1 percent in the  
 8 Memphis area. In fact, our DLA BRAC '95 actions was six-  
 9 tenths of 1 percent in the Memphis metropolitan statistical  
 10 area.  
 11 And in all BRAC '95 actions, including DLA, the  
 12 impact was minus four-tenths of 1 percent, and in all BRAC  
 13 actions through all rounds of BRAC in the Memphis area, the  
 14 impact was 1.5 percent. We looked at all that, and we  
 15 compared -- not only looked at that, we compared it to two  
 16 other actions.  
 17 CHAIRMAN DIXON: Okay. Now, the congressman then  
 18 goes to the question of military value. He says that, "DLA  
 19 ranked stand-alone depots for military value," which, of  
 20 course, you did.  
 21 "Both the DOD and BRAC use military value as the  
 22 most important selection criteria," which, of course, is

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1 correct. Five of the eight criteria are military value.  
 2 "Among stand-alone depots, DDMT was ranked third in military  
 3 value and recommended for closure. However, DLA chose to  
 4 maintain Richmond and Columbus, which ranked fifth and sixth.  
 5  
 6 "If military value is regarded so highly, why did  
 7 DLA completely disregard it with respect to stand-alone  
 8 depots?"  
 9 GENERAL FARRELL: I think that, sort of, goes back  
 10 to my briefing and the rationale. It's not true that just  
 11 one military type of analysis drove our decision.  
 12 We used the outputs of all of the analyses to  
 13 inform our military judgment, and then on balance we made a  
 14 decision because, in some cases, as you have noted, military  
 15 value for an activity might be higher than another activity  
 16 somewhere else, but the installation on which those  
 17 activities are presently operating may have a different  
 18 value. It may be reversed, in fact.  
 19 So once again, the way we took off after this was  
 20 to, first of all, decide what we needed to support our war  
 21 plan and our concept of ops.  
 22 We went through the capacity analysis. We closed

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1 the followers, and then once we had the excess capacity we  
 2 had left, we asked, "What do we have to keep to do our job?"  
 3 And then, as we walked down that road, then what was left  
 4 became excess.  
 5 So it wasn't a decision of deciding what to close.  
 6 Really, the decision process was deciding what to keep.  
 7 So after we closed the followers at the maintenance  
 8 depots, we then took a look at the primary distribution  
 9 sites, which we have facilitized and designated to do the  
 10 wartime mission, and looked at their military value, which,  
 11 in both cases, was not only installation value but military  
 12 activity value was so high that we just took them off and  
 13 said we're going to keep those because not only of their  
 14 value in terms of the points they got but how they fit with  
 15 our war plan.  
 16 At that point, then, we said we can't close any  
 17 other depot associated with a fleet activity. We couldn't  
 18 close Norfolk, as an example. That's the largest fleet  
 19 activity that we support.  
 20 We couldn't close San Diego or Puget Sound. Even  
 21 though Puget Sound is a small depot, it's next to the  
 22 customer, which we support, and he's still there. So we're

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1 going to be there.  
 2 So we took all those other co-located activities  
 3 off the list, and really what was left now at this point was  
 4 Memphis, Ogden, Richmond and Columbus, and two of them are  
 5 going to close.  
 6 And now it's trying to decide what do you do with  
 7 those four, and we're looking for specialized storage, and we  
 8 said if we close Columbus, we don't get an installation  
 9 closure. We'll close that depot, but we don't get an  
 10 installation closure.  
 11 And oh, by the way, you spread a higher proportion  
 12 of cost to other tenants on the Columbus installation when  
 13 you close the Columbus depot.  
 14 If you close the Richmond facility, you close the  
 15 best facilities we have in the command, as determined by an  
 16 independent engineering assessment that we hired out to the  
 17 Navy Public Work Facilities. You also close the facility  
 18 which backs up the fleet activity at Norfolk.  
 19 There are other considerations. We didn't give any  
 20 points to them, but just as a footnote here, all the ozone-  
 21 depleting substances that we're going to store are going to  
 22 be stored in the Richmond area, and we have a large hazardous

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1 storage there, too.  
 2 We could store those at other places, but Richmond  
 3 has some nice hazardous facilities, as does Memphis, as does  
 4 Ogden. But nevertheless, when you look at the fact that  
 5 you're really, probably, going to keep that supply activity  
 6 there, DGSC, so what do you gain by closing the Richmond  
 7 depot?  
 8 You're closing one of your best of facilities. You  
 9 close a major fleet backup activity, and you increase the  
 10 cost to that ICP that's remaining behind.  
 11 And then we looked at the SAILS model, and the  
 12 SAILS model says, "I like Richmond and the location that it  
 13 is. I like it better than Memphis or Ogden." You get a  
 14 lower distribution system cost when you close Memphis and you  
 15 close Ogden.  
 16 So it's a number of factors that you look at, and  
 17 on balance, when you look at the whole thing, it says realign  
 18 Columbus to a slow-moving, keep Richmond and close what's  
 19 left.  
 20 CHAIRMAN DIXON: Thank you, General. Now, I wonder  
 21 if any Commissioner, having heard the intervening discussion  
 22 has any final questions before we adjourn for the afternoon.

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1 Commissioner Steele, do you?  
 2 COMMISSIONER STEELE: This is more curiosity versus  
 3 substantive. Your testing of a premium service delivery  
 4 program with FedEx, did the U.S. Postal Service bid for that  
 5 at all?  
 6 GENERAL FARRELL: We didn't ask them.  
 7 (Laughter)  
 8 COMMISSIONER STEELE: Okay. I had to ask. Thank  
 9 you.  
 10 CHAIRMAN DIXON: Are you all right, Commissioner  
 11 Robles?  
 12 COMMISSIONER ROBLES: I'm fine.  
 13 CHAIRMAN DIXON: How about you, Commissioner Kling?  
 14 (No response.)  
 15 CHAIRMAN DIXON: Commissioner Davis?  
 16 COMMISSIONER DAVIS: No further questions.  
 17 CHAIRMAN DIXON: Commissioner Cox?  
 18 (No response.)  
 19 CHAIRMAN DIXON: Commissioner Cornella?  
 20 COMMISSIONER CORNELLA: Yes.  
 21 CHAIRMAN DIXON: Commissioner Cornella.  
 22 COMMISSIONER CORNELLA: I had to leave the room.

1 I'm sorry. So if this was answered, just indicate so, and  
 2 I'll read it in the transcript. And this was a follow-up to  
 3 questions I'd asked you earlier on the regional  
 4 headquarters between Boston and Marietta.  
 5 I guess you had indicated to me that the main  
 6 reason for that decision was the ratio in question of  
 7 headquarters to field personnel. Was that not correct?  
 8 GENERAL FARRELL: No, sir.  
 9 COMMISSIONER CORNELLA: Okay.  
 10 GENERAL FARRELL: Well, we determined that as the  
 11 workload was coming down, the procurement dollars were coming  
 12 way down, as our projection of contract administration  
 13 offices in which we would have to oversee was coming down,  
 14 and as the number of personnel in our system was coming way  
 15 down, we determined that we didn't need three districts to  
 16 help oversee that activity, and I would emphasize the oversee  
 17 part.  
 18 They do not do contract administration. They  
 19 oversee the process of contract administration in conjunction  
 20 with the headquarters here in Virginia.  
 21 So we determined that expanded control-wise we  
 22 could get by with two headquarters rather than with three,

1 (No response.)  
 2 CHAIRMAN DIXON: I'm certainly satisfied. Thank  
 3 you, Mrs. McManamay, and thank you, General Farrell. This  
 4 hearing is adjourned.  
 5 (Whereupon, at 3:10 p.m., the hearing was  
 6 adjourned.)  
 7 \* \* \* \* \*

1 and we get a modest savings out of that.  
 2 And one of our driving factors in DLA is to reduce  
 3 overhead, reduce nonessential. We deployed a tool called  
 4 Activity-Based Costing across the whole command, and we told  
 5 our people to go out and find those processes which are not  
 6 adding value to our job to the services, and let's get rid of  
 7 them, or let's re-engineer them in such a way that we can get  
 8 rid of that cost.  
 9 One of those things is going after overhead. Now,  
 10 you didn't have to do a re-engineering to discover that here,  
 11 that's part --  
 12 COMMISSIONER CORNELLA: I understand that, General.  
 13 What I'm asking is the decision between Boston and Marietta,  
 14 not whether or not you go from three to two. But what causes  
 15 the recommendation of Boston over Marietta.  
 16 GENERAL FARRELL: Okay. Boston has a much higher  
 17 military value, and that's because the criteria that were  
 18 evaluated give points to things like the number of  
 19 subordinate contract activities which you oversee, your  
 20 proximity to them, the concentration of them.  
 21 And so when all the points rolled in, they had much  
 22 higher points than either Marietta or the South. I think it

1 was 796 versus less than 700 for the South.  
 2 COMMISSIONER CORNELLA: Yeah. It was 795 versus  
 3 656, but I notice that between the West and the South that  
 4 was relatively close.  
 5 GENERAL FARRELL: Right. That was the real  
 6 decision, as to whether to keep the West or to keep the  
 7 South.  
 8 COMMISSIONER CORNELLA: I think you've answered my  
 9 question. Thank you very much, General.  
 10 GENERAL FARRELL: Yes, sir.  
 11 CHAIRMAN DIXON: Are you satisfied, Commissioner  
 12 Cornella?  
 13 COMMISSIONER CORNELLA: Yes, I am, Mr. Chairman.  
 14 CHAIRMAN DIXON: Commissioner Cox?  
 15 (No response.)  
 16 CHAIRMAN DIXON: Commissioner Davis?  
 17 (No response.)  
 18 CHAIRMAN DIXON: Commissioner Kling?  
 19 (No response.)  
 20 CHAIRMAN DIXON: Commissioner Robles?  
 21 (No response.)  
 22 CHAIRMAN DIXON: Commissioner Steele?



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

REUSE HEARING

9:00 a.m.

106 Dirksen Senate Office Building  
Washington, D.C.

Thursday, March 16, 1995

PROCEEDINGS

CHAIRMAN DIXON: Good morning, ladies and gentlemen, and welcome to the first of two hearings to be conducted today by the Defense Base Closure and Realignment Commission on the subject of the reuse of closed military installations.

We have an outstanding lineup of witnesses both this morning and this afternoon, but before we begin to listen to them, I'd like to introduce some members of the Commission.

They are Mr. Al Cornella, a businessman from Rapid City, South Dakota; Rebecca Cox, a vice president of Continental Airlines and a member of the Base Closure Commission in 1993; J.B. Davis, a retired Air Force four-star general; S. Lee Kling, a businessman from St. Louis; Benjamin Montoya, a retired Navy rear admiral; Joe Robles, a retired Army two-star general; and Wendi Steele, a former Bush Administration official and Base Closure Commission staff member.

Ladies and gentlemen, let me give you a brief bit of background about why we're having hearings today on post closure activities of the federal government. As most of you

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COMMISSIONERS PRESENT:

Alan Dixon, Chairman  
Alton W. Cornella  
Rebecca C. Cox  
J.B. Davis  
S. Lee Kling  
Benjamin Montoya  
Wendi Louise Steele  
Josee Robles

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Solid Waste and Emergency Response  
Environmental Protection Agency

know, this is the final round of base closures and realignments under the current law.

Up until this year, the three previous base closure rounds have resulted in more than 70 major and almost 200 smaller base closings.

When I appeared before the Senate Armed Services Committee last October at my confirmation hearing for this position, I told the Members that I believed that in addition to recommending base closures and realignments to the President this year, the Commission should also leave recommendations for Congress and the Executive Branch in two important areas: first, how to handle base closures in the future; and second, how to improve the federal government's performance in post-closure activities.

Reuse is a complex area that presents us all with many challenges. Each closed installation is different. Endless variables are present. Unpredictability is the only constant. Let me give you an example.

When I was a member of the U.S. Senate in 1988, two bases in my state were closed: Chanute Air Force Base in Rantoul, Illinois, and Fort Sheridan in Lake Forest, Illinois.

For those of you unfamiliar with my state, let me simply say that Chanute is entirely surrounded by the most productive corn fields in the world, and Fort Sheridan sat on a piece of property overlooking Lake Michigan surrounded by some of the most exclusive residential property in the United States.

When those bases went on the list, it was a foregone conclusion that Rantoul would disappear and the Fort Sheridan property would quickly be redeveloped to the benefit of all.

As you probably know, it hasn't worked out that way. An aggressive, creative local group in Rantoul has brought hundreds of jobs to where the base once was.

At Fort Sheridan, for a multiplicity of reasons, our reuse plan to date has been somewhat elusive. Those are the kinds of stories we want to examine as we try to seek a clear picture of the appropriate and effective role of the federal government in reuse.

The hearings we're holding today are aimed at gathering information on what's been wrong and what's been right with the way the federal government has gone about assisting local governments in the enormous task of replacing

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1 military bases in the local economy.  
 2 As I said, our goal is to bring all the best  
 3 thinkers on this subject together and to draw upon their  
 4 experience to produce a set of our own recommendations about  
 5 post-closure that we can send to the President and Congress  
 6 on July 1st.  
 7 This morning we will hear from one of my former  
 8 colleagues, Senator David Pryor of Arkansas, who has provided  
 9 remarkable legislative leadership on reuse issues.  
 10 Then, our second panel will include representatives  
 11 of various organizations involved with reuse in many  
 12 different ways. This afternoon we'll hear directly from  
 13 federal government agencies who will discuss their efforts in  
 14 the reuse area.  
 15 Let me also say that this hearing is being held to  
 16 discuss reuse and past closure actions. We're not here today  
 17 to hear testimony about the merits or demerits of the '95  
 18 closure and realignment list, which is pending before us.  
 19 Before we begin with Senator Pryor's opening  
 20 statement, let me say that as part of the National Defense  
 21 Authorization Act for Fiscal '94, the Base Closure and  
 22 Realignment Act was amended to require that all testimony

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1 before the Commission at a public hearing be presented under  
 2 oath.  
 3 So I am embarrassed to say to my distinguished  
 4 friend from Arkansas that I will have to ask him to rise and  
 5 raise his right hand.  
 6 (Witness sworn.)  
 7 CHAIRMAN DIXON: Well, I always wanted to have you  
 8 in this spot.  
 9 (Laughter)  
 10 CHAIRMAN DIXON: I've got a little list of  
 11 questions right here in my pocket. I want to thank you for  
 12 coming today, and please sit down. Ladies and gentlemen,  
 13 Senator Dave Pryor, I think more than any other member of the  
 14 Congress in either House, has spent a considerable amount of  
 15 time working on this reuse question.  
 16 As a matter of fact, I think it was in the '93  
 17 Authorization Act they had what they called then the prior  
 18 amendments to that act that helped do a lot of significant  
 19 things in connection with the transitional problems being  
 20 experienced in communities.  
 21 And he had a lot to do, this great senator, with  
 22 the transition chiefs that are in place in communities around

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1 the country dealing with the federal government, interfacing  
 2 between the communities and the federal government.  
 3 And I think he's paid a lot of attention to the  
 4 problems with the McKinney Act, which has been, frankly, a  
 5 significant problem for many communities around the country.  
 6 In a lot of ways, I think he's just been the leader  
 7 in this great effort. I have said many times and said in my  
 8 confirmation hearings, I've said in my public statements and  
 9 my speech to the National Conference of Mayors and other  
 10 places that we, obviously, had to do these closings.  
 11 It wasn't a pleasure for anybody. It was a painful  
 12 experience, but it was something that had to be done. But we  
 13 have not done a very good and effective job at all in the  
 14 post-closure situation, and I'm delighted to have an old  
 15 friend and a man I greatly admire -- he's a man that is well  
 16 admired and respected by all of his friends -- my good  
 17 friend, the Distinguish Senator from Arkansas, Senator Dave  
 18 Pryor. Thank you for being here.  
 19 SENATOR PRYOR: Mr. Chairman, thank you. How  
 20 honored I am to be here, Mr. Chairman, with you and your  
 21 fellow commissioners. There is only one shortcoming to this  
 22 hearing today. I wish we could hold it outside, it is so

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1 magnificent out there.  
 2 But this is a wonderful opportunity to talk about  
 3 some of these issues that face you as a Commission and us as  
 4 a Congress, and it is once again a great honor to be here.  
 5 I would like to applaud you, Mr. Chairman, and your  
 6 colleagues on the Commission for having the vision and also  
 7 let me say the courage, the courage to address an issue that  
 8 previous commissions might have been too timid to confront,  
 9 and that is the issue of helping local communities rebound  
 10 from the economic trauma of losing a military base.  
 11 Also, by focusing on the post-closure matters, some  
 12 feel that this Commission is straying too far from its  
 13 mission. I would like to disagree with that notion.  
 14 I think this Commission can, and I respectfully say  
 15 I think this Commission should fulfill its base closure  
 16 responsibilities while at the same time fulfilling a moral  
 17 responsibility by recommending ways to assist those who will  
 18 be devastated by your actions and your findings.  
 19 Distinguished Commissioners, we are about to  
 20 complete our fourth and, perhaps, our final base closure  
 21 round. We have learned a lot of lessons from the first three  
 22 closures.

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1 The most obvious lesson to me is that base closures  
 2 hurt. They are painful. They are painful to the local  
 3 communities. They are painful all the way around.  
 4 Mr. Chairman, like yourself, I am personally aware  
 5 of the pain caused by base closure announcements. For  
 6 example, the 1991 Commission closed Acker Air Force Base, a  
 7 B-52 SAT base located in the northeast section of our state  
 8 in Mississippi County. They also took away the majority of  
 9 the work at Fort Chaffee near Fort Smith, Arkansas.  
 10 Now this Commission must determine whether to close  
 11 Fort Chaffee permanently, as the Army has recently  
 12 recommended, and whether or not to close the Red River Army  
 13 Depot located in the town of Texarkana on the Arkansas,  
 14 Texarkana border.  
 15 For many cities where military bases are located,  
 16 the military has become the largest employer, and the loss of  
 17 a base can cause an economic tailspin. Such would be the  
 18 case, for example, at Red River, which amounts to 10 percent  
 19 of the local economy of Texarkana, U.S.A.  
 20 The dislocation of people, of businesses, the  
 21 overnight decline of a tax base is staggering and devastating  
 22 to a community and to its way of life.

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1 The first three base closure rounds also have  
 2 taught us something else, that the task of replacing lost  
 3 military jobs through the civilian redevelopment of closing  
 4 bases is extremely difficult. It is costly. It is often  
 5 slow. It is bureaucratic in producing good results.  
 6 However, finding a new use for an old base is a  
 7 worthwhile endeavor, and like it or not, it is an effort that  
 8 involves the federal government.  
 9 Since we began closing obsolete military  
 10 installations in 1988, we have struggled, mightily struggled  
 11 over the appropriate role of the federal government in the  
 12 closure, the cleanup and the redevelopment of these bases.  
 13 Even this very Commission has gone through a  
 14 philosophical searching to determine what is the role of the  
 15 federal government once a base is closed. Should there a  
 16 role, and should there be a partnership created, or should we  
 17 close the base and leave town as soon as possible?  
 18 I must admit that our original approach to post-  
 19 closure matters failed miserably. In 1988 and 1991 base  
 20 closure rounds, the federal government, including this very  
 21 Commission I think at that time took a hands-off attitude  
 22 approach, and the results, Mr. Chairman and your colleagues,

<p style="text-align: right;">Page 13</p> <p>1 the results were disastrous.</p> <p>2 Job creation was virtually nonexistent. Closure</p> <p>3 costs skyrocketed. Communities threw up their hands in</p> <p>4 frustration over the government's refusal to provide help</p> <p>5 when help was needed. There was no sensitivity, no response</p> <p>6 from the federal government.</p> <p>7 When this process began in the late 1980s, the</p> <p>8 federal government was the primary -- not partner -- the</p> <p>9 primary obstacle to a quick recovery due to that hands-off</p> <p>10 approach.</p> <p>11 I believe that today, instead of standing in the</p> <p>12 way of progress, that government should form new</p> <p>13 partnerships, new partnerships with local communities and</p> <p>14 work together with shared resources and know-how to replace</p> <p>15 lost military jobs.</p> <p>16 Mr. Chairman and colleagues of yours, I would like</p> <p>17 to say that I am always amazed and I find it incredible to</p> <p>18 note the awesome power that can exist when the American</p> <p>19 people decide to work together to accomplish a project.</p> <p>20 In many cases, we have found in base closures</p> <p>21 throughout the country that the American people in those</p> <p>22 communities have decided to put political partisanship and</p>	<p style="text-align: right;">Page 16</p> <p>1 actually give the land and the property to the communities.</p> <p>2 Communities nationwide are currently using this</p> <p>3 legislation to enhance their chances for economic revival.</p> <p>4 Just last week, just last week the U.S. Air Force recently</p> <p>5 conveyed 600 acres at Norton Air Force Base in San</p> <p>6 Bernardino, California, at a very reduced price.</p> <p>7 This land transfer is going to create immediately</p> <p>8 1,000 new jobs due to the expansions in local manufacturers.</p> <p>9 I'm also aware that the Government of Taiwan is seriously</p> <p>10 interested in opening a foreign trade center at this site,</p> <p>11 creating almost 4,000 new American jobs.</p> <p>12 I'm pleased that communities like Norton are taking</p> <p>13 advantage of the government's renewed willingness to help</p> <p>14 beat swords into plowshares. In 1994, Mr. Chairman, our</p> <p>15 Senate task force, we were successful once again in passing</p> <p>16 legislation in Congress to exempt closed military bases from</p> <p>17 the Stuart B. McKinney Homeless Assistance Act.</p> <p>18 The task force had been notified that some homeless</p> <p>19 assistance groups were trying to acquire base property</p> <p>20 through the McKinney Act even though the local communities</p> <p>21 had already agreed to using the property for another purpose.</p> <p>22 This would truly have been a disruption. It would have been</p>
<p style="text-align: right;">Page 14</p> <p>1 personal jealousies aside in order to accomplish a mission.</p> <p>2 When that attitude exists, things get done. And</p> <p>3 that partnership that we must now build should not turn a</p> <p>4 cold shoulder to the people who have helped us win the Cold</p> <p>5 War.</p> <p>6 Base closure communities deserve much more than a</p> <p>7 simple thank you. Fortunately, on July 2, 1993, President</p> <p>8 Clinton announced that the federal government was reversing</p> <p>9 its policy to begin pursuing partnerships with local</p> <p>10 communities.</p> <p>11 The President's five-point plan for helping</p> <p>12 communities including giving them greater access to base</p> <p>13 property, Fast Track of environmental cleanup, transition</p> <p>14 coordinators at every base to help cut through the red tape,</p> <p>15 larger federal grants for economic development and bolder job</p> <p>16 retraining and transition services for those who lose their</p> <p>17 jobs.</p> <p>18 After this five-point program plan was announced</p> <p>19 and after it was offered, it became very clear that several</p> <p>20 changes in the law would be necessary to fulfill the</p> <p>21 President's vision.</p> <p>22 As a result, the Senate Democratic Task Force on</p>	<p style="text-align: right;">Page 17</p> <p>1 counterproductive, and it would have been a classic, classic</p> <p>2 case of unintended consequences.</p> <p>3 Due primarily to the leadership of Senator Nunn of</p> <p>4 Georgia, Senator Feinstein of California we formed a</p> <p>5 consensus for passing legislation to exempt closed bases from</p> <p>6 the McKinney Act. We established a new process for</p> <p>7 addressing local homeless needs in a way that is supportive</p> <p>8 of local redevelopment efforts.</p> <p>9 Mr. Chairman, I'm proud to say that this</p> <p>10 legislation was supported by base closure community groups,</p> <p>11 by homeless assistance groups, by Democrats and Republicans</p> <p>12 alike. It was signed into law by the President late last</p> <p>13 year.</p> <p>14 Each of these initiatives -- the President's five-</p> <p>15 point plan for increased federal funds and assistance, the</p> <p>16 Pryor Amendment, the McKinney Act exemption represent a</p> <p>17 decisive shift in the government's response to base closings.</p> <p>18 And the good news, the good news, Mr. Chairman, for</p> <p>19 communities that will lose their bases in this round is that</p> <p>20 the United States federal government is now ready and willing</p> <p>21 to help you beat those swords into plowshares.</p> <p>22 We are much better prepared now to meet those</p>
<p style="text-align: right;">Page 15</p> <p>1 Defense Reinvestment, which I chaired, developed necessary</p> <p>2 legislation during the summer of 1993. We had a tremendous</p> <p>3 amount of help from colleagues on the liberal and</p> <p>4 conservative side of the isle.</p> <p>5 Republican and Democrats, we worked together. The</p> <p>6 resulting legislation commonly referred to, and it is a</p> <p>7 little presumptuous, Mr. Chairman, to call it the Pryor</p> <p>8 Amendment, but I will call it that anyway, was accepted as an</p> <p>9 amendment to HR 2401, the Fiscal Year 1994 Department of</p> <p>10 Defense Authorization Act.</p> <p>11 This amendment ratified the President's five-point</p> <p>12 plan by making major changes to the base closure laws that</p> <p>13 would provide communities with desperately needed assistance.</p> <p>14 The summary of this legislation will be submitted for the</p> <p>15 record with my prepared remarks.</p> <p>16 The primary contribution, I think, of this</p> <p>17 amendment, called the Pryor Amendment, is its recognition</p> <p>18 that the land and property on closing bases can be a catalyst</p> <p>19 for future development and economic growth.</p> <p>20 Our legislation gives to the Secretary of Defense</p> <p>21 the authority to transfer or lease base properties to</p> <p>22 communities below fair market value and, in some cases, to</p>	<p style="text-align: right;">Page 18</p> <p>1 challenges than we were in 1988, when the base closure</p> <p>2 process began. I applaud the Administration for its vision</p> <p>3 in this regard.</p> <p>4 At the request of this Commission, I have devised a</p> <p>5 very few brief recommendations for those communities that</p> <p>6 lose a base in this particular round of base closure. My</p> <p>7 advice, Mr. Chairman, is free as always.</p> <p>8 First, begin planning early for the future.</p> <p>9 Communities that have found the most success are those</p> <p>10 communities that embarked on an early, aggressive effort to</p> <p>11 find civilian uses for their base.</p> <p>12 For example, in Alexandria, Louisiana, there is</p> <p>13 England Air Force Base. England Air Force Base was</p> <p>14 recommended for closure in 1991. The community at that time</p> <p>15 formed two committees.</p> <p>16 One committee led the fight to keep the base open</p> <p>17 to no avail. The other committee was at the same time</p> <p>18 simultaneously laying the foundation of bringing in new</p> <p>19 business to occupy this site.</p> <p>20 Today, England base has created 1,000 new jobs on</p> <p>21 the base due mostly, by the way, to an Arkansas company, J.B.</p> <p>22 Hunt Trucking Company's decision to train truck drivers on</p>

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1 the old runways.  
 2 I encourage local communities, secondly, to follow  
 3 England's example. If any other communities with bases on  
 4 the 1995 list of closing, if you begin planning early, you  
 5 will be ahead of the game.  
 6 Congress has given the Department of Defense the  
 7 authority to provide grants for these purposes. Last year,  
 8 the Congress passed legislation prohibiting this Commission  
 9 from penalizing those communities that choose to begin  
 10 planning for redevelopment even as they are fighting to keep  
 11 their bases open.  
 12 I also encourage local communities to speak with  
 13 one voice. I'm going to repeat that sentence. I also  
 14 encourage communities to speak with one voice. Each of the  
 15 federal programs that I've outlined are designed to help  
 16 communities help themselves, but it is difficult and probably  
 17 impossible to help communities that are not unified.  
 18 An example, George Air Force Base, Southern  
 19 California. It was closed in 1988. Immediately thereafter,  
 20 this particular base found that two nearby cities were  
 21 engaged in a tug-of-war, a power struggle over which of the  
 22 communities was entitled to the federal aid and future

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1 communities and those leaders there are in the best position  
 2 to inform us of responsible ways for government to  
 3 contribute.  
 4 Second, the Commission, Mr. Chairman, must explore  
 5 ways to make the government more nimble, more capable of  
 6 making decisions quicker and delivering services more  
 7 rapidly.  
 8 The interim leasing process I think exemplifies the  
 9 dangers of moving too slowly. Currently, the military  
 10 services are taking about six months to complete a lease  
 11 agreement. This is entirely too long. Without a lease,  
 12 businesses interested in locating on a base, they go  
 13 elsewhere. We should explore ways to speed up the leasing  
 14 process and the delivery of other important services.  
 15 One suggestion for making government more nimble is  
 16 to empower those individuals who are working out there in the  
 17 field with the communities on the base. Give them the  
 18 flexibility. Give them greater authority to make decisions  
 19 quickly and on the spot.  
 20 This Commission, I think, could explore this and  
 21 other ways for speeding up decisions and the ultimate results  
 22 that we must have.

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1 revenue from this particular base.  
 2 A legal battle ensued. The matter was fought in  
 3 the courts for almost five years. I ask the question to our  
 4 distinguished members of the Commission, guess who won? I'll  
 5 tell you who won. The lawyers won. Businesses interested in  
 6 locating to this base, they went elsewhere. Today, there is  
 7 little effort to show for the efforts at this base except  
 8 missed opportunities and lost hope. This did not have to  
 9 occur. The government can do little to help communities  
 10 unless they speak with one voice.  
 11 I've also been asked to make recommendations to  
 12 the Commission, and I do so respectfully, on ways to improve  
 13 the government's response to base closing.  
 14 First, the federal government should continue  
 15 vigorously pursuing partnerships -- I cannot stress that  
 16 enough -- partnerships between the federal government with  
 17 local communities, and it can be done.  
 18 Every government employee of all of the seven or  
 19 eight federal agencies involved in this tremendous task of  
 20 transition must be fully committed to forming successful  
 21 partnership.  
 22 All I can say is there is one break in the chain,

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1 I'd like to say, finally, we must not undo the  
 2 tremendous progress that we have worked so hard together to  
 3 achieve. Specifically, I respectfully urge this Commission  
 4 to caution the Congress, to caution the Congress about what  
 5 cutting funds for base closure assistance programs,  
 6 especially environmental cleanup, planning grants and EDA  
 7 grants for infrastructure improvements will do.  
 8 It would be disastrous. Although Congress has  
 9 provided the necessary funds in recent years, this year those  
 10 monies, those dollars, those funds are at risk. If Congress  
 11 cuts base closure assistance funds, communities could  
 12 experience a paralysis.  
 13 Economic development would stop. It would suffer,  
 14 and the cost of closing bases would skyrocket. Such funding  
 15 cuts would be counterproductive, and I hope this Commission  
 16 will see the merits of fully funding these base closure  
 17 assistance programs.  
 18 Again, Mr. Chairman, I applaud you. I applaud this  
 19 Commission, and I am honored once again to be in your  
 20 presence to make these statements. Thank you.  
 21 CHAIRMAN DIXON: Thank you very much, Senator  
 22 Pryor. We appreciate your observations and your leadership

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1 one break, one individual, one agency, one transition  
 2 coordinator who fails to have that will and that commitment  
 3 to make things happen positively, that effort is going to  
 4 fail.  
 5 I'm convinced that the top levels of government  
 6 today are committed. I know that the President is committed.  
 7 I know that this Commission is committed, but today we must  
 8 ensure that all down the line this cooperative spirit must be  
 9 alive at the working level.  
 10 We have made many improvements. Local communities  
 11 are still frustrated by the services they receive. Every day  
 12 government officials and community leaders must choose  
 13 between working together in hand-to-hand combat or engage in  
 14 hand-to-hand partnerships. I believe this Commission should  
 15 explore and can explore ways to improve that spirit, and I'd  
 16 like to suggest a few.  
 17 First, find ways to remove the mentality that  
 18 government knows best. In most cases, government attorneys,  
 19 government bureaucrats, government workers are making key  
 20 decisions on private sector deployment issues with little or  
 21 no consultation with local citizens, those people who are  
 22 experts on their own communities. We must remember that

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1 in this field. You've been very helpful in the last several  
 2 years, and I don't know of anyone that has done more to help  
 3 the communities in connection with these problems.  
 4 On page 7 of your prepared text, you say, "We must  
 5 remember that communities are in the best position to inform  
 6 us of responsible ways for government to contribute," and I  
 7 applaud that.  
 8 My own personal experience has been that as much as  
 9 circumstances have improved, the communities still feel  
 10 pretty well out of the process and feel that they're  
 11 dependent on the federal government for the solution of their  
 12 problems when these closures take place.  
 13 I wonder if you have suggestions about what this  
 14 Commission could do. We have a staff that are working even  
 15 now on recommendations to the Congress about improvements in  
 16 the future. What can we do to give the communities more of a  
 17 sense of participation at all levels in everything that  
 18 transpires subsequent to a closing, in your view?  
 19 SENATOR PRYOR: Well, Mr. Chairman, I think -- and  
 20 once again, I respectfully make this suggestion. I'm sure  
 21 you all could make a lot of suggestions on how we can do  
 22 better in the Senate and how I could be a better senator.

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1 But being you asked me the question, I think it is  
2 so important for, Mr. Chairman, and I know your time is  
3 limited for the Commission's time, for you to go individually  
4 to these communities and listen, listen to them. Let them do  
5 the speaking. Let them do the talking. Let us do the  
6 listening.

7 This is how, by the way, I became involved in this  
8 whole reinvestment process. I went to Acker Air Force Base  
9 that was about to be closed some years ago. I held a town  
10 meeting. I listened to the local people.

11 I came back. I said to Senator Mitchell one day, I  
12 said, "My gosh, Senator Mitchell," I said, "These towns out  
13 there like Acker in Arkansas and your base in Maine, they're  
14 closing them down. Those people have no life support system.  
15 There is no umbilical cord. We're just walking out on them  
16 and leaving them with a total mess that they cannot have any  
17 control over."

18 I didn't think Senator Mitchell even was listening  
19 to me, and the next morning at 8 o'clock he called me up and  
20 said, "I want you to be chairman of a task force that's going  
21 to look into this."

22 So that is how I became involved. I think for you,

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1 Mr. Chairman, and members of this Commission to go out to  
2 these communities and listen to them.

3 Even yesterday, some three years after the Acker  
4 Air Force Base has been closed, Senator Bumpers and myself,  
5 Congresswoman Blanche Lincoln-Lambert, we met in my office  
6 with the local mayors of Northeast Arkansas, with the Air  
7 Force.

8 And we started off our meeting by saying, "Look,  
9 this partnership that we thought was being created is not  
10 working as it should. Now, what's wrong with it? Who is at  
11 fault? Is it us in the local community? Is it us in the  
12 Congress, or is it you in the Air Force? What's going on?"

13 I think it takes a constant vigilance, but the most  
14 thing is to listen and to listen with sensitivity, because  
15 these people out here in the local communities are the ones  
16 that have to live with this problem.

17 This Commission has an awesome power. I mean, it's  
18 an awesome power. You have the power that a bomber pilot has  
19 flying a plane over and dropping a bomb and turning back home  
20 and coming to the home base. You don't have to experience  
21 the devastation every day. I don't have to experience the  
22 devastation every day.

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1 And I would just urge you one-on-one to go out  
2 there and listen for yourselves and to help cement this  
3 partnership that we must build.

4 CHAIRMAN DIXON: Thank you, Senator. Incidentally,  
5 this transition coordinator idea at every base to help cut  
6 through the red tape, I think that's been awfully important  
7 to the local communities.

8 I know in my own personal experience with some of  
9 the communities in Illinois that have good transition people  
10 that it's been very helpful to them. And I would suggest  
11 that anything further we can do to give the communities a  
12 sense of having someone that can speak on their behalf in  
13 Washington and reach the appropriate people is very, very  
14 important.

15 And the idea of giving them the opportunity to use  
16 their base properly I think is very important, and I think  
17 there is still a sense of frustration that there is too much  
18 involvement at the federal level in that process,  
19 incidentally.

20 What we can do to correct that I'm not sure yet,  
21 but we'd welcome any thoughts you or your colleagues have  
22 about that as well.

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1 SENATOR PRYOR: Well, I think these transitional  
2 coordinators are very key people, and many times these  
3 coordinators are going to be the people that determine,  
4 really, ultimately whether there is going to be success or  
5 failure in this transition period.

6 You mentioned a base in Illinois. It may have been  
7 Chanute, I'm not sure. But I have several stories here, and  
8 I remember so well at one of our first task force missions we  
9 had the mayor of Rantoul, Illinois, Katy Podagrosi, I believe  
10 is the name. She is a Republican.

11 But she came before our task force, and  
12 Mr. Chairman, she testified with absolute passion about what  
13 was to be accomplished, what could be accomplished, about the  
14 frustration that she and her colleagues felt in that  
15 community and trying to work through the red tape.

16 Yesterday, as Senator Bumpers and I were meeting  
17 with the Air Force about, sort of, the breakdown of the  
18 partnership on Acker Air Force Base, this mayor was  
19 announcing, I believe, that 2,000 new jobs, new jobs, private  
20 sector jobs were going to be created at Chanute, this base  
21 that had been closed down and where they thought all was  
22 lost.

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1 So it was due, I think, and she attributes this to  
2 the transition coordinator who had been on the site and who  
3 said, "We're going to find out how we can do things, and  
4 we're not going to tell you why we can't do things. We're  
5 going to go forward, and we're going to make this a  
6 positive" --

7 CHAIRMAN DIXON: Well, it's been my own  
8 observation, Senator, that to the extent that the federal  
9 government keeps out of it and lets the local community do  
10 it, you improve the chances for a good result in the  
11 community.

12 SENATOR PRYOR: That's right.

13 CHAIRMAN DIXON: And I would hope that message is  
14 taken to heart by people in the federal government that --  
15 meddling so much after they've done the damage.

16 SENATOR PRYOR: That's right.

17 CHAIRMAN DIXON: We'd be better off to leave it to  
18 the community, give them every opportunity to do it and  
19 cooperate with them in helping to support their efforts.

20 SENATOR PRYOR: You know, Chairman Dixon, a local  
21 community is sitting out there, and they're going about their  
22 daily business. They're operating a grocery store or a shoe

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1 store, and they are part of the chamber of commerce and  
2 trying to keep jobs.

3 They want to raise their children and want to  
4 invest in their schools, and ultimately that is their goal in  
5 life, and all of a sudden they announce this base closure.  
6 The employment goes down. The tax base is depleted. The  
7 school is suffering. The town is demoralized. Property  
8 values sink. Life savings are gone almost overnight.

9 But it is so, I think, critical to realize that in  
10 this whole process that these communities are overwhelmed by  
11 the fact that there are seven or eight federal agencies that  
12 are going to be trying to involve themselves in this  
13 transition.

14 It's overwhelming to a community. Senator Boxer  
15 last year passed legislation I think is so positive in the  
16 Department of Commerce, not Department of Defense, but  
17 Department of Commerce. Senator Boxer's legislation called  
18 for the creation of a 1-800 number to help coordinate this  
19 effort.

20 And I applaud Senator Boxer for that very good help  
21 with the local communities. It was a very good, constructive  
22 approach, and we think that we're on the right track. We

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still have an awful lot of work to do.  
 CHAIRMAN DIXON: Now, Senator, I know you have her obligations. Do you have a moment for some questions from some of my colleagues?  
 SENATOR PRYOR: I do. I hope I can answer them.  
 CHAIRMAN DIXON: Thank you, Senator. Commissioner Cornella.  
 COMMISSIONER CORNELLA: I have no questions, Mr. Chairman.  
 CHAIRMAN DIXON: Commissioner Cox.  
 COMMISSIONER COX: If I might just ask a question, given your leadership in this area, one of the things that I think was so important about the prior amendment was that it did allow the Department of Defense to transfer property to communities for economic development purposes, which is so important to the communities.  
 In going through, and we'll hear testimony from several local governments and other people today, one of the themes seems to be that there may be a continuing problem with the priorities of other federal agencies getting in the way of the reuse plan and the economic development of the community, whether it's the Department of the Interior or the

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FAA or whatever.  
 And I know that your amendment also tried to force them to at least not drag on forever doing that. Should we recommend a further change in the law that limits federal agencies from meddling, if that's the right word?  
 SENATOR PRYOR: Commissioner Cox, I don't know that right now we have to change the law. I think that we have to address ourselves to the attitude, and this is where I think with not only the influence but the force of this tremendous Commission that you can have such a vital role in helping to change that attitude.  
 And I think it's like getting all of the agencies together in one room, getting the military, whether it's Air Force, Navy, Army, whatever, in that room, get their elected representatives in that room and say, "Look, let's all do this thing together."  
 Once again, the awesome power of the American people, when they decide to do something and put bickering aside, is just going to be, I think, the hope for this transition period.  
 We knew when we started all of this that this country was going to lose 1,000 jobs every day, 7 days a

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week, 365,000 for 365 days a year, we're going to lose 1,000 jobs a day. Now, the American creativity and the ingenuity and the cooperative spirit has got to prevail.  
 Franklin Roosevelt, for example, in 1943, two years before the war ended, he developed a board. He instituted a board. I forgot what it was, was War Mobilization Board or something, or redevelopment.  
 And this particular board started meeting in secret almost weekly to determine how we were going to beat swords into plowshares, how our economy was going to be transitioned back toward the private sector.  
 And after the war, we were ready. We developed the GI Bill of Rights. We developed the Small Business Administration, and many very positive things sort of triggered in at the end of the war, even though we lost thousands and thousands of defense jobs.  
 I don't think we need new legislation. I think we can do it if we all, basically, commit ourselves to an attitude change. And I like the idea that you have of SWAT teams going out to these communities.  
 These communities feel so cut off, as Chairman Dixon has stated. They feel so lonely out there, and they

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1 feel like they truly have just, sort of, lost touch with the  
 2 federal government, and we've got to weld that community  
 3 spirit back together and say, "We're not going to lose you.  
 4 We're going to be your partner."  
 5 COMMISSIONER COX: Thank you.  
 6 CHAIRMAN DIXON: Do you have any further,  
 7 Commissioner Cox?  
 8 COMMISSIONER COX: No. Thank you, Mr. Chairman.  
 9 CHAIRMAN DIXON: Commissioner Davis?  
 10 COMMISSIONER DAVIS: Sir, as usual, Commissioner  
 11 Cox stole my question, and Senator Pryor's eloquent answer  
 12 prevents any follow-on. So I have no further questions.  
 13 CHAIRMAN DIXON: Thank you very much.  
 14 SENATOR PRYOR: I'm sorry my so-called eloquent  
 15 answers are a little too lengthy, Mr. Commissioner, and I  
 16 will try to make them shorter.  
 17 CHAIRMAN DIXON: Thank you, Senator. Commissioner  
 18 Kling.  
 19 COMMISSIONER KLING: You mentioned the concern, I  
 20 believe you said, about the funding for the base closure. I  
 21 can well understand that if there are no funds we're going to  
 22 have a very difficult time turning these over.

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1 Is that a real concern at this time, or were you  
 2 just bringing it up to --  
 3 SENATOR PRYOR: No, sir. It is a concern. For  
 4 example, there are severe cuts in some proposals for the  
 5 Environmental Protection Agency. Commissioner Cox's question  
 6 was a good one because sometimes some of these agencies, as  
 7 she maintains, may get in the way of other agencies.  
 8 The environmental cleanup on these bases is  
 9 probably, I guess, in terms of priority, one of the first  
 10 things that has to happen before an industry or a possible  
 11 new business looks at this particular piece of ground and the  
 12 facilities before they will even consider coming back to it  
 13 and locating an industry there that will create jobs.  
 14 We've also found that some people -- now, I'm going  
 15 to be honest with you. I'm not certain of this. There may  
 16 be a proposal to eliminate the EDA, the Economic Development  
 17 Administration, which is housed in the Department of  
 18 Commerce.  
 19 The EDA, in my opinion, gives us a wonderful  
 20 opportunity to cooperate with local communities that do not  
 21 have the funds and to create jobs, and some people want to  
 22 eliminate EDA.

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1 When we started all of this, there was a small  
 2 office in the Department of Defense. I believe it was called  
 3 OEA. It was the Office of Economic Adjustment. And when it  
 4 looked at the entirety of all the base closings in America,  
 5 there was this little minuscule office tucked over there, I  
 6 think, in a windowless office.  
 7 There were 12 people, 12 people, and they were in  
 8 charge of base closings, economic transition and what have  
 9 you. Now, we have not created a massive bureaucracy since  
 10 then.  
 11 What we've done, we've taken just a little bit from  
 12 the seven agencies that are involved, and we've, sort of, put  
 13 them all together in an effort to coordinate efforts. I just  
 14 hope these fundings -- I hope people will realize what it's  
 15 going to do to the transition of beating swords into  
 16 plowshares if we don't have these funds.  
 17 COMMISSIONER KLING: Thank you very much, sir.  
 18 CHAIRMAN DIXON: Commissioner Montoya.  
 19 COMMISSIONER MONTOYA: Senator, permit me to  
 20 editorialize for just a moment. I'm one of those that has  
 21 spent 31 years as a bureaucrat and all of it in uniform. And  
 22 I wish the answer were as easy as it's attitude and not more

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1 laws that we need.  
 2 I've read through the Mayors Task Force  
 3 recommendations, and it's an outstanding list of things we  
 4 ought to do. I think it is really well thought out, but as I  
 5 read that I thought of my own career and thinking how many  
 6 times I had to do what I was required to do, not what I would  
 7 like to have done because it made sense.  
 8 And over time -- I've left government some four  
 9 years ago -- I think that the Department of Defense and other  
 10 agencies have become more risk averse because, as we uncover  
 11 scandals, either real or imagined, I think that probably more  
 12 oversight is impugned on people.  
 13 More rules and regulations are put in place, and I  
 14 have a feeling that if we spend a productive afternoon asking  
 15 questions would you do X if there were not a rule or a law in  
 16 place to prevent you from doing that, would you do it, my  
 17 suspicion is that we may find that there may be more need for  
 18 regulatory or legal relief so that these agencies can, in  
 19 fact, do what makes sense and do what's right, as opposed to  
 20 what is going on now.  
 21 Having said that, I hope you probably would support  
 22 us if we did have recommendations for further legislation to

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1 free the bureaucrats to do the right thing.  
 2 SENATOR PRYOR: Right. I think that I stated in my  
 3 opening statement that I believe that the people out there in  
 4 the field need more authority.  
 5 Now, if that is going to require -- once again  
 6 responding to the line of questioning of Commissioner Cox --  
 7 if this is going to necessitate legislation, and it might,  
 8 then I would certainly support that opportunity, and I would  
 9 certainly support that legislation. And I would also work  
 10 very closely with you and this Commission, as we have enjoyed  
 11 that great relationship in the past.  
 12 COMMISSIONER MONTOYA: Thank you, sir.  
 13 SENATOR PRYOR: Thank you, Commissioner.  
 14 CHAIRMAN DIXON: Commissioner Robles.  
 15 COMMISSIONER ROBLES: Senator, my question is a  
 16 follow-up. Both of the Commissioners have expressed sort of  
 17 a pragmatic view of the bureaucracy that we've all lived with  
 18 for many years.  
 19 I suspect that no community understands the  
 20 dizzying array of rules and regulations that they must  
 21 undertake until they get put on a list of some kind.  
 22 Then, all of a sudden people come out of the

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1 woodwork with all sorts of laws and compliance requirements  
 2 and little known structures that they've never had to deal  
 3 with before.  
 4 And although partnership and cooperation is really  
 5 the best way to do this, pragmatically speaking, that doesn't  
 6 always happen, because you get into egos and turf and  
 7 prerogatives and all the things that happen among the federal  
 8 agencies in a department.  
 9 So would it not make sense, as a pragmatic matter,  
 10 to have someone or some group of people at a high level  
 11 empowered to coordinate this effort so you don't drown the  
 12 communities with red tape and with requirements and really  
 13 streamline the process?  
 14 Because I see that there will always be conflicting  
 15 requirements and many requirements upon the communities, but  
 16 what I don't see is someone high enough with enough power to  
 17 really be the coordinator quarterback so we can cut through a  
 18 lot of that business and really get on with the business of  
 19 doing what's right.  
 20 SENATOR PRYOR: Well, Commissioner, you raise a  
 21 very good point. I think right now, with the pulpit of the  
 22 Presidency, and this President is committed to this

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1 transition period of turning swords into plowshares, beating  
 2 swords into plowshares. This President is committed.  
 3 I think that right now we are beginning to see some  
 4 of the results of our efforts and good results. We still  
 5 have the problem of bureaucracy. We still have the problem  
 6 of indecision, of long delays.  
 7 That is definitely a problem. It is a problem that  
 8 we must confront. Now, there is a book written that I guess  
 9 is on or headed toward the best seller list, "The Death of  
 10 Common Sense."  
 11 Our colleague, our former colleague, now the  
 12 Governor of Florida, Lawton Chiles, bought 200 of them with  
 13 his own money, according to press reports, and gave them to  
 14 all of his friends.  
 15 I'm not going to do that this morning, but I do  
 16 recommend that book, because we've got to just have some  
 17 common sense in this, but from time to time we may have to do  
 18 some legislative change.  
 19 Right now I think I would be cautious about setting  
 20 up, sort of, a czar that would be in charge of this  
 21 particular transition period. We're beginning now for the  
 22 first time to see some good results.

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1 Sacramento, for example, the base there, they've  
 2 just announced that they're going to have 3,000 civilians  
 3 working in private industry there. They only had 2,300 when  
 4 it was, I think, a naval base. So they're the net gainer  
 5 here.  
 6 But we're now beginning to see some of the fruits  
 7 of our efforts, and I'd like to respectfully suggest that we  
 8 try and continue this to see if these partnerships will  
 9 actually work. I think they will if we make sure the  
 10 commitment is there throughout the system.  
 11 COMMISSIONER ROBLES: Thank you, Senator.  
 12 SENATOR PRYOR: Thank you, Commissioner.  
 13 CHAIRMAN DIXON: Commissioner Steele.  
 14 COMMISSIONER STEELE: Thanks, Mr. Chairman.  
 15 Senator, I want to compliment you on your efforts and  
 16 successes in this area. I think it's very helpful. I have  
 17 three brief questions in legislative areas.  
 18 One, I'm not sure if you're familiar with this, but  
 19 I just wanted to ask your opinion and if your colleagues have  
 20 expressed concern. This follows up on Commissioners Cox and  
 21 Montoya's question.  
 22 Under the Federal Property Act, I gather there have

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1 been situations in Florida and California and other states  
 2 where the Interior Department has claimed, you know, their  
 3 right to the land, but then, in essence, either has already  
 4 swapped the land for other land in the state or is hoping to  
 5 swap the land for other area.  
 6 Have your colleagues expressed any frustration or  
 7 gratitude that this can happen?  
 8 SENATOR PRYOR: Commissioner Steele, I'm  
 9 unqualified to answer that question. I'm glad you raised it,  
 10 because I really haven't thought about that aspect of some of  
 11 this. I can see how it would easily happen in some of these  
 12 areas, especially with large acreage. But I do appreciate  
 13 you bringing it to my attention, and I will consult with my  
 14 colleagues about it to see what action we might or might not  
 15 take, but I do thank you.  
 16 COMMISSIONER STEELE: Okay. The second one, if I'm  
 17 not mistaken, the BRAC statute disallows us from considering  
 18 reuse plans. My opinion, personal opinion, though I'm not a  
 19 legal scholar, would be that the intent of that is so we  
 20 wouldn't penalize any community for being very proactive and  
 21 effective and forthcoming in considering effective reuse  
 22 plans for a facility.

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1 My question is regarding, I know, Indiana and New  
 2 York and other installations in other states the community  
 3 s put forth reuse plans which effectively use part of a  
 4 se and might in turn -- our decisions might impact that  
 5 reuse plan.  
 6 I'm wondering if you have an opinion of the intent  
 7 of the law regarding our consideration of reuse.  
 8 SENATOR PRYOR: I think the intent of the law might  
 9 be interpreted several ways. I remember a discussion about  
 10 that part in the debate on the base closure debate on the  
 11 floor of the Senate.  
 12 I guess that congressional intent would be that the  
 13 base closing would have to be tilted toward the private  
 14 sector and would have to be a situation that would merit  
 15 tilting, I guess, in favor of private development rather than  
 16 continuing military.  
 17 Now, we know that in this whole process that this  
 18 particular mission of the Base Closure Commission has once  
 19 again been not challenged necessarily but questioned as to  
 20 how far the mission extends, how far it goes. And I think  
 21 that we can work our way through this, and I don't know that  
 22 this has been a real significant problem in very many bases,

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1 But each case is different. I think the BRAC  
 2 Commission was a good example of us utilizing, sort of,  
 3 private citizens to come forward and, sort of, be a partner  
 4 with the political institutions that found itself or  
 5 ourselves unable to do what we had to do.  
 6 And I want to thank all of you for doing it, and I  
 7 certainly want to thank all of you for serving on this  
 8 distinguished Commission.  
 9 COMMISSIONER STEELE: Thank you.  
 10 CHAIRMAN DIXON: Senator, thank you for your  
 11 cooperation. We're not going to keep you much longer. One  
 12 thing I'd like to observe, Senator, is we have in our  
 13 booklets here a National Action Plan on Military Base  
 14 Closings adopted by the United States Conference of Mayors at  
 15 their conference recently.  
 16 And it has 20 recommendations in it presenting the  
 17 view of our National Conference of Mayors around the country  
 18 about things they think would be helpful to them as local  
 19 communities.  
 20 I think it would be very helpful, and I don't ask  
 21 you to place your imprimatur on everything in here, but if  
 22 you, as the person who has been the leading exponent of

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1 but I'm sure that the Commission might have examples that  
 2 they could give.  
 3 COMMISSIONER STEELE: Thank you. Lastly -- and  
 4 feel free to punt on this question, if you would like -- but  
 5 there has been an awful lot of testimony and I think very  
 6 positive testimony before the Commission about a need or  
 7 perceived need to extend our BRAC statute past this year for  
 8 at some future point.  
 9 My question is if you have a feeling for what the  
 10 mood of the Senate might be regarding taking up this issue,  
 11 and the second part would be taking up this issue prior to  
 12 their decisions for this round and whether we see us expiring  
 13 or not.  
 14 SENATOR PRYOR: Well, Commissioner, I want to admit  
 15 something. They say confession is good for the soul. I want  
 16 to confess to you in open public today that I voted against  
 17 the legislation to create this very commission that you sit  
 18 on.  
 19 (Laughter)  
 20 SENATOR PRYOR: I guess I've got to admit that,  
 21 because you're going to find out about it one day or other.  
 22 But looking back, I think I made a mistake. I think the

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1 better treatment of the communities in this process might  
 2 make a short speech and put this statement in the  
 3 congressional record to give it the kind of currency in the  
 4 Congress that would give every member of the Senate and House  
 5 an opportunity to take a look at this, as the Chairman of  
 6 this Commission, I'd be personally appreciative if you'd do  
 7 that.  
 8 SENATOR PRYOR: Mr. Chairman, I would be very glad  
 9 to.  
 10 CHAIRMAN DIXON: And I'd appreciate that.  
 11 SENATOR PRYOR: I'll tell you what, my speech will  
 12 be very short, and I will put that in the record.  
 13 CHAIRMAN DIXON: Well, I'm sure the Senate will  
 14 appreciate that, Senator.  
 15 SENATOR PRYOR: I know they will. I will put that  
 16 in the record, and I will state with great pride that the  
 17 Chairman, our colleague, former colleague, Senator Dixon, has  
 18 encouraged me to do this.  
 19 CHAIRMAN DIXON: And I might just make, without  
 20 asking you questions, a couple of points. For instance, in  
 21 their Recommendation 2, they still talk about some problems  
 22 about compliance with the McKinney Act, the need to get HUD

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1 Commission is serving a worthwhile function.  
 2 Congressman Montgomery -- we were visiting -- we  
 3 came to the House of Representatives together, I might say  
 4 and as much younger Congressman Montgomery and Pryor, and we  
 5 were talking about how efficient and how well the Base  
 6 Closing Commission has been.  
 7 It has truly been sort of a remarkable creature,  
 8 and we've had good commissioners. We've had people who have  
 9 left private life, some have left their retirement to come  
 10 back in, provide some exemplary service for our government  
 11 that, frankly, the political institution found itself unable  
 12 to do.  
 13 So we had to, sort of, delegate some of this  
 14 responsibility. I remember in 1970 or '71 I was a member of  
 15 the House, and I voted to take a post office out of -- to  
 16 take the Postal Service out of politics.  
 17 I don't know whether that was a real good decision,  
 18 because we had to appoint rural mail carriers and  
 19 postmasters, and the pressure became so intense on us that we  
 20 id we can't legitimately do this anymore. So we gave it to  
 21 postal corporation, and some say that that was a bad  
 22 decision.

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1 approval and so forth, which still keeps the federal  
 2 government pretty much involved in the process.  
 3 And I think that has validity. They say here,  
 4 their last one is why shouldn't the federal government  
 5 provide title insurance for this property when they pass it  
 6 along to them so they have clear title when they go about  
 7 trying to obtain some useful employment of that property by  
 8 commercial interests or other things? And that makes good  
 9 sense to me.  
 10 They talk in here about the -- you know, why not  
 11 have automatic consideration of these areas as enterprise  
 12 zones? They have a lot of good solid ideas.  
 13 The point I want to make is it has not been my  
 14 sense, and Senator, I think you know this because you're an  
 15 old friend and I've seen you many times both as a senator and  
 16 in my next life, but since leaving the Senate, I represented  
 17 some of these communities in connection with their problems,  
 18 had a very lovely relationship with a fine village in my  
 19 state that has had problems right along.  
 20 My sense of it is they don't come to you saying,  
 21 "Hey, we want a whole lot of money." I think if we could lay  
 22 that at rest. I think that's the most abused idea in our

<p style="text-align: right;">Page 49</p> <p>1 society; you got to have money to cure everything. And my 2 sense of it is most of the time that isn't what they're 3 asking for. They're just asking for a chance to do it 4 themselves. 5 And if you look at this, I'll admit they have some 6 references to some financial help, but mostly, mostly these 7 mayors in their communities are talking about, "Hey, let us 8 do this. Let us have our chance to do this on our own." 9 And it makes sense to me. We have a very fine 10 lady, Sylvia Davis-Thompson used to be with me in the United 11 States Senate and before that with the President pro tempore 12 of the Illinois State Senate for years. She's been around 13 government a while, and she's with our staff now working on 14 this process. 15 And I want the mayors to know that this is one of 16 the documents we're carefully evaluating in coming back to 17 you, Senator, and to your colleagues in the Congress with 18 recommendations. 19 Is there any Commissioner has any other questions 20 of this Distinguished Senator from Arkansas before we excuse 21 him? 22 (No response.)</p>	<p style="text-align: right;">Page 52</p> <p>1 support in the entire central New York region, is to use the 2 lab, the Air Force's stand-alone research center, as an 3 anchor for the creation of a high technology research park 4 that would foster the growth of new industries within the 5 base. 6 In pulling together our plan, which I'm proud to 7 say has become something of a model for the remainder of the 8 nation, we encountered some of the same procedural obstacles 9 that were experienced by mayors and municipal officials in 10 other areas of this country. 11 Meeting the challenge of the defense conversion is 12 a high priority for our nation. While we recognize the need 13 to downsize the nation's base structure, it is important to 14 provide cities with the tools we need to overcome the 15 negative impacts of the downsizing process. 16 In 1993, President Clinton announced a five-point 17 plan to help ease the impact of military base closings. 18 Immediately following the President's announcement, the 19 United States Conference of Mayors began to assist 20 communities to respond to the challenges of military base 21 closings. 22 These steps included the appointment of the Mayors</p>
<p style="text-align: right;">Page 50</p> <p>1 CHAIRMAN DIXON: Thank you very much, old friend. 2 SENATOR PRYOR: Mr. Chairman and Commissioners, 3 thank you very much. God bless. 4 CHAIRMAN DIXON: We'll take a very short, about 5 maximum of ten-minute intermission. The Chair is pretty 6 religious about that. I'm going to drop this gavel again at 7 ten after 10:00, and then we'll start with our next panel. 8 (A brief recess was taken.) 9 CHAIRMAN DIXON: Ladies and gentlemen, our second 10 panel this morning features representatives of both public 11 and private sector organizations who have been involved with 12 base reuse in a variety of different ways. 13 We have Mayor Joseph A. Griffo of Rome, New York; 14 Councilman John Maxwell of Myrtle Beach, South Carolina, and 15 they represent the National League of Cities; and then 16 Commissioner Doug Bovin of Delta County, Michigan, 17 representing the National Association of Counties; and City 18 Manager Walter V. Graham, of Vallejo, California, 19 representing the International City County Management 20 Association. 21 And we're delighted to have you gentlemen, and 22 again I must say that under existing law I'm obligated to ask</p>	<p style="text-align: right;">Page 53</p> <p>1 Task Force on Military Base Closings and Economic 2 Adjustments, which is co-chaired by Mayor Susan Golding of 3 San Diego and Mayor Ed Rendell of Philadelphia. 4 We held two national meetings to solicit ideas to 5 improve the BRAC process and to ease the difficult transition 6 following a base closure. Mr. Chairman, I know that you 7 attended both of our task force meetings and are therefore 8 familiar with our actions. 9 We appreciate your active interest in our efforts, 10 and as Mayor Rendell has said, we know that the process is 11 being led by someone extraordinarily knowledgeable and 12 extraordinarily fair. I may also add, Mr. Chairman, that 13 that book looked very good in your hands just a very short 14 time ago. Copies of our recommendations were released on 15 February 27th, just one day before this year's BRAC list was 16 formally announced. 17 To be sure, I believe, and other members of the 18 Mayors Conference believe that defense conversion can happen. 19 In Rome, our plan could lead to the creation of up to 8,000 20 jobs in the next two decades, and given the proper chance to 21 succeed, we will lead the way for Central New York State to 22 recover from an economic downturn that has left our part of</p>
<p style="text-align: right;">Page 51</p> <p>1 you to rise and raise your right hands and be sworn. 2 (Witnesses sworn.) 3 CHAIRMAN DIXON: Thank you very much for being 4 here. And I guess in the order in which I introduced you, 5 Mayor Griffo, would you proceed first, please? 6 MAYOR GRIFFO: Mr. Chairman, members of the 7 Commission, good morning. I am Mayor Joseph Griffo of Rome, 8 New York. I am very pleased to be here today representing 9 the United States Conference of Mayors. 10 We want to thank the Commission for this 11 opportunity to offer some thoughts concerning the process of 12 planning the reuse of military facilities. As you know, 13 mayors across this country have a keen interest in this 14 subject. 15 We are on the front lines rebuilding economies that 16 have been weakened as a result of the closure of military 17 facilities in our community. 18 As mayor of Rome, I have a particular interest in 19 this issue. My community was affected by the closure process 20 two years ago and is now working to finalize a reuse plan 21 that has as its centerpiece Rome Lab. 22 The thrust of our plan, which gained widespread</p>	<p style="text-align: right;">Page 54</p> <p>1 the country stagnant for far too long. 2 However, without the reforms the U.S. Conference of 3 Mayors has proposed, we are concerned that successful 4 conversion will never truly be achieved. Your active support 5 of these reforms is required to ensure that defense 6 conversion is no longer merely jargon but a real possibility. 7 The full list of our recommendations is entitled, 8 "A National Action Plan on Military Base Closings," and it 9 has been presented to all of you in printed form for the 10 record. Let me now briefly highlight just some of these 11 recommendations. 12 One, speed and improved funding for effected 13 communities. We would like to see the federal government 14 react to military base closings as they would to any natural 15 disaster, providing immediate assistance to impacted 16 communities. Losing a base is every bit as traumatic 17 economically as a flood or hurricane, and we believe 18 immediate assistance is needed. 19 Two, eliminate HUD approval of the local homeless 20 reuse plans. The federal government acknowledges that local 21 governments are in the best position to determine local 22 homeless need. Why, then, does the federal government still</p>

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insist on approving local efforts? Why build in this unnecessary bureaucracy? Taking federal approval out of the local jurisdiction is a consistent theme that we are making throughout all of our recommendations. We want to reduce or eliminate or unnecessary bureaucratic paperwork for decisions to be made locally.

Three, streamline the process for transferring title and control of military base property to local governments. Again, it simply takes too long, and there is just too much red tape involved in this process. One of the things the Conference of Mayors has called for is the creation of an ombudsman at the NEC at the White House who could be a point person for local governments in dealing with the multitude of federal agencies.

Four, all military bases should qualify as enterprise zones. We can make these bases economically attractive for reuse if the federal government would just get out of the way and let us do it without the bureaucratic nightmare which we currently face.

Giving the designation of closed military bases an enterprise zone allows them to take advantage of various economic incentives, thereby giving communities a leg up in

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is not enough money for the cleanup of these bases, but we ask that the federal government either allocate more money for cleanup or change the regulations for military bases. This is particularly true in areas where costly demolition can add significantly to the overall redevelopment effort.

Nine, give serious consideration to local job creation. Jobs are created locally by a base closing. We understand that, and whenever possible priorities should be given to local residents for these jobs and contracts that are awarded for environmental cleanup, base security, utility improvements and a demolition of buildings. We could be retraining defense workers to do some of these jobs.

And ten, a priority that should be given to the public benefit transfer. Again, these properties were given to the federal government. Many mayors believe they should be given back, not sold back to the highest bidder. Whenever possible, base properties should be considered for economic development conveyance.

Mr. Chairman, again, the nations mayors sincerely appreciate not only your participation but understanding of our plight and for giving us the opportunity to share our concerns with this Commission. I look forward to seeing you

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redevelopment efforts. Doing so automatically would also reduce the red tape.

Five, clarify ownership rights to air emission credits. This is especially a problem for mayors in California, as Mayor Golding has pointed out. You can do everything else right only to find that you cannot build a light manufacturing plant on the base because you have no air emission credits. Air emission credits must be transferred as an asset to the local community.

Six, enact legislation to permit dual use of bases. Whenever possible, we would like to see the dual use of bases. Rather than wait for complete base closing when much of the base is idle, local businesses should be allowed to use those parts of a base that are already idle.

Moreover, in assessing the military value of operations at realigned bases, the Department of Defense and the Base Realignment and Closure Commission should consider the role of extant reuse plans in contributing to or detracting from such value.

From a reuse advocacy perspective, DoD BRAC, when appropriate, should consider the impact of their recommended actions on active reuse efforts, particularly when such

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again, and I thank each and every one of the members of the Commission, particularly you, Mr. Chairman, for this time.

CHAIRMAN DIXON: Well, we thank you, Mr. Mayor, and I want to observe that you've done this in the greatest American spirit, in my view. You're not just beefing. You're making some suggestions about things that would be valuable to you and your colleagues in your local communities.

And I want you to know that those of us on this Commission take your recommendations very seriously, and we have staff people that are doing nothing in this process but working on the recommendations we're going to give to the Congress emanating from your organization and similarly situated organizations about how we ought to deal with the local problems.

Because we all feel very strongly about the fact you just don't go out there and close bases and then walk away from it. We have a responsibility to work with you and local communities to see to it that this system works well, and we're going to do all we can to effectuate your recommendations within the limitations of what we can support here at the Commission level.

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efforts include a military activity related component which has been supported by the OEA or some other federal entity.

Addressing these two issues both on a policy and, perhaps, a regulatory level may help to ensure a more enlightened approach to base reuse by both civilian and military leadership. As such, it could greatly improve the nation's military transition efforts.

Seven, to preserve financial and technical support for communities. If we rank these recommendations, Mr. Chairman, this most probably would be our number one recommendation.

The mayors call for the continued support of the Economic Development Administration at the U.S. Department of Commerce, the only federal agency that has the money to help implement reuse plans, and also for the Office of Economic Adjustment at the U.S. Department of Defense.

These agencies are doing a fine job, and yet we hear people talking about cutting defense conversion monies to put more monies into readiness. We hope that they are not talking about diminishing the minimal funds that these agencies now have to help our communities.

Eight, address the cleanup of bases. We know there

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MAYOR GRIFFO: Thank you, Mr. Chairman.

CHAIRMAN DIXON: I want to thank you, Mr. Mayor. And Mr. Maxwell, we're delighted to have you, and of course the reputation of Myrtle Beach as a great place to play golf is held in the highest esteem by General Davis and others here. So you may proceed, sir.

(Laughter)

COUNCIL MEMBER MAXWELL: Mr. Chairman, my name is John Maxwell. I'm from Myrtle Beach, South Carolina. I'm pleased to be here today in order to have the opportunity to come back and meet with you all.

The National League of Cities represents 16,000 cities and towns across this country. Many of these cities, like Myrtle Beach, are going through the throes of "what now" as we close our bases or try to recover from base closures.

First of all, I'll deviate from the text a little bit. I do want to thank this Commission. Two years ago I sat here. At that time we were one of the "what now" cities.

At that time you and you listened adamantly to what we had to say. Senator Pryor came through with legislation, and I applaud both you and the Senator for the changes that have been made to greatly expedite some of the closing

<p style="text-align: right;">Page 61</p> <p>1 processes we have gone through.  2 Myrtle Beach, like I said, is one of those cities  3 that said, "What now?" We were very fortunate in the fact  4 that our Myrtle Beach, as Commissioner Davis can attest to,  5 is a very wonderful, beautiful piece of property that lies  6 about a half a mile off the Atlantic Ocean.  7 We looked at Myrtle Beach, recovery there at Myrtle  8 Beach, as something that could very rapidly take place in our  9 community and add it to the community. First of all, OEA,  10 the Department of Defense, EDA and those authorities came  11 through very rapidly to help us and walk us through the  12 redevelopment process.  13 We are at this time recovering from that. At this  14 point in time, about 75 percent of all the land that  15 consisted of Myrtle Beach Air Force Base is back either in  16 private or public hands. But that does not go to say there  17 haven't been problems. Some of the problems, one of the  18 major problems we see is a jurisdictional problem that exists  19 in Myrtle Beach. My written testimony refers to that, and  20 I'll talk about that a little bit later.  21 It is the policy of the National League of Cities,  22 as Senator Pryor said, to encourage our cities to very</p>	<p style="text-align: right;">Page 64</p> <p>1 We believe, in the city of Myrtle Beach, and we  2 believe it's happening again in Charleston, that the local  3 jurisdictional agency, by our state laws, should be the  4 primary agency for base closure contact with OEA and  5 Department of Defense. That lack of concern on our part  6 early on caused a lot of dissention in the community.  7 Another thing that Senator Pryor talked about and  8 we talked about with Commission Cox, we ask you to hold at  9 bay other federal organizations outside of the military who  10 are requesting areas on the base.  11 That is not to say that these agencies shouldn't  12 work hand-in-hand with the community when invited in, but in  13 the instance of the Myrtle Beach Air Force Base, the FAA  14 funded a study that was completely contradictory to the  15 policies of the City of Myrtle Beach. We ask you to hold  16 those agencies at bay and only let them enter the closure  17 process when they're invited by the communities.  18 Permit flexibility. Permit flexibility. I think  19 Senator Pryor talked about this. What's good for Fort Ord,  20 California is not necessarily good for Myrtle Beach, South  21 Carolina.  22 That is not to say there shouldn't be a set of</p>
<p style="text-align: right;">Page 62</p> <p>1 rapidly look at base closures. We acknowledge the fact that  2 you people are making that hard decision to close a base.  3 We are recommending to our cities that they quit  4 the fight to save the base, get on about the business of what  5 happens after the base closes. That's the recommendation of  6 the National League of Cities at this point, and we think  7 it's much more beneficial to the community to very rapidly  8 start planning for use after closure.  9 We do maintain communication with OEA. Last  10 Sunday, Paul Dempsey of OEA spoke to the National League of  11 Cities for three hours about walking the new base closure  12 people on the list through what will happen in their  13 communities. So we applaud the work that those agencies have  14 done for the communities.  15 Let me identify quickly, if I may, some of the  16 impediments that slowed the process in Myrtle Beach down or  17 at this point impeding further progress. Today, the  18 services, as Mr. Dempsey told us Sunday, are beginning to  19 realize there is no monetary gain to the services from base  20 closure.  21 Mr. Dempsey alluded to this Sunday, that to quickly  22 return these lands to the private sector is probably in the</p>	<p style="text-align: right;">Page 65</p> <p>1 regulations or guidelines, but you must allow the local site  2 coordinator to be able to change and have some flexibility to  3 implementing some things that need to be done in individual  4 communities.  5 Reduce the delay and confusion by requiring a site  6 manager to be an active site manager rather than a paper  7 conduit. As I mentioned, a 60-foot tower of paper that we've  8 amassed in Myrtle Beach would go a long way if that fellow  9 had more time to actually manage the site. As I mentioned,  10 the Air Force is paying \$2 million for work that, in fact,  11 maybe he should be doing on the base.  12 Federal guidelines should be condensed and  13 consistent. I believe the Pryor Amendment went a long way to  14 making these things happen. Another thing that we've talked  15 about today was utilizing reserve components and other  16 military people and getting more manpower into the field.  17 I have made a recommendation two years ago to the  18 Bank and Financing Commission utilizing people who are in the  19 military, reserve officers, reservists who are, by  20 profession, real estate appraisers, real estate agents who  21 will be more adaptable to individual situations to come on  22 active duty and help these services wade through the</p>
<p style="text-align: right;">Page 63</p> <p>1 best interests of the community and the federal government at  2 this point in time.  3 If I may direct the attention to the fact that the  4 United States Air Force pays the city of Myrtle Beach \$2  5 million a year to maintain that base. Quickly removing that  6 \$2 million payroll and putting that back in the private  7 sector would be much more beneficial to the service than it  8 would be -- let us get on about the process.  9 Federal regulation and federal indecision, we talk  10 about new legislation designed to move this process on very  11 rapidly. We still see a tremendous backlog of bureaucracy  12 out there. There is a 63-foot high stack of paperwork in the  13 Myrtle Beach site coordinator's office today. Those indicate  14 rapid changes that have occurred and a lot of indecision on  15 the part of services as they deal with base closures. We ask  16 you to please help expedite that paperwork.  17 There are several areas we would like the  18 Commission to study. First of all, as I mentioned before,  19 the local jurisdictional thing. Mr. Dempsey spoke Sunday  20 about allowing the jurisdictional -- the law now requires a  21 local jurisdictional agency entity to be part of the base  22 redevelopment plan.</p>	<p style="text-align: right;">Page 66</p> <p>1 paperwork of making appraisals for property.  2 Also, using manpower such as engineering  3 construction battalions and those things to demolish sites on  4 the base that are no longer needed by the civilian community  5 prior to closure even would be in benefit of most  6 communities.  7 We don't have the funds, for instance, to tear down  8 ten dormitory buildings on that base, but certainly in a  9 reserve component there should be a unit that would be able  10 to come in either on summer training or something like that  11 and help demolish those sites.  12 Encourage state governments to play a more active  13 role. As I mentioned, in the case of Myrtle Beach, the state  14 governments should be the entity that helps the Department of  15 Defense identify the jurisdictional entity that they should  16 deal with. Also, the state's economic development group  17 should be on hand almost immediately offering assistance.  18 Accelerate the role of regulation agencies, and  19 quickly transfer things to the local community. What  20 happens, as you all know, EPA has by mandate created each  21 state agency to have another health agency or environmental  22 agency in each state.</p>

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As we walk things through the closure process in Myrtle Beach we, number one, have to have clearance from EPA, and then it's again duplicated by DHAC.

Quickly, I think an agency should be established through the functional agency to identify lands that are contaminated, and that agency should be responsible for clearing those lands. We're in a state of redundancy here as EPA and DHAC work through this process.

CHAIRMAN DIXON: May I interrupt you a moment, Mr. Maxwell?

COUNCIL MEMBER MAXWELL: Sure.

CHAIRMAN DIXON: I have some senators and congressmen from a couple of state delegations who want to see me for a moment in the back room. May I be excused, and Rebecca Cox will chair in my absence. I'll be back shortly.

I do want you to know I've read your written remarks, Mr. Maxwell, and they're very excellent and will be meaningful to us, and if all of you will excuse me, I'll be back in about ten minutes. Commissioner Cox, would you chair, please?

COMMISSIONER COX: Thank you, sir. Mr. Maxwell.

COUNCIL MEMBER MAXWELL: Another thing that I see,

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the General Service Administration is just now in the process of appraising property in Myrtle Beach Air Force Base. We see the GSA playing a major part, as I mentioned before, of appraising and identifying assets that are of value either to the service or the community up front.

We feel this could have been done even prior to base closure. They play a fiduciary role for the federal government. They should come on board very early to help us assess and help appraise property of value both to the community and the services.

The amendments to the McKinney Act, through the Pryor amendments, were of great benefit in helping us to identify homeless providers in the community and should go a long way to helping us muddle through the mess of homelessness that is created in the country today.

But again, let the local community help identify what has been taken out of our hands and given back to us is placing people in homes when we need to play a part in identifying who those folks are that need the homeless provisions in our communities.

We accept this drawdown of bases. We realize it has to take place. We see an opportunity here for the cities

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to gain and recover from base closure and return good economic benefit back to the community and to the government.

But we do need regulations streamlined. We do need regulations expedited. As I mentioned, the Pryor bill, I believe the legislation is in hand to make the things happen. There may be more regulation to see that those things are accomplished.

Again, I appreciate the opportunity to come before you again. I applaud you again for the changes you have made since I was here the last time, but again, I think there is more that has to be done, and I encourage you to listen. Thank you.

COMMISSIONER COX: Thank you, Mr. Maxwell. Commissioner Bovin.

COMMISSIONER BOVIN: Thank you, Commissioner Cox, members of the Commission. My name is Doug Bovin. I am a county commissioner. I'm Chairman of the County Board of Commissioners in Delta County, Michigan, which is on the upper peninsula of Michigan. I am also testifying today on behalf of the National Association of Counties for which I am a first vice president.

In addition, I am testifying as a commissioner from

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1 an area that has a military base closure. That's K.I. Sawyer  
2 Air Force on the upper peninsula of Michigan. That is the  
3 third SAC base that has been closed in Northern Michigan  
4 within a 150 mile area. I am also a member of the Reuse  
5 Commission for that facility.

6 K.I. Sawyer was in the 1993 round of closures and  
7 is scheduled to close in September of this year. Some of my  
8 comments will be redundant. We have not collaborated on  
9 this. However, I think it reenforces the importance as we  
10 see it.

11 I am pleased that the federal response to the  
12 communities facing the closure and realignment of military  
13 bases has improved over conditions when NACO testified before  
14 this Commission regarding the 1993 closures. We thank you  
15 for your involvement in that process.

16 The greatest change that was enacted in the 1994  
17 Base Closure Community Assistance Act is the recognition of  
18 economic development as a public benefit transfer. As a  
19 result of this change, communities can acquire land and  
20 buildings for economic development at less than the fair  
21 market value and even at no cost.

22 There are success stories where communities have

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1 rebounded from base closures and realignments. Some  
2 communities even expect to have more job opportunities after  
3 closing, albeit 10 to 20 years down the line. The Chanute  
4 Air Force Base in Illinois is an example of a success story.

5 However, the community involved in the reuse of the Pueblo  
6 deposit activity has experienced great difficulties.

7 Our experience with K.I. Sawyer Air Force Base  
8 falls somewhere in-between those two. The governor of the  
9 State of Michigan appointed a conversion authority, and a  
10 committee is reviewing our reuse plan.

11 The five units of government -- the state, three  
12 townships and Marquette County -- are working cooperatively  
13 on this project. They all jointly own parts of the property  
14 involved.

15 The Office of Economic Adjustment has assisted us  
16 with the planning, and we are seeking grants to implement our  
17 plan at this time. We are negotiating with the Air Force to  
18 replace the central heating plant with climate controls for  
19 individual buildings that better conform with civilian uses  
20 of that facility.

21 We are also working with the U.S. Department of  
22 Transportation on highway improvements to the area. Our

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1 major problem involves leasing. We hope that our problem is  
2 not as bad as the challenges at Pueblo. I believe there are  
3 lessons to be learned from these different experiences on the  
4 base closures.

5 Number one, continuation of assistance to the  
6 Office of Economic Adjustment and the Economic Development  
7 Administration is critical.

8 The assistance to the Office of Economic Adjustment  
9 has been invaluable to our efforts to plan reuse activities  
10 at our closing Air Force base. Assistance by the EDA also is  
11 critical to undertake economic investment in the impacted  
12 communities.

13 The National Association of Counties has long-  
14 standing policy and support of reauthorizing EDA. We are  
15 concerned that the President's budget for Fiscal Year 1996  
16 proposes a reduction in the EDA account for defense  
17 conversion from \$120 million in Fiscal Year 1995 to \$80  
18 million.

19 We are also concerned that the Senate's Defense  
20 Supplemental Appropriations package rescinds \$40 million in  
21 equal parts from EDA's Title IX and the Defense Conversion  
22 accounts for Fiscal Year 1995.

<p style="text-align: right;">Page 73</p> <p>1 If the conversion strategy for our distressed rural 2 area is to be successful, and that will not be easy, both of 3 these accounts need to be preserved if not enhanced. 4 NACO urges this Commission to support 5 reauthorization of EDA and a funding level which will provide 6 the critical assistance that communities on the 1995 closure 7 list will need for infrastructure and other activities that 8 are necessary in order to convert these facilities into 9 civilian assets for economic development. 10 Secondly, the federal government must address 11 environmental contamination at closing military bases. The 12 quality and pace of environmental cleanups often drives 13 redevelopment planning and the extent of economic dislocation 14 caused by the closing of a military base in a community. 15 Changes already made in the law have addressed some 16 barriers to these activities caused by environmental 17 contamination. These changes include clarification that the 18 federal government should indemnify communities for 19 contamination caused by the Department of Defense. Another 20 constructive change allows parcelization of bases so that 21 redevelopment can begin on clean sites while remediation 22 efforts continue on the dirty parcels.</p>	<p style="text-align: right;">Page 76</p> <p>1 Third, better cooperation and coordination is 2 needed within the existing legal framework for base reuse. 3 As I stated earlier, the Administration and the Congress have 4 enacted good law on public benefit conveyances for economic 5 development. Now the military branches need to recognize 6 base reuse and economic development as national goals. This 7 recognition must extend to all levels in the chain of command 8 and in each branch of the service. 9 Each branch of military service now administers its 10 own property disposal and reuse process. There is great 11 inconsistency between how the services administer their 12 processes. We ask that the Commission recommend a review of 13 how branches of the service are implementing what is required 14 in the 1994 Base Closure Community Assistance Act. 15 These are a few of NACO's recommendations on how 16 the conversion of closing military bases to civilian use can 17 be improved. Attached to our testimony we have included the 18 NACO policy on the challenges and the local impacts of base 19 closure. Again, I thank you for allowing us to testify this 20 morning. 21 COMMISSIONER COX: Thank you very much, sir. That 22 was very helpful. Lastly, from the great state of</p>
<p style="text-align: right;">Page 74</p> <p>1 Despite these changes, the federal government must 2 commit the financial resources that are essential for 3 cleaning up the closing of military bases. The cost of 4 environmental cleanup at K.I. Sawyer alone is projected to be 5 \$48 million. 6 The Air Force did begin cleanup operations about a 7 year and a half ago and expects to complete remediation in 8 1999. Even though the majority of the property is clean, 9 many potential users of this property are still in fear 10 because of liability over the environmental contamination. 11 As many as 48 of the 59 major bases proposed for closure or 12 realignment this year have significant environmental 13 contamination. 14 Fourteen of the bases are on the list -- or on that 15 list, I'm sorry, are on the Superfund's National Priorities 16 List of the most seriously contaminated sites in the country, 17 and another 34 have ongoing cleanups which could take 18 anywhere from 5 to 20 years. 19 If you add in the 65 other bases which are heavily 20 polluted and are being closed or realigned from the previous 21 BRAC rounds, you can get an idea of the stagger and scope of 22 environmental contamination. This dramatically complicates</p>	<p style="text-align: right;">Page 77</p> <p>1 California, City Manager Graham. 2 MR. GRAHAM: Thank you, Commissioner Cox and 3 members of the Commission. I'm honored to be here this 4 morning to present information to you on behalf of the 5 International City and County Managers Association, those 6 8,500 people that serve the elected officials throughout the 7 United States. 8 I'd like to divide my comments into two areas for 9 the morning. The first area is on the ongoing actions by the 10 federal government which are really slowing the closure of 11 the BRAC facilities, and the second area is the areas that 12 the federal government can assist local communities in the 13 transition of military bases to civilian use. 14 You heard before, you'll hear again funding of 15 environmental cleanup of the military facilities ordered to 16 be closed is the most important and time-sensitive issue that 17 the local reuse authorities face today. 18 Throughout our history, we've all put our hazards 19 out into the air and onto the ground, and the cost of 20 remediating that is going to be substantial. If adequate 21 funding is not available to meet a reasonable cleanup 22 schedule, all other closure efforts will have to be delayed.</p>
<p style="text-align: right;">Page 75</p> <p>1 economic redevelopment at our closed facilities. 2 In light of these sobering realities, county 3 officials are concerned that Congress is considering rescission 4 of some Fiscal Year 1995 funds that were appropriated for 5 environmental restoration. 6 Department of Defense has only recently begun to 7 spend more money on actual cleanups rather than studying the 8 problem. Hence, for communities seeking relief from military 9 downsizing, it is essential that funding be increased, not 10 cut for base closure cleanups. We urge the Commission to 11 recommend adequate levels of funding to clean up these 12 military bases. 13 Superfund reform that Congress has been unable to 14 enact could aid in the environmental remediation of these 15 properties. For example, we urge enactment of Superfund 16 provisions which would permit DoD, like other responsible 17 parties, to select cleanup remedies which are tailored to the 18 future uses decided upon by local government. 19 To make sure that local planning is fully 20 incorporated into remedy selection, Congress should require 21 Department of Defense to expand programs to include early and 22 meaningful participation by local officials.</p>	<p style="text-align: right;">Page 78</p> <p>1 Simply put, until a properly completed and 2 documented environmental cleanup is completed, the federal 3 and state regulators will not allow title to base property to 4 be passed to the local reuse authority and will remain 5 unproductive from the job generation perspective. 6 The only option for the reuse authority, then, will 7 be to continue its short-term leases and operating the bases 8 under an interim caretaker function. Many companies, private 9 companies, simply will not go onto a base with a short-term 10 lease. 11 This will also increase the money the Department of 12 Defense is required to pay the caretaker and will slow the 13 closure process. This appears to be a lose-lose situation 14 for both the military department and the local community. 15 We strongly recommend that prior to voting to add 16 more bases to the BRAC list that you assure yourself that the 17 DoD has allocated sufficient funds to meet their current 18 obligations. 19 A second issue affecting the timely transfer of 20 facilities to local reuse authority is the lack of DoD 21 regulations on property transfers. Personal property can be 22 best defined as all the property on the military bases that</p>

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is neither land nor building.  
 In the case of my particular community, Mare Island Naval Shipyard in Vallejo, California, it has been in operation for 140 years. The buildings on the island cover the full spectrum of that long history.  
 Because of their age and advanced deterioration, many of the buildings have negative value. It costs to tear them down. It is primarily the equipment contained in those buildings and in other locations that can contribute as an incentive to businesses to relocate to Mare Island.  
 In closing, I'd like to suggest and recommend to you two items which also we believe would assist the local communities in the transition of bases to civilian use.  
 We have recently been told by the DoD that during the period between closure of a base and the completion of all requirements which would allow the transfer of property title to the local reuse authority that they would allow only five-year leases with limited renewal options, and even worse, they have inserted a unilateral 30-day termination clause.  
 I suggest to you that a five-year lease with a unilateral 30-day termination clause is something of an

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oxymoron. The two don't mesh. Talk to your lender. Talk to your banker. Ask them what they think of a 100-year lease with a 30-day termination clause.  
 In order to attract businesses to the closed bases, we simply have to have these private companies obtain financing for the construction upgrades and tenant improvements and other start-up costs.  
 A five-year lease is only marginally marketable, and when you add the 30-day unilateral termination clause, it renders the lease term useless or almost useless.  
 A second item has more to do with the cleanup process again. We've been told that although they're going to clean up some of the environmental problems, they're going to leave the asbestos in the buildings alone.  
 And I think it will be very difficult to try and find a company that wishes to take on a building that has asbestos inside, and the responsibility and the cost of removal of that asbestos would have to be absorbed by the tenant or the local reuse authority even though it was somebody else that put that asbestos in the building.  
 Besides the obvious liability to DoD, it would be extremely difficult to find tenants willing to absorb that

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cost when they have other opportunities to go elsewhere to find buildings without that danger.  
 We believe it is the responsibility of DoD to remove all of the hazardous material prior to the final disposal of their property.  
 We're very pleased to have been here to present the testimony. You have it in written form. Redundancy and repetition, I suppose, are not virtues. Brevity is, and I do thank you all for permitting me the opportunity to speak on behalf of the ICMA group. Thank you very much.  
 COMMISSIONER COX: Thank you very much, sir, and for those very specific recommendations. That's very helpful. For the questions, and I know there are a lot of questions for a lot of you all, let's start with Commissioner Steele.  
 COMMISSIONER STEELE: Thank you, Madam Chairman, I guess, at the moment here. First, Mr. Graham, if I could follow up on the lease subject just so I have a clear understanding of what the concerns are.  
 In talking about the limit on five-year leases, is that leases that DoD permits or if the local lease authority has what I believe is called a master lease, and then they

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can sublease the property? Is that five-year limit also on those subleases?  
 MR. GRAHAM: When we develop the master lease, there may be opportunities to have much longer terms, but we're talking about the interim period of time between the bases are fully closed and transferred to the city or other agencies.  
 During that period of time we have approximately 1,000 jobs that want to move onto the base. We have approximately zero jobs that want to move onto the base with a 30-day closure or a limited term.  
 So there is going to be a long period of time between -- we believe there is going to be a long period of time before the cleanup and the opportunity to turn the title over to the different agencies.  
 During that period, we've been told that it is only a five-year term that we can have with certain renewal clauses but unilateral renewal clauses, and when you add in the 30-day unilateral termination, we really don't have much to sell to a private company.  
 COMMISSIONER STEELE: I appreciate the 30-day clause. Personally, I could see why I wouldn't sign up for

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something under those circumstances. So until I would hear otherwise, logic is fully with your argument there.  
 My question, though, is on the leases that are limited up to five years, if those are leases that the Department only will allow for five years versus the local community, could the rationale be the community may head in a different direction, and if the Department allowed a 15-year lease and then two years later -- without any clause for escape -- and the community two years later gets a great proposal from a big company but it would usurp the property that then has been leased, could their rationale be they are tying your hands if they allow leases longer than that period of time?  
 MR. GRAHAM: Well, yes. That certainly could be the case. Our view would be once the DoD or the Navy provides us with a lease we can do within their lease whatever subleasing we wish to do. And if we make mistakes, and we probably will, that onerous will be on us.  
 COMMISSIONER STEELE: Okay. Different subject and to play devil's advocate a bit, I appreciate the comments that were in the submitted testimony about the buildings on the bases are at a different code standard than the local

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community, and there ought to be permission to have an extended compliance time for those buildings and installations.  
 My question is particularly with the addition of the Pryor Amendment law that allows the installation and the land to go back to the community at less than market value or at no cost, why should the Department of Defense, with its limited budget, clearly, be forced to foot the bill to take down a building when clearly half the reason why the Commission was created was to free up some funds for Department of Defense for readiness and modernization, not issues such as that?  
 MR. GRAHAM: I think, Commissioner, and I recognize you're playing the devil's advocate, if the Department of Defense can sell the buildings themselves to some other private companies, we'd be delighted to let them do that. It's our belief that they can't sell those buildings to anybody else, given the ticking time bomb that sits in the asbestos buildings.  
 We have a number of areas in California, Hunter's Point, where the Department of Defense has either been unable or unwilling to sell the property at the price that they

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1 believe they should get it for. Appraisals have been given  
2 to them, and the appraisals don't mean very much unless you  
3 have a buyer.

4 I'm simply saying that for the city we will make  
5 our money to provide the services to the community not from  
6 whatever profit we make if DoD gives us the land free, but  
7 rather we will make our profit, if you want to say profit  
8 means services in the city government business, we will be  
9 able to provide our services not because of the sale of  
10 property so much but rather because there will be a property  
11 tax.

12 In California, it's 1 percent of the appraised  
13 value, and we believe that the Department of Defense, if they  
14 wish, we'd be delighted to turn over the marketing and the  
15 sales of the property there for whatever value they can  
16 receive from the buildings.

17 We'd be happy to do that, but I think what they've  
18 concluded is that the local government areas probably know  
19 better the markets and the opportunity of merchandise, and so  
20 they're looking toward us to do that.

21 But we are not opposed to have the federal  
22 government go into the business. RTC has tried that, and

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1 I'll leave it up to you to judge whether RTC has been  
2 successful.

3 COMMISSIONER STEELE: Lastly, a quick question, if  
4 you could all comment if you've experienced either complaints  
5 or personal frustrations in this area. I mentioned this  
6 question this morning to Senator Pryor.

7 I gather there are instances where a federal agency  
8 will take a hold of a base or part of a base and claim they  
9 will use it but then might swap that land for different land  
10 in the state for a different purpose.

11 Have you dealt with this subject, and do you have  
12 any recommendations to us and if there is a local frustration  
13 that somehow we're getting around the local authorities by  
14 allowing this swap to happen? Is that a familiar subject?  
15 (No response.)

16 COMMISSIONER STEELE: Okay. Good to know. Thank  
17 you.

18 COMMISSIONER COX: Commissioner Robles.  
19 COMMISSIONER ROBLES: I'd like to follow up on the  
20 general thrust of all four of your presentations. There were  
21 two, oh, sort of over-arching themes that came out.  
22 One had to do with bureaucracy, federal bureaucracy

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1 and the ability to cut through that and get to the heart of  
2 the matter, and the second one was funding and funding most  
3 primarily targeted for environmental cleanup.

4 So I'd like to just ask a couple of questions along  
5 those two thrust lines. In a previous life, when I was  
6 involved in the funding of this whole business, the dilemma  
7 that the Department of Defense face is the same dilemma that  
8 the cities face, which is too few dollars chasing too many  
9 requirements.

10 It's a national problem, as we know, with balanced  
11 budget and deficit reduction, and it was the theme of the  
12 service chiefs' and secretaries' presentation to us that they  
13 could have probably gone farther if they would have had up-  
14 front costs to do some of these base closures.

15 And they could have eliminated more excess capacity  
16 and done some other things. Because they do not have the  
17 funds to do the base closing process, they have to come from  
18 internal. Internal is offset to readiness, modernization, et  
19 cetera.

20 Furthermore, when the decision was made not to try  
21 to get funds or proceeds for the sale or lease of this  
22 property but, in fact, much of it was turned over through

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1 gifts and grants, and the '94 legislation only strengthened  
2 that particular appeal, there is no money.

3 So it's a question of whether does money come from,  
4 and it is a difficult, complex issue, as you know, and the  
5 issues around environmental are very complex. We just don't  
6 have enough money to clean up everything there is to be  
7 cleaned up.

8 In many cases, it seems -- I will laughingly say  
9 that at one time I made a proposal to my boss that we just  
10 ought to put a chain link fence around anything we want to  
11 close down and let it lay fallow, because we didn't have the  
12 money to clean it up, nor did the local community have money  
13 to clean it up for purpose they intended.

14 That's the dilemma both sides face. So I think my  
15 question to you is there has got to be some common ground  
16 here in which you don't clean up the property squeaky clean.  
17 You can't throw the hundreds of millions of dollars against  
18 it that are just not available in the federal budget to clean  
19 it up. So what could be done?

20 What constructive purpose could be served to come  
21 and meet, sort of, halfway and say, "Well, here is what we  
22 can do on the community side to not clean everything up to

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1 squeaky clean standards, and here is what federal government  
2 can do better not to try to impose some very harsh and  
3 sometimes onerous environmental restrictions so that the  
4 property can be used at all"?

5 There has got to be some common ground here, or  
6 we're going to continue to be chasing this elusive dollar and  
7 never get to the business of cleaning up the place and  
8 turning it over for community reuse. Any of you want to  
9 comment on that?

10 MAYOR GRIFFO: I think one of the things,  
11 Commissioner, that we have tried to address is talking about  
12 maybe allowing to separate some of the parcels of land so  
13 that we can move forward, by separating the clean parcels  
14 immediately so you can move forward and then to revisit some  
15 of the economic regulations.

16 The cleanup should be prioritized in areas that are  
17 high-risk areas, particularly as it relates to certain  
18 conditions in certain areas.

19 So if we could look at it that way and begin to  
20 move forward in that process, that would help our efforts,  
21 and likewise, again to revisit some of the regulations that  
22 exist right now and whether any of them can be eased at all.

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1 And that would come from the EPA or whatever or state  
2 organizations, likewise.

3 MR. GRAHAM: I think another point, sir, would be  
4 that the -- I hate to use the term "bureaucracy," but perhaps  
5 that's the best term anyway. The government employees that  
6 we're dealing with, if they would be a little more direct  
7 with us and say, "We don't have the money. We can't do this.  
8 We can't do that" and be direct about it and make sure that  
9 is a position that is coming from higher elevations, that  
10 would be far better for us than to have spent five months  
11 negotiating with something that somebody knows is  
12 nonnegotiable but simply does not want to deliver the  
13 message.

14 And so we go along blissfully believing that there  
15 are great opportunities out there, and if we will just make  
16 next major effort, we will be able to get all of this money  
17 or get the change in the regulations or whatever else it  
18 might be.

19 And I think if the federal government bureaucracy  
20 would be a little more direct with us -- and I also  
21 acknowledge that it's two-sided. Perhaps we ought to be  
22 acknowledging that we are a little bit more ambitious than we

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ought to be -- then maybe we could get to some common ground. But right now I think we're all telling each other gentle s.

COMMISSIONER BOVIN: Another avenue, we have to consider the overall picture, and in many areas, including ours, environmental cleanup has been a mandate. And we have had several businesses who have gone out of business because of contamination that existed before they ever went into business.

In many instances, sometimes state agencies have come in and assisted on remediation. After remediation, after cleanup, those businesses were then sued for the monies. They were sued for dollars that were totally out of the realm of possibility of them ever to pay.

You put that alongside of the fact that now we had a pledge, and in our case we have a schedule where remediation is going to take place tailored -- we would like to have it tailored to civilian use, intended civilian use.

But on the one hand, we have civilians who will not buy property in the area any longer because they are concerned about contamination sometimes from 100 years ago. We have great economic impact from that, in this case, severe

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depressed economic impact because they are afraid of the environmental contamination.

And yet, we had a pledge when the base closed that they would come in. They come up with a schedule, and now we are concerned that they are going to peel back on that schedule.

In addition to that, in our situation -- and again, I guess this points out the need to consider local input. We can't just have a blanket rule everywhere. In our case, much of the land has been leased by the state to the federal government for \$1.

And the way the law reads the last user pays for the contamination. We have a restoration clause at K.I. Sawyer Air Force Base. There are over 100 buildings that are on state land.

What we are now fighting is the situation we want to resolve the issues so that we can reuse those 100 buildings, some of them multi-million dollar buildings that were completed after announcement of closure. They were in the process of completion at the point of closure.

What we need, then, is we need local input. When you look at it -- and you addressed the problem of

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regulation, and we understand that's the problem.

However, to cut through the problem, we have to have the federal government talk to those at the local level because you have individual situations. It would be deplorable if we had to invoke our restoration clause.

It would be deplorable if the state said and the conversion authority said, "We can't live by the rules. We can't live by the lack of help. So take your 100 buildings back and restore them."

That would cost an immense amount of money, more than successful conversion and reutilization of that area.

And I would point out another problem at the local level is the fact that you differ because of rural activity.

I'm from an area where even though our economy nationwide is very good and even though Michigan is doing very well in the upper peninsula where K.I. Sawyer is located, unemployment is still well over 10 percent.

We have been hit, as I mentioned, with three major base closures and a couple of other industries that have gone out of the area and the mining industry going down.

We don't have the wealth within the area. Our wealth has been exported. So to convert that authority is

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going to require a lot of help, and we have to cut through the red tape. And the only way to do it is to allow local involvement with that whole process.

COMMISSIONER ROBLES: Well, thank you. Your message is loud and clear. I would just sum up by saying that this is a complex issue. Clearly, the whole reform of the Superfund legislation, as you know, is stalled because of this very same issue on a larger scale.

I don't think we're going to solve it. This is just a microcosm of a bigger problem. I would say I think that people need to talk frank with each other. You do need to come up with some common ground. You do need to prioritize, and you can't solve problems that have occurred for centuries.

I'll just end up by saying I commanded a base that has been around since 1863, and there has been a lot of environmental damage that has happened on that base, because in 1863 there was not a lot of Superfund legislation on books, and people weren't worrying about it.

And now we're trying to correct all those sins. That just is not going to happen, and certainly we're going to have to just keep working together to prioritize, use

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those clean parcels and let them be developed first and deal with this national problem. Thank you all.

COMMISSIONER COX: Commissioner Montoya.

COMMISSIONER MONTOYA: Thank you. I have the macro question that I have, sort of, landed on this morning. It seems that what we've heard so far and as I read through the book is that things are better in the base closure process than they used to be by a considerable amount thanks to Senator Pryor and others.

But I also hear that there is a lot more to be done, that there is certainly another quantum leap of improvements that are needed, and I think that we're talking about either fixing the people who are involved in the process or the process itself.

And when both are broken, you really got a problem. So the question that I have of you is that as you have worked through these processes, would you opine that it is the bureaucrats, or is it the bureaucracy, the rules, the regulations and so forth?

And when I speak of bureaucrats and the word "attitude," I would be using other adjectives such as inaccessible, nonresponsive, maybe evasive, as we alluded to,

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lack of candor, or maybe just it's your problem not mine kind of an attitude.

I'd like each of you to comment what is your sense that the issue is? Is it the people that we have assigned to it, or is it the system within which they have to work?

Mr. Bovin.

COMMISSIONER BOVIN: I would have to say that on an individual basis the people that we have dealt with have been most cooperative. We are very pleased when we ask for help and we get help, and there have been several instances of it.

One of the major situations was a central heating plant. We have a monster there that costs \$3 million a year to operate, and we asked the Air Force to consider demolition of the heating plant and putting in individual heat in the buildings, and we are in the process of agreement. We are very pleased with that.

Again, it's the system. It's not the individuals. But what happens a lot of times is we get on a 100 yard run, 75, 80, 90 yards down, and then all of a sudden there is some intervening regulation that we were not aware of.

I think the problem is -- the governor has appointed 11 people on our conversion authority. I won't do

<p style="text-align: right;">Page 97</p> <p>1 a self-evaluation, but the other ten are intelligent people.  2 They are trying to carry through with this and I think doing  3 a good job.  4 However, we collectively do not know all the rules  5 because there are so many. We are abiding by the rules as we  6 know them.  7 When we came up with our lease agreements, and  8 we're at the point of implementing six leases, having people  9 come in to use part of the base, and then all of a sudden at  10 the last minute we find out that the money from the lease  11 agreement will not be used by the authority for continuation  12 of operation of the authority, that the Air Force Base  13 Conversion Authority wants to take up to 80 percent of that  14 lease-back money to go back to the Air Force.  15 I can understand the question. Why can't we get  16 100 percent funding? We have immense properties at K.I. If  17 you could get 10 cents on the dollar for their evaluation, I  18 would be amazed. It's just not going to happen in our area.  19 And the same holds true for the lease, but if it  20 requires \$3 million a year to operate that base, the only way  21 we can gather that money is through leases.  22 And if the Air Force wants to require 80 percent of</p>	<p style="text-align: right;">Page 100</p> <p>1 community and provide recreation for us. We heard yesterday  2 from the Air Force that the Air Force will appraise this  3 recreation land.  4 We should reapply for that recreation land based on  5 their appraisal value and be prepared as a city to use  6 taxpayers' money to buy those recreation lands from the Air  7 Force. Because of the budget crunch, they need the money.  8 Now, you have to ask yourself why are we using  9 taxpayers' money to buy ball fields when these ball fields  10 may be developed as other properties later on, and the  11 authority has already agreed -- the local redevelopment  12 authority has already agreed to find recreation lands on the  13 base?  14 That's the problem we get as this paperwork tower  15 continues to grow, these change in regulations. Here they  16 are the Air Force now is adjusting their financial role in  17 this thing, not economic development conveyance at no cost or  18 little cost to the cities, now they're looking to get some  19 money back.  20 So you begin to wonder, you know, where do you go?  21 And I don't think it's bureaucrats. I'm beginning to  22 wonder -- I've just begun to wonder what it is.</p>
<p style="text-align: right;">Page 98</p> <p>1 that to go back to the Air Force, and one of those leases --  2 and you'll appreciate this -- is a golf course, but it's on  3 state land.  4 The state land is being leased for a dollar back to  5 the Air Force, and now they want to charge 80 percent, not  6 until September when they are going to close the base, but  7 even after the base is closed.  8 We need those monies, but those are rules that we  9 didn't know about until real late in the game. So the  10 problem is the very great difficulty in understanding what  11 has to be done, and that entire race to the end zone is  12 difficult.  13 COMMISSIONER MONTOYA: Quickly, the next three of  14 you?  15 COUNCIL MEMBER MAXWELL: If I might address that,  16 and I can do this because something happened yesterday that  17 shows you the bureaucracy that we have to all deal with.  18 We understood, as I mentioned earlier, that the  19 military has finally decided the best thing to do is economic  20 development conveyance of most of these properties back to  21 the communities.  22 As you know, we were very successful after several</p>	<p style="text-align: right;">Page 101</p> <p>1 MAYOR GRIFFO: I think we all have certain episodes  2 that we can relate to in this process, but generically  3 speaking, I think that probably the biggest problem is that  4 bureaucracy may not tend to understand the economic  5 development process, the dynamics of how communities need  6 flexibility and authority to take charge.  7 And that's why one of the recommendations that we  8 have made through the U.S. Conference of Mayors is for  9 someone maybe at the NEC as an ombudsman to work through all  10 of this, to make sure that everybody is working together.  11 Because while I respect Senator Pryor, I think just bringing  12 everybody in the same room really isn't going to get it done.  13 There has to be somebody to shepherd that process and to  14 ensure that it will take place.  15 I think there is truly the desire. I think  16 individuals have worked well with us, and there is a desire,  17 but how do you translate that desire into action? That's the  18 key, and that's what we'd like to see.  19 MR. GRAHAM: First, I think that the local people  20 from the federal side having doing a very honest job at the  21 local level. They've been doing a fine job, and I think  22 people generally are honest and wanting to earn their money</p>
<p style="text-align: right;">Page 99</p> <p>1 years of asking for a golf course, a public benefit transfer  2 to provide recreational green space for our community. That  3 was in the plan that we had given to the Air Force.  4 The Air Force indicated in their EIS that was the  5 best use for that golf course, as a community golf course.  6 We were successful getting a golf course. In that  7 application, original application, there was also another 100  8 acres of recreation land on the base side of the golf course  9 separated by the airfield.  10 We withdrew that 100 acres through an agreement  11 with our local redevelopment authority, that they at some  12 point in time, rather than apply for that 100 acres, which  13 would perpetually be given to us as recreation lands, that it  14 might be more valuable with development land later on for the  15 authority.  16 We withdrew that 100 acres with the agreement that  17 at some point in time after we could use the recreational  18 land, if those land become more valuable, they would find  19 another spot on the base that we could use for recreation  20 land and let the potential buyer provide the monies to build  21 these new recreational facilities.  22 That worked -- and a good common goal for the</p>	<p style="text-align: right;">Page 102</p> <p>1 and deliver full value.  2 I think as Senator Pryor said earlier, however,  3 they are limited with their ability to make decisions, and  4 I'd like to see, as Senator Pryor said, possibly the pushing  5 down of more of the decisions closer to the local level.  6 Obviously, you have to have parameters and  7 policies, and those should be adhered to, but if they are  8 policies, they ought to be pushed down rather than in the  9 case -- and I won't give the specific instance -- but we were  10 told at the local level that, yes, that could probably be  11 done, but they couldn't give us permission to do it at the  12 local level.  13 And so it goes up the ladder, down the ladder and  14 gets mixed up as it moves around. If it can be done and if  15 it should be done, it perhaps ought to be an authority given  16 to the local level.  17 The other thing that strikes me as a possibility as  18 to why we're having some much difficulty -- not so much  19 closing the bases. I think the BRAC process is a good  20 process in determining what bases need to be closed -- but  21 rather I think the process of opening them to civilian and  22 private use has been limited somewhat.</p>

1 And I only say "somewhat" because way back when  
2 somebody developed a formula and a methodology and showed  
3 at there would be significant massive savings by the  
4 closing of these bases.

5 Now that the bases are being closed, I don't think  
6 I would want to be the messenger that went back to the king  
7 and said, "By the way, we've made a few mistakes, and there  
8 isn't going to be as much money being saved."

9 Rather than telling you that, I think I'd continue  
10 the negotiation process a little longer until I could get to  
11 point where I said it didn't happen on my watch, and I got  
12 off.

13 (Laughter)

14 COMMISSIONER MONTOYA: I understand that. Thank  
15 you. Madam Chairman, thank you.

16 COMMISSIONER COX: Commissioner Kling.

17 COMMISSIONER KLING: Gentlemen, thank you very  
18 much. I believe Senator Pryor said that since the  
19 President's five-point program and since the Pryor Amendment  
20 that things are better, that they're moving better, and that  
21 we really shouldn't look into any type of legislation or make  
22 any necessary changes but give this a chance.

1 recover.

2 I think it's indicative that people realize that  
3 you've called us back here again to listen to some of the  
4 problems. Myrtle Beach, under the legislation that exists  
5 today, would be much further down the pike than we are today.

6 I think these folks that are going through the '95  
7 BRAC closure list will be in a much better position to return  
8 their post or utility to the community much faster than we  
9 were able to.

10 So if anything needs to be done, I think we need to  
11 simplify -- I think the legislation is in place, is simplify  
12 the legislation and make it readable for all and certainly  
13 help find the funding to help clear up the environmental  
14 problems.

15 COMMISSIONER KLING: Do you agree, Mr. Bovin?

16 COMMISSIONER BOVIN: Without a doubt. First and  
17 foremost we should thank you because things are much better,  
18 and we have captured people that have been involved in other  
19 closures who are now helping us.

20 It is better. I guess it's the nature of the beast  
21 that we are here to present not all the thank yous and the  
22 good things but to ask for how to improve. And I think

1 I'd like to just ask each of you if you agree with  
2 that. Are things better? Are we improving? Do we need some  
3 type of, maybe, a outside commission to, kind of, speed  
4 things up where the bureaucracy can't? I'd just would like  
5 your quick -- I don't mean to take a lot of your time up --  
6 answer to that. Mr. Graham.

7 MR. GRAHAM: I think that if the policy-makers,  
8 which are primarily located here in Washington, if they are  
9 able to exercise some of their legitimate discretionary  
10 powers, I don't think that there are very many new bits of  
11 legislation that need to be accomplished.

12 I have been told that over these United States on  
13 all these bases that there have been literally 100 different  
14 ways of changing the laws or changing the regulations and the  
15 policies to fit the particular situation in each base and the  
16 special circumstance.

17 And if that is true, then I don't see that you need  
18 special legislation. I just think you have to have a better  
19 understanding of what needs to be done in that particular  
20 location, and that could be at your policy-makers level.

21 COMMISSIONER KLING: Are we doing better, though?  
22 Are we doing better now since the President's five point

1 that's what really our duty is here, to ask for ways of  
2 improving it.

3 And if we could streamline some of the situations  
4 of local input, I think that would be an improvement, but it  
5 definitely is much better.

6 COMMISSIONER KLING: Just one last question. We've  
7 talked about so many things that we can improve on -- work on  
8 the environment, work on the personal property being  
9 transferred, all these different things.

10 If I asked each of you to say to us,  
11 "Commissioners, here are three things. Put your tasks to  
12 these three things and get these done for us," which would  
13 you suggest? What would those three things be? Just  
14 quickly, Mr. Graham.

15 MR. GRAHAM: Well, I'm writing and thinking as fast  
16 as I can, sir. I think we would like you to move with  
17 alacrity dispatch to improve the leasing process so that we  
18 don't have that onerous 30-day issue in there.

19 I think we would ask you -- and that is not a  
20 dollar item, incidentally, the leasing issue. That's a  
21 policy matter.

22 COMMISSIONER KLING: The time period.

1 program and the Pryor Amendment and so forth?

2 MR. GRAHAM: I think we're improving, yes, sir. To  
3 my knowledge, yes, sir.

4 COMMISSIONER KLING: Mayor?

5 MAYOR GRIFFO: Well, we just began this experience  
6 personally in our community, but I can tell you that we learn  
7 from experiences. And from what you've seen that we've  
8 presented to you today, I think that is a shared experience  
9 from communities across this nation.

10 And yes, it appears that things are better, but  
11 there is still a greater need for flexibility and  
12 responsiveness, and today what you are allowing, this  
13 opportunity that this Commission is providing is something  
14 that's very worthwhile and very important, and we truly  
15 appreciate that.

16 COMMISSIONER KLING: Thank you. Mr. Maxwell.

17 COUNCIL MEMBER MAXWELL: In fact, I'm going to say  
18 yes. As I mentioned in my opening remarks, the fact that we  
19 were here two years ago to address some of these problems,  
20 and the five-point program and the Pryor Amendments to Title  
21 9 indicate that you are very much concerned about the local  
22 communities, and you're very much concerned to help us to

1 MR. GRAHAM: Yes, sir. Item two, I think from the  
2 perspective of most of the bases, a need to move more quickly  
3 on the environmental cleanup in some fashion, either move on  
4 it with money or move on it with some reduction in the  
5 regulations, if they can be reduced without impairing the  
6 safety of the people.

7 Item three is asking the bases to permit a little  
8 longer period of time in the closing down of the maintenance  
9 and operation on the bases.

10 What we'd like to envision would be when the base  
11 closes they have a maintenance and operation cost, a  
12 caretaker cost. It's up here somewhere, and the city is  
13 paying zero.

14 We'd like over a period of time -- and I don't  
15 pretend to tell you what that period of time is, but let's  
16 use ten years for a minute. If it costs \$10 million to close  
17 the base -- or, excuse me, to maintain and operate the base,  
18 sewer, water, utilities, everything that goes with it, if it  
19 costs \$10 million a year to do that, perhaps we would be able  
20 to say to the base people the first year after you close you  
21 pay us \$10 million for the continued maintenance and  
22 operation in caretaker mode.

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1 The second year you go down to 9.8 and down to zero  
 2 at the end of ten years. At the same time your local  
 3 government is busy bringing the jobs in and producing the  
 4 revenue that will allow us to pay 1 million the first year, 2  
 5 million the second year, and at the end of ten years, the  
 6 cities are in the picture completely, and the military is out  
 7 of the picture completely.  
 8 So those would be my three items -- the lease  
 9 issue, the environmental cleanup and the provision for  
 10 continued maintenance and operation of the island for a  
 11 period of time.  
 12 COMMISSIONER KLING: Thank you very much.  
 13 MAYOR GRIFFO: Commissioner, we had a resolution  
 14 passed at the winter meeting which, basically, states that we  
 15 want to see continued federal funding through the EDA and the  
 16 OEA consistent as where it is now to communities that have  
 17 been affected.  
 18 We'd like the process to continue to streamline,  
 19 particularly as it relates to transfer and cleanup of  
 20 facilities, and finally, to continue to emphasize local  
 21 control in the decision-making process, particularly as it  
 22 relates to infrastructure and resources.

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1 COMMISSIONER KLING: Thank you. Mr. Maxwell.  
 2 COUNCIL MEMBER MAXWELL: And recognize the spirit  
 3 of the law, the President's five-point plan and legislation  
 4 enacted with it. Allow EDC to proceed very quickly.  
 5 Control by the local authority needs to happen, and  
 6 allow us some funding for EPA cleanup. We realize it's a  
 7 severe problem, but there has to be some funding there  
 8 somewhere.  
 9 COMMISSIONER KLING: Mr. Bovin.  
 10 COMMISSIONER BOVIN: Thank you for the question.  
 11 An easy answer. EDA and environmental funding top priority.  
 12 Second, clarification and easier use of the leasing  
 13 procedure.  
 14 And third, in our situation, a lot of our assets  
 15 come directly from Undersecretary of the Air Force, Rodney  
 16 Coleman. We want his presence. He has been on base. He has  
 17 helped us tremendously, but we need somebody from his office  
 18 with authority to make decisions on a quicker basis.  
 19 We have to be able to streamline the process and  
 20 rules, and if we had -- we have to place our trust in  
 21 somebody, with the federal government's approval, obviously,  
 22 but there has to be trust placed in somebody who is going to

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1 have to make some decisions at local areas, and that would  
 2 rid some of the problem that we're having with a lot of  
 3 regulations. We have to have somebody there with authority  
 4 to act.  
 5 COMMISSIONER KLING: Thank you very much.  
 6 CHAIRMAN DIXON: Madam Chairman, I just want to say  
 7 to these fine witnesses that I'm going to pass my opportunity  
 8 for questions because we are beginning to have a little bit  
 9 of a time problem.  
 10 But I wanted to say to all of you and to your  
 11 representatives behind you in the room I hope you'll continue  
 12 to work closely with us over in our office and the people  
 13 that are assigned this task, particularly Sylvia Davis-  
 14 Thompson and her people, about your needs.  
 15 We're very anxious to work with you on a list of  
 16 recommendations that we're going to hand to Congress at the  
 17 appropriate time, and in there is a shared feeling on this  
 18 Commission that there is more that needs to be done.  
 19 There is some progress, yes. We're pleased with  
 20 progress, and there is more that needs to be done, and we're  
 21 anxious to work with you, and we invite your continued  
 22 cooperation with us throughout this process.

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1 COMMISSIONER DAVIS: Mr. Graham, I must tell you  
 2 when you suggest the Department of Defense gets in the real  
 3 estate business, it really gives me the willies, being part  
 4 of that department for many years. We know how to train and  
 5 equip and execute national policy, but selling real estate is  
 6 way down on our list.  
 7 In reading some very good background material on  
 8 some of the questions you've been asked, I've been very  
 9 interested to find that success in some cases is based on --  
 10 where it's achieved very well at some places and not so well  
 11 at other places is almost personality dependent.  
 12 I don't mean personality with a little "p." I mean  
 13 big "P," depending on whether you have two or three cities  
 14 working the problem or you have one city working the problem,  
 15 whether you can get the cooperation or not, whether you have  
 16 the individuals on the bases and camps and posts that have  
 17 the personality to carry the fight, and that's the part that  
 18 I'd like to focus in on.  
 19 And Mr. Bovin sort of came to the process. Even  
 20 the Undersecretary of the Air Force doesn't have the  
 21 authority to approve all these things.  
 22 And what bothers me, having been part of that

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1 bureaucracy, is that you have to say mother may I to so many  
 2 people in the process, and that in itself can be very time-  
 3 consuming.  
 4 And when you get that job done, then you say,  
 5 "Okay. It's time to do it. Let's get this job done," and  
 6 you find, say, you know, wait a minute, the Department of  
 7 Commerce has to be consulted because you're going to deal in  
 8 something else, or the EPA.  
 9 And so you run into another set of regulations or  
 10 problems. I would like to ask for your advice and counsel  
 11 on -- you, sort of, alluded to it when you said the  
 12 Undersecretary had the authority to make those decisions.  
 13 But somehow it seems that it might be a bit higher  
 14 than that because you ought to, in my view, have a place to  
 15 go that when you want to effect something you're able to get  
 16 an answer fairly quickly.  
 17 Now, whether these agencies that you spoke of to  
 18 continue their funding are those agencies to do that, I don't  
 19 know. That's where I'd like to seek your advice and counsel.  
 20 Mayor.  
 21 MAYOR GRIFFO: Commissioner, I think it goes back  
 22 again to what we had said, and one of the examples is during

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1 the President's five-point plan, in order to try to look at  
 2 this process, they put in place transition officers on  
 3 installations to work with communities. So that was a good  
 4 example of how it can work.  
 5 They recognized it, the Administration, moved  
 6 forward on something, had somebody in place that could  
 7 coordinate these efforts.  
 8 That's why we are proposing through the U.S.  
 9 Conference of Mayors that you look at the possibility of  
 10 establishing such a person in a national economic council at  
 11 the White House who can cut through all the red tape.  
 12 It would be a tremendous burden on that individual,  
 13 and I wonder ultimately how successful, when you put that  
 14 burden on one person, and you don't want to establish a new  
 15 bureaucracy.  
 16 But hopefully, that is -- in concept, that in our  
 17 opinion, at this point in time, would be the best way to try  
 18 to put this all together where there is a collaborative and  
 19 cooperative effort and in the end we can see some action done  
 20 where somebody can make the decision, receive an answer and  
 21 is completed.  
 22 COUNCIL MEMBER MAXWELL: Commissioner Davis, I'd

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1 like to maybe extrapolate a little bit on what you said about  
2 the military being very good at taking land but not very good  
3 getting rid of land.

4 I think, in reality, that may be the crux of the  
5 whole problem. For the first time we have the services  
6 trying to dispose, through some method, of land. They are  
7 not the people we would normally ask to get rid of land. We  
8 ask them to take land.

9 What we see here is people I'll call inexperienced  
10 in dealing with real estate laws, dealing with environmental  
11 laws. Those folks are having a hard enough time in the  
12 services identifying the agencies that they themselves have  
13 to deal with.

14 And maybe, as we get through this process, the next  
15 round will be a little more -- may be speeded up a little bit  
16 more because those agencies will have been developed.

17 But when you speak of clearing up an environmental  
18 problem, for instance, with EPA, and then and all at once you  
19 got a state agency to deal with who the federal government  
20 nor the local or the military authority has no experience at  
21 dealing with the local DHAC authority in our state.

22 And who do they turn to to get someone to work with

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1 them? That's why I think it's very beneficial to have this  
2 on-site coordinator or transition manager local to help  
3 identify to the military the sources that these people need  
4 to turn to to clear up the problem. I think it's happening.  
5 It's just happening too slowly.

6 COMMISSIONER BOVIN: Commissioner Davis, for  
7 clarification, and I hope I haven't misstated myself, we are,  
8 again, very pleased with the individual cooperation that we  
9 get without a doubt.

10 Every time we ask, we are getting help. Most of  
11 the arguments, quite honestly, are between the locals on what  
12 to do, and I think probably happens in a lot of areas, but  
13 the problem is the timelines.

14 We are continually faced with timelines. We were  
15 told when we formed our association by Gryner & Associates  
16 that a lot of the authority members would not be here.

17 They said history tells them that they fall off  
18 because of frustration or other commitments, one or another.  
19 Well, all of our 11 have stayed so far. There have been a  
20 couple who have expressed an interest in dropping off.  
21 That's the frustration of it.

22 But the timelines are important, and that adds to

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1 frustration, but when you have pickled buildings with flat  
2 roofs and you go through freeze-thaw cycles and you have to  
3 make decisions on what to do with these -- just on Tuesday of  
4 this week we authorized a study for demolition of buildings.  
5 It's a process we have to go through.

6 We deplore having to spend those kinds of monies  
7 out of limited amount of monies that we have to come up with  
8 just an estimate of what it would cost to effectively destroy  
9 100 buildings or so. We wouldn't have to make that decision  
10 if other decisions could fall in place a little bit more  
11 quickly.

12 So what it is, it's not a dissatisfaction with any  
13 individual, but it is that bureaucracy, if you will, and also  
14 being faced with these timelines. Everybody is looking for  
15 something to happen.

16 It's very difficult to go back to the people after  
17 a year and show them that we don't really have a lease yet.  
18 We thought we did, but we don't because of a situation that  
19 cropped up.

20 So again, we are not displeased with individuals,  
21 but somehow we have to try to streamline. And I understand  
22 I didn't want to over-simplify the point by asking for the

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1 Undersecretary to be at our disposal all the time, and I  
2 admit that is probably an over-simplification.

3 But the point is we have to work at ways of  
4 streamlining this so that we can get from point A to point B  
5 and not take 20 years to get there. We have to streamline  
6 that just to keep focused and to keep the interests of the  
7 people at heart.

8 COMMISSIONER DAVIS: All right. Thank you very  
9 much. I finally get to ask some questions in front of  
10 Commissioner Cox, and they ring the bell on me. My time is  
11 expired.

12 (Laughter)

13 COMMISSIONER COX: I'll ask a short question. To  
14 anyone but particularly Mr. Mayor, I'd like to ask you, in  
15 1993 we had a situation where a base had been closed in an  
16 earlier BRAC, and certain commitments had been made to the  
17 community that if they did certain things in working with the  
18 reuse group that the military would continue to do some  
19 things.

20 And the community, in fact, did that in reliance on  
21 what they believed to be assurances from the Defense  
22 Department, and ultimately, in 1993, the Defense Department

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1 came in and said, "Well, it was a good idea, but really it's  
2 in the best interest of the Defense Department to do  
3 something else now."

4 That's, obviously, a moral dilemma, just to start  
5 out with. You probably all can't answer that, but is there a  
6 process question here? We're talking about the local  
7 responsibility and the local accountability and whether the  
8 Defense Department has the right person on the ground,  
9 whether they have the flexibility.

10 Do we have a problem that maybe the people on the  
11 ground are making commitments they shouldn't or couldn't  
12 make? Is there a way to deal with that problem? Mr. Mayor?

13 MAYOR GRIFFO: Commissioner Cox, I think you're  
14 talking about Bergstrom, probably.

15 COMMISSIONER COX: Right.

16 MAYOR GRIFFO: Yeah. That is so significant  
17 because Rome is in the same situation right now.

18 COMMISSIONER COX: Right.

19 MAYOR GRIFFO: And I believe that reuse has to be  
20 an important factor. I mean, we look at a number of factors  
21 when they are making recommendations to the BRAC, and right  
22 now at military value, cost, economic factors.

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1 But I think reuse has to come into that now because  
2 reuse has become such an important component of this whole  
3 process that we're dealing with, this issue today.

4 So yes, very difficult for communities who go  
5 forward, who begin to prepare and develop programs based upon  
6 advice working with federal agencies and departments, the  
7 military departments and then to later find out that you  
8 may -- they feel that things should be done differently now.

9 It's difficult because they have explained to us  
10 that they have put together exhaustive efforts to make the  
11 right decision, and we are trying to work within that  
12 framework. We are trying to work hard with everybody by the  
13 information that us given to us.

14 So to answer your question, I think unfortunately  
15 it's very dissettling, very frustrating for a lot of  
16 communities who have put a lot of time, effort and talent in  
17 trying to make a success story based upon what we have been  
18 told by the Department of Defense and as a result of the  
19 decisions made by the BRAC.

20 So how do you correct that? I'm not sure except to  
21 really maybe scrutinize more reuse, to have that as a factor  
22 for consideration when you begin to make recommendations that

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1 people -- that the right people should be communicating.  
 2 How can we determine at the local level who is the  
 3 right people? We are working with the highest levels -- we  
 4 seek out that. So it is not, I think, the local level who  
 5 has not made the opportunity to reach the right person. To  
 6 determine ultimately if the right person is communicating to  
 7 us, I don't know how you answer that.  
 8 But I think we, in our case, particularly -- I can  
 9 only speak from my experience. We feel that we dealt with  
 10 the people at the highest levels that we could and were given  
 11 the assurances and the directions that we should undertake  
 12 and have tried to have our process evolve accordingly.  
 13 COMMISSIONER COX: And were there things that you  
 14 all did, money that you've spent, actions that you took based  
 15 on assurances, whether they were --  
 16 MAYOR GRIFFO: Most certainly. A great part of --  
 17 again, the Office of Economic Adjustment has been tremendous  
 18 in their support, if we talk about organizations and  
 19 individuals.  
 20 We have found the EDA and the OEA have been  
 21 exceptionally responsive and cooperative. It's been great  
 22 working with these people, because it is a painful

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1 experience, as you all have said.  
 2 And it's very difficult to look at this, and yet  
 3 commitments, like in our case, not only is the community  
 4 working hard, but in the State of New York has committed  
 5 multi-millions of dollars and created special corporations in  
 6 a cooperative effort to follow-up on the last BRAC  
 7 recommendation, on the last decision that was made from the  
 8 BRAC Commission of 1993.  
 9 We did move forward accordingly. So not only do  
 10 you have the local government, but we tried to put together  
 11 what each of you have been talking about, great efforts from  
 12 the different levels of government, working cooperatively,  
 13 bipartisanly, and it's working.  
 14 And then to have the rug just taken from underneath  
 15 you is very difficult and hard to understand. And I'm not  
 16 sure if I can give you the answer but that it needs to be  
 17 corrected, and I'm hoping that maybe this year, as you  
 18 revisit some of these decisions yourselves, through your  
 19 scrutinyization will have more answers, and maybe some of the  
 20 wrongs can be rectified.  
 21 COMMISSIONER COX: Thank you. Did anybody else  
 22 want to comment on that? I knew the Mayor had a similar

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1 circumstance.  
 2 (No response.)  
 3 COMMISSIONER COX: That's all. Thank you.  
 4 COMMISSIONER CORNELLA: Mayor Griffo, first of all,  
 5 I commend you on the publication of your organization.  
 6 MAYOR GRIFFO: Thank you.  
 7 COMMISSIONER CORNELLA: And I'd ask if those  
 8 recommendations are prioritized in book.  
 9 MAYOR GRIFFO: They're not prioritized, no. Being  
 10 a New Yorker, we gave you a top ten list, you know, from,  
 11 like, a late night show and such. So excuse me. That  
 12 wasn't -- we gave you just a summation of attack.  
 13 COMMISSIONER CORNELLA: In your opening testimony,  
 14 when you made recommendations, they were in a different  
 15 order, and that leads to a recommendation or request from me  
 16 that each of you with regard to your respective entities  
 17 would provide the Commission a list of the top five in order  
 18 of their priority.  
 19 I think we're hearing somewhere between 20 and 30  
 20 recommendations, and I think it might be easier for us to  
 21 effect five critical or very important ones than 20 to 30  
 22 that go across many different departments.

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1 MAYOR GRIFFO: We can do that. In fact, I will  
 2 speak for our organization. We can work cooperatively with  
 3 all the organizations here, because I think you did see a  
 4 number of same factors that are of concern to each of all our  
 5 organizations. So maybe we can all work in unison to provide  
 6 you with something that really hits from a local perspective.  
 7 COMMISSIONER CORNELLA: It does not have to be in  
 8 unison. I would prefer, actually, that you each would do  
 9 your respective list and submit --  
 10 MAYOR GRIFFO: We will do.  
 11 COMMISSIONER CORNELLA: Also, during Senator  
 12 Pryor's testimony, I noticed a few smiles, and I know they  
 13 weren't smiles of amusement. I would say they were smiles of  
 14 experience of having been where the rubber meets the road on  
 15 some of these issues.  
 16 The reuse opportunities for Myrtle Beach versus  
 17 K.I. Sawyer I would think would be rather diverse, and I  
 18 would like to ask if there are any items that haven't been  
 19 covered that you would feel unique to your respective reuse  
 20 endeavors that have not been mentioned this morning.  
 21 COMMISSIONER BOVIN: I guess -- if I understand  
 22 your question, what else could we do that we haven't

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1 discussed this morning?  
 2 COMMISSIONER CORNELLA: Well, I'm asking if there  
 3 would be something that would be unique to K.I. Sawyer that  
 4 we have not talked about, something that you encountered in  
 5 that effort that we haven't discussed but yet played a major  
 6 part of that effort.  
 7 COMMISSIONER BOVIN: I guess the unique thing for  
 8 K.I. Sawyer is they always talk about location, location,  
 9 location -- rural area. Trucking is still a very major  
 10 industry in this country.  
 11 Roadways leading to K.I. Sawyer are lacking. If we  
 12 could have more input. Because of defense closure, from the  
 13 Department of Transportation, if there was more emphasis on  
 14 the need for DOT to help with infrastructure improvement, if  
 15 you would, that would be of tremendous benefit to us.  
 16 I think that probably that's the one largest area  
 17 that we are lacking in. We are working with them, but we are  
 18 working with them via requests rather than, oh, some enabling  
 19 legislation or some initiative that would go along with  
 20 defense closure, asking that there be Department of  
 21 Transportation involvement and seeing what they may do,  
 22 understanding that with the cost restraints we can't over-

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1 expend on transportation.  
 2 You can't spend a million to save a dollar, but if  
 3 it were reasonable, I think if we had more latitude in that  
 4 kind of a direction, it would very beneficial to us.  
 5 COMMISSIONER COX: I'm sorry. If it can be  
 6 considered in discretionary funding or something from the  
 7 Highway Department, that that would be a factor?  
 8 COMMISSIONER BOVIN: Yes.  
 9 COMMISSIONER CORNELLA: Any others?  
 10 COUNCIL MEMBER MAXWELL: No. I think as I  
 11 mentioned before, I think the legislation is in place. It's  
 12 just like a ball game. The longer it goes on, the more  
 13 people want to change the rules, and that's what we're seeing  
 14 happen.  
 15 Quickly getting through the process of the Pryor  
 16 Amendment and ADC can help communities, allow things to move  
 17 pretty quickly.  
 18 MR. GRAHAM: I think, sir, that we would like to  
 19 see more speed in the process. There are some areas, some  
 20 bases that may not need as much speed in the closure because  
 21 they may not be as far along on reuse plans or other  
 22 activities.

In our specific case, we could place a business on our base right now if -- and there is no reason why we couldn't do that except that we've been five months negotiating, and what we'd like to do is to have somebody say, "You can't negotiate. You can't put the business on that land, so go away."

I don't mean it that harshly, but we'd like them to do that, or we'd like them to say, "Hey, you're going to lose that 300 employee business, and we want to help you keep it or get it, and we'll put this together and give you the lease that you need to move ahead." So speed or time, however you look at it, is money.

COMMISSIONER CORNELLA: One last question. Mr. Bovin, you stated in your testimony that communities have real concerns about environmental liability they may be exposed to if they pursue development on closing bases. You also stated that the indemnification law passed in prior appropriation acts benefits localities by keeping DoD on the hook for all identified contamination problems now and in the future.

In your view, what are the liability concerns of -- are the views of the liability concerns of localities a real

problem or a perceived problem? That is, if lenders and developers understood the indemnification provisions, would the liability concerns be diminished?

COMMISSIONER BOVIN: I guess the best way to explain that is because of our location -- we're right between Lake Superior and Lake Michigan. And in Michigan, with all of our waters, environmental concerns are great.

And we have had several within the entire area situations of very, very expensive cleanup, and as a result of that, a lack of initiative from anybody to even consider buying in and purchase property.

There are properties for sale, but in our area the number one question is has there been an environmental impact study done. It's just so crucial, but that's the problem that is needed to hear. Anybody that wants to do anything with that base is concerned about the environmental contamination that's there.

And that was addressed, and they will clean it up. It has been an ongoing process, but it's just such an overriding issue. I'm sure it is throughout the country, but when you're in the Great Lakes area and when you're in such close proximity -- you're 30 miles from Lake Superior, 40

miles from Lake Michigan with all the other lake around there -- I think that just magnifies the situation with environmental cleanup.

There were pipelines leading up there where there had been some spills, and it just goes on and on and on. It's just been in the forefront of discussion. Before the base closures we have had problems with other industries. I don't know if I've answered your question, but I'm trying to point out the importance in that area.

COMMISSIONER CORNELLA: Thank you. Mr. Chairman.

CHAIRMAN DIXON: Thank you very much, Commissioner Cornella. Now we are going to go to the last panel. Let me quickly say this to you fine gentlemen and your associates in this room.

We're very serious about doing something to help you. Remember fundamental politics. You've all been involved in it. You ought to be talking to your senators and your congressmen and your congresswomen about your concerns and letting them know that this Commission is going to have recommendations to broaden the opportunities for local communities to help themselves in this process.

For instance, Mr. Maxwell, you referred to Senator

Thurmond in your remarks. He's the Distinguished Chairman of the Armed Services Committee and the Distinguished President Pro Tempore of the United States Senate, which means he's senior on the majority side.

And if that man becomes interested in your problems, when we make our recommendations, your opportunity for success is greatly enhanced. Thank you very much for being here this morning.

The next panel is Brad Arvin of the National Association of Installation Developers, and William Tremayne of Business Executives for National Security.

Good morning, gentlemen. I'm sorry to do this, but if you don't mind, would you please rise and raise your right hands?

(Witnesses sworn.)

CHAIRMAN DIXON: Thank you very kindly. Mr. Arvin, since you were the first that I alluded to in my opening remarks, I'm going to recognize you first, if you don't mind.

MR. ARVIN: Thank you, Mr. Chairman and members of the Commission. I'm Brad Arvin representing the National Association of Installation Developers.

My full-time job, though, is Executive Director of

the Beeville County Redevelopment Council, which is an entity that is charged with planning for the reuse of Chase Field Naval Air Station which went on the closure list in 1991, and Beeville is located in rural South Texas.

The National Association of Installation Developers is primarily composed --

CHAIRMAN DIXON: Mr. Arvin, could you speak into your mike more? I notice that the reporter is having a little difficulty. Just speak right into it, sir.

MR. ARVIN: All right.

CHAIRMAN DIXON: Thank you.

MR. ARVIN: The National Association of Installation Developers is comprised primarily of those communities that have lost a military base. Currently, we have about 120 communities that are members of our organization, and we expect another surge in the membership later this summer when you all complete your work.

But NAID is the voice of experience when it comes to recovering from the loss of a military facility. Some of our members date back to closures after World War II, but the majority of our members came on board since 1988.

The purpose of my testimony is to give the

Commission perspective on how the overall reuse effort is going, and that perspective comes from the practitioners, the people who are out there today working on trying to find new uses for those military facilities to create jobs and, in a word, to recover.

As you all have heard earlier from Senator Pryor and the preceding panel, two years ago, when NAID sat before this Commission and gave testimony as to the problems we were facing at that time and the reuse process two years ago, there is no way to describe it except complex, cumbersome, convoluted, contradictory.

And as a result of that, reuse was simply not occurring. When President Clinton announced his five-point program and the Congress adopted the Pryor Amendments, there have been improvements, and they have been welcome.

However, while the regulations have improved, execution by the Department of Defense still remains uneven, and we still have a lot of frustrated communities and reuse organizations out there.

And from our perspective, what we believe is that there needs to be additional DoD guidelines to complement the regulations that are now in place.

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1 Earlier, Commissioner Cox asked a question about  
 2 economic development conveyance, and that's a good example of  
 3 why we need some additional guidance or guidelines from the  
 4 Department of Defense to make these things work better.  
 5 I think to date there have been three economic  
 6 development conveyances, but there are many communities that  
 7 have submitted these requests, but they're stacked up. And  
 8 the guidance from the Department of Defense has just not come  
 9 down, at least within the Navy, to move things forward.  
 10 Admiral Montoya mentioned earlier, he said, well,  
 11 you know, "Is it the regulations? What seems to be the  
 12 problem?" What I've heard in the case of Navy, that they are  
 13 scared.  
 14 The individuals that would have to sign their names  
 15 and make these recommendations, they are scared to do so  
 16 because they don't have the guidance from higher above so  
 17 that they can check off the box and say, "We made the  
 18 decision based on this, this, and this."  
 19 And they're afraid that if they make a decision, a  
 20 couple of years from now or six months from now they may be  
 21 hauled in and say, "Why did you take the liberty to do this?"  
 22 And that's why we need some further guidelines from the

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1 Department of Defense so that they can make those decisions.  
 2 Also, I guess our bottom line is that we would just  
 3 appeal to the Commission to encourage the federal government  
 4 at all levels to work closely with the communities. A  
 5 greater sense of partnership between the Department of  
 6 Defense and the communities needs to be realized, and that,  
 7 kind of, sums up the whole thrust of our testimony.  
 8 And respect those local reuse efforts, because if  
 9 recovery is going to occur, it's going to come from the  
 10 leadership of the local communities. If they have the  
 11 vision, and many of them do, if they are willing to work hard  
 12 and willing to persevere, recovery can occur.  
 13 There are a number of bright spots in this country.  
 14 You've mentioned several of them today. But for every one of  
 15 those bright spots out there where something has happened,  
 16 there is a lot darkness in other areas where they have not  
 17 been able to move forward, not so much because they don't  
 18 have plans.  
 19 It's been my experience in talking with other  
 20 members from around the country of our organization,  
 21 everybody has businesses that are interested in coming in, or  
 22 at least they have other uses. It may be other federal or

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1 state uses.  
 2 Everybody has opportunities, but the problem has  
 3 been in getting access to those facilities whether through an  
 4 interim lease or through a conveyance of the property. Until  
 5 those things are improved, recovery is going to be retarded  
 6 or, in some cases, thwarted.  
 7 And we want to see that overcome, but there are  
 8 problems that we face in rural South Texas that the  
 9 metropolitan area, San Francisco Bay area doesn't face or  
 10 Charleston or New York, Pueblo, Colorado, wherever it is.  
 11 There is going to be certain unique factors that a  
 12 local community can respond to and overcome and knows what  
 13 needs to be done, and we need to have that flexibility from  
 14 the Department of Defense so that those things can occur.  
 15 In summary, I'd just like to say that our annual  
 16 conference this year, the theme is military base reuse --  
 17 let's get on with it. And that is what we're trying to do,  
 18 and we're certainly seeing evidence that it can happen.  
 19 But we just appreciate this opportunity to provide  
 20 testimony. I think the other panels that have preceded us  
 21 that have just reiterated what we want to say is recovery can  
 22 occur. There needs to be some continued improvement, and we

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1 appreciate your support in that effort, and I thank you.  
 2 CHAIRMAN DIXON: Thank you, Mr. Arvin.  
 3 Mr. Tremayne, we're delighted to have you. I think everyone  
 4 can usefully employ constructive criticism, and your  
 5 organization, which is well-known for its efforts in support  
 6 of our national security interests, has suggested some useful  
 7 criticism in the past.  
 8 We're thankful for that and will bear it in mind as  
 9 we go through the process this time, and we're delighted to  
 10 have you here this morning, Mr. Tremayne.  
 11 MR. TREMAYNE: Thank you, Mr. Chairman and members  
 12 of the panel. We are here today to be supportive of the  
 13 efforts of this Commission, and we thank you for inviting  
 14 BENS to testify on this important issue.  
 15 BENS is a national nonpartisan organization of  
 16 business leaders working to strengthen national security by  
 17 promoting better management of defense dollars, by advocating  
 18 measures to make the economy stronger and more competitive  
 19 and by finding practical ways to prevent the use of weapons  
 20 of mass destruction.  
 21 I'm Bill Tremayne, a long-time member of the board  
 22 of directors of BENS and chairman of its policy committee.

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1 In my private life, until my recent retirement, I was senior  
 2 vice president of The Prudential.  
 3 In 1982 and 1983, I was the project manager for the  
 4 Defense task force of the Grace Commission. In that report,  
 5 we recommended for the first time that an independent  
 6 commission be appointed to identify superfluous military  
 7 bases, but that was not my first experience with base closure  
 8 and reuse.  
 9 I have for 32 years been a resident of Piscataway,  
 10 New Jersey. It was in that community that Camp Kilmer was  
 11 located, which those of you who are old enough to remember  
 12 World War II will know that it was the primary point of  
 13 embarkation to the European Theater.  
 14 I was there when Camp Kilmer was turned back to  
 15 civilian use. I served as president of the Piscataway Board  
 16 of Education when we met in its administration building that  
 17 had been a part of Camp Kilmer.  
 18 The children of my neighborhood attended school in  
 19 its reclaimed buildings when our fast-growing community did  
 20 not have enough classrooms. I was there when a great deal of  
 21 the base was added to the campus of Rutgers University, land  
 22 where tens of thousands of its students now go to school.

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1 I saw the economic boom that resulted from the  
 2 industrial parks, office buildings, regional post office,  
 3 distribution center and retail stores that were built on what  
 4 previously had been a base.  
 5 Today, what had been Camp Kilmer has clearly been  
 6 transformed into a higher and better use, and this can happen  
 7 in many base locations throughout America if we plan well;  
 8 that is, if you plan well to make this happen.  
 9 I've been pleased to take part in BENS's efforts to  
 10 advance the base closure process. When Congressman Dick  
 11 Arney authored his legislation calling for the creation of a  
 12 special commission for base closure, essentially implementing  
 13 our Grace Commission recommendations, I joined BENS and  
 14 participated in the formation of the Coalition on Military  
 15 Base Closures.  
 16 This coalition cooperated with the Department of  
 17 Defense in addressing the challenges of the first base  
 18 closing commission in 1988.  
 19 For the past four years, BENS has maintained an  
 20 active defense transitions project, promoting a fair and  
 21 businesslike system of closures, doing what it can to help  
 22 alleviate the local economic shock of closures by

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1 facilitating redevelopment plans for base properties and the  
2 rehabilitation of dependent communities.

3 As you begin the 1995 round, BENS continues its  
4 work to help communities replace jobs and rebuild the  
5 economies affected by the first three rounds. Our written  
6 submission makes the points we feel should guide DoD in its  
7 approach to base closure through speed and finality and base  
8 reuse.

9 BENS feels that the role of the federal government  
10 must be to provide the affected communities with the tools  
11 and the funds to begin planning, to act swiftly to conclude  
12 federal screening and cleanup actions and then to move out of  
13 the way to let the communities enact their reuse plans.

14 We note that since 1988 DoD has made significant  
15 progress by requesting and getting legislation to grant  
16 economic development conveyances when communities have viable  
17 plans to create jobs, by approving interim leases while legal  
18 deeds and environmental restoration plans are being readied,  
19 by factoring in the community reuse plan to the federal  
20 screening process as a coterminous rather than a sequential  
21 action and reconciling through legislation the needs of the  
22 homeless and the local communities economic development

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1 interest in the issue that has expertise on the effects of  
2 base closure on local communities. Thank you.

3 COMMISSIONER COX: Thank you very much, sir. That  
4 was very helpful, and as you've probably seen from our  
5 questions over the last couple of weeks, we have followed  
6 very closely the work that you all have done and are  
7 certainly interested in it.

8 Why don't we start with Commission Robles.

9 COMMISSIONER ROBLES: Thank you, Madam  
10 Commissioner. Given that many of the questions I would ask  
11 have already been hashed out this morning and the noon hour  
12 is approaching, I will yield my time.

13 COMMISSIONER COX: Thank you. Commissioner Kling.

14 COMMISSIONER KLING: Mr. Arvin, I was interested in  
15 your comment that what you really need are more DoD  
16 guidelines or more expanded. What do you operate off of now?

17 I mean, are you looking -- are you suggesting that  
18 what you would like to see created is a specific set of  
19 guidelines that a base would follow so that that's organized,  
20 laid out?

21 MR. ARVIN: Well, I think my response would be that  
22 probably just need more support from the top at the

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1 needs.

2 Nevertheless, as we detail in our written  
3 testimony, BENS urges that additional work be done in areas  
4 not fully addressed or not fully implemented by DoD.

5 We stress the need for a customer service  
6 perspective in the one-stop process, ensuring that local  
7 appointees do become facilitators of reuse planning and not  
8 another level of bureaucracy between the federal government  
9 and the community, by ameliorating the difficult burden of  
10 requiring LRAs to approve through documentation the  
11 respective virtues of gift or below-market sales as compared  
12 a full-market effort and to rely more on the actual  
13 experience and environment encountered by an LRA, by removing  
14 the 180-day limitation on payment to cities or counties for  
15 various services under caretaker agreements and by urging  
16 Congress to enact into law a provision that simplifies the  
17 process of retrocession to state jurisdiction.

18 In our written testimony, we also make specific  
19 suggestions as to environmental contamination and remedial  
20 actions affecting reuse.

21 In particular, we urge a shift from addressing  
22 worst first to best first to more quickly make sites valuable

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1 Department of Defense that says, "Let's move forward."

2 Whether that is just some checklists or just support for the  
3 people out in the field that says, "We want you to make this  
4 happen. Let's have the flexibility."

5 I don't really think it's going to require, you  
6 know, major changes. It's just that push or support from the  
7 top that says we are going to make the recovery or the  
8 redevelopment of these bases a top priority and not, you  
9 know, say, all right, it's the environmental concerns that we  
10 need to make sure everything is done in that particular area  
11 before we allow any kind of interim use of the facility.

12 That's the kind of approach I think that we're  
13 looking for, is just some guidance from the top, some support  
14 for the effort to allow the communities to recover.

15 I think the regulations are in place, but again,  
16 sometimes you can have those sitting there and everything is  
17 available, but unless the people who are out actually having  
18 to make some of those decisions know that the people at the  
19 top support them, they're reluctant to act.

20 COMMISSIONER KLING: Well, let me follow that up,  
21 if I could, just a little bit. Part of the five-point  
22 program that the President came forward with and that we've

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1 for reuse. Maybe the worst will long remain conceptually  
2 similar to undevelopable wetlands until their time comes.

3 The reason base disposal and reuse is succeeding is  
4 that the federal government and affected communities have  
5 moved well up the learning curve since the first round of  
6 closures.

7 BENS urges this Commission to add its weight to  
8 ensuring that the process is allowed to continue in spite of  
9 general cutbacks in funding and support for environmental  
10 restoration accounts.

11 In concluding, let me emphasize the BENS principle  
12 recommendation in dealing with the cumulative effect of  
13 closure rounds since 1988. The federal government must act  
14 swiftly and with finality in determining its residual  
15 requirement and environmental cleanup responsibilities once  
16 it has decided to vacate a facility. Then, it must step  
17 aside and let communities begin the redevelopment and reuse  
18 process.

19 Members of the Commission, thank you for this  
20 opportunity to testify. We will remain available to the  
21 Commission and implementing agencies to offer insights we  
22 have gained as an independent organization without any vested

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1 been using, it was local coordinators that was put out in  
2 place to try and do just, I believe, what you're suggesting  
3 and have that coordination from the top to the local but  
4 having local people being there. Is that not working?

5 MR. ARVIN: The transition coordinators have been a  
6 most helpful step, but they are not the ones that make a  
7 decision, let's just say, on the interim lease for more than  
8 a year or the 30-day kick-out clause.

9 COMMISSIONER KLING: Right.

10 MR. ARVIN: Those transition coordinators don't  
11 have that ability. That's going to have to come from the top  
12 of the Department of Defense. The same thing on the economic  
13 development conveyance requests.

14 They are there. The regulations are in place, but  
15 there is a reluctant on the part of the people within the  
16 various military branches to make those decisions. I cannot  
17 tell you exactly why.

18 The regulations are in place, but they just need to  
19 have some more support from the Department of Defense so that  
20 they will move forward on that or make that a priority that  
21 this action needs to take place, and those are just, I'll  
22 call it, guidance or guidelines that needs to come from the

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1 very top.  
 2 COMMISSIONER KLING: Do the local coordinators need  
 3 to have a little more authority to get things done? Would  
 4 that help, or is that not --  
 5 MR. ARVIN: I don't think that the transition  
 6 coordinators in these two cases are where the problems -- I  
 7 don't think that -- I think it's a little higher up in the  
 8 bureaucratic chain of command.  
 9 COMMISSIONER KLING: Thank you.  
 10 COMMISSIONER COX: Mr. Chairman, would you like to  
 11 ask questions now, or shall I --  
 12 CHAIRMAN DIXON: I am, but I wanted to get a little  
 13 advice from counsel. I'm interested, Mr. Arvin and  
 14 Mr. Tremayne, in this one-stop shop business. Could you  
 15 explain that a little bit better for me?  
 16 MR. ARVIN: Well, I think that -- I'll let him go.  
 17 MR. TREMAYNE: Well, I think somehow we end up  
 18 addressing process with lawyers and bureaucrats. Yeah,  
 19 that's an inevitable process, but it seems to me that what  
 20 we're really interested in are in results.  
 21 And the results take place better when there was  
 22 someone in charge, someone locally who either can make the

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1 decision or be quickly in touch with someone who can make the  
 2 decision and is also interested in the results.  
 3 CHAIRMAN DIXON: Now, are you talking more at the  
 4 local level, Mr. Tremayne, or out here?  
 5 MR. TREMAYNE: I'm talking -- probably, there  
 6 should be one a each point.  
 7 CHAIRMAN DIXON: Well, yeah. The experience I had  
 8 since leaving United States Senate is that there is a lot of  
 9 frustration at the community level because there is so many  
 10 people to see and so many people that have to sign off on  
 11 every process along the way that it's terribly confusing all  
 12 the time, as most things governmental are.  
 13 I got, I think, earlier from the folks representing  
 14 the local communities the idea along the line here of an  
 15 ombudsman or something like that in the White House or  
 16 somebody that can make those final decisions, whether it's in  
 17 the White House or wherever it is. Is the White House the  
 18 right place for it? I don't know.  
 19 MR. TREMAYNE: Well, if I may express my opinion, I  
 20 think we have enough people already in the pie. What we need  
 21 are people who are determined to effect the base closings.  
 22 And I think the military structure recognizes if

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1 they're going to be able to spend their money efficiently  
 2 they have to get rid of some of these expenses that are  
 3 excess, and the faster they do that, the faster the process.  
 4 On the other hand, with respect to your comment  
 5 earlier, we made the point that you can't close bases if  
 6 you're putting new activities back into bases, and some of  
 7 these pressures are frustrating it.  
 8 Someone has to be in charge from the Department's  
 9 viewpoint as well as at the local level to move each one  
 10 individually along.  
 11 CHAIRMAN DIXON: Yeah. Mr. Arvin.  
 12 MR. ARVIN: Well, I think, you know, the concept of  
 13 that one-stop service center is great, and I think we're  
 14 moving toward that. The transition coordinators, putting  
 15 them in place helps the communities to understand what the  
 16 military branches have to deal with.  
 17 CHAIRMAN DIXON: Incidentally, if I may interrupt,  
 18 that was the greatest single thing done so far was the  
 19 transition guy out there that at least you got somebody to go  
 20 talk to, comes out here and talks to somebody. Before you  
 21 thought, "Who am I talking to? Nobody is listening."  
 22 MR. ARVIN: And that's great. That has helped.

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1 CHAIRMAN DIXON: So there is somebody there.  
 2 MR. TREMAYNE: I agree. And you get one up in the  
 3 Department who is assigned to do the same thing, working both  
 4 within the Department and with the services, and you could  
 5 speed it up even faster.  
 6 CHAIRMAN DIXON: Yeah. We would be greatly  
 7 profited by each of you sending us in writing your specific  
 8 suggestions about things of value you think could be done in  
 9 this process so that when we get back to the process with the  
 10 ideas that have been given to us by the National Council of  
 11 Mayors and the other groups, the counties and others, if we  
 12 had some of your practical applications as someone that's in  
 13 process every day, yours, Mr. Tremayne, from your  
 14 organization, which has been objective in its views of it, it  
 15 would be very helpful to us.  
 16 MR. TREMAYNE: Fine. Thank you. We'd be happy to  
 17 do so.  
 18 CHAIRMAN DIXON: The sense I had, you know, when  
 19 you're in the Congress, you're here largely talking in the  
 20 cloak room to your colleagues. When I was a kid in the  
 21 legislature in the 1950s back in Illinois, we had these nice  
 22 little part-time sessions, and you had a nice session in the

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1 legislature.  
 2 I was a lawyer, and you had a doctor. Lee Kling  
 3 was a merchant, and somebody else was an actual dirt farmer.  
 4 He knew about, you know, how to farm. That's what he did  
 5 every day. And you passed a few laws, you went home, and you  
 6 did what you did before, and you talked to people that you  
 7 understood, and they understood life.  
 8 Then, you came back and having the benefit of that  
 9 you did some more things that made sense. Now everybody  
 10 talks in cloak rooms to one another about what they read in  
 11 the New York Times and the Washington Post. I don't mean to  
 12 exclude the other newspapers in the country when I say that.  
 13 (Laughter)  
 14 CHAIRMAN DIXON: And I think there is a real  
 15 problem in that, and that's what these communities are  
 16 experiencing. To the extent that we could find some  
 17 practical solutions, when we do these things to people, it  
 18 would be very, very helpful. Thank you for your testimony.  
 19 Thank you, Madam Chairman.  
 20 COMMISSIONER COX: Thank you. I just have, I  
 21 guess, one area to ask you all about, and I thought the  
 22 testimony was extremely helpful, from our perspective.

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1 Mr. Arvin, you point out and I think very  
 2 succinctly that military bases can be, sort of, cherry-picked  
 3 by other federal agencies, whether it's prisons or airports  
 4 or the Department of Interior, whatever.  
 5 And you suggest that the first and foremost thing  
 6 that you believe is that other federal agencies seeking  
 7 parcels to retain for federal purposes should be forced to  
 8 work with the local government to join in the reuse planning  
 9 process.  
 10 I guess I'm interested in how do you actually  
 11 accomplish that. You have a statute that says that they get  
 12 priority. Can the Defense Department, given its role, keep  
 13 them from exercising the authority they have, or do we need  
 14 to change the law? Is that the only way to force them to  
 15 work with the local community?  
 16 MR. ARVIN: Well, let me respond this way: I think  
 17 if the local community is consulted early in the process, you  
 18 know, you have an opportunity, then, for the community to  
 19 look at what this proposed other federal use might be.  
 20 And at that point in time, you know, if the  
 21 community concurs with it, that there is going to be, let's  
 22 say, you know, jobs associated with that, if you have an

1 installation that maybe has 5,000 jobs and the new federal  
2 use will bring in some things, that may be supported by the  
3 cal community.

4 But I think it is vitally necessary for the  
5 community to be consulted early on in that process. It may  
6 be necessary, you know, to have an alternative where a  
7 community could say, "No. We don't want that," and that does  
8 require legislative change.

9 CHAIRMAN DIXON: Could I interrupt at that point?  
10 Because Commissioner Cox, you're asking a very good question.  
11 I'd forgotten I wanted to get into that a minute. If I could  
12 join you.

13 COMMISSIONER COX: Of course.

14 CHAIRMAN DIXON: You know, you learn from personal  
15 experience in this business. When they closed two bases in  
16 my state, they closed Fort Sheridan up on Lake Michigan with  
17 all that affluence and all that lovely property and  
18 everything, and poor old Chanute down in Rantoul, you know,  
19 nothing but corn fields.

20 And it turned out okay down there because folks had  
21 to, you know, really get into the thing, and there wasn't  
22 very much the federal government was interested in.

1 They had a lot of problems at Fort Sheridan because  
2 of what Commissioner Cox is talking about, all the federal  
3 agencies coming in there wanting their little piece, put the  
4 cemetery here, not where you want it and do this, do that.

5 And the local community had this tremendous,  
6 wonderful committee made up of leading democratic liberals in  
7 the county and fine republican conservatives, and every walk  
8 of life was represented. It was a beautiful mix.

9 And they did a super job, had a good congressman,  
10 John Porter, that was very motivated to work closely with  
11 them and I would have to say, you know, just did a,  
12 basically, wonderful job.

13 And then everything that they talked to the federal  
14 government about out here came back, "Well, we want this, and  
15 we want that, and we want the other thing," and they never  
16 did get a resolution. I think to this day they still have  
17 problems.

18 I think I read an editorial in the Chicago Tribune  
19 three or four months ago that they're still having problems  
20 out there. I think the Commissioners touched on the essence  
21 of that here. What can you do about that?

22 MR. ARVIN: Well, I would say, you know, our theme

1 is --

2 CHAIRMAN DIXON: I'm sorry to jump on your --

3 COMMISSIONER COX: No. Thank you. It was a much  
4 better statement.

5 MR. ARVIN: -- to consult with the local  
6 communities. They're the ones that are going to be  
7 determining their own future. That's the way it should be.  
8 You don't want something imposed from the federal government  
9 if that doesn't fit in to what the community is wanting to  
10 do.

11 CHAIRMAN DIXON: But the Commissioner is pointing  
12 out law gives them those priorities.

13 MR. ARVIN: But if that is the only way, you know,  
14 if there can't be this partnership approach where the federal  
15 government comes in and talks, you know, lays out why they  
16 want to do what they want to do and what the advantages for  
17 that and the community still wants to do it a different way,  
18 then the only solution may be a change in legislation. That  
19 may be the only way.

20 With that experience at Fort Sheridan may be the  
21 impetus for an alternative way for a community to say, "No.  
22 We don't want that." It unfolds a whole lot of issues,

1 though, that go beyond base reuse. There is some  
2 constitutional questions that would probably have to be  
3 addressed, too.

4 COMMISSIONER COX: Could you give the Department of  
5 Defense a greater role in sitting on other federal agencies?  
6 Could you give them the final decision, yes, the other  
7 agencies have priority but the Defense Department, in working  
8 with the local communities, has, sort of, the final say?

9 MR. TREMAYNE: If we have a situation that isn't  
10 working, why don't we address it by legislation that's either  
11 operative to base closures only, or maybe it should be  
12 reviewed from the entire disposition of property.

13 COMMISSIONER COX: Right.

14 MR. TREMAYNE: We're in a quite different  
15 environment than we were when that law was first passed. And  
16 we're not necessarily looking for adding new functions or new  
17 processes, and we're not lacking in federal land or property  
18 around this country.

19 Why closing bases are a priority for development  
20 for attraction of existing departments -- as the Chairman  
21 points out as occurred in Fort Sheridan, it makes absolutely  
22 no sense.

1 And if it doesn't make sense, why don't we do  
2 something about it? So I'd urge legislation rather than  
3 simply wringing our hands over the difficulty.

4 COMMISSIONER COX: Thank you. Mr. Cornella.

5 COMMISSIONER CORNELLA: Thank you. Mr. Tremayne, I  
6 would like to ask you a few questions about BENS.

7 MR. TREMAYNE: Sure.

8 COMMISSIONER CORNELLA: When you come from the  
9 plains of South Dakota, you lead a rather protected life, and  
10 the only exposure I've had to your organization is through a  
11 news magazine, television news magazine, I believe, Getting  
12 Back to Exposing the Shell Game. I'm not sure if that was  
13 the title of the news program or not.

14 MR. TREMAYNE: That's close enough.

15 COMMISSIONER CORNELLA: But tell me, once in a  
16 while you get hung up on a word, and I want to talk about  
17 that, "superfluous" military installation.

18 MR. TREMAYNE: Surely.

19 COMMISSIONER CORNELLA: I want to know just a  
20 little bit about your organization, as far as how many  
21 members are in your organization?

22 MR. TREMAYNE: There are approximately 2,000

1 members.

2 COMMISSIONER CORNELLA: And how often does your  
3 organization meet?

4 MR. TREMAYNE: We have an annual meeting. We have  
5 two meetings of the board of directors. We have many  
6 meetings of the policy committee and committees of the  
7 organization.

8 COMMISSIONER CORNELLA: And I'm sure you're just as  
9 interested in a robust national defense, and that's why your  
10 organization is doing this, for the same purpose that the  
11 Commission is undertaking this responsibility.

12 MR. TREMAYNE: That is correct. If I may --

13 COMMISSIONER CORNELLA: Yes, go ahead.

14 MR. TREMAYNE: We have pointed out the dangers of a  
15 hollow military. We are not one of saying slash the budget;  
16 we shouldn't spend money on defense. We feel very strongly  
17 that we need to have a strong military defense.

18 We believe that there is a peace-keeping role. We  
19 believe that it would be folly for this nation to fail in its  
20 military strength. However, this does not prevent us from  
21 pointing out where we think waste occurs.

22 COMMISSIONER CORNELLA: Is there some kind of

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1 preconceived level you're trying to attain, whether dollars  
2 in the defense budget or number of military installations?  
3 MR. TREMAYNE: Well, if I may, I'm going to my pre-  
4 BENS days at this point when I was working on the Grace  
5 Commission, and I met then with former Secretaries of Defense  
6 who said in 1982 we had a base structure that was more than  
7 double the size that we needed for military reasons.  
8 This was still while we still had a Cold War. This  
9 was before the downsizing of the military. It was at a time  
10 when 40 percent of our congressional districts, however, had  
11 a major base in their district or in the next district. It  
12 was clearly an interest where political interests were  
13 keeping bases open that weren't necessary.  
14 It was this that caused us to observe in that  
15 report and BENS later to take up the issue of excess military  
16 base closing because it was weakening our ability to put our  
17 defense dollars where they were really needed.  
18 COMMISSIONER CORNELLA: Thank you. I didn't want  
19 to appear to be confrontational. I just wanted a little more  
20 information.  
21 MR. TREMAYNE: No, no, no, no. I'm happy for the  
22 opportunity to explain.

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1 COMMISSIONER CORNELLA: Mr. Chairman, I have now  
2 further questions.  
3 COMMISSIONER COX: Commissioner Steele.  
4 COMMISSIONER STEELE: Thank you. I just have two  
5 brief questions. The first follows up on Chairman Dixon's  
6 comments and Commissioner Kling's regarding the ombudsman  
7 concept.  
8 I understand the need to cut through red tape, and  
9 having a person at the Pentagon or at the White House,  
10 whichever would be more appropriate. I could see that as  
11 being very useful.  
12 But my question on that issue is given that the  
13 local coordinator knows the unique interests of the community  
14 and the base and the day-to-day needs, would it not be even a  
15 higher priority to give that local base transition  
16 coordinator more authority? What is your opinion on that?  
17 MR. ARVIN: Well, that could work. I'm not sure  
18 that, you know, that would be the best way, but that  
19 certainly could work.  
20 But there are a lot of issues that I feel that the  
21 Department of Defense, you know, at the highest levels is  
22 just going to have to make some decisions on, that this

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1 is we're going to push for the early reuse of those  
2 facilities, and then the transition coordinator can just help  
3 with getting an interim lease signed, you know, as quickly as  
4 possible.  
5 There are a number of steps that have to be taken  
6 even if you have the support of the Department of Defense  
7 that this is going to be our policy, to have dual use before  
8 the military completely leaves the base.  
9 If there is some buildings there that can be  
10 utilized by a business or somebody else that you get that  
11 interim lease in place, there still is going to have to be a  
12 finding of a suitability to lease. That particular document  
13 is going to have to be signed.  
14 That is where the transition coordinator, I  
15 believe, is more helpful, following that piece of paper  
16 through all the steps rather than being the one empowered to  
17 say we are going to do this particular interim lease and  
18 letting that individual make all the decisions.  
19 COMMISSIONER STEELE: I guess my fear is sort of  
20 the general concept of having somebody again in Washington be  
21 the person who is making the decisions when it's out in the  
22 communities where "the people know best." They know what

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1 their individual issues are.  
2 And might we be creating yet another area for  
3 people to have to go through? Instead of cutting red tape,  
4 might we be creating another bureaucracy and expect one  
5 individual to know all regarding all these individual  
6 situations?  
7 MR. ARVIN: Well, that would be very difficult for  
8 one individual to know all the things that are coming up, but  
9 that's why I would say that the regulations are in place, for  
10 the most part. We just need to have support from the  
11 Department of Defense to move the things forward.  
12 One of the questions or one of the issues that's  
13 been repeatedly addressed is about this interim lease. Why  
14 can't it be for more than one year, and what about that 30-  
15 day kick-out clause?  
16 That's something that could just be handled, I  
17 would think, pretty quickly within the Pentagon, say, "We're  
18 going to have it for more years, and there is not going to be  
19 that 30-day kick-out clause."  
20 The transition coordinator, then, when the  
21 community comes in and says, "We want to use building A. We  
22 have a company that wants to occupy that facility. We want

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1 to have an interim lease signed," that particular document,  
2 then the transition coordinator can follow through, doesn't  
3 have to make the big decision, "Well, should this be for a  
4 year or two years or five years, or whatever?"  
5 It's just a policy that the Department of Defense  
6 has that it can be for whatever length of time within reason  
7 that the community wants it, five years or two years or  
8 whatever.  
9 COMMISSIONER STEELE: Thank you. Lastly,  
10 Mr. Tremayne, if I heard you correctly, solving the  
11 environmental problems at a base, when you prioritize, did  
12 you not state that it might make sense to clean up the least  
13 contaminated portion so we can have a rapid turnover, which  
14 is very logical?  
15 MR. TREMAYNE: That's correct.  
16 COMMISSIONER STEELE: My question is, if I'm not  
17 mistaken, in most cases with installations, unfortunately,  
18 the part of the installation that's most sought after isn't  
19 the most relatively clean portion of the base. It's the part  
20 that has been used and is more contaminated.  
21 Should we address a way to rapidly turn over  
22 portions, which is logical, do you think it makes sense if we

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1 would also allow the cleanup to be targeted toward the part  
2 of the installation that is first sought after?  
3 MR. TREMAYNE: Well, then it seems to me you're  
4 going to have a dual interest; that is, those who are seeking  
5 it will be more willing to share in the costs of doing it.  
6 Economics will move to develop the ones that may have a  
7 higher cost.  
8 On the other hand, if the cost is so high that it  
9 can't be addressed immediately, there is no sense holding the  
10 entire base hostage waiting for that situation to be cured,  
11 and that's why we urge considering the best first.  
12 Make them available. If there is no demand,  
13 obviously, it's not going to move very fast. Demand will  
14 move toward those areas that may have both greater potential  
15 for reuse and greater cost at the same time.  
16 COMMISSIONER STEELE: Thank you.  
17 CHAIRMAN DIXON: Well, I want to thank you  
18 gentlemen. Now I'm going to close with this statement, and  
19 then we are going to recess until 1:30 this afternoon. I  
20 believe Mr. Joshua Gotbaum, Deputy Secretary of Defense, will  
21 be our first witness.  
22 Let me read this statement: "In past hearings and

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1 in meetings, I have agreed to ask questions pertaining to the  
2 subject matter of the hearing on behalf of members of the  
3 Congress. We have received so many questions during the  
4 hearings that I've not been able to ask them all.  
5 "I have, however, provided all of the questions to  
6 the witnesses, and I've asked them to provide written  
7 responses. Now, I've now received questions from  
8 Representative Stephen Horn, the Distinguished Congressman  
9 from the 38th District of California.  
10 He has asked that these questions be directed to  
11 two of our witnesses today, Mr. Arvin in this morning's  
12 hearing, and Secretary Gotbaum in this afternoon's hearing.  
13 "In my opening statement, I said that the purpose  
14 of this hearing was to discuss issues associated with reuse  
15 of closing bases and not issues associated with the list of  
16 recommendations submitted to the Commission by the Secretary  
17 of Defense.  
18 "Accordingly, the questions that I have received  
19 from Representative Horn deal with the Secretary's list and  
20 thus, in our view, are not germane to this hearing.  
21 "What I would like to do, if our witnesses agree to  
22 this, is to ask each of them if they would take these

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1 questions and provide written responses for the record at  
2 their convenience."  
3 Now, what the Distinguished Congressman from the  
4 38th District is charging is that with respect to Long Beach  
5 Naval Shipyard, he believes by virtue of a variety of things,  
6 including articles in San Diego Union, the Long Beach Press  
7 Telegram and others that there may have been improper  
8 unauthorized inputs into the process and so forth.  
9 Now, Mr. Arvin, some of these are directed to you,  
10 and I ask you will you be willing to answer in writing these  
11 written questions to you, Mr. Arvin?  
12 MR. ARVIN: Sure.  
13 CHAIRMAN DIXON: With the understanding that those  
14 have the same standing before this Commission as if you had  
15 answered them orally under oath in this Commission room this  
16 morning? I thank you for that accommodation.  
17 These questions will be sent to you by our counsel  
18 in writing. We ask you to answer them in writing with the  
19 understanding that it's the equivalency of answering them  
20 under oath.  
21 MR. ARVIN: Certainly.  
22 CHAIRMAN DIXON: We are in recess until 1:30. I

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1 thank you all.  
2 (Whereupon, at 12:30 p.m., a luncheon recess was  
3 taken.)

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AFTERNOON SESSION  
(1:30 p.m.)

1 CHAIRMAN DIXON: Good afternoon, ladies and  
2 gentlemen, and welcome to the second of two hearings  
3 conducted today by the Defense Base Closure and Realignment  
4 Commission on the subject of the reuse of closed military  
5 installations.  
6 This afternoon we have a distinguished panel of  
7 representatives of federal agencies involved in post-closure  
8 activities. They will discuss a variety of topics such as  
9 procedural measures, planning efforts and grant activities  
10 involved in closures, obstacles encountered and  
11 accomplishments achieved in working with local communities,  
12 outreach programs, employment and training activities, base  
13 cleanup and leasing efforts and activities.  
14 As I said this morning, the Commission's goal is to  
15 develop a set of recommendations for Congress and the  
16 President to be included with our final report July 1st that  
17 will help to make the government's post-closure activities as  
18 meaningful and efficient as possible.  
19 Our first panel this afternoon is composed of  
20 Joshua Gotbaum, Assistant Secretary of Defense for Economic  
21  
22

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1 Security, who has honored us by testifying in this process  
2 once before, an old friend from my days on the Armed Services  
3 Committee in the Senate; Sherri Goodman, Deputy  
4 Undersecretary of Defense for Environmental Security; Colonel  
5 Dennis Cochran, Chief of the Base Realignment and Closure  
6 Office, Department of the Army; Rear Admiral Patrick Drennon,  
7 Director of the Facilities and Engineering Division of the  
8 Department of the Navy; and Alan Olsen, Director of the Air  
9 Force Conversion Agency.  
10 And we're delighted to have you all here this  
11 afternoon. I have to tell you before we begin the testimony  
12 that as part of the National Defense Authorization Act for  
13 Fiscal '94, the Base Closure and Realignment Act was amended  
14 to require that all testimony before the Commission at a  
15 public hearing be presented under oath. So would you mind  
16 rising and raising your right hands? And you'll remain  
17 sworn, Secretary Gotbaum.  
18 (Witnesses sworn.)  
19 CHAIRMAN DIXON: Thank you very, very much. And we  
20 are pleased to have again before us the Distinguished Deputy  
21 Secretary, Assistant Secretary of Defense for Economic  
22 Security, Mr. Joshua Gotbaum. Thank you, Mr. Secretary.

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1 SECRETARY GOTBAUM: Mr. Chairman and members of the  
2 Commission, this is my first opportunity to testify before  
3 the full Commission, and I'm extraordinarily pleased that you  
4 are a full Commission.  
5 CHAIRMAN DIXON: Oh, I apologize. On the occasion  
6 that you previously testified I was here alone.  
7 SECRETARY GOTBAUM: Yes.  
8 CHAIRMAN DIXON: You're in a lot more trouble now.  
9 There are eight of us.  
10 (Laughter)  
11 SECRETARY GOTBAUM: I will say the Commission was  
12 extraordinarily ably represented that time.  
13 CHAIRMAN DIXON: Thank you very kindly.  
14 SECRETARY GOTBAUM: And I'm very pleased to be able  
15 to testify on these issues of reuse, which we consider to be  
16 absolutely crucial.  
17 I will tell you, Mr. Chairman, that my task is made  
18 considerably easier because it is clear to me that you  
19 already know a great deal about this subject.  
20 It is reported to me that a couple of weeks ago you  
21 were quoted as saying, "There has been a lot of improvement  
22 in post-closure, particularly in the last year, but more

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1 needs to be done."

2 CHAIRMAN DIXON: And that was supported by the

3 testimony this morning, I'm delighted to tell you,

4 Mr. Secretary.

5 SECRETARY GOTBAUM: Yes. And I will tell you,

6 Mr. Chairman and members of the Commission, that is our view.

7 We are having very real successes. We have made, in my view,

8 extraordinary process, but we are not resting on our laurels.

9 The President of the United States personally, the

10 Secretary of Defense personally, the Department and I

11 personally have spend an enormous amount of time and effort

12 on closing bases more quickly and encouraging reuse.

13 And what I'd like to do, if I may, Mr. Chairman, is

14 first of all submit my formal statement for the record and

15 then attempt to summarize in a way that doesn't belabor,

16 overtake the Commission's time the main points.

17 CHAIRMAN DIXON: Thank you. Your remarks, your

18 formal remarks, will be reproduced in the record in full,

19 Mr. Secretary. Thank you.

20 SECRETARY GOTBAUM: I will talk from this chart,

21 but if I could summarize, Mr. Chairman, the Department really

22 effects reuse in two ways.

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1 First of all, we provide help in local economic

2 development. We offer technical advice on what forms of

3 organization work. We offer planning grants to underwrite

4 part of those costs. In effect, we help communities get

5 started in figuring out how to make the best use of bases.

6 The second area that affects reuse is our own

7 property disposal policies and procedures. As you know very

8 well, we operate under the Federal Property Act, under the

9 Base Closure Act, under the National Environmental Policy

10 Act, under a variety of other amendments, and we operate

11 under delegated authority from the General Services

12 Administration.

13 To be blunt, the procedures under which we operate

14 were not designed for large-scale transfers of property. It

15 just wasn't their basic intent. And to be equally direct, we

16 are working and we have proposed to the Congress on several

17 occasions that they be changed, and we are planning to do so

18 again.

19 The history of base reuse, as I'm sure this

20 Commission knows, is one mostly of delay in consistency and

21 legislative and procedural obstacles.

22 The fact is in 1991 the then Governor of the State

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1 of Arkansas, one Bill Clinton, had a base closing in his

2 state and experienced personally some of the miseries that

3 were inflicted by the process we had then.

4 Personal property was reserved exclusively to the

5 military departments. In some cases, blackboards were ripped

6 out of schools, pews were ripped out of a church, and there

7 was no consideration of the possibility of reuse. It was

8 just taken.

9 Secondly, we operate under a very complex maze of

10 federal, state and local policies, and people felt they were

11 getting the run-around. There was nobody from the federal

12 government who could give them the straight answer. There

13 was no place they could go to to get the story in one place.

14 Third, the process of property disposal focused on

15 getting cash up front, and as a result, we spent a lot of

16 time essentially waiting around for top dollar, get a check

17 up front, ignoring the possibilities of reuse over time,

18 ignoring job creation.

19 Fourth, there were public benefits that had

20 legislative favor -- parks, education, airports, et cetera.

21 Job creation was not one of those. There was no legal

22 authority to encourage job creation in the property disposal

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1 process, to modify the property disposal for it.

2 And last, environmental cleanup was proceeding

3 slowly, too slowly. And based on his experience in Arkansas

4 and a review that he commissioned when he became President,

5 the President himself personally resolved to change these and

6 announced in July of '93 a set of initiatives to speed up the

7 process and encourage reuse.

8 And I am very pleased and frankly enormously

9 relieved to be able to say that today, thanks to the Congress

10 and thanks to the actions of the agencies that you see before

11 you plus the ones that are going to testify, we have the

12 legal authority to implement and we are implementing every

13 single one of these initiatives.

14 We now have the legal authority to take job

15 creation into account when we do disposal. We now can and do

16 have interim leases to permit reuse of a base before it is

17 finally transferred.

18 We now can and are speeding up the process of

19 federal screening. We are still under a process, and I'll

20 get to those in a second, in which there are a series of

21 sequential steps to deal with a base, and we don't think

22 that's the best way to go.

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1 We are speeding up those steps. We're trying to

2 streamline that process. And DoD now consults with local

3 communities before personal property is removed from bases.

4 Those were ideas. They are now facts. They are now

5 policies. We also now have transition coordinators on every

6 major closing base. This is a person, an ombudsman or woman.

7 CHAIRMAN DIXON: Very good. Very good.

8 SECRETARY GOTBAUM: My point here is not that we're

9 perfect and not that the job is done, but we're making

10 enormous process. We now have base transition coordinator at

11 every major closing base. These are ombudsmen. They are

12 peep who are at access to the community. They have a

13 straight line to the base commander.

14 They have a straight line to DoD, to all parts of

15 DoD and to other federal agencies. As a result, we now have

16 a person to whom the community can say, "What's the story?"

17 And I will tell you that every closing base I

18 visit, and frankly, in my job, I visit fair number of them, I

19 ask the mayor, "Do you know who your base transition

20 coordinator is?" And I will tell you in every single instance

21 the answer is yes.

22 Third, Fast Track environmental cleanup. The

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1 President directed and we have implemented, working with the

2 Environmental Protection Agency, a process of creating base

3 cleanup teams in which for the first time people from DoD,

4 people from EPA, people from state regulatory agencies work

5 as a team, to walk the base as a team, to figure out what

6 remediation makes sense as a team to speed up cleanup.

7 No one will pretend, and I'm sure people testified

8 this morning, and I'm sure you will hear over time that the

9 cleanup process is quick or easy. It's not, but what we are

10 trying to do is make sure that it is as coordinated as it can

11 be, that it is as fast as it can be. And we believe that we

12 are making real progress in that area.

13 The next point that the President said is he wanted

14 more effective and more coordinated federal assistance.

15 Within DoD, we have an office, an office that reports to me

16 called the Office of Economic Adjustment.

17 It is an office which has for years been recognized

18 as among the most competent and most professional of advisors

19 in the economic development area. It is. Its workload has

20 increased. Its productivity has increased as well.

21 Our OEA grants and our OEA project managers are

22 available today for communities that want to know, "What's

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the story? What can I do? Where can I get help?" today.  
 They offer technical assistance. They offer small  
 training grants. We're not talking about millions and  
 millions of dollars here. We're talking about part of the  
 cost of getting a reuse organization started.  
 But we have within DoD a group of people who  
 provide that kind of assistance, and it is coordinated with  
 -- and I know that you're going to have Department of Labor  
 and the Economic Development Administration talk to you, so I  
 won't belabor the point. It is coordinated with those  
 agencies as well. And so quite literally we are getting our  
 act together.  
 Another improvement which we proposed and which the  
 Congress, to our enormous relief, in an act of absolute  
 bipartisanship on the last day of the last session by  
 unanimous consent in both Houses passed was an integration of  
 the needs of the homeless with the base reuse process.  
 It used to be that we had a process under the  
 McKinney Act that said homeless providers step up to the  
 plate first and say what you want, and then whatever is left  
 over the community can talk about.  
 And that was a process that didn't work very well

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1 But I will point out that the kinds of reuse we see  
 2 varies place by place by place. I thought it was instructive  
 3 not only because it happens to be your own state,  
 4 Mr. Chairman, but because it is one of the most successful  
 5 examples of reuse.  
 6 And we would not suggest that all examples are  
 7 successes, but this is one of the most that in Chanute,  
 8 the former Chanute Air Force Base in Rantoul, Illinois, a  
 9 community that thought that the end was near now reports that  
 10 they have more jobs, a better tax base and, obviously, as you  
 11 can see, a more diversified economy.  
 12 What was once an Air Force base is now home to cold  
 13 storage warehouses, housing developments, recreation,  
 14 department stores, et cetera. And we actually had a meeting  
 15 yesterday with Mayor Podagrosi, who is the mayor of  
 16 Rantoul --  
 17 CHAIRMAN DIXON: Dynamite lady.  
 18 SECRETARY GOTBAUM: Yes, terrific. This was a  
 19 press conference, and I said to the press, "Listen, we think  
 20 we're doing a better job, but don't ask me. Ask these  
 21 folks."  
 22 And she went forward and told the story of how by

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because there was no place for negotiation, for seeing if we  
 can fit together. So fortunately, we suggest a change, and  
 the Congress, recognizing that this was a real issue,  
 essentially integrated that process.  
 This new procedure, I will tell you, almost 50  
 communities have agreed to work under this new set of  
 procedures. These are changes that the President directed.  
 I believe that we're making real progress, and I want, if I  
 may, direct your attention to just two separate points.  
 First of all, we are, in fact, learning to close  
 bases faster. The left three bars are the time it takes for  
 each previous round of BRAC for half of the major bases in  
 that list to bring down the flag.  
 So that you can see that in BRAC '88 it took almost  
 four years for half, not all but half the bases to pull down  
 the flag. By BRAC '91 and '93, we were doing the job faster  
 and better. We are bringing down the flag in a little over  
 two years.  
 So we are, in fact, learning how to do the job more  
 effectively, learning how where it makes sense to do MILCON,  
 where it makes sense to direct resources, et cetera.  
 In addition, not just the Department of Defense but

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1 organizing effectively, by working together they went out and  
 2 did the job. And as a result, there are more civilian jobs  
 3 today on the Chanute Air Force Base than there were when the  
 4 base was closed.  
 5 Another improvement -- this is not just a story for  
 6 post-closure. We are getting reuse before the flag comes  
 7 down. For example, in Philadelphia, at the Philadelphia  
 8 Naval Shipyard, parts of that shipyard are being turned over  
 9 to reuse through a master lease agreement even before  
 10 official closure.  
 11 Right now at the shipyard we are completing  
 12 overhaul of the Kennedy, but even now private sector firms  
 13 are moving in. Darby Machinery is going to move in. They're  
 14 talking about employing over 100 people, and they're talking  
 15 about using former shipyard workers, and this is all  
 16 happening before the legal transfer of the base.  
 17 Another example, and there are more in my  
 18 testimony, but I'll tell you, you know the film Sleepless in  
 19 Seattle? Part of that film was shot at what used to be --  
 20 excuse me, what was at the time still Naval Station Puget  
 21 Sound.  
 22 And a recent example -- but we think a very

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communities and developers are also learning how to deal with  
 the process and to be more effective.  
 The chart on your right is how long does it take,  
 on average, for a community to propose a reuse plan to the  
 Department of Defense? In the first round of BRAC, it took  
 almost two and a half years. In the second round, it took  
 almost one and a half years, and in the third round, half the  
 communities were in a year.  
 So we believe that we are doing the job better, not  
 perfect, but better. And the result, quite frankly, is that  
 we are already seeing substantial job creation. For bases  
 that have been closed; i.e., the flag has been down for a  
 year, more than 60 percent of the civilian jobs have been  
 replaced.  
 CHAIRMAN DIXON: You really know how to get my  
 attention, Mr. Secretary.  
 SECRETARY GOTBAUM: Well, let the record show that  
 I'm actually from a little further north, but I grew up in  
 Evanston, Illinois, so this one is close to home, too.  
 The fact of the matter is that we have already seen  
 over 8,000 new jobs, and I've included that in my testimony,  
 so I won't belabor the point.

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1 important one -- in Sacramento, California, the site of the  
 2 former Sacramento Army Depot, before it was transferred by  
 3 the Army to the local community it became the home of Packard  
 4 Bell. Before it was transferred on a leased basis, Packard  
 5 Bell started assembling and shipping computers out of it.  
 6 Ultimately, they expect to employ more than 3,000  
 7 people there. Sacramento is a good example, and I include it  
 8 in my testimony because not only is it a case where we were  
 9 able to get a jump start on reuse using leasing, it's also a  
 10 case where the base cleanup team effort bore real fruit.  
 11 And as a result, we believe -- it has not happened  
 12 yet -- that Sacramento will be the first former base to be  
 13 taken off the national priority list.  
 14 There are many other uses that are in statute that  
 15 we're doing. There is parks, there is education, there is  
 16 homelessness, there is prisons, there is airports.  
 17 My point, Mr. Chairman, and members of the  
 18 Commission is not that this process is perfect, not that it's  
 19 easy, not that it's quick but that it is happening, that we  
 20 are working at it very, very diligently.  
 21 The Department, actually, my office, has tracked  
 22 closures from 1961 through 1993. Almost 90,000 civilian jobs

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1 were lost as a result of all those closures over all that  
 2 time. But how many new jobs have been created to replace  
 3 them? 170,000, almost twice as many.  
 4 And we are making changes to improve this process  
 5 by speeding up the change in the law, by speeding up  
 6 regulations, changing policies, programs, et cetera, but --  
 7 this is an important but -- we know there is more to be done,  
 8 and I want to talk briefly about what we see on the agenda  
 9 and then make some suggestions to the Commission, if I may be  
 10 permitted.  
 11 One is there needs to be better communication, and  
 12 we're working on it. Within the next month, before you all  
 13 complete your reviews, we will publish a guide to help  
 14 community leaders understand and respond to community reuse.  
 15 This summer and this fall we're going to hold  
 16 conferences. The services will hold conferences jointly with  
 17 OSD. This is a process that unifies the Department and  
 18 brings in EDA, Commerce and the Department of Labor. So  
 19 that's one, better communications.  
 20 Second, clearer guidance. This is and will always  
 21 be, frankly, a complicated process, but we know that in order  
 22 for it to work we need to as much as possible decentralize

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1 authority and provide clearer guidance for those who actually  
 2 implement it.  
 3 So what we have been doing now, working for months  
 4 is a team composed of people from all the services in the  
 5 Office of the Secretary of Defense have been working on a  
 6 manual to provide detailed guidance for the people who  
 7 actually do the work in the field.  
 8 And we hope to publish a manual and revised  
 9 regulations within the next month or so. And I will tell you  
 10 that these regulations which we have changed, in response to  
 11 over 1,000 comments and suggestions from over 100  
 12 communities, are going to be nominal in a number of respects.  
 13 We have gotten special permission, I will tell you,  
 14 from Doc Cook, who I'm sure you know, to write these in  
 15 standard English, and that's how they're going come to out,  
 16 sir.  
 17 The last point is that there clearly needs to be  
 18 further improvement in property disposal procedures and law.  
 19 Every site is different. Every community has a different  
 20 natural result, but what happens is often either the law or  
 21 our own procedures limits our ability to be flexible and to  
 22 keep us from implementing the best solutions.

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1 And so we are looking at ways and we are going to  
 2 propose to the Congress ways to work federal issues, state  
 3 issues, local issues, federal issues involving parks and  
 4 airports, et cetera, in parallel rather than waiting in line.  
 5 Our current process says first you offer property  
 6 to DoD and see if anyone takes it. Then, you offer property  
 7 to other federal agencies and see if anyone takes it. Then,  
 8 it used to be you offer property to the homeless and see if  
 9 they take it.  
 10 And as a result, everybody waited in line. What we  
 11 would like to do is to develop a procedure -- and we have  
 12 discussed this with the Congress. We hope it is something  
 13 that this Commission will endorse -- to say let us bring  
 14 everybody to the table. Reuse is a complicated process. It  
 15 works best if everybody can be heard and brought in.  
 16 And so we hope to do that. We hope to make changes  
 17 in that. We hope to make changes in our leasing authority to  
 18 permit us to do more expansive and more flexible leases even  
 19 as we're doing cleanup, even as we're doing transfer. Those  
 20 are important changes.  
 21 If I may make some recommendations to the  
 22 Commission, I would make two, sir. One is resist the

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1 pressure to make decisions now about reuse in Washington.  
 2 We have painfully but, in fact, learned the lesson  
 3 that reuse works best if you work locally. You are going to  
 4 be besieged, lobbied, discussed, importuned by local  
 5 communities and base commanders to put a federal use on the  
 6 base as a matter of your recommendation or to put some part  
 7 of DoD on the base.  
 8 Please don't. There is plenty of authority for any  
 9 other DoD component, after you make your decision on our  
 10 recommendations, to ask for and get use of the property.  
 11 There is plenty of authority for every other federal use  
 12 after you make your decision to get use of a closing base  
 13 land.  
 14 But if it is done by you here in Washington as part  
 15 of a decision, okay, there is no -- there is no room for  
 16 community discussion. There is no room for compromise.  
 17 There is no room for the kinds of cooperation and  
 18 coordination that leads to most effective reuse. That's  
 19 recommendation number one.  
 20 Recommendation number two, we hope that you will  
 21 support continued legislative improvement because we need it.  
 22 We would like very much a process that brings everybody to

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1 the table rather than forcing people to wait in line.  
 2 We would like very much an ability to make  
 3 transfers and do environmental cleanup in parallel the way  
 4 private companies do, and we'd like authority and flexibility  
 5 to do transfers of base closure buildings that we retain in  
 6 some way on an ongoing basis after the BRAC round is  
 7 completed.  
 8 So that's our suggestions to the Commission. We  
 9 hope for your consideration. Mr. Chairman, if I may, before  
 10 we open it up to your questions, you raised a point the time  
 11 I testified before as to what the savings and costs of BRAC  
 12 had turned out to be by comparison with what they were  
 13 thought to be.  
 14 And with the Commission's permission, I would like  
 15 to spend just two minutes to make the point. Could you bring  
 16 out the first slide?  
 17 I said, when we testified the first time, when you  
 18 make a BRAC decision and we make a BRAC recommendation, we  
 19 are using a set of estimates which are not budget quality  
 20 estimates. And as a result, Murphy's Law applies and  
 21 sometimes costs go up, but it is also true that we find ways  
 22 to do it that save money.

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1 So my first point, Mr. Chairman -- and this is a  
 2 chart done in constant Fiscal '96 dollars, so it is an apples  
 3 to apples comparison of what the original estimates for the  
 4 first three rounds of BRAC were in costs, up-front costs,  
 5 excluding environmental and land sales and what the actual  
 6 costs turned out to be.  
 7 And my point, Mr. Chairman, is it didn't go up. It  
 8 went down. We thought it was going to cost us almost \$15  
 9 billion. In fact, we believe it will cost us about \$13  
 10 billion.  
 11 None of us pretends that \$13 billion is a small  
 12 amount of money of course, but the fact is that the costs are  
 13 less than we thought, not more.  
 14 If I can bring you to the second chart, the  
 15 savings, Mr. Chairman, are greater, not lesser, greater than  
 16 expected. The first two columns compares the estimates  
 17 within the six-year planning period -- again done constant  
 18 dollars. So they're apples to apples -- for the first three  
 19 rounds of BRAC.  
 20 Costs minus -- savings minus costs. Okay. And so  
 21 what you can see, for example, in BRAC '88, they thought that  
 22 within a six-year period it was going to end up costing us \$1

1 billion. Okay.  
 2 For all three rounds, the original estimate within  
 3 a six-year period was that we were going to save \$1.5  
 4 billion. We, in fact, believe we are going to save something  
 5 on the order of \$3 billion.  
 6 And on an ongoing basis, Mr. Chairman, you see the  
 7 same story, that on an ongoing basis what we find is the base  
 8 closing process does not save less than was originally  
 9 projected; it saves a bit more.  
 10 And that, frankly, if I may summarize, and I  
 11 appreciate the Commission's time, why we consider your work  
 12 to be so important, because it does provide real savings to  
 13 the taxpayers in the Department.  
 14 And that, sir, I no longer have the luxury of  
 15 turning to Bob Bahr and deferring to his greater knowledge.  
 16 I have the greater knowledge of Sherri Goodman and Alan Olsen  
 17 and Denny Cochrane. We would be happy to answer any  
 18 questions you or the Commission have, sir.  
 19 CHAIRMAN DIXON: Do any of your distinguished  
 20 associates have anything they want to add before we go to the  
 21 question period? Ms. Goodman.  
 22 SECRETARY GOODMAN: Thank you, Mr. Chairman and

1 works with the EPA regulator and the state regulator to  
 2 understand the environmental conditions at that base and  
 3 accelerate the schedules for cleanup as much as possible.  
 4 One example which I hope has been provided to you  
 5 and I would like to insert for the record, of this  
 6 partnership and the work that can be done together is  
 7 something that's called Fast Track to FOST.  
 8 FOST stands for Finding Of Suitability to Transfer.  
 9 It's the procedure by which we determine the environmental  
 10 conditions for transferring property. This is a document  
 11 developed both by DoD, EPA and state regulators, and it's now  
 12 a process we're using around the country. I think these  
 13 kinds of procedures will help us considerably.  
 14 Secondly, Mr. Chairman and members of the  
 15 Commission, it's important to note that while we make clean  
 16 parcels available, property does not have to be completely  
 17 cleaned up for it to be available for reuse.  
 18 We do use leases today, and that's an important  
 19 point. We use leases to make property available for reuse  
 20 prior to having the cleanup remedy installed and approved by  
 21 the regulator. So you should not measure our progress only  
 22 by this term of what's called clean parcels.

1 members of the Commission. It is a pleasure to be here.  
 2 Mr. Gotbaum has very ably summarized the five-part plan and  
 3 our progress to date.  
 4 I want to make just a couple of comments on the  
 5 environmental portion, the Fast Track cleanup. I think our  
 6 work is in line with your statement, Mr. Chairman, that we  
 7 have made considerable progress and yet more remains to be  
 8 done.  
 9 In the environmental area, the Fast Track cleanup  
 10 really has had five parts to it, all of which are significant  
 11 and on all of which we are making progress today.  
 12 The first is we are making clean parcels available,  
 13 and we are doing that around the country, although it is also  
 14 true that some contaminated parcels are very attractive for  
 15 reuse, and there we have to do some cleanup work before those  
 16 can be made available.  
 17 Second, we are speeding the process under the  
 18 National Environmental Policy Act where we have to conduct an  
 19 environmental impact statement or an environmental  
 20 assessment, and this is not for cleanup of contamination.  
 21 This is so that the property can be disposed of at the base  
 22 to the community.

1 And yet we want to do more, and this comes to my  
 2 final point where we will need your help and the help of the  
 3 Congress.  
 4 We believe that some of the laws today could be  
 5 reformed to help us go somewhat faster in this process, and  
 6 it's primarily in Superfund, the major hazardous waste, the  
 7 nation's major hazardous waste law, environmental cleanup law  
 8 that these changes can be effective.  
 9 Last year, the Administration proposed and Congress  
 10 debated and got very close to approving but in the end did  
 11 not a major reform of this law. It needs to be reauthorized,  
 12 and there are some very common sense reforms that can be made  
 13 in there.  
 14 Some are general that would apply to closing bases  
 15 as well as to the rest of the nation. Some are very specific  
 16 to base closures. Let me take each separately and just  
 17 summarize for you.  
 18 In the general changes in this law, one is we  
 19 should be able to reconsider reasonably anticipated future  
 20 land use as we design cleanup remedies, and this is true  
 21 across the board.  
 22 We today face a presumption, in most cases, of

1 We are speeding that up. It is, of course,  
 2 contingent on the community submitting its reuse plan to the  
 3 Department. We need that plan in order to do our  
 4 environmental impact statement.  
 5 Thirdly, we have clarified the issue of  
 6 indemnification for future transferees at our closing bases  
 7 so that future users of the property have the assurance that  
 8 the Department of Defense will not stick them with the  
 9 liability for contamination caused by the Department of  
 10 Defense.  
 11 We clarified that two years ago, and so we now  
 12 provide that indemnification against future liability under  
 13 Superfund.  
 14 Fourthly, we are providing for community  
 15 involvement. We have established restoration advisory boards  
 16 at all our major closing bases so that the public can be  
 17 involved and understand early on what the environmental  
 18 conditions are at our bases and be informed about it and  
 19 participate and therefore prevent any problems down the road.  
 20 And fifth and very important, as Mr. Gotbaum said,  
 21 we have established base cleanup teams at all our bases. We  
 22 have a formal mechanism now where the DoD representative

1 residential use for all property being cleaned up regardless  
 2 of what the actual use is going to be. This is true both in  
 3 the federal law, Superfund. It is also true in many of our  
 4 state laws today that also drive our cleanups.  
 5 That very much complicates and lengthens the  
 6 process of cleanup. So being able to consider future land  
 7 use in conjunction with regulators and the community is very  
 8 important.  
 9 Secondly, we have in today's law a preference for  
 10 permanence and treatment, which, basically, means there is a  
 11 presumption that you will actually remove all the  
 12 contaminants in a location and permanently treat it when, in  
 13 many cases, the most cost-effective end solution that  
 14 actually protects health and safety is contains it but may  
 15 not actually move it someplace else.  
 16 So eliminating that preference and confining it to  
 17 hot spots where it's really necessary but not to lower-risk  
 18 sites is also important. And thirdly, more realistic risk  
 19 assumptions are important.  
 20 Additionally, the way we list our bases, bases get  
 21 listed on the Superfund National Priorities List is an area  
 22 that merits some review, we believe, because it is one that

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1 does actually increase our costs and lengthen the time for  
2 cleanup. We have cleanups today that proceed reasonably well  
3 under state law.  
4 And finally, there are some reforms that are  
5 specific to closing bases, and there are three in the  
6 Superfund law that could be made that would help us.  
7 One is to clarify what is uncontaminated parcels.  
8 In other words, what is a "clean parcel." We believe the  
9 definition today is overly restrictive.  
10 It prevents property that where you had stored,  
11 say, a home heating oil tank, a residential parcel from being  
12 declared clean just because the home heating oil tank is a  
13 hazardous material that was stored there for more than one  
14 year. We think that's overly restrictive.  
15 Secondly, we need to clarify the ability of the  
16 services to continue to be able to lease property that is  
17 contaminated. That, as a result of some recent court  
18 decisions, is unclear.  
19 And thirdly, as Mr. Gotbaum said, today federal  
20 property is not treated the same as private property. You  
21 cannot sell contaminated property. You cannot privatize,  
22 essentially, the cleanup even if a buyer is willing to do so.

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1 I think that it's time to look at that provision  
2 and understand whether there is a continuing policy basis for  
3 it, and if not, to consider a reform that would enable  
4 property with assurances from the Department of Defense for  
5 paying for that work and for addressing the liabilities there  
6 but to provide for ability earlier to transfer by deed that  
7 property.  
8 Mr. Chairman, thank you very much for the  
9 opportunity.  
10 CHAIRMAN DIXON: Thank you very much. I think,  
11 incidentally, that's very important. I would like to have  
12 from you in writing all of your recommendations with  
13 reference to that subject matter because I think we are  
14 unduly restrictive in connection with our environmental  
15 impact on the solutions to these problems.  
16 And we would be very grateful for your expertise  
17 and for whatever you would supply to our Commission in that  
18 regard. Have you ladies and gentlemen had sufficient time?  
19 May we go to the question period?  
20 SECRETARY GOTBAUM: Absolutely, Mr. Chairman.  
21 CHAIRMAN DIXON: Very good. Commissioner Steele.  
22 COMMISSIONER STEELE: Thank you, Mr. Chairman.

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1 Given the communities like to see we Commissioners coming  
2 about as much as a group of IRS commissioners or something,  
3 it's really welcome to know that the costs are actually lower  
4 and the savings are greater and this process is serving a  
5 good end. So I thank you for reviewing those two charts,  
6 Mr. Secretary.  
7 SECRETARY GOTBAUM: Thanks for the opportunity.  
8 COMMISSIONER STEELE: A follow-up question  
9 regarding that, however. If the costs are lower up front and  
10 the savings are higher, my question for you and I guess all  
11 members of the panel, why do -- or I should say, as a  
12 commissioner, I have the impression that this round has been  
13 driven at the Pentagon by the fact that if up-front costs are  
14 high, closure options aren't looked at and that that is paid  
15 attention to more than long-term savings, potentially.  
16 Why, if this is the outcome of the last three  
17 BRACs, do I have the impression that this round we could  
18 have, perhaps, gone further and realized greater savings in  
19 the long haul?  
20 SECRETARY GOTBAUM: Mr. Chairman, I just want you  
21 to know that this was not a setup, because if we can show you  
22 the last chart, which I didn't take the time to, I think I

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1 can make the point.  
2 COMMISSIONER STEELE: I didn't know that was there  
3 either.  
4 SECRETARY GOTBAUM: This is honest to God not a  
5 setup. I wish I had thought to plan it, but the issue,  
6 Commissioner Steele, is that although up-front costs turn out  
7 to be less than we once feared and although with careful  
8 planning we can do more with lower up-front costs, up-front  
9 costs are still a lot of money.  
10 And the point which was made -- and different  
11 services were constrained to different degrees, but the point  
12 that they made to us as they were going through their plans  
13 is, yes, we think we can do a better, more efficient job of  
14 doing it. Yes, we think we can find ways of getting closure  
15 savings at smaller up-front costs.  
16 But it is still true that we ultimately have to pay  
17 the costs up front for closure, and since those have to be  
18 paid in Fiscal '96 and Fiscal '97 and Fiscal '98, which is  
19 the time when we are most constrained, in some cases, there  
20 is simply things that we did not do that we might have  
21 considered had we been unconstrained.  
22 So my point here is even though you get more for

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1 your money, that doesn't mean that you don't have to pay.  
2 COMMISSIONER STEELE: But at what long-term costs?  
3 The tradeoff here sounds expensive for the taxpayers in long  
4 haul. That's just an editorial. You don't need to --  
5 SECRETARY GOTBAUM: It is for that reason that the  
6 Secretary of Defense really said that at some point in the  
7 future, three, four years down the road, we think it would  
8 advisable for there to be possibility of another round, when  
9 we will have further learned more about how to implement  
10 this, learned more about how to handle our force structure  
11 and our infrastructure and, frankly, have a little more room  
12 in our budget.  
13 COMMISSIONER STEELE: Would any of these service  
14 folks want to comment on that question at all or no?  
15 (No response.)  
16 COMMISSIONER STEELE: No?  
17 (Laughter)  
18 COMMISSIONER STEELE: I shouldn't have made that  
19 question, actually. Okay. I'll follow it up anyway. In a  
20 different area, more in Secretary Goodman's area, how has the  
21 environmental estimates and environmental realities of the  
22 last three rounds, how has that panned out?

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1 SECRETARY GOODMAN: When we make a decision to  
2 close a base, we don't always know the full environmental  
3 condition of a base. So at the discussion to close, when  
4 that becomes a reality, that's when we begin to learn a lot  
5 more about the environmental condition at the base.  
6 One of the procedures that the President put in  
7 place as part of Fast Track cleanup is he now requires every  
8 base to develop a base cleanup plan on an annual basis, and  
9 this plan for each base becomes a living document to identify  
10 the conditions at that base and then to continue to improve  
11 the cost estimates as they are understood.  
12 Now, what's typically happened is as we've learned  
13 more and more about the environmental conditions, those costs  
14 have increased.  
15 I think it is also going to be true that as we  
16 improve our ways to deal with that through better  
17 coordination with regulators, better use of technology and,  
18 if they become available, reforms in current law that some of  
19 those -- some of the costs that increase as a result of  
20 learning more about the condition will be balanced by some of  
21 the better ways of managing that.  
22 But that does require some changes in the way we do

1 business today, changes that would be required in law.  
 2 COMMISSIONER STEELE: On average, would you say at  
 3 s point of the process have the costs of contamination  
 4 problems previously undiscovered been higher than the  
 5 advances in new technologies, et cetera, have offset this  
 6 cost, or do we not know yet?  
 7 SECRETARY GOODMAN: I would say today we're still,  
 8 particularly for the BRAC III round and for anything that you  
 9 identify in this next round we will be still in the early  
 10 stages, because that's a multi-year process.  
 11 And what has typically happened as well is once a  
 12 base is identified for closure and the federal and state  
 13 regulators come in recognizing that this property will be  
 14 turned over to the community, they make take an even more  
 15 conservative look at the environmental condition on the base  
 16 than they did before.  
 17 So they may even decide that some parcels that they  
 18 previously thought were uncontaminated they want another look  
 19 at before they confirm that.  
 20 So we're trying through the base cleanup team to  
 21 make that process go as rapidly as possible, but there is  
 22 this sense of they have to be as protective as possible. And

1 SECRETARY GOTBAUM: Yes.  
 2 COMMISSIONER ROBLES: And you believe that, in  
 3 fact, it is not costing -- there is not a significant  
 4 deviation in a negative way from where you thought you were  
 5 going to be at this point in the process?  
 6 SECRETARY GOTBAUM: That's exactly right, sir.  
 7 COMMISSIONER ROBLES: Okay. Second thing, how do  
 8 you track those costs? I'm intrigued by the system that the  
 9 Department of Defense uses to track those savings  
 10 installation by installation, department by department.  
 11 SECRETARY GOTBAUM: Okay. At the time of the  
 12 closing, as we've discussed, each service makes its  
 13 recommendation based on a set of estimates which are  
 14 developed by the service using the COBRA model, using what  
 15 they understand about base operating costs, using estimates  
 16 about MILCON, et cetera.  
 17 When we go -- and then, obviously, you, the  
 18 Commission, decide what you're going to do, and then go  
 19 through a budget cycle in which there is a more refined set  
 20 of estimates done by each of the services as part of their  
 21 normal programming and budgeting process.  
 22 Those estimates are then broken into costs, which

1 therefore, right now as we identify more and learn more, we  
 2 learn more about the costs.  
 3 SECRETARY GOTBAUM: May I make one point? Go to  
 4 again this chart. For the first three rounds of BRAC --  
 5 because Sherri made the point that we do not consider  
 6 environmental cleanup costs -- we have nonetheless estimated  
 7 for the first three rounds what the environmental cleanup  
 8 costs are within the six years ahead, and those are about \$4  
 9 billion, a little less than \$4 billion.  
 10 When you look at the total savings for those three  
 11 rounds, you see total savings of about \$38 billion. In other  
 12 words, right hand column, first three rounds of BRAC, total  
 13 savings net and present value as against \$4 billion in cost.  
 14 So whether or not -- for the first three rounds of  
 15 BRAC, whether the environmental costs turned out to be 10  
 16 percent high, 10 percent low or about what they were  
 17 originally intended to be, nonetheless, BRAC is still a good  
 18 deal for the taxpayers and the government.  
 19 COMMISSIONER STEELE: Okay. Thank you. I have  
 20 more questions, but I've received my little card here. So I  
 21 will return the mike to the Chairman.  
 22 CHAIRMAN DIXON: Thank you, Commissioner Steele.

1 are reflected in one set of budget lines, and savings, which  
 2 are in another. The costs, obviously, get revisited every  
 3 year automatically, as you would expect.  
 4 The savings are not, in most cases, subject to any  
 5 easy, kind of, post-audit because, essentially, what you're  
 6 doing is you're saying some cost is going to go away. That's  
 7 a savings.  
 8 So in general, that's how we follow it. If one of  
 9 the services wanted to comment in more detail, I'd be happy  
 10 to -- okay. That's, basically, the process, sir.  
 11 COMMISSIONER ROBLES: Well, to the extent that you  
 12 have numbers, I'd like to see the numbers that back up those  
 13 savings of cost just to make sure that I can, kind of, track  
 14 the two, and I --  
 15 SECRETARY GOTBAUM: We'd be happy to provide that  
 16 for the record.  
 17 COMMISSIONER ROBLES: And I understand you're not  
 18 tracking the savings as closely as you're tracking the costs,  
 19 because the costs are hitting you in the face every day,  
 20 where the savings are cost avoidance and other things. But  
 21 I'd be interested in seeing the tracking system you're using  
 22 and what are the numbers.

1 Commissioner Robles.  
 2 COMMISSIONER ROBLES: I'd like to follow-up on your  
 3 previous charts. What it says to me is, first of all, just  
 4 to put a baseline here, how much of those previous three  
 5 rounds is complete against which those estimates are given,  
 6 60 percent, 50 percent, 30 percent?  
 7 SECRETARY GOTBAUM: Good point. We have now  
 8 brought down the flag on between 40 and 45 percent of the  
 9 bases in the first three rounds. So we're about a little  
 10 less than halfway through.  
 11 But the other point which I would make,  
 12 Commissioner Robles, is that we have nonetheless been through  
 13 six budget cycles. So even on those rounds -- even on the  
 14 latest round on which we are, obviously, just getting started  
 15 we now know, frankly, a hell of a lot more than we did in  
 16 BRAC '88.  
 17 So we believe they are -- as we've learned to do  
 18 everything else better, we think our estimates are better,  
 19  
 20 COMMISSIONER ROBLES: And that was the point.  
 21 You're about halfway done through the first three rounds.  
 22 You've got refined budget estimates or --

1 Switching to a different subject, you made a  
 2 comment, Secretary Gotbaum, about the fact that you're asking  
 3 us not to make any -- not to bend easily as we're asked to  
 4 add things, subtract things, move things around. I don't  
 5 quite understand the thread here.  
 6 Let me make sure -- let me ask it, and then if I'm  
 7 wrong, would you please tell me? Before you submitted the  
 8 list to the Secretary of Defense, you had a chance to move  
 9 all the deck chairs each way you wanted, which ones you  
 10 wanted to close, where you wanted to do realignments and  
 11 optimize all of that.  
 12 So are you saying that if we went ahead and found  
 13 there was significant deviation from that optimization drill  
 14 and decided that probably something needed to be moved or  
 15 added or subtracted that would be bad or not appropriate or  
 16 you would do it after the fact?  
 17 SECRETARY GOTBAUM: I guess a couple of points,  
 18 Mr. Commissioner, with your permission. My first point is  
 19 that if you change our recommendations -- our recommendations  
 20 are, as you know, extensively, carefully, we believe,  
 21 extremely rigorously considered.  
 22 Again, nobody suggests that they are perfect, but

<p style="text-align: right;">Page 205</p> <p>1 they are extremely rigorously considered. If and when you 2 change any of them, there are consequences. When you change 3 them in the form which is most frequent, which is to say, "I 4 realize you wanted to close this, but why don't you leave 5 something there," the consequence is that we end up paying 6 for infrastructure. 7 So what I'm really saying is, A, give that the 8 hairy eyeball have closely before you decide to do it. B, if 9 you can, consult with the services, the Department and say, 10 "Is there a way to do this?" 11 Because we can -- I mean, we are at your service 12 for considering any alternatives, and we would be very happy, 13 if you're thinking about changing a recommendation, to 14 discuss with you what alternatives might be. 15 And the third point is that you should also get 16 some confidence in the fact that there is a follow-on 17 process, that after your decisions are made and we begin to 18 implement them we do, in fact, consider whether or not other 19 federal agencies should get the property, other state 20 agencies should get the property, et cetera. So there are 21 additional protections, if you will, sir. 22 COMMISSIONER ROBLES: In order to be fair, we had a</p>	<p style="text-align: right;">Page 208</p> <p>1 COMMISSIONER MONTOYA: It is really very 2 encouraging to hear you say that you are willing and are 3 going to seek legislative relief to remove some of the 4 bottlenecks that you're finding in these processes. 5 That really does feel good, because the folks this 6 morning certainly have a lot of ideas for you. So if you 7 listen to them, they'll give you a book full. 8 SECRETARY GOTBAUM: I have, sir. 9 COMMISSIONER MONTOYA: However, sometimes we don't 10 want to change something that appears to be working without 11 recognizing that we're doing that. 12 Ms. Goodman, I think in your testimony, and please 13 correct me if I misunderstood it, you indicated that you felt 14 that you might need a change in the Superfund law or you 15 might seek one to keep additional bases that are going to be 16 closed off the NPL list even though there is a problem there. 17 I think inferred in that was that would give you 18 more flexibility to do the cleanup better or faster? Did you 19 imply that in your testimony? 20 SECRETARY GOODMAN: There are two issues with 21 respect to the way military bases are listed on the NPL that 22 are important to understand. The first is today at most of</p>
<p style="text-align: right;">Page 206</p> <p>1 discussion this morning about a lot of local communities, and 2 some of the organizations represent the local communities 3 making the point that to the extent that there is a 4 realignment after the fact; that is, a federal agency lays 5 claim to a particular installation or piece of an 6 installation and they move something in there, they sometimes 7 have disagreement with that because they said they're not 8 consulted, and it may not fit in their master plan for that 9 redevelopment, et cetera. 10 I think one of the things that did not come out of 11 that whole discussion is in most cases, when you do that, 12 there are savings again because there is some cost avoidance. 13 That is, where you vacate a base and there is 14 housing there and the Navy or the Air Force or the Army has 15 requirements, it is better to do that than either build new 16 housing or go out in the economy and have to pay the 17 additional costs to have folks live on the economy in a high- 18 cost area, et cetera. 19 So there is a balance there, but I think their plea 20 was if you're going to do that, if you're going to put a 21 cemetery at Fort Sheridan, Illinois, by the Department of 22 Veterans Affairs, or Department of Interior is going to build</p>	<p style="text-align: right;">Page 209</p> <p>1 our bases we have both federal and state regulators. 2 But before a base is listed on the NPL one could 3 have a very active cleanup program going on under state law 4 and maybe not under Superfund, either the federal or a state 5 version of it but under another law that's called the 6 Resource Conservation and Recovery Act, RCRA, which is an 7 equally complicated law, but it's procedures are just a 8 little bit different. 9 Most states have now had authority delegated to 10 them to implement RCRA. Charleston Navy Base is a good 11 example. At that base they've had a RCRA program for quite 12 some time. It's proceeding well under state authority. 13 And if the EPA came in now and said, "I'm going to 14 score you and determine that you rank high enough for the NPL 15 and put you on that," then the base would, kind of, have to 16 stop in its tracks in its current cleanup program, 17 reconfigure it. It would lose time, and it would raise 18 costs. 19 Now, not every base has an active cleanup program. 20 If you're starting from a blank slate, then it may be just as 21 easy to start under an NPL-directed program as a RCRA 22 program.</p>
<p style="text-align: right;">Page 207</p> <p>1 a park, how about letting us in on that so that we can, sort 2 of, see if it all fits? 3 SECRETARY GOTBAUM: Mr. Commissioner, thank you, 4 because that is precisely the sort of reason why we think the 5 reuse process needs to be changed by law. 6 Because the way the law is currently right now 7 federal agencies get first pick, and furthermore, they have 8 to make their pick without knowing that there are other 9 possible uses. 10 And that us the reason, sir, why we hope that you 11 would support and why we are going to the Congress, in any 12 case, and asking authority to make these processes in 13 parallel so that the VA, which has an interest in a cemetery, 14 perfectly legitimate interest, no question about it; the 15 community, which has interests in development and housing and 16 parks, et cetera, can come to the same table at the same time 17 so that we can see if we can achieve a result which is better 18 than this, kind of, sequential grab bag approach. 19 COMMISSIONER ROBLES: Thank you, Mr. Secretary. My 20 time has expired. Mr. Chairman. 21 CHAIRMAN DIXON: Thank you, Commissioner Robles. 22 Commissioner Montoya.</p>	<p style="text-align: right;">Page 210</p> <p>1 But for the most part today, and this was not true 2 five or six or seven years ago, but for the most part today, 3 both of our bases have some kind of cleanup program going on. 4 Some of it is happening under Superfund, also 5 called CERCLA. Some of it is happening under RCRA, and it 6 just depends on whether states or the feds got more involved 7 first. That's one point. 8 The second point on the National Priorities List is 9 most of our military bases are listed what's called fence 10 line to fence line. The whole base is enclosed. 11 Even if only a few parcels on the base actually 12 qualify for NPL status, the reason that has been done was 13 partly we at times in the past thought that was more 14 convenient for us in the Department of Defense because we 15 just put everything in there, or the regulators thought it 16 was more convenient for them because then they didn't have to 17 deal with state regulators. They had all full control. 18 Well, in the base closing process in particular, 19 there can be, although there doesn't necessarily need to be, 20 but I think it's true most communities feel there is an 21 additional stigma attached to having their base be called a 22 Superfund National Priorities List site.</p>

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1 Having been an attorney myself and representing  
2 ents in this process, if my client had a parcel of  
3 perfund NPL-listed property, I would treat it with greater  
4 concern than something that wasn't.

5 So most communities would rather not have the base  
6 or as little of the base as possible there listed, and we  
7 think EPA should have the discretion today, if it still needs  
8 to list a base, to be able to say, "Okay. These hot spots,  
9 they warrant listing, but you don't necessarily need to fence  
10 line to fence line list the whole property."

11 COMMISSIONER MONTOYA: Without requesting a  
12 response, let me just make an observation that the staff has  
13 picked up that -- and we can pursue it further -- it appears  
14 that in California, for example, the Superfund-listed sites  
15 have had a higher degree, a more rapid cleanup than the  
16 state-led plans.

17 I remember what it feels like to be on an NPL site,  
18 and you do react rather quickly and rather boldly. So that's  
19 just one that I raise with you to think very hard about how  
20 we position that.

21 SECRETARY GOODMAN: Well, let me say many of our  
22 states today, and California is among them, Governor Wilson

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1 is among them, who would like not to have bases come onto the  
2 list now.

3 I agree with you, Mr. Commissioner. There was a  
4 time in DoD's own internal policy where we gave greater  
5 preference to bases that were on the NPL in our own funding  
6 priorities.

7 And therefore, from a state perspective, it would  
8 have been better to have their base on the NPL because they  
9 got more attention within the Department of Defense.

10 We hope today we have moved away from that to be  
11 able to consider regardless of what law it's being under what  
12 the real risks are at the site, the real risks to health and  
13 the environment, whether it's NPL or RCRA and treat those  
14 sites accordingly.

15 COMMISSIONER MONTOYA: Thank you. Mr. Chairman, I  
16 will stop here. I hope this is a two-round question session,  
17 because I do have another one that I'd like to eventually  
18 come back to.

19 CHAIRMAN DIXON: I hope it is, too, Commissioner.  
20 It will depend to some extent on the time because of another  
21 panel, as you would well understand.

22 I'm going to recognize Commissioner Kling, and I'm

1 And what we have found in almost every single case is there  
2 are dozens of issues that -- I used to buy and sell  
3 businesses for my profession, and everything I've seen in  
4 base closing makes all of that look really easy.

5 So no one is going to pretend -- anybody who tells  
6 you that it can be done quick and easy by the numbers is just  
7 not acquainted with the process. What we are trying to do is  
8 really two separate things.

9 First of all, we are trying very hard working  
10 together, all of the services, in a series of working groups,  
11 is, in effect, go through each of the parts of the process --  
12 going through leasing, going through environmental cleanup,  
13 going through what are the terms and conditions for economic  
14 development, conveyances and, essentially, swapping stories,  
15 saying, "Okay. What's the best way to do this? What's the  
16 best way to do that?"

17 And I mentioned that we're putting out a detailed  
18 manual. It's really a manual for us. It's written not as a  
19 regulation, because we think this is all going to have to be  
20 tailored but so that the guys who actually do the work -- who  
21 are, by the way, not always in the field.

22 As Mr. Olsen would say if asked, there are an awful

1 lot of people in the Pentagon whose job full-time it is to  
2 handle closure decisions on individual facilities. But what  
3 we try to do very much is make the rules as clear as we can  
4 in advance.

5 Now, I will tell you, sir, that because this is a  
6 complicated process, because we are changing it as much as we  
7 are, and we have changed it very dramatically in the last  
8 year, that frankly, the first year of implementation is going  
9 to involve a lot of hand-holding, a lot of second guessing by  
10 the people you see at this table.

11 But we are absolutely mindful of what the goal is,  
12 and the goal is to make it smooth. The goal is to make it  
13 clear, and the goal is to make it as much as possible based  
14 on local economic conditions.

15 COMMISSIONER KLING: And quick?

16 SECRETARY GOTBAUM: Yes, sir.

17 COMMISSIONER KLING: Which is, I think, where that  
18 question comes from, really, mostly is the speed-up process.  
19 Let me just turn a little bit -- I just want to make the  
20 point, though, that I really believe that those local  
21 coordinators are doing it, and maybe they need a little more  
22 authority at that level. I don't know. I'm going to leave

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1 going to have to be off the podium for about 10 or 15  
2 minutes. Commissioner Cox, would you chair?

3 COMMISSIONER COX: Certainly.

4 CHAIRMAN DIXON: Commissioner Kling.

5 COMMISSIONER KLING: Thank you. Mr. Secretary, I  
6 think the panel this morning or the different individuals  
7 that testified all were certainly in support of the local  
8 coordinators that you spoke so well about that that is a  
9 wonderful addition.

10 They at the same time, however, they said that the  
11 problem that they were all having was in that final decision  
12 process when it got above them and got to the top, that  
13 everything got bogged down, got slowed down.

14 They couldn't get quick answers to anything  
15 happening there. Is this something that you feel is taking  
16 place, and if so, what do you plan to do about that?

17 SECRETARY GOTBAUM: Mr. Commissioner, no one --  
18 this is not an easy or quick process. It's not a transfer of  
19 single -- I mean, you're a businessman, you know. This is  
20 not a single sale of a single business.

21 These are transfers on, in many cases, huge tracts  
22 of land with multiple uses, multiple functions, et cetera.

1 that to you.

2 The question also came up this morning pretty -- in  
3 unity about leasing, and the subject here was, and I'm not so  
4 sure I understand that, and I'd really like to ask the  
5 question that on a temporary basis that the Defense  
6 Department would be prepared to give a five-year lease only,  
7 and then that five-year lease would have, maybe, a 30-day  
8 kickback clause.

9 And if that is so, I can well understand that  
10 nobody is going to finance or assist that. Could you address  
11 that issue?

12 SECRETARY GOTBAUM: Yes. This has, frankly,  
13 Mr. Commissioner, been an issue which has been very difficult  
14 because we are making new practice, and we are -- we are, in  
15 some respects, constrained by law and in some respects  
16 constrained by practice here.

17 What we've been trying to do is throughout the  
18 reuse process where we can before we are permitted to  
19 transfer, to allow leases, master leases like the Navy did in  
20 Philadelphia or shorter operating leases.

21 It is true that it is standard government practice  
22 in short-term operating leases for there to be what we

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1 universally call the 30-day kick-out clause.  
 2 And this is for better and for worse both the way  
 3 the government contracts in every circumstance. It is also  
 4 the case that we have the authority to waive that clause.  
 5 COMMISSIONER KLING: Do you?  
 6 SECRETARY GOTBAUM: Yes, and in some circumstances  
 7 we are, and in some circumstance, obviously -- you've heard  
 8 about some of them -- we have not.  
 9 I will tell you that one of the issues which the  
 10 leasing working group, which I described earlier, is working  
 11 on is when and under what circumstances should you, in fact,  
 12 modify your terms.  
 13 COMMISSIONER KLING: I think you and I would both  
 14 understand that it's pretty difficult to finance something or  
 15 to spend money on a piece of property where you may only have  
 16 it for 30 days.  
 17 SECRETARY GOTBAUM: No disagreement, sir.  
 18 COMMISSIONER KLING: On one of these charts, I saw  
 19 that half of the bases -- I think you said, and that really  
 20 was my question -- that we're down to 2.1 years in effecting  
 21 closing, I think you said, on one half, approximately one  
 22 half of the bases?

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1 So that's a six-year daisy chain, a full six years.  
 2 Now, we have done some things to ease that daisy chain, but  
 3 that means that some of those are, the dates of those and the  
 4 schedule of those are later in the process.  
 5 As a matter of fact, in BRAC '93, we had a  
 6 significant construction program in order to move functions  
 7 around. We had three naval training centers, and we  
 8 consolidated in one. Many of the schools in those two Navy  
 9 training centers were all different.  
 10 So we've had to construct facilities and  
 11 rehabilitate, mostly revitalize buildings in Great Lakes in  
 12 order to do that. That automatically forces the closure of  
 13 those two training centers a little further back than to do  
 14 it immediately.  
 15 COMMISSIONER KLING: Thank you. Mr. Secretary, as  
 16 you said, it isn't easy.  
 17 SECRETARY GOTBAUM: No, sir, but we are doing it.  
 18 COMMISSIONER COX: Thank you. Commissioner Davis.  
 19 COMMISSIONER DAVIS: Mr. Secretary, it's  
 20 heartwarming that you've taken on that august responsibility  
 21 to cut the red tape. Having dealt with the Department of  
 22 Defense and being part of it at times, I know that's not an

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1 SECRETARY GOTBAUM: Yes.  
 2 COMMISSIONER KLING: What's the situation with the  
 3 other half? I mean, are those way out? Are we way behind?  
 4 SECRETARY GOTBAUM: Actually, the truth is, sir,  
 5 there is a range. In the first round of BRAC, quite frankly,  
 6 yes. There are a lot that lagged a very long time.  
 7 Under the law, we are permitted six years to pull  
 8 down the flag, and it his, in fact, true that -- I believe  
 9 there is only one case, but I believe there is one case in  
 10 which we have gone literally right down to the wire in the  
 11 sixth year, but there were an awful lot clumped at the back  
 12 in year five.  
 13 What we are doing now is, in most cases, we are, in  
 14 fact, closing on a speedier schedule. Now, that doesn't  
 15 always mean closing in two and a half years because, in some  
 16 cases, you won't close a base until you've got receiving  
 17 facilities ready someplace else, and that may require  
 18 construction.  
 19 We try to do that less than we used to, but it's  
 20 still the case. So we have bases in all three services in  
 21 which the target closing date isn't until year four because  
 22 they know and as a matter of planning they need to recognize

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1 easy task.  
 2 Commissioner Kling talked about a couple things  
 3 that came up this morning -- the five-year lease with the  
 4 cutout. The base expert can't make decisions. Hard to cut  
 5 across red tape. We need an ombudsman or ombudsperson at the  
 6 White House level. And I think you very clearly answered all  
 7 those. I very much appreciate it.  
 8 The one thing that we weren't able to get to this  
 9 morning which I think is important is the fact that -- and  
 10 again, it was a complaint of some of folks that were meeting  
 11 here this morning -- that other agencies other than the  
 12 Department of Defense come in either at the last moment or  
 13 the 11th hour and claim some property.  
 14 Now, there is one in particular where we won't  
 15 mention the name, but there was an agency that claimed great  
 16 tracts or great pieces of this particular base and was going  
 17 to use it as trading material for another area.  
 18 What are your thoughts on that, and what should we  
 19 be recommending in that process, if you would?  
 20 SECRETARY GOTBAUM: Well, as you might suspect --  
 21 COMMISSIONER DAVIS: You're probably aware of it.  
 22 SECRETARY GOTBAUM: -- this is not a new problem,

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1 that things need to be done in step and need to be done  
 2 first.  
 3 I would say, in general, there is progress in that  
 4 regard. We'd open it up to further comment, if any service  
 5 want to report on this.  
 6 ADMIRAL DRENNON: It's about time. Madam  
 7 Chairwoman, is it possible to have my written testimony and  
 8 maybe the ones of the other services entered into the record?  
 9 COMMISSIONER COX: Of course. We would very much  
 10 like to have that. Thank you.  
 11 ADMIRAL DRENNON: That's exactly right. As a  
 12 matter of fact, in the Navy, being very complicated and  
 13 having a lot of our tenants on our installations and moving  
 14 people around in order to move functions around, we have the  
 15 cases where we have some daisy chains.  
 16 For instance, the Naval Air Rework facility in  
 17 Pensacola had to close down its operation before we could  
 18 then use that land to build the facilities for the aviation  
 19 training moving from Memphis so that we then could rehab  
 20 those facilities in order to move the Bureau of Naval  
 21 Personnel from Washington and in order, then, to backfill  
 22 from Washington leased facilities.

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1 and this is not a unique problem either, and it is the reason  
 2 why we feel so strongly that the actual property disposal  
 3 procedures need to be changed.  
 4 Because the way it is now it is the law under the  
 5 Federal Property Act we must make available -- we're not  
 6 required to give it, but we have to let people know that it  
 7 exists -- first to federal agencies before anybody else.  
 8 And so, as you might expect, federal agencies see  
 9 this land and say, "It's there. I want it." And as you  
 10 might expect, since there are no other competing uses, there  
 11 is nobody at the table to say, "Well, maybe you should have  
 12 this, but I'd like that, and I could do something really  
 13 terrific with it."  
 14 What we have done in every case and what we are  
 15 doing now with federal claimants on land is we are beginning  
 16 to say to them, "You don't have an automatic right to this  
 17 land. You get looks at it first, but it's our job in the  
 18 Department of Defense, the landlords, to determine what is  
 19 the highest and best use."  
 20 So what we then have to do is we have to say, "Hold  
 21 your horses. We'll make a decision." We try to consult with  
 22 communities before we do anything. So we try to do that, but

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the law, frankly, is set up to make that hard.

So what we hope the Commission would endorse is, in fact, a reform of the legal procedures. Let me be clear that we are not saying that federal agencies shouldn't have a place at the table, shouldn't have the right to get a call on federal property.

As Commissioner Robles said, it is our land. It should be clear that we are saving the taxpayers money if we save another agency's money, but we think that the process by which we do it now, sir, doesn't work all that well, and we would hope that you would endorse changing it.

ADMIRAL DRENNON: Can I add something?

COMMISSIONER DAVIS: Well, I congratulate you on suboptimized -- making optimizing a suboptimize operation.

SECRETARY GOTBAUM: Yes, sir.

ADMIRAL DRENNON: Notwithstanding the struggle that OSD and others are having with this issue, in the Navy it has been our policy, and we have actually maintained this policy for the last several years, that whenever there are DoD or federal screenings that come into us we take those and immediately give them to reuse authority and ask them to review them and ask them to come back and advise us whether

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contamination is found on that property and it's in a program we called the Formerly Used Defense Sites, or FUDS -- we need an acronym for everything -- then DoD comes in and addresses that, addresses the contamination at that property.

So the principle is already established. What we're doing at our closures is we would formally provide an indemnification against future liability for contamination caused by the Department of Defense.

Now, if the future transferee comes in and creates contamination of his or her own, then that's not going to be Department of Defense responsibility. But if contamination attributable to the Department of Defense is found later, then they would not be liable under current environmental laws, under Superfund, primarily, for that responsibility.

What it does is it breaks the chain of what's called joint and several liability under Superfund today, where if you had any part in contaminating a piece of property, if you brought some waste to a landfill that you didn't -- you could be held liable for the cleanup of that whole site.

That's the principle of joint and several liability, and that, of course, makes it very complicated

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they endorse or don't endorse though reuses.

In many cases, they do endorse. In some cases, it lists jobs, or if there is an endangered species, they'd just as soon Fish and Wildlife take care of it rather than them.

But there are cases in which they come back to us and say, "No. We would not like for that reuse to be there." Within the Navy, we have considered the fact that we have the discretion to go back to those agencies and say no, and we have on several occasions, and so far those have stuck.

So we have already taken that authority and have done that. There are probably some representatives out in the audience here that would tell you that we have, in fact, done that.

COMMISSIONER DAVIS: Is that standard practice across the services?

MR. OLSEN: Yes. It is the same, and generally what we have found that if a federal agency is not wanted, they often will just find another situation.

SECRETARY GOTBAUM: What we find, Mr. Commissioner, though, is that even though we are consulting with communities, and we are doing it, as a matter of practice, because the federal agency makes the request before a

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financially for a small business to come in and say, "Oh, this could happen to me somewhere down the road."

So we have, basically, broken that chain of joint and several liability by providing this indemnification.

COMMISSIONER DAVIS: Well, I can't pass on asking Alan a question. He was one of my teachers when I was on the air staff. A problem about public utilities, is that going to come to some resolution here shortly? Is that a problem common?

MR. OLSEN: Yes, sir, it is. We have a team at a neutral site today, Sacramento County people and our own people in Denver, Colorado, negotiating that closure today. So yes, we believe that it will to closure.

Just in general, utilities are difficult for especially small and rural communities. They're expensive to operate and to maintain, and it is a significant financial burden to the communities to pick them up from the Air Force.

The larger communities, those with larger resources, they generally are able to handle the transition. It's much easier than a local community like a Ward Smith or a Loring or a K.I. Sawyer. So that's an issue that we have to work very hard as a part of the total reuse of the base.

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community has spoken, visions of sugar plums dance in their heads, and that's why we think the process ought to change.

COMMISSIONER DAVIS: Before I get the dreaded card, I'd like to ask one more question for sure. Madam Secretary, I heard you talk about the five-step approach, and you talked about instead of cleaning up something it's sometimes better to contain it.

And of course, the more we know about pollution sometimes, clearly with asbestos, that your cleaning it up sometimes is worse than containing it. But I think you did talk about indemnification.

Could you give me just a little bit how the DoD is going to do that? I think it's a wonderful idea. Just legally, how are we going to be able to handle it?

SECRETARY GOODMAN: Well, the principle is similar to one that we have actually in place already today for what are called our -- they're, essentially, our preBRAC closures, property that was closed well before these present BRAC rounds.

If there is contamination -- and they are already off the DoD roles and they're being used and they're in other uses out in our communities in every 50 states, if

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COMMISSIONER DAVIS: Thank you. Madam Chairman, I think my time is up. I didn't get the card.

COMMISSIONER COX: Thank you. Just a couple of short questions. Several of the folks this morning raised a question in the reuse area on the short-term leases, the interim leases before the final decision on the property had been resolved and indicated that the requirements that those leases be no more than five years and most particularly that they had a 30-day cancellation clause made it impossible to bring in jobs.

And I wonder if you might comment on that and whether there is some way to avoid that problem.

SECRETARY GOTBAUM: As to the length of time for interim leases, we are constrained principally by the notion that we do not want to be seen as violating the law by, in effect, transferring property --

COMMISSIONER COX: Right.

SECRETARY GOTBAUM: -- without having done all the things legally we must do. With respect to the 30-day -- to the now infamous 30-day kick-out clause, as I mentioned, this is actually a quite standard practice in government contracts, and it is one which we have modified in some

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1 cases.

2 We have not modified universally and which -- I

3 guess the only thing I could say that would be appropriate at

4 this time is that as part of our leasing working group we're

5 trying to figure out those circumstances in which it ought to

6 stay and which it ought to go and provide that as guidance to

7 the services.

8 COMMISSIONER COX: Do you think you have the

9 authority to modify that if it's --

10 SECRETARY GOTBAUM: Oh, yes, Madam Chairman. This

11 is not one that is about law. This is one that is about

12 practice, regulations and procedures.

13 ADMIRAL DRENNON: Just one comment on that, the

14 issue of long-term versus short-term. It seems to me, and I

15 think this morning it may be a little complicated or

16 misunderstood is that there are a series of leases we can go

17 through in order to reach transfer of the property.

18 And one of them is an interim lease where we can --

19 sometimes we can go to a license or even something more

20 temporary than that, a permit, and put people on there to let

21 them use the property.

22 But we can go to an interim lease, and an interim

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1 lease is usually before the community has finished their

2 reuse plan. It's before we've done our record of decision on

3 our NEPA document. That really is the last document that

4 goes towards reuse.

5 And in that case we feel like we are precluded

6 pretty much by law in going to a long-term lease. I'm

7 talking about 20, 25, 30, 35 years, which can then -- where

8 you need your financing.

9 But we feel like once we reach the record of

10 decision we can go immediately to the long-term leases in

11 furtherance of conveyance, then kick in to automatic

12 conveyance and transfer of the property.

13 And the financing can come, and they can know

14 they're going to get their property. The five years is kind

15 of -- we think that's about right, but we negotiate that

16 every day in terms of that process.

17 The 30-day kick-out, you know, very frankly, the

18 secretary of each of the services has the ability to waive

19 that, and one of the provisions for waiver is in the public

20 interest.

21 And right now the Navy considers in the public

22 interest towards economic development and transfer of the

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1 property because we're not going to use it in the future, and

2 then we almost waive it across the board.

3 COMMISSIONER COX: I see. Well, that's very

4 helpful. We had one of the mayors up here this morning and

5 talked about an issue, and I'd just like your thoughts on it.

6 There is no definite answer.

7 And that is a question of where a community, in

8 working with the Department of Defense on a base closed for

9 reuse makes decisions relying on the Department of Defense or

10 its representatives about the future reuse of that base,

11 which are dependent on the military doing something, granting

12 that one has the right to make a different decision later, is

13 there some obligation of the Department of Defense?

14 Do we, as a BRAC, have some obligation to at least

15 look at that where they have, in fact, relied on the

16 Department of Defense's thoughts on how reuse might go? And

17 that includes a military installation.

18 SECRETARY GOTBAUM: I will tell you, Madam Chairman

19 that -- I will remind you of the testimony which I know you

20 have already heard as well about how uncertain it is what we

21 are going to do and how frequently we change our mind and how

22 long it takes, et cetera.

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1 And so I think certainly as a legal matter, but

2 frankly also as a matter of ethical or moral obligations,

3 which is the arena in which I have the luxury of operating,

4 that it is simply not true that any community that has been

5 through this process could really say that the Department of

6 Defense does not have other rounds of BRAC ahead.

7 COMMISSIONER COX: Right.

8 SECRETARY GOTBAUM: That the Department of Defense

9 does not have the continuing obligation to the taxpayers to

10 revisit and rethink what its infrastructure is and that the

11 Department of Defense is, in fact, not going to do that.

12 So I am -- I mean, I know of at least a couple of

13 cases in which some Department of Defense official, in one

14 case Jim Boatright, who is as straight and as honest as any

15 human being I have met was asked in the previous round of

16 BRAC, "Do you have any plans to change this facility?"

17 And his answer was no, and it was an entirely

18 truthful statement, but that anybody should infer from that

19 that the Department would not reconsider --

20 COMMISSIONER COX: Right. And I'm not talking

21 about that instance. I'm talking about an instance, one in

22 Texas that we went through in the '93, for example, and there

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1 may be one in this round where literally it wasn't a question

2 of we reserve the right later.

3 It was said if you do a referendum and impose a tax

4 on your people in this city, we will -- to make an airport,

5 we will leave one of the military, I think it was reserves,

6 there.

7 And, in fact, the city went forward and did that,

8 and now you all are -- you did in '93, and you are again

9 recommending that that military move out, even though it

10 wasn't a question reserve the right later to change it.

11 But that one it was specifically if you do this we

12 will. It seems to me that's a little different than saying,

13 geez, you didn't close it in '93, and they assumed that you

14 would keep it open forever. Of course that's not the case.

15 Bergstrom. I'm sorry.

16 SECRETARY GOTBAUM: As I recall, Bergstrom was one

17 in which the Air Force recommended that it be closed. The

18 Commission decided not to close it and --

19 COMMISSIONER COX: We decided not to close it,

20 though, because --

21 SECRETARY GOTBAUM: -- over the Air Force's

22 recommendation.

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1 COMMISSIONER COX: Because the Air Force had said

2 in the '91 case if they went forward with a referendum and a

3 bond initiative to do the airport that you all would not move

4 the reserve component.

5 And we said, geez, you know, under those

6 circumstances, we think you should live up to that

7 commitment, since the city did, in fact, rely on that.

8 You're now recommending closing it again is one of the

9 reasons I'm raising the issue.

10 SECRETARY GOTBAUM: So you're saying that the Air

11 Force in '91 said if A, B and C happened, we'll stay, and A,

12 B and C did not happen?

13 COMMISSIONER COX: Which included city raising

14 my --

15 SECRETARY GOTBAUM: Right. That's right.

16 COMMISSIONER COX: -- raising taxes.

17 SECRETARY GOTBAUM: By '93 it had not happened?

18 COMMISSIONER COX: Had happened. Had happened.

19 SECRETARY GOTBAUM: And the Air Force recommended

20 closure?

21 COMMISSIONER COX: Anyway, right.

22 SECRETARY GOTBAUM: Right.

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1 COMMISSIONER COX: And we didn't close it, and now  
2 you're recommending closing it again. It's just an example.  
3 I guess what I'm looking for are are there special  
4 circumstances over and above -- of course, you have the right  
5 to continue to close, make recommendations on closures --  
6 where at least some other factors ought to be considered?

7 SECRETARY GOTBAUM: There is no question that our  
8 relationship with all the communities that support us matter  
9 intensely. I have difficulty saying that that can or does  
10 extend to a contractual kind of obligation unless it really  
11 is a contractual obligation.

12 COMMISSIONER COX: No. It certainly wasn't, but  
13 it's because of a reuse process here. I guess I'm concerned  
14 that you all go through and you're working so hard to work  
15 with these communities on reuse, and as you gather everybody  
16 together and the federal agencies and put together a whole  
17 deal that the community says, "Well, okay. We're now on  
18 board." And then two years later you say, "Well, yeah. We  
19 were part of that process, but we don't like it anymore."

20 SECRETARY GOTBAUM: If our budget had stayed the  
21 same as it was in '91, if our force structure had stayed the  
22 same as it was in '91, if the way, in this case, the Air

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1 particular has indicated that they felt it could cost as much  
2 as \$600 million to clean up a depot for closure.

3 Was your office involved in the compilation of that  
4 figure, arriving at that \$600 million figure? Did that come  
5 strictly from the Air Force, and does each service decide  
6 whether or not that they are going to include those  
7 environmental cleanup costs in their decision-making process?

8 SECRETARY GOODMAN: Mr. Commissioner, let me state  
9 some general principles and then turn to Mr. Olsen to give  
10 you the specifics on the Air Force.

11 The costs of cleaning up a base are costs that the  
12 Department expects to incur regardless of whether the base is  
13 open or closed. And so they alone, they alone are not the  
14 determinant of whether to keep a base open or closed.

15 And I believe Mr. Olsen can give you some specifics  
16 on the Air Force depots and Air Force determination on that.  
17 Let me also say that with respect to depots, which are large  
18 industrial facilities, that we tend -- there we have better  
19 understandings overall of some of the environmental  
20 conditions on the base because they are large industrial  
21 facilities, and most of them have had active environmental  
22 programs for some time, as distinguished from a nondepot

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1 Force had organized itself, stayed the same in '91 and none  
2 of that could have been foreseen, yeah. There would be a  
3 stronger argument, and there is obviously an argument, no  
4 question.

5 But I am from outside the Department of Defense. I  
6 was an investment banker for 13 years. I came into the  
7 Department -- the one point that is absolutely crystal clear  
8 to me is that everything we are doing is changing now, our  
9 force structure, our budget, the way we organize, the way we  
10 manage, et cetera.

11 It's not always done quickly or smoothly or easily,  
12 but it is happening. And I am at best nervous but, frankly,  
13 I'm skeptical about the notion that we should be committed as a  
14 matter of course, the Navy, the Air Force, the Army, the  
15 Marines, anybody to have to do something the way we did it  
16 before.

17 COMMISSIONER COX: It's not a question of having to  
18 do something --

19 SECRETARY GOTBAUM: Right. But there is a BRAC  
20 process. There was a BRAC process and there is, and we have  
21 followed it, and the BRAC process requires us to make a set  
22 of decisions which we would, frankly, describe as miserable.

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1 training base where you don't have industrial activities.

2 So I think there are other factors involved in the  
3 Air Force case about environment, but the cleanup costs alone  
4 are ones that we incur as a Department and expect to incur  
5 regardless of closure.

6 In the closure situation, we may incur them earlier  
7 because of the need to design a cleanup process that fits  
8 with the community's reuse needs. So we may be front-loading  
9 some of those costs in order to make the property available  
10 to the community earlier. Mr. Olsen.

11 MR. OLSEN: Yes. Very definitely, the depots are  
12 more expensive. Most of them, like Kelly Air Force Base and  
13 some of those date back to the 1917s and dates like that.

14 As you know, the environmental laws were not in  
15 place back in those days, and there were a lot of things that  
16 were done that have contaminated depots quite seriously.

17 They are major industrial facilities. The one  
18 that -- recalling from a BRAC '93 experience, McClellan Air  
19 Force Base, which the Air Force did look at very seriously  
20 for closure, the cleanup costs for that base were in excess  
21 of \$1 billion, very expensive.

22 Most of the depots are not quite as expensive as

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1 But we must review every base in light of our  
2 current force structure, in light of our current budget, in  
3 light of our current management plan, and that's what the Air  
4 Force did.

5 COMMISSIONER COX: I guess what -- we can do it for  
6 the record at some later point -- as part of the reuse  
7 process, I think it raises a concern by the communities that  
8 no matter how hard you're trying to make the reuse process  
9 work and be part of the community, it's hard to count on the  
10 Department of Defense given those kind of situations.

11 Maybe there is something that ought to be included,  
12 and maybe we ought to look at contracts in the process.

13 SECRETARY GOTBAUM: With your permission, Madam  
14 Commissioner, let me ask that we think about this issue and  
15 come back to you if we have further thoughts.

16 COMMISSIONER COX: Yeah. Absolutely. Thank you.  
17 Mr. Cornella.

18 COMMISSIONER CORNELLA: Thank you, Madam Chairman.  
19 Ms. Goodman, you indicated earlier that you didn't always  
20 own the up-front environmental costs of cleaning up a base  
21 on an installation cited for closure.

22 I know that in previous testimony the Air Force in

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1 Sacramento, but they are very, very significant costs, in the  
2 hundreds of millions of dollars.

3 Contrast that with our average nondepot base, our  
4 averages run around \$70 million of a cleanup of a base, on  
5 the average, but that spans all the way from 5 million to  
6 over 200 million depending on the specifics of the condition.

7 COMMISSIONER CORNELLA: Ms. Goodman, did you have  
8 something else you wanted to add?

9 SECRETARY GOODMAN: No. I think, Mr. Olsen, you  
10 were also addressing the Air Force decision. The Air Force  
11 decisions on its depots was not determined solely or even  
12 primarily by the environmental consideration.

13 MR. OLSEN: No. That is true. As a matter of  
14 policy, the cleanup costs are not considered in decision-  
15 making process. You look primarily at military value and  
16 need, capacity, capability, those kinds of things.

17 COMMISSIONER CORNELLA: Well, I understand that's  
18 supposed to be the case. I was just trying to make sure that  
19 we were on the same track.

20 MR. OLSEN: Yeah. I think we are on the same  
21 track, but as a part of the total view of things you do look  
22 at all elements of it. But that's not a part of the

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1 closure and reuse.  
 2 One is that we are going to be issuing by the end  
 3 of April a new policy on land use at base closure and other  
 4 facilities. That guidance we believe will result in cost  
 5 savings and allow us to utilize properties for other than  
 6 residential use in these cases.  
 7 We also will be issuing new guidance this summer on  
 8 soil screening levels for 107 chemicals that are commonly  
 9 found on contaminated properties. Those guidance will help  
 10 to help facilitate, allow us to make quicker decisions about  
 11 cleanup.  
 12 Finally, we'll be issuing guidance on more generic  
 13 or standardized remedies for cleanup at closing bases. That  
 14 guidance we think will also expedite cleanup.  
 15 We're also participating with DoD on the  
 16 restoration advisory boards that have been formed at all the  
 17 closing bases. We are actively trying to bring in the  
 18 communities as we're making decisions about land use and  
 19 cleanup of these bases. We think that's critically important  
 20 in making cleanup.  
 21 Let me finally conclude with a couple of  
 22 recommendations I would make to the Commission about how the

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1 process might be improved. We believe that there needs to be  
 2 a greater and a more effective link between the BRAC cleanup  
 3 team and local reuse authorities.  
 4 We believe that a key to effective property  
 5 transfer is to have early knowledge of the community's  
 6 proposed future land use to enhance the selection of the most  
 7 protective remedies at a site. So we believe that that link  
 8 between the cleanup team and the reuse team needs to be  
 9 strengthened.  
 10 Secondly, we really believe that the regulators,  
 11 both the EPA and the state, need to have the adequate  
 12 resources available to participate as members of the team for  
 13 revitalization and reuse of these properties.  
 14 I want to particularly note that EPA has been the  
 15 beneficiary of resources from DoD that has allowed us to  
 16 effectively participate as members of this team and then be  
 17 able to help facilitate and expedite cleanup of these closing  
 18 bases.  
 19 In conclusion, I believe that the relatively young  
 20 Fast Track Cleanup Program has accomplished a great deal.  
 21 EPA remains committed to the proper return of property at  
 22 closing bases to safe and productive reuse while adequately

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1 protecting human health and environment.  
 2 We're excited to be a part of this program and look  
 3 forward to continuing in it in the next round, BRAC 4, that  
 4 will be announced after your deliberations. We thank you for  
 5 your time and our participation in this hearing. We look  
 6 forward to participating in any questions you may have about  
 7 our testimony. Thank you very much.  
 8 CHAIRMAN DIXON: Thank you. First of all,  
 9 Mr. Fields, I want to thank you on behalf of my staff for  
 10 furnishing us an employee who has assisted us on reviewing  
 11 these environmental issues. We appreciate that.  
 12 You talked about the number of bases now involved  
 13 already on the closure list prior to this round. How many  
 14 are on the list?  
 15 MR. FIELDS: There are 23 that are currently on the  
 16 National Priorities List or Superfund list.  
 17 CHAIRMAN DIXON: And those are closed bases?  
 18 MR. FIELDS: Those are closed, yes, sir.  
 19 CHAIRMAN DIXON: And what are you doing with  
 20 respect to those 23 bases that are on the list; which is to  
 21 say, are parts of those bases now being used for other  
 22 purposes, and are you just setting off those parts that have

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1 environmental concerns? Is that how you're doing it now?  
 2 MR. FIELDS: Well, right now those bases, of the  
 3 23, 12 of those were in BRAC 1 and 2 that we have signed off  
 4 on large amounts of acreage where we agree with DoD that is  
 5 uncontaminated. That property is available for reuse.  
 6 CHAIRMAN DIXON: Good.  
 7 MR. FIELDS: 37,000 acres we have agreed is  
 8 uncontaminated, and we are working with DoD trying to find  
 9 ways to use that property. Some of that property is already  
 10 being reutilized already.  
 11 CHAIRMAN DIXON: My understanding was that we can  
 12 use those parts that you find, you know, environmentally  
 13 secure and set off the other parts.  
 14 MR. FIELDS: Right.  
 15 CHAIRMAN DIXON: And you do do that?  
 16 MR. FIELDS: We are doing that.  
 17 CHAIRMAN DIXON: Another part that concerns me is  
 18 in existing law, in the private sector, everybody in the  
 19 chain is concerned about taking something that has an  
 20 environmental problem.  
 21 Now, how does that work with respect to the  
 22 governmental - the property that the government owns that is

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1 taken in the private sector? Is there anything we can do to  
 2 assume liability for conditions already existing to encourage  
 3 the use of that land, or does everybody in the chain have the  
 4 same problems with respect to liability? Do you understand  
 5 my question?  
 6 MR. FIELDS: I understand your issue. I understand  
 7 your concern. We've worked with Secretary Ginsberg and  
 8 others on the private sector to try to remove the stigma of  
 9 those contaminated properties like - we call them "brown  
 10 fields" properties in cities around the country.  
 11 We've removed 25,000 sites from that list recently.  
 12 At military bases what we're doing is working with the  
 13 National Mortgage Association, National Lending Institution  
 14 and trying to remove sometimes the often unwarranted stigma  
 15 of being on the NPL.  
 16 We've been very successful in California to try and  
 17 assure for those facilities that are on the National  
 18 Priorities List we're telling people, "Look, there are many  
 19 portions of those properties that are not contaminated."  
 20 What we're doing is two things. We are beginning  
 21 to look at parceling out those portions of the site that are  
 22 uncontaminated and saying they're no longer part of the

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1 National Priorities List.  
 2 Secondly, as we identify once the site is on the  
 3 NPL, those portions which are not contaminated, we're looking  
 4 at trying to remove them from being part of the NPL  
 5 designation so people know that they can go in there and  
 6 reuse and redevelop those properties and turn them over to  
 7 beneficial reuse.  
 8 We're looking -- just in a broad answer to your  
 9 question, we're looking at all the 23 sites that are on the  
 10 National Priorities List that are a base closure and looking  
 11 at how are they being dealt with.  
 12 Is cleanup being expedited? Is it being done as  
 13 fast as those properties that are not on the NPL? Are we  
 14 finding that we're being able to redevelop those properties  
 15 to the same degree as those properties that are not?  
 16 We're doing a comparison right now of properties  
 17 that are on the list versus those that are not and seeing if  
 18 there are differences in the pattern of reuse and  
 19 redevelopment of those properties.  
 20 CHAIRMAN DIXON: Well, the thought that occurred,  
 21 Mr. Fields, and I'm not, of course, an expert in the field,  
 22 but I remember when I chaired Readiness in the Armed Services

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1 Committee we had a lot of this environmental stuff, and we  
2 'ked about it a great deal and believe it or not spent  
3 merable hours and days on this whole subject of what do we  
4 about these environmental problems.

5 And I wonder, you know, in the private sector, for  
6 instance, I find, as a person who serves on some boards of  
7 banks and other things, the reluctance to loan money because  
8 of environmental concerns, the discussions at our board  
9 meetings about properties where we loan money and  
10 environmental concerns were discovered, you know, many years  
11 later and things like that, thus impeding an ultimate  
12 disposition of the loan in a satisfactory way and so forth.

13 All those things are real problems out there in the  
14 real world, and in the private sector each person in the  
15 chain has a notice of that and is concerned about that as  
16 they go along in the commercial life of a piece of property,  
17 and that, obviously, does impact values to a considerable  
18 extent.

19 But I wondered with our properties that the  
20 government has and bases are closed whether there is some  
21 possibility for -- I'm not talking about extra hazardous  
22 waste and things like that but where there is some

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1 possibility of moderate or even slight degrees of  
2 environmental concerns on some of this property, whether the  
3 private sector could undertake to use it without assuming the  
4 liability because the government had created that condition  
5 before they assumed it.

6 Do you follow that? Is that too convoluted?  
7 MR. FIELDS: No. That is a good point, and that is  
8 the whole basis of the --

9 CHAIRMAN DIXON: Well, are we trying to do anything  
10 like that, or can that be done? I don't know if it can't be  
11 done. That's why I asked.

12 MR. FIELDS: Two things I can just briefly talk  
13 about what we're doing under current law. Under current law,  
14 we're making an environmental baseline survey of these  
15 properties. We're making a finding of suitability to  
16 transfer that property through deed, finding of suitability  
17 to lease property.

18 Many of those properties where there is low-level  
19 contamination, for example, or the property has been cleaned  
20 up to some degree --

21 CHAIRMAN DIXON: "Low level." That's the word I  
22 was looking for. Right.

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1 MR. FIELDS: Right. We are beginning to reuse that  
2 property --

3 CHAIRMAN DIXON: You are?

4 MR. FIELDS: -- even before cleanup is done.

5 CHAIRMAN DIXON: Could I interrupt you there?

6 MR. FIELDS: Sure.

7 CHAIRMAN DIXON: I'm glad to hear that. I hope I'm  
8 not going to get into environmental arguments with somebody  
9 here, but I hear what you're saying now. Then, what about  
10 the liability feature for the private sector individual that  
11 comes along with a little business?

12 MR. FIELDS: Right.

13 CHAIRMAN DIXON: Let's take an example. I'll take  
14 one. We all talk about Chanute. Everybody knows it's in my  
15 state now. I squawked when it happened years ago. But if  
16 somebody -- I happen to know there are a lot of little  
17 businesses going on to Chanute.

18 There is some pretty good-sized ones. There is an  
19 to parts business there hires a couple hundred people.  
20 at's a pretty big employer in that part of the world where  
21 come from in Southern Illinois.

22 But if a business goes on there and starts a

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1 business, and let's talk in terms of low-level --

2 MR. FIELDS: Contamination.

3 CHAIRMAN DIXON: -- contamination. They start a  
4 little business there. Now, then, is there a way they can be  
5 secure against liability for something they didn't do that  
6 was a condition of that low-level environmental concern that  
7 was there by the consequence of what the government did when  
8 it operated the base?

9 MR. FIELDS: Right. Two things we're doing under  
10 current law. Under current law, we're issuing new guidance  
11 on perspective purchasers. People who want to purchase  
12 property, we're telling them what are the limits of their  
13 liability.

14 As long as allow the cleanup to continue, as long  
15 as they contribute to the cleanup in a lot of access to  
16 property, they will not be held liable for past contamination  
17 at that site.

18 Secondly, we're issuing --

19 CHAIRMAN DIXON: They will not be?

20 MR. FIELDS: They will not be held liable.

21 CHAIRMAN DIXON: That's very interesting. That  
22 would not be the private sector law, I believe.

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1 MR. FIELDS: Right, through policy. Now, what  
2 we're doing, though, we're also issuing comfort letters to  
3 many of these people telling them that, "Look, as far as the  
4 federal government is concerned, we're not going to come  
5 after you in those instances where private sector past  
6 contamination may have been posed at the site and you did not  
7 contribute to that."

8 We're telling them that, "You're not liable."

9 Further, under the 120 requirements of the DoD and Superfund  
10 law, DoD always says that they are always -- if there is  
11 contamination found after reuse of that property, they will  
12 always come back and clean that property up.

13 CHAIRMAN DIXON: Okay. I'm advised --

14 MR. FIELDS: But the last point I'll make is this:  
15 Under the Superfund law that we -- the amendments that we  
16 introduced last year in the Congress, we proposed a set of  
17 amendments that would propose exemptions for the people that  
18 you were talking about, the smaller guys who want to purchase  
19 property.

20 We proposed a set of exemptions that would remove  
21 their liability completely. That cannot be done under the  
22 current statute.

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1 CHAIRMAN DIXON: I'm told here now DoD has a  
2 special statute that authorizes indemnification of  
3 transferees of FY '93 Defense Authorization Bill.

4 MR. FIELDS: Right.

5 CHAIRMAN DIXON: That's very good. Okay. Thank  
6 you very much. I'm going to yield to Commissioner Cox, and I  
7 have to meet with a couple of senators and congressmen now,  
8 and I'd appreciate if she'd chair in my absence.

9 COMMISSIONER COX: Thank you, sir. Commissioner  
10 Robles, maybe you would take on questions.

11 COMMISSIONER ROBLES: Thank you. I have one  
12 question. I think we've rehashed this subject pretty much  
13 today, but there is one question I have, and it's for you,  
14 Secretary Ginsberg.

15 In the budget request for '96, I understand that  
16 there was a \$40 million reduction from your '95 level. It  
17 went from \$120- to \$80 million. Is that true?

18 SECRETARY GINSBERG: No, Commissioner, it's not,  
19 and maybe I can explain that. The EDA budget, proposed  
20 budget proposed by the President last month for Fiscal Year  
21 '96, the structure of the budget has changed, and it has  
22 changed to accommodate a new initiative, new programmatic

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1 initiative which I referred to in my remarks called  
2 Competitive Communities.  
3 Our intention is that \$40 million of that  
4 Competitive Communities funding, if it's approved and  
5 appropriated by the Congress, would be used as part of our  
6 defense adjustment program in defense-impacted communities as  
7 actually an expansion of the kind of business assistance and  
8 other what we call Title IX assistance that we provided to  
9 defense-impacted communities over the last several years  
10 through our defense adjustment effort.  
11 And that 40 million plus the 80 million that is in  
12 the budget under the title of defense adjustment that you  
13 referred to a moment ago would yield a \$120 million program  
14 in FY '96. That's clearly our intention.  
15 The structure of the budget doesn't reveal that as  
16 clearly as it might, and I think that's what prompted your  
17 question, but the intention of the Administration is \$120  
18 million defense adjust program proposed for '96, which is the  
19 same funding that we are undertaking in the current year.  
20 COMMISSIONER ROBLES: Okay. Thank you for the  
21 clarification. Second question before I yield, Mr. Fields.  
22 I think, as you can well imagine, all of us, as Americans,

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1 are frustrated with the environmental issue.  
2 You can't be against environmental concerns and  
3 environmental restoration and cleaning up the environment.  
4 That's like going against motherhood and apple pie and a lot  
5 of other things.  
6 I'll just note an analogy that several years ago  
7 that there was a big environmental push in Europe, Germany in  
8 specific, the Greens Party, and they came out in a very  
9 aggressive program, and pretty soon they lost steam and, in  
10 fact, took a giant step backwards.  
11 I detect in the national press that there is that  
12 level of concern for endangered species and environmental  
13 cleanup, and right now it's being debated in the Congress.  
14 But I guess the pragmatic fallout of all that is --  
15 we didn't get a chance to ask Secretary Gotbaum, but they  
16 alluded that they had a recession of about \$350 million out of  
17 Defense Base Closure account.  
18 Well, I happen to know and you know that the Base  
19 Closure account is the only repository for environmental  
20 cleanup for bases that are being cleaned up. There is no  
21 longer a DERA account or any other account.  
22 So it seems to me that requirements are growing

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1 geometrically. Money is only growing arithmetically, and it  
2 doesn't take a rocket scientist to realize we're not going to  
3 get from here to there.  
4 So is there some proposal to, sort of, get at the  
5 true things that have to be cleaned up? I know you talked  
6 about easing of the -- or reinterpreting some of the laws,  
7 but this is getting worse every year, and it's not going to  
8 get any better.  
9 And at some point in time we're going to come to  
10 gridlock here and have these huge requirements and only a  
11 little bit of money to do it, and we're going to stymie the  
12 whole process. What is being thought out at your level and  
13 certainly in your department?  
14 MR. FIELDS: Your concern is a valid one. I'm glad  
15 you raised that. It's a real issue. We have been doing a  
16 lot of talking about that issue within EPA, and within the  
17 government in general.  
18 We've been meeting with not only DoD but DOE as  
19 well about that topic. We recognize that budgets are being  
20 cut, DOE \$4 billion over the next five years. DoD's budget  
21 is being cut. Our ability to provide oversight is a problem  
22 within EPA.

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1 Everybody's resources are being reduced. There are  
2 not going to be large increases, but the requirements --  
3 people are getting more into construction, and the costs are  
4 going to go up.  
5 We at EPA are reevaluating now in the context of  
6 the current agreements that have been signed with federal  
7 agencies like DoD where we can be more flexible or how can we  
8 make sure that we're dealing with the worst sites first.  
9 We're working with DoD on their priority-setting  
10 scheme in terms of really defining where are the worst risks  
11 that we really need to deal with first.  
12 We at EPA obviously recognize that when DoD makes a  
13 request and is not appropriated we cannot hold DoD  
14 accountable in those instances where they have requested a  
15 certain amount of funding but has not been appropriated by  
16 Congress.  
17 We recognize we then have to look at revising some  
18 of our requirements and looking at how we can then look at  
19 how we phase things maybe over a couple of years, as opposed  
20 to trying to do it all that year. So we at EPA, we recognize  
21 there is a reality there, and we have to look at what are the  
22 worst problems.

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1 In the case of base closures, what are the greatest  
2 potential sites for reuse, however you decide to set  
3 priorities, focus on those and, obviously, recognize that  
4 some other things may have been to be put off until a later  
5 day, a longer period of time out into the future.  
6 And we recognize -- we're working with DoD and DOE  
7 and other federal agencies right now in looking at how we  
8 might have to be more flexible in these times of reducing  
9 dollars available for environmental restoration.  
10 COMMISSIONER ROBLES: Thank you, Mr. Fields. Very  
11 fine. Madam Chairman, thank you.  
12 COMMISSIONER COX: Commissioner Montoya.  
13 COMMISSIONER MONTOYA: If there has been a theme  
14 today that has been overriding in the hearings, it's that the  
15 recipients of our help are pleading for more flexibility and  
16 more local control and better coordination at the local  
17 level.  
18 And I also did not sense those that are here in  
19 Washington, at least up to now, any resistance to that  
20 notion, that that probably ought to be the case.  
21 I think that you three agencies have field offices,  
22 and I would ask you a generic question. And that is if I

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1 were to reinterview your ultimate customers in the base  
2 closure process, who are the communities and the people  
3 involved, what would they tell me regarding your agency,  
4 insofar as there is enough local authority, local flexibility  
5 and responsiveness in the programs that you administer?  
6 And I'd just like to hear from each of you in  
7 general. Would they be satisfied, and are you satisfied?  
8 We'll start with you, Mr. Van Erden.  
9 MR. VAN ERDEN: I'll start, I guess. I'm on the  
10 left here. I think the answer to that would be that it would  
11 be yes and no. I think they are satisfied with many of the  
12 things that happened, and there is issues that they would  
13 like to correct.  
14 One of the main areas that we heard and have heard  
15 for some time was the ability to access the money that I  
16 talked about in the Secretary's reserve account was a complex  
17 process.  
18 And I indicated in my testimony that we have now  
19 been involved with a federal, state, and local group,  
20 including people from BRAC bases in redesigning that process,  
21 and we hope to have a very much better, simplified process  
22 available by July 1st to do that.

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1 I think the other area that we hear mostly that  
 2 they need is additional flexibility is not necessarily the  
 3 programs that come out of our -- the dollars that come out of  
 4 our EDWAA program but dollars that come from various  
 5 Department of Labor programs, whether it's the Employment  
 6 Service, the Unemployment Insurance Service or disadvantaged  
 7 programs, that those are very often are categorical programs.  
 8 And it gets difficult to mix those at the local  
 9 level, and so we're constantly hearing a request for waivers,  
 10 which we have very little authority to give -- we have no  
 11 legislative authority on waivers -- and, basically, just  
 12 trying to figure out a way to make those systems work better.  
 13 The Department has underway, as you may know, major  
 14 initiatives in one-stop shops. The Department has proposed  
 15 with the Administration to combine many of our programs into  
 16 larger adult training programs, youth programs.  
 17 So a lot of that would be what you would hear, I  
 18 think, from our local folks. But on the other hand, I would  
 19 tell you that the customer satisfaction surveys that we have  
 20 done and some surveys that will be coming out very shortly  
 21 have basically said that the purpose of this program is to  
 22 get people back to work.

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1 And by and large, the program is working, and the  
 2 customers are quite satisfied. Our customer satisfaction  
 3 surveys we found that 91 percent of the respondents  
 4 nationwide said the program treated them with respect.  
 5 Over 80 percent felt that they got good services,  
 6 and they were helpful in getting them back to work. So while  
 7 we're not, as my boss says, not Nordstrom's, we may not quite  
 8 be the Postal Service, but we're striving very hard to bring  
 9 up the ability to serve our ultimate customers, both the  
 10 local communities and the dislocated workers in those  
 11 communities.  
 12 COMMISSIONER MONTOYA: Well, you never know whose  
 13 feelings are going to hurt. My brother is a regional  
 14 postmaster.  
 15 MR. VAN ERDEN: Well, the Post Office is very good.  
 16 (Laughter)  
 17 COMMISSIONER MONTOYA: Given his constraints, he's  
 18 very proud of what he does.  
 19 MR. VAN ERDEN: That's true.  
 20 COMMISSIONER MONTOYA: Mr. Ginsberg.  
 21 SECRETARY GINSBERG: Commissioner, based on what  
 22 I've seen and heard over the last year and from those within

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1 EDA and from our customers and communities around the  
 2 country, I'd just make a few points in response to your  
 3 question.  
 4 I think one of the strengths, and I think it's  
 5 appreciated by our customers and it's evident in the work  
 6 we've done and the projects we've funded is the flexibility  
 7 to mediate statutory authority under our Title IX of the  
 8 Public Works and Economic Development Act, which gives us  
 9 very broad flexibility in terms of the ways in which we can  
 10 use the resources that are made available to us by the  
 11 Congress.  
 12 And that flexibility is evident, as I said. I  
 13 cited some examples of different kinds of things that we've  
 14 done responding to different needs.  
 15 I think our customers are pleased by the degree in  
 16 which what we do is respond to them, by what we do is assist  
 17 working with the Office of Economic Equipment and the Defense  
 18 Department, assist in the local planning efforts and the  
 19 technical assistance at the front end.  
 20 And the strategies that emerge, you heard me refer  
 21 repeatedly to local strategies, local needs, local priorities  
 22 leads directly to specific projects, specific kind of

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1 investments that EDA puts money into.  
 2 So I think in terms of flexibility of our  
 3 authorities and in terms of the responsiveness of the way we  
 4 administer them, I think our customers -- I believe that's a  
 5 strength of EDA, and I think they've had a sense that we're  
 6 doing what we can indeed to be more responsive.  
 7 I think one would hear, you would hear, if you were  
 8 to ask that question, that our customers would like to see,  
 9 these communities would like to see, if anything, EDA  
 10 personnel, our field network. I think they'd be supportive  
 11 of our field network.  
 12 We have six regional offices. We have what we call  
 13 Economic Development Representatives at the local level  
 14 reporting to those regional offices all around country.  
 15 I think, if anything, these impacted communities  
 16 would like to see those EDRs, as we call them, involved  
 17 earlier in the process, and we're working with OEA now to see  
 18 that that happens.  
 19 If anything, the kind of base reuse planning that  
 20 goes on I believe -- and we've gotten positive response to  
 21 this, and as I said, we're working with OEA on it -- should  
 22 be expanded at the front end so it really is tied into the

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1 broader kind of economic development questions that these  
 2 communities are facing.  
 3 And the priorities and strategies and projects that  
 4 emerge from that can really address the core -- not only  
 5 reuse of the base but the core economic diversification  
 6 challenges that these communities face.  
 7 I think you would hear, if you were to talk to  
 8 these base closure impacted communities, you certainly would  
 9 have heard and to some degree you would still hear  
 10 frustration with EDA's grant processing, the time it takes to  
 11 push a grant through the process at EDA.  
 12 We have worked very hard, I have worked very hard  
 13 on that issue for the last year. It's certainly something I  
 14 heard when I arrived at EDA a year ago, and we've made  
 15 substantial progress on that.  
 16 We've really restructured our organization,  
 17 Commissioner, to be in a better position to move grants  
 18 through our process. I've delegated grant-making authority  
 19 to those regional offices both to eliminate steps in the  
 20 process and also to get those decisions closer to the field,  
 21 closer to the communities where these impacts are being felt.  
 22 We're making good progress. We've committed

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1 ourselves very publicly to a goal of processing all completed  
 2 applications within 60 days and to achieving that goal in  
 3 Fiscal Year 1995. And to those who know the history of EDA,  
 4 they would know what kind of substantial progress that  
 5 represents.  
 6 And you'll pardon me if I'm beating a dead horse  
 7 again, but I think another thing you'd hear from our  
 8 customers, Commissioner, is that there isn't enough money in  
 9 EDA and in the federal system as a whole.  
 10 And I think that concern is particularly felt  
 11 around the kind of infrastructure investments that exist on  
 12 these closed bases.  
 13 Even in communities with the best strategies and  
 14 local leadership that's committed, I think people find --  
 15 these communities are finding that the scale of the  
 16 infrastructure investments needed to leverage private sector  
 17 investment and create private sector jobs is truly daunting  
 18 and that the resources are there only to tackle those issues  
 19 one very small chunk at a time, and I think you'd hear that,  
 20 too. Thank you.  
 21 MR. FIELDS: Very quickly, I'll just make two  
 22 points. One is that I think we made a lot of progress in the

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1 last year. We've worked -- DoD has to be commended for  
 2 establishing the restoration advisory boards at all of the  
 3 major closing bases that involve 20-person citizen groups,  
 4 local government officials, states, EPA and others in that  
 5 process of getting input into how cleanup and reuse decisions  
 6 are made at closing bases.  
 7 That has occurred in the last year and a half, and  
 8 that's a major step forward, and many more people are  
 9 involved in the process now at the local level.  
 10 I think, however, there are still a ways to go.  
 11 There are two areas we need to address, I believe, for the  
 12 future. We need to better integrate the local governments  
 13 into this process.  
 14 We've got a team that is made up of EPA, the state  
 15 and the DoD at the cleanup level, team level, but we really  
 16 haven't integrated effectively what the local government role  
 17 ought to be in that process, how they can provide more  
 18 effective input into the decision-making process as well as  
 19 their involvement on the restoration advisory boards. That  
 20 needs to be worked on and defined.  
 21 And lastly, there was an issue of environmental  
 22 justice that some of the low income and minority communities

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1 around some of these bases don't feel they're full enough  
 2 connected.  
 3 So we're working on some of those initiatives, look  
 4 at things like job creation, local hires of people in  
 5 communities, making sure that everybody has had a chance to  
 6 be a beneficiary of base closure or reuse in that community.  
 7 So we're still working on it. I think a lot of  
 8 progress has been made, but at least those two areas -- local  
 9 government involvement and the environmental justice  
 10 question -- still need to be dealt with a little more.  
 11 COMMISSIONER MONTTOYA: Just a yes or no answer.  
 12 Can you do whatever it is you have in mind you want to do  
 13 more of within today's statutory scheme, Mr. Fields? Yes or  
 14 no. Can you do what it is you want to do? Can you, or do  
 15 you need legislation? I just want to know yes or no without  
 16 explaining.  
 17 MR. FIELDS: Yes.  
 18 COMMISSIONER MONTTOYA: Mr. Ginsberg?  
 19 SECRETARY GINSBERG: Yes with one exception, which  
 20 is authority to provide loans and guarantee loans as part of  
 21 an expanded business assistance network. I think in the end  
 22 that would prove extremely valuable in the economic

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1 adjustment process, but I would point out for the record that  
 2 we're not currently seeking that authority.  
 3 MR. VAN ERDEN: I would say yes with one exception,  
 4 and that's waiver authority on legislation would be very  
 5 helpful to us at the local level.  
 6 COMMISSIONER MONTTOYA: Okay. Thank you. Thank  
 7 you, Madam Chairman.  
 8 COMMISSIONER COX: Commissioner Montoya. Secretary  
 9 Ginsberg, I wonder if you might provide for the record, there  
 10 is no need to go over it now, you mentioned that EDA's budget  
 11 for 1996 was 120 million, roughly a third of EDA's budget  
 12 overall.  
 13 I wonder if you would provide for the record all of  
 14 the funding -- and I'm not going to say this in the right  
 15 budget term so I hope you'll help me out and get the right  
 16 answer -- all of the funding that you all have been involved  
 17 in for BRAC in each year since 1990 and your projections for  
 18 what kind of funding you would need in the next five years,  
 19 the budget cycle.  
 20 And by that I mean not just the grants but the  
 21 personnel and administrative costs and travel, sort of  
 22 everything that you're doing to help on the BRAC process or

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1 help reuse these or build a future for some of these  
 2 communities, whatever that might be, maybe a comparison to  
 3 the 120 million in 1996 but how has that, sort of, started  
 4 off.  
 5 I assume it started off fairly low and has gotten  
 6 higher and probably will get higher for the next couple of  
 7 years as this process, sort of, comes to a head and comes on  
 8 down. But if you could give us those numbers and  
 9 Administrator Van Erden, if you wouldn't mind doing the same  
 10 thing for your agency and Mr. Fields as well.  
 11 Some of yours are a little bit different. I'm not  
 12 looking for the actual cleanup costs but the process that you  
 13 all go through on reuse and developing the data, et cetera  
 14 would be very helpful.  
 15 Secretary Ginsberg, what is the current time frame,  
 16 is there an average time frame for EDA to complete the review  
 17 of the funding applications?  
 18 SECRETARY GINSBERG: It's difficult to extrapolate  
 19 averages, as I said. The difficulty really comes from the  
 20 fact that we have a very interactive process with our  
 21 grantees during both the first stage, which leads up to a  
 22 preapplication, and then during the second stage, which leads

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1 finally up to a completed full application.  
 2 In simpler projects without complexities, the time  
 3 frame can be relatively short. Sometimes they can get drawn  
 4 out by a whole series of things, and many of these projects  
 5 are complex and protracted by their very nature.  
 6 So it's difficult to extrapolate. I can get you  
 7 information on that as well. What we are seeking to do, and  
 8 I think the frustration I referred to in my previous answer,  
 9 was on how much time it takes EDA to process an application  
 10 once it's complete. once that dialogue, if you will, is  
 11 completed and we have a completed application and the  
 12 applicant is waiting for a yes or no.  
 13 And that's the process where we are committed to  
 14 averaging 60 days or less and to getting there this year, and  
 15 we're making very substantial process on that not only by, as  
 16 I said, by changing the process but indeed by restructuring  
 17 the entire organization to achieve that.  
 18 COMMISSIONER COX: Thank you. Mr. Van Erden, the  
 19 Conference of Mayors made a number of recommendations on  
 20 reuse issues, but one of them that they and other groups have  
 21 taken up is calling for an enterprise zone designations of  
 22 bases that have been closed. Has the Department taken a

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1 position on this?  
 2 MR. VAN ERDEN: I am not aware. I'd have to get  
 3 the answer for you on that.  
 4 COMMISSIONER COX: All right. I wonder if you  
 5 might give us any thoughts you might have personally on  
 6 whether that would be helpful as you went through this  
 7 process.  
 8 MR. VAN ERDEN: Well, I think our role in any kind  
 9 of economic development issue would be that we provide the  
 10 services to retrain workers to be competitive in what the new  
 11 economic environment might be.  
 12 So I think anything that would be supportive of  
 13 creating a new economic environment, enhancing job group or  
 14 anything like that we would be in favor of.  
 15 COMMISSIONER COX: Okay. Thank you. Mr. Fields,  
 16 we've had a number of discussions not just today but over a  
 17 variety of hearings and in 1993 about the cost of cleaning up  
 18 closed bases versus the cost of cleaning up open bases.  
 19 And the general answer, which makes perfect sense,  
 20 is, gee, we have to clean them up anyway, and so it doesn't  
 21 really matter because we have this obligation.  
 22 On the other hand, nonetheless, it's something that

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keeps coming up again and again. Is there a difference in the cost of cleaning up an open base or a closed base in other dollars or time?

MR. FIELDS: We're trying to collect some data now on that topic. I think there are some things that may make a difference. It may, in fact, be, in some cases, cheaper to clean up the closed facility because there is a real incentive to move it along and get it done faster.

We have a real commitment to try to get cleanup done so we can turn that facility over to economic reuse. We're looking at land use options. We're doing some comparisons now.

We don't really have good -- we're early now in the Fast Track Cleanup Program, but through the expedited process we're going through, the efforts we're making to accelerate cleanup, because there is a real incentive to turn those bases over to people in the community, we may, in fact, and I would say we're probably moving faster in the cleanup of some of those closing facilities than we are in some of the operating facilities.

COMMISSIONER COX: Is that more expensive, like trying to finish -- like if you try to build a house faster,

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1 policies sometimes.  
 2 Some are cleaning up things to residential, others  
 3 to industrial. We want to have one consistent set of  
 4 framework. We believe that will save a lot of money.  
 5 COMMISSIONER COX: I see.  
 6 MR. FIELDS: Let me just run back to two questions  
 7 ago.  
 8 COMMISSIONER COX: Okay.  
 9 MR. FIELDS: I just want to tell you on a question  
 10 you posed about the dollars, we have \$8.4 million we spend on  
 11 base closure all comes from DoD. DoD provides all the  
 12 funding that EPA spends on the -- they give us 100 positions  
 13 a year, and that's where our dollars come from for base  
 14 closure activities.  
 15 COMMISSIONER COX: Okay. And maybe you'll just  
 16 give me a history on that.  
 17 MR. FIELDS: I'll send you something in writing.  
 18 COMMISSIONER COX: Great. Thank you. You  
 19 mentioned -- and I think maybe you've answered this question,  
 20 but let me try it anyway -- that one of the things several of  
 21 the people mentioned, why do we have to clean it up to a  
 22 residential basis when we're not going to residential; we're

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it costs you more than you're willing to --

MR. FIELDS: No. I think because in doing early actions you avoid the contamination getting worse longer. In the overall Superfund program, for example, that I also administer, we're finding that by doing more early actions and getting in there quicker and controlling the groundwater we are saving money because we're causing the problem to be dealt with faster rather than having to pay more later on as contamination worsens.

COMMISSIONER COX: Right.

MR. FIELDS: So I don't have real data. We're just beginning to assess the question you're raising. I think it's a real good one.

I'm only conjecturing now, but I think that because, as I've seen in other facilities we're cleaning up, by moving faster and using early action removal authorities, we're actually saving money because we're avoiding long-term costs of greater contamination by waiting.

COMMISSIONER COX: Right.

MR. FIELDS: So my conjecture would be that you're ultimately are going to save some costs.

COMMISSIONER COX: I think the, sort of, general

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1 going to have an industrial site?  
 2 How do we avoid or should we worry about the fact  
 3 that the reuse plan says we're going to have, I don't know,  
 4 an airport, and that's an industrial site, and therefore we  
 5 only need to get to a certain thing.  
 6 Ten years later that turns out to be a total  
 7 disaster, nobody wanted to fly there, and the next thing the  
 8 community does is tear down the airport and build condos.  
 9 Now who is responsible for the new environmental  
 10 cleanup? Do we come back to the Department of Defense? Is  
 11 there a way to avoid that? Should we avoid it?  
 12 MR. FIELDS: Yeah. I think we can avoid it.  
 13 That's one of the things I made in my written testimony is a  
 14 recommendation as to how we can improve and avoid the problem  
 15 that you point to.  
 16 I think that that's a real problem we have now.  
 17 We're not connecting -- in my opinion, we're not connecting  
 18 fast enough with the people who are involved in cleanup with  
 19 the reuse authorities.  
 20 We need to make sure that those two groups are  
 21 brought together quickly so people who are involved in reuse  
 22 planning are integrally involved in looking at the options

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1 feeling, at least among the communities is because when a  
 2 base is open you really don't have to clean it up as quickly,  
 3 or you don't have to clean it up to as high a standard, that  
 4 it's actually cheaper to leave the base open.  
 5 MR. FIELDS: But I think in terms of some of our  
 6 recent policy we're issuing now, on the land use policy  
 7 coming out in April, we're making it very clear that  
 8 industrial land use is acceptable. You don't have to clean  
 9 up everything to residential use.  
 10 COMMISSIONER COX: Can you do that  
 11 administratively? There was some talk earlier that that was  
 12 in the Superfund bill, and that would be very important.  
 13 MR. FIELDS: Right.  
 14 COMMISSIONER COX: But you could do that --  
 15 MR. FIELDS: We can do that administratively as a  
 16 policy matter. We have the authority to do it. It would,  
 17 obviously, help to have a specific mandate in the law.  
 18 Congress did not address that question at all in the 1986  
 19 amendments.  
 20 We think we have the authority, our attorneys tell  
 21 us, to address it administratively. That will help a lot to  
 22 have clarity. Right now our regions are using different

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1 and impacting the options that the people who are involved in  
 2 cleanup are looking at.  
 3 So that when we are thinking about taking part of a  
 4 military base and converting it to an airport or to a golf  
 5 course or to some residential property areas that the reuse  
 6 and the cleanup people have worked together as a team.  
 7 And so that there is some greater assurance that  
 8 the land use assumptions that are in the remedy selection  
 9 component are consistent with what the reuse planning  
 10 committee has agreed to for long-use operation of that  
 11 facility and all pieces of that facility.  
 12 That is an area that is really not, in my view, as  
 13 well connected as it ought to be, and we need to fix that  
 14 problem to avoid the problem you point to where we clean  
 15 something up and think that that is what it's going to be  
 16 used for, but in five years down the road we find that there  
 17 is another use, and then we find that we may have to clean it  
 18 up to a greater extent.  
 19 COMMISSIONER COX: Right.  
 20 MR. FIELDS: Go back and do the cleanup over again  
 21 because the cleanup we did five years ago was not adequate  
 22 for the use that it now wants to be put to.

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1 COMMISSIONER COX: Can you fix it by sort of  
 2 saying, "That's it. Once you all signed off, not our  
 3 problem"?

4 MR. FIELDS: Well, EPA and DoD and BRAC bases that  
 5 have been signed up to date, the ones that we made remedy  
 6 selection decisions on we've always been able to agree. We  
 7 scream and holler at each other, and we fight, but we're able  
 8 to work it out.

9 We've not had a situation where we've had a  
 10 disagreement that one party could not agree. So we generally  
 11 have been able to reach consensus, try to reflect the views  
 12 of the community and local authorities and make sure that  
 13 we're making a decision that reflects the land use and the  
 14 long-term plan for that property on that base.

15 Keep in mind that the Fast Track Cleanup Program is  
 16 only 20 months old. We're kind of early in this process.  
 17 The kind of circumstances that you're describing five, ten  
 18 years down the road, they could happen, but we've not had to  
 19 face that problem to date.

20 COMMISSIONER COX: Okay. And then lastly, and if  
 21 you would just do this for the record, you all each mentioned  
 22 a number of things that you think could be helpful, statutory

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1 issues -- I think Sherri Goodman mentioned some of those  
 2 earlier today -- where we're having to deal with NEPA. We're  
 3 having to deal with RCRA authorities, CERCLA authorities.

4 And sometimes we do get into situations where we  
 5 have to make a judgment. If something is being dealt with  
 6 under what authority, what is the connection and does it make  
 7 sense for us to impose a new authority?

8 Like Superfund, for example. If someone is already  
 9 cleaning up a facility under state authority under the  
 10 Resource Conservation and Recovery Act, do we want to then  
 11 bring in Superfund authorities to look at a new track, and  
 12 how do those authorities get integrated?

13 And that's the same thing with NEPA. We need to  
 14 look at how NEPA gets integrated with the BRAC process, and  
 15 that's being done in our base closure teams.

16 COMMISSIONER MONTTOYA: You are looking at that?  
 17 MR. FIELDS: Yeah. Yeah.

18 COMMISSIONER MONTTOYA: Okay. Fine.

19 COMMISSIONER COX: One last thing, if you all  
 20 wouldn't mind. There are a number of questions I think that,  
 21 for a variety of reasons people weren't able to get to, and  
 22 at this hour we'd rather let you go home.

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1 waivers, other things like that.

2 I would appreciate your providing for the record,  
 3 let's say, your top three recommendations for change, whether  
 4 they are legislative or administrative -- probably more  
 5 likely legislative. If they're administrative, I assume  
 6 you're doing them anyway -- that you would recommend to us.

7 Because we are going to be making a recommendation  
 8 as part of our report as to what changes we think are needed  
 9 in the reuse process, and that would be very helpful for us  
 10 to have that in, sort of, a priority order from you all.

11 Thank you very much. Mr. Montoya?

12 COMMISSIONER MONTTOYA: I have a final question.  
 13 COMMISSIONER COX: Of course.

14 COMMISSIONER MONTTOYA: And then I'll be done. And  
 15 Mr. Fields, fill in the gap for me historically. This is a  
 16 California-specific question, but it might be generic.

17 The double jeopardy under NEPA issue that has  
 18 arisen in the past with respect to federal facilities in  
 19 California where one did a federal action under NEPA, and  
 20 then the state, to further its own agenda, would impose SEQA,  
 21 a SEQA process on top of that with a different result at  
 22 times.

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1 We'd like to submit those to you in writing and  
 2 would appreciate your agreement to answer them in writing as  
 3 if you were answering them here orally and under oath.

4 MR. FIELDS: Yes. Absolutely.

5 COMMISSIONER COX: Thank you very much. Thank you  
 6 very much for all of your helpful testimony.  
 7 (Whereupon, at 4:30 p.m., the hearing was  
 8 adjourned.)

9 \* \* \* \* \*

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1 The BRAC process is subject to the NEPA process, as  
 2 we know. Are there any issues around the states regarding  
 3 state NEPA programs where there are administrative issues  
 4 raised by those statutes?

5 MR. FIELDS: Yeah. There are administrative issues  
 6 raised. They're generally able to be resolved. We look at  
 7 NEPA as a part of a facility. For example, when a closing  
 8 facility is impacting another facility in another location,  
 9 in terms of material going there, there is a requirement  
 10 under NEPA that we look at the environmental impact of our  
 11 action there.

12 So we always consider NEPA as we're looking at the  
 13 whole issue of closing of facilities. It does not cause a  
 14 big problem to date, in terms of us being able to reconcile  
 15 the BRAC requirements with NEPA, but we do consider that, and  
 16 we're looking at it.

17 I'm not familiar with the specific situations  
 18 you're pointing to in California and the examples you're  
 19 citing there. I'm not as familiar with those situations, but  
 20 it is something that we're looking at.

21 There is a problem in terms -- broader than NEPA,  
 22 environmental requirements in general, there are oftentimes

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1 issues -- I think Sherri Goodman mentioned some of those  
 2 earlier today -- where we're having to deal with NEPA. We're  
 3 having to deal with RCRA authorities, CERCLA authorities.

4 And sometimes we do get into situations where we  
 5 have to make a judgment. If something is being dealt with  
 6 under what authority, what is the connection and does it make  
 7 sense for us to impose a new authority?

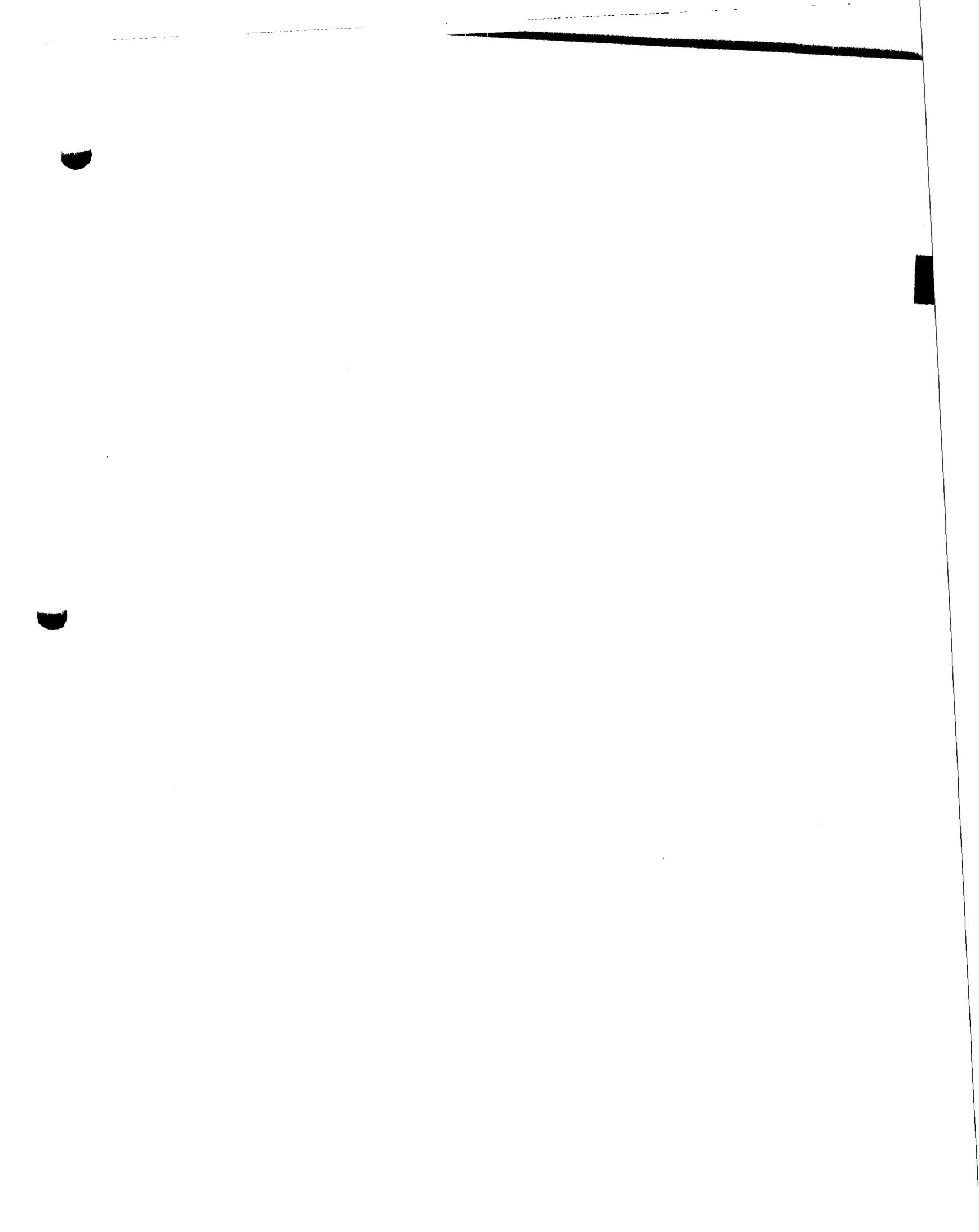
8 Like Superfund, for example. If someone is already  
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 11 bring in Superfund authorities to look at a new track, and  
 12 how do those authorities get integrated?

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 14 look at how NEPA gets integrated with the BRAC process, and  
 15 that's being done in our base closure teams.

16 COMMISSIONER MONTTOYA: You are looking at that?  
 17 MR. FIELDS: Yeah. Yeah.

18 COMMISSIONER MONTTOYA: Okay. Fine.

19 COMMISSIONER COX: One last thing, if you all  
 20 wouldn't mind. There are a number of questions I think that,  
 21 for a variety of reasons people weren't able to get to, and  
 22 at this hour we'd rather let you go home.



BEFORE THE  
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

---o0o---

FIRST REGIONAL HEARING )  
OF THE 1995 BASE CLOSURE )  
AND REALIGNMENT )  
COMMISSION FOR THE )  
CLOSURE AND REALIGNMENT )  
OF MILITARY INSTALLATIONS )  
IN THE UNITED STATES AND )  
ITS TERRITORIES. )  
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G U A M R E G I O N A L H E A R I N G

---o0o---

Wednesday, March 29, 1995

Session Hall  
Guam Legislature Temporary Building  
Agana, Guam

---o0o---

REPORTED BY: FRANCES U. TAITANO

TAITANO REPORTING SERVICE  
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Sinajana, Guam 96926  
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1 BE IT REMEMBERED that, pursuant to Notice  
2 of Regional Hearing and on Wednesday, the 29th day  
3 of March, 1995, commencing at the hour of 2:30  
4 o'clock p.m. thereof, at the Session Hall, Guam  
5 Legislature Temporary Building, Agana, Guam, before  
6 me, FRANCES U. TAITANO, a Notary Public in and for  
7 the Territory of Guam, said regional hearing took  
8 place as hereinafter set forth.

9 ---o0o---

10 APPEARANCES

11 Presiding Official

12 DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION  
13 1700 North Moore Street, Suite 1425  
Arlington, VA 22209  
14 By: WENDI STEELE, Commissioner  
AL CORNELLA, Commissioner

15 Charles Smith, Executive Director  
16 Eric Lindenbaum, Navy DoD Analyst  
Elizabeth King, Counsel  
17 John Earnhardt, Communications Assistant  
Ziba Ayeen, Travel Assistant

18 For Guam

19 The Honorable Carl T.C. Gutierrez, Governor  
20 of Guam  
Senator Don Parkinson, Speaker of the  
21 Twenty-third Guam Legislature  
Congressman Robert A. Underwood, U.S. Congress  
22 Guam Delegate  
Senator Hope A. Cristobal, Twenty-third Guam  
23 Legislature  
Senator Mark Forbes, Twenty-third Guam  
24 Legislature  
Most Rev. Anthony S. Apuron, Archbishop of  
25 Agana

1 Mr. Manny Q. Cruz, President of the American  
2 Federation of Government Employees

3 Messrs. Ovidio R.A. Calvo, Jr. and Simon Sanchez  
4 II, Guam Chamber of Commerce

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## 1                   OPENING REMARKS BY COMMISSIONER STEELE

2                   COMMISSIONER STEELE: Good afternoon. Governor  
3 Gutierrez, Lieutenant Governor Bordallo, Congressman  
4 Underwood, ladies and gentlemen. Welcome to this,  
5 the first regional hearing of the 1995 Defense Base  
6 Closure and Realignment Commission.

7                   My name is Wendi Steele and I'm one of the  
8 eight members of the BRAC Commission, which, as you  
9 know, is charged with the task of evaluating the  
10 recommendations of the Secretary of Defense  
11 regarding the closure and realignment of military  
12 installations in the United States and its  
13 territories.

14                   Also here with us today, I'm delighted to  
15 add, is my colleague, Mr. Al Cornella, of Rapid  
16 City, South Dakota.

17                   Governor, we'd like to thank you for the  
18 hospitality and the many kindnesses which have been  
19 extended to us during our short visit to your  
20 beautiful island.

21                   Also, let me thank Admiral Brewer and all  
22 of the military and civilian personnel, you have  
23 assisted us so capably during our site visits. We  
24 spent yesterday and today looking at the  
25 installations that are impacted by the Secretary of

1 Defense's recommendations. We've engaged in  
2 extensive briefings that will help us tremendously  
3 in our independent review. The cooperation we've  
4 received has been exemplary.

5 The Defense Base Closure commissioners are  
6 conducting 54 base visits including sites on Guam,  
7 the main purpose of which is to allow us to see the  
8 installations first hand and to address with the  
9 military personnel the all important question of the  
10 military value of each base.

11 In addition to the base visits, the  
12 Commission is conducting a total of 11 -- excuse me --  
13 regional hearings to allow members of the local  
14 communities affected by the secretary's  
15 recommendation -- recommendations a chance to  
16 express their views and insights. We've seriously  
17 considered this interaction with the community to be  
18 one of the most important and valuable parts of our  
19 independent analysis.

20 Commissioner Cornella and I would like to  
21 thank you in advance for participation this  
22 afternoon and your contributions to the process.  
23 Let me assure you all -- Let me assure you that all  
24 of our commissioners and staff are well aware of the  
25 huge implications of base closure on local

1 communities around the nation. We are committed to  
2 openness in this process. And we are committed to  
3 fairness and impartiality. All of the material we  
4 gather, all of the information we receive from the  
5 Department of Defense, and all of our correspondence  
6 is open to the public.

7 We are faced with an unpleasant and painful  
8 task. None of the decisions -- excuse me -- none of  
9 the decisions to be made by this commission will be  
10 easy. Due to previous defense installation  
11 closures, the 1995 round leaves us with a  
12 challenging task of comparing the best with the  
13 best. What we have seen in Guam further confirms  
14 that reality. But to our men and women who serve,  
15 those whom you have hosted so warmly and openly over  
16 the years, we must ensure that the Department of  
17 Defense has sufficient resources for their training  
18 and readiness. It is necessary for our base  
19 structure to efficiently support our fore structure.

20 So now let me tell you how we will proceed  
21 here today and in all of our regional hearings.

22 The commission has assigned a block of time  
23 to each state or territory affected by the  
24 Secretary's recommendations. The overall amount of  
25 time was determined by the number of installations

1 on the list and the amount of job loss. Guam has  
2 been given a hundred and 40 minutes to make its  
3 presentation. We notified the appropriate elected  
4 officials of this procedure and left it up to them,  
5 working with the local communities, to determine how  
6 to fill the block of time. Today, it is our  
7 intention to listen to testimony for about 55  
8 minutes and then take a short break and finish the  
9 remaining 55 minutes. We had originally been  
10 scheduled to listen to 70 minutes on each side of  
11 the break. But Governor Gutierrez and Congressman  
12 Underwood decided that they would like to donate 30  
13 minutes of Guam's testimony time to the people of  
14 Guam.

15 At the end of the presentations, the people  
16 of Guam will have 30 minutes in addition to their  
17 original 15 for public comments. We have provided a  
18 sign-up sheet for this portion of the hearing. And  
19 those of you speaking will have two minutes apiece.

20 Let me also say that the Base Closure law  
21 has been amended since 1993 to require that anyone  
22 giving testimony before the commission do so under  
23 oath. And so I will begin -- excuse me -- by  
24 swearing in witnesses, and that will include  
25 individuals who will speak during the public portion

1 of the hearing.

2 With that, I believe, we are ready to begin  
3 our hearing. And we can swear all three of you  
4 gentlemen at the same time, to be efficient.

5 If you will please rise and raise your  
6 right hands.

7 Extra help, there.

8 (Laughter).

9 COMMISSIONER STEELE: Do you solemnly swear or  
10 affirm that the testimony you are about to give to  
11 the Defense Base Closure and Realignment Commission  
12 shall be the truth, the whole truth, and nothing but  
13 the truth?

14 GOVERNOR GUTIERREZ: I do.

15 CONGRESSMAN UNDERWOOD: I do.

16 SPEAKER PARKINSON: I do.

17 COMMISSIONER STEELE: Thank you.

18 We will begin with the Governor.

19 TESTIMONY BY GOVERNOR CARL T.C. GUTIERREZ

20 GOVERNOR GUTIERREZ: Thank you very much.

21 Honorable Commissioners Wendi Steele and Al  
22 Cornella, and the BRAC staff, allow me to publicly  
23 welcome you to Guam. In the past day and a half, we  
24 know that you have been busy gathering information  
25 about military activities on Guam. We have done our

1 best to make sure that you have had the opportunity  
2 to look at our island from the air, to speak to the  
3 base commanding officers, talk with some of our  
4 people and review the situation on the ground in  
5 Guam. We trust that you leave our homeland with a  
6 better understanding of our plight as people.

7           You are here for some very serious business  
8 as far as Guam is concerned. You will weigh the  
9 recommendations of the Secretary of Defense to close  
10 military activities and dispose of the assets of  
11 some of the most economically important property on  
12 Guam. We appreciate the heavy burden this places on  
13 you and the prayers of our people are with you to  
14 arrive at the best decision for Guam and America.

15           Today you will hear from the heads of  
16 Guam's Executive branch and Legislative branch, our  
17 island's delegate to the U.S., Congressman  
18 Underwood, the Archbishop of Guam, the president of  
19 the American Federation of Government Employees, the  
20 chairman of the board of the Guam Chamber of  
21 Commerce, and legislators of both political parties,  
22 and members of the general public. We appreciate  
23 the fact that you have accepted our offer to take  
24 some of our time to allocate to the public and we  
25 thank you for that.

1           The Defense Department's recommendation to  
2 effectively close Inner Apra Harbor, lay off over  
3 2,000 civilian employees, and then keep the lands  
4 and assets idle is unacceptable. It leaves little  
5 or no room for us to provide for employment and our  
6 own economic revitalization.

7           Today, Guam is desperately in need of port  
8 facilities. We are bursting at the seams in our  
9 small portion of the harbor. As you can see, over  
10 80 percent of the land surrounding Inner Apra,  
11 within the two-mile radius, is held by the Navy.  
12 This is the best port in this strategic part of the  
13 Pacific and we can't use it. Our 15 percent of the  
14 wharf space handles about 95 percent of vessel  
15 traffic.

16           At the same time, this decision would  
17 affect 10 percent of our total work force. It would  
18 bring a tremendous shock to our economy that will be  
19 even more devastating if we do not have the  
20 resources to provide for own economic  
21 revitalization. As an aside, it is unfortunate in  
22 your briefing by the military yesterday that no  
23 information was given as to the civilian job loss  
24 proposed under the Pentagon's plan. It is clear to  
25 us that from the military view, the civilian

1 employees would be left behind on a sinking ship.  
2 We cannot allow this to happen.

3 We all understand the need of the  
4 U.S. government to reduce military spending. Deep  
5 down inside we know that technology is changing  
6 Guam's military role. We know that cuts must be  
7 made and that Guam may be less important to the  
8 military in light of the post cold war military  
9 posture. The DoD recommendations are simply  
10 untenable. The facilities get closed, the jobs are  
11 gone. It locks the gate without giving us the key.

12 We are willing to accept change, but we  
13 believe that we should have a transition which  
14 respects our long-standing loyalty to the United  
15 States. The citizens of Guam have a century of  
16 personal sacrifice to the requirements of  
17 U.S. national defense and the sacrifice is unmatched  
18 in the United States. To retain the skilled labor  
19 and to minimize the shock to our economy with the  
20 prospective 10 percent cut in the work force, we  
21 require three- to six-year transition period.

22 We are optimistic about our long-term  
23 future, provided we are given the tools. On the  
24 other hand, there is nothing to prevent a  
25 cooperative arrangement between the military and the

1 private sector that satisfies the needs of both  
2 military readiness and the civilian economic growth.  
3 There are no show-stoppers to this win-win  
4 situation.

5 In the COBRA computer analysis, the final  
6 data scenario is called "Close Guam Piers." I know  
7 that's only a title for a data scenario, but it has  
8 an ominous ring to it. It doesn't help you and it  
9 doesn't help us. This scenario could not possibly  
10 be accepted by the people of Guam if that were a  
11 final recommendation.

12 Honorable Commissioners, for years we have  
13 worked closely with the military, often to the point  
14 of our discomfort. During the height of the Vietnam  
15 War and up until 1973, our commercial port shared  
16 the Inner Harbor jointly with the Navy. If the  
17 civilian government could operate jointly out of the  
18 Inner Apra area when Navy activities were so hectic,  
19 there is no reason why we cannot share facilities  
20 today to accommodate military readiness and our  
21 economic revitalization. We should expand upon our  
22 cooperative ventures of the past before we allow the  
23 Pentagon to "close Guam's piers."

24 The civilian community is not the only  
25 loser in the Pentagon's recommendations. Those

1 recommendations appear to hamper military readiness  
2 severely. Closing Guam means the end of a forward  
3 deployed logistic and support replenishment center  
4 for the Seventh Fleet. With the Military Sealift  
5 Command vessels moved to Hawaii, this crucial  
6 support will be ten days further from Asia and the  
7 Indian Ocean. The plan would eliminate 25 percent  
8 of the annual support voyages, from eight to six,  
9 for our sailors in Southeast Asia and the Indian  
10 Ocean.

11 The continued presence of the MSC vessels  
12 would also provide a minimum workload for Guam's SRF  
13 and the Fleet Industrial and Supply Center. A  
14 cooperative arrangement allows us to more easily  
15 develop private sector work to augment the federal  
16 work levels represented by the MSC ships. This will  
17 bring jobs, profits, and readiness.

18 DoD's proposal also reduces military  
19 readiness by mothballing Inner Apra Harbor and the  
20 Sasa and Tenjo storage tanks. But we are not sure  
21 from the data what the true cost savings would be.  
22 We do not know what it would cost to mothball these  
23 facilities. Remember this is the tropics and things  
24 are hard and expensive to mothball. And the COBRA  
25 is unclear on this. We have no idea how quickly,

1 and at what cost, mothballed areas in Guam can be  
2 transformed into a meaningful support operation, and  
3 apparently neither does the military.

4 We believe that the answer is an agreement  
5 for civilian use of the facilities in partnership  
6 with an appropriate financial commitment by the  
7 military. This would render the harbor and its  
8 assets a ready port and less taxes to -- to the U.S.  
9 taxpayer.

10 We understand that the nation needs to cut  
11 back. We have borne the difficulties of change  
12 before, often in dramatic ways. We have been  
13 occupied and exploited for the last 350 years. We  
14 here remember vividly the bomb trucks running up and  
15 down our main road during the Korean Conflict, the  
16 Vietnam Conflict, and the Gulf War.

17 Please understand what we need in this time  
18 when the military is cutting costs. If we are to  
19 keep our people employed, develop our potential as a  
20 maritime center, and continue to provide the basis  
21 for military readiness, we need access to these  
22 assets. I will not speak in detail about all the  
23 assets at this time, but clearly we need the  
24 following.

25 One, we need the waterfront and attendant

1 properties proposed for mothball;

2 we need fuel storage facilities proposed  
3 for mothball;

4 the housing, administrative, warehousing  
5 and command areas not required as a result of the  
6 lower force levels, we need those;

7 the Fena watershed area and the separate  
8 Navy water system. Why should the Navy operate a  
9 separate and overlapping water supply system?

10 Additionally, the BRAC 93 process is not  
11 complete. The officer's housing at NAS is the only  
12 part of the Air Station not scheduled for return.  
13 The squadrons are gone. The BRAC, in its redirect  
14 of NAS Agana, should finish the NAS closure process,  
15 and we ask you for that.

16 The land and assets that are currently  
17 underutilized by the military should be returned to  
18 be more productively utilized by Guam's private  
19 sector. This will lower military budget outlays  
20 while maintaining a profound level of readiness  
21 capacity. Currently, Guam's private sector faces  
22 unnatural barriers to growth created by  
23 military-exclusive retention of some of Guam's most  
24 economically valuable property and assets. To  
25 expand, we need to remove these barriers.

1           If we seize upon this new vision of  
2 strategic Guam, we can provide opportunities to both  
3 the military and the people of Guam. We can create  
4 new jobs and improve military readiness. We can run  
5 facilities and manage assets to further develop our  
6 economy and provide a ready capacity for emergent or  
7 contingency military requirements with less strain  
8 on the U.S. budget.

9           We would be pleased to work with the BRAC  
10 in examining alternative COBRA scenarios which  
11 reflect this approach. We would be pleased to  
12 examine in detail the cost effectiveness, the  
13 strategic readiness, and the economic recovery  
14 potential of this vision of strategic Guam.

15           Speaking of COBRA analysis brings me to a  
16 final issue, the inefficiencies of the existing  
17 process. Please allow me to bring to your attention  
18 some of our difficulties in assessing the exact  
19 nature of DoD's recommendations.

20           No one seems to know what the actual impact  
21 of the closure will be, not in Washington D.C. at  
22 high administrative levels, not at the local command  
23 level, and certainly not by us.

24           We cannot determine if any land is proposed  
25 for return to the people of Guam in the close-out

1 scenario, and if so, what is it?

2 The COBRA runs themselves do not reflect  
3 the true expenses and cost savings to the military  
4 nor the economic impact on Guam.

5 Mothball costs are not fully reflected, and  
6 the costs of preparation for readiness of mothballed  
7 assets is not included in the cost-savings analysis.

8 The loss of jobs amongst those who work in  
9 non-appropriated funds instrumentalities has not  
10 been considered. In Guam, there are 1200 of these  
11 employees.

12 The COBRA scenario does not appear to have  
13 included Guam's so-called Section 30 funds. We  
14 urgently need your help in determining the details  
15 of the Department of Defense's proposals.

16 It is less -- It is less than a month until  
17 the hearing in San Francisco. We seek your  
18 immediate assistance in helping us acquire the  
19 necessary information so that we can best present  
20 the financial impact of our vision of strategic  
21 Guam.

22 In closing, let me remind you of where you  
23 are today. You are in Guam, an unincorporated  
24 territory, whatever that may mean. Guam is really a  
25 colony by any definition. We are minuscule. We

1 understand that. We don't have any political clout  
2 in Washington D.C. And although we are a useful  
3 military location, very few in Washington even know  
4 we exist. As an example, go to the Internet and try  
5 to find information about base closing in Guam, or  
6 economic information -- or economic information  
7 about the military in Guam under the Economic  
8 Conversion Information Exchange called "gopher."  
9 Every other base the BRAC deals with is on the  
10 Internet, but not those in Guam.

11 For 100 years, the lives of our people have  
12 been shaped by the military. For over 50 years, we  
13 had a Naval government. And even without direct  
14 control, the impact of the military on the economy  
15 and its control of resources have affected  
16 dramatically the development of our private sector.  
17 Although there are many individual exceptions, the  
18 men and women in uniform, transient and just doing  
19 their job, have not always promoted or even  
20 understood our interests.

21 Despite the inherent injustices of the  
22 Guam/U.S. relationship, both on an individual and  
23 collective basis, we could always be counted on to  
24 pull our weight. Please consider this when you  
25 think about our vision of the future of Guam versus

1 the Pentagon's "close Guam's piers" scenario.

2 The Pentagon's recommendation is  
3 short-sighted. It places little emphasis on  
4 readiness. It does not reflect the true costs of  
5 mothballing Guam and ignores our interest in  
6 economic self-sufficiency. In this time when the  
7 military needs to cut costs and we need to promote  
8 continuing employment and economic development,  
9 allow for our interests to be realized while  
10 continuing military readiness.

11 For 100 years we have thought of Guam's  
12 strategic importance in relation to the military.  
13 Now is the time to think of Guam's true strategic  
14 importance, as a regional hub of economic  
15 development.

16 We will find our place in the Asia/Pacific  
17 region. We will not only prevail through these  
18 troubling times, but we shall thrive, prosper, and  
19 enjoy a bright future for our children.

20 The United States of America is a  
21 representative democracy. We are U.S. citizens but  
22 we are not represented in that democracy. Decisions  
23 for Guam are made by bureaucrats in the  
24 administration who have no stake in our future.  
25 Decisions for Guam are made by officials elected by

1 other constituencies. We have unequal status.

2 As so often in the past, we now look to  
3 others who are making decisions for us. What we are  
4 looking for is someone who will do what is right.  
5 We need someone to do what is right for once in  
6 Guam's history. Today, we look to you to represent  
7 our interests which have been ignored too often.

8 Thank you very much.

9 COMMISSIONER STEELE: Thank you, Governor.

10 (Applause.)

11 COMMISSIONER STEELE: We look forward very to  
12 working with you, and please be assured that as  
13 commissioners and both the entire commission staff  
14 plan to entertain various scenarios with COBRA  
15 models for different opportunities that can be  
16 mutually beneficial. So any help you can provide us  
17 makes our job easier, we will do our very best to be  
18 responsive. Please know that our doors are open,  
19 our library is your library, and we -- I don't know  
20 what else I can say. We really look forward to  
21 finding the best solution that we can, keeping  
22 military values our primary concern and what our  
23 mandate is by the statute. Thank you very much,  
24 your words were heard.

25 GOVERNOR GUTIERREZ: Thank you for the

1 offer.

2 COMMISSIONER STEELE: And next this afternoon  
3 is Mr. Speaker.

4 TESTIMONY BY SPEAKER DON PARKINSON

5 SPEAKER PARKINSON: Thank you, Commissioner  
6 Steele, Commissioner Cornella -- Cornella.

7 Allow me to begin by welcoming you on  
8 behalf of the Twenty-third Guam Legislature and the  
9 people of Guam to our beautiful island.

10 I'm going to ad lib slightly here.

11 There's been a feeling by some that the  
12 hearings were a meaning exercise -- meaningless  
13 exercise, and I hope that's not true.

14 COMMISSIONER STEELE: That is not true.

15 SPEAKER PARKINSON: There is perception here,  
16 not by the BRAC commission now, but we are being  
17 maneuvered and the BRAC commission is being  
18 maneuvered to punish Guam because of some of the  
19 positions we've taken on land issues. And it is my  
20 feeling that the BRAC commission is not a part of  
21 this scenario. However, the military has for the  
22 last 50 years since World War II, apparently done  
23 everything it can to thwart the development of the  
24 Territory of Guam, to keep Guam a safe preserve for  
25 the military. We have the military attempting to

1 convert large portions of the island that -- the  
2 military reserves that are no longer needed for  
3 military reserve, and the bird preserves with the  
4 Department of Defense having the right to  
5 unilaterally move at any time it wants these lands  
6 for national defense. The national -- The  
7 Department of Defense has always wanted to keep a  
8 good share of Guam as a reserve in case they ever  
9 need a massive buildup in this part of the world.  
10 And I think we see this scenario continuing here.  
11 They want their cake and eat it too, so to speak.  
12 They want to keep the land and not use it for  
13 apparently another 50 years.

14 Also, and I will mention this later in my  
15 formal testimony, the fact that there is a  
16 misperception, and I think this has to be brought  
17 out at the start, because last night coming into  
18 Guam, I was talking to a stewardess who had been on  
19 Guam for eight years and she had this misperception.  
20 That the -- the activists, if you want to call them  
21 that, the radicals, which I'm rapidly becoming one,  
22 I'm afraid, if I'm not already, but in any event,  
23 they want the military out. And this has not been  
24 the perception that I have had on most of the --  
25 even the most radical of the radicals. What they've

1     been saying is that -- we understand that you need  
2     some lands for national defense and Guam is  
3     strategic, and if you need the land, use it. But if  
4     you don't need the land, give it back. And I think  
5     the whole issue at NAS was it seems sort of foolish  
6     to have an air base sitting 90 percent underutilized  
7     up at Andersen and yet retain valuable assets in the  
8     middle of Agana for a Naval Air Station, which is  
9     redundant. But nobody wants the Naval Air Station  
10    functions to leave the island. Nobody wants the  
11    Andersen Air Force Base to close. When I say  
12    "nobody," I'm speaking now of 95 percent of the --  
13    of the people, including the people who you would  
14    call radicals or activists. Nobody is saying close  
15    the Naval base. What we're saying is, if you don't  
16    need this land, give it back. If you're going to  
17    use it, use it; if you're not going to use it, give  
18    it to the people who can use it. Don't let it sit  
19    idle and hold back the economy of the territory.

20           We've got -- We've got roughly 210, 215  
21    square miles of land on the island, and the military  
22    holds a third of it. Of what's left, probably  
23    another 40 percent of that, at least, is unusable  
24    because it's straight up and down, it's hillside,  
25    it's land that's not really useable. So, really,

1 we're talking about -- for the civilian population  
2 of Guam probably not much more than a hundred square  
3 miles of useable land, at the most for a  
4 hundred-and-forty-thousand people. And I think the  
5 point is -- I don't think -- with a few exceptions,  
6 I don't think anybody wants to kick the military  
7 out. We simply want them to use the land  
8 efficiently that they need and give back all of this  
9 land that we're holding in reserve.

10 I'm going -- I'd like to go into a  
11 historical perspective now.

12 As you know, Guam became a territory of the  
13 United States as a result of the Treaty of Paris  
14 when Guam was ceded to the United States by Spain.  
15 Since that time, Guam was used primarily as a  
16 military base, governed first by a Naval governor  
17 and then by a civilian-appointed governor appointed  
18 by the president, and since 1970, by an elected  
19 governor.

20 During the initial years of the  
21 administration of the Naval government, people were  
22 moved out of their homes in many locations using the  
23 excuse -- and primarily, this is primarily,  
24 actually, after World War II -- people were moved  
25 out of their homes in many locations using the

1 excuse that their ancestral homelands were necessary  
2 so that the U.S. military could build its bases.  
3 These are loyal Americans. They didn't object,  
4 they've just been -- look at the scenario after the  
5 World War II. These people have just gone through  
6 four years of Japanese occupation and they had been  
7 rescued by the Americans. And the Americans say,  
8 "We need your help now." And the people of Guam  
9 responded many times without hesitation. They were  
10 willing to sacrifice for the country that had laid  
11 down the lives of its children to rescue Guam from  
12 the occupation. But they were misled. A lot of  
13 this land wasn't necessary. A lot of this land was  
14 not going to be used for 50 years. And then the  
15 federal government still doesn't want to give it  
16 back.

17 Right now, approximately one-third of the  
18 total land area of Guam is being held. To make  
19 matters worse, in many cases, little or no  
20 compensation was given to those whose land were  
21 taken. In addition, for a time in the 1940's after  
22 the war, the Naval government actually prohibited  
23 the sale or transfer of land between private parties  
24 in order to keep the prices stable at rock bottom  
25 prices, so that the market was frozen. This is the

1 type of administration we've had from the military.

2 The land takings are not isolated to one  
3 area but it encompassed the entire island, as you're  
4 aware. Most of the land taken was prime land. As a  
5 result, this has thwarted agricultural and economic  
6 development of the island.

7 Guam was put in a time capsule and let out  
8 in 1962 by President Kennedy. While the rest of the  
9 country was progressing, Guam stood still. Prior to  
10 World War II, the economy of Guam was primarily a  
11 subsistence economy based on agriculture and  
12 ocean-related activities. When the federal  
13 government took the land, this changed. Ernest  
14 Hopkins, one of the architects of Guam's 1950  
15 Organic Act, accurately describes this when he said:

16 "A prewar economy that was primarily  
17 agricultural has been ... reduced to a status  
18 comparable to our mythical American city's victory  
19 gardens. At present, it is no exaggeration to state  
20 that the native inhabitants are as dependent on  
21 off-island sources for food and other necessities of  
22 life as our comparable American city would be  
23 dependent upon sources beyond its corporate limits."

24 In their zeal and under the guise of  
25 national security, the military completely sealed

1 Guam off to the outside world. Unlike other United  
2 States communities which has strong military  
3 presence and were allowed to develop their civilian  
4 economy, the military became the only industry on  
5 Guam because the military will not allow anything  
6 else to flourish. Under the security clearance  
7 requirements of the U.S. military, economic  
8 development could be pursued only in -- only be  
9 pursued in Guam if the military gave it its  
10 blessing. This obviously had a negative impact on  
11 the economy. People say why do you have a public  
12 power system? Why do you have public water? Why do  
13 Why is it -- the telephone company publicly owned?  
14 Because when the rest of the country was developed  
15 into a private infrastructure, private industry was  
16 not allowed into Guam to develop it. So out of  
17 necessity, the government of Guam and the federal  
18 government had to develop these resources.

19 The result was that the military forced the  
20 people of Guam to be dependent on the military at  
21 the exclusion of military -- or exclusion of private  
22 sector development. The military attempted to  
23 justify their actions in relation to Guam's  
24 perceived prosperity and security clearance posture  
25 by stating that Guam constitutes -- and I quote now --

1 "Guam constitutes a defense base of immeasurable  
2 value and has manifest advantages over other areas  
3 overseas where the United States does not enjoy  
4 sovereignty. The continued security of Guam, is in  
5 fact, a vital prerequisite to its continuance as a  
6 strategic military base. This then is also of  
7 extreme interest to the civilian population of the  
8 island since the economic development of Guam is  
9 almost entirely dependent on national defense  
10 activities."

11 The control of Guam and its people was  
12 complete. Everybody that came or went from Guam had  
13 to have a Naval clearance until 1962, including  
14 people who joined the military during this period.  
15 They had to get permission from the Navy to go  
16 off-island to bring their dependents on-island, et  
17 cetera.

18 Despite the lack of respect shown to the  
19 people of Guam during this post war period and  
20 despite the absolutely unbelievable abusive use of  
21 power by the military government and the appointed  
22 civilian government perpetrated upon the people of  
23 Guam, the people of Guam have remained loyal to the  
24 United States. The record speaks for itself. We've  
25 got one of the highest per capita ratios of people

1 going into the service -- on a per capita basis,  
2 we've had more deaths in every conflict of any  
3 significance since World War I. I don't believe we  
4 participated much in World War I, but World War II  
5 went on, we -- we had losses in World War II. Many  
6 Chamorros were in the military when the war started,  
7 and, of course, in the Korean and Vietnam wars, our  
8 losses exceeded that of any other American community  
9 on a per capita basis.

10 The people of Guam have always supported  
11 the United States in matters of national security.  
12 The military made Guam dependent on national  
13 defense. And anything that did not directly or  
14 indirectly benefit the military before 1962 was  
15 simply not permitted. Even after 1962, the federal  
16 government continued bullying the people of Guam as  
17 far as retaining unneeded lands.

18 It has only been 33 years since the  
19 isolation bubble was lifted and Guam was opened up  
20 to the outside world. It has only been 33 years  
21 that Guam has been allowed to develop an economy  
22 that was not related to the military. This is a  
23 short time in comparison with other -- other similar  
24 jurisdictions.

25 I do not think that we can ignore in this

1 BRAC Commission hearing the historical perspective  
2 of what happened in Guam. The fact that Guam was  
3 made totally economically dependent on the military,  
4 a dependence which has continued to this day,  
5 somewhat ameliorated by the tourism industry, which  
6 is the only other viable industry Guam has. We're  
7 isolated, we're out in the middle of the Pacific  
8 Ocean. When you look at the other communities in  
9 the United States which are having bases closed,  
10 they were not under a security bubble until 1962.  
11 When -- Whatever other bases are being closed, and  
12 Mountain Home Air Force Base is being closed in  
13 Idaho. And I'm familiar with Mountain Home because  
14 I used to live in Boise. There was no security  
15 bubble prior to 1962. I didn't have -- When I was  
16 in high school, I didn't have to get permission from  
17 the U.S. Air Force and the U.S. Navy to drive up to  
18 Mountain Home to see a friend. I didn't have to get  
19 permission from the U.S. military if I wanted to  
20 open a business there. I didn't have to get  
21 permission from the U.S. military if I wanted to  
22 practice law there. They kept out lawyers so that  
23 the people couldn't litigate these land claims, for  
24 God's sake.

25 COMMISSIONER STEELE: Keeping out lawyers.

1           SPEAKER PARKINSON: What?

2           COMMISSIONER STEELE: Keeping out lawyers,  
3 interesting concept.

4                   (Laughter.)

5           SPEAKER PARKINSON: Well, I think Shakespeare  
6 had the best theory.

7           COMMISSIONER STEELE: Sorry, Lis.

8           SPEAKER PARKINSON: You must be a lawyer, too.  
9 Okay.

10          COMMISSIONER STEELE: No, it --

11          SPEAKER PARKINSON: Okay.

12                   Guam is an island community. Every  
13 resource is needed in order for the people to  
14 survive. The federal government recognized the  
15 importance and the value of Apra Harbor when it  
16 forcibly moved the original inhabitants of Sumay at  
17 Apra Harbor to the hills of Santa Rita in about the  
18 same manner that the American Indians were forced to  
19 move from their land onto reservations when the  
20 settlers wanted that land. If Apra Harbor was  
21 important to the people of Guam then, it is a  
22 thousand fold more important now. That's one of the  
23 few natural harbors available to the military in  
24 this part of the world of that quality.

25                   My preference would be to keep the Ship

1 Repair Facility and Fleet Industrial Supply Center  
2 in operation and the other facilities that are  
3 proposed to be closed open. If not, I agree with  
4 the governor, some sort of a joint-use program.  
5 Realistically, though, we are being buffeted by  
6 forces over which we have no control. The wind down  
7 of the cold war. We have the cutbacks mandated by  
8 the politicians in Washington which may or may not  
9 be justified. But that's beyond our control.  
10 That's beyond your control and you've been mandated  
11 to make cuts.

12 Okay, in closing, I haven't had time to  
13 finish, but what I would like to say is this: The  
14 federal government must treat the people of Guam  
15 fairly.

16 I'd like to make other point as an  
17 American. The Navy is using Guam as a pawn for  
18 political purposes in closing these bases. It is  
19 imperative that we maintain bases for America's  
20 national security in the Pacific on American  
21 territory. And to close these facilities, in my  
22 opinion, because the Navy is mad at Guam would be  
23 foolish. We must keep these bases open not only for  
24 the economy of Guam but for the national security  
25 interest involved in the United States.

1           Thank you, commissioners, I appreciate the  
2 opportunity to speak.

3           COMMISSIONER STEELE: Thank you very much for  
4 your testimony, Mr. Speaker.

5           (Applause.)

6           SPEAKER PARKINSON: I would be submitting my  
7 written testimony along with a copy of the  
8 resolution from the Guam Legislature, which is  
9 attached to my written testimony, which is  
10 self-explanatory. Thank you.

11          COMMISSIONER STEELE: And we'd be delighted to  
12 include it in our records.

13          SPEAKER PARKINSON: Thank you.

14          COMMISSIONER STEELE: You're welcome.

15                 And now we will turn to your fine and able  
16 representative in Washington, Congressman Underwood.

17          TESTIMONY BY CONGRESSMAN ROBERT A. UNDERWOOD

18          CONGRESSMAN UNDERWOOD: Thank you very much,  
19 Commissioner Steele and Commissioner Cornella.

20                 I join Team Guam in welcoming both of you  
21 to -- both you and your staff to Guam, and I hope  
22 you have an opportunity to experience our the  
23 hospitality.

24                 Governor Gutierrez has spoken to the Team  
25 Guam's response. Speaker Parkinson has spoken to

1 the historical background that the island has  
2 experienced. And now I will speak to the final  
3 selection criteria which you will using in analyzing  
4 DoD's recommendation.

5 First, I would like to scrutinize DoD's  
6 current recommendation with the eight selection  
7 criteria as the yardstick of measurement and  
8 analysis. Then I would like to review Team Guam's  
9 recommendation under the light of that criteria.

10 The DoD recommendations for Guam raise a  
11 number of concerns about the first four final  
12 selection criteria which deal with the military  
13 value. If the current recommendations are  
14 implemented, they will seriously affect the ability  
15 of our military commanders to respond to their  
16 current and future mission requirements and  
17 adversely impact on operational readiness. You may  
18 not hear any clear statements regarding the adverse  
19 impact on operational readiness on our Team Guam  
20 Proposal from your military briefings and contacts  
21 because all uniformed personnel are constrained to  
22 support the Department of Defense's position, one  
23 borne more of accounting computer models than the  
24 realities of the Western Pacific and the historic  
25 and potential use of Guam.

1           First, relocating the Military Sealift  
2 Command ships to Pearl Harbor, Hawaii, seven to ten  
3 sailing days from Guam, will require the Navy to  
4 place these ships on a permanent cruise. They will  
5 be less capable of responding to an emergent  
6 contingency since they are not constantly forward  
7 deployed.

8           Secondly, current and future mission  
9 requirements are jeopardized by the DoD's mission to  
10 rely on foreign military facilities instead of those  
11 on U.S. soil. The recent rejection of the CINCPAC's  
12 request for stationing pre-position ships on foreign  
13 countries in Southeast Asia demonstrates why Guam is  
14 so important and why DoD cannot rely on these  
15 facilities for future mission requirements. In this  
16 regard, DoD's recommendation is incredibly  
17 shortsighted, considering only the current political  
18 climate and not factoring in the possible political  
19 hurdles which may emerge on bases that DoD relies on  
20 in Asia. Guam apparently did not score points for  
21 reliability in the DoD computer models.

22           Thirdly, DoD's recommendations assumes that  
23 by mothballing the assets, they will be able to  
24 return to Guam and simply open shop once again.  
25 This is based on a false assumption that a skilled

1 force will be available to immediately respond to  
2 their needs and that they would be welcomed back.  
3 If the current recommendation is implemented, then  
4 it is unlikely that a skilled workforce would be  
5 ready to respond to DoD's needs, and it is even more  
6 unlikely that DoD would be welcomed back with the  
7 same enthusiasm as before. Moreover, many Naval  
8 officials have already admitted that mothballing is  
9 the least cost-effective approach to maintaining the  
10 assets at SRF.

11 Military commanders will also have less  
12 flexibility to respond to contingency, mobilization,  
13 and future total force requirements, the third  
14 criteria, under the DoD recommendation. DoD will  
15 have less flexibility to response should a crisis  
16 emerge in Korea or in Southeast Asia. In addition  
17 to coordinating the deployment of troops, military  
18 commanders will have to coordinate the MSC locations  
19 on their cruises to meet up with the carrier battle  
20 groups. Consequently, the Navy will have less  
21 ability to effectively forward deploy and less  
22 flexibility to respond to a crisis.

23 DoD's recommendations do not make sense  
24 when we examine some of their initial cost  
25 implications, the fifth criteria. First, the cost

1 of relocating the MSC ships in Hawaii is more  
2 expensive than keeping them forward deployed in  
3 Guam. This additional cost is borne because the MSC  
4 ships should be on constant cruises to Guam and back  
5 to Hawaii, which takes 14 to 20 days to complete  
6 this circuit. DoD did not input the added cost of  
7 these ship deployments into their calculation of  
8 savings. By not figuring added costs for these ship  
9 movements, the DoD planners seemed to assume that  
10 Hawaii and Guam were in fact in the same place.

11 The economic impact of DoD's  
12 recommendations on our island community is  
13 devastating, representing the sixth selection  
14 criteria. Up to 10 percent of our workforce and 25  
15 percent of our economy will be affected making Guam  
16 the hardest hit U.S. community. If this magnitude  
17 of reductions were undertaken in California, then  
18 about one-and-a-half million people would lose their  
19 jobs.

20 In fact, the economic impact is greater  
21 than what DoD's model indicates. Section  
22 30 tax payments to Guam for military personnel  
23 stationed here are not included in their  
24 calculations. This represents up to \$19 million in  
25 lost income to the people of Guam.

1           DoD's recommendation also seems to argue  
2 that these closures and realignments will somehow  
3 contribute positively to the environment, the final  
4 criteria. However, it is more likely that  
5 industrial sites such as SRF, FISC, and the fuel  
6 tank farm will pose greater dangers in a mothballed  
7 state through neglect. We on Guam are more  
8 cognizant of the dangers of corrosion to plant  
9 equipment in this tropical environment. Without  
10 constant use and maintenance, environmental problems  
11 are more likely to materialize at these facilities.

12           Guam's recommendation addresses the  
13 concerns of military commanders in the Pacific  
14 regarding the strategic military value of Guam,  
15 DoD's need to save money, and Guam's effort to  
16 adjust to the economic impact. Team Guam's  
17 recommendation accomplishes this by responding to  
18 the selection criteria.

19           Team Guam's approach would enable the  
20 military commanders in the Pacific to respond to the  
21 current and future mission requirements and improve  
22 on operational readiness, the first criteria. By  
23 keeping a core number of MSC ships forward deployed  
24 in Guam, military commanders would maintain their  
25 forward deployment in the Pacific and flexibly

1 respond to any contingency.

2           Moreover, maintaining facilities at a  
3 downsized but operational state in Guam will provide  
4 for DoD's need for reliable bases in the future. As  
5 noted, it is problematic to rely on facilities on  
6 foreign soil in Asia.

7           The second criteria, availability and  
8 condition of land and facilities, is not of  
9 concern -- excuse me -- since current facilities on  
10 Guam are already performing the proposed missions.

11           Team Guam's recommendation is more  
12 responsive to the third criteria, regarding the  
13 availability to accommodate contingency,  
14 mobilization, and future total force requirements  
15 than DoD's own recommendations to mothball Guam. It  
16 will enhance the ability of military commanders to  
17 respond to a contingency quicker and more  
18 efficiently with Guam's seven-day advantage over  
19 Hawaii. Guam proved its military value in Desert  
20 Storm, and Guam was instrumental in supporting the  
21 logistic needs of this massive operation. In  
22 attempting to answer your questions about their  
23 ability to support a future contingency on the scale  
24 of Desert Storm, military officials were evasive and  
25 unclear in their responses.

1           The downsized presence on Guam, a  
2 collaborative effort at SRF, and privatization  
3 opportunities will save DoD money, the fourth  
4 selection criteria.

5           Most importantly, from the perspective of  
6 our local community, Team Guam's recommendation  
7 would ease the economic impact on our community. A  
8 certain core job base would be maintained and we  
9 would be able to augment the SRF operation with  
10 commercial work at our harbor facilities. Federal  
11 civil service jobs would be maintained at a higher  
12 level than the DoD proposal. This arrangement would  
13 give us important economic tools from which to build  
14 and grow our economy.

15           The Team Guam presented -- Proposal  
16 presented to you today would preserve the Navy's  
17 ability to support fleet operations in Southeast  
18 Asia. It would also create long-term savings that  
19 offset the savings projected from the DoD  
20 recommendations to BRAC. This proposal is a win-win  
21 situation, the Navy wins, but more importantly to  
22 us, Guam wins.

23           Guam brings to the table three things that  
24 no other domestic base has: location, location, and  
25 location. Your jet lag --

1 (Applause.)

2 CONGRESSMAN UNDERWOOD: Your jet lag is a  
3 reminder not that Guam is far from Washington, but  
4 rather that Guam is closer to the action in Asia.  
5 While we would not argue with the DoD determination  
6 that its forward deployment in Southeast Asia is not  
7 harmed, or its ability to conduct operations is not  
8 diminished by the pullout on Guam, we would remind  
9 the BRAC Commission that Guam can make these same  
10 operations much easier to conduct. I do not know  
11 whether you can translate increased operational  
12 readiness into dollar savings.

13 The Team Guam proposal has at its  
14 centerpiece the forward deployment on Guam of the  
15 MSC supply ships and the helicopter squadron which  
16 supports these ships. This forward deployment would  
17 put the supply ships where they can be best  
18 utilized, seven days ahead of fleet operations  
19 coming from Hawaii, and just behind the lines of  
20 potential trouble spots in the South China Sea.

21 To save money, the DoD recommendation  
22 proposes mothballing SRF and FISC. The Team Guam  
23 proposal addresses these issues so that savings can  
24 still be realized. SRF would be operated in a  
25 collaborative venture. FISC would continue to

1 support the fleet logistic needs. It was reported  
2 yesterday that FISC's customer base is anchored in  
3 the 42 percent of the sales that are attributed to  
4 MSC supply ships.

5 The core customer base for the SRF would be  
6 the MSC supply ships. The supply ships provided 70  
7 percent of the work at SRF last year, and the work  
8 base for the supply ships at SRF far exceeds 70  
9 percent in a typical year.

10 Team Guam has proposed an innovative and  
11 attractive solution to meet our mutual needs. We  
12 hope that BRAC would look favorably at these  
13 proposals, but we must be unequivocal in our  
14 opposition to the current DoD recommendations.

15 If the commission decides not to implement  
16 the Team Guam proposal, then the least it should do  
17 is ensure Guam's economic future by turning over the  
18 assets that GovGuam has requested. This includes  
19 the SRF dry dock and infrastructure, the waterfront  
20 assets, land not needed anymore, warehouses and  
21 structures not being utilized for fleet operations  
22 anymore.

23 Guam could use these assets for its own  
24 economic recovery. The DoD's plan would simply  
25 allow these assets to deteriorate over time. In

1 fact, the DoD's recommendation makes a strange  
2 point. While scaling back on Guam, DoD hedges its  
3 bets by retaining assets in case of some unspecified  
4 future contingency. Guam has a message to DoD: you  
5 can't have it both ways. If we are left to fend for  
6 ourselves, we will. But DoD would have to seriously  
7 reconsider whether Guam would be as hospitable to  
8 DoD's needs in the future. This is a serious flaw  
9 in the DoD thinking that we would ask the commission  
10 to consider. This is the kind of thinking that  
11 takes the people of Guam for granted, the kind that  
12 sees Guam as little more than property made valuable  
13 by its potential to conduct war and that sees the  
14 benefits of forward deployment accrue to foreigners  
15 over the U.S. citizens of Guam.

16 And I want to emphasize that we're talking  
17 about people. I want to emphasize the human  
18 dimension of the DoD recommendation so that we can  
19 put these closures in perspective. I was stopped  
20 while at the post office the other morning by one  
21 Chamorro who transferred back to his homeland last  
22 year and had just gotten a position at FISC. Now  
23 facing the prospect of a layoff, he is at a loss as  
24 to what he can do, how will he provide for his  
25 family, where will he find a job. He can't just

1 drive into the next county and find a job.

2 You met Junior Parcon on your tour of the  
3 FISC fuel farm yesterday. He has saved -- served  
4 the Navy for 25 years and has been at FISC for 13  
5 years. He is now the deputy director of the fuel  
6 department and is the expert on fuel matters. He  
7 has been told by DoD that his expertise will be  
8 mothballed even though the Navy has not yet figured  
9 out how it will provide for the ships and planes if  
10 we have to fight another Desert Storm.

11 You might also recall Captain Bermudes'  
12 justifiable pride in the local workforce at SRF. In  
13 his words, they can do anything. The welders, the  
14 pipefitters, and sheet metal workers and every  
15 category of skilled worker at SRF is among the best  
16 in the trade. In response to your question about  
17 mothballing SRF and then returning to SRF in a  
18 surge, Captain Bermudes expressed his concern about  
19 the problems of finding new workers and the  
20 tremendous loss of an indigenous skilled workforce.  
21 Maybe the surge you referred to is similar to 1945.  
22 Back then SRF had at its peak over 166 ships under  
23 repair at the same time. Back then the Chamorros  
24 did not have these skills that took years to  
25 accumulate. The Chamorros cooked, cleaned the base,

1 and emptied the garbage. And the base was built on  
2 their land, the village of Sumay, expropriated for  
3 defense needs in order to prosecute the war against  
4 Japan.

5 So today SRF must compete for work on U.S.  
6 Navy ships with a Japanese shipyard. And to further  
7 compound the irony, not only is SRF, like FISC and  
8 PWC, completely manned by an indigenous skilled  
9 workforce, but SRF is also commanded by Captain Eloy  
10 Bermudes, a native son of Guam. And if the Navy  
11 leaves SRF, if the Navy mothballs its facilities,  
12 will Sumay then be returned and will the people of  
13 Guam ever be made whole?

14 Team Guam has given DoD a way to stay, a  
15 way to save money, and a way to prepare this  
16 community for the challenges that we face as a  
17 people in the next decade. This is not exactly give  
18 us liberty or give us death, but it is certainly  
19 give us a chance to work together or give us back  
20 the assets.

21 Thank you.

22 COMMISSIONER STEELE: Thank you very much,  
23 Congressman Underwood.

24 (Applause.)

25 COMMISSIONER STEELE: Now I'd like to turn to

1 Commissioner Cornella who, I believe, has some  
2 questions and comments to address to you three  
3 gentlemen.

4 REMARKS BY COMMISSIONER AL CORNELLA

5 COMMISSIONER CORNELLA: Governor, Mr.  
6 Underwood, Mr. Speaker, I'd like to thank all three  
7 of you for your eloquent testimony and to make a few  
8 remarks regarding to some of the Speaker's comments.

9 This commission is an independent  
10 commission, independent of the Department of  
11 Defense. If your voices are unimportant, then this  
12 hearing is a charade. But we do not believe that  
13 your voices are unimportant. They are a very  
14 important part of this process. We will take them  
15 into consideration, transcripts will be made of this  
16 hearing, and it will be provided to all the  
17 commissioners. I understand your passion. And I  
18 can understand why you are the speaker.

19 Thank you, Madame Chair.

20 (Applause.)

21 COMMISSIONER STEELE: Who wants to follow that  
22 comment. So with that, we will break for ten  
23 minutes and return. Thank you very much.

24 (Brief recess.)

25 COMMISSIONER STEELE: Welcome back.

1           I thought before we have the gentlemen  
2 before us testify, I would show a few of the  
3 wonderful posters that we've been given by some of  
4 the local children. For a couple of different  
5 reasons: I -- We were so well aware of how these  
6 recommendations impact communities. And, secondly,  
7 defense and national defense, it's for the kids in  
8 the long haul, so that these children are involved  
9 in the process and concerned about it, it just  
10 really tickles us that they took the time to do  
11 this.

12           So we will show Clifford's wonderful olive  
13 green ship welcome to the -- "Welcome to Guam BRAC  
14 team."

15           "Working together for a brighter future,  
16 it's a good start," Joseph.

17           And "Keep us working together." We look  
18 forward to trying to come on to some common ground  
19 here with the recommendations on what our the final  
20 product will be.

21           Thank you, kids.

22           Alrighty, down to business. Will those at  
23 the dais please stand and raise your right hands?

24           SENATOR FORBES: Oh, right hand.

25           COMMISSIONER STEELE: Got it?

1 SENATOR FORBES: Okay.

2 COMMISSIONER STEELE: Okay.

3 Do you solemnly swear or affirm that the  
4 testimony you are about to give to the Defense Base  
5 Closure and Realignment Commission shall be truth,  
6 the whole truth, and nothing but the truth?

7 MR. CRUZ: I do.

8 MR. CALVO: I do.

9 MR. SANCHEZ: I do.

10 ARCHBISHOP APURON: I do.

11 SENATOR CRISTOBAL: I do.

12 SENATOR FORBES: I do.

13 COMMISSIONER STEELE: Thank you. You may be  
14 seated.

15 We will begin with Mr. Manny Cruz, who will  
16 have ten minutes.

17 TESTIMONY BY MR. MANUEL Q. CRUZ

18 MR. CRUZ: Honorable Commissioners, my name is  
19 Manuel Q. Cruz. I am the president of the American  
20 Federation of Government Employees, Local 1689, Inc.

21 AFGE is the exclusive representative for  
22 about 4,000 bargaining unit members in 12 Navy  
23 commands and activities, the Air Force at Andersen  
24 Air Force Base, the Navy Exchange, the Army and Air  
25 Force Exchange Service, the Defense Commissary

1 Agency, the Defense Finance and Accounting Service,  
2 the Defense Printing Office, the Defense Information  
3 Systems Agency, and the Defense Reutilization and  
4 Marketing Office.

5 On behalf of the -- of all the federal  
6 employees, I come before you to express our serious  
7 concerns with the latest Defense Department's BRAC  
8 recommendations, namely, to close the Naval Ship  
9 Repair Facility, to disestablish the Fleet and  
10 Industrial Supply Center, to realign the Naval  
11 Activities, and to redirect the Naval Air Station.

12 Given these recommendations, I believe that  
13 the Department of the Navy, for its part, has  
14 deliberately lied, misled, and betrayed the faith  
15 and trust of the employees of Guam. Note that I  
16 refer to the Department of the Navy because I know  
17 for a fact that the local military leaders are only  
18 following marching orders as required.

19 Now let me just explain what I have just  
20 stated.

21 The proposed closure of SRF is just one  
22 example of a broken promise. For some time after  
23 BRAC 93, the CINCPACFLT Efficiency Review (ER) Team  
24 has been working very closely with the SRF to cut  
25 costs and to cut personnel because of budget

1 constraints and budget shortfalls. In the interest  
2 of partnership, both union and management agreed to  
3 embrace the concept of becoming a lean,  
4 cost-efficient service provider. It could be said  
5 that the SRF had reinvented itself long before the  
6 reinvention of government initiative had been  
7 invented. Since early 1994, the SRF has been  
8 leading the way in doing more with less, reducing  
9 its budget and personnel through downsizing and  
10 rightsizing. Many good workers have since left the  
11 SRF through optional retirement, voluntary early  
12 retirement (VERA), and voluntary resignation in  
13 order to make room for the younger workers. And I  
14 present you exhibits. Many of these workers  
15 actually believed that the downsizing and the  
16 budget-cutting efforts of the SRF will ultimately  
17 save the SRF from any planned closure in the future.

18 Also, the past two years, the Navy has  
19 allowed the SRF to undergo substantial reductions in --  
20 in depot maintenance capability because of the  
21 conversion and transfer of the Navy supply ships to  
22 the Military Sealift Command (MSC). Under the MSC,  
23 the supply ships were doomed to long-term  
24 deployments on the high seas. It is a well-known  
25 fact that planned maintenance and repair are going

1 to be infrequent. Thus, it is not a big surprise  
2 that the MSC will opt to be homeported in Hawaii  
3 rather than in Guam for very obvious reasons. Guam  
4 is not as attractive as Hawaii for the many single  
5 and unaccompanied sailors and mariners assigned to  
6 the ships.

7 Another sad story was FISC. With the  
8 drawdown and eventual closure of Subic Bay in the  
9 Philippines, there were high hopes among the  
10 employees that Guam will be the recipient of  
11 additional manpower, equipment, and material. Guam  
12 will be become the supermarket of the Pacific. With  
13 the MSC and supply ships homeported here, it  
14 appeared that Guam has a bright future. However,  
15 the recommendation to transfer MSC and the supply  
16 ships, including the ammunition ships, to Hawaii is  
17 the nail driven into the coffin of FISC. You cut  
18 off the customer base and your future is gone.

19 When the -- When the Naval Magazine  
20 (NAVMAG) and the Naval Station (NAVSTA) merged in  
21 October 1994 to become the Naval Activities  
22 (NAVACTS), it was primarily intended to solidify and  
23 maximize the operational infrastructure of both  
24 commands. And I've presented you exhibits. You  
25 will note that the merger was to have little effect

1 on the tenant commands, such as SRF and FISC.  
2 However, the recommendation to realign NAVACTS  
3 appears to be utterly contradictory to the intent of  
4 the merger. In hindsight, it all fits in now like a  
5 glove. But why lie about it.

6 The most serious case scenario is the  
7 pending closure of the Naval Air Station (NAS).  
8 From the very beginning in June 1994, the Navy  
9 failed to comply with the BRAC 93 recommendations.  
10 The civilian workers supported the closure based on  
11 the relocation of the operation to Andersen Air  
12 Force Base. However, this did not happen for the  
13 reason given: lack of proper infrastructure at  
14 Andersen Air Force Base. The aircraft squadrons  
15 ultimately moved to the Continental United States.  
16 However, note that none of the civilian workers who  
17 worked in support of the squadrons ever moved with  
18 them. When it was revealed that the Navy did not  
19 comply with the BRAC 93 recommendations to relocate  
20 to Andersen Air Force Base, the union filed an  
21 unfair labor practice complaint for bad faith  
22 bargaining on the part of the Navy. Even though a  
23 response was made, the issue was not thoroughly  
24 addressed. More so, when Congressman Underwood had  
25 pursued the matter at the Congressional level.

1 Unfortunately, the latest recommendation has now  
2 rendered this issue moot.

3 Honorable commissioners, you can see how  
4 far the Department of the Navy has dared to treat  
5 Guam and the civilian employees. I believe that we  
6 have been treated poorly and unfairly. In short, we  
7 have been forced to fail. We really do not want to  
8 lose the bases. Please help us keep the bases. We  
9 want to continue as federal employees long into the  
10 21st century. However, in the event that the bases  
11 in question do have budgetary problems, we want to  
12 go on record in support of a joint use between the  
13 Navy and any commercial organization with the  
14 government of Guam in the brokerage role. We do not  
15 want to see this -- these bases mothballed and  
16 inactive. Keeping them operating and keeping us  
17 working for the Navy and for the American people.

18 Thank you and Si Yu'os Ma'ase.

19 (Applause.)

20 COMMISSIONER STEELE: Thank you very much.

21 Let's see. With the Chamber of Commerce,  
22 follows, I -- I note that I have ten minutes here  
23 for both of you gentlemen. Are you speaking  
24 together or ...?

25 MR. CALVO: That's correct.

1           COMMISSIONER STEELE: Okay. Do it however you  
2 choose. You may proceed, thank you.

3           TESTIMONY BY MR. OVIDIO R.A. CALVO, JR.

4           AND SIMON A. SANCHEZ II

5           MR. CALVO: Good morning, Commissioners Steele  
6 and Cornella. Welcome to Guam.

7           I am Ovidio Calvo, Jr., Chairman of the  
8 Board of the Guam Chamber of Commerce. I am joined  
9 by Simon A. Sanchez II, business representative to  
10 the Guam BRAC ad hoc task force.

11           Mr. Sanchez and I appreciate this  
12 opportunity to submit the Guam business community's  
13 position statement regarding the Department of  
14 Defense's recommendations to the Base Realignment  
15 and Closure Commission.

16           The position presented in this statement  
17 represents views of a consortium of Guam's major  
18 private sector organizations. Collectively, our  
19 organizations generate over 75 percent of Guam's  
20 \$3.1 billion Gross Island Product and employ a  
21 private sector workforce of over 46,000 employees.

22           The business community of Guam opposes  
23 DoD's recommendations to the BRAC to reduce the Navy  
24 presence and retain the assets for possible  
25 contingencies.

1           We believe Guam remains a strategically  
2 vital area for supporting our defense interests in  
3 this region. The proposed realignment misses the  
4 opportunity to combine the need to save defense  
5 dollars with Guam's ability to share the costs by  
6 jointly operating and marketing realigned facilities  
7 as public private ventures. Rather than simply  
8 reducing DoD's presence on Guam, BRAC should require  
9 DoD to pursue collaborative arrangements for  
10 community reuse of productive assets that will no  
11 longer be utilized to their fullest capacity.  
12 Contingency needs of the military can be met even  
13 with the realigned assets under a joint-use  
14 arrangement. The cost of maintaining or mothballing  
15 underutilized assets can be saved by the Navy.

16           However, if such a collaborative approach  
17 is not a viable option, then the DoD must relinquish  
18 unilateral control over the productive assets it  
19 intends to close and allow these assets to be  
20 managed and developed by the people of Guam. The  
21 productive reuse of realigned assets by the people  
22 of Guam will offset the adverse impact of these  
23 recommendations by providing the basis for expanding  
24 and diversifying our economy.

25           The challenge for all of us is to forge an

1 approach which meets the needs of Guam and the DoD  
2 as partners in Guam's future. A realigned and  
3 efficient military presence on Guam and the  
4 expansion of economic opportunity for island  
5 residents can be realized without compromising the  
6 military's needs or crippling Guam's economic  
7 future.

8 There is an opportunity to build a new  
9 future for Guam upon the foundations of change,  
10 which are occurring now. We are ready to roll up  
11 our sleeves and work to take advantage of this  
12 moment in history. We will all be the better for  
13 it.

14 The DoD recommendations will significantly  
15 reduce the military's contribution to the island's  
16 economy. We estimate as much as 15 to 20 percent of  
17 Guam's total economic activity, or half a billion  
18 dollars annually could be lost. Based on DoD  
19 estimates, almost 5,000 local residents could lose  
20 their jobs, producing an estimated annual loss of  
21 150- to \$200 million in wages. The 2100 military  
22 jobs being eliminated represent almost 30 percent of  
23 the 7,000 active duty enlisted serving on Guam.

24 Island businesses will lose sales and  
25 profits. Local tax revenues will plummet. The

1 adverse multiplier effect on our economy will be  
2 significant, far exceeding the figures calculated by  
3 DoD. Time does not allow for detailed projections  
4 of the adverse economic impact but some preliminary  
5 assessments can be made.

6 During the last three years, military  
7 construction projects totaled over \$300 million.  
8 There is great concern that ongoing projects at SRF,  
9 FISC, and Naval station slated for completion in  
10 early 1996 could be subject to termination for  
11 convenience of the federal government.

12 Construction projects already contracted  
13 should be completed. Unfinished projects would be  
14 of no use to either the Navy or us.

15 Retailers estimate that 30 percent of  
16 military and dependent personnel shop outside the  
17 base, an amount sure to decrease with the proposed  
18 realignment.

19 Military cargo volumes lower shipping costs  
20 to and from Guam. Less military cargo being shipped  
21 to Guam will result in higher prices for consumers.

22 Auto sales are expected to drop 10 to \$15  
23 million annually.

24 Food and beverage businesses and suppliers,  
25 recreation and the entertainment industry will see

1 an estimated 10 to 20 percent drop in businesses.

2 Credit which has been extended by financial  
3 institutions for housing and personal loans risk  
4 default. No sector of our economy will be  
5 unaffected by the downsizing of the Navy activities  
6 on Guam. The impact will be felt by every citizen  
7 of Guam, including the remaining military personnel.

8 Given the magnitude of the impacts, any  
9 realignment must allow sufficient amount of  
10 transition time for Guam to attract the investment  
11 and create the industries that can replace the  
12 economic losses created.

13 We will recover but we need time, and we  
14 need access to the assets.

15 MR. SANCHEZ: In 1962, President Kennedy lifted  
16 the security restrictions on access to Guam. Prior  
17 to this time, the DoD controlled access to Guam  
18 which produced only minimal economic activity. If  
19 we can learn one thing from Guam's history, we  
20 should know that military controlled access to  
21 valuable property is not good for business.

22 In the 60's, the largest employers were the  
23 Navy and the government of Guam, employing over 80  
24 percent of the civilian workforce which numbered  
25 less than 10,000 jobs.

1           In 1969, airline flights to Japan were  
2 inaugurated. In 1972, the first hotels opened.  
3 Guam's tourism industry began to grow. One  
4 generation later, Guam employs over 65,000 people,  
5 and two out of the every three employees work for a  
6 privately-owned company. Since 1984, over 25,000  
7 new jobs have been added, an increase of 125 percent  
8 in ten years. Today, there are over 8,000 hotel  
9 rooms. In 1994, almost 1.1 million tourists visited  
10 Guam, nearly double the amount of visitors since  
11 1988.

12           The Gross Island Product has increased 75  
13 percent in the last six years, making Guam one of  
14 the fastest growing economies in the world.  
15 Personal income exceeds 2.3 billion and has grown at  
16 an annual rate of 11 percent since 1988.

17           It is amazing what the people of Guam can  
18 do when given access to assets. See all those  
19 graphs, they start to go up when we get to profit.

20           (Laughter.)

21           MR. SANCHEZ: We have a demonstrated ability to  
22 attract investment, create jobs, and generate  
23 profits. We have business links with Asia, the  
24 Pacific, and America and we are ideally located to  
25 capitalizing on these relationships. The shared use

1 of Navy dock-side land, wharves, and facilities will  
2 spur Guam's next growth phase.

3 A new Apra Harbor can be developed to  
4 expand transshipment, warehousing, fueling,  
5 industrial repair, fishing, and light manufacturing  
6 uses.

7 SRF facilities can be operated by private  
8 companies to continue ship and other complementary  
9 types of industrial repair, serving both Navy and  
10 civilian markets.

11 The warehousing at FISC could -- excuse me --  
12 The warehousing at FISC could provide the anchor  
13 facility for a Free Trade Zone. Light assembly  
14 industries could be attracted to Guam for duty-free  
15 access to U.S. and Asian markets.

16 Guam can continue to serve as a  
17 redistribution and transshipment center to markets  
18 throughout the entire Pacific while giving Navy  
19 supply ships priority access to dock-side  
20 facilities.

21 Guam's tuna industry, which currently  
22 transships 9 million metric tons annually, could  
23 grow with increased berthing capacity.

24 Passenger cruise ships from Asia could  
25 bring additional tourists to Guam. Unfortunately,

1 our Commercial Port lacks wharf space and there is  
2 no room to build a passenger terminal.

3 Industries investing in ocean systems  
4 technology could utilize the University of Guam's  
5 world-class marine biology program for research and  
6 development. The oceans represent the last  
7 unexplored frontier on the planet and Guam can play  
8 an integral part in ocean research in the next  
9 century.

10 Economic expansion and a realigned Navy are  
11 not mutually exclusive. All that is needed is the  
12 vision, political will, and the good faith in each  
13 other to accomplish the goals of the DoD and the  
14 people of Guam. It is our hope that the BRAC will  
15 provide the impetus to forge a new partnership  
16 between Guam and the U.S. military.

17 We gather today at a historical crossroad.  
18 By 1998, Guam will have spent nearly 100 years as a  
19 colony of the United States.

20 Military interests have dominated the  
21 decision matrix for most of Guam's history. Since  
22 1945, one-third of Guam's land has been controlled  
23 by the military for active and contingent needs.

24 But at the end of this week, the BRAC  
25 process will force the release of NAS Agana because,

1 with the new world order, we have all come to  
2 realize that keeping thousands of acres of valuable  
3 Guam land idle for military contingencies doesn't  
4 make sense any more.

5 We need to provide a future for the people  
6 of Guam. Thousands of our people have fought and  
7 died and worked to make America strong and to make  
8 Guam better. We cannot and we must not forget their  
9 sacrifices or throw away their hard earned skills  
10 and talent. We must give the people of Guam a new  
11 opportunity. We must give them hope. That is our  
12 duty and moral obligation as shapers of public  
13 policy and defenders of our country.

14 None of this rhetoric is supposed to be  
15 listened to in your job description. Frankly  
16 speaking, we don't have a lot of leverage on this.  
17 But all we can do is ask you and appeal to your  
18 sense of doing the right thing: Sustain the  
19 strategic presence, save the money by sharing the  
20 use, provide the opportunity for our future.

21 Thank you, God bless you and good luck.

22 (Applause.)

23 COMMISSIONER STEELE: Thank you.

24 And God bless you, too, as we move to the  
25 Archbishop.

1 (Laughter.)

2 TESTIMONY BY ARCHBISHOP ANTHONY S. APURON, OFM CAP.

3 ARCHBISHOP APURON: Good afternoon, ladies and  
4 gentlemen, distinguished commissioners of the  
5 Defense Base Realignment and Closure Commission,  
6 honored local dignitaries, yan i manaotao-hu Guahan  
7 (My people of Guam).

8 I am pleased to be given this opportunity  
9 to address this panel of commissioners with respect  
10 to the recommendations made by the Department of the  
11 Defense for the closure of certain Naval facilities  
12 on Guam.

13 I would like to begin by recognizing the  
14 difficult job that the commissioners of BRAC are  
15 tasked to do. You are mandated by Congress to  
16 reduce military costs. This is the job that has  
17 been handed on to you. And in order to meet the  
18 demands of Congress, it has been necessary for you  
19 to make some difficult decisions in the past. The  
20 actions of BRAC have already closed many military  
21 bases throughout the world and throughout the United  
22 States, and certainly more closures will occur in  
23 the fullness of time.

24 Each of these actions, whether they have  
25 occurred in California or Pennsylvania or Texas, no

1 matter where, each of these actions has been  
2 accompanied by a degree of pain. Many BRAC actions,  
3 throughout the United States, have caused the loss  
4 of jobs, of livelihoods. In most cases, human lives  
5 have been affected.

6 You are intelligent and compassionate men  
7 and women, and I am certain that this human element  
8 has weighed upon you with every action. None of you  
9 wishes to cause human suffering; none of us wishes  
10 to do that. Yet, the very nature of the mandate you  
11 have means that your actions have to some degree  
12 must this -- this -- have this effect.

13 As I have said, you have a most difficult  
14 task, indeed. In previous years, you have been  
15 petitioned by many communities who have struggled  
16 with the condition of having military installations  
17 closed which affected the livelihoods of their  
18 people. Many have asked that you spare them this  
19 fate. You cannot be immune to these pleas, I know.  
20 They must affect you even when you rule otherwise.

21 Of course, we on Guam would like to see our  
22 people who will be affected by these closures  
23 spared. We, as others before us, would like to see  
24 them continue with their careers. We would like to  
25 see our people spared this fear, this uncertainty,

1 this pain.

2           If you do decide to close these bases, as  
3 you have so many others, that will be a painful  
4 decision. But if you decide to close these bases,  
5 and at the same time, not also decide to return the  
6 assets and the land associated with them to the  
7 people of Guam in order that we can do whatever is  
8 possible to provide for our people, then that will  
9 be a more than just a painful decision. It will be  
10 an immoral decision.

11           I must tell you that when I first read of  
12 the Department of Defense's decision to close these  
13 bases, I was saddened deeply. My thoughts and  
14 prayers went out to those families who would be  
15 harmed by such a decision. But when I read of the  
16 military's desire to retain these bases and assets  
17 after they were closed, I was angered. How could  
18 anyone, especially our United States government and  
19 especially our Department of Defense, morally  
20 justify taking these jobs away from our people, and  
21 at the same time, refuse to return the properties  
22 associated with them to Guam and its people? That  
23 is surely one of the most blatant cases I have ever  
24 seen of adding insult to injury.

25           If you decide to close these Naval

1 facilities, it will be a painful enough reality for  
2 all of us to deal with, and I sincerely hope that  
3 you would spare our people. But if that is not  
4 done, I assure you that in the end, Siempre  
5 manmanganna' ham (we will overcome) for we are a  
6 resilient people, as we have shown time and time  
7 again.

8 In the book of Ecclesiastes, Chapter 3,  
9 Verses 1 through 8, we read:

10 COMMISSIONER STEELE: Here comes pressure.

11 ARCHBISHOP APURON: "There is a season --

12 (Laughter.)

13 ARCHBISHOP APURON: -- for everything, a time  
14 for every occupation under heaven; a time for giving  
15 birth, a time for dying; a time for planting, a time  
16 for uprooting what has been planted. A time for  
17 killing, a time for healing; a time for knocking  
18 down, a time for building. A time for tears, a time  
19 for laughter; a time for mourning, a time for  
20 dancing. A time for throwing stones away and a time  
21 for gathering them up; a time for embracing, a time  
22 to refrain from embracing. A time for searching, a  
23 time for losing; a time for keeping, a time for  
24 throwing away. A time for tearing and a time for  
25 sewing; a time for keeping silent, and a time for

1 speaking. A time for loving, a time for hating; a  
2 time for war, and a time for peace."

3 As is obvious in life, in the end, change  
4 is a necessary condition of our human existence, and  
5 pain is frequently an unavoidable consequence of  
6 change as in life itself. As christians, we believe  
7 that everything serves in some manner the will of  
8 God, and that there are limits to what we, as mortal  
9 human beings, can do to control this world, which in  
10 the end, like humanity, is God's creation.

11 But although we recognize in deep humility  
12 that we are creatures of our creator and subject to  
13 his will, this does not remove us from all the  
14 obligation to treat our fellow human beings with  
15 decency, respect, and compassion. On the contrary,  
16 as we are all children of God, and as it is morally  
17 incumbent that each one of us demonstrate compassion  
18 to our brothers and sisters at all times, for as  
19 Christ himself said in Matthew, 24, Verse 40:  
20 "Insofar as you did this to one of the least  
21 brothers (and sisters) of mine, you did it to me."

22 As you wrestle with this, only the latest  
23 in so many difficult decisions you have had to make,  
24 I call -- I call upon you that compassion in you. I  
25 am no military expert and can make no military

1 arguments. But like David in front of Goliath, I  
2 can only appeal to that which lives in all of us,  
3 that which guides us and tells us what is right and  
4 what is wrong, what is just and what is unjust.

5 Do not allow insult to be added to this  
6 injury that is being done to us. If the decision is  
7 for these bases to be closed, then, gi na'an Yu'os  
8 (in God's name), na'i ham tatte ni guinahan-mami  
9 lokkue (give us back our resources as well), kosaki  
10 sina in che'gue hafa debi di in che'gue (so that we  
11 can do what we must do) para in pribiniyi i  
12 mane'lun-mami ni ipara u faninnafekta ni este na  
13 matdesidun desision (to provide our brothers and  
14 sisters who will be affected by this malicious  
15 decision).

16 Este ha, in fin, i it mas sentidu debi di  
17 umacho'gue!

18 This, finally, is the moral thing to do.

19 Si Yu'os ma'ase. Thank you.

20 (Applause.)

21 COMMISSIONER STEELE: Thank you very much.  
22 Humbling.

23 Senator Cristobal, I believe you have eight  
24 minutes.

25 TESTIMONY BY SENATOR HOPE A. CRISTOBAL

1           SENATOR CRISTOBAL: Thank you.

2           Amanu na guaha minalagu', guaha nina'sina.  
3 Yangin un hongge na sina un aligao ya un na'magahet!  
4 Sa'yangin fine'ne'na ti un tanga ya un chagi, taya'u  
5 faloffan magahet.

6           Simply put, where there is a will, there is  
7 a way.

8           COMMISSIONER STEELE: I thought my jet lag  
9 kicked in.

10           (Laughter and applause.)

11           SENATOR CRISTOBAL: Buenas yan hafa adai,  
12 Commissioner Steele and Commissioner Cornella.

13           We recognize the legal mandate of the Base  
14 Realignment and Closure Commission and we are aware  
15 of the criteria that you must follow.

16           The current Department of Defense  
17 recommendations propose to close Ship Repair  
18 Facility Guam and transfer and retain appropriate  
19 assets at Naval Activities Guam. Additionally, the  
20 Department of Defense recommends the realignment of  
21 Naval Activities Guam, the trans -- the transfer of  
22 various activities to Hawaii, and the retention of  
23 waterfront assets for support mobilization and  
24 contingencies. Finally, Fleet Industrial Supply  
25 Center Guam (FISC) is slated for disestablishment.

1           The BRAC process, we are told, is a reality  
2 we must face. We reiterate that we are aware of  
3 this commission's legal mandate. If the BRAC  
4 process is a reality we must deal with, then we, the  
5 leaders of the Guam, have an obligation to express  
6 the Guam reality. The Guam reality should serve to  
7 develop a conscience to the BRAC process as it is  
8 applied to Guam, while still allowing your  
9 commission to fulfill its mandate.

10           The Guam reality is that we are a  
11 possession of the United States.

12           The Guam reality is that the United States  
13 military proudly defended our dependent status as a,  
14 quote, "National Security Asset," unquote.

15           The Guam reality is that no family on Guam  
16 has escaped the impact of the United States military  
17 presence here.

18           The Guam reality comes from the framework  
19 of the military, its command and control  
20 personality, its bureaucratic machinations, its  
21 massive expenditure of money, and, of course, its  
22 concerns for security.

23           The Guam reality is that the United States  
24 decisions affecting Guam continue to be made within  
25 a colonial framework.

1           The Guam reality is that this island  
2 developed economically, socially, and politically  
3 around the military who unilaterally established the  
4 bases here.

5           The Guam reality is that strategic bases  
6 were built on prime land taken by the military.  
7 Land that otherwise would have been instrumental in  
8 developing a vibrant local economy.

9           The Guam reality is that there is no  
10 consensus and much disagreement among military  
11 leaders about Guam's current strategic value in  
12 relation to U.S. interests in the region.

13           The Guam reality, my dear commissioners, is  
14 that now you want to close the bases and keep the  
15 property.

16           The Guam reality is that by doing so,  
17 thousands of special-skill workers are released to a  
18 community that cannot, cannot readily employ them in  
19 those areas.

20           The Guam reality is that at least ten  
21 percent of the jobs on Guam will be lost.

22           The Guam reality is that approximately 30  
23 percent of the total income earned on Guam will  
24 disappear.

25           The Guam reality is that the historical

1 connection between the U.S. military and the people  
2 of Guam cannot be overstated and must be expressed.

3 We understand the BRAC 95 mandate. We  
4 realize that a reduction from a 600-ship Navy to  
5 just over 300 ships requires significant military  
6 budget cuts. We do not argue with the concomitant  
7 cost savings that will result from these cuts.

8 However, Department of Defense  
9 recommendations to close, realign, and disestablish  
10 activities, while at the same time retaining assets  
11 and facilities, are unacceptable and untenable. The  
12 people of Guam cannot be reasonably expected to  
13 survive the economic impact of these closures and  
14 realignments without the means for economic  
15 recovery.

16 In light of the BRAC 95 reality, give us  
17 the opportunity to determine our reality by giving  
18 us the assets which provide a basis for economic  
19 revitalization. Do not deny us the means to chart  
20 our future course.

21 A key component of President Clinton's  
22 policy on base closures is, quote, "economic  
23 revitalization," unquote, for communities that are  
24 affected by base closures. This is echoed as well  
25 in statements made by the Secretary of Defense and

1 the Secretary of the Navy. BRAC, in its  
2 deliberations, must in good conscience take in full  
3 account the historical connections between the U.S.  
4 military and the people of Guam. And BRAC must  
5 understand the devastating impact these closures  
6 will have on Guam.

7 In the Department of Defense's base closure  
8 and realignment report, the sections describing the,  
9 quote, "Economic Impact on Communities," unquote,  
10 begin with the same phrase, quote, "Assuming no  
11 economic recovery ..." continuing quote, "if the  
12 recommended base closures are implemented as now  
13 stated, no economic recovery will become a Guam  
14 reality."

15 Our geographic location has been and  
16 continues to be both a boon and a bane. A boon,  
17 when we are able to use our geographic location to  
18 our benefit, and, a bane, when it is used to serve  
19 the interest of others at our expense. A boon when  
20 we are able to chart our course; a bane when its  
21 strategic value overrides our community needs. A  
22 boon when we can effectively change our quality of  
23 life; a bane when we become a pawn in a bigger game.

24 Today, we are faced with another unilateral  
25 act involving the closure and realignment of

1 significant U.S. military activities in Guam. The  
2 bean counters will get together, create information  
3 and financial databases, look at the world as a  
4 spreadsheet, create little scenarios, and then  
5 unilaterally change the Guam reality.

6 The Pentagon has offered you its option  
7 without benefit of our input. This Pentagon option  
8 meets all of the Pentagon's needs. Costs cut,  
9 assets are retained so that just in case the Navy  
10 can come back again to use Guam.

11 The Pentagon offer, however, sacrifices the  
12 legitimate needs of the people of Guam. These needs  
13 are embodied in our right to self-determination and  
14 our right to be self-sufficient.

15 Commissioners, we know the U.S. military  
16 interests will be paramount in making your final  
17 decisions, and these decisions may mean closure,  
18 realignment, and disestablishment of military  
19 activities. If so, allow for collaborative  
20 arrangements between the U.S. military and the  
21 government of Guam, and where appropriate, turn over  
22 the assets and facilities necessary for this  
23 community, our community, to economically  
24 revitalize. To do otherwise would be to unjustly  
25 shape the future Guam reality.

1 Si Yu'os ma'ase.

2 (Applause.)

3 COMMISSIONER STEELE: Thank you, Senator.

4 Senator Forbes.

5 TESTIMONY BY SENATOR MARK FORBES

6 SENATOR FORBES: Thank you.

7 Honorable Commissioners, I am here today to  
8 testify against the Department of Defense  
9 recommendations with respect to the essential  
10 closure of the Fleet Industrial Supply Center and  
11 Ship Repair Facility in Guam, and in support of  
12 testimony provided previously by our Team Guam  
13 leaders, the Governor, our Congressman, and the  
14 Speaker.

15 The one thing we have learned, as a result  
16 of these recommendations by DoD, as well as the  
17 events in the past 15 years, is that in 97 years, in  
18 spite of uneven and inequitable treatment, despite  
19 outright discrimination, in spite of times that have  
20 been occasionally contentious and troubled, Guam has  
21 always been there for the Department of Defense.  
22 But apparently, the Department of Defense does not  
23 plan to always be there for Guam.

24 As has been testified previously, the  
25 Department of Defense recommendations will have a

1 terrible impact upon literally thousands of our  
2 people here in Guam who are employed directly by SRF  
3 and FISC, as well as other activities. This impact  
4 has yet to be quantified; yet it is clear that  
5 regardless of the specifics, the effect will be  
6 severe. It's going to affect my immediately family  
7 and many immediate families in the Territory of  
8 Guam. People who have worked hard for many years  
9 contributing to America's defense are going to see  
10 those careers cut short. They will see the  
11 investment of many years come to a premature end.  
12 If these recommendations go into effect, there is no  
13 doubt that there will be anxiety, there will be  
14 suffering. Others have already testified that the  
15 closure of these bases will result in economic  
16 distress for Guam for at least the short term.

17 Naturally, we would like to see our people  
18 spared, but that decision is not ours to make, it is  
19 yours. As Senator Cristobal said in so many words,  
20 when the military came to Guam and established such  
21 a huge presence here almost half a century ago, it  
22 was of the military's own volition. When the  
23 military condemned so much of our island for their  
24 use depriving thousands of our people from the use  
25 of their property, it was of the military's own

1 volition. And now, if the military chooses to leave  
2 Guam and abandon thousands of people who have come  
3 to rely upon them for their daily sustenance, it  
4 will be of the military's own volition. We can ask  
5 that you spare our people this trauma as so many  
6 other communities before us have asked. But in the  
7 end, if the military stays or goes to whatever  
8 degree, it will be, as always, of their own  
9 volition.

10 We ask that you spare our people. But if  
11 the decision is that SRF and FISC are to be  
12 essentially closed, it is vital that you give Guam  
13 the assets and the resources we will need to do as  
14 much as we can for the benefit of the people of  
15 Guam.

16 The Department of Defense, in making its  
17 recommendations, says that SRF and FISC are no  
18 longer necessary for the national defense and,  
19 consequently, should be closed. But they also say,  
20 in effect, that someday they may be needed once  
21 again and, therefore, propose that the Navy keep  
22 these assets and maintain them in a mothballed  
23 condition. If, indeed, the military believes that  
24 these assets are valuable, then they should remain  
25 open as facilities. If they believe that they may

1 be valuable at some point in the future, then our  
2 position is that mothballing is neither cost  
3 effective nor humane fashion in which to maintain  
4 these facilities.

5 As has been testified earlier, Guam  
6 believes that if BRAC decides to close these  
7 facilities, it must allow for the return of these  
8 assets so that they may be used and remain  
9 productive, which, in our view, will not only help  
10 us expand our local economy and ameliorate the  
11 distress that will be caused by these actions, but  
12 will also insure that the facilities are maintained  
13 far more effectively than they would be under a  
14 mothballing scenario, as well as provide further  
15 cost savings to the federal government, since that  
16 is BRAC's primary purpose. And since we all know  
17 that mothballing costs money.

18 It has been suggested that facilities at  
19 SRF could be maintained in some sort of joint-use  
20 capacity, involving private capital and investment,  
21 that would not only maintain a degree of military  
22 use and reduce costs to the federal government, but  
23 also bring new and commercial business to the  
24 facility. Waterfront assets at Apra Harbor could be  
25 converted to commercial use not only for cargo but

1 to provide for such services as do not exist in Guam  
2 at this time, such as a true ocean terminal that  
3 could expand our marine tourism industry. Assets  
4 such as the fuel tanks at Sasa Valley could be  
5 privatized and used for commercial fuel storage,  
6 again reducing costs to the federal government while  
7 providing a consistent source of fuel that could be  
8 used by the military on a contingency or even an  
9 on-going basis.

10 There are other areas BRAC should look at  
11 as well, areas where the federal government can save  
12 money without necessarily costing our people their  
13 jobs. For example, maybe this is the time to turn  
14 over the Fena Reservoir, and the attendant water --  
15 water production facilities there, which would, of  
16 course, save the military money with respect to  
17 maintenance. What about the Admiral Nimitz Golf  
18 Course which would again reduce costs to the federal  
19 government for maintenance while providing a  
20 facility that can be used by civilians and such  
21 military community that will remain in Guam? What  
22 about Tarague Beach? Why not relieve the federal  
23 government of the burden of having to maintain that  
24 beautiful and pristine beach? Or, the miles of  
25 beach that stretch northward between Tanguisson and

1 Falcona? What about Nimitz Hill? Is all that  
2 property necessary now? What about the thousands of  
3 acres of land in Guam that have never been used by  
4 the military for any purpose whatsoever?

5 The point is that by allowing Guam to  
6 regain these assets, the federal government loses  
7 nothing except for the costs of maintaining them.

8 Guam is part of the United States and as  
9 such should these areas ever require use by the  
10 military, although I have always been mystified by  
11 how a golf course is critical to the defense of the  
12 nation, they will always be there. The difference  
13 is that in the meantime, they'll be productive.  
14 They will be providing for the welfare and benefit  
15 of those we must be most concerned about here, the  
16 people of Guam.

17 The one thing that must not happen, the one  
18 thing that would be adding supreme insult to  
19 terrible injury would be to follow these Department  
20 of Defense recommendations and close these bases,  
21 harm our people and allow the military to keep all  
22 the assets and deny us even the opportunity to try  
23 and take care of our own. This you must not allow  
24 to happen.

25 To misquote William Jennings Bryan, you

1 cannot allow the people of Guam to be crucified upon  
2 a cross of contingencies.

3 For the balance of the afternoon, you're  
4 going to be listening to testimony from our people.  
5 We realize that since 1988, BRAC has already closed  
6 hundreds of military activities, large and small,  
7 and that you have heard the pleas of similar  
8 communities throughout the United States, but we beg  
9 you to understand that although this experience may  
10 be something that you are used to, it is for us  
11 unique. Our frustration is unique to us, our fear  
12 and our anxiety are unique for us. And if some of  
13 the testimony gives evidence to that fear, that  
14 frustration, that anxiety, or even that anger, that  
15 you hear it with compassion and understanding. And,  
16 hopefully, the voices of our people will move you to  
17 do that which is right, because in the end, that is  
18 all that we can expect from you, to do that which is  
19 right.

20 Thank you.

21 COMMISSIONER STEELE: Thank you very much.

22 (Applause.)

23 COMMISSIONER STEELE: Commissioner Cornella.

24 QUESTION BY COMMISSIONER CORNELLA

25 COMMISSIONER CORNELLA: Thank you, Madame

1 Chair.

2 I thank you all for your testimony. I do  
3 have a question for the Chamber of Commerce.

4 Q. If you could tell me, on the economic  
5 impact you said that was somewhat understated, can  
6 you tell me what you used as a multiplier in  
7 determining what that economic impact is?

8 MR. SANCHEZ: A. We don't have the specific  
9 econometric multiplier, given the short time that we  
10 were given, but what we looked at were some of the  
11 macro-impacts. When we looked at the DoD figures  
12 that are in the BRAC recommendations, we primarily  
13 looked at the job impact, the indirect or direct job  
14 losses that would occur. We then tried to  
15 extrapolate the purchasing power that gets lost and  
16 the impacts and the multiplier effects that affects  
17 our -- our businesses. We've never had an  
18 econometric model that, you know, I can show to you  
19 and say it's a .743. But clearly in doing some  
20 random -- some quick surveys of the auto industry,  
21 of the shipping industry, some of the dynamics that  
22 were there, we tried to give you a feel for some of  
23 those dynamics. We'll try to document more fully  
24 for you for the April 29th hearing some of those  
25 impacts. But, in a quick search amongst our

1 membership, you know, we got a feel for -- I can't  
2 tell you -- the bank -- the financial institution, I  
3 can't tell you how many loans might go into default,  
4 but I can tell you that they're very concerned that  
5 they make a lot of loans to 5,000 people that aren't  
6 going to be able to pay those back. And to the  
7 degree we can document those, we'll give those to  
8 you, but our point was the -- the DoD  
9 recommendations really don't -- don't look at those  
10 elements. They just kind of look at the job loss --  
11 direct job loss.

12 MR. CALVO: A. And I would add that an  
13 additional point is that there is an ongoing effort  
14 between this consortium of business sector  
15 organizations to compile as much information as  
16 possible for any future efforts or hearings that may  
17 be possible and we're more than willing to provide  
18 you with whatever we can.

19 COMMISSIONER CORNELLA: I believe a lot of  
20 times the -- the impact numbers are understated  
21 somewhat, having been on that side of the table.  
22 The standard factor, I believe, was somewhere around  
23 2.1, 2.3, as far as what's used by the military.  
24 You know, I found that -- that four is probably  
25 closer to the numbers. So I'm not sure what -- what

1 will be used, but I think it would be important to  
2 try to document as much of that as you can, as you  
3 stated, for the next hearing. Thank you.

4 MR. CALVO: We intend to, thank you.

5 MR. SANCHEZ: Thank you.

6 COMMISSIONER STEELE: I just have a comment,  
7 and I'm very encouraged by the unified support of  
8 the community leaders that we've heard today. I  
9 want to encourage you to act in unity both when you  
10 look at the Naval Air Station for reuse plans and as  
11 you consider possibly -- or proposals for the Navy  
12 or maybe for the BRAC Commission, if you have them  
13 prepared in time, for the waterfront. Particularly  
14 regarding the commission, maybe in California,  
15 obviously you can't have firm ideas all organized in  
16 that period of time, but to the degree that you can  
17 come up with concepts for this community and the  
18 directions you would like to go, and bring them to  
19 us and to the Navy and we can bounce them off the  
20 Navy and -- maybe all that good stuff. Why, we have  
21 an able staff to help facilitate those kinds of  
22 things.

23 I think Guam is best served if -- if those  
24 things go forward and I -- I said that second part  
25 with the presumption (indicating) and that -- this

1 is in quotes which doesn't show on there -- but if  
2 the secretary's recommendations would go forward, we  
3 have no idea at this point where we'll be at the end  
4 of this process. But I have you all in front of me  
5 today as I say that, having watched communities go  
6 through this the last couple of rounds, and a lot of  
7 you might not have had the opportunity to see or to  
8 learn from the experiences they've gone through.  
9 But the more you can come together, the easier it is  
10 for everybody to benefit and not suffer and have all  
11 those curves shoot up high quickly.

12 At this point, we'd like to take a  
13 five-minute break. And those that are testifying  
14 this afternoon, I'd like to ask you to please come  
15 to the center aisle, the staff will meet you there.  
16 And then when we all come back, I'll swear you in.

17 Thank you very much. Five minutes.

18 (Brief recess.)

19 COMMISSIONER STEELE: As always at a first  
20 hearing, we have run into a few little dents --  
21 unanticipated bumps in the road, one of which is on  
22 the sign-up sheet for this afternoon, there were  
23 some instances of double name signup or people  
24 signing up for someone other than themselves, which  
25 really wasn't the intent of a public comment period

1 with first-come, first-serve right to speak. So  
2 what we've decided to do is those who signed up who  
3 do wish to speak for their two minutes, we'll  
4 proceed with that group. Then with the time  
5 remaining, folks who didn't sign up but others did  
6 on their behalf, we will swear in that group. We're  
7 still under the 45 minutes, so we should be fine.  
8 And then we'll proceed with the additional speakers  
9 at that time.

10 Would the first group of individuals who  
11 did sign up and do plan to speak all rise?

12 Or how are we going to do this? Are they  
13 going to come to the center? Or -- They're  
14 scattered around.

15 You all don't have to come to the center,  
16 that's okay, no problem.

17 Raise your right hands, please.

18 Do you solemnly swear or affirm that the  
19 testimony you are about to give to the Defense Base  
20 Closure and Realignment Commission shall be the  
21 truth, the whole truth, and nothing but the truth?

22 (All respond "I do.")

23 COMMISSIONER STEELE: When you proceed to the  
24 microphone, if you could clearly state your name.

25 TESTIMONY BY SENATOR VICENTE C. PANGELINAN

1           SENATOR PANGELINAN: Two minutes.

2           COMMISSIONER STEELE: You have two minutes.

3           SENATOR PANGELINAN: Let me just say that my  
4 name is Vicente C. Pangelinan, I'm a senator in the  
5 Twenty-third Guam Legislature and I'm a member of  
6 Guam's second team of Team Guam, I guess. But I'm  
7 glad to be in the game here.

8                       On the issue of military importance, you  
9 have the turnover of Hong Kong occurring in 1997.  
10 The Korean Peninsular wars and problem continue to  
11 exist. The brewing fight over the Spratly Island  
12 between the different nations claiming that island.  
13 The instability of the Middle East, the  
14 renegotiation of the defense burden-sharing contract  
15 with Japan that's up for renegotiation next year in  
16 1996, are all issues that require military attention  
17 with regards to the military's ability to respond in  
18 the Asian Pacific Rim area should any kind of -- of  
19 problem occur. And who else is closest situated to  
20 this area? Guam, the island of Guam. Nobody can  
21 tell me that for strategic purposes, Hawaii is  
22 better able to serve the strategic needs of the  
23 military with regards to that respect.

24                       On tourism, let me just give you some  
25 numbers. Under the QC program on Guam, we have

1 3,900 employees employed by that. The military in  
2 its -- in its program says that they'll eliminate  
3 over 6,900 jobs. The income tax payroll is \$49  
4 million for a core industry. The military's payroll  
5 that will be cut of these 6,000 employees is \$219  
6 million. We will need to generate over 4,000 new --  
7 over 12,000 new hotel rooms in order to be able to  
8 sustain and meet the cuts that's going to occur.

9 Before World War II, the military evacuated  
10 American citizens when intelligent sources indicated  
11 an -- that an invasion was in danger. The people --  
12 The people, after invasion came, felt the United  
13 States abandoned them. They came back and liberated  
14 the island and the people welcomed the Americans  
15 back with open arms and willingly gave up their  
16 land. As BRAC 94 recommendations instituted as is,  
17 it will not be -- we will not have a -- what we will  
18 have is a second abandonment. And if the U.S.  
19 military returns after this due to a conflict in our  
20 region, it won't be considered a second liberation,  
21 ladies and gentlemen, but maybe a second occupation.  
22 And instead, you may face confrontation instead of  
23 cooperation.

24 Thank you.

25 (Applause.)

1           COMMISSIONER STEELE: Thank you for your  
2 testimony.

3           TESTIMONY BY MS. MARIANNE RIOS

4           MS. RIOS: Good afternoon, commissioners. My  
5 name is Marianne --

6           COMMISSIONER STEELE: I'm sorry, may I  
7 interrupt for one second?

8           I have a suggestion. Would those who rose  
9 as they were going to testify go to the back of the  
10 room with John and he'll get you in order, so we'll  
11 be able to expedite the process to have enough time  
12 for everybody.

13           Sorry for the disruption.

14           MS. RIOS: No problem.

15           Good afternoon, Ms. Steele, Mr. Cornella.  
16 Hafa adai to you and your staff.

17           COMMISSIONER STEELE: And your name, please.

18           MS. RIOS: My name is Marianne Rios. I'm  
19 representing Guahan Landowners United.

20           This is an organization of members about 35  
21 clans of Guahan landowners and you can roughly say  
22 that they represent approximately 1500 heirs, and  
23 they call themselves "original landowners."

24           Members of Guahan landowners want to be  
25 known as members of an organization that stands for

1 private property rights. Their organization is  
2 pro-constitution, not anti-military. We have among  
3 our members ardent military supporters and American  
4 patriots and veterans who have fought for the  
5 American flag and who get their retirement  
6 subsistence from that very federal government.  
7 Guahan Landowners United's mission is to assure that  
8 lands declared excess by the military and returned  
9 to the government of Guam be returned to the  
10 original landowners by their government. We don't  
11 see anti-militarism in receiving back something we  
12 gladly lent to the war effort for lots of personal  
13 and economic sacrifice, and for very little rent  
14 money, namely, lands which have been declared as  
15 excess, not needed anymore for military strategies.  
16 No, we don't see that as anti-military at all.

17           Anti-militarism is not the question here,  
18 we hope, and the reason for the decision of closing  
19 these facilities here on Guam. We doubt very much  
20 that the livelihood of many thousands of people  
21 working at SRF and FISC would be negligently  
22 determined upon the -- because of a military or even  
23 federal disdain on the exercise of inalienable  
24 rights of the original landowners, namely, their  
25 right to freedom of speech. This organization, as

1 an organization, has never jumped fences, at least  
2 not yet, and hopes it will never have to. We  
3 believe in exercising our right to speech and  
4 participation within the conventional channels of  
5 government. We don't know, however, if we can place  
6 constraints upon our members who seem to be totally  
7 fed up seeking results through the conventional  
8 process.

9 I have given you my -- our written --

10 COMMISSIONER STEELE: Statement for the rest of  
11 the testimony.

12 MS. RIOS: -- testimony, and please study it  
13 carefully.

14 Thank you very much for coming to Guam.

15 COMMISSIONER STEELE: We will include it in the  
16 record, and thank you very much. Sorry we --

17 MS. RIOS: Thank you.

18 COMMISSIONER STEELE: -- ran short on time  
19 there.

20 (Applause.)

21 COMMISSIONER STEELE: Welcome.

22 TESTIMONY BY MS. MILLIE ARTERO

23 MS. ARTERO: Hafa adai, commissioners. Millie  
24 Artero.

25 For every action, there's equal but

1 opposite reaction. In order to have a win-win  
2 situation among the BRAC, the military, and the  
3 community, policies must not stand in the way. I  
4 view the base closures here on Guam, should it come  
5 to fruition, as a threshold of righting the historic  
6 wrong in the acquisition of our land by the  
7 military. Twice the issue of compensation was  
8 addressed but failed to deliver just compensation.  
9 And after nearly 50 years, the meager sum received  
10 is considered bad rent.

11 In order to promote the general welfare of  
12 the people of Guam, we must do major reform by  
13 restoring our fundamental principles. Perhaps  
14 through this BRAC 95 process, we will be able to  
15 right the wrong.

16 Regulations should not prevent the return  
17 of land to the original owners or their heirs. The  
18 people of Guam must come up with an economic plan  
19 but should not preclude the return of land to the  
20 original landowners. The original landowners will  
21 gladly conform with such a plan.

22 To truly restore the island's economic  
23 self-sufficiency and maintain the peace, government  
24 of Guam must take the leadership and moral  
25 responsibility of righting the injustices in the

1 violations of private property rights. Make no  
2 mistake, this will create revenues for the people of  
3 Guam thereby addressing public benefit and savings  
4 to the federal government.

5 At the present, the federal and local  
6 governments hold two-thirds of our -- of our land,  
7 mostly in a counterproductive manner. This is  
8 asinine, unconscionable, and immoral. In a free  
9 society, this is a crime.

10 The U.S. has come to the realization that  
11 it has placed Guam in a welfare state unnecessarily  
12 by their land-grabbing frenzy and paying dearly for  
13 it. To allow the government of Guam to be the  
14 steward of the lands coming back is to pump money  
15 into a fail system and would not deliver the intent  
16 of the president. The president's base closures  
17 plan is supposed to overhaul the status quo and  
18 restore the power of decision making to the  
19 community.

20 If the military pulls out, it has a moral  
21 obligation to leave behind its assets necessary to  
22 wean the people out of government dependency in this  
23 new partnership arrangement. Short of returning the  
24 land to the original owners and the assets thereon,  
25 I construe the government action to be a cruel

1 attack on the people of Guam once more. That is  
2 exactly what took place 50 years ago.

3 America must ask, what will happen to the  
4 people of Guam?

5 COMMISSIONER STEELE: Thank you very much.

6 (Applause.)

7 COMMISSIONER STEELE: Welcome.

8 TESTIMONY BY MR. VICENTE P. PEREZ

9 MR. PEREZ: Welcome to Guam.

10 First of all, my name is Vicente P. Perez,  
11 a retired senior manager at SRF.

12 I want to extend our heartfelt gratitude to  
13 our leaders who eloquently put out the position of  
14 Guam, what it should be. Governor Gutierrez really  
15 came out and covered every aspects. Our Delegate  
16 Underwood did wise -- likewise. And our spiritual  
17 leader even invoked on the spiritual to come down  
18 and guide us.

19 History repeats itself. Twenty years ago,  
20 and looking at my number 10 to testify, it looks  
21 like every 10 and 20 years, history repeats itself.  
22 Twenty years ago, we had to invoke the help of the  
23 late Governor Camacho, Governor Bordallo, our then  
24 spiritual leader, Felixberto C. Flores, and we were  
25 able to successfully convince our federal leaders in

1 staying the downsizing of SRF to a caretaker's  
2 status.

3  
4 Your question about the multiplying  
5 effects, back then in 1974, '75, we used the  
6 multiplier times eight. If you use \$320 million,  
7 the impact on the local economy is times eight.  
8 It's a direct impact on the local vendors and major  
9 contractors. The most devastating is the technical  
10 college called the Ship Repair Facility. SRF is the  
11 only facility that is industrially complex that our  
12 kids could look forward to be trained in the  
13 machinery, welding, and electronics. We work  
14 hand-in-hand with our University of Guam and GCC.

15 The DoD think tanker frequently stress that  
16 Guam has a strategic location. The 8.2 earthquake  
17 did not move Guam at all. We're still strategically  
18 important.

19 Rapid deployment should be taken into  
20 consideration. The nerve gas incident in Yoko --

21 Thank you. Sorry.

22 COMMISSIONER STEELE: Sorry. Sir, if you would  
23 like to --

24 (Applause.)

25 COMMISSIONER STEELE: Excuse me, you don't have

1 to if you don't want to, but if you would like to  
2 submit that written statement for the record --

3 MR. PEREZ: I will.

4 COMMISSIONER STEELE: -- we'd be delighted to  
5 read it.

6 MR. PEREZ: I will.

7 COMMISSIONER STEELE: Okay, terrific. Thanks.

8 TESTIMONY BY MR. JOSEPH C. QUINATA

9 MR. QUINATA: Good afternoon, commission  
10 members. Again, as everybody had mentioned, we  
11 welcome you to Guam.

12 My name is Joe Quinata, and I come here as  
13 a private citizen, although I've worked for the  
14 military 27 years of my life. I come here not to  
15 beg for my particular job but also in support of the  
16 people that will be affected and the families that  
17 will be affected by this base closure.

18 I am also against the BRAC commission or  
19 DoD recommendation to close Guam. As far as in  
20 closing, views have been expressed that indicated  
21 that the decision will be a miracle to reverse. I  
22 hope that you commission members are the miracles.

23 Thank you and Si Yu'os ma'ase.

24 (Applause.)

25 COMMISSIONER STEELE: Thank you.

1 TESTIMONY BY MR. ALBERT S. TOPASNA

2 MR. TOPASNA: My name is Albert Topasna.

3 COMMISSIONER STEELE: Welcome.

4 MR. TOPASNA: Thanks --

5 COMMISSIONER STEELE: I said welcome. Sorry.

6 MR. TOPASNA: Thank you.

7 I am here on the -- as a private citizen  
8 and also a private investigator. Thanks to the  
9 bishop, I found the theme for my speech today. And  
10 that is our Guam and our democracy. The three most  
11 important resources that Guam, our island territory,  
12 depend upon for survival are shipping industry, our  
13 airline industry, and our American democracy.

14 My dear friends, you must give up the  
15 memories at this point in time because you cannot  
16 forget the sacrifices the people and the Guamanian  
17 soldiers have given to preserve democracy. Our  
18 people have given so much because we all believe on  
19 the American dream.

20 Guam cannot depend on its island neighbors,  
21 set aside its principles and distance from the  
22 American coastline. And we were taught when were in  
23 school, American history. We understood social and  
24 cultural beliefs, we demonstrate democracy and  
25 respect our American Constitution. Our Guam, or

1 Guamanian blood was shed in Korea, Vietnam, and  
2 Desert Storm. Our -- We honor our war victims. We  
3 pray the American way, the honorable way. We will  
4 suffer when the solution comes to a reality by  
5 closing SRF.

6 You will hear of crisis in America, the  
7 will to obey the order to close out SRF and the  
8 predicament of chaos and trauma. We are on the road  
9 to isolationism, abandonment, and neglect. Our  
10 right to be part of America, to defend America only --  
11 not only in war but sustain in maintaining  
12 democracy, protecting society from crime and justly  
13 caring for all Americans.

14 Is money important? Judging money and  
15 people against ideals and life -- and their  
16 livelihood, please, Uncle Sam, must you choose  
17 between a true American or a part of America?  
18 Again, American history was correct. And American  
19 history is unchallenged and highly respected.  
20 American history will be measured differently by me  
21 as I've learned that I am an American.

22 Save this little island, Guam is truly  
23 where America's day begins.

24 Thank you.

25 (Applause.)

1 COMMISSIONER STEELE: Thank you very much.

2 TESTIMONY BY SENATOR ANGEL LEON GUERRERO SANTOS

3 SENATOR SANTOS: Hafa adai, my name is Angel  
4 Leon Guerrero Santos and I am a member of the  
5 Twenty-third Guam Legislature.

6 Is it not enough for the federal government  
7 to punish our people for practicing the culture in  
8 the 1900's? Is it not enough for the federal  
9 government to punish our people for speaking the  
10 language from 1900 to 1975? And is it not enough  
11 for the federal government to condemn two-thirds of  
12 all the lands on Guam, the most rich, fertile  
13 agricultural lands that our people depended on for  
14 survival? And then today, in 1995, sets aside over  
15 20,000 acres of that for a wildlife refuge to  
16 protect the endangered species. Is it not enough  
17 that we only have two minutes to fight for our  
18 rights to survive in our own homeland? We --

19 (Applause.)

20 SENATOR SANTOS: We almost lost our language  
21 and culture, we lost our lands, now you want to take  
22 our jobs. The greatest mistake that the federal  
23 government will make is to take away our jobs  
24 without giving us the resources to rebuild our  
25 lives. The greatest sin that the federal government

1 can commit on the people of Guam is to take away our  
2 bread and butter and not give us the kitchen that we  
3 need to prepare the food so that our people can  
4 survive.

5           Generations will come and generations will  
6 pass. But if no generation has the conscience, the  
7 courage, and the conviction to rights the wrongdoing  
8 of the past, then the next generation will have to  
9 live with the same injustices in the future. I will  
10 fight for our rights to survive in our own homeland.

11           Thank you.

12           (Applause.)

13           COMMISSIONER STEELE: Thank you.

14           TESTIMONY BY MS. JULIE NORMAN

15           MS. NORMAN: Good afternoon, commissioners.

16           COMMISSIONER STEELE: Welcome.

17           MS. NORMAN: And all my friends of the United  
18 States of America. I'm Julie Norman and I'm from  
19 Guam. I'm a U.S citizen.

20           There's only one thing that I'd like to ask  
21 you. I'd like to ask you to go back and remind the  
22 Department of Defense that Guam is a U.S. territory  
23 and it was the United States of America that stepped  
24 in here to gain and maintain the island of Guam from  
25 the enemies. And if they pull out all the military

1 forces out of Guam, they have just weakened their  
2 position as the most powerful country in the world.  
3 And we want to remain the territory of the United  
4 States of America.

5 Thank you very much.

6 COMMISSIONER STEELE: Thank you.

7 (Applause.)

8 TESTIMONY BY MR. TONY ARTERO

9 MR. ARTERO: Honorable commissioners, my name  
10 is Tony Artero, I'm the principle broker of Artero  
11 Realty. I'm also a retired Navy submariner.

12 And I'll start by saying that the people of  
13 Guam have fought in all of America's wars since  
14 American invokes on the use of our very limited but  
15 preciously located real estate, as our congressman  
16 has said, "location, location, location."

17 Although Guam has been living -- has been  
18 flying the American flag for nearly 100 years, many  
19 people have gone before us without ever seeing the  
20 reality of their belief in what America is all  
21 about. Generations come and generations go, yes,  
22 and the problem, that of economic freedom, has yet  
23 to be addressed and corrected. Over the years, only  
24 the symptom of the problem is addressed, never the  
25 problem. Instead, the government grew in leaps and

1 bounds and has evolved into a -- into a unrestraint,  
2 ruthless, and insatiable giant and spending  
3 skyrocketed like there is no tomorrow.

4 Consequently, the federal government's financial  
5 position is near \$5 trillion in deficit spending.  
6 Similarly, Guam's financial position is now near the  
7 bottom of the Marianas Trench. I hope -- I hope  
8 that this hearing with BRAC 95 will cause a solution  
9 to the cancerous dilemma we find ourselves in. I  
10 will offer some examples.

11 Before World War II, everyone had  
12 uninhibited access to their property. The people  
13 and their lands were productive. Now, there are  
14 people who are paying taxes on properties for  
15 decades that the government restrict their access to  
16 and the economic use of for no reason at all.

17 The dawning of history, however, should  
18 teach us that Guam, in the middle of the Pacific,  
19 has been the financial sinkhole of the American  
20 taxpayer since World War II. No doubt the condition  
21 of -- that condition is the result of a -- of the  
22 mid-19th century policy of imperialistic expansion  
23 to the Pacific regarded as the manifest destiny of  
24 the United States.

25 Ladies and gentlemen, please let's work

1 together and clean up the mess. It's the  
2 responsibility of the government to do so since they  
3 caused the problem.

4 Thank you.

5 (Applause.)

6 COMMISSIONER STEELE: Thank you.

7 Good afternoon.

8 TESTIMONY BY MR. JOE TOPASNA

9 MR. TOPASNA: Good afternoon, honorable  
10 commissioners. Good afternoon and welcome to Guam.

11 My name is Joe Topasna. I work for the  
12 Fleet and Industrial Supply Center for a good 31  
13 years. I spent more than half of my lifetime  
14 working for this command. I have no regrets.

15 The many in our workforce that have chosen  
16 a career at FISC because of the opportunities of  
17 good pay, a security of jobs, future retirement.  
18 Now the hope is faced with uncertainty.

19 What is FISC's mission? May I elaborate.  
20 I'll make it simple: Support the fleet across the  
21 Pacific Ocean to the Arabian Gulf and to the Indian  
22 Ocean. Seventy-five to 80 percent of our workload  
23 is supporting the fleet. The MSC's, the AFS's, from  
24 from Arabian Gulf to the Indian Ocean. Other  
25 customers in the area are DGAR, Bahrain, Singapore,

1 and Jebel Ali.

2 FISC spent millions of dollars in the local  
3 market annually for consumable items and provisions  
4 to support the men and woman in the Navy in  
5 preserving peace and security around the world. Our  
6 workforce is the finest in the Pacific. Yet, we are  
7 victims of our governments, local and federal  
8 government. Our local government is not -- Our  
9 local government, in not so many words, said,  
10 "Relocate by base."

11 And federal government said, "I'll do  
12 better than that. I'll close it."

13 The working people at FISC and SRF, these  
14 are the people that are assets to the government,  
15 pay their taxes, and do not wait for handouts. Our  
16 government claims that there will be more jobs in  
17 the future by building the private sectors and  
18 tourism industry. These are 10, 15, 20 years from  
19 now, which is fine. But what about the employees  
20 that are affected today? They still have to feed  
21 their loved ones, pay mortgages, and other bank  
22 payments.

23 Guam is logistically in a much better  
24 location to support the fleet across the Indian  
25 Ocean, Arabian Gulf, the Korean Peninsula, than FISC

1 Pearl Harbor, Hawaii, and FISC Yokosuka, Japan. I  
2 beg of you to reconsider disestablishment of FISC,  
3 but rather realignment. But whatever your  
4 recommendation is, I understand.

5 Thank you.

6 (Applause.)

7 COMMISSIONER STEELE: Thank you.

8 That sure beat an ending that said I was  
9 going to be immoral or something.

10 TESTIMONY BY ATTORNEY PETER R. SGRO, JR.

11 MR. SGRO: My name is Attorney Peter Sgro.

12 Because of the time limitation, I'd just  
13 like to read some quotes from Supreme Court  
14 decisions. Although just in the three hours worth  
15 of research, similar quotes are incorporated by  
16 reference, and at least a hundred and seventy  
17 different federal authorities by various federal  
18 courts throughout the nation.

19 Under the war powers of Congress, Congress  
20 may authorize the summary requisition of property  
21 immediately needed for prosecution of the war. The  
22 Supreme Court said in 1948: Congress, in time of  
23 war, unquestionably has the fundamental power ... to  
24 the requisition of properties necessary and proper  
25 to enable it to raise and support its Armies."

1 I would like to use that supporting  
2 position with the -- and I will incorporate written  
3 testimony with all the citations necessary of  
4 federal decisions, not decisions by the Superior  
5 Court of Guam, that meets every single one of the  
6 four top criteria by BRAC for not mothballing the  
7 facility. You already have the power of Congress to  
8 take back private property, to take any property.  
9 They can take over this legislative building, if  
10 they wanted to, in the event of a threat of war. To  
11 mothball the assets that we're talking about with  
12 respect to the people of the territory, puts the  
13 people in a bad precarious situation.

14 Now that I -- I would like visit one  
15 subject that is totally related to this, which  
16 you'll never find in any other community. The  
17 chamber touched upon, and I was past chairman of the  
18 Chamber of Commerce, on the issue called "security  
19 clearances." That was an -- intentional, based on  
20 recently declassified information, an intentional  
21 act by the federal government to prevent people like  
22 my family that as been doing business on Guam since  
23 1940, from economically becoming independent. It  
24 prevented injection of capital into Guam, and I  
25 think that we're now trying to do mothball assets in

1 the disguise of what we're seeing now as another  
2 security clearance, which I don't think that's in  
3 the best interest of BRAC or the military, or for  
4 that people -- or purpose, the people of the  
5 Territory of Guam.

6 Thank you.

7 (Applause.)

8 COMMISSIONER STEELE: Thank you very much.

9 TESTIMONY BY MR. BILL PAYNE

10 MR. PAYNE: Good afternoon, commissioners.

11 I'm Bill Payne. I've spent 30 years of my  
12 life down at SRF. I'm here as a private citizen,  
13 though.

14 I've been asked to make a brief statement  
15 concerning the necessity of maintaining a strong  
16 military presence on Guam and its benefits to the  
17 United States. Guam is the western-most territory  
18 of the U.S. Guam is where America's day begins.

19 From a strategic point of view, it means  
20 having a base near the heart of Asia. It means  
21 having a staging point from which the U.S. can  
22 project Naval and Air Force power, provide aid and  
23 humanitarian services to Asian allies in the spirit  
24 of peace and cooperation. It's a place that's  
25 populated by U.S. citizens. No U.S. ship or

1 airplane has ever turned away from Guam. It is the  
2 only place in this part of the world that the U.S.  
3 can depend on with absolute certainty. This is  
4 Guam, U.S.A.

5 It has been pointed out that the bases in  
6 Japan and Singapore have made Guam unnecessary from  
7 a strategic view. It is true Singapore is closer to  
8 the Middle East and a major transit place for U.S.  
9 ships. Also, the industrial facilities the Japanese  
10 offer are more than what Guam has and the Japanese  
11 government absorbs most of the cost to the U.S.  
12 military is an important item. But the current  
13 economic conditions in Japan will not warrant that.  
14 Sooner or later, they'll charge the United States  
15 for it. The old adage "Charity begins at home" is  
16 as good for Japan as it is for the United States.

17 Guam legitimizes U.S. military interests in  
18 Asia because the military is there to protect U.S.  
19 citizens and property. There is no greater  
20 justification for a military presence here.  
21 Countries have criticized the U.S. as being  
22 imperialistic for having bases in Japan or  
23 Singapore, but no one can criticize the U.S. for  
24 having its own citizens, its bases here.

25 Guam have always been the focal point of

1 blood, sweat, and tears for the U.S. government.  
2 Please let's have a joint-use agreement for the  
3 bases, do not close it or mothball it.

4 Thank you.

5 (Applause.)

6 COMMISSIONER STEELE: Thank you.

7 TESTIMONY BY MR. HOWARD A. HEMSING

8 MR. HEMSING: My name is Howard Hemsing.

9 First of all, I'd like to thank you for the  
10 base closure. It has been long in coming.

11 Now, allow me to comment on how to rectify  
12 the problems for Guam's economy to benefit from this  
13 closures.

14 The military administration has -- no. The  
15 United States of America first established  
16 themselves on Guam in 1899 after gaining possession  
17 of Guam from Spain through the Treaty of Paris.  
18 After arriving on Guam until the beginning of World  
19 War II, the military administration enacted laws to  
20 make the indigenous people here feel inferior. Laws  
21 restricting language and culture have worked, for  
22 today the Chamorros are confused with their own  
23 identity. Also, years before, our language was  
24 spoken at home but today one rarely hear parents  
25 speak to their children in their native tongue.

1           The military administration has also  
2 condemned valuable -- land valuable to the  
3 Chamorros' well being. In basic facts, your  
4 government have intentionally made the Chamorros  
5 dependent instead of independent. You have turned  
6 Guam into a welfare island, dependent on your  
7 government with welfare and food stamps. People are  
8 trying to find jobs instead of creating their own  
9 businesses. Attitudes concerning self-pride --  
10 self-pride, self-reliance are missing in a lot of  
11 Chamorros because your government strategically  
12 planned this. How do I know this? You have brought  
13 in your educational system and it has all -- you  
14 have also have people here that have retired right  
15 out of the Pentagon's strategic intelligence unit.

16           Now let's correct your wrong doings. How?  
17 First of all, return the land, not to the government  
18 but the to the original landowners. Let them  
19 consolidate the business. That way, the landowner  
20 and the people can be making money. Give them the  
21 200 mile EEZ zone and give -- and remove the Jones  
22 Act. And you give them the money to start this.  
23 And you contract the base cleaning of all toxic  
24 wastes on this island. That way your money can be  
25 returned to you at a 4 percent interest as a small --

1 small business administration style. Four percent  
2 interest, that's all right.

3 I wish I had more time, I still got some  
4 more.

5 (Applause.)

6 COMMISSIONER STEELE: You can submit that for  
7 the record. Feel free to submit your additional  
8 comments for the record. We'd be delighted to read  
9 them.

10 TESTIMONY BY MR. ANTHONY M. QUITUGUA

11 MR. QUITUGUA: May I ask a few -- few moments  
12 of indulgence?

13 COMMISSIONER STEELE: This will be a prop.

14 Is that Lysol a hint?

15 MR. QUITUGUA: It's Listerine.

16 COMMISSIONER STEELE: Oh, Listerine.

17 MR. QUITUGUA: What you have before you -- Oh,  
18 my name is Anthony M. Quitugua and I'm a private  
19 citizen.

20 What you have before you is something  
21 symbolic. It's American products from the Cracker  
22 Jack, Columbus, Ohio, maybe a lot of you know that;  
23 a box of cereal from Minneapolis, Minnesota; cans of  
24 Campbell's soup from Camden, New Jersey; a bottle of  
25 Listerine, Morris Plains, New Jersey; a can of

1 chili, Tacoma, Washington; and a can of vegetables  
2 from Los Angeles, California.

3 We share, like the 48 states, as Americans.  
4 Americans who hold U.S. passports. And let me read  
5 something, if you have it. You probably have one  
6 because if you didn't, you wouldn't -- it'd be very  
7 hard for you to go through immigrant -- through U.S.  
8 Immigration.

9 COMMISSIONER STEELE: Okay, that's fine.

10 MR. QUITUGUA: Please.

11 COMMISSIONER STEELE: No problem.

12 MR. QUITUGUA: Anyway, it says: The Secretary  
13 of State of the United States of America hereby  
14 request that all -- all to whom concerned to permit  
15 the citizen/national of the United States named  
16 herein to pass without delay or hinderance, and in  
17 case of need, to give all lawful aid and protection.

18 I'm nervous here now.

19 In God we trust is what the money -- in the  
20 back of every money -- it's \$10 because a dollar is  
21 no good anymore. The economy, you know what I mean?

22 Ladies and gentlemen, I know that the --  
23 America has been bashed here, American has been --  
24 there's a kind of animosity in the air. I'm  
25 speaking from the heart here. Two points:

1           Number one, we have your American flag  
2 waving 6:00 a.m. to 6:00 p.m.

3           Number two, we have passports that we have  
4 not renounced. We're still Americans. And that --  
5 that's very important. World War II, World War II --  
6 or Korean War and all the wars we've participated  
7 and our sons have died for the cause of liberty.

8           America -- The American negative impact  
9 here would be if you close these bases and you put  
10 these people out of jobs and you do what you have to  
11 do, and say, "Oh, Guam is no longer important  
12 strategically," we're repeating Pearl Harbor again.  
13 If you think Hawaii -- Hawaii was the first hit,  
14 then Guam and then the other islands. Ladies and  
15 gentlemen, if you do this, if you really do this,  
16 you're going to hurt the people of Guam who are  
17 Chamorro/Guamanian/Americans. That's what we are.  
18 Just like the Indian/Americans.

19           So, I ask you, please go to Washington,  
20 don't let this just stay here and then we forget it  
21 in the 15-hour flight, go to Washington and tell  
22 them, there are people that are living with children  
23 and if you take that food off their table, then  
24 that's exactly what you're going to do.

25           Thank you.

1 (Applause.)

2 COMMISSIONER STEELE: Thank you.

3 (Brief pause.)

4 COMMISSIONER STEELE: Were you sworn in?

5 MR. UNPINGCO: Yes.

6 TESTIMONY BY MR. STEVEN SABLAN UNPINGCO

7 MR. UNPINGCO: My name is Steven Sablan

8 Unpingco and I'm here on behalf of many students  
9 from the University of Guam.

10 As a concerned citizen, I am here to  
11 testify in opposition of -- to the DoD  
12 recommendation to close SRF and disc -- FISC, excuse  
13 me.

14 At the outset, it is my opinion that the  
15 U.S. military depends too much on bases located in  
16 foreign countries such as bases in Korea, Japan, and  
17 Singapore.

18 The permanence and viability of such bases  
19 may be questionable. Despite the existence of  
20 international agreements like the Status of Forces  
21 Agreement being in force and effect, these  
22 agreements are written in language ambiguous enough  
23 for a foreign nation to easily abrogate such  
24 agreements. In ensuring national security, nothing  
25 beats having your own forces in your own soil,

1 especially with a politically volatile climate in  
2 the far reaches of the Pacific.

3 In committing bases in foreign soil, one  
4 must ask, how much are these nations contributing to  
5 our joint effort to defend their interests? Is  
6 Korea, one of the newly emerging economic Asian  
7 nations, really contributing that much to its  
8 defense? Is the military presence in Korea designed  
9 to protect the Koreans than to the protect the  
10 United States citizens? Given the ability of the  
11 United States to rapidly deploy, is the U.S.  
12 presence in Korea still necessary or critical?

13 What about Japan? Is she contributing a  
14 fair share to her defense? Viewed in terms of  
15 annual Gross Domestic Product, the Japanese defense  
16 budget is really minuscule. If Japan is reluctant  
17 to rearm herself because of fear of repercussions  
18 from her neighbors or because of her constitution,  
19 shouldn't she contribute more monetary to offset the  
20 cost of her defense?

21 I believe it is time to revisit our  
22 national defense strategic thinking and analyze the  
23 changed circumstances affecting foreign policy. Let  
24 us fortify bases in U.S. soil and engage in policy  
25 favoring United States citizens and not foreign

1 citizens.

2           The end of the cold war crisis, with the  
3 downfall of the Soviet Union, leaves no present  
4 threat of superpower enemy. Accordingly, military  
5 actions will now probably be police actions for  
6 humanitarian reasons, as in the case of Somalia, or  
7 to deter aggression as in Iraq/Kuwait. Rapid  
8 development aided by the mid-air refueling appears  
9 to be the logical alternative to pre-positioning of  
10 troops and supplies in places such as Guam. But you  
11 know something, there are two critical weaknesses to  
12 this analysis. Okay? That you all ought to  
13 consider.

14           First, rapid deployment by air requires  
15 weather conditions that will allow planes to fly and  
16 be refueled in mid air. If inclement weather  
17 conditions prevail, refueling is not possible. The  
18 importance of weather should not be overlooked or  
19 downplayed especially in the Pacific Ocean region.  
20 The weather over a large ocean, as large as the  
21 Pacific, can be subject to rapid and erratic change.

22           Second, small scale wars or police actions  
23 are dependent on troops being deployed followed by  
24 supplies being flown in later. The ability of  
25 troops to fight a small war or police action that is

1 prolonged is severely limited if there is a total  
2 dependency on airlift providing all needed supplies.  
3 Even with the presence of huge aircrafts to support  
4 deployment, the supplies such carriers can furnish  
5 will be limited. Not only is weather a problem, but  
6 the costs of continuous airlift is astronomical.

7           In addition, planes do break down often, as  
8 the older planes, the more the wear, tear, and other  
9 breakdown components occur. Is there enough of a  
10 fleet of cargo planes that exist that can adequately  
11 service a prolonged airlift? Remember, the Air  
12 Force also has been downsizing. Therefore, looking  
13 at Guam's strategic location in the middle of the  
14 Pacific Ocean next to the potential trouble spots  
15 like Korea, Pakistan, and the Philippines, it makes  
16 a lot of sense to keep military facilities on Guam,  
17 which is American soil. To do otherwise would  
18 ultimately be necessarily endangering the lives of  
19 American military personnel and the national and  
20 international security of the United States.

21           Strategically speaking, we should not  
22 undermine the immense importance of Naval ships as a  
23 projection of U.S. power offshore. The presence of  
24 a battle group or task force over a troubled spot  
25 has a lot of peacekeeping dividends, as in the case

1 of the Persian Gulf. But, the Navy's ability to  
2 project such power and to participate in hostilities  
3 and therefore take away some dependence on rapid  
4 deployment has been severely curtailed by SRF and  
5 FISC disestablishments on Guam. Navy ships must  
6 replenish supplies and must have repair and  
7 maintenance work performed on them to ensure maximum  
8 battle readiness. One Navy ship can carry the  
9 equivalent of 20 Air Force C-5's in terms of cargo.  
10 These military can testify to that (indicating).  
11 Hawaii's remote location away from South and  
12 Southeast Asia cannot meet the Navy's demands.  
13 Guam's mid-ocean location and logical support  
14 capabilities can.

15           Aside from Guam's strategic location, we  
16 must stay focused on the real objectives of proposed  
17 closures, that is cost and savings benefits. The  
18 goal and mission of BRAC is to minimize cost of  
19 implementation and expect substantial savings in due  
20 period of time. In regards to costs implementation  
21 of disestablishment recommendations, has the  
22 committee engaged in costs analysis regarding  
23 environmental clean-up costs and disposition of  
24 chemical, hazardous or toxic wastes? Environmental  
25 clean-up needs should be quickly ascertained and the

1 costs of waste disposal consistent with  
2 environmental protection standards must be quickly  
3 estimated and forecasted.

4 In view of the plummeting exchange rate of  
5 the dollar to the yen, it may perhaps be most -- be  
6 more cost-savings effective to eliminate or  
7 consolidate some of the air bases in Korea or Japan.  
8 The air bases in Kunsan and Osan in Korea, for  
9 example, which have fighter planes could be  
10 consolidated. The fighters at Kadena Air Base in  
11 Okinawa could be relocated to Yokota or Misawa. Has  
12 anyone analyzed the cost savings measures that these  
13 moves would bring? If these consolidations or  
14 realignments can be made, the cost-savings component  
15 will inevitably show substantial savings over and  
16 beyond amount of savings Guam proposed closures --  
17 amount of savings Guam's proposed closures will  
18 yield.

19 You know, the -- this gentleman has been  
20 telling me it's time.

21 COMMISSIONER STEELE: I know --

22 MR. UNPINGCO: We are in an undue --

23 COMMISSIONER STEELE: -- I was just about to  
24 second --

25 MR. UNPINGCO: -- burden, we are college

1 students here. We're all here after two-and-a-half  
2 weeks of legal research. We don't enjoy the luxury  
3 of government subsidized travel to go and meet with  
4 you people. The least you guys can do is sit down  
5 for a couple more minutes and see what these young  
6 leaders of tomorrow have to say.

7 (Applause.)

8 MR. UNPINGCO: Now I ask you, okay?

9 COMMISSIONER STEELE: Mr. --

10 MR. UNPINGCO: Secondly --

11 COMMISSIONER STEELE: Mr. --

12 MR. UNPINGCO: -- you are not treating us  
13 correctly.

14 COMMISSIONER STEELE: Excuse me --

15 MR. UNPINGCO: You are violating our equal  
16 protection rights.

17 MR. SMITH: Could you please respect the  
18 commissioners for a second?

19 MR. UNPINGCO: Sure.

20 COMMISSIONER STEELE: Sir, the respect goes  
21 both ways in the sense that there are many people in  
22 the community that would like to speak. And that --  
23 that opportunity needs to be shared and it's  
24 important to us --

25 MR. UNPINGCO: I understand.

1 COMMISSIONER STEELE: -- that we share that  
2 opportunity. Mr. Cornella -- or Commissioner  
3 Cornella has comment as well.

4 COMMISSIONER CORNELLA: Well, you basically  
5 said what I was going to say, but I would add that  
6 there -- there will be a press conference. While  
7 Commissioner Steele is in that conference, I will  
8 give you my undivided attention for the length of  
9 that conference, which is, I believe, is 15 minutes.

10 COMMISSIONER STEELE: You'll make me do it by  
11 myself?

12 COMMISSIONER CORNELLA: That was the idea.

13 COMMISSIONER STEELE: Gentlemen, thank you --

14 MR. UNPINGCO: I thank you for your benevolence --

15 COMMISSIONER STEELE: -- very much. We look  
16 forward to reading your statement if you would like  
17 to submit it for the record.

18 MR. UNPINGCO: I would like to, but I also I  
19 would like to have just a minute --

20 COMMISSIONER STEELE: Sorry.

21 MR. UNPINGCO: -- to summarize.

22 COMMISSIONER STEELE: Sorry.

23 MR. UNPINGCO: Well, let me just say, may God  
24 bless the island of Guam, its family and its future,  
25 and may He bestow goodwill to all of you commission

1 members.

2 Thank you.

3 COMMISSIONER STEELE: Thank you very much, and  
4 to you as well.

5 (Applause.)

6 COMMISSIONER STEELE: Excuse me just a half a  
7 second, please.

8 (Brief pause.)

9 COMMISSIONER STEELE: Our chief analyst here  
10 has asked me to request those of you that had  
11 statements but may not have turned them in yet,  
12 please do so, because he needs to analyze them. We  
13 need to read them and share them with our fellow  
14 commissioners when we return to the states. So  
15 please do do that. If you don't have an opportunity  
16 to give it to us today, don't worry, we keep  
17 receiving information the whole way through the  
18 process. This is not the end of your hearing, and  
19 this is not your only hearing, by the way. As many  
20 of you know, you have an additional hearing in  
21 California. This is the only group of installations  
22 that gets that second opportunity, in addition to  
23 the hearings in Washington where Congressman  
24 Underwood will testify.

25 It's my understanding that we have used up

1 those 45 minutes of testimony. We thank you very  
2 much for your participation.

3 If Al has any comments at the moment, but --

4 COMMISSIONER CORNELLA: I do.

5 COMMISSIONER STEELE: Okay. Commissioner  
6 Cornella.

7 COMMISSIONER CORNELLA: Well, we've heard a lot  
8 of concern expressed today and I just want to assure  
9 everyone that -- that those concerns will be  
10 recognized when we go into our deliberations, and  
11 all those items will be addressed. And I also will  
12 say and promise to you that you will give -- be  
13 given the same respect that all U.S. citizens will  
14 receive as we under -- as we go through this  
15 process. I'll treat this situation and -- and the  
16 island like this island and all the citizens were in  
17 the middle of my home state, and I promise you that,  
18 that we will do that.

19 Thank you.

20 COMMISSIONER STEELE: Thank you very much.  
21 This hearing is adjourned.

22 (Applause.)

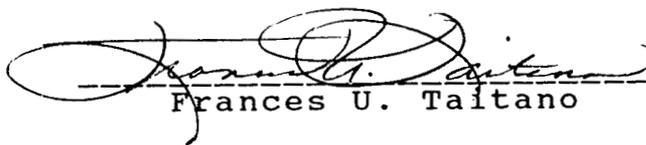
23 (Whereupon, the regional hearing concluded  
24 at 5:40 o'clock p.m.)

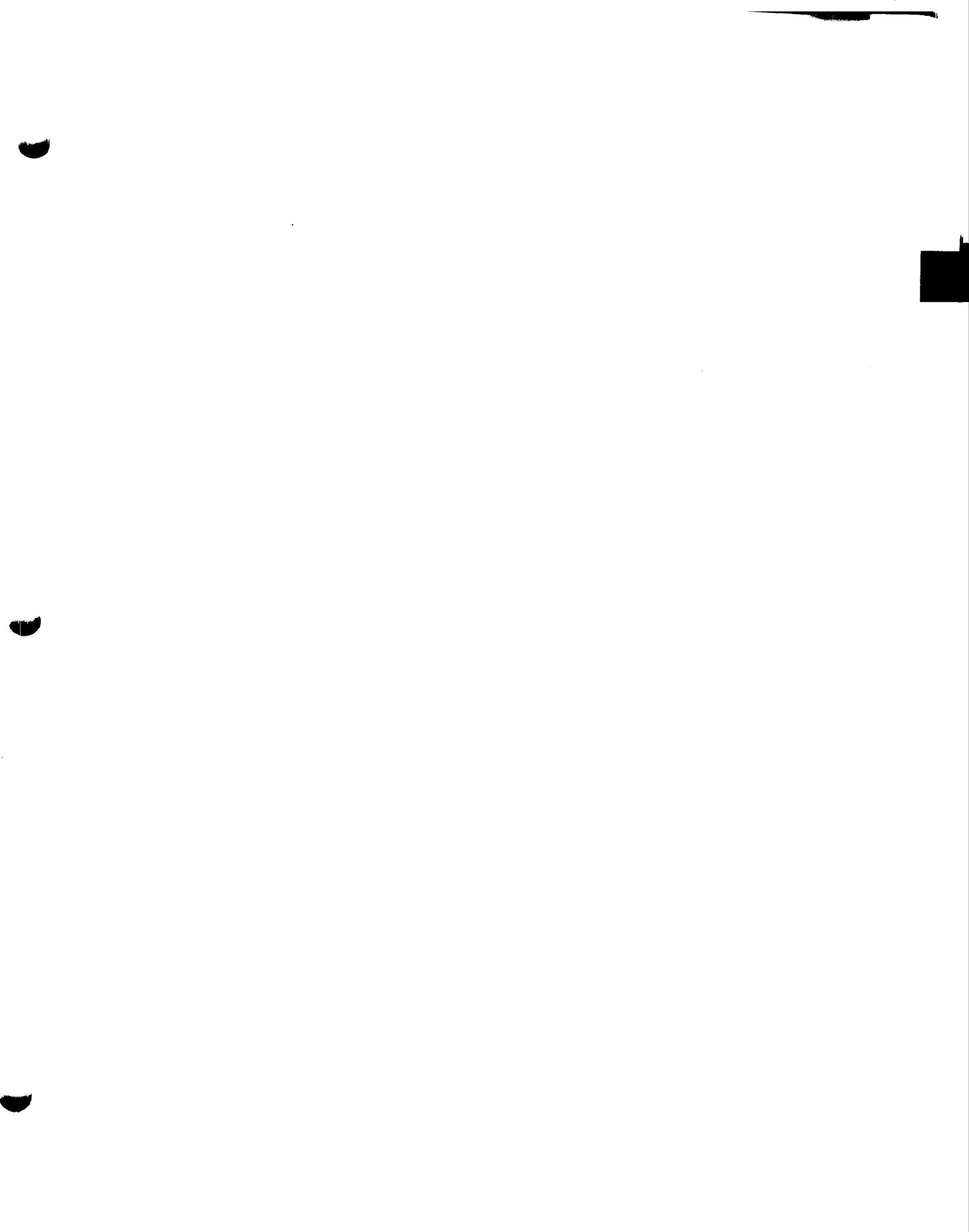
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## REPORTER'S CERTIFICATE

I, Frances U. Taitano, stenographic court reporter, do hereby certify the foregoing 123 pages to be a true and correct transcript of the stenographic shorthand notes taken by me in the within-entitled hearing at the time and place as set forth herein.

Dated at Agana, Guam, this 7th day of April, 1995.

  
Frances U. Taitano



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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

GRAND FORKS REGIONAL HEARING

MARCH 30, 1995

7:30 p.m.

REPORTER: Ronda L. Pehling

1                   COMMISSIONER DAVIS: Good evening  
2 ladies and gentlemen. Excuse me, I have the  
3 eyes of an eagle but the arms of a penguin.

4                   Welcome to the regional hearing of  
5 the Defense Base Closure and Realignment  
6 Commission. I'm General J.B. Davis, U.S. Air  
7 Force retired. I'm one of the eight members of  
8 the Commission charged with the task of  
9 evaluating the recommendations of the Secretary  
10 of Defense regarding the closure and realignment  
11 of military installations.

12                   Also here with us tonight are my  
13 colleagues Commissioner Rebecca Cox, who was the  
14 member of the 1993 Commission and she brings a  
15 great deal of expertise to the process and on my  
16 right is Commissioner Lee Kling, who also brings  
17 a great deal of government service.

18                   First, I'd like to thank all the  
19 military and civilian personnel who has assisted  
20 us so capably during our visits to Minot Air  
21 Force Base and to Grand Forks Air Force Base,  
22 places I've been many times before. We spent  
23 all day looking at installations and asking  
24 questions that will help us and prepare us for  
25 the difficult decision process ahead. The

1 cooperation we received from the military and  
2 the civilians in each one of the bases has been  
3 absolutely exemplary and the communities -- if  
4 you had to be almost not be able to see anything  
5 when we left Grand Forks and drove down to the  
6 Holiday Inn -- glad to see the support of the  
7 communities here and in Minot. But thank you  
8 very much.

9 I'd also like to acknowledge the  
10 splendid assistance we've received from Governor  
11 Ed Schafer, Senators Kent Conrad and Byron  
12 Dorgan and Congressman Earl Pomeroy and their  
13 staff, they've been superb. They've asked and  
14 assisted us in many ways in the problems and the  
15 challenges we have ahead. I'd like to thank  
16 also President Baker for his generous  
17 hospitality and this magnificent facility.  
18 They've been with us the previous mentioned  
19 folks, with exceptions of the president, have  
20 been with us wherever we've gone in North Dakota  
21 and frankly they've been great sources of  
22 information to all of us and I can tell you  
23 they're doing a superb job for this state.

24 The main purpose of the base visit  
25 we conducted here and it's one of 54 bases, it

1 happens to be my third base, the Commissioner's  
2 are making. By the way we're going around to  
3 all 54 bases highlighted by the Department of  
4 Defense. It's to allow us to see the  
5 installations first hand. I know most of the  
6 Commissioner's are like me, unless you can see,  
7 feel and touch it, it doesn't mean much.  
8 Numbers are wonderful but actually being here  
9 makes it much better; and then we have to try to  
10 assess the all important question of the  
11 military value of the base. In addition to the  
12 base visits, the Commission is conducting a  
13 total of 11 Regional Hearings of which this is  
14 the second. The main purpose of the Regional  
15 Hearings is to give the members of the  
16 communities affected by these closure  
17 recommendations a chance to express their  
18 views. We consider this interaction absolutely  
19 essential because the community is one of the  
20 most important inputs in the process.

21 Let me assure you that all our  
22 Commissioners and staff are well aware of the  
23 gigantic implications of base closure on local  
24 communities. We're committed to openness in  
25 this process and I assure you from the chairman

1 on down that is an absolute pledge and we're  
2 committed to fairness. All the material we  
3 gather, all the information we get from the  
4 Department of Defense, all of our correspondence  
5 is open to the public at all times. Frankly, I  
6 was a non-volunteer with for this job and we're  
7 all faced with the unpleasant task ahead and  
8 it's painful, but we intend to carry it out in  
9 the most sensitive manner that we possibly can.  
10 The kind of assistance we've received here in  
11 North Dakota is very greatly appreciated.

12 Now let me describe the proceedings  
13 here tonight and the proceedings are the same  
14 here tonight as all our Regional Hearings, the  
15 Commission is assigned a block of time to each  
16 state effective by the base closure list. The  
17 overall amount of time is determined by the  
18 number of installations on the list and the  
19 amount of job loss. North Dakota has been given  
20 90 minutes to make this presentation. We notify  
21 the appropriate elected officials of this  
22 procedure and left it up to them working with  
23 local communities to determine how to fill this  
24 block of time. We've been given a list of  
25 persons who will speak during the North Dakota

1 presentation as well as how long they will  
2 speak. To be fair to all who want to speak,  
3 we'll strictly enforce those limits that we've  
4 placed. We will let each speaker know when he  
5 or she has one minute left and we'll ring a bell  
6 when the individual's time is up.

7 After the 90 minute presentation  
8 we'll take a short break. After which we have  
9 set aside a period of 15 minutes for public  
10 comment at which members of the public may speak  
11 to issues you think are important. We've  
12 provided a sign-up sheet for this portion of the  
13 hearing and hope that anyone who wishes to speak  
14 is already signed up. We would ask those of you  
15 speaking at that time to limit yourself to one  
16 minute. Difficult but necessary.

17 Let me also say that the Base  
18 Closure Law has been amended since 1993, to  
19 require that anyone giving testimony before the  
20 Commission do so under oath. So I'll be  
21 swearing in the witnesses with great trepidation  
22 because some of the witnesses write the laws in  
23 this land and the laws of this state, but it's  
24 required by their laws, therefore, I'll comply.

25 With that, I believe we're ready to

1 begin. The first witness will be Senator Conrad  
2 and with your permission, sir, I'd like to swear  
3 Senator Conrad, Senator Dorgan, the Governor and  
4 Congressman Pomeroy all at the same time so we  
5 don't have to stop later on. So if you would  
6 raise your right hand.

7 (All of the witnesses were sworn in  
8 by Commissioner Davis.)

9 COMMISSIONER DAVIS: Thank you very  
10 much. Senator Conrad.

11 SENATOR CONRAD: Good evening. We  
12 extend a warm North Dakota welcome to  
13 Commissioners Cox, Davis and Kling. We also  
14 extend a welcome to the BRAC Staff. We are  
15 delighted you are here. We are proud of Grand  
16 Forks and Minot Air Forces Bases, proud of their  
17 missions and proud of their performance. It is  
18 in our national security interest to retain and  
19 not realign the goals and missions of these  
20 bases.

21 We invite you to compare all of  
22 northern tier missile bases in making your  
23 decision. We believe you will achieve the  
24 greatest military value and cost savings by  
25 keeping both Grand Forks and Minot as dual

1 mission bases. Grand Forks is one of only three  
2 core tanker bases in the country. It's mission,  
3 global reach.

4 General Folgeman, Air Force Chief of  
5 Staff, has repeatedly emphasized the importance  
6 of the core tanker base concept. He told the  
7 commission in 1993 and I quote, "It would be a  
8 wise move for us to use Grand Forks as one our  
9 of our core tanker bases. Grand Forks was  
10 realigned in 1993 specifically because it's  
11 facilities and infrastructure were the best  
12 suited for this mission. The United States Air  
13 Force and the Department of Defense have both  
14 concluded no other base in the country has the  
15 capability to serve as a core tanker base."  
16 They recommend the KC-135 Tanker Mission remain  
17 at Grand Forks and we agree.

18 Minot is one of only two B-52 Bases  
19 in the country. It's mission, global power.  
20 Minot's bombers project U.S. power around the  
21 world on a moment's notice. It is important to  
22 note that our bomber force structure require two  
23 B-52 Bases.

24 General Mike Low, head of the Air  
25 Combat Command has stated and I quote, "We have

1 reached what I consider the bottom line on our  
2 bomber force structure and must retain the  
3 basing at Minot to effectively execute our  
4 bomber mission in the future. The Air Force and  
5 the Department of Defense have both concluded no  
6 other base in the country has the capability to  
7 serve as a primary B-52 base. They recommend  
8 the B-52 mission remain at Minot and we agree.

9           Once the decision has been made to  
10 keep the flying missions at Grand Forks and  
11 Minot, it makes sense to keep the missiles here  
12 as well. The reason is simple, it saves money.  
13 The fact is, all of the existing missile fields  
14 can perform the mission. The Air Force Base  
15 Closure Briefing states and I quote, "All  
16 missile units have the requisite combination of  
17 operational effectiveness criteria to accomplish  
18 the mission. After all, they've been doing it  
19 for over 35 years."

20           Dual mission bases make good  
21 economic sense, they spread base overhead over  
22 two missions making effective use of national  
23 defense resources. The other northern tier  
24 mission bases are single mission bases or are  
25 about to be. It makes little strategic or

1 economic sense to maintain them as single  
2 mission bases when it's possible to have dual  
3 mission bases instead. You have the authority  
4 to move F.E. Warren's Minuteman-3's to Malmstrom  
5 in anticipation of the elimination of the MX  
6 Missile. At that point the nation would enjoy  
7 substantial savings from the closure of that  
8 base. Alternatively you can end the missile  
9 mission at Malmstrom just as the Air Force and  
10 the Department of Defense have recommended the  
11 elimination of it's flying mission. That will  
12 achieve nearly a billion dollars of net present  
13 value savings. We submit that's a pretty good  
14 trade off. Minot and Grand Forks military value  
15 and substantial cost savings for taxpayers, we  
16 believe that makes good sense for America.

17 COMMISSIONER DAVIS: Thank you,  
18 Senator Conrad. Senator Dorgan.

19 SENATOR DORGAN: Let me join my  
20 colleague in saying welcome to North Dakota to  
21 all of you. You'll find this and have, I hope,  
22 today a wonderful and friendly place to be. I  
23 want to tell you that none of us are nervous or  
24 apprehensive about your visit. We have a great  
25 story to tell you about North Dakota, about our

1 Air Force Bases, our people and our communities,  
2 and we're anxious top get started.

3 But first I can't help but observe  
4 that in this very month of March, 122 years ago,  
5 another fact finding group was sent here from  
6 Washington, D.C. to kind of look over some  
7 military bases and they came out on horseback  
8 and inspected a couple of bases, said they  
9 really liked what they found out here in North  
10 Dakota and then told us they had to go over to  
11 Montana and check on a few things over there.  
12 That group was headed by General Custer. You  
13 know I was just thinking, I guess it's a  
14 coincidence, you're going to Montana tomorrow.  
15 But you know, but things have changed and I  
16 would only ask you to remember Custer's last  
17 words as he left North Dakota. General Custer  
18 as he left our state said, "You keep those North  
19 Dakota bases open until I get back," and we kind  
20 of consider that a commitment.

21 Now in about three minutes tonight I  
22 want to make three serious, important points to  
23 you. Point one about fairness, two about  
24 military values versus budget savings and three  
25 our tale of two cities.

1           First, fairness. This process to be  
2 fair in my judgment requires a complete  
3 evaluation of all four northern missile bases to  
4 determine how best to down size our Minuteman  
5 Missile strength. When you've reviewed all four  
6 bases with all of the objective information  
7 available, you will conclude that the two North  
8 Dakota Dual Mission Air Force Bases have the  
9 highest military value for the retention of both  
10 their flying and their missile missions.

11           Second, military value versus budget  
12 savings. The Air Force has already decided it  
13 wants to keep both Minot and Grand Forks Air  
14 Force Bases open. It wants to keep the bomber  
15 mission and the tanker missions open and  
16 available in the long term future. The  
17 remaining question then is how should the Air  
18 Force down size it's Minuteman Missile force.  
19 Should the reduction in missiles come from a  
20 dual mission base where the Air Force already  
21 saved substantial money by spreading it's  
22 overhead costs over two missions. No, I don't  
23 think the facts will show that to be the right  
24 course. The best measure of military value and  
25 the best measure of budget savings, in my

1 judgment, for the taxpayers will come by keeping  
2 the missiles at the only two dual mission bases  
3 that will remain in these northern bay planes at  
4 Minot and at Grand Forks.

5 To underscore that, just yesterday  
6 the new Air Force numbers were released  
7 evaluating that the present net value of  
8 savings, for example, for closing Malmstrom Air  
9 Force Base was \$1.4 billion. Compare that with  
10 the estimate of net present value of savings  
11 from realigning the missiles to either Grand  
12 Forks or Minot are \$450 million. That's a \$1  
13 billion difference. Parity with respect to  
14 military value but giant savings for the  
15 taxpayers by remaining in a dual mission base.

16 My third and last point is about our  
17 cities. You'll hear tonight the tale of our two  
18 cities in North Dakota, Grand Forks and Minot.  
19 They're much more than just host cities to a  
20 military base. They're home towns for thousands  
21 of service men and service women who we work  
22 with, go to school with, worship with and who  
23 we're proud to call neighbors. You'll see  
24 tonight how proud we are of our bases. We're  
25 proud of the brave men and women who wear the

1 uniforms and protect our country and we want  
2 them to continue to be part of our future.

3           There's an old saying that goes,  
4 "Bad news travels halfway around the world  
5 before good news gets it's shoes on." Well  
6 tonight here in Grand Forks good news is going  
7 to get fully addressed as we tell you the  
8 compelling positive story about the two best  
9 bases and the two proudest cities connected with  
10 the United States Air Force.

11           COMMISSIONER DAVIS: Thank you.  
12 Governor Schafer.

13           GOVERNOR SCHAFFER: Members of the  
14 BRAC Committee, members of the North Dakota  
15 Legislature from Grand Forks and Minot and  
16 fellow North Dakotans. Thank you for the  
17 opportunity to present our views on the future  
18 of North Dakota's Air Bases in Minot and Grand  
19 Forks.

20           We gather here tonight with the  
21 knowledge that many challenges confront our  
22 state in the coming months. There's no crystal  
23 ball with which to look to foretell the future.  
24 But we do know that for now the future is  
25 uncertain. Fortunately, North Dakotans have a

1 great trust in our nation's military leaders.  
2 We are confident that they understand and will  
3 remain true to the principle that the global  
4 responsibility of the United States Air Force  
5 demand balance, flexibility and readiness. Not  
6 only do the bases play a key role in our overall  
7 defense strategy, they play a vital role in  
8 North Dakota's economy. Minot and Grand Forks  
9 weathered the recessions of late 1980's and the  
10 early 1990's, and both are on the rebound thanks  
11 to jobs, manufacturing, health care and  
12 telecommunications. But it goes without saying  
13 that removing the 321st Missile Group in Grand  
14 Forks or the 91st Missile Group in Minot would  
15 have an adverse impact both financially and  
16 psychologically on the communities, the region  
17 and the entire state.

18 The Air Force currently provides  
19 North Dakota with about \$600 million in direct  
20 economic and military aide and indirect  
21 assistance brings the total to more than \$1  
22 billion when computing the amount of capital  
23 that goes to maintain the facilities that  
24 support our service men and women. Now a  
25 billion dollars, I guess in Florida or

1 California may not be so much, but in North  
2 Dakota those dollars are very significant.  
3 Obviously the military presence has become a  
4 part of daily life and the arguments for  
5 retaining dual missions for both Minot and Grand  
6 Forks Air Bases certainly remain strong. Civic  
7 leaders in both cities have rededicated  
8 themselves to the task of building strong and  
9 viable communities, to strengthening local  
10 resources and small businesses that serve our  
11 friends in the military and providing excellent  
12 education facilities to train our youngsters for  
13 the needs of the future. I don't think you will  
14 find better interaction or stronger ties between  
15 a base and a community than you will in Minot  
16 and Grand Forks.

17 Minot Air Force Base and Grand Forks  
18 Air Force Base are more than military  
19 installations though. They are home to  
20 thousands of our friends. The personnel who  
21 live and work at the bases are our next door  
22 neighbors, they are best friends, they are our  
23 North Dakota family. The culture diversity the  
24 personnel at these fine installations bring to  
25 their respective communities and to North Dakota

1 must not be under estimated. Our quality of  
2 life is enhanced by their presence. The quality  
3 of education in area schools is improved and our  
4 quality of government is elevated by Air Force  
5 interaction with elected officials both in the  
6 capitol at Bismarck and on the local level.

7           Tonight we display our affection for  
8 the outstanding men and women stationed at our  
9 two Air Force Bases. Men and women who draw  
10 their strength, their performance capabilities  
11 and their values from the communities of Minot  
12 and Grand Forks.

13           In closing, I again extend on behalf  
14 of all the people of North Dakota a hand of  
15 friendship and hospitality. The same hand we  
16 extend every day to the service men and women  
17 that live in our state. We humbly ask you for a  
18 fair consideration in keeping our Air Force  
19 Bases in Grand Forks and Minot whole and  
20 integral parts of our communities. As Governor,  
21 I can guarantee you that missions based in North  
22 Dakota will be the best delivery of global  
23 missions in the United States Air Force. Thank  
24 you.

25           COMMISSIONER DAVIS: Thank you,

1 governor.

2 Mr. Marshall, before you start could  
3 I ask that table over there to rise and I'd like  
4 to swear you in. Even though you're just giving  
5 an introduction there may be some gems in there  
6 that we want to catch.

7 (All witnesses were sworn in by  
8 Commissioner Davis.)

9 COMMISSIONER DAVIS: Mr. Marshall.

10 MR. MARSHALL: Thank you, sir.

11 Greetings. We have placed before you tonight  
12 the booklets that give the overall summary of  
13 what our presentation will be. It's going to be  
14 done in three parts. First, we'll have  
15 Ambassador Rowny. You all now Ambassador Rowny,  
16 world renowned expert on the ABM. He will  
17 discuss that. Followed by Robert Beckel,  
18 retired General, former commander of the 15th  
19 Air Force, will discuss the flying mission.  
20 Next, we're going to have Jerry Goff, a retired  
21 Air Force Colonel that will go into the  
22 technical aspects for you and then we're going  
23 to have the mayor of our city give you a one  
24 minute presentation and welcome you to the  
25 city. We will end with the president of our

1 university, Ken Baker, and he will discuss the  
2 university and the community and I will wrap it  
3 up.

4 Ambassador Rowny, will you please  
5 come forward.

6 AMBASSADOR ROWNY: In the interest  
7 of time rather than read my testimony to you, I  
8 would like to simply summarize it. The full  
9 testimony will be in your booklet.

10 You'll hear a number of reasons  
11 tonight why one or another base should not be  
12 closed, economic reasons and cost effective  
13 reasons and so forth. I want to approach the  
14 problem tonight from one standpoint only and a  
15 very important one, and that is the importance  
16 to our national security and the arms control  
17 process. And in this respect let me say up  
18 front that I think that the closure or  
19 realignment of Grand Forks Air Force Base would  
20 not be in the best interest of the United  
21 States.

22 Now why do I say that? First, let  
23 me give you a bit of back ground. For some 18  
24 years I was in the arms control process and at  
25 the end of the first five years I was a member

1 of the first five year review of the ABM  
2 Treaty. I was then the Chairman of the second  
3 five year review of the ABM Treaty, so I can  
4 tell you that from this experience the Soviets  
5 place a great deal of emphasis on the ABM Treaty  
6 and they are rather apprehensive about any moves  
7 that we might take to either violate or walk  
8 away from or even amend or in any way realign  
9 that treaty. It's also important from the U.S.  
10 point of view because I agree with President  
11 Clinton who says that the ABM Treaty is the  
12 lynch-pin of our arms control process.

13 Now the ABM Treaty, which I'll spell  
14 out in great detail in my testimony that's  
15 written before you, states, after it was amended  
16 in 1974, that there would be one base in the  
17 United States and one base in the Soviet Union.  
18 The one base in the Soviet Union and now in an  
19 area by Russian, is Boscow. The one base stated  
20 in the ABM Treaty on the United States side is  
21 Grand Forks. So any idea that we will in some  
22 way change the treaty opens up a whole host of  
23 questions which prevents or gives an opportunity  
24 rather and does not prevent mischief making on  
25 the part of someone who might want to look

1 beyond the skirts of this particular treaty and  
2 might want to raise questions about it. So for  
3 that reason I would say that you better let  
4 sleeping dogs lie and not raise this important  
5 issue of what to do about the ABM Treaty. To  
6 repeat, it's the one treaty and it's the one  
7 base and the only base that's mentioned in the  
8 ABM Treaty.

9 Now there's been some talk heard  
10 about the probable closing of say 147 of the  
11 silos and destroying them, keeping only 3 silos  
12 open and then keep the Ballistic Missile Defense  
13 with that remaining part of the base. I can  
14 tell you that the experience I've had with  
15 negotiating with the Soviets and the Russians  
16 that they would look at that stance and would  
17 think that a subterfuge, and to say well we're  
18 not going to any longer defend the Ballistic  
19 Missile site but only a partial part of it would  
20 be not in keeping with the spirit of the  
21 agreement and would be seen through pretty  
22 careful -- pretty easily on the part of the  
23 Russian.

24 Now you notice I keep saying the  
25 former Soviet Union and now the Russians. I

1 won't go into a lot of detail on how we got from  
2 the Soviet Union to the four successor states  
3 and now dealing only with Russia, which is a  
4 successor state. Except to say that I've  
5 outlined for you in the testimony I've given you  
6 how we arrived at this particular juncture. But  
7 I will say that in many vicinities of the United  
8 States I believe in this close linkage of our  
9 arms control reduction process and the ABM  
10 Treaty and they might well not ratify the Star-2  
11 Treaty, which is a treaty of tremendous  
12 importance, if we decide to open up questions  
13 about the ABM Treaty. So from the point of view  
14 of not jeopardizing the arms control process and  
15 start the ratification process, again I would  
16 say don't try to close or realign Grand Forks.

17 Another point that is quite  
18 overlooked is that in addition to certain cost  
19 of closing missile sites, the treaty protocol  
20 specified that the cost of reducing the ABM  
21 facilities here must be entered into. In other  
22 words, you must destroy the particular aspects  
23 of the ABM Treaty. Ballistic Missile Defense is  
24 now of much greater importance than it was  
25 several years ago even though the threat from

1 the Soviet Union, the now Russia and other  
2 states, is less we have a threat from roach  
3 states like north Korea, Kuwait and others --  
4 not Kuwait but Iraq and others who might try to  
5 launch missiles at us. So Ballistic Missile  
6 Defense is an important item and it would cost  
7 some \$30 million at least to destroy the  
8 Ballistic Missile Defense aspects of Grand  
9 Forks.

10 So therefore, from several view  
11 points, one that we should not either close or  
12 realign Grand Forks without very careful  
13 consideration and in my opinion we should not  
14 raise these issues at this crucial juncture from  
15 the point of view that the ratification process  
16 is such that we do not want to limit or inhibit  
17 in any way our success with the ratification  
18 process and third, from the costs that would be  
19 undertaken to close the Ballistic Missile aspect  
20 of the site I think we should not either close  
21 or realign Grand Forks.

22 In summary, it would not be in the  
23 best interest of the United States from the  
24 national security point of view or from the arms  
25 control process to close Grand Forks Air Force

1 Base or to realign. Thank you very much.

2 COMMISSIONER DAVIS: Thank you.

3 Mr. Beckel.

4 MR. BECKEL: Commissioner Davis,  
5 Commissioner Cox, Commissioner Kling and  
6 Commission staff members. I appreciate the  
7 opportunity to present to you some of the issues  
8 involved in the Air Force and Department of  
9 Defense decision to retain a flying mission at  
10 Grand Forks Air Force Base. I'm Robert Beckel,  
11 former commander of 15th Air Force responsible  
12 for the worldwide observation of the air  
13 mobility command, air re-fueling task force and  
14 also former tanker and commander. I am aware of  
15 the base closure and realignment process and the  
16 very difficult and important decisions that  
17 confront the Commission.

18 In that light I would like to state  
19 for the record that my interest in being here  
20 today is to ensure that the United States  
21 continues to have the best military  
22 infrastructure in supporting the world so that  
23 it may continue it's high standards of  
24 excellence in both it's peace keeping commission  
25 and wartime requirements. I am aware that the

1 future of the flying mission at Grand Forks is  
2 not now before the Commission. Nevertheless,  
3 the potential exists that you will be urged to  
4 add the base to your list of closure bases for  
5 comparison purposes by flying mission bases  
6 identified for closure by the Air Force.

7 Therefore, the purpose of my  
8 testimony is two fold, to support the Air Force  
9 decision to maintain Grand Forks as a base or a  
10 core tanker installation and to enhance it's  
11 flying mission and to provide the Commission  
12 with additional information during your  
13 evaluation of the capacity capabilities of this  
14 important northern tier flying base.

15 General Ron Folgeman, while  
16 commander of the Air Mobility Command, explored  
17 the importance of the core tanker base concept  
18 during testimony at a June 1993 BRAC Hearing.  
19 The concept is premised upon maximizing the  
20 consolidation of Air Force assets on the minimum  
21 number of bases while maintaining the capability  
22 of meeting national and peace time mission  
23 tasks. In the creation of this concept General  
24 Folgeman noted that the air mobility command was  
25 to be based around three structures: Two or

1 three air mobility wings with tanker and airlift  
2 assets located on one base under one commander,  
3 two or three core air lift bases and two or  
4 three core tanker bases. General Folgeman  
5 established this as a quote, "Base line of our  
6 future mobility operations part of a forward  
7 looking Air Force approach to deal with the  
8 whole Department of Defense drawn at, our  
9 associated decrease in military infrastructure  
10 and looking at the fiscal realities."

11 During the same hearing General  
12 Folgeman highlighted the importance of Grand  
13 Forks as being, "uniquely capable of filling the  
14 core tanker base prerequisites for the Air Force  
15 due to it's central location, significant ramp  
16 capacity and extensive re-fueling capability."

17 Grand Forks is now assigned 48  
18 KC-135 Air Crafts organized into four squadrons.  
19 Together with the other two core tanker bases,  
20 Grand Forks allows the Air Force to realize it's  
21 goal of introducing stability and reducing  
22 turmoil and then certainly in it's far flung  
23 tanker course. I concur with the Air Force and  
24 the Department of Defense conclusion that Grand  
25 Forks offers the desired combination of

1 lift missions, Grand Forks, due to it's central  
2 location, has flexibility to reach both east and  
3 west deployment locations at Hickam Air Force  
4 Base in Hawaii and Mildenhall, England.

5 However, Grand Forks falls 68 nautical miles  
6 outside the Air Force established criteria of  
7 3,250 nautical miles to deployment bases to  
8 receive a green rating. Malmstrom, which is  
9 farther from the European base received a green  
10 rating because it fell within the 3,250 nautical  
11 mile distance due to proximity for pickup.

12 This category and it's established  
13 criteria can be misleading and confusing.  
14 Although this category was given priority in the  
15 evaluation, the rationale for the 3,250 nautical  
16 mile distance established by the Air Force is  
17 not a particular. Therefore, I would encourage  
18 the Commission to explore this further with the  
19 Air Force and please note that this red rating  
20 caused by 68 nautical miles short fall in this  
21 category that is heavily weighted and could be  
22 misleading to the commission.

23 Grand Forks has twice the ability of  
24 Malmstrom to move fuel. Grand Forks pumping  
25 rates are 4,800 gallons per minute, compared to

1 strategic location, adequate facilities and  
2 operational capacity to best serve as a core  
3 tanker base. The Air Force analysis that Grand  
4 Forks has distinct capability and capacity in  
5 comparison to other candidate bases is clearly  
6 shown by the collection of data in the Air Force  
7 analysis and the recommendation book for BRAC  
8 '95.

9           There are some points within the Air  
10 Force Review that I would like to bring to your  
11 attention in regard to the Air Force comparison  
12 of Grand Forks and other northern tier flying  
13 bases. For purposes of comparing a flying  
14 mission, Grand Forks was grouped by the Air  
15 Force in the large aircraft category. Quite  
16 properly this evaluation of this category used  
17 the four military valued criteria as the primary  
18 determinants for facility retention. Moreover,  
19 70 percent of the tanker base evaluation was  
20 based upon the installations ability to  
21 accomplish the tanker mission with 15 percent  
22 attributed to support bomber operations and 15  
23 percent attributed to the ability to accomplish  
24 air lift operations.

25           With regard to it's ranking for air

1 survey team analysis of Malmstrom stated that  
2 they could not accept B-52's because of it's  
3 runway. In contrast to that finding and the Air  
4 Force Construction criteria, the '95 BRAC Air  
5 Force Analysis gave Malmstrom a green rating  
6 under bomber mission. Our reevaluation of this  
7 rating is suggested as it significantly impacts  
8 a final overall installation score.

9 Grand Forks has nine hangers with  
10 the capacity of enclosing KC-135's. The 1992  
11 facility study at Malmstrom indicated that  
12 hangers and maintenance facilities of large  
13 aircraft limited Malmstrom's ability to expand  
14 their overall capacity without significant  
15 military construction.

16 In conclusion I would encourage the  
17 Commission and the Staff to explore some of the  
18 issues I have highlighted with regard to the Air  
19 Force Evaluation of Grand Forks and the other  
20 northern tier flying bases. Most importantly we  
21 must not lose sight of the key factors that  
22 initially lead the Air Force to establish Grand  
23 Forks as one of it's core tanker bases:  
24 Location, facilities and capacity. I fully  
25 support this decision and applaud the continuing

1 Malmstrom's 2,400. Moreover, Grand Forks has 26  
2 re-fueling pits available, compared to the  
3 Malmstrom's 21. This has significant  
4 ramifications with regard to the capability of  
5 the base to support high intensity, long  
6 duration air tasks.

7 The current Air Force Construction  
8 Standard for runways to accommodate bombers and  
9 tankers is 300 feet in width. Applying the  
10 runway width requirements of B-52's, it's easy  
11 to understand why the Air Force Construction  
12 Standard is established at 300 feet. The  
13 landing gear and outriggers of the aircraft  
14 leave almost no margin of error on the 200 foot  
15 wide runway. The Grand Forks runway is 300 feet  
16 in width and clearly meets this criteria.  
17 Moreover, Grand Forks has an expansive apron of  
18 almost 504,000 square feet which no other  
19 northern tier base possesses.

20 Interestingly the Air Force runway  
21 rate criteria in the tanker bomber airlift  
22 category for BRAC '95, identified 150-200 feet  
23 width requirement is adequate to perform a large  
24 aircraft mission in spite of the 300 foot wide  
25 construction standard. The 1992 Air Force

1 critical role that Grand Forks and it's  
2 wonderful men and women play in the twin pillars  
3 of the global reach, global power mission of the  
4 United States Air Force.

5 COMMISSIONER DAVIS: Thank you,  
6 General Beckel.

7 MR. GOFF: Commissioner Davis,  
8 Commissioner Cox, Commissioner Kling, members of  
9 the Commission Staff, members of the greater  
10 North Dakota community, I appreciate the  
11 opportunity to present some additional views on  
12 the Grand Forks Air Force Base Missile Field.  
13 My name is Jerry Goff, retired Air Force officer  
14 with more than 26 years experience in both  
15 intercontinental ballistic missile operations  
16 and maintenance. As the former commander of  
17 missile operations and missile maintenance in  
18 what is now the 321st Missile Group, I would  
19 like to offer some comments both on the Air  
20 Force Missile Field selection process and on the  
21 capabilities of the various missile fields  
22 themselves.

23 The missile field at Grand Forks Air  
24 Force Base is the most recently constructed and  
25 therefore, the most modern of the four remaining

1 United States missile fields. It contains three  
2 squadrons of the highly capable Minuteman-3  
3 Missile. The Grand Forks Air Force Base Missile  
4 Field should not be inactivated due to it's  
5 impact on Ballistic Missile Defense as  
6 previously explained by Ambassador Rowny and  
7 considered against the larger indifferences, if  
8 any, in the capabilities of the missile fields  
9 being considered for closure.

10 As the Air Force Base Closure  
11 Executive Group determined and I quote, "All  
12 missile units have the requisite combination of  
13 operational effectiveness criteria to accomplish  
14 the mission (they are doing it today)."  
15 Unquote.

16 In an effort to differentiate among  
17 the three missile fields in the missile field  
18 category, the Air Force developed operational  
19 effectiveness criteria consisting of five  
20 unclassified items: Range, spacing, geology,  
21 weather and maintainability. Various  
22 subcategories in the ratings themselves are  
23 classified so we cannot discuss them in this  
24 forum. Nevertheless, we contend that the  
25 differences between the missile fields as

1 described by one Senior Air Force Officer are  
2 quote, "To close to call."

3 We urge you to review the classified  
4 minutes of the Air Force Base Closure Executive  
5 Group Meetings to confirm the close ratings for  
6 the various missile fields. Having seen that  
7 the missile fields were equally mission capable,  
8 we want to know why the Grand Forks Air Force  
9 Base received an Air Force red rating for  
10 category 1.2 missile mission requirements.  
11 Unlike the other rating systems used by the Air  
12 Force which were -- excuse me -- unlike the  
13 other rating systems used by the Air Force where  
14 each installation is rated against a fixed  
15 objective leading to a qualitative rating for  
16 missile fields the Air Force conducted it  
17 comparatively rather than a qualitative  
18 analysis. Accordingly, each base was assigned a  
19 different color: Green, yellow or red. If it  
20 had been a qualitative analysis, it's probable  
21 that all three of the ranked bases would have  
22 received the same color rating.

23 We offer the following comments with  
24 regard to the five missile field criteria.  
25 Range defines the ability of the missiles to

1 reach the target base. All three northern tier  
2 missile bases are launched from essentially the  
3 same latitude, so the southern limit of the  
4 target range is relatively equal. While there  
5 may be minor differences in reaching targets on  
6 the extreme eastern or western boundaries of any  
7 prospective target base we believe this to be a  
8 marginal distinction at best.

9 Turning our attention to spacing, it  
10 has been asserted that the size and shape of the  
11 missile field significantly affect the  
12 survivability of the field itself and of the  
13 missiles as they launch through a debris cloud.  
14 The claim is that a large, more disbursed field  
15 is more survivable than a smaller, more closely  
16 spaced field. Further, an east, west  
17 orientation is claimed for better prospects for  
18 survival for successful post attack missile  
19 launch than a north, south orientation. Given  
20 the demonstrated accuracy of the missiles of our  
21 potential adversaries, we see no advantage in  
22 field size. Regardless of spacing, an enemies  
23 probability of inflicting damage were directly  
24 attributable to his weapon system reliability  
25 and accuracy and the number of weapons applied

1 to each target.

2           Regarding field orientation. Debris  
3 over the field has always posed some threat to  
4 missile launch. Yet it has never been accounted  
5 for in the missile crew launch procedures, we  
6 wonder why it's such a great issue now. In any  
7 case, launch procedures particularly those  
8 potentially employed by the Airborne Launch  
9 Control Center Crews who can see the field could  
10 easily accommodate any concerns. Reviewing the  
11 Dense Pack Theory, which was the rationale  
12 behind the peace keeper missiles original basing  
13 mode during the early 1980's, debris offers  
14 protection from follow-up attack while  
15 simultaneously forbidding us to counter attack.  
16 High speed reentry vehicles cannot survive  
17 debris cloud but a titanium shrouded relatively  
18 slow moving missile can easily launch through  
19 without missing limiting damage. For suitable  
20 launch procedures we think the spacing at Grand  
21 Forks Air Force Base is an asset rather than a  
22 liability and merits the consideration of the  
23 Commission.

24           Furthermore, the Grand Forks Air  
25 Force Base Part and Launch Facility Support

1 building which houses the secondary power system  
2 and is unique to the D System, ensures that all  
3 surviving lost facilities will have the  
4 electrical power necessary to be able to launch  
5 their missiles for an extended period of time.

6 Geological considerations focus on  
7 the expectation for missile fuel survival from  
8 near missiles based on soil type, soil moisture  
9 and shock and transmittal characteristics.

10 While it was true that dry, relatively hard,  
11 rocky soil offers the potential for better  
12 survivability, we wonder how realistically  
13 significant this consideration is given the  
14 accuracy of modern day reentry vehicles.

15 Whatever the case, we are confident  
16 that the shock isolations, shock dampening  
17 systems incorporated in our launch support,  
18 launch control and launch facilities are up to  
19 the task to protecting these critical war  
20 fighting assets.

21 Weather extremes, snow and cold  
22 temperatures affect all northern tier missile  
23 bases essentially the same. Weather, while  
24 inconvenient, is not an operational problem and  
25 in no way affects the ability to launch missiles

1 on time.

2 Maintainability addresses such  
3 concerns as unscheduled maintenance, cost and  
4 logistics. Among the northern tier missile  
5 bases Grand Forks Air Force Base was  
6 comparatively placed number of three. We  
7 believe this comparative rank lowering  
8 overstates the case. The missile silos of Grand  
9 Forks Air Force Base have had a reputation for  
10 leaking. That problem has been eliminated as  
11 you heard this afternoon.

12 Many of our electronic and  
13 mechanical systems are the same as are installed  
14 throughout the Minuteman fleet, a lot of force  
15 com. equipment. And any base closing action  
16 that preserves any form of the Minuteman-3B  
17 system necessitates keeping open operational  
18 supply and repair alive. Whether the logistics  
19 system supports one squadron of 50 missiles or  
20 three squadrons totalling 150 missiles, fixed  
21 costs are not likely to change substantially.  
22 Whatever scenes it may improve would likely be  
23 due only to reduced input of reputable assets  
24 and less demand for component parts. We urge  
25 the Commission to investigate further the real

1 savings that may or may not obtain this  
2 consideration.

3 While many of the numbers are in  
4 dispute and some of the actions are classified,  
5 it is beyond dispute that relocating the Grand  
6 Forks Air Force Base Minuteman-3 Missiles to  
7 Malmstrom Air Force Base as recommended by the  
8 Air Force to be far more costly than closing the  
9 Malmstrom Air Force Base Missile Field. First of  
10 all, the Grand Forks Air Force Base Missile  
11 Field already stations the most modern  
12 Minuteman-3 Missiles thereby eliminating the  
13 need to either upgrade any of the older  
14 Malmstrom facilities or the need to shuttle  
15 missiles between missile fields.

16 Secondly, as stated by Ambassador  
17 Rowny, the United States will be required to  
18 destroy all the ABM facilities now in existence  
19 and collocated with the Grand Forks Air Force  
20 Base Missile Field should the Commission decide  
21 to recommend closure of the Grand Forks field.  
22 These numbers have never been run or have been  
23 computed in any of the COBRA scenarios available  
24 to the Commission and clearly we think this is  
25 something that should be explored.

1                   In conclusion and for the many  
2 reasons discussed today, we believe it is  
3 imprudent to inactivate the 321st Missile Group  
4 in Grand Forks Air Force Base. Such an action  
5 would unnecessarily restrict the Ballistic  
6 Missile Defense options otherwise available to  
7 the United States. Moreover, all the missile  
8 fields are highly capable of performing all  
9 their assigned missions; and we believe with the  
10 added costs and the ABM implications of closing  
11 the Grand Forks Air Force Base Missile Field  
12 should lead you to select another field for  
13 inactivation. Thank you very much.

14                   MAYOR POLOVITZ: Commissioners, on  
15 behalf of the citizens of Grand Forks, North  
16 Dakota, the place of excellence, and the region,  
17 I wish to welcome you to our city. As you might  
18 know, just over a year ago Money Magazine rated  
19 Grand Forks as the eighth best community in  
20 which to live out of the 300 largest  
21 metropolitan areas in the United States. The  
22 reason given by this national publication for  
23 the high rating is in part due to the short  
24 commute time, quality health care and low crime  
25 rate. We believe the Grand Forks Air Force Base

1 has been a valuable partner in helping us  
2 achieve this national ranking. Personnel from  
3 the base have actively participated in community  
4 life and have worked with us to achieve new  
5 perspectives for the city.

6 In the interest of time I'm limiting  
7 my oral comments to the Commission, however, I  
8 wish to note that I have provided written  
9 testimony in which I elaborate on several issues  
10 including our excellent winter sports  
11 activities, cultural activities, local medical  
12 care and other areas in which we believe Grand  
13 Forks ranks very high. We are especially aware  
14 of the excellent educational opportunities  
15 offered in the Grand Forks region and I will now  
16 ask Dr. Baker, President of the University of  
17 North Dakota to elaborate on this and other  
18 issues of great importance to the high quality  
19 of life in Grand Forks. Thank you.

20 PRESIDENT BAKER: Thank you, Mayor.

21 COMMISSIONER DAVIS: You've got ten  
22 minutes remaining.

23 PRESIDENT BAKER: Good evening  
24 Commissioners. Like my colleagues up here, I  
25 too have a written speech for you and it's in

1 the book and I urge you to read it. I think it  
2 contains a lot of very important information  
3 about the quality of this fine institution that  
4 I'm able to represent and about the community of  
5 Grand Forks. I'm not going to read it to you  
6 tonight. Rather I'd like to be able to focus  
7 just on one single, but I think absolutely,  
8 critical point and that is the kind of  
9 advantages and benefits that accrue to Grand  
10 Forks Air Force Base personnel because they are  
11 stationed in a community that has got a major  
12 university.

13 You know I think that that really is  
14 symbolized by where we are tonight. Look at  
15 this. This is a wonderful, wonderful  
16 auditorium. This is the finest auditorium of  
17 it's type between Minneapolis and Seattle. Last  
18 year on this very date, Commissioners, we were  
19 listening to Meshadisker in a concert with a  
20 beautiful Steinway Grand. That was possible  
21 folks because of the University of North  
22 Dakota. If there weren't a University of North  
23 Dakota, there wouldn't be a Chester Fritz  
24 Auditorium with all of the kind of cultural  
25 opportunities that it brings to this community.

1 But there also wouldn't be a Cray YMP Computer  
2 over in our Aerospace Program. The only Super  
3 Computer between Minneapolis and Denver. There  
4 wouldn't be the opportunities that were provided  
5 in the Feast of Nations that our students  
6 celebrated just three weeks ago when they  
7 provided dinner in an international extravaganza  
8 for 600 guests. There wouldn't be the  
9 opportunity to listen to a Noble Prize Winner  
10 something that we experienced in this very  
11 auditorium. We had the privilege of having Joe  
12 Taylor, the 1993 Noble Prize Winner in Physics,  
13 on this stage making a presentation. Just last  
14 week we had the 1994 Pulitzer Prize Winner in  
15 Poetry that was here as part of the writer's  
16 conference. That is something that this  
17 University has now be been doing for 26 years.

18 My point is a simple one, the  
19 University of North Dakota brings to this  
20 particular community and therefore to Grand  
21 Forks Air Force Base personnel, something that  
22 is very special. Adds something very important,  
23 if you will, to the quality of life that is  
24 possible here.

25 And you know we're not just any old

1 university. We're the largest university in  
2 western Montana, the Dakotas, Montana and  
3 Wyoming. We're a comprehensive research  
4 university, you can study just about anything at  
5 the University of North Dakota. We have superb  
6 programs in medicine, in law, and in business  
7 and in nursing, and I could go on and on and  
8 they're all undergirded by the strongest and the  
9 finest Liberal Arts Program that you could  
10 imagine. The center for Aerospace Sciences that  
11 we have at the University of North Dakota is  
12 literally internationally renowned and we  
13 provided you with a tremendous amount of  
14 information about that in your particular  
15 document.

16 The quality here is exceptional.  
17 The University of North Dakota was the only  
18 university in the Dakotas and Montana that was  
19 ranked in the top 12 percent in the U.S. News  
20 and World Report Study, that I'm sure you're all  
21 familiar with that came out last fall.

22 This is a very special institution,  
23 this is a very special community. We believe  
24 that we bring to this community something extra,  
25 something that contributes to the quality of

1 life and we believe that that is possible  
2 because there is a university here. This  
3 university has forged a partnership with the  
4 base, we very much look forward to being able to  
5 continue that partnership in the future. Thank  
6 you.

7 MR. MARSHALL: Greetings. I told  
8 you that I was going to make a presentation and  
9 I was going to sort of summarize what the  
10 experts did, I'm not going to do that. You've  
11 heard from experts, you don't need to hear from  
12 some lawyer in Grand Forks, North Dakota. But  
13 what you need to hear I think what everybody in  
14 this room wants to tell you and that is thank  
15 you. We want to thank you because we know you  
16 have an extremely difficult job. I don't think  
17 any of us here tonight would want your job. We  
18 have a tremendous amount of respect for you  
19 accepting that type of responsibility. We know  
20 that it's a heart wrenching decision that you're  
21 going to have to make. It's going to be a heart  
22 wrenching decision for any community. It's like  
23 choosing between one of your children. We have  
24 faith in you, we know you will make the right  
25 decision, the right decision for our country and

1 that's what we want.

2 I also want to thank all of the  
3 military people and especially you, General  
4 Davis and General Beckel and our good friend  
5 Jerry Goff, and all the military people for what  
6 you do for us each and every day, 365 days a  
7 year you give us the greatest gift of all, you  
8 give us our freedom and because of what you've  
9 done that gives us the opportunity to be here  
10 tonight in on open forum to discuss with you  
11 exactly how we feel.

12 My good friend, Buzz, from Minot has  
13 gone through the same thing that I've had to go  
14 through in the last few weeks. So many people  
15 because we hear over and over that this is the  
16 mother of all BRAC's and we continue to hear  
17 that you're driven by cost. I don't know how  
18 many times I've been asked and Buzz has had to  
19 have the same thing, "John, what is the  
20 financial impact to your community?" I cannot  
21 and I will not place a dollar value on our  
22 friends in the military nor will I place a  
23 dollar value on freedom. The freedom that you  
24 have given us. I can't and I won't and I hope  
25 that when you leave here that you leave the

1 state of North Dakota and you always remember  
2 that none of us in this state will ever place a  
3 dollar value on what you people have done for us  
4 and our freedom.

5 Last time we went through this there  
6 was a sixth grader from one of the schools out  
7 at the base that called and she wanted to have  
8 the opportunity to talk to the BRAC and I told  
9 her that because of time she couldn't do it.  
10 She said, "Would you tell those Commissioners  
11 that my father, 17 years in the military  
12 stationed here in Grand Forks, that this is the  
13 happiest that my parents have ever been," and I  
14 asked her why and she says, "It's because of the  
15 educational system, it's because of the  
16 crime -- there is none." I kept thinking about  
17 that little girl and I called her father a few  
18 days ago, they're still here. They're retiring  
19 this July after 20 years. Her father asked if I  
20 would say to you that he's been stationed at  
21 eight different bases and he's going to stay  
22 here because his prime reason for staying, I  
23 think it's the most important to him, is his  
24 family and he wants his family to be brought up  
25 where there's a good educational system and no

1 crime.

2 God bless you but most of all God  
3 bless America.

4 COMMISSIONER DAVIS: Clearly North  
5 Dakota has shown great courage over the years to  
6 accept the strategic missions that they've  
7 accepted. The community is very much welcomed  
8 into their family each and every one of the  
9 military members that have been stationed in  
10 your great bases and so on behalf of the  
11 military I'd like to thank North Dakota.

12 We normally would have a few  
13 questions to ask at this point. But frankly,  
14 the presentations that we've received today we  
15 basically got the answers to our questions and  
16 we also have, thanks to your presentations  
17 tonight, taken a little homework with us, we're  
18 going to have to look up some numbers. I hope I  
19 can get them out safely without Mr. Custer  
20 showing up.

21 Governor Schafer, Senator Conrad,  
22 Senator Dorgan and Ambassador Rowny, General  
23 Beckel, General Goff, Mayor Polovitz and  
24 certainly President Baker, thank you very much.  
25 Thank you very much for your testimony tonight.

1 You all might notice that I did not thank  
2 Congressman Pomeroy cause he's up next. But  
3 it's been very enlightening certainly to me as a  
4 Commissioner and I can speak for my fellow  
5 Commissioners and we'll take your message back.  
6 The staff is here with us and we will research  
7 what you've told us and rest assured we will  
8 spend the time to arm ourselves with the proper  
9 facts and try to come up with the right  
10 decision.

11 We'll close this portion of the  
12 meeting, take a six minute break and I thank you  
13 for your testimony and we'll be back at 2036 and  
14 for General Beckel, that's 8:36.

15 (Recess taken.)

16 COMMISSIONER DAVIS: Ladies and  
17 gentlemen, we'll start with the Minot community  
18 presentation. I'd like to ask Bruce  
19 Christianson, Gloria Emerson and Dan Lester to  
20 please stand and raise your right hand because  
21 all the testimony is now sworn by law.

22 (All witnesses were sworn in by  
23 Commissioner Davis.)

24 COMMISSIONER DAVIS: Thank you very  
25 much. Bruce, I understand we're starting with

1 you.

2 MR. CHRISTIANSON: That's correct.  
3 Commissioner Davis, Commissioner Cox,  
4 Commissioner Kling, welcome to North Dakota.  
5 This a pleasure to be here tonight and team  
6 Minot thanks you for the opportunity to present  
7 our comments and recommendations regarding Minot  
8 Air Force Base.

9 The base is an integral part of the  
10 whole Minot and the state community. Since 1957  
11 when the base was established just north of  
12 town, the members of the United States Air Force  
13 have been welcome as our own. I'm Bruce  
14 Christianson, City Councilman and Co-chair of  
15 Task Force '96, E Minus Base Retention Task  
16 Force. I've been active in base activities for  
17 over 20 years.

18 The team members with me here  
19 tonight on stage are Gloria Emerson, the  
20 immediate past chair of the Chamber of Commerce  
21 and Dan Lester retired Air Force Officer former  
22 missilery and now director of the Aeronautical  
23 University at Minot Air Force Base. In addition  
24 to these team members, in the audience we have  
25 North Dakota Legislators from the Minot area,

1 other members from the Minot City Council, the  
2 members of the Board of Directors from the Minot  
3 Area Chamber of Commerce, County Commissioners  
4 and over 500 folks from the Minot and  
5 surrounding northwest North Dakota area along  
6 with our friends from Grand Forks.

7 You will find the bios of the  
8 presenters in the briefing books just provided  
9 you. Also included in these books is our  
10 presentation tonight along with supporting  
11 detail of the facts about the process we went  
12 through to arrive at the conclusions I will now  
13 present.

14 In developing our community comment  
15 and recommendations we started with three basic  
16 premises. The first premise, BRAC was  
17 legislated to provide a mechanism to bring down  
18 infrastructure commensurate with force and  
19 personnel following the ending of the cold war.  
20 Premise number two, the BRAC process beginning  
21 with the military departments to the office of  
22 the Secretary of Defense to the Base Realignment  
23 and Closure Commission through the President to  
24 the Congress was designed to provide the best  
25 opportunity to match forces of infrastructure.

1 And premise three, the cornerstones of this  
2 process of these criteria and the Secretary of  
3 Defense four structure plan. It is within those  
4 straightforward guidelines that we take  
5 exception to an incomplete process of the Air  
6 Force that led to the addition of the Minot  
7 Missile Field for consideration of closure. In  
8 fact, we will show that that process was  
9 incomplete to the degree that the missile base  
10 ranking were seriously in error.

11 After conclusion of our presentation  
12 which focuses on military value, we hope to have  
13 convinced you that the Minot Missile Field is  
14 the most valuable of all Minuteman-3 Fields.

15 Let me address the last premise, the  
16 four structure plan. As you know, General  
17 Folgeman, the Air Force Chief of Staff, has said  
18 that as an operational commander any time that  
19 you offer me a choice between 450 of any weapon  
20 systems, I'll take 500. If that were the only  
21 determinant, we would agree. However, there are  
22 numerous factors affecting these two choices and  
23 it is not apparent to us that we would  
24 necessarily make the same evaluation after his  
25 review of the additional factors we will present

1 tonight.

2 That noted, the defense -- the  
3 Department of Defense's Formal Nuclear Postural  
4 Review concluded that the proper number of the  
5 Minuteman-3 Missiles should be in the range of  
6 450 to 500 to support national policy. The  
7 Secretary of Defense agreed and has submitted  
8 that spread as of the Department of Defenses  
9 official position. The dilemma facing the Air  
10 Force, the Secretary of Defense and now you, is  
11 how to get from the current level of 650  
12 Minuteman-3 Silos to the Secretary of Defense's  
13 improved spread of 450 to 500 silos. We believe  
14 there are at least two better ways to accomplish  
15 this than the Air Force's recommended alignment  
16 and we will present that to the Commission now.

17 Option number one, realigned F.E.  
18 Warren by closing the Minuteman-3 Missile Field  
19 leading to the total closure of a very expensive  
20 base to maintain. The Air Force excluded the  
21 entire base from their analysis because of the  
22 peace keeper missile. We believe this was the  
23 wrong decision in light of the Star-2 Treaty  
24 plan to begin the peacekeeping process within  
25 the bracket, time-frame and complete the process

1 two years later.

2 Let's look at that graphically. On  
3 the top line of this graph are the key dates the  
4 BRAC Legislation says that once the base closure  
5 or realignment is formally approved, sometime in  
6 late 1995 in this instance, the action must  
7 begin within two years, 1997 and be completed  
8 within 6 years, the year 2001. Under the Air  
9 Force graphical plan and under Arms Control  
10 agreements already negotiated, the Peace Keeper  
11 will begin deactivation in 1999 to be complete  
12 in the year 2003. A scant two years beyond the  
13 BRAC mandated realignment.

14 This pegs the question. In this  
15 year of the last BRAC once peace keeper is gone,  
16 what is the military value of F.E. Warren Air  
17 Force Base, a base without a runway? The Air  
18 Force excluded the entire base because of Peace  
19 Keeper. However, we excluded only Peace Keeper  
20 in our analysis for this BRAC process. If the  
21 commission were to realign F.E. Warren through  
22 the closure of the Minuteman Field, the base  
23 could be closed outside the BRAC process where  
24 the peace keeper is eliminated in 2003. Section  
25 2687 of Title 10 of the U.S. Code provides the

1 authority to close the remaining installation.

2 Option two, totally close Malmstrom  
3 Air Force Base. This takes the Minuteman-3 to  
4 450 silos, eliminates a dual logistics system on  
5 the same base, solves a major problem. Both of  
6 which we will discuss shortly, and provides the  
7 benefit of greater savings of a complete base  
8 closure. It is impossible to evaluate the  
9 Minuteman-3 Weapon Systems without recognition  
10 of the two different ground operating systems  
11 the A and B Systems and the REACT modification  
12 which will be probably both.

13 As you can see from the slide on the  
14 bottom, Minot, F.E. Warren, 150 of the missiles  
15 in Malmstrom are A System missiles. Grand Forks  
16 and 50 missiles at Malmstrom have the B System.  
17 You've seen both systems today and I'm sure you  
18 have been briefed on the differences. Suffice  
19 it to say for this presentation that the two  
20 systems are significantly different as the slide  
21 on the top portrays. We note four differences  
22 here. I would emphasis the two systems are  
23 fully capable of carrying out the mission  
24 today. It is future that is the concern. This  
25 in itself presents a non-optimum mix at

1 Malmstrom and F.E. Warren. Warren, of course,  
2 has the peace keeper and the Minuteman-3  
3 Missiles and Malmstrom has the two systems.  
4 This causes the base to maintain two separate  
5 training programs for both maintenance and  
6 operation crews and the complexities of  
7 maintaining two logistics programs on the same  
8 base.

9 This leads to our first evaluation.  
10 Our format will follow the familiar green,  
11 yellow, red rating system as we portray a real  
12 military value picture of the four bases.  
13 History compels the problem, neither system was  
14 procured with sufficient initial spares the A  
15 System has fared far better because of the  
16 decommissioning of the A System at Witam and  
17 conversion of the Logistic A System Silo at F.E.  
18 Warren the Peace Keeper Silos. The Air Force  
19 was able to cannibalize these systems for  
20 spares. But no such opportunity for the B  
21 System has occurred. Which brings us to our  
22 second measure of military value.

23 The REACT Mod., the Rapid Execution  
24 And Combat Target modification program, is being  
25 implemented to upgrade both systems with

1 increased capabilities and improve missile alert  
2 facilities supportability as well as crew work  
3 load and providing a better work environment.  
4 And it is this modification that separates the  
5 two systems even further. The A System has  
6 accepted the mod. But as of today, the B System  
7 is still working out minor problems and has not  
8 reached the required level of nuclear surreal.  
9 Because of the complexity and absolute  
10 requirement for reliability, it would be  
11 reasonable to anticipate that the B System REACT  
12 Mod. will go through the same growing pains that  
13 the A System did.

14 This brings us to our third and  
15 fourth elements for measure of military value.  
16 Now let's look at the missile fields  
17 themselves. The Air Force ranked Grand Forks  
18 Air Force Base lowest due to operational  
19 concerns resulting from local geographic,  
20 geologic and facility characteristics. The  
21 rankings are classified and we have no ability  
22 to challenge that judgment, but we are confident  
23 the Commission will scrutinize it carefully. We  
24 gave F.E. Warren a yellow rating because the  
25 missile field spans three states and is affected

1 by environmental laws of Wyoming, Nebraska and  
2 Colorado. We gave Malmstrom a red rating  
3 because of the wide disbursement the Air Force  
4 advantage. This disbursal costs significantly  
5 more for transportation and road maintenance.  
6 Since every silo in the Minuteman-3 Fleet is  
7 hard enough to withstand all but a direct hit,  
8 this stated disbursal advantage is really no  
9 significant advantage at all. We believe that  
10 the classified data the Air Force has provided  
11 the Commission will bare this out.

12 Further, the geological advantage  
13 assigned the Malmstrom base in question, which  
14 part of the missile field. Since part of it is  
15 in the mountainous region and the other in the  
16 plains and is even the stated advantage  
17 significant. We think not. Add to that the  
18 following statement in the 1989 Environmental  
19 Impact Statement for the Rail Garrison Program,  
20 the installation, in other words the base, lies  
21 in seismic zone two and is located in an area in  
22 which a maximum credible earthquake with a  
23 magnitude of 6.1, which is classified as a  
24 moderate earthquake, is possible; and in fact,  
25 according to the seismic zoning map contained in

1 Air Force Manual 88-3, chapter 13, which you see  
2 in the bottom slide, part of the field lies in  
3 seismic zone three. A zone where a major  
4 earthquake can occur. Our fifth major military  
5 value.

6 Our sixth measure of military value  
7 is the maintenance of the very infrastructure we  
8 are trying to reduce. Malmstrom is yellow once  
9 again because of increased road maintenance  
10 problems and difficult terrain created by the  
11 disbursal of it's silos. Transporter erector  
12 routes total 2,500 miles at Malmstrom, the  
13 majority being gravel and only 1,170 miles at  
14 Minot. In just this year alone FY-95 is  
15 programed to spend over a million dollars at  
16 Malmstrom and a mere 200,000 at Minot for road  
17 maintenance. Not to mention the wear and tear  
18 on the Malmstrom vehicle fleet and the  
19 commensurate increased vehicle maintenance  
20 cost. It also is much less expensive to  
21 re-gravel on a per mile basis in Minot.

22 F.E. Warren we have rated as red  
23 because of similar road maintenance costs.  
24 Almost \$3 million in this case and all the  
25 associated problems and expense of being

1 closures, the future. The ratings for Malmstrom  
2 and F.E. Warren are consistent for closing the  
3 runway at Malmstrom or a nonexistent runway in  
4 F.E. Warren. Minot and Grand Forks are rated  
5 green because they're future use should continue  
6 as dual use bases.

7 We have been as objective in this  
8 analysis and presentation as possible. You can  
9 see from the color chart the real military value  
10 of Minot is clearly superior to it's comparative  
11 bases. It is our goal that we have convinced  
12 you that any closure or any realignment decision  
13 regarding Minuteman-3 Missile Fields would be  
14 incomplete without considering all four missile  
15 fields even a base with no runway.

16 I will now answer or give the  
17 answers to any questions you may have? If not,  
18 thank you, that concludes our presentation.

19 CONGRESSMAN POMEROY: I'm filled  
20 with two emotions as I rise to close our  
21 presentation this morning -- this evening. The  
22 first is a tremendous amount of pride for the  
23 exemplary way the North Dakota communities is  
24 placed with undeniably the most awkward of  
25 circumstances you could possibly have imagine

1 have conducted themselves through this day and  
2 through the evening. You've made us very, very  
3 proud.

4 Secondly, gratitude. Gratitude to  
5 the Base Closure Commissioners and staff for the  
6 day you have spent with us looking at two of the  
7 finest bases in the United States Air Force.  
8 The next couple of minutes I'm going to recap a  
9 few of the main points we've tried to get across  
10 today.

11 First of all, the appropriate scope  
12 of review, the major distinction between the  
13 northern tier bases, the alternatives before you  
14 and finally the bases as part of the North  
15 Dakota community. Each of the four northern  
16 tier missile bases is fully capable of  
17 performing it's function and therefore, each  
18 should be reviewed as part of this process. The  
19 Air Force has said it best when they indicate,  
20 "All missile use have their requisite  
21 combination of operational effectiveness  
22 criteria to accomplish the mission they are  
23 doing today." Accordingly fairness would dictate  
24 we believe that all four be looked at in this  
25 closure round.

1                   The single most important  
2                   distinction between them is that two have robust  
3                   flying missions and two do not. Grand Forks,  
4                   one of three core tanker bases in the country.  
5                   Minot one of two B-52 Bases and you have seen  
6                   today the outstanding characteristics of these  
7                   bases that has led them to be so designated by  
8                   the Air Force; and that means we have dual  
9                   mission capability at these Air Force Bases.  
10                  Senator Conrad mentioned, of course, it's been  
11                  mentioned many times since this evening,  
12                  combining a missile mission with a flying  
13                  mission on a single base achieves the  
14                  operational efficiency and cost savings that are  
15                  simply not possible at a single mission base.  
16                  What the Air Force said in the last closure  
17                  round is equally true today as it was then, the  
18                  Air Force enjoys cost savings and operation  
19                  efficiencies by collocating air craft and  
20                  missiles.

21                   This brings us to the part of the  
22                   very difficult decision before you. Does the  
23                   Department of Defense recommendation to realign  
24                   the missiles from one of the North Dakota bases  
25                   really represent the optimal way to reduce the

1 Minuteman-346 structure. Under the DOD  
2 Recommendation, North Dakota base would have  
3 it's missiles realigned to Malmstrom and the  
4 result would be diminished from two dual bases  
5 down to one leaving in the four structure  
6 maintain on to the future at one dual mission  
7 base, three single mission bases. The result,  
8 lost savings, lost efficiencies and certainly a  
9 greatly reduced return on investment for the  
10 closure for realignment dollars spent.

11 There is a compelling alternative to  
12 this proposal. You have the jurisdiction and  
13 the authority to look instead at the other two  
14 Minuteman-3 bases in the northern tier. The  
15 alternative would either realign the Minuteman-3  
16 Field at Warren or clearing away for closure  
17 outside of this background or closing  
18 Malmstrom. The resulting savings would be  
19 significant. Hundreds of millions of dollars  
20 perhaps even over a billion dollars over the  
21 next 20 years while completely fulfilling the  
22 four structure requirements of the Air Force.

23 Finally, we have told you about how  
24 much the bases mean to us as part of the North  
25 Dakota community. That is demonstrated I think

1 very convincingly by the hundreds of people from  
2 Minot that would spend six hours on the bus  
3 today so that they could attend the hearing  
4 tonight and the outpouring of the support we've  
5 seen from Grand Forks. These communities take  
6 very seriously their responsibility the quality  
7 hopes for the U.S. Air Force and Air Force  
8 personnel benefit greatly from our supportive  
9 communities, quality schools, safe neighborhoods  
10 and excellent higher education opportunities.  
11 But in return as John Marshall so well put, we  
12 benefit tremendously ourselves from the  
13 thousands of men and women that have become part  
14 of our communities, many staying after their  
15 tour of service and being a permanent part of  
16 our community once their service in the military  
17 is completed.

18 All of us here tonight are North  
19 Dakotans and we're very proud of it, but first  
20 and foremost we are all Americans, and we want  
21 what's best for our county. That is why each of  
22 us here is very, very grateful to you the people  
23 as talented and committed as you will help our  
24 country sort out the excruciatingly difficult  
25 decision that are before us in this closure and

1 realignment round. On behalf of the great  
2 people of this great state I thank you for your  
3 service and wish you the very best in your work  
4 ahead. Thank you.

5 COMMISSIONER DAVIS: Congressman  
6 Pomeroy, thank you very much for your wrap up  
7 and I only hope, Mr. Christianson, that our  
8 vision is as clear and our analysis is as crisp  
9 as yours as we go through this process.

10 It clearly (applause) -- I was not  
11 terribly concerned about the duties I was going  
12 to have but I'm absolutely petrified now after  
13 seeing some of these things you've presented.  
14 It's not going to be an easy job and I recognize  
15 that.

16 We're now ready to begin a period  
17 set aside for public comment. Our intent is try  
18 to ensure that all the opinions on the  
19 recommendations of the secretary affect this  
20 community are heard. So those individuals that  
21 have signed up I would ask them to come down  
22 front, the microphone is down there by the  
23 cameras and we'll have one of the staff members  
24 assist you in the process.

25 We've assigned 15 minutes for this

1 comment. We asked that a person wishing to  
2 speak sign up before the hearing began and I've  
3 asked them again to limit their comments to one  
4 minute. I love being in North Dakota,  
5 everybody's very punctual up here and we'll keep  
6 track of the time as usual. Of course, written  
7 comment or testimony of any length is welcomed  
8 by the Commission at any time during the  
9 process. But tonight is one minute long. So  
10 for those of you that have signed up for  
11 comment, would you please raise your right hand  
12 and I will administer the oath.

13 (All witnesses were sworn in by  
14 Commissioner Davis.)

15 COMMISSIONER DAVIS: Wade, will you  
16 start the process, please.

17 MS. SHIDE: Welcome Commissioners.  
18 I am Mary Joe Shide from Larimore, North Dakota,  
19 a town of 1,400 people, 30 miles west of Grand  
20 Forks. Because we consider people precious and  
21 quality of life essential military personnel are  
22 welcome, become part of the community and soon  
23 begin to brag as we do to the point that many of  
24 our air base families choose to remain or return  
25 to Grand Forks to live. We offer small town

1 worth, urban vitality, opportunity for lifelong  
2 learning and most of all quality of life.

3 You heard our Mayor say that Money  
4 Magazine ranked Grand Forks at the eighth best  
5 place to live in the country. No city ahead of  
6 us has an active duty military installation  
7 making Grand Forks the highest ranking city in  
8 the United States with an active duty military  
9 installation as part of it's community. If your  
10 people are happy, they have opportunities to  
11 learn and serve in leadership positions as part  
12 of their neighborhoods you have a better  
13 military force. The location of Grand Forks Air  
14 Force Base gives you that on a platter.

15 COMMISSIONER DAVIS: Thank you,  
16 ma'am.

17 MR. LAFFEN: Welcome Commissioners.  
18 My name is Lonnie Laffen, I live in Grand  
19 Forks. I would like to speak about  
20 transportation. While military installation  
21 ranking perceived that transportation is a short  
22 coming, we believe otherwise. Grand Forks  
23 became a place because it was a transportation  
24 cross service. While our river boats are now  
25 used for entertainment we are still a major

1 regional transportation outlet. Grand Forks is  
2 located directly on a interstate highway just  
3 south of the fourth busiest commercial port of  
4 entry between Canada and the United States.  
5 Grand Forks is located on the largest north  
6 south trade quarter between the Great Lakes and  
7 the California coast. Our international Air  
8 Force is a U.S. Customs port of entry and do  
9 excel in the jet and commuter service. We are a  
10 railroad division point and have Amtrak  
11 passenger service. The Federal Express  
12 Corporation shows Grand Forks as it's regional  
13 hub for all air and cargo distribution in North  
14 Dakota and a major portion of Minnesota. How  
15 good is our transportation system when Money  
16 Magazine selected Grand Forks as the eighth best  
17 place to live in the United States, they ranked  
18 us number one in the nation in transportation.  
19 Thank you.

20 COMMISSIONER DAVIS: Thank you very  
21 much.

22 MR. LARSON: Good evening,  
23 Commissioners. I am Richard Larson, the  
24 superintendent of the Minot Public Schools. We  
25 pride ourselves with providing quality education

1 services to students and parents on the Minot  
2 Air Force Base. We recently completed focus  
3 groups in the process of gathering information  
4 for our school districts strategic plan and our  
5 group from the base made some comments that were  
6 very positive in nature when we asked them about  
7 what they saw were the strengths of our school.  
8 They responded: High standards in performance  
9 and high test scores. In fact, our middle  
10 school test scores are the highest in our  
11 region. Excellent discipline and behavior, best  
12 of any air base where we have been stationed.  
13 Special services for handicapped students are  
14 outstanding. A high level of parent involvement  
15 in that their children's education and a great  
16 deal of time, effort and resources placed in  
17 technology with very low ratio of computers to  
18 students and staff. In fact, better than in the  
19 Minot city school districts themselves. Thank  
20 you.

21 COMMISSIONER DAVIS: Thank you very  
22 much.

23 MR. GERSHMAN: Hello, my name is Hal  
24 Gershman. I'm a Grand Forks businessman.  
25 Welcome Commissioners and distinguished guests

1 to Grand Forks, North Dakota. Home of the North  
2 Dakota Ballet Company, the North Dakota Museum  
3 of Art, the Grand Forks Symphony, numerous other  
4 arts groups and galleries and the Chester Fritz,  
5 as you heard the finest auditorium in-between  
6 Minneapolis and Seattle. If you hear it one  
7 more time, you can just put your hand up. Here  
8 we enjoy everything from county western stars to  
9 the Royal Winnipeg Ballet, Broadway road shows  
10 to high quality local productions, uniting the  
11 local and the visiting talent in many ways.  
12 We're proud that the arts flourish here in part  
13 because of the warm participation of our friends  
14 at the Grand Forks Air Force Base. They're part  
15 of the estimated attendance of 250,000 who every  
16 year enjoy the arts of Grand Forks, North  
17 Dakota. Thank you.

18 COMMISSIONER DAVIS: Thank you very  
19 much.

20 MR. LUKENS: I'm Fred Lukens, a 23  
21 year resident of Grand Forks and yes, I used to  
22 be a jock. I have a comment on the exceptional  
23 recreational opportunities Grand Forks offers.  
24 For college sports we are the only Division I  
25 athletic program in North Dakota with our hockey

1 team. UND football, men's and women's  
2 basketball are annually ranked among the top  
3 Division II teams in the nation. We offer the  
4 best gymnastics facility in North Dakota and  
5 exceptionally for our tennis facility. The  
6 largest youth baseball and softball complex in  
7 the state. And the only indoor Olympic size  
8 swimming pool west of the Mississippi.

9 Grand Forks has over 2,000 summer  
10 participants in men's and women's softball.  
11 There's seven golf courses within 20 miles of  
12 the area. Hunting and fishing opportunities  
13 abound. Grand Forks offers great winter  
14 recreational opportunities with cross county  
15 skiing, snowmobiling, indoor and outdoor ice  
16 skating. Beginning tomorrow Air Force Base  
17 Basketball teams will join 250 teams in the  
18 annual Grand-Am Basketball Tournaments. For  
19 youth and adults, spectators and participants,  
20 Grand Forks offers outstanding recreational  
21 activities.

22 COMMISSIONER DAVIS: Thank you very  
23 much.

24 MR. MITTELSTEADT: My name is Rod  
25 Mittelsteadt and as chairman of the Grand Forks

1 School Board I would like to say a few words  
2 from the perspective of elementary and secondary  
3 education. North Dakota students continually  
4 rank at or near the top in math and reading.  
5 Our dropout rate is the lowest in the nation and  
6 the percent of North Dakota high school  
7 graduates going on to higher education is among  
8 the highest in the nation. Of the 9,800  
9 students in the Grand Forks District over 1,800  
10 are children of Grand Forks Air Force Base  
11 personnel. These students enjoy the following:  
12 A wealth of technology in the classroom,  
13 excellent facilities, a highly qualified  
14 instructional staff, 60 percent of them have  
15 advanced degrees. But our schools in our  
16 community have in turn benefited from the rich  
17 diversity of culture, language and experience of  
18 citizens and students of the base have shared  
19 with us.

20 So as you consider the issue before  
21 you and ponder the military preparedness and  
22 economic factors, please consider also the  
23 educational well being of our military neighbors  
24 and their children. We are confident you will  
25 find that the continued presence of Grand Forks

1 Air Force Base in it's current mission will best  
2 serve your interest of all. Thank you.

3 COMMISSIONER DAVIS: Thank you very  
4 much.

5 MR. MOLMEN: Good evening  
6 Commissioners and thank you for being with us,  
7 thank you for spending this day with us, thank  
8 you on behalf of all North Dakotans for the  
9 work. My name is David Molmen, I'm Chief  
10 Operating Officer of United Hospital in Grand  
11 Forks, North Dakota and I'm here to speak to one  
12 of those reasons why Grand Forks is so highly  
13 ranked among the communities and it's excellent  
14 health care. We have a very unique health care  
15 system here that's worked long in partnership  
16 with excellent health care professionals and  
17 facilities at the Grand Forks Air Force Base.  
18 We're a community that has nearly 3,000 men and  
19 women serving the health care of perhaps one of  
20 the finest single campus medical facilities in  
21 the entire upper region of the United States and  
22 indeed many of those military people have  
23 dependents who are our employees so we provide  
24 excellent employment opportunities at this  
25 place. Thank you.

1                   COMMISSIONER DAVIS: Thank you very  
2 much.

3                   MR. CARLSON: Commissioners, my name  
4 is Bruce Carlson, I'm a member of the Minot Task  
5 Force '96 and also manager of Verendry Electric  
6 Cooperative. We have the privilege of serving  
7 the electrical needs of the Minot Air Force Base  
8 and a good share of the Minot Air Force Base  
9 facility. I want you to know it's not just a  
10 commercial relationship but we consider them our  
11 friends and our neighbors. We're also very glad  
12 to have the peace keepers, armed personnel  
13 carriers stopping at our convenience stores.  
14 RAC serves farmers too and that's beside Air  
15 Force urban notes. We have an excellent  
16 relationship between the base missile  
17 communication personnel and North Dakota's  
18 farmers. They have mutual respect for the  
19 farmers crops and mutual respect for the upgrade  
20 of critical underground military communication  
21 systems.

22                   I moved to the Minot area last  
23 summer, Commissioners, I've been well received  
24 by the Minot area and by the military. It's a  
25 great community, very warm and it extends a

1 welcome to newcomers, military and civilian  
2 alike. It's really commended to be greeted in a  
3 friendly way from a military vehicle as we pass  
4 on those country roads that we share as home. I  
5 came to Minot last summer from a North Dakota  
6 sister cooperative and that served part of the  
7 Grand Forks missile wing. I know that all the  
8 nonprofit rural electric cooperatives in North  
9 Dakota serving military facilities do a lot of  
10 pride. Our military accounts are treated with  
11 great respect and with special attention to  
12 service liability.

13 COMMISSIONER DAVIS: Thank you very  
14 much, sir. Before I get in trouble your time  
15 has expired. Thank you.

16 MR. VENACCIO: Good evening,  
17 Commissioners. My name is Michael G. Venaccio,  
18 and I retired from Grand Forks Air Force Base in  
19 1989 and it's a pleasure to have such high  
20 ranking generals listening to what retired  
21 majors have to say; and I'd like to say at the  
22 outset that I'm one of the growing number of  
23 military personnel elected to stay here once  
24 their tour of duty is over. We stay here  
25 primarily because of the friendships and

1 relationships that were formed while in active  
2 duty. But more than that we like it here  
3 because of the quality of life, jobs and  
4 education, security. In short, everything  
5 you've heard tonight and I'd like to reiterate  
6 for you. But more than that it's the acceptance  
7 that the community both at Grand Forks and Minot  
8 have shown to be active and especially to  
9 retired military personnel and their families  
10 and that made it very easy to make a decision  
11 for retirement. Basically community acceptance  
12 and the inclusion in community activities  
13 intangible and that adds significantly to the  
14 attitude of service personnel during an  
15 assignment. And these attitudes, as you know,  
16 directly translate to their duty effectiveness  
17 and their ability to do their job. The sense of  
18 community of Grand Forks Air Force Base is the  
19 strongest of any installation they have been  
20 assigned to and this enhances the effectiveness  
21 of all of those assigned here. Thank you.

22 COMMISSIONER DAVIS: Thank you very  
23 much. I didn't get where I was without  
24 listening to majors so I paid a lot of  
25 attention.

1 MR. SHMRAU: Good evening. My name  
2 is Mark Larson and I was born and raised in  
3 Minot and Minot Air Force Base was one of our  
4 dependents. To borrow a line from our old  
5 friend Forest Gump, you know the BRAC is like a  
6 box of chocolates you just never know what  
7 you're going to get." I don't what we're going  
8 to get but I know what have. We have special  
9 events for special people under special  
10 circumstances. We annually have a Rough Rider  
11 Auction where I was donated from downtown  
12 Minot. People in businesses are auctioned at  
13 Minot Air Force Base proposing dedicated missile  
14 and bomb competition teams who represent that  
15 air force base. This past year we raised  
16 \$18,000. This year we have the Seventh Annual  
17 Military Ball where people from Minot, Minot Air  
18 Force Base and civilians from Canada come  
19 together for a fun, festive and formal evening.  
20 We annually have the North Dakota State Fair in  
21 Minot. Here we have a day dedicated to military  
22 personnel who are given special consideration  
23 when presenting their military I.D. Indeed we do  
24 have special events for special people under  
25 special circumstances.

1                   COMMISSIONER DAVIS: Thank you very  
2 much.

3                   MR. AAS: Commissioners, welcome to  
4 North Dakota my name is Lynn Aas, I'm a retired  
5 citizen in Minot. I'd like to say that I'm the  
6 self-appointed representative of the many  
7 farmers on which the Minuteman Missiles in North  
8 Dakota and around Minot sit. My father was a  
9 homesteader in 1906 about 40 miles southeast of  
10 Minot on the land which he homesteaded he broke  
11 richer sod with three oxen where now a missile  
12 man is poised for whenever action is necessary.  
13 We have been happy to have those missiles on our  
14 property and I know the people of North Dakota  
15 and western North Dakota have been pleased to  
16 have them with you us as well. The missiles and  
17 the missile crews have been good neighbors. We  
18 like to think that we have been good neighbors  
19 and we can continue to do so in the future. We  
20 are proud of having them and we're happy to  
21 welcome them and keep them. Thank you.

22                   COMMISSIONER DAVIS: Thank you very  
23 much.

24                   MR. LARSON: Commissioners, I am  
25 Mark Larson. I chair the Minot area Chamber of

1 Commerce. I want to just briefly remind the  
2 Commissioners of the many events that we sponsor  
3 with our military friends. Our Military Affairs  
4 Committee meets monthly with people from the  
5 base to discuss defense issues and to further  
6 our relationships with the base. Our citizens  
7 and our businesses sponsor quarterly awards  
8 events in which outstanding enlisted and company  
9 grade officers receive awards for their to gifts  
10 from the business people. Twice a year a golf  
11 tournament is held at the Minot Country Club and  
12 then later on we host it at the Minot Air Force  
13 Base and also we host the wild game feed. This  
14 year was the 30th year of that game feed and  
15 some of the people on that game feed have worked  
16 every year at it for 30 years. The civilians  
17 purchase the tickets for both the golf  
18 tournament and the game feed and sponsor a  
19 military guest at those events. In addition we  
20 have an honorary commanders program in which  
21 citizens are allowed to work with military  
22 members and learn more about the base and help  
23 the military learn more about our community. I  
24 thank you.

25 COMMISSIONER DAVIS: Thank you very

1 much.

2 MR. REDLIN: Friends, this evening  
3 Minot is proud to be a part of the military  
4 posture of the nation. We are concerned and  
5 interested that a huge part of military  
6 personnel and their families live in our  
7 community and we believe that they have made  
8 valuable contributions. We have welcomed them  
9 to schools, churches, cultural affairs and  
10 recreational affairs. Community theater has  
11 enjoyed their talents. It's a personal pleasure  
12 to host them to games and theater in North  
13 Dakota Western Rodeo.

14 As the state senator, laws for  
15 hunting and fishing for our Air Base families  
16 have been important to us and we are glad that  
17 many of the military choose Minot as home.  
18 Minot is a team with our air base people to  
19 develop and enjoy their full human potential on  
20 a sound basis of any operation that we and we  
21 want to continue. We welcome them with open  
22 arms and we know that the military will receive  
23 the recognition in our community that they  
24 deserve.

25 COMMISSIONER DAVIS: Thank you very

1 much.

2 MS. WATNE: Commissioners, thank  
3 you. I'm Darlene Watne from Minot a senator  
4 from the Fifth District. Thank you so much for  
5 taking the time to be here.

6 I too am a granddaughter of  
7 homesteaders. I remember when the base came to  
8 Minot and not everyone was for it. Now we are.  
9 We've grown to love these people. We served on  
10 boards with them. Our children have gone to  
11 school with them. My Christmas card list is  
12 long from the friends who have left. This is  
13 where the hearty survive. As a Realtor we sell  
14 houses to these people. Many of them are first  
15 time home buyers with affordable housing and the  
16 best part of it many of them stay and retire.  
17 Thank you.

18 COMMISSIONER DAVIS: Thank you very  
19 much.

20 I'd like to close these proceedings  
21 by a couple things. One, as you know and I  
22 don't want to preach the choir, but there are  
23 eight criteria that everything is measured on  
24 and we'll have to pay attention by law to that.  
25 We'll also have to find that there's a

1 significant deviation from what the Department  
2 of Defense submitted to it's National Defense  
3 Plan.

4 Secondary, I'd like to on behalf of  
5 my colleagues -- and clearly all the  
6 Commissioners are not here -- to thank you very  
7 much for your great hospitality of North Dakota  
8 both in Minot and Grand Forks and all the  
9 assistance of not only the military, the  
10 military families, but the folks that assisted  
11 us in seeing and hearing things both here and at  
12 Minot.

13 I would like to also thank the  
14 witnesses tonight for their very thoughtful  
15 testimony. It was well thought out, it was well  
16 put together and like I said, if we didn't ask  
17 questions, it's because you provided a lot of  
18 answers. You've given us a great deal of  
19 valuable information tonight which we'll share  
20 with on your other Commissioners but more  
21 importantly we'll put our research and analysis  
22 staff to work on trying to find some answers.

23 Let me say that all of us here today  
24 are very impressed with the way that the state  
25 and the two communities of Minot and Grand Forks

1 have handled a very, very difficult situation.  
2 Instead of letting the process divide your state  
3 and your communities, you have approached the  
4 process in a spirit of cooperation and  
5 professionalism (applause). That cooperation  
6 and professionalism reflects a great deal of  
7 credit on your elected officials who have fully  
8 supported us here tonight, your community  
9 leaders and each one of you that made the trip  
10 here tonight. I recognize we're not as good as  
11 the Pulitzer Prize but we're at least as  
12 interesting.

13           Again I would like to personally  
14 being a -- I don't ever want to say a former  
15 military man, I am a military man I just happen  
16 to be retired right now but for your tremendous  
17 support of our families that have been  
18 transients in some cases and became community  
19 members in other cases, your patriotism is  
20 clearly as strong as theirs and so I  
21 congratulate you for it. You have a very strong  
22 community leadership, you have a very strong  
23 congressional delegation and you have a very  
24 strong government. So my congratulations to the  
25 entire great state of North Dakota. Thank you

1 very much for your courtesies. We appreciate  
2 your attention and all your testimony.

3 These hearings are closed.

4 (These proceedings were concluded at  
5 9:30 p.m.)

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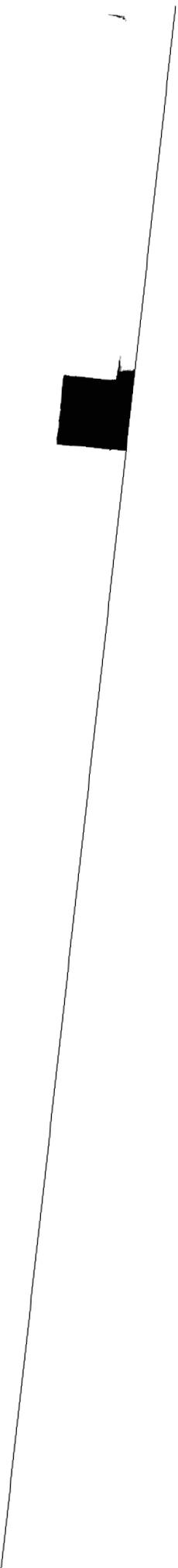
## REPORTER'S CERTIFICATE

I, Ronda L. Pehling, a general shorthand reporter, 123 1/2 Broadway Fargo, North Dakota, do hereby certify that the foregoing eighty-four (84) pages of typewritten material constitute a full, true and correct transcript of my original stenotype notes, as they purport to contain, of the transcript of proceedings reported by me at the time and place hereinbefore mentioned.

*Ronda L. Pehling*

Ronda L. Pehling  
123 1/2 Broadway  
P.O. Box 3165  
Fargo, North Dakota 58108

Dated this 30th day of March, 1994.







COMMENCEMENT OF HEARING

2 GEN. DAVIS: Ladies and gentlemen, our National  
3 Anthem will be sung by the combined Chanteur and Delphian  
4 choirs of CMR Russell and Great Falls High School.

5 (The National Anthem was sung.)

6 GEN. DAVIS: What a marvelous welcome. We're  
7 delighted obviously to be here, to be back in God's  
8 country, the Big Sky.

9 (Applause.)

10 GEN. DAVIS: I've been here many times before,  
11 and I'd forgotten how incredibly beautiful it is around  
12 here.

13 Governor Racicot, Senator Baucus, Senator Burns  
14 and Congressman Williams. Good afternoon, ladies and  
15 gentlemen, and welcome to the regional hearing of the  
16 Defense Base Closure and Realignment Commission.

17 My name is J. B. Davis, and I'm one of the  
18 eight members of the commission charged with the task of  
19 evaluating the recommendations of the Secretary of Defense  
20 regarding closure and realignment of military  
21 installations.

22 Also with us here today are my colleagues,  
23 Commissioner Rebecca Cox, who was on the '93 BRAC, and to  
24 my right is Commissioner Lee Kling, who's had extensive  
25 government service and service in the private sector.

1 First I'd like and foremost to thank all the  
2 citizens of this area and the military and civilian  
3 personnel who have assigned -- assisted us so capably in  
4 the very short time that we're here.

5 We spent the morning looking at Malmstrom and  
6 asking questions. We went and flew over the missile  
7 fields. And that will help us make our decisions. Because  
8 when you just collect numbers to make a decision from, it  
9 clearly is not as meaningful as you can come and see, feel  
10 and touch. And the cooperation we've received has been  
11 absolutely superb.

12 I'd like to certainly thank the governor and  
13 the congressional staff for their -- and their staffs for  
14 their assistance, as well as the great city of Great Falls  
15 for its hospitality and for the use of this fine facility.

16 The main purpose of this base visit we've  
17 conducted, it's one of 54 base visits commissioners will go  
18 to see and are making almost as we speak. It allows us to  
19 see the installations firsthand and address to military  
20 personnel the all-important question of the military value  
21 of the base.

22 In addition to the base visits, the Commission  
23 is conducting a total of 11 regional hearings, of which  
24 this is the third. The main purpose of the regional  
25 hearings is to give the members of the communities affected

1 by these closure recommendations a chance to express their  
2 views. We consider this interaction with the community to  
3 be one of the most important and valuable parts of the  
4 review. We always receive excellent information from the  
5 communities. Obviously you have a stake in the outcome.

6 Let me assure you all that our commissioners  
7 and staff are well aware of the huge implications of base  
8 closure on local communities. It is a very difficult  
9 thing. And we are committed to absolute openness in the  
10 process. We're committed to fairness. And all the  
11 material we gather and all the information we get from the  
12 Department of Defense, all of our correspondence is open to  
13 the public in the BRAC offices in Washington.

14 We're faced with an unpleasant and painful task  
15 which we intend to carry out with the greatest of  
16 sensitivity as we possibly can muster. Again, the kind of  
17 assistance we have received here is very greatly  
18 appreciated.

19 Now, let me tell you how we'll proceed here  
20 today, and at all our regional hearings for that matter.  
21 The Commission has assigned a block of time to each state  
22 affected by the closure list. The overall amount of time  
23 is determined by the number of installations on the list  
24 and the amount of job loss. Montana has been given 30  
25 minutes to make its presentation.

We notified the appropriate elected officials of this procedure and left it up to them. They were working with the local communities to determine how to fill that block of time.

We've been given a list of persons who will speak during the Montana presentation, as well as -- and how long they will speak. Unfortunately, because of press of time, we'll have to conform to those limits strictly, and we'll let the speaker know when he has -- he or she has one minute left. And we'll ring a bell when the individual's time is up. And if that doesn't work, I have a very large gavel up here.

(Laughter.)

And I used to -- I won the hatchet-throwing contest in the state of Nebraska one time.

(Laughter.)

After the 30-minute presentation, we'll have a period of 15 minutes for public comment at which members of the public may speak before this hearing. Before the hearing started, we provided a sign-up sheet for this portion of the hearing, and anyone who wished to speak should have already signed up. We would ask you that are speaking to stick to your time limit and confine yourself to one minute.

Let me also say the base closure law has been

amended since 1993 that requires anyone giving testimony before the Commission do so under oath. So I'll be swearing in the witnesses. And that will include individuals who speak in the public comment portion of the hearing.

With that, I would ask all the witnesses, to include the public portion, please stand. If you'll raise your right hand, please.

Do you solemnly swear or affirm that the testimony you are about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth.

(All responded "I do.")

GEN. DAVIS: Thank you very much. Governor, the floor is yours.

GOV. RACICOT: Welcome. Don't start my time yet. I'm not sure this thing's on.

We're proud to host all of you in this special corner of God's good earth. We all might personally prefer that you were here as one of our 7.7 million annual tourists. But I'll tell you in all honesty, we do not get like this for every trio of visitors who come to Montana.

I'll not go into any detail of the military analysis today. I'll leave that to others far more

qualified, and to the very special, very dedicated local committee which has assembled so much of the material and documentation on this case. But I do want to share with you a few thoughts about the value of Malmstrom to Montana and the value of Montana to Malmstrom.

Montana is a very large place, as you probably know. 148,000 square miles large to be exact. And that's equivalent to nearly 2,150 Districts of Columbia. If you took all of the District of Columbia, all of West Virginia, all of Maryland, all of Delaware, and all of the state of Virginia and put them together, you'd have an area about half the size of Montana. You'd still have room for all of Pennsylvania and more than 20 Rhode Islands.

(Laughter.)

GOV. RACICOT: We are in fact the fourth largest state in size stretching as far across as the highway distance from Boston all the way down to Raleigh, North Carolina. Yet we are also in fact only the 44th largest state in terms of population. We have nearly five people per square mile, fewer people in Montana than live in and around Albany, New York.

I suspect that you may have encountered much friendliness as you have been here. And what I'm unsure about, however, is how much we might be able to quantify the neighborhood, the social and economic (inaudible) that

are not visited upon the military here because of these vast spaces and this friendly spirit. These are the (inaudible) I suspect that are routinely visited upon, military installations are more crowded, or more congenial settings.

In short, Montana is still what we think America used to be. Now, I'm just the grandson of a logging camp cook. I grew up in a small town that probably had fewer residents than we have in this audience here today. I was only a captain during my years in the military. If I was studying the geographic and social environment for tomorrow's military installation, if I was trying to evaluate where units might have the room to operate the easiest with the least problem with their neighbor, where they would feel the most welcome and appreciated, I know I would be extremely impressed for the vast space available here for flying, for exercises, for whatever, and the ready opportunities and diverse geography they afforded me and my unit every single day.

I don't leave Montana very often, but when I do, and wherever I go, the thing that strikes me for sure is, all of those areas in other places seem to have pretty much run out of space.

Malmstrom Air Force Base is responsible for 3 percent of our state's economic activity and fully 35

1 percent of the economic activity in Great Falls. That is a  
2 very significant sector. And I think you will see and  
3 hear, if you haven't already, how much Montanans in  
4 general, and these Montanans in particular, value that  
5 relationship, having a strong, united local community. So  
6 we need your help. And so aware of the installations  
7 afforded us strikes me as an important powerful plus when  
8 evaluating the military future resources and how they can  
9 be used.

10 I want to thank you for coming here today, for  
11 your interest in our state, and for your interest in our  
12 views, and for your patience and your kind attention these  
13 past few minutes.

14 GEN. DAVIS: Thank you, Governor.  
15 (Applause.)

16 GEN. DAVIS: Thank you very much, Governor. I  
17 let you run over a little bit, but I started early. So  
18 we'll keep a better clock next time.

19 Mr. Tim Ryan, please.

20 MR. RYAN: Thank you, Governor Racicot.  
21 Chairman Davis and Commissioners, welcome once again to  
22 God's country. It is my great pleasure to introduce  
23 General Rinebarger, who will address the missile mission at  
24 Malmstrom, and Colonel Gunther, who will address our  
25 tankers.

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1 When this process started, the Great Falls  
2 community was understandably concerned. Our challenge was  
3 not creating a military value for our missions,  
4 (inaudible), our challenge was to find federal military  
5 leaders who could simply and logically convey common sense  
6 to leaving both missions here. (Inaudible) old and valued  
7 friends quickly volunteered for this effort.

8 General Ted Rinebarger served as the commander  
9 of our missile wing till 1991. Ted has a distinguished  
10 career in missile service and has been stationed at both  
11 Malmstrom and Grand Forks. He speaks to many of these  
12 issues today from personal experience. Ted cares deeply  
13 about Malmstrom and Great Falls. Of all the assignments in  
14 the Air Force, we were honored that he and his wife chose  
15 to come back to Malmstrom to share his retirement ceremony  
16 with our community.

17 Colonel Lynn Gunther (inaudible) the tanker  
18 mission here at Malmstrom in 1987. He understands all the  
19 intricacies of Malmstrom's fine military value. After all,  
20 he helped build and care it for from the ground up. Lynn  
21 is a distinguished national hero who courageously served  
22 our nation in Vietnam as a combat pilot and a POW. He has  
23 flown tankers out of every major airfield in the country  
24 and has served at both Malmstrom and Fairchild.

25 We are proud to have Ted and Lynn address you

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1 today. With their help, our community has built a case for  
2 Malmstrom that is long in logic and common sense.

3 Ours is not an attempt to overwhelm you with  
4 facts and figures, or (inaudible) presentation. We believe  
5 the Air Force analysis has built a clear case of retention  
6 of both our missiles and tankers.

7 The city staff has put together a homespun  
8 Montana presentation that we hope overpowers you with the  
9 simple common sense of retaining both missions here, where  
10 they belong, in Montana.

11 (Applause.)

12 BRIG. GEN. RINEBARGER: Good afternoon, General  
13 Davis, and members of the Commission. If I'm a little  
14 nervous, it's because I tripped coming up the stairs today  
15 on the stage. So my stage debut here is just a little bit  
16 shaky because of that.

17 I'm really happy to be here. Every time Tim  
18 refers to me as his old friend, it makes me a little  
19 nervous also.

20 (Laughter.)

21 BRIG. GEN. RINEBARGER: As we all know, the Air  
22 Force support structure plans calls for the reduction and  
23 the number of Minutemen wings to three and the number of  
24 ICBMs to 500. That means whether it's Minot or Grand  
25 Forks, we're going to be removing missiles from the

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1 operational force.

2 With that as a backdrop, I'd like to talk just  
3 briefly in the time that I have before the bell goes off  
4 about why we put missiles here to begin with in Montana  
5 over 35 years ago, and why it still makes sense to keep  
6 missiles -- Minutemen 3 missiles here today.

7 I'm sure when the planners got together and  
8 planned the first ace in the hole, which turned out to be  
9 here in Montana, they had a number of key factors to  
10 consider. I want to talk about four of them very briefly  
11 here this afternoon. I'll hit them briefly now and then  
12 I'll come back and talk to them again in just a little more  
13 detail from a military standpoint.

14 In terms of geography, I'm sure the planners  
15 envisioned the advantage of having missiles here to enable  
16 us to reach distant targets. In terms of geology, the  
17 compact soil that's prevalent in this part of the world, in  
18 Montana in particular, and the relatively low water table  
19 provided some advantage in terms of maintaining the system  
20 once it was installed as well as enhancing its  
21 survivability by making it harder.

22 You've flown over Montana's topography. The  
23 advantages of having mountains and canyons and valleys and  
24 forests as well as prairies makes the enemy's targeting  
25 calculations just a little bit tougher.

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And finally, in terms of population, as the  
error just talked about, the relatively low population  
density of this great state provided a lot of flexibility  
and latitude when the planners built the nation's largest  
missile complex, over 23,000 square miles.

Now let me talk about these four factors once  
again, but from a little bit different perspective, and  
that's the military perspective. This is a pretty graphic  
depiction of the advantage of having missiles here looking  
at projected targets over the pole. That was not lost on  
the planners then and it's still a viable reason to have  
missiles here today (inaudible).

I'm not going to attempt to pretend that I am a  
geologist, nor am I going to try to make you all a  
geologist, but I need to talk a little bit about the soils  
and the water situation.

The planners back in 1959 were exactly right.  
What I want you to see from this chart is the various  
colors display the various soil compositions in and around  
Great Falls and the missile complex. It varies from very  
tough clay to gravel to bedrock. And you flew over some of  
this bedrock today. It even outcropping above the surface.

They were right also concerning groundwater.  
There's only one major aquifer in this part of the world,  
it is very, very deep as this chart is to indicate.

The reason I bring that up is, Malmstrom's water intrusion  
maintenance problems are very similar to those of its  
sister bases, Minot and F. E. Warren. The one base that  
has severe water intrusion problems is Grand Forks that you  
visited yesterday.

We the Air Force and the taxpayers have spent a  
lot of money in fighting that problem. I will tell you I  
was at Grand Forks when we first opened that missile field  
there. We had water intrusion problems then, and we've  
been battling them ever since.

Governor Racicot stole a lot of my lines  
concerning the population issue. But that's okay.

This is our great state (indicating). And the  
population advantage remains a clear advantage for missiles  
in Montana. We are able to operate the nation's largest  
missile complex without interfering with the lifestyle of  
the men and women which you see here and the others that  
are not here today. In fact, the missile function is  
almost invisible when you travel this great state.

The governor used some population figures. I  
give you another comparison. You are all familiar  
with Fairfax County, Virginia. There are more people in  
Fairfax County than this entire state, and yet he talked to  
you about how large we are here.

Topography that I talked about earlier shown

1 here (indicating) is still a major factor, because  
2 topography provides a potential enemy with just one more  
3 targeting calculation in terms of damaging targets.

4 Let's compare size once again with our sister  
5 bases in North Dakota. This is Minot's missile complex  
6 overlay over our missile complex. And here we show Grand  
7 Forks' overlay over our missile complex.

8 Let's talk about our missiles for a moment. We  
9 have four squadrons here as opposed to the three that you  
10 saw in North Dakota at each of those bases. Three of our  
11 squadrons are configured with the Boeing AM system. AM  
12 meaning modernized. The fourth squadron at Malmstrom in  
13 the flight support is the Sylvania or B system.

14 Now, I know over the last couple of days you've  
15 heard a lot about As and Bs, Sylvania and Boeing. This  
16 chart is a rather simple depiction of what we've been  
17 trying to tell you, we and others.

18 The missiles are the same. Minuteman III is a  
19 Minuteman III is a Minuteman III, whether you're talking  
20 Minot or here. What makes the difference is the ground  
21 electronics that interrogates and monitors the missile in  
22 the silo.

23 Most of the missile systems are Boeing systems,  
24 AM systems. We have one squadron of Sylvania missile  
25 systems here, and Grand Forks is entirely configured with

1 150 Sylvania system missiles.

2 Now, there's a program called Rivet Add that I  
3 trust General Larned talked to you about this morning.  
4 That program is underway here to replace the entire  
5 Minuteman II with Minuteman IIIs. We've got 30 such  
6 missiles already operational in the 12th missile squadron.  
7 The rest of the program is on hold awaiting the outcome of  
8 this commission and the determination of what the base  
9 (inaudible) is going to be, which the Air Force believes to  
10 be Grand Forks.

11 This slide or chart shows how Malmstrom scores  
12 using the standard scoring criteria that the Air Force uses  
13 with the other candidate bases. As you can see, we're  
14 clear green, Grand Forks is clear red. Which led the  
15 Secretary and the Department of Defense to come up with the  
16 recommendations that I know that you're familiar with  
17 concerning moving the missiles from Grand Forks to  
18 Malmstrom Air Force Base.

19 To coin a phrase from my good friend Senator  
20 Burns, we feel that the recommendation just makes good old  
21 common sense for the reasons you see here on this slide.

22 Number one, as I've already stated, we need to  
23 move missiles anyway. They're going to come from  
24 somewhere.

25 Number two, Malmstrom's Rivet Add program is in

1 being. We are configured to receive additional Minuteman  
2 IIIs here in Montana. By moving the missiles from Grand  
3 Forks and shutting that operation down, you would eliminate  
4 a very expensive, constant battle of water intrusion.

5 The Sylvania system spares that would be  
6 created by shutting down 150 Sylvania missiles will allow  
7 us to sustain the one squadron of 50 that we have here as  
8 long as we have ICBMs in our inventory.

9 But the most significant argument is the one  
10 that calls for the flexibility and field a force of 500  
11 Minutemen. There is no economical way to do that if you  
12 don't do it with the 200 you have here in Montana.

13 That's the missile story. But before I leave  
14 it completely and turn the floor over to Colonel Gunther to  
15 talk air operations, I want to hit one item concerning the  
16 airfield.

17 We have had an operational airfield here since  
18 the base opened in 1942. There have been periods of time  
19 where we did not have an active flying operation during  
20 that time, but the airfield still supported the missile  
21 operations and the missile missions.

22 Those functions are not going to go away as  
23 long as we have an operational mission here. We will just  
24 have to find a way to do those functions in an alternative  
25 fashion.

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1 Sir, that concludes my remarks. I'd like to  
2 turn the floor over to Colonel Gunther.

3 (Applause.)

4 COL. GUNTHER: Thank you, General Rinebarger.  
5 General Davis, Commissioner Cox, Commissioner Kling, good  
6 afternoon.

7 General Rinebarger discussed airfield  
8 requirements from a missile perspective. I'd like to  
9 discuss airfield capability. Specifically I'd like to  
10 discuss maintenance capability as well as flying  
11 operational capability here at Malmstrom.

12 This morning you had an opportunity to tour all  
13 the facilities that were associated with the 135  
14 (inaudible) started in 1987 up to present. As I have  
15 indicated here on this particular map in blue and orange,  
16 are those facilities that are specifically associated with  
17 flight line activities.

18 I wish to discuss in particular those  
19 individual facilities in orange. Starting out with  
20 three-bay hangar. The three-bay hangar I'm sure you toured  
21 this morning, saw an aircraft completely enclosed inside  
22 the hangar. That facility was a \$16 million facility.  
23 It's only been operational 20 months. Not even two years  
24 that facility has been operational. It's a facility that  
25 won all kinds of design awards and has been used as a model

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1 installation for other Air Force bases to follow.

2 Currently there were 212 users this past year, users from  
3 both Mountain Home, Malmstrom and Grand Forks.

4 Directly behind the three-bay hangar is a  
5 corrosion control facility. That, too, was a brand-new  
6 facility, just five years old, \$5 million to construct.  
7 It, like the three-bay hangar, can completely enclose a 135  
8 corrosion control maintenance. It has 260 bays of  
9 availability. That facility was occupied 254 days of that  
10 availability. Again, users from Mountain Home, Grand Forks  
11 and Malmstrom.

12 Directly behind the -- or beside, I should say,  
13 the three-bay hangar, I believe you toured the maintenance  
14 complex. Some consider the maintenance complex as the  
15 heart of any maintenance operation. That is one of the  
16 finest facilities in the Air Force. It is one of the few  
17 facilities that allows all the back line maintenance  
18 associated with 135s to be performed indoors out of any  
19 type of inclement weather. Facilities -- that facility  
20 provides the capability to do engine repair, fab,  
21 hydraulics, pneumatics, anything associated with back line  
22 aircraft maintenance performed in that function.

23 One of the greatest things that it has is a  
24 flight line supply, central point supply (inaudible). No  
25 longer do they have to run clear across base as, General,

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1 I'm sure you're aware, and will remember those days.

2 Airplane parts are right there on the (inaudible).

3 Before we leave these maintenance facilities, I  
4 think we need to turn to our hydro refuel pits. 21 pits,  
5 the last six being completed just two years ago, for a  
6 total of 21. \$15 million was invested in those pits. They  
7 are category 1, the highest rating given under the Cobra  
8 analysis of any airfield in the Air Force.

9 To put it simply, that facility -- or those  
10 pits provide a 135 the capability of taking a standard ramp  
11 fuel load and uploading it on a daily mission, or daily  
12 fuel load, three aircraft at one time. It would take 16  
13 minutes to do that. Any combat individual or any commander  
14 really appreciates that capability.

15 If you were to take that same aircraft, or  
16 those same three aircraft and upload them to what they're  
17 flying out of Turkey with, for example, heavyweight load,  
18 it would take 32 minutes. And that doesn't count the  
19 capability of the actual -- the other air refueling tanks  
20 that are available to simultaneously load aircraft.

21 Let's turn our attention for the time being now  
22 to actual air operations. Every aircraft in the Air Force  
23 inventory has landed and taken off out of Malmstrom Air  
24 Force Base. Every aircraft, tanker, bomber, cargo,  
25 transport, with the exception of the B-2. And I don't know

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1 It's in the last four years been here or not. But I can  
2 personally attest that we have had every aircraft in the  
3 Air Force inventory except for the B-2 land and take off  
4 out of Fairchild (sic).

5 It has a (inaudible) jet and rescue system.  
6 What does that mean? It's very important to our F-16  
7 friends up on the hill. Malmstrom is their primary  
8 emergency divert base, for weather and inflight  
9 emergencies, because of that capability. It's the only one  
10 in a three-state region, between North Dakota, South Dakota  
11 and Montana.

12 Talking about that, let's talk ramp conditions,  
13 those orange dots, the green dots. 18 orange dots,  
14 excellent ratings. These ratings were given Malmstrom last  
15 July of '84 by the Tyndall inspectors -- Air Force  
16 inspectors out of Tyndall Air Force Base. Major areas on  
17 the ramp, parallel taxiways, laterals as well as runways,  
18 all rated excellent or very good.

19 The only red rating we have, this is an old --  
20 clear at the end of the north end. Hopefully we don't have  
21 that many airplanes that far out in the overrun to worry  
22 about. But that is the only red dot on the system.

23 Air space. Montana's rich with air space.  
24 Terrain. Unbelievable training environment. Just for an  
25 ample -- I need the -- yeah. Air refueling tanks. Three

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1 within 20 to 35 minutes from takeoff. As you can see here,  
2 the straight line to the air refueling tanks. Four  
3 tankers. Five additional within 50 minutes. Anywhere in  
4 the Pacific Northwest we are AR rich, air refueling rich  
5 capable. That doesn't count all the low-level routes and  
6 the low altitude military operation areas sprinkled  
7 throughout all of Montana.

8 Where's my green chart.

9 As you can see from this chart, Malmstrom ranks  
10 very good through the Cobra analysis. Both in -- compared  
11 to Grand Forks and Minot. Facilities condition, green.  
12 Geographic, green. Refueling, green. Flying mission,  
13 green overall.

14 Notice the red. Well, it's freezing precip.  
15 In the world north you're going to get freezing precip.  
16 Minot's got it, Ellsworth's got it, Grand Forks' got it,  
17 and Malmstrom's going to get it. That was the only red  
18 mark in the entire grading criteria concerning weather.

19 Despite all these green marks, it is the  
20 recommendation that Malmstrom Air Force Base lose its  
21 flying mission. By doing that, supposedly, quote unquote,  
22 we're going to save \$5 million. I'm an old strategic  
23 program analyst. That \$5 million is the softest figure  
24 that I've ever seen. We can't get any answers as to what  
25 went into that \$5 million.

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1 So here we go, closing out a flying mission  
2 that has over \$100 million worth of brand-new facilities,  
3 facilities that are less than five years old, for a suspect  
4 \$5 million savings per year. That just doesn't make sense.  
5 (Applause.)

6 COL. GUNTHER: We have a tanker distribution  
7 problem. This is an Air Force chart. This isn't a Cobra  
8 chart. This isn't my chart. This is an Air Force chart.  
9 You see the demand for tanker basing. You can see there is  
10 a strong demand in the southeast, a demand in the  
11 southwest, and in the central north there is little demand  
12 but very heavily based. I don't know what those numbers  
13 are. We can't get that information. We can't get the  
14 actual numbers. All we can work in is percentages.

15 But I'll guarantee you, taking one (inaudible)  
16 aircraft squadron out of Montana isn't going to solve the  
17 shortfall in the southeast. It won't happen. That  
18 shortfall has to be somewhere in the neighborhood of two to  
19 two and a half to three squadron tankers. That's the best  
20 information that I could come up with.

21 So, are we going to move 12 tankers out of  
22 Montana to Mac Dill Air Force Base in Florida, or to the  
23 southeast, and still have the original problem. Again, it  
24 doesn't make any sense.

25 When you leave here today, I ask that you only

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1 take one thought with you. Human beings, being what we  
2 are, will expand into as much space as humanly possible if  
3 that space is empty. I personally will bet, given 26 years  
4 of experience in the military, that within one year, after  
5 -- if airfield operations are shut down at Malmstrom, that  
6 beautiful three-bay hangar that you folks toured this  
7 morning is going to be a truck storage area. It's going to  
8 be a place that they put boats. I mean, it's going to be  
9 used as storage.

10 I ask, does that really make sense, over \$100  
11 million on facilities that are for the most part less than  
12 five years old, for a questionable \$5 million saving? I  
13 hope not.

14 I think after you review the rebasing plans,  
15 (inaudible), the costs -- the real costs associated with  
16 those, you'll come to the same conclusions that to close  
17 down flying operations at Malmstrom Air Force Base just  
18 does not make sense.

19 (Applause.)

20 GEN. DAVIS: Mr. Ryan, I've got you down again.  
21 Is that correct?

22 MR. RYAN: That's correct. Thank you. And in  
23 closing our technical presentation, we'd like to talk to  
24 cost. The Air Force Cobra on the realignment of our flying  
25 mission is not a reliable number in our opinion. The

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1 projected savings from the action are \$4.7 million. We  
2 have been working hard to understand these numbers. We are  
3 not certain how they were generated.

4         However, one number has come into clear focus.  
5 Of the projected \$4.7 million savings, 4 million is tied  
6 solely to the independent actions of Mac Dill Air Force  
7 Base in Florida. A separate recommendation has the Air  
8 Force resuming air operations out of Mac Dill regardless of  
9 whether our tankers are realigned or not.

10         In past actions the Department of Congress took  
11 over the operation of that airfield for their flight  
12 operations in south Florida. In that scenario the Air  
13 Force paid a lease fee of \$4 million to Congress. Resuming  
14 flight operations, the Air Force now has the lease payment  
15 to Congress which is no longer required as savings.

16         This savings is inappropriately attributed to  
17 our realignment. The lease and ownership of Mac Dill  
18 Airfield has nothing to do with our recommendation. Again,  
19 the Air Force resuming operation at Mac Dill will occur  
20 regardless of whether or not tankers are -- our tankers are  
21 realigned.

22         When this misclassifications of savings is  
23 directed to projected savings of realigning our tankers, it  
24 drops to 1.1 million with an 18-year payback. This makes  
25 the entire recommendation suspect.

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1         Our community strongly supports the Air Force  
2 and our military, and will support it into the future. The  
3 ties between this community and Malmstrom can't be  
4 overstated. 35 percent of our regional economy depends on  
5 Malmstrom. We will support the military and your  
6 recommendation. We only hope it relies on appropriate and  
7 accurate data and just good old common sense.

8         Montanans are proud Americans. We love our  
9 neighbors that wear the uniform. We want to keep them as  
10 our friends and neighbors and continue to serve our  
11 country.

12         Thank you.  
13         (Applause.)

14         GEN. DAVIS: Senator Baucus.

15         SEN. BAUCUS: Chairman, Commissioners, you've  
16 heard a very dramatic case reiterating the clear, common  
17 sense foundation for the Defense Department's  
18 recommendation to retain missiles in Montana and against  
19 the illogical decision to move tankers.

20         I want to close the discussion today on  
21 missiles, and the need to maintain our missile defense in  
22 the strongest possible configuration. The Secretary of  
23 Defense, the Chairman of the Joint Chiefs, the Strategic  
24 Command, the Space Command, the U.S. Air Force, all  
25 recognize our critical need for maximum flexibility in our

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1 missile program as we view a dangerous and unpredictable  
2 world. As potentially hostile countries, and countries  
3 like Iraq and North Korea, which we know are hostile,  
4 struggle to acquire nuclear missile capability, it is  
5 essential that the strength of our missile program be  
6 plainly evident.

7         The world has seen some dramatic changes in the  
8 last few years, and I can tell you as a member of the  
9 Senate Intelligence Committee that our crystal ball is not  
10 always clear.

11         The Malmstrom missile complex gives our  
12 military planners maximum flexibility in meeting future  
13 requirements, whether the threat remains high, or God  
14 willing, proceeds no further. Having 200 missiles in one  
15 well-dispersed field provides more options for efficient  
16 (inaudible) reductions in the future.

17         Again, as General Rinebarger stated, the  
18 decision to maintain Montana missiles makes sense. It  
19 retains higher military value, it reduces operating  
20 expenses, and it maintains maximum flexibility.

21         Thank you.  
22         (Applause.)

23         GEN. DAVIS: Senator Burns, please.

24         SEN. BURNS: I have it on good report that some  
25 reference was made to the famous General Custer yesterday

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1 in the North Dakota presentation. I would like to  
2 enlighten you that his last words among his men were, "At  
3 least we don't have to go back to North Dakota."

4         (Laughter and applause.)

5         SEN. BURNS: I want to expand on what General  
6 Gunther said regarding the base picture on attacking our  
7 assets. It is plainly evident that the Air Force's own  
8 charts that the movement of 12 tanks from Malmstrom does  
9 very little to address the tanker saturation in northwest  
10 United States, nor the tanker deficiency in the  
11 southeastern and southwestern regions of our country. We  
12 can't argue with the Air Force's desire to better balance  
13 their tankers. It makes good sense to do so.

14         But in the base closure process, when it was  
15 established to eliminate redundant bases, save money and  
16 still provide the best bases for our men and women in  
17 uniform, we should also take a look at that. By best  
18 bases, I mean the best places for our forces to live, to  
19 train and to deploy.

20         Better balancing tankers across the country  
21 will provide our Air Force better training so they can  
22 rapidly deploy to any part of the world. However, we  
23 strongly believe that this balancing act should be and  
24 ought to be accomplished with as few costly moves as  
25 possible by retaining the most efficient and minimum

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essential installations.

We are confident that when you make your decision, you look at this facility and the support it has, we will move to retain Malmstrom and don't tank their tankers.

(Applause.)

GEN. DAVIS: Thank you, Senator. I was looking under my bed all night last night for Mr. Custer's ghost, and I'm --

(Laughter.)

SEN. BURNS: He appears.

GEN. DAVIS: Congressman Williams, please, sir.

REP. WILLIAMS: Thank you, Mr. Chairman and Commissioners. The remarkable reception that you've received here today, both in this auditorium and up and down the streets and sidewalks of this city, is indicative of the truly broad and historic support that Malmstrom Air Base has received here in Great Falls and throughout Montana. I know you're beginning a long schedule of many hearings like this one across the country, but I'll wager you won't find a more dedicated or enthusiastic community for its military facility than folks here in Great Falls.

(Applause.)

REP. WILLIAMS: I realize now, and all of us

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need to understand that, as commissioners, you are compelled by federal regulation based upon federal statute to make military value the top criterion of your ultimate decision. In fact, the return on investment is ranked even behind that. And only then are you allowed to look at the economic and environmental impact on local communities.

Well, as you've heard from your briefings today, Malmstrom Air Base has ample military value. There is no better. There is no more efficient. There is no more effective missile base in this nation for carrying out the mission of deterrence provided by the Minuteman than here at Malmstrom. And that's not Pat Williams telling you that, the Pentagon says that.

(Applause.)

REP. WILLIAMS: There is no refueling wing with better or clearer or more consistent flying conditions or with the capacity for expansion than here at Malmstrom.

And as you make your decision, Commissioners, I know you're going to rely on the facts. I hope you'll also remember something else. These faces.

Thanks a lot for coming.

(Applause.)

GEN. DAVIS: Thank you very much.

Would the witnesses that are here please come forward. The microphones are down there on the -- your

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1 left-hand side of the stage.

2 And I would again ask you to remember that you  
3 have one minute. Not because we like it that way, but  
4 that's what the rules say.

5 Are we ready? Please, ma'am.

6 MS. RICE: Good afternoon. My name is Sheila  
7 Rice. I work for the Great Falls Gas Company, the local  
8 gas utility that serves Malmstrom Air Force Base --

9 AUDIENCE: Louder. Your microphone's not on.

10 MS. RICE: Good afternoon. I'm Sheila Rice. I  
11 work for Great Falls Gas Company, the gas utility that  
12 serves Great Falls and Malmstrom Air Force Base.

13 Our customers enjoy some of the lowest natural  
14 gas rates in the nation. We've continually reduced prices  
15 since 1984. We will again reduce prices in July  
16 significantly this year.

17 Malmstrom Air Force Base will have additional  
18 natural gas supply reductions in June because of the  
19 transportation contract we'll soon be signing with them.  
20 We'd like to add our voices to those of the community to  
21 urge the Commission to look at the realities of Malmstrom  
22 Air Force Base, the realities of our city, and maintain the  
23 community's profile in terms of Malmstrom's mission. We  
24 stand ready to serve Malmstrom Air Force Base now and in  
25 the future with natural gas prices that are among the

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1 lowest in the nation.

2 And again, we thank the Commission for their  
3 time today.

4 GEN. DAVIS: Thank you very much.

5 (Applause.)

6 MS. BELTRONE: I'm Cascade County Commissioner  
7 Peggy Beltrone, and I'd like to welcome you here on behalf  
8 of Cascade County and on behalf of the 35 county  
9 commissioners and mayors from the 10 surrounding counties  
10 to Cascade County.

11 I will focus my remarks today on the way that  
12 Malmstrom touches our individual lives that have little to  
13 do with national or mainstream security. The men and women  
14 of the Air Force and their families are strong threads of  
15 our community. The man dishing up spaghetti at the church  
16 dinner, the woman serving as big sister to a troubled  
17 youth, the teacher or the classmate in our schools each  
18 brings us perspective and awareness of the world which they  
19 have been fortunate to have traveled.

20 We rely on their energy on the little league  
21 field as you do on the missile or airfield. In fact, the  
22 new blood coursing through our veins after surgery is  
23 likely to be military.

24 And I would like to think that we as a  
25 community provide good things for the Air Force, too. We

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1 have fine schools, low crime, high mountains and clear  
2 streams which make Malmstrom one of the most requested  
3 missile bases.

4 We urge you to enhance, not diminish, the  
5 energy, the synergy that is the human dimension of  
6 Malmstrom that we embrace in our community.

7 GEN. DAVIS: Thank you very much.  
8 (Applause.)

9 MR. BOATMAN: Welcome. I'm Daniel Boatman, the  
10 chief operating officer at Columbus Hospital in Great  
11 Falls. And on behalf both of the hospitals as a regional  
12 medical center, we'd like to highlight to you the  
13 partnership that we have with the military.

14 We are perhaps unique, at least rare in  
15 communities that work with active military physicians and  
16 allow them to have privileges in our own community  
17 hospitals. This is not common throughout the country.  
18 They are active in all of our search and rescue and our  
19 support of emergency with -- emergency support and medical  
20 care, and we would like to highlight that this is a unique  
21 opportunity to maintain that in this community. Thank you.

22 GEN. DAVIS: Thank you very much.  
23 (Applause.)

24 MR. KOSLOSKY: I'm John Koslosky. I work for  
25 Norwest Bank. As a previous Air Force member, I can tell

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1 you that there is no other place in the United States that  
2 I know of that has the quality of life and the friendship  
3 with our friends at the base. I've been stationed other  
4 places where wearing a uniform at times was no great joy,  
5 where here, they are part of our family and part of our  
6 community. And we just don't have anyplace that has a  
7 relationship with the community and the Air Force base as  
8 Great Falls and Malmstrom have. And I don't think that  
9 you'll find anyplace that has the quality of life.

10 And I'm not a native of Montana, but I came  
11 here 16 years ago, and stayed, and I love every minute of  
12 it. And I think that that quality of life -- and the other  
13 fact that I want to point out to you is, Lynn Gunther was  
14 here -- as a matter of fact he was my co-commander when he  
15 was here. But when he (inaudible) the 301st, which is now  
16 the 43rd, it was an organization that had 100 percent  
17 volunteers coming here.

18 Thank you.

19 GEN. DAVIS: Thank you very much.  
20 (Applause.)

21 MR. HARP: I'm Bill Harp. I'm with  
22 Northwestern Financial Services here in Great Falls. As a  
23 community person, we are very proud of the support that  
24 this community has given Malmstrom Air Force Base for the  
25 past 50 years. We have a great community and a great

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1 relationship with Malmstrom Air Force Base. That is  
2 certainly important in your decision.

3 But common sense sees that you have a decision  
4 to make concerning the economics of whether or not we  
5 should close or move parts of this base after we have spent  
6 millions of dollars in (inaudible) of getting our missiles  
7 up to date and spending millions of dollars for a great  
8 flying mission. We have a number one base here, and it  
9 seems such a tragedy as a taxpayer, a waste of dollars to  
10 in any way to take away from the Malmstrom Air Force Base  
11 as a taxpayer.

12 GEN. DAVIS: Thank you very much.  
13 (Applause.)

14 MR. HOBBS: My name is Alan Hobbs. I work for  
15 Montana Refining Company here in Great Falls. Malmstrom  
16 Air Force Base represents a sizable portion of our  
17 business. Of course, removal of the KC-135 tankers would  
18 have a significant impact on us.

19 I think it's important to remember that when  
20 the new facilities were put in the base just a few years  
21 ago, a special service was installed in the refueling area.  
22 This was a massive service that was only tested and  
23 approved in Europe, and at that time no other U.S. Air  
24 Force base had installed this. It's been installed at  
25 Malmstrom for a reason. It works. And I think it would be

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1 a terrible waste, just not very smart at all to have this  
2 technology here in Great Falls not be used.

3 GEN. DAVIS: Thank you very much.  
4 (Applause.)

5 MS. OELEIS: I'm Virginia Oeleis from Great  
6 Falls, Montana. And I have been fighting for Malmstrom Air  
7 Force Base for a good many years. I'm old. I've been  
8 hurt. I've been crippled. I've been in and out of both  
9 hospitals. And I've been disgraced from Great Falls,  
10 Montana. And I can't understand why I always stick up for  
11 the red, white and blue. But we're close to Canada. We're  
12 close to Russia. We're close to Japan. And Japan has  
13 taken away half of my good people that are in Highland  
14 Cemetery right today.

15 And I hope they keep the base here for  
16 recouping reasons. And the Malmstrom Air Force Base has  
17 always been there for the senior center. When Hillary was  
18 here, she didn't pay any attention to the senior center.  
19 (Applause.)

20 MS. HUTCHINSON: Mr. Chairman, members of the  
21 BRAC committee, I'm N. D. Hutchinson. And although I'm not  
22 part of the military, I would like to speak as a  
23 representative of the retired community who has lived in  
24 Great Falls for their entire life. My husband is now  
25 deceased. But he was in Great Falls for 27 years. And he

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1 was a member of Malmstrom Air Force base team and Glasgow  
2 Force base team.

3 Neither of us are natives. We chose this area  
4 for our final home. This base represents the many benefits  
5 that are part of retired living, such as their health care  
6 staff, the medical clinics, (inaudible), and commissaries  
7 on the base.

8 For all of the retired, these are all the  
9 benefits that were part of our salary package. Malmstrom  
10 Air Force Base is the only base that I know of to use these  
11 benefits in the state of Montana.

12 We retired here because of all the sports  
13 activities and beautiful streams for recreational  
14 activities. This is a low crime area and makes for a  
15 wonderful living area in our older years. We want  
16 Malmstrom Air Force Base to stay.

17 Thank you for your time.

18 (Applause.)

19 MR. STEPHENS: My name is Paul Stephens. I'm  
20 representing the Montana Peace Dividend Coalition and  
21 millions of taxpayers all over the country who have not  
22 received a dime's worth of value from Malmstrom Air Force  
23 Base.

24 (Booing.)

25 MR. STEPHENS: Great nations aim thousands of

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1 nuclear armed missiles at one another. And thank God we  
2 should all say a prayer for that right now.

3 The U.S. spends far too much on the military.  
4 More than Russia, China, Japan, France, England, Germany,  
5 Israel and Iraq combined. These missiles, Senator Baucus,  
6 will not reach Iraq. We can't use them in another Gulf  
7 War.

8 There is no way to justify draconian cuts in  
9 every kind of federal program except those which affect  
10 one's own jobs and profits. It isn't very hard to figure  
11 out that the budget can only be balanced and taxes reduced  
12 if every kind of non-productive federal program is cut  
13 back. Obviously the Pentagon and other government agencies  
14 must prioritize their spending.

15 (Applause.)

16 GEN. DAVIS: Mr. Stephens, thank you very much.  
17 Your time has expired.

18 (Booing and applause.)

19 GEN. DAVIS: Ladies and gentlemen, this is a  
20 public hearing. We're obliged to listen to all of them.

21 Whether we agree with them or not is yet to be seen.

22 Sir?

23 MR. MONGEON: Good afternoon. I'm Lee Mongeon.  
24 I'm fortunate enough to be retired here in Great Falls  
25 after 26 years in the Air Force, and 25 of which was

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1 continuous flying. I have been stationed at Mac Dill as  
2 well, and spent my last three years in command of a flying  
3 unit.

4 I thought I'd mention some things we don't have  
5 here. We don't have below minimum (inaudible), and heavy,  
6 heavy snow that stops and requires aircraft to remain on  
7 the ground as you would find, for example, in Spokane or  
8 east of us. We don't have sea air which creates tremendous  
9 corrosion problems, something you would find in the  
10 southeast, particularly at Mac Dill, as well as those  
11 thunderstorms that march up one day at Tampa Bay.

12 (Laughter.)

13 MR. MONGEON: (Inaudible.) We had to evacuate  
14 the ramp because our people were in danger of lightning  
15 strikes on a wet ramp.

16 So in view of some of these things, I think we  
17 should perhaps bring in aircraft rather than take them  
18 away.

19 (Applause.)

20 MR. MONGEON: Other units enjoy our ability  
21 here to maintain and service and fly, because this is a  
22 great place to do it in.

23 Thank you.

24 GEN. DAVIS: Thank you.

25 MS. HOWARD: My name is Ella Mae Howard, and

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1 I'm the plant manager with Meadow Gold Dairies here in  
2 town. And over the years we've had the opportunity to  
3 serve our products from Meadow Gold to the people of  
4 Malmstrom Air Force Base. Malmstrom is important to our  
5 business. It's important to all of us at Meadow Gold and  
6 to the community. We urge you to keep it,

7 Thank you.

8 (Applause.)

9 MR. LAU: My name is Marty Lau. I'm a  
10 financial planner. In my previous career I was a general  
11 aviation pilot of a commercial variety. I have over 7,000  
12 hours flying mostly in Montana in the last four years, five  
13 nights a week, 50 weeks on an air mail contract across the  
14 state. On really stinky, lousy nights you would come back  
15 and you would find aircraft all over the northwest sitting  
16 on our ramps, because Great Falls provides no alternate.  
17 We've got (inaudible), we have location and uncluttered Big  
18 Sky air space. We have weather, the best flying in the  
19 northern tier of the United States. And we have, again,  
20 location with no reproachment problems.

21 Weather, we have no Hurricane Hugos come and  
22 knock out the whole Air Force base.

23 (Applause.)

24 MR. LAU: Again, location, it's a strategic  
25 location and jumping-off place to the far East and to the

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1 Pacific. And weather, just think, how would you like to be  
2 commander of an aircraft when the weather is stinky and you  
3 miss an approach in Spokane and there is no Malmstrom to go  
4 to as an alternate.

5 (Applause.)

6 MR. LAU: And you have a wife and children  
7 waiting for you to get home.

8 GEN. DAVIS: Thank you very much.

9 (Applause.)

10 MR. REIN: Yes, my name is Jon Rein. I'm 56  
11 years old. I've lived in Great Falls my whole life. I'm a  
12 retiree from the Montana Air National Guard. And I duly  
13 support Malmstrom Air Force Base a thousand percent.

14 I am very proud to sit in a hot seat of a  
15 missile defense system of the United States. I chose to  
16 stay here after I retired. I plan to continue to live  
17 here. And I've done nothing but help the people from  
18 Malmstrom Air Force Base that have retired here. I've  
19 helped them find jobs. I've helped them with their  
20 recreation needs. And it's been nothing but a community  
21 support for the whole area of Great Falls from Malmstrom  
22 Air Force Base.

23 I'd hate to see the flying mission go to Mac  
24 Dill. I could give you one solution. Great Falls will  
25 take any mission, any amount of people they would like to

1 bring up in this area, and what's wrong with bringing the  
2 headquarters of -- that are stationed in Mac Dill to Great  
3 Falls, Montana.

4 (Applause.)

5 MR. PORTER: My name is Roy Porter. I'm  
6 retired Postal Service. I take a slightly different tact.  
7 In the deplorable condition of our nation's financial  
8 state, I think the first priority for closure of bases, for  
9 instance, should be close the ones that cost the most,  
10 which would be Germany, Japan, Philippines, bring those  
11 people back, let them work on the illegal aliens we got in  
12 this country and get them out and keep others out. Also  
13 let them spend their paychecks in this country instead of  
14 spending them somewhere else. And then if you still have  
15 to close something, close the bases closest to the highest  
16 crime rates in this country and afford our personnel that  
17 much more protection. Thank you.

18 (Applause.)

19 GEN. DAVIS: Governor Racicot, Senators Baucus  
20 and Burns and Congressman Williams, I do appreciate you  
21 being here. And I also want to thank the very excellent  
22 witnesses that we've had. Your assistance to this process  
23 is immeasurable, and we'll take what you said to heart, and  
24 we'll go back and make sure that we have -- we now have  
25 additional information which we'll apply to the process.

1 You've given us a great deal of valuable  
2 information today which we'll share with our fellow  
3 commissioners, who unfortunately couldn't be here. I can  
4 assure you that we'll carefully review and consider all of  
5 this testimony in the coming weeks. It's not a task I look  
6 forward to.

7 But before we close, I'd like to say one thing.  
8 I'd like to thank on behalf of the military personnel, for  
9 the community of Great Falls and Malmstrom, of the support  
10 you've given the military over the years, in the good times  
11 and in the bad times. And we won't forget that in the  
12 deliberation process.

13 Thank you very much. The hearing is adjourned.

14 (The hearing was concluded at the hour of  
15 2:05 p.m. this 31st day of March, 1995.)

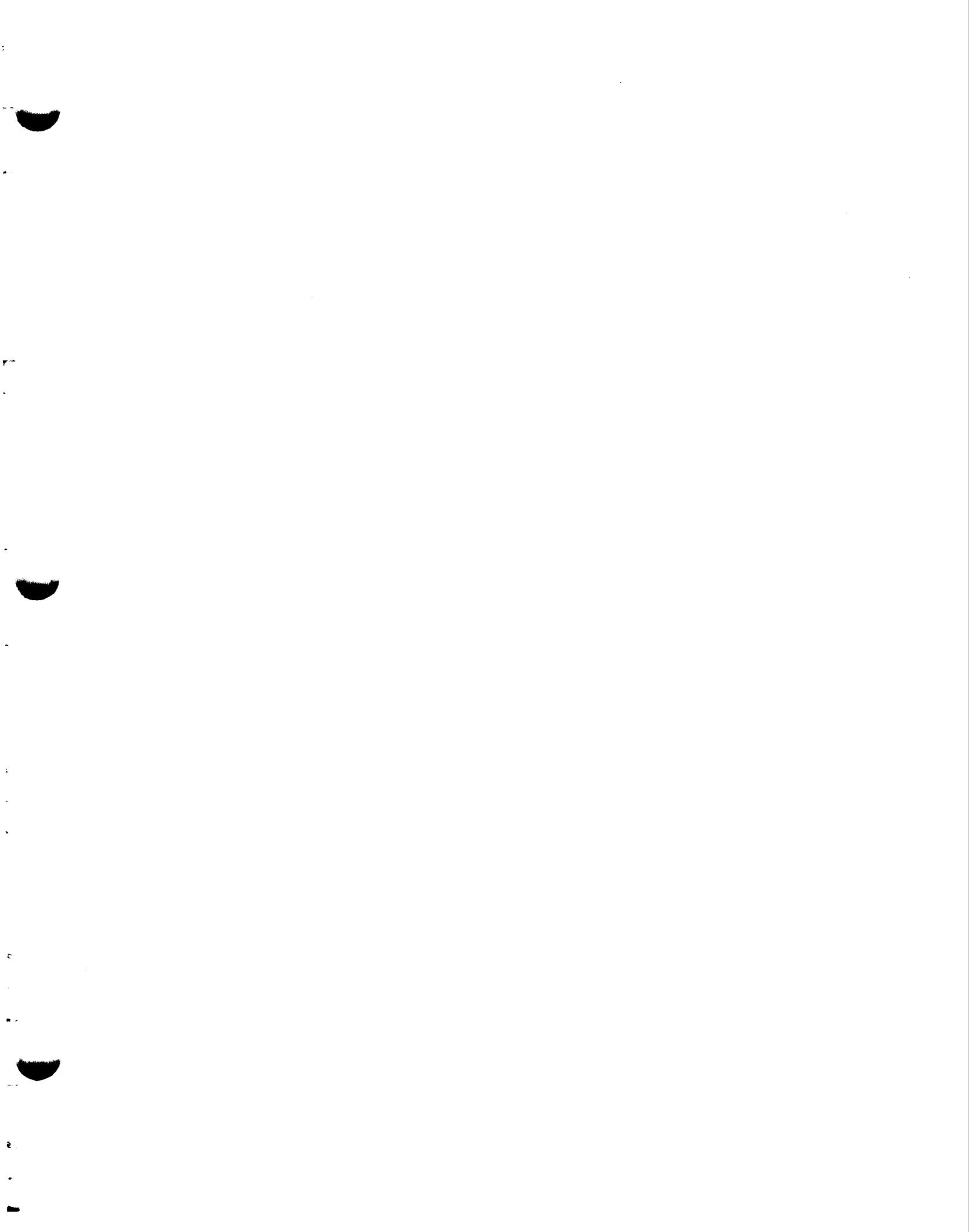
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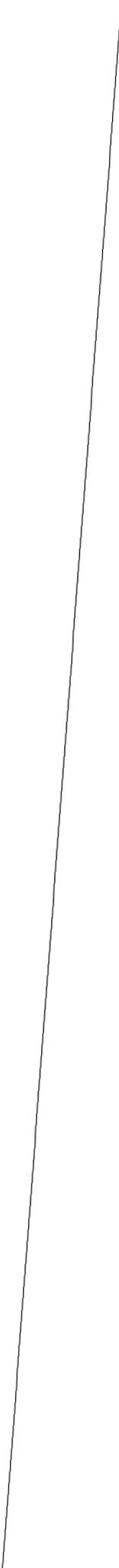
1 REPORTER'S CERTIFICATE  
2 I, Deanne L. MacDonald, Registered Professional  
3 Reporter and Notary Public within and for the State of  
4 Montana, do hereby certify that the above and foregoing  
5 hearing was stenographically reported by me at the time and  
6 place hereinabove set forth; that said hearing was  
7 thereafter reduced to typewritten form using computer  
8 assisted transcription; that the same is as accurate a  
9 transcription as possible of my shorthand notes then and  
10 there taken.  
11 Dated at Great Falls, Montana, this 3rd day of  
12 April, 1995.  
13 My commission expires April 26, 1998.  
14  
15  
16

17 (NOTARY SEAL) Deanne L. MacDonald  
Registered Professional Reporter  
and Notary Public

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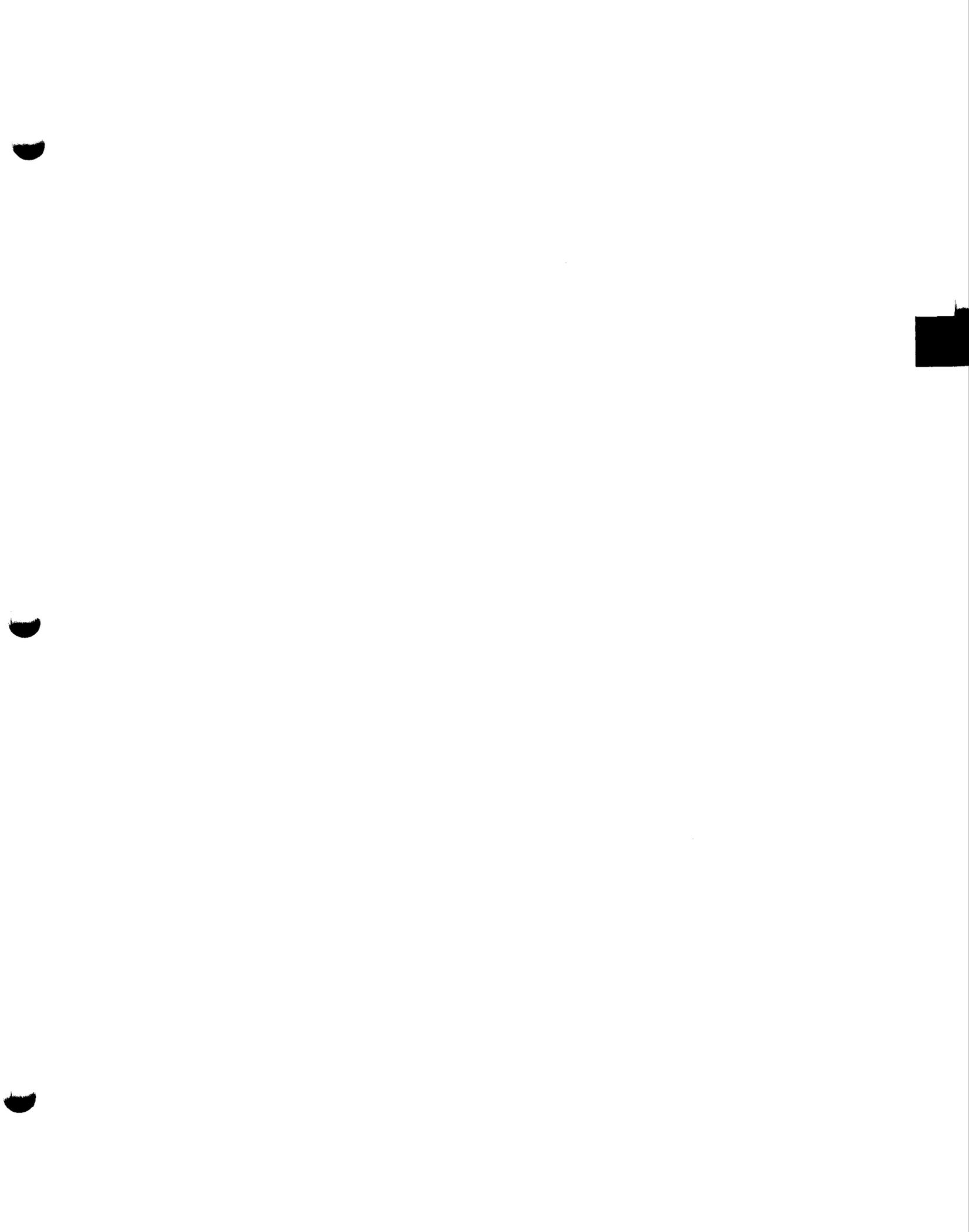
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**THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION**  
**Schedule for Regional Hearing**  
**Birmingham, Alabama**  
**April 04, 1995**

Commissioners Attending:

Alan J. Dixon, Chairman

Commissioners:

Al Cornella

Rebecca Cox

Gen. J. B. Davis, USAF (Ret.)

S. Lee Kling

MG Josue Robles, Jr., USA (Ret.)

The Meeting is called to order by Chairman Dixon

**Chairman Dixon:** Ladies and Gentlemen, welcome to this Regional Hearing of the Defense Base Closure and Realignment Activation. My name is Alan Dixon. I'm Chairman of the Commission charged with the task of evaluating the recommendation of the Secretary of Defense regarding the closure and realignment of the military installations of the United States.

Also here with us today are my colleagues, Commissioner Al Cornella; Commissioner Rebecca Cox will be here shortly; Commissioner J. B. Davis; Commissioner S. Lee Kling; and Commissioner Joe Robles.

First let me thank all the military installations personnel and the elected officials and their staffs who have assisted us so capably during our visits to the many bases represented at this hearing. We spent many days looking at the many bases that are on the Secretary's list and asking questions that will help us make our decisions. And, the cooperation we've received has been exemplary; and we thank you very much. The main purpose of the base visits we have conducted is to allow us to see the installation first hand, and to address with military personnel the all important question of the Military Value of the base.

In addition to the base visits, the Commission is conducting a total of eleven regional hearings, of which today's is the fourth. The main purpose of the regional hearings is to give members of the communities affected by these closure recommendations a chance to express their views. We consider this interaction with the communities to be one of the most important and valuable parts of our review of the Secretary's recommendations.

Let me assure you that all of our commissioners and staff are well aware of the huge implications of base closure on local communities. We are committed to openness in this process, and we are committed to fairness. All the material we gather and all the information we get from the Department of Defense, and all our correspondence is open to the Public. We are faced with a very unpleasant and painful task which we intend to carry out as sensitively as we can. And, again, the kind of assistance we've received here is greatly appreciated.

Now let me tell you how we will proceed here today and in all our regional hearings. The Commission has assigned a block of time to each state affected by the Base Closure list. The overall amount of time is determined by the number of installations on the list and the amount of job loss. I regret to tell you that it will be my sad duty as Chairman to strictly enforce the limits with respect to time. We notified the appropriate elected officials of this procedure, and we left it up to them to work it with the local communities to determine how to fill the block of time.

This morning it's our intention to listen to testimony from the states of Alabama, Mississippi and Tennessee for a total of 155 minutes. We've been given a list of the persons who will speak during the state presentations, as well as how long they will speak. We will enforce those limits strictly, and we will let the speaker know when he or she has 30 seconds left. A bell will ring when an individual's time is up. At the end of the morning presentations, we've set aside a period of 30 minutes for public comment at which members of the public may speak. We've provided a sign-up sheet for this portion of the hearing, and anyone who wishes to speak should have already signed up. We hope you have. We would ask those of you speaking at that time to limit yourselves to one minute ... After the lunch break, we will hear from the states of Florida, Georgia, Louisiana, and South Carolina and Puerto Rico. Those presentations will total 110 minutes, after which we will again have a 30 minute period for public comment.

Let me also say that the Base Closure law has been amended since 1993, to require that anyone giving testimony before the Commission do so under oath. And, so, I'll be swearing in witnesses, and that will include individuals who speak in the public comment portion at the end. With that, Ladies and Gentlemen, I believe we are ready to begin.

**Chairman Dixon:** Now, will those of you folks here who are going to be witnesses all stand and raise your right hand? I'm afraid it is necessary for me to ask you to do that. I've always wanted to put the judge under oath; it's a great pleasure. Do solemnly swear or affirm that the testimony that you are about to give to Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you, Gentlemen, thank you. Please be seated.

**Chairman Dixon:** Senator Shelby, I'm embarrassed to ask you to stand and raise your right hand. I have to put you under oath.

**Senator Shelby:** I raised my hand over there when you said that; but I'll be glad to do it again.

**Chairman Dixon:** Are you still under oath, Senator?

**Senator Shelby:** I am.

**Chairman Dixon:** You may be seated. I'm always delighted to have this distinguished group of people from Alabama, several of whom are old and cherished friends of mine. And, we are now pleased to recognize the Chief Executive of the great state of Alabama, Governor Fob James, Jr. for five minutes of remarks. Thank you for being here, Governor James.

**Governor James:** Thank you, Mr. Chairman. I appreciate you mentioning the ...104th Congress's efforts to try to bring fiscal sanity back to these United States. It's a big difference the 104th can go to the ... in my opinion for days and days and days and never do any harm. You said it earlier in these deliberations you had to deal with military value. Military values perogative belongs to the ...of the federal government. Uh, it is your responsibility to defend the country. A lot of what the Washington bureaucracy doesn't have can much better be done at the state level much, much, much less expensive. So you would make the military value. That, you've sent it out with a (threshing). Relative to fourth battalion, the risk associated with moving the school from CDT have far outweighed my judgment any potential fiscal savings, because they are unknown and uncertainties in this complex issue. For instance, military missions, military values, it's something. For example, there just learned the Tokyo subway nerve gas attack is not an isolated incident. The addition the Persian Gulf area's a growing concern. All this translates to risk .... As you know the army ..... committee is to build a first class chemical school at Fort McClellan. It is, in fact, the only facility of its kind in the free world. To duplicate that would be far more expensive than going with what you've got. Here's some whys: Military ... disruptify the (student) training program for an extended period of time. .... (price) for world peace. It pays us and our allies. Also, how would our allies and our enemies across the country see this step back? Military, military. Is it wise to risk .... the Anniston Army Depot chemical .... incinerator be delayed for a critical time for an extended period? Courts nowadays have a way of delaying everything. The courts even at the district level. I'll give you everything including the military. You're aware of the district court's provings relative to policy set by the Pentagon and the President of the United States was challenged by the local federal judge several days ago. So why the risk to people on the ... or any other place, for that matter, who sit idly by while live agent CDTF is constructed in their back yard? I love Missouri, but ....you've heard the old expression, "I'm from Missouri"; you know what that means. You start putting this in the back yard, you may wish you were't from Missouri, Mr. Chairman. Those risks I just mentioned will not be offset by monetary savings. Please recall that the people in the Anniston area have grown up in CDTF, except, (strong) suggested once the live agent issue since and public outcry of central Missouri may be expected and then those guarantee they will be accepted like our people did years ago always at threat of court action ... agent (extensions). The DOD has recommended that you support their ... to break something which does not need fixing. You managed to hear from a team of experts with well over a hundred years of chemical defense experience. This will stem through the military value rationale to the cCmmission who will turn in the DOD recommendation to close Ft. McClellan. The BRAC Commissioners have to agree the argument is compelling. I please reiterate what you stated earlier: military value; chemical warfare; training facility preventing the threat of perceived threat of it. The delays of potential policy. Thank you for being the .... for .... We appreciate the tough job. It is now my pleasure to introduce our Senior Senator, Howell Heflin.

**Chairman Dixon:** I want to thank you, Governor. Thank you for introducing the judge. I assume that in twelve years you never really limited your remarks to five minutes before; so, I'm really looking forward to this.

**Senator Howell Heflin:** Well, in the five minutes allotted to me, I'll try to focus for the impact that the various activities of this Commission might affect the (observation).

Huntsville Redstone Arsenal is scheduled to receive the aviation portion of the Aviation Troop Support Command. This move will consolidate two major research and development commands and result in annual savings in excess of (\$40) a million dollars. In a Vision 2000 study, the Army's Material Command five years ago recommended massive consolidation at Redstone. You should review that Study. It's known as Vision 2000.

Huntsville has the personnel needed, Redstone has the land and buildings required, and it is precisely this type of consolidation that was endorsed by previous BRAC Commissions.

Next, Fort McClellan: In preparing its recommendation, the Army never considered the joint service and the international aspects of Fort McClellan. The Army never consulted the Air Force, the Navy, the Marine Corp, or the National Security Council about the Fort. Perhaps recognizing that tense opposition or reservation. Above more, the the Fort's extension, international responsibilities were ignored by the Army. To date, twenty-four countries have trained there. Fort McClellan has been (tasked) with training international inspectors needed to enforce the chemical weapons convention. In light of the nerve gas instance in Tokyo, national and international civilian emergency response officials will soon be training at the Fort. Central to Fort McClellan's recommendations are the issues of environmental and community acceptance. In the issue of permits and certification directed by the last BRAC Commission, Packwood ... address, see pages 175 to 211 of the June 23, 1993 based move commission proceedings. The sacred permits required for live agent training facility are first, a permit to build; second, a permit to operate; third, a waste water permit; and fourth, a hazardous material permit. An environmental impact statement is also required. Thus far, only one permit has been applied for. Clearly, the Army has failed to comply with the 1993 BRAC directions. They have not breached an environmental impact study; they have deliberately not applied for any permits that require public hearings. And in my opinion, they are proceeding on a course, at least, in live agent training and our military readiness at risk. Now, the Anniston Army Depot provides total systems support advanced land combat systems and is also the Army's only small arms and maintenance of depots. Previous Commissions have had them to reduce an excess depot capacity due to consolidation of the like commodities. The Army's proposal to consolidate all track vehicle maintenance at Anniston Army Depot fully conforms to this admonition. Furthermore, Anniston has the capacity to absorb the vehicle maintenance from Red River and (Levetine), while the reverse is not true: that Red River lacks the capacity to do the work. I would like to bring your attention to .... currently being studied the Roles and Missions Commission. Seventeen studies have recommended consolidation of all helicopter bases and training at Fort Rucker, noting that the action would save tens of millions of dollars. Unfortunately, service partisanship has blocked it in the Past. Recently, the ..... reported that the Roles and Missions Commission will recommend such a consolidation, but regardless of such a recommendation, the BRAC Commission should investigate the cost savings of this consolidation. And finally, there are several counties in Alabama that will be impacted by the closing of Meridian Air Force Base, .... naval base. So, I hope that you will give consideration to that. Thank you, Mr. Chairman. I did it within my time allowed.

**Chairman Dixon:** Senator, you certainly did. Thank you for your contribution this morning. May I say, Senator, on behalf of the country, it's a great loss to lose a great United States Senator like you. Thank you for your exemplary service. I'm delighted to hear from my old friend, and my good old friend, Senator Dick Shelby, who now chairs the subcommittee I once chaired, and serves with great distinction. Senator Shelby.

**Senator Richard Shelby:** Thank you, Senator Dixon, Chairman Dixon. I want to welcome you as others have to Birmingham with the other distinguished members of The Base Closing Commission. We'd rather have you down here on some other occasion.

Fort McClellan: I going to try to stay within my allotted time as we work on that for years on the Armed Services Committee. The closure of Fort McClellan would lead to serious national security implications, Mr. Chairman. Armed Services Committee subcommittee hearings held by you, Senator Dixon, focused on national security implications of the loss of live agent chemical training when you chaired subcommittee on the Armed Services Committee that I served on with you. The hearings determined that the loss of live agent training seriously impact the ability of the U.S. and allies to function in the chemical age environment. Uniqueness of the live agent training recognized by the 1991 and 1993 Base Closing Commission that you're familiar with. The 1991 Commission removed Fort McClellan because it found the Army substantially deviated from criteria I and criteria II. The '93 Commission did likewise. The Army took no action to obtain permits before placing Fort McClellan on the Base Closure list, although they were advised to do this. Fort McClellan, Mr. Chairman, is a dealer in joint service activities, too. The Chemical School is home to the joint services NDC Defense Training Center. The Navy just asked to prepare the shipboard defense and CDR defenses; Air Force just asked us for preparedness training; Marines, NDC defense training, and so forth. The closure of Fort McClellan, Mr. Chairman, a lot of us believe, will completely disrupt the commission results, and have a significant impact on operational readiness and substantial deviation from Criteria I.

Redstone Arsenal: Army proposed to move the aviation component of ACTON from Redstone Arsenal, a form of the aviation missile command. A lot of savings would come through this realignment, with very little downside. It's an excellent fit, because MIACON and ACTON have closely related commodities issues and expertise. It would mean more efficient Army materiel and command organization would be realized to be savings there.

Anniston Army Depot: It's been touched on. And depot maintenance and defense supply moves from Red River and (Levit ...) will improve readiness by consolidating all track vehicle maintenance and the towed and self-propelled vehicle maintenance at Anniston Army Depot. You notice, that this is good consolidation.

Fort Rucker: Consolidation, Mr. Chairman, of all basic helicopter pilot training at Fort Rucker should save and will save money, and should be done. Will it be done by the Secretary of the Navy? No. Will it be done

by the other? No. You know as chairman of this Commission that you have other responsibilities and you have other .... It would make a lot of sense. The 1992 Joint Chiefs of Staff of the Fort recommended the consolidation. The Joint Cross Service Group recommended this. I think we're looking to save money by realignment. We'll ..... Thank you, Mr. Chairman and Members of the Commission.

**Chairman Dixon:** Well, Senator Shelby, for that view, for that contribution, and for your stalwart support of a great national defense for this country, we thank you for being here this morning. And, Gentlemen, may I say to the seven of you fine gentlemen over there, these men have done such exemplary jobs, that we have a minute or two to spare. You're allotted 10 minutes for the group, but I have leeway for a couple of minutes. I believe that we're going to start with Congressman Bud Cramer.

**Senator Richard Shelby:** Mr. Chairman, before you do this night I ask unanimous consent we were taught to ask you that my entire statement be made part of your record.

**Chairman Dixon:** Yes, the entire statements of the Governor and of both distinguished Senators from Alabama will be made part of the record. Congress Cramer, we glad to have you here, Sir.

**Congressman Cramer:** Thank you, Mr. Chairman and members of the Commission. We appreciate your time here in Alabama. I'm glad you are giving us a few extra seconds because we have forced this talk just come naturally very fast. I represent the Fifth Congressional District at the very top of Alabama. The Redstone Arsenal, a much honored, premiere army base there in North Alabama. We have economic impact in that area from southern Tennessee, north Georgia, north Mississippi, as well as impact our whole area .... corridor. We stand ready to accommodate the Department of Defense as it consolidates its activities at Redstone Arsenal, has always been looked to as a premiere place or plan due to the infrastructure support around there, very accommodating community, to say the least. We take this BRAC process very seriously, the fact, we've experienced the pain of this BRAC process before. In 1993 DOD reversed; in 1991 BRAC reconvened, and our community did not receive 1500 jobs we had prepared to receive; so, we understand how this process works. I want to present now, the community team that's representing our community here, and I'm going to go from my left to my right: At the far end of the table here is Jerry Mansfield. Jerry is the County Executive of Lincoln County, Tennessee; next to him is Chuck Yancura, who is the Mayor of Madison, Alabama, a very fast-growing community in Madison County; next to me is Steve Hettinger, the Mayor of the City of Huntsville, Alabama; and to my right is the Chairman Elect of Huntsville-Madison County Chamber of Commerce, Mr. Hundley Batts, who will be presenting to you today as well; next to him is John Underwood, Mayor of the City of Fayetteville, Tennessee; and next to him is Julian Price, the Mayor of the City of Decatur, Alabama. Again, this community team reflects just how big our community is getting there in north Alabama. I will now reserve the right to comment if there is any time at the end, but I will now give time to Mr. Hundley Batts.

**Mr. Hundley Batts:** Good morning, Mr. Chairman and Members of the Commission. We appreciate the opportunity to come before you this morning to speak on behalf of Redstone-Huntsville and the Greater Tennessee Valley area. And we will be brief. Redstone, today, stands on the proposed receiving installation, not specifically targeted to lose personnel, although we have suffered our share of defense and aerospace cutbacks in recent years. We are very grateful that Redstone-Huntsville can accommodate the Department of Defense's BRAC '95 recommendation, for we acutely realize the pain and loss that some communities must suffer as this Commission goes about its extremely difficult task of reshaping the nation's defense structure. So, our mission today is simple and straightforward. As a high technology area long .... with the top three-rated military installation, Redstone-Huntsville stands ready and able to support the Department of Defense. With your permission, Mr. Chairman, we have prepared a short video presentation that illustrates our message this morning. And, Redstone-Huntsville has the means and the will to help meet these plans.

**Video:** Well, when it was dark, you know it's obviously throwing .... For two years now, you know, it was our time to do our job. When you have faith in the system you work with as much as we do, everything just came together like a nice game plan.

A national cross .. satellite was placed into orbit by Alabama ... A network of Army missiles and rockets deployed around the world as a shield against aggression as its NORAD center in north Alabama at the Army .....

Redstone Arsenal in Huntsville, Alabama has been doing what couldn't be done for over fifty years, it's history we're proud of, and a history we continue to create. By bringing tomorrow's technology into the base that fits our ....., Redstone-Huntsville is one of the premiere advanced technology communities across the entire Department of Defense. Redstone's unique capabilities and capacities are borne out by its diverse list of clients, from sister Army commands to the Navy, Air Force, and the Marines, from agencies of the Department of Defense, to federal agencies, including NASA and the Department of Energy. Redstone's Engineering Design and Simulation Laboratories funded at over \$550 billion are creating the missiles of tomorrow which are tested on three ... instruments, outdoor firing ranges. Part of the Army's sixty square mile high technology complex with a per target value of \$2.25 million. Ten-thousand of its vast thirty-eight thousand acres of land are available for

additional labs, ranges and support facilities. Over ten-million square feet of facilities include two ready-to-inhabit command-level buildings. The current workforce of 15,000 civilians and military employees is one of the most highly-skilled teams in the Department of Defense, including many with advanced degrees and a broad range of scientific, engineering, and technical disciplines. The U.S. Army Missile Command, which operates Redstone, manages research and development, acquisition and logistics of all Army missile and rocket programs. (MICOM) also manages foreign sales of Army missiles and rockets to Allies throughout the free world. The Redstone Technical Test Center provides a complete range of testing from hot to cold weapons systems to customers throughout the Department of Defense, as well as industry users. These facilities include flight, static, dynamic, electromagnetic and climatic test facilities. The 300 foot test tower gives stationary mobile test standards is a one-of-a-kind platform for target signature acquisition and real-time flight analysis. Redstone Army Airfield is capable of handling all military aircraft. The DOD Missile and Space Intelligence Center analyzes (Marlin) missile and space systems. The Army Logistics Support Agency develops methods to improve logistics support -- how the mission of the test, measurement and of the diagnostic equipment activity is worldwide command and control of Army measurement systems and calibration. The ... executive offices ... and for missile defense are located in Huntsville. Defense MegaCenter Redstone provides computer support to DOD users throughout the United States and Southeast Asia. A state-of-the-Art telecommunications infrastructure extends beyond Redstone, providing communications for over 35 agencies and hosts worldwide. RD and DOD activities at Redstone have access to two supercomputers in Huntsville. Redstone is also the home of NASA's Marshall Spaceflight Center. The Arsenal is supported by over 200 advanced technology companies in Huntsville. Over half of the 141,000 civilian labor force performed defense-related space-related work. Engineers, scientists and technicians comprise almost 60 percent of Huntsville's defense industry employment. Many high-tech companies are virtually at the gate of Redstone, as residents of Cummings Research Park, one of the largest such complexes in the world. The University of Alabama at Huntsville, adjacent to Research Park, and Alabama A&M University, one of ten minority research centers is excellence in the nation, have extensive educational and research partnerships with the Arsenal. Huntsville International Airport, a major Southeast hub, is fifteen minutes from the main post by interstate highway. Redstone-Huntsville, a productive partnership for five decades, is poised for the next century. With its unparalleled technological infrastructure and knowhow, its diverse advanced technology corporate community, and the superior quality of life. Huntsville is the community of choice for today and the future. The challenge to provide a strong defense with fewer dollars -- Redstone provides the technology that makes this possible. Redstone Arsenal. Partners in Defense in the Tennessee Valley. (End of Video)

**Hundley Batts, continued:** Just last week Redstone Arsenal was recognized ...

**Chairman Dixon:** May I interrupt for a moment to tell you? You have used up your time, but we will grant another two minutes for conclusion.

**Hundley Batts:** Thank you. Just last week Redstone Arsenal was recognized as the best medium-sized Army post in the continental United States and part the Army Community of Excellence Program. The Redstone-Huntsville area offers the support infrastructure more than equal to the task at hand. We thank the Commission for the opportunity to offer testimony this morning. We know your mission is to maintain an efficient national defense.

**Congressman Bud Cramer:** I might quickly add in conclusion, Mr. Chairman and Members of the Commission, as you can see from the video and from our presentation here today, Redstone Arsenal and the Community of North Alabama, the surrounding community, as well, is certainly in a position to accommodate this move. We're ready for it. Redstone Arsenal is a constantly awarded base there, so it's not just a recent award that it's received; it's constantly receiving awards. I want to comment very briefly about another BRAC issue: We do not test the recommendation of the DOD regarding the Naval Reserve Center in Huntsville, we will be submitting a reuse plane facility right. Thank you, Members of the Commission, for listening to us.

**Chairman Dixon:** Well, thank you, Congressman Cramer, and Mr. Batts, and all of your distinguished colleagues and mayors and chief executives. We appreciate that excellent presentation. Every bit of document and statement that you want reproduced in the record will be reproduced in the record; please give it to staff. Thank you very much.

May I inquire if our distinguished Senators, are they inclined to stay for the remainder of the presentation? We will excuse you, if you care to go, you're, of course, welcome to stay.

**Senator Shelby:** We might have to leave. ... We'd like to stay if we can.

**Chairman Dixon:** Well, I understand that this is a day in votes. So, we understand. The Chairman will be indulgent of your leaving. We want to thank both of you for coming down here from Washington to make this presentation. The next group on behalf of Fort McClellan, according to ..., consists of Congressman Glen Browder; Mr. James Dunn, Chairman of the Calhoun County Commission; Gerald Watson; Charles Hines; Pete

Hidalgo; Jack Mojecki; and Walt Phillips. I think I named everybody that's on your panel; is that correct? And, you are allotted 40 minutes, and Congressman Browder, do you want to handle it for us, will you? We're delighted to have you here, Congressman.

**Congressman Browder:** Thank you, Mr. Chairman and Mr. Chairman and Members of the Commission and Staff, again, welcome to Alabama. Now, I can talk at length and I think, convincingly about the national defense merits of our institutions at Anniston Army Depot, Fort Rucker and Redstone Arsenal, but my assignment today is a special responsibility to introduce and moderate the Fort McClellan Panel. And, I would like to emphasize to the Commission that we are going to make a presentation to you based simply on military value. You will note that we are not basing our case on political or economic considerations. We're basing our case on military values. The same argument that was made to previous commissions. Previous Commissions listened to this approach and made decisions that impact not only this installation, but the ability of our military men and women to survive and fight in chemical war. Our case goes far beyond the issue of the permits. Our case goes to the ability of our military to provide training to our soldiers to survive and fight in a chemical war. I will not discuss the national and international obligations, the chemical weapons convention, or the bilateral destruction of .... I'll save that for another forum. But what we want to talk about is military value. And, I think with this panel, you are going to have a unique experience. And, I dare say, you will not have a chance to enjoy throughout your hearings, throughout the country. This panel is very special. Other than Commissioner James Patrick Dunn, the Chairman of our County Commission. After Dunn are Dr. Hines. Dr. Hines, Dr. Hines, would you raise your hand? the President of Prairieview A&M University in Texas and former Commandant of the Military Police School at Fort McClellan. All of these gentlemen up here, who are going to talk to you today, are former chemical officers. These are the Founding Fathers of our Chemical Defense Program. These are the people who are not hired guns, but who would be appearing before you anywhere in the United States today defending this program, even if we were trying to get it moved to Fort McClellan, Alabama, because it is their contention that not only is there an environmental question, but the disruption of the program, as proved by the Army's own documents will extend from five years to a decade. I will not spend a lot of time talking about this panel, other than to tell you that this is our chemical defense expertise and experience for not only the United States Army, but for the entire free world. And I would like to at this time introduce to you (General or Gerald?) Powell, the Chairman of the Calhoun County Chamber of Commerce Military Affairs Committee to introduce our panel. Mr. Powell.

**Mr. Powell:** Mr. Chairman. I would like to call your attention to the slide on the view screen. This is a chart compiled by the Army, ranking their fourteen training bases in .... You will notice that Ft. McClellan's arrow is in the center of this list. In 1991 and 1993 and 1995 the Army has reached into the center of this list of important training bases, and plucked Fort McClellan out to close. We are at a loss to understand this selection process. Our team today consists of five retired Army officers, representing over one-hundred years of chemical and MPA experience. Now these people came to us; we did not seek them out. They came to us not in support of Fort McClellan, they came to us in support of the worldwide leading role of the U.S. Army in chemical, biological and nuclear training. I'm followed by General Gerald Watson.

**General Gerald Watson:** Thank you Sargeant. Commissioner Dixon, Chairman. Members of the Commission. Thank you very much for the opportunity that you've given us to speak to you this morning. You might ask why we're here. Some of that has already been discussed. And, I would only say that our purpose in being here this morning, is to share with you, based on our experience, what we think the impact of the '95 BRAC decision is going to be on the military value of Fort McClellan, but, more importantly, for the national defense. I would add to that, also, that if the situation were reversed, we would be at, and the circumstances existed today, as they do, and these two schools were located in Fort Leonard Wood, we would be at Fort Leonard Wood, sharing with you our reasons why it shouldn't be transferred to Fort McClellan under these circumstances. I would also say to you, sir, we're not here to ask you not to close McClellan. What we are here for is to share with you our opinion of the military value of the Fort and the impact of the BRAC. I will be followed by General Hines. This viewgraph you see here represents the sequence that we're going to present. I will be followed by General Hines. He's already been introduced. He served as the Commandant of the Military Police School. He has forty years of experience prior to his retirement. General Hines.

**General Charles Hines:** Thank you, sir. Despite successfully competing under the military value of base closure criteria established by the Defense Department, Fort McClellan, one of the world's most unique, irreplaceable, and critically important military facilities, repeatedly finds itself defending its existence before this Commission. Other facilities of less military value are spared this fate. Why? One reason is the absence of paternal advocacy for the chemical corp and the military police corp, two very strong branches of the Army with no voice and not internal constituency will always be vulnerable, as will the facility housing its operations. As this country struggles with both internal and external security, please preserve what has taken over four decades to create at Fort McClellan. Fort McClellan is making a major and positive difference throughout the world. It's helping to save our children, our society to integrate the correctional and counterdrug programs for civilian personnel. The value of Fort McClellan has been repeatedly demonstrated, fair and square, and is supporting training for crucial domestic and international roles essential to our national survival. The Military Police Corp

is uniquely trained in confrontation management and the use of force and disciplined to adhere to the rules of engagement that preserve life. Possessing these force characteristics, it has been an indispensable force for distribution on deployment throughout the world. It buttressed and this has been made possible by the unique training facilities at Fort McClellan. Since entering the Army as an enlisted soldier in 1954, and watching the growth and maturation of the MP Corp over the past forty years, our succession, our service are anchored in the quality and focus of our training in looking at the world scene, but also understand that demand for peacekeepers will increase. It is far more difficult to train a soldier to preserve life than it is to take life. With the facilities and environment at Fort McClellan, the MP Corp has only recently reached worldclass status with respect to its training facility. This gives the Army the most modern law enforcement and security training facility in the country. Fort McClellan is really the national training center, supporting federal, state, and even international students charged with crucial social control and safety issues. If it took forty years to build this great facility during times of militant plenty, one can only imagine the decades needed to build this facility if the military police corp is relocated. Finally, Fort McClellan is the centerpiece and anchor of economic life for several surrounding counties. Fort McClellan is the principal means of upward mobility, occupational hope, and even survival of African-Americans and others. Fort McClellan is the jewel that sparkles across the world. As we devise strategies and programs to create a safe and sane world, you will find on merit that Fort McClellan is indispensable. Thank you for your time and attention. I will be followed by Colonel Mojecki.

**Colonel Jack Mojecki (USA Retired):** Good morning. I will begin my discussion on the Fredrick (Appointments/requirements/equipment?) of Mass Destruction (by Nuclear), Biological and Chemical Weapons by referring to an extract from the Army's document on Force XXI. Force XXI was the Army's program to develop a force structure, the doctrine, and materiel for the Army in the 21st Century. What I would draw your attention to in the first paragraph, is that two of the three threats listed come under the purview of the two schools located at Fort McClellan, the Chemical School and the Military Police School. We see this as a major contradiction. On the one hand, the Army is recognizing that MPC weapons and terrorism is a major threat, but on the other hand, we intend to close the installation and disrupt the organizations charged with countering that threat. The unique training facilities, the training, the doctrine, the material requirements that go to the support and protection of our service men and service women, all that happens at Fort McClellan.

This next viewgraph shows you the growth, or the proliferation of NBC weapons since 1980. Counter proliferation is a major US national policy. As part of that, the United States had to sign the Chemical Weapons Convention Treaty, which is referenced earlier. There are countries yet who have not signed this, and I will mention a couple: North Korea, Syria, Libya, which is now being purported to be building a second chemical weapons plant in southeastern Turkey; Iraq, which has rebuilt its chemical weapons plant destroyed during Operation Desert Storm; Iran, which just on the 22nd of March, Secretary of Defense Perry reported moving troops and chemical weapons in the vicinity of the Straits of (Vormouth). Notice that the greatest growth has been in countries with chemical and biological weapons. This is primarily because they are inexpensive, they are easy to make, they are easy to hide from inspection teams, and I would refer you to just last month, Ralph (Hickey) as the senior inspector for the Iraq in the United Nations said that Iraq still has not accounted for 22 tons of material useful in making biological weapons. And finally, they are easy to put into weapons systems.

In summary, we had some anxious moments during Operation Desert Storm. We learned some lessons there, and so did our potential adversaries. We had five or six months to train and equip our service men and service women for NBC warfare defense. I don't think we'll have that luxury again. I think the comments that Ambassador Browning made to the Commission in 1993 are still valid today. We are sending the wrong message, if we intend to close Fort McClellan. And, I also point out to you that the fears expressed by the Director of the Defense Intelligence Agency just in December of '94, as you all know, that has come to pass now in Tokyo. The question is can we really afford the downgrade of world reknown incentive for NBC defense and ..... Thank you. I will be followed by Colonel Walt Phillips. Walt Phillips has personal experience in moving of a major installation .... school ...

**Chairman Dixon:** Mr. Phillips.

**Colonel Walt Phillips (USA, Retired):** This is the third time that we've been before the Commission, and each time the DOD changes its position on live agent training, as you can see by this viewgraph. First (surprise end of tape. A few sentences of this testimony was not aud o-recorded.) ... outside of Fort McClellan. In 1973 the Chemical School was just established, merged with Ordinance School and moved to Maryland. We cannot get a firm yet to conduct live agent training outside, so we started using simulants. It was a disaster. The training was unsuccessful. And, since we were training the trainers of the rest of the Army, this permeated throughout the Army. And, the readiness of the Army in the chemical warfare area really got horrible. In fact, it got so bad that the Army conducted a comprehensive study to find out why and what are the recommendations. One of the first findings was that students did not take live agent training seriously if they are using simulants, and they will if you're using live agents. And, one of the major recommendations was to establish a chemical school and use live agent training. In 1980 the chemical school was reestablished at Fort McClellan. We cannot yet permit the live agent training. Times have changed. So, we decided that we would build a completely environmentally safe facility to train with live agents. This was top priority. In 1987 it came online, after seven

years. It was an instant success. If you stop to think on the final exam that your final exam is to go into a facility with all of your protective equipment on with live agents, then the training that you have taken before will be taken seriously. It's a motivator. Also, what happened within three years was Desert Storm. The live agent training facility was worth its weight in gold for this. There were 17,000 students had been trained there. Just to give you some of the comments of the individuals that were there, General (Cal Waller), who was General Schwartzkopf's Deputy said it cannot be overstated. General Vuono said nothing replaces live agent training. General Franks, who was the Seventh Corp Commander also the ... Commander said simulants cannot work. But probably the individual that summed it up best was a sergeant, a Sergeant Nunelly. Sergeant Nunelly was a reservist on a chemical unit. They were called to active duty, they were mobilized at Fort McClellan, he goes for his training there, one of the major areas that he's taken was the live agent training facility. When he gets to Saudi, instead of doing his primary job, he goes to other reserve nonchemical units, and he said that you can see there that they were paranoid about their equipment. Here he performed a training mission for them. And as a (last) statement to state, my major recommendation is that there is more. The live agent training facility is still the cornerstone of the chemical program. There have been 35,000 students trained there. As someone mentioned, there have been 2,900 hundred all of the services trained there, and there is a soldier in each company, both reserve and active duty, that has been trained there. So, every soldier in the Army personally knows an individual that has gone through live agent training. You probably heard the comment only two percent of the Army is trained at this facility. That is correct, and it is there by design. One other area that I would like to mention, that is that the Chemical School and the Military Police Schools are institutions; they're not units. They are not designed to be moved. If you move them, there is going to be a disruption for two reasons. First, ... the civilian personnel. About forty percent of the staff and faculty of the Chemical School are civilians. You can see the skills that they have. When we move, actual figures, when we moved the Aberdeen in '73, there were 80 civilians; only seven moved. We thought we had an excellent recruiting area, but it took two to three years to recruit the civilians we needed; then we had the training. When we moved back to Fort McClellan in '79, we only had 38 civilians; only four moved, three of those ones had moved up with us and they came back with us. Again, around 10 percent, we thought we had a good recruiting area; still, it took us three to five years. ...the most frustrating experience I've ever gone through. Now, to move to Fort McClellan.

The second factor are the unique facilities that we have at Fort McClellan. These are ones that were designed specifically for the Chemical School. When we got there in '80, we came up with a master plan. And in this master plan, the first priority was the live agent training. But, also, in this master plan was the decontamination (apparatus) training facility. That came on line last year. So, it's taken 14 years for us to come up with a facility. So, you will have a major disruption when you move the school.

Sir, I'd like to take the next few moments to talk about some of the other impacts. Before I do, I think it's important that you understand the mission of the Chemical School and I tried to capture that on this chart. Shown at the top of the chart: The Army is the Executive Agent. And that's been assigned to the Army. That part shown in red represents the Chemical School mission. The Chemical School essentially has the mission of developing concepts, writing doctrine, training people, and writing the literature necessary. And, so, now all of that is captured on the top. And that is a very integral part of the school's mission. It's extremely important that that feeling be followed as we move forward.

In the second block, third block are the people who train there. Fort McClellan has training for all services. This is not just an Army training issue. This is a joint issue and as you can see in that second block, the Army trains representatives from the United Nations that are engaged in ..., inspections to be sure that the nations are not cheating against our chemical treaty. And, so, the State Department and our other Allies bring that total effort up to an international effort. All of this training, sir, centers on that CDTF, because it's the CDTF that allows us to validate our concept, to validate our equipment requirements, and to train our soldiers. And, it's the focus of that CDTF that really makes this an international activity, as well as a joint activity. And, it's because of that live agent training facility that the other services want to come

International role has been captured on this. I think all of this has been said. I would only point out that the Japanese came here two years ago with their detachment. They trained in that live agent facility. And it was those people that were called upon in this recent tragedy in Tokyo. And they're the ones that allowed them to recover as rapidly as they were.

National Defense: Congress conducted a very comprehensive review two years ago. From that review they concluded that we weren't as prepared as we should be. And, consequently, they said that all the DOD services should train at the chemical school. Also, they said that the Army should be the executive agent. (next chart)

We are, the Chemical School is in the process of implementing that. The recommendations are being implemented; the agreements have been signed. And, all of the things that one needs for a training activity, a joint training activity are under way.

I want to switch now to the impact of all of this. This is a chart that's taken from the briefing that was given upon which the decision was made to put Fort McClellan on the BRAC list. Shown on the right hand of the chart, you will see three schools. Read that, if you would, School A, being the Chemical School; School B being the Military Police School; and School C, the Engineer School. The Army made a decision to combine those schools. This is essentially the same chart that was in the 1991 study, the 1993 study, and the 1995 study. I think it's important to note here, Sirs, that the staffs, the combat development that you see, the training development, those are very specialized, tailored staffs focus on the missions of that particular branch. On the

left, is what would happen when it moves to Ft. Leonard Wood. All of those staffs, those special staffs devoted to that branch's mission get rolled together. And the Commandant, that is now a general officer ... into those schools, is pushed down to a department within another school. And when you have a national mission, an international mission, and a joint service mission, as occurred in school, in the department, it's just not possible to elevate yourself up, and carry all the responsibilities necessary to get your job done. We tried this in 1973. We went to (heavy) duty. Our people became a department within the Ordnance School, and within seven years, Sir, we didn't have a (NBC) defense program. And as a result of that, the Army realizes, made a decision and ordered that the school be reestablished at Fort McClellan. This will happen again, if this continues. (next chart)

The next point, sir, is I think synergism was one of the reasons, and this is another chart from a BRAC study. You see the synergism listed on the chart, but nowhere in that decision did they talk about the synergisms necessary and needed for the NBC Defense Program. (next chart)

The result we have a school that is focused on the international and national, and we will take that and focus it internally within a department in the school, and not allow it to be all busted up. And, as General Hines said, it will not have the resources necessary. The result could be that the national security in this area will start to degenerate.

The next impact, sir, is in the biological area. As a result of the test ... , biological weapons systems were considered to be very, very crippled. We were very vulnerable. As a result of that, the Defense Department think this is a Number One Priority Program. They said two things should be. We should develop a sensor (sweep), and we should develop vaccines to our soldiers. And they established a project manager to do that; they put a general officer in charge, and this has been going on now for nearly three years. And we now have, for the first time, a comprehensive development sensor sweep that will allow us to detect and identify agents on the battlefield. (next chart)

At Fort McClellan, we are in the process of building that capability. And we have put that capability in a reserve component unit. If this school moves, that reserve component unit, because it is a reserve component unit, those soldiers will not move. They do not have to move. And therefore, the capability that we've established for the first time in our history of a chemical or biological system sweep will be lost. We will experience three to five years of loss of the capability in a very, very critical area. We will have to go to Missouri to recruit -- it's a tough recruiting area -- and it will be lost time. (next chart)

The Chemical School is responsible for (star). You see there a typical scope mission at (Callum) Range at Fort McClellan, where soldiers are out aiming their scales in (obscurity). If the Chemical School moves, and this is a very large area, about four-to-five kilometers high to four-to-five kilometers deep, is where that obscurity is ... If the school moves, because of the nature of the terrain and the nature of the facilities at Fort Leonard Wood, the weather conditions that exist at Fort Leonard Wood, and the ... (terrain) we will lose for our mobile scope about 50 percent of our ability to (trapse). (next chart)

I like to next skip to General Hidalgo to talk about the pertinent issues.

**Chairman Dixon:** General Hidalgo

**General Hidalgo:** Mr Chairman, Members of the Commission. There are some quarters that would lead you to believe that the whole Ft. McClellan issue simply boils down to permit. I believe that General Watson has laid out some significant military value arguments, that we believe far outweigh the question of permitting. Nevertheless, there are some serious questions and concerns that we do have about permitting that I would like to address.

First, let's look at what permits are required to relocate Fort McClellan and its activities to Fort Leonard Wood. There are two separate matters, one as recent as December of 1994, the Missouri Department of Natural Resources indicated that three different type permits would be required: Air, Water, and Hazardous Waste. (next chart)

But, thus far, only one permit has been applied for by the Army, one type. That is the Air Quality Construction Permit. And that has some serious deficiencies to it. It is based on data that is at least twelve years old. It does not reflect the current design of facility that it is intended to permit; there's some serious problems with that. No ... or drawings were provided as part of that permit. And, it does not address all of the waste streams that are generated in that facility, it only addresses air quality. (next chart)

This is, you probably can't see it too well, but it is the cover sheet of the permit application that was submitted on March the first of this year. I point out this, and bring to your attention the fact that it only addresses the thermal unit by the incinerator, which is a part of that facility; it does not address the other waste streams. (next chart)

It appears that this thing was thrown together in a big hurry, because this is the process flow chart that was a part of that permit application. You can see it's rather crude, and it even has misspelled words on it. So, it doesn't look like a lot of time was put in, or a lot of thought behind this, even though the Army had two years to prepare these permit applications, according to the directions of the last BRAC. (next)

Now, why hasn't the Army applied for other permits? We certainly can't sit here and tell you why they haven't, but we can give you some pretty good guesses. Number one, they're working with incomplete information. They don't have all the data necessary to -- they haven't, they haven't used it in this permitting process. And, of course, Chairman, you gave us a pretty strict timeline where they had to accomplish these, even

though they had two years prior to that, and they haven't done it. So, it looks like they went for a permit, the simplest to obtain, one that requires no public notification. And it can be done in a short time. In fact, we are fairly certain they will get that type of a permit. But, what about the ones they're not getting? How long does it take to get them? Well, the Army's actual own experience indicates it takes at least five years to get a hazardous waste incinerator permit, and you can see what it takes for the others. It certainly can't be done in the time that you've allotted. (next)

Now the next two charts are actually used in a presentation by Fort Leonard Wood at Fort Leonard Wood during a recent site visit. And it's their looksee at the permitting of environmental issue. And it sort of reinforces what I've said to you, that there are other permits required and have not been addressed yet. Endangered species, that's the sort of thing that's normally addressed in environmental impact statements. That has not been done in this particular case. (next)

Now there are additional environmental problems associated with this movement. And I shift away from the CDF. The Chemical School has a radiological laboratory. That requires an (NRC) license. That takes at least two, to two-and-one-half to obtain, and you have to start over to get your new facility certified. Meantime, you are not able to give (micro) training at that division park. Also, in the smoke training that General Watson mentioned, at Fort McClellan an average over the past five years over 77,000 gallons of an obscure material called (Quadra) is used, and there are other obscurants used at Fort McClellan, as well, as you can see. Fort Leonard Wood's air permit request, first of all, only addresses 1,000 gallons, then it was modified to a great number, but it's still not, apparently (requifer). And, we see that as an indication that smoke training will be severely curtailed. (next)

This summarizes this whole permitting and licensing issue, and lists what we believe to be the types of permits that must be obtained. And you can see the score card, only one has been applied for, and none have been received yet.

There some additional things we need to look at, and that is, What are we going to do with the CDTF that's left behind at Fort McClellan? You can't just walk away from that thing. It's a contaminated facility that is a danger to the public and everyone else there. So, it's going to have to be dismantled or you're going to have to secure it forever. That's going to cost a lot of money, and that has not been included on the return on investment calculations.

There's another issue, and that is Fort McClellan's pledge of support to the Army's Chemical Weapons (Closing) Program at Anniston Army Depot. Now the permit application submitted by the project manager for requisite disposal, cite extensive support from Fort McClellan. Now, the Army has said it's going to leave behind whatever support is needed, but that has not been identified, nor has that been costed, it has not been included in the return on investment calculations. (next)

Now this is meant to represent the residual value to the community of Ft. McClellan, and what you have there is a map of the main post area. The yellow dots are the contaminated areas; the red areas are rain (grid) and are contaminated explosives and last, the blue is the terrain of national guard conclave both present, what they've asked for, and the gray area is national forest land, and reverts back to national forest, which leaves the community with the liability of about 15 percent of the available land area. (next)

In summary, when the environmental issues, and refer back to what General Powell told the Commission in '93 when he was asked about moving the CDTF, he said, it can't be moved. He wasn't talking about technical issues; he was talking about this permit stuff. And, Secretary (Breck) told you just about a month ago, that there are no certainties in the permitting once you get into it, and you kind of lose control over it. So, in our view, the whole question of environmental compliance has not been properly addressed, and it will leave at great risk the likelihood of getting all of this accomplished in the time required and will be a threat to our national security. At this time I'm going to turn it over, back to General Watson, to summarize .....

**Chairman Dixon:** Thank you very much, General.

**General Watson:** Sir, to very quickly summarize. We believe that the Defense Department has substantially deviated from the BRAC criteria, by putting Fort McClellan on the Base Closing List. Secondly, we think that if we proceed the way it's recommended, we will result in initiating an action that will move part of the school, result in the school's inability to train in its major mission. That list is not just to the nation, it's to our Allies, and it's to our soldiers, and our airmen, and sailors, and our Marines that we must put into battle; and they must be prepared, sir. I would like to now relinquish the rest of the time to Mr. Dunn, who is going to speak with us about the economic impact of the Fort McClellan ...

**Mr. Dunn:** Chairman Dixon, and Commissioners. I appreciate the opportunity to talk to you about the cornerstone Fort McClellan is to our (area). The economic impact of Fort McClellan to Calhoun County is tremendous. In fact, closing Fort McClellan will result in employment loss of at least 17.3 percent, and the average loss based on the list is only 1.9 percent. These figures provide our Secretary of Defense to represent over 38 percent of all middle income employment in Calhoun County. We are, by far, the most adversely affected of the major installations recommended for closure. As you can see by this viewgraph, (Long) is next with employment loss of 10.6 percent. The loss of over 10,000 jobs will be devastating to an area with a labor force of 44,500 and a population of 120,000. Our total unemployment rate would exceed 24 percent. The loss of public

area reduced revenues would be significant by over 130. The (private school districts) in the County will have to dismiss over 120 teachers. These are also ... and would be very difficult to replace. It would be extremely difficult to replace these jobs by attracting new industry. More important, these are all minimum wage jobs and will severely cripple the ability of this county. In order to sustain an economic recovery, the jobs at Fort McClellan are some of the very best in our area. And have a multiplying effect into our little county. Thank you very much.

**Chairman Dixon:** Thank you very much, Mr. Dunn, and I want to thank you all for a very excellent presentation, which I'm sure was received with great interest by every Commissioner. Thank you very, very much. Ladies and Gentlemen, the next period will be Mississippi, which is accorded 45 minutes.

## MISSISSIPPI

**Chairman Dixon:** Those who are witnesses must be sworn, are required to testify under oath. I regret that imposition. That is the law. My notes show that you and Mr. William Crawford will be testifying, is that correct?

**Governor Fordice:** We have a ... of potential witnesses for our panel to answer questions.

**Chairman Dixon:** If they would be kind enough. Perhaps if you would all stand and raise your right hand .... Do you solemnly swear or affirm that the testimony that you are about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you very much. I appreciate that.

Gentlemen, my notes indicate that the Governor will take five minutes, and that the balance of the 40 minutes will be used by Mr. Crawford, and maybe he will want to assign some of that to others. And, are all of you comfortable and ready to go? Well, then may I say, your excellency that it's a great pleasure of ours to invite you as the chief executive officer of the State of Mississippi, and we recognize Governor Kirk Fordice for five minutes. Governor Fordice.

**Governor Kirk Fordice:** (applause) Chairman Dixon and Commissioners. I want to thank you for providing this opportunity for me to speak on behalf of the Meridian Navy Air Station and the State of Mississippi.

**Chairman Dixon:** Pardon me, Governor. We seem to have a bell here that. Would you kindly begin again? Will my Timer please turn the clock back and start over again? Governor Fordice will try that again, sir.

**Governor Fordice:** Well, thank you Chairman Dixon and Commissioners for allowing us this opportunity to speak on behalf of Meridian Naval Air Station and the entire State of Mississippi. And I'd like to tell General Robles how pleased we were to have you as a visitor to Mississippi yesterday.

There is, of course, no doubt that the closure of Meridian's base will have a major negative impact on our economy. The Meridian Naval Air Station is the largest employer in Meridian, a city of only 42,000 people. Wages at the facility are better than those generally in rural east Mississippi. It will be extremely difficult to replace these jobs, which represent 8 percent of economic area employment. As most of you know, we compete daily to bring new jobs to our state. We go all out to attract industries with the number of jobs that Air Station Meridian has on the base. To the extent that the economic impact influences your difficult decision, we ask that you consider our economic situation.

I've also been asked to present the case regarding the Naval Technical Training Center located at Meridian. You have a separate closure recommendation for Naval Technical Training Center. The Center is one of the most modern training facilities in the Navy. The training environment is more like a college campus than a military base. Naval Technical Training Center is listed as a separate closure recommendation, yet it was not considered on a standalone basis. Navy Base Structure and Analysis Team minutes show that training centers were rated and analyzed and Navy Technical Training Center was not recommended for closure by any of these. In fact, the analysis showed that other training centers could be closed. Naval Technical Training Center is targeted solely because the airfield was recommended for closure. No analysis was done by the Navy to see if Navy Technical Training Center could be as cost effective as an independent facility. Our analysis of COBRA data indicates it would be more cost effective to keep the NTTC at Naval Air Station Meridian on a standalone basis than to spend millions of dollars to stand up some of the facilities at two separate locations. Maintaining NTTC results in a net present value savings of \$16.5 million, and a reduction in upfront, one time costs of \$37.5 million. Details of this analysis is in the briefing packet. Since the Navy did not give NTTC fair independent consideration, we urge you to do so. It only seems reasonable that this facility should be evaluated on its own merits, particularly when the cost data show that it can stand alone. This is not to say that we agree the airfield should close. In fact, we have a strong factual case that it should remain open. You'll hear those facts in a moment, so just let me paint a quick picture, if I may, of Naval Air Station Meridian. It is the newest training base that the Navy has, built in the early 1960s. It is the only naval air training station built as a jet base -- the only one. Its parallel, offset runways provide maximum safety and efficiency and it is the same design as Naval Air Station (Lamour) and (Volkswagon) Commercial Airports. It's administration and housing areas are outside the AIC ... noise and action zone. It is a rural unencroached setting. It's recreational facilities are absolutely outstanding. It gets the highest quality of life ratings among the training air stations. Naval Air Station Meridian

is not just another World War II training base. It's one of the finest installations in the military. As a final comment, I want to mention Mississippi's unique air training complex. The Navy highlights its west Florida and south Texas complexes, but overlooks Mississippi. One of the reasons might be because only part of that complex is owned by the Navy; the Air Force owns the other part. The Mississippi complex of Naval Air Station Meridian and Columbus Air Force Base have the largest amount of over land air space, the really valuable kind for student training. This is the only complex with two jet-capable parallel runway (home fields) two jet-capable out-lying cables, a shared target and shared air space. As the military scales back, cross-service benefits and efficiencies we think must be considered. It is clear from reviewing the joint cross-service study group for undergraduate pilot training minutes, that real cross-service opportunities got little consideration. The Mississippi complex has a lot going for it. And, I hope you will consider it. Thank you again, for this opportunity to (extort) the Naval Technical Training Center and Naval Air Station Meridian. The State of Mississippi supports the Navy Meridian Team and the effort they're making to provide you useful and reliable information. I'm confident that our Navy Meridian Team will present the facts that will prove you need Meridian to meet the (pilot requirements) for the future. I would like to introduce Bill Crawford at this time. A volunteer Naval Meridian Team leader who will make the remainder of our presentation. Thank you, sir.

**Chairman Dixon:** Thank you. Mr. Crawford. Mr. Crawford, before you begin I'm obligated to say that all of us has been impressed by Congressman Sonny Montgomery's attendance at every hearing he's had in Washington. And, so, it appears he's not here today, but I want his constituency to know he's been to everything so far.

**Mr. William Crawford:** Thank you, Mr. Chairman. Sonny couldn't be here. He was at the base hearings with the generals yesterday. In fact, our entire delegation was kind enough to give us all the time today, because we do have a complicated presentation.

**Chairman Dixon:** Mr. Crawford, you have 40 minutes.

**Mr. William Crawford:** Thank you, sir. Mr. Chairman. Commissioners. This is the third time Meridian has had the opportunity to address the Defense Base Closure and Realignment Commission. It's become sort of a biennial celebration for us to come before you all. I don't use the word "celebration" inappropriately; I think General Robles will tell you, yesterday we celebrated the military's patriotism the way it should be celebrated. So, when we say "celebrate" a little facetiously, we don't mean it totally that way, because we do celebrate our country, our military, and what we have to do with our military today. We take our appearance before you very seriously. We appreciate this Commission, we appreciate this process, we have found it to be fair, reliable; and, we know it's difficult and consuming. So, thank you once again for the opportunity to present my case today.

I would like to introduce the panel that's over here. I hope you can see all of them. They're here to answer questions; they have helped us with our case. First, Vice Admiral Robert F. Dunn, Retired, former Deputy Chief of Naval Operations for Air Warfare. Rear Admiral William McGowan, Retired, immediate past Chief of Naval Air Training CNTRA in Corpus Christi. Captain Randy Letty, Retired, former Assistant Chief of Staff of Training and Operations at CNTRA. And former NAF Meridian officers, Captain Ken Storm, Retired, former Commander of Training Air Wing I at Meridian and Lt. Commander Jack Douglas, Retired, former Wing Operations Officer at Meridian.

Our case today will show Naval Technical Training Center stands alone, as the Governor has pointed out. The Mississippi complex of Columbus and Naval Air Station Meridian, provide a unique cross-service opportunity that does need to be looked at. The Naval Air Station Meridian provides both an excellent coastal and military value, which has not always been (percepted). .... Navy's capacity estimate in 1995, its sustainable capacity, real capacity requires two, not one, strike forces. And Naval Air Station Meridian is required to meet force structure. Governor Fordice has already made our case on the Technical Training Center, so, I'll check that one off, and move along.

The major benefit of the Mississippi complex, and that's Columbus and Meridian here on the map, as you can see, is its joint use of access. Proximity allows this base to shift capacity from one to the other, at need. The functional value analysis of 11 Army, Air Force and Navy Training Air Stations, developed by the Department of Defense's Joint (community) Study Group, ranks Meridian among the top four bases, when you look at the two .... And yet, the Department of Defense apparently has not considered, or fails to appreciate the joint training potential of Meridian complex, especially the role played by Naval Air Station Meridian. The Navy recommended to you a joint scenario that better utilizes bases, reduces excess capacity, and save dollars. The DOD joint service study group chose not to pursue such alternatives. Is the nation, Mr. Chairman, going to lose .... joint cross-service arena for another. If so, this Commission will have to take the lead. If not, then we agree with Chairman Dixon and Secretary of Defense in our previous testimony that joint training must be revisited again prior to the end of the century; it's something that must be looked at. But in any case, whether you do it now or in the future, the useful effort from the joint arena is perfectly clear. Naval Air Station Meridian and the Mississippi complex would be and should be strong contenders.

Mixed signals are being sent about Meridian's military value. As .... in the joint study group, (... face high functional value waves). The Secretary of the Navy, CNO have testified before you that Meridian looked at

from a joint service perspective has high value and should remain open; that's their recommendation. On the other hand, the Navy's Base Structure and Analysis Team, the BSAT, has seriously underestimated Meridian's military value. Let's take the open water air space issue, a repeat issue from 1993 ... Certified data shows open water air space required for a four percent of all pilot training; it's 96 percent for over land. Yet, the Navy's military value matrix weights is at 40 percent of total air space value, 10 times its actual usage. Here's another example, the Base Structure Evaluation Committee at the base questioned how Meridian could perform all levels of maritime aviation training with their inland location. ... quote, "If carrier qualifications were conducted in the Gulf of Mexico, all stations other than Meridian could perform all maritime training." Well, the fact is Meridian can conduct carrier ... to the Gulf, but it's a moot point; there is no training carrier, all carrier ... are off the East and the West coasts. So, it's really not a point. Yes, the Navy and the sea intrinsically linked, but as fact after fact shows, the Gulf of Mexico and undergraduate pilot committee are not. The DOD Joint Study Group recognized this fact, but the BSAT consistently undervalued the Meridian because of its ... location when its rural unencroached location, is absolutely advantage. We presented that to Staff regarding these and other problems we see with military value statements. Military value's important because it drives the Navy and the joint configuration models. These models are geared to choose lower ranked bases for closure. With a proper military value, we could not have (sped) out of those ... as a closure recommendation. With all the obvious corrections you made, Meridian is the top-rated naval air station. As you would expect the Navy's newest and most modern facility today.

In 1993 when we came before the Commission last, the Navy ordered to put strike training and Kingsville and at Pensacola. Pensacola's not in the recommendation study. Lack of adequate training capacity (calls/caused?) the Commission to find a substantial deviation for base closure criteria, and vote unanimously to keep Meridian open. Lack of capacity is a real issue here in 1995. The Navy's new closure proposal is different. It single sites, single sites flight training contingent with Corpus Christi realignment serves as outlying field in support of Kingsville. The two other quick change I'd like to make since 1993 that affects capacity. New T-45 jet trainers are in use. As the T-45s come online, (buying) just one per month, both the T-2 and TA4 jet trainers currently used will be retired. Six strike trainers scheduled to completely, strike trainers scheduled to completely ... 45, no earlier than the year 2003. So, it will be another decade before promised T45 efficiencies in the training syllabus can be recognized. Also, advanced earlier warning and carrier delivery aircraft training, we call it E2C2, will transition to the T45, since it will be the only carrier capable aircraft, training anyway. The Joint Study Group consolidated strike and E2C2 PTR pilot training ... for the future to look at it together. The Navy was planning for that change, but for the BRAC process this time, it did not consolidate the two. The PTR requirements for the throughput of pilots for future years, can (settle) for another change. Force structure reductions cause strike PTR, the capacity needed to increase the 384 93 336, that's a key number, 336 this time. But when you consolidate the E2C2 training environments that have to be added in, you get a XPTR or strike equivalent PTR for future of 355; that's a decline of 7.5 percent from 1983, not a significant change.

Now we've been talking about capacity, so let's take a look at it. Maximum capacity of the training air station is defined by daytime runway operations. The number of aircraft each airfield can launch and recover per hour per day. The formula basically takes the working days available per year times the daytime hours available in each place times weather-corrective operation per hour factor to calculate daytime operation available. And then take that figure over a daytime operations per PTR factor, and you calculate the maximum PTR capacity. In 1993 the Commission that I ... on Staff to validate the results of this formula. It's doubtful that any figures have been scrubbed as much as the 1993 strike training capacity figures. Here is what they look like: Note the different hours per day and operation ... factors for the whole field and the OLF, the outlying ... of Kingsville and Meridian. But the key factor in this calculation is this 1887 number, which you divided the total operations available to calculate your operation for PTR factor. So, let's look at where that 1887 came from in 1993. The Naval Air Training Command looked up annual operations, actual annual operations, from '89 to '91 and actual student throughput for Kingsville, Meridian, and Chase field. It took that data, averaged the data and take the 2210 total operations for PTR based on actual history, actual throughput; these are real numbers. They then divided that figure into nighttime and daytime operations based again on actual requirements of the force. This is where the 1887 number came from. When you bring it back over here and plug it into the formula, you've got there a PTR capacity for Kingsville of 210 and Meridian of 195. So, that's a pretty good look at the figures from 1993 that were based on real proven performance, not estimates; and that's the key difference in this time. Now this capacity was .... During the Viet Nam War, bases operated at maximum capacity. They required 15-to-24 hours per day, 6-to-7 days per week, bustin' everything they could to generate hours. In 1993 regular (wing) commander took the actual throughput from Viet Nam, (found) it here with the maximum throughput for Meridian in '69 and Kingsville in '68, scaled that back to peacetime, wartime was 6-7 days a week, peacetime is five days a week. It calculated a peacetime equivalent PTR of 208 for Kingsville and 193 for Meridian. Virtually right on top of the data formerly calculated in 1993. So, it validates that formula. Actual throughput, validating formula, this is the only formula we know of that's been validated by real, actual throughput as a capacity .....(preparedness).

Now it's time for us to move into the 1995 ... If you look at this part, the daytime of operations available method for Kingsville....., they come pretty close to what they were in 1993. The question occurs around Corpus Christi. What is its capacity? And this is an area where first major error occurred in the process that we have talked about today? Before we get to the numbers, can you even use Corpus Christi as a jet outlying field? Flying ... jets over a major metropolitan area significantly increases noise and safety hazards, particularly at

night. (The ... plan calls for intensive fuel carrier... activity in Corpus Christi) at night. No jet (aicuds), air installation compatible (viewstone) study, has been done for jets in Corpus Christi. So, the Navy does not know if Corpus can serve as a jet outlying field or not. There are environmental problems. Corpus Christi had one jet-capable runway today. Its cross-...runways may be extended to 6000 feet to make them capable of T-45s. However, there are ... issues to address. And, until an environmental impact statement is prepared, the Navy does not know if it requires runway extensions ... at Corpus Christi, or not. We suspect the (aicuds) we find, and other operational problems are likely to make Corpus Christi unsuitable as a jet outlying field. And without Corpus Christi, without its capacity, the single site scenario falls on its face. But, even with Corpus Christi, the scenario doesn't work; remember we showed you that. So, if it is a viable jet outlying field, what is its capacity? The Base Structure Analysis Team properly gave it a homefield capacity for maritime and primary training, because its short parallel, parallel runway, it has a long one and a short one, can handle T-44 and T-33 jet, not jet - nonjet trainers; it cannot handle jets. With changing Corpus Christi to a jet OLF, the BSAT failed to change the capacity. At best, it should be equivalent to an OLF out of Forest Grove, which is a jet-capable OLF, but, in fact, it is less. As I said Alice is a dedicated jet ...; all it does is do jet training. Corpus Christi, on the other hand, is designed to be a (dork) use field. It will continue to be used by the Coast Guard, by the Customs Service, C5 flight bringing helicopters into the C-CAD depot for maintenance and repair. A study in 1991 in Corpus Christi showed nontraining average daily operations totaled 180, over 90 percent of those occurred in the daytime. This kind of flight activity reduces available hours to do jet training at Corpus Christi. We figured at a minimum to reduce it two hours, and we thought that was being generous. If you have an increased drug and addiction Coast Guard Rescue or Border Patrol efforts, it will reduce that more. When you introduce mine-warfare helicopters, including the world's largest, the MA53 (Ect), that will only worsens the problem, and we aren't able to assess what that will do to daytime availability. But the difference between what the BSAT view and a realistic figure capacity for Corpus Christi, as you can see, isn't tangible. It isn't calculated using the homefield, ... aircraft, this is calculated as a jet .....its daytime availability by two hours. If you take the correct number off and bring it over each of the capacity formula, add it to Kingsville homefield and outlying field, you come up with 507,133 operations available. We feel that's a very good number. Now we're back to what you can write about. What's the daytime operations for PTR number that will generate the capacity calculation? Here is the key, or one of the major keys to the 1995 capacity issue, and as you can see, this is a complicated issue. Now, remember, we have confidence in the 1887 figure generated in 1993 based on actual throughput data historical performance. The Navy has .. to say that number should be 1511 -- 1511 for 1995. Why is there such a difference? ..... tell you. The simple answer is two major errors in what we consider decisions. Let me explain. Data for the T-45 is still being developed and there is no sound statistical performance database for the T-45; it's a brand new aircraft just coming into operation. So, unlike 1993's performance-based interest, 1995's are estimates -- estimates, not real throughput. To determine the 1995 figures, required student flights from the ....., then they estimated operations per flight, multiplied those, and summed those are ....., student operations per PTR, noted. But there was a major error in that. When they estimated the operations for flight, they failed to consider all the operations. We have documents from CNTRA showing that they have documented that error; that was the first major error. Student operations for PTR, however, is not a good enough number; it is incomplete. You have to add overhead to that. These are miscellaneous support flights by instructors, failure of students to perform, factors that you have to add in to come to a total operations for PTR. The number of operations, including overhead, it takes to generate a student pilot. You didn't divide that into night and day to come back to the number that we're talking about. In the second part, overhead was the second major error factor. The Chief of Naval Operations approves each year, and CNTRA issues each year, planning factors, which estimate or project overheads for each type of training, for each type of aircraft. The approved overhead factor for the T-45 is 51.4 percent. In this analysis, the Navy used 35 percent. The second major error. So, I've mentioned those two errors; we have documentation for those. They're in the .... look at ... contingencies.

But there was another error that we call "an ill-considered decision." And this ill-considered decision we believe corrupts the capacity formula as it was used. And, you say, furthermore, operations for PTR, the denominator in the fraction, is a key known. In rules of that were set at 1993, and this is the co-... m-... of .....that. Since training air stations are not set up to deploy squadrons for training, not set up to deploy squadrons for training, it is important to be able to do all training at regular air scheduling in place. Now, the 1993 and the original version the '95 data (calls) that went out, obeyed this (revision). But, with no mention in its minutes, the BSAT failed to remove in August of 1994. It revised its data called into question now stated, "Do not include flight ops required by the soldiers, but deducted at other sites." This revision corrupts the formula and double counts capacity. By eliminating particular (forman) operations in the formula, a base can increase its capacity to any number, simply by saying "deployment." But where are the aircraft instructors and maintenance teams to sustain homefield operations? They're gone. You can't count the same capacity for both places, if, in fact the debt is not at the homefield; if it's at the homefield is not at the debt. You can't count it in both places.

In the process of the T-45 estimate, the revision .. sent out, Kingsville eliminated 110 performing operations from (its data). That included 100 percent of its weapons training operations. Effectively, then, by this formula, eliminating the (b-40's) own target. And, yet, "control of an air-ground training link is important for strike training." CNTRA has closed the permanent weapons detachment out in El Centro, California; it was closed in 1992. Is El Centro now being reopened for occasional use for its weapons debts? At what cost? There's nothing in the COBRA saying that that road is going to be available. As stated in 1993, bases were not set up to

deploy. Are they set up to do so now? Answers to these questions cannot be found in COBRA, BSAT units or certified data. It's clear to see ... it's ill-considered, and certainly has the appearance of a ... to manipulate the formula.

Taking these errors into account, the 1511 figure that the Navy proposed, corrects to 1822, and let's take a brief reality check one more time on that number. It's clearly more in line with 1887 that we got from actual, real performance; remember, these numbers here are from estimates. So, if you are looking to compare it to a real number, this certainly appears to be more in line than the 1511 -- a reality check is what we're saying. So, now let's look at the bottom. The maximum PTR capacity estimate for the Kingsville - Corpus Christi scenario, using the correct figures, is 278. Remember, I told you that 336 was the requirement for strike, and the consolidated strike unit (to 60) was 355. This is far below either one of those numbers. The capacity is simply not available to single site flight training, even counting Corpus Christi as a ... and that's questionable. We believe this constitutes a substantial deviation for the base closure criteria .... Mr. Chairman, Commissioners, as you can tell from this presentation, we are once again dependent upon you and your Staff to scrub these numbers. When you do this, you'll find, just as the Commission did in '93 that the Navy Meridian Team has been rigorous in its analysis as we are in our presentation. You will also find that the BSAT once again allowed significant errors into certified data, that became critical areas in key calculations.

We've been talking about capacity; we've been talking about formulas. We'd like to lay this capacity issue to rest once and for all, so we'll look at it from one different perspective. Let us show you a reality of the Navy's recommendation in order to do this. We ran the capacity calculations using the ... number of 1511, which we think is wrong, and showed you why. The calculated capacity of 336 PTR, and that's exactly equal ..... to the requirement of strike training for the future for a standalone base. But it is just under the 355 future consolidated strike E2C2 pilot training rate requirement. In other words, though, if you really literalize what this means, Kingsville .. Corpus Christi would have to operate at 100 percent or more of formula estimated capacity to meet the training requirement. There would be no room for any PTR (bums) that could not go off. The Air Force is protected (to go off), the Navy is not. But, then the reality of PTR, as the Navy projected it, is flat. From 1997 out to 2001 the projection of PTR for the Navy is flat. But the reality of PTR, and I expect General Bailey could testify to this, is in several things. It's more like a sin wave: it goes up and it goes down based on the factors we'll hear in just a moment. And you can take the Chief of Naval Operations word for that. Admiral (Wisemuller) on January 13, 1995 said, "Training air stations for a good place to retain some excess capacity, because the number of pilots the Department of the Navy may need, fluctuates depending on factors outside its control. But, as you can see, there is no excess capacity at all in the Navy single flight scenario. And then there is the very real chief difference between formula and real capacity. Is a formula generated maximum one-way capacity estimate, truly a sustainable capacity. Can you continuously operate a training base at 100 percent of formula capacity? Here's an analysis. The estimated rpm capacity of a (car) is 6,000 revolutions per minute for its engine. Now, you can try to run your car at that rate, all day, every day; but would you? should you? and would you (challenge)? You can use a formula to estimate maximum runway capacity or strike training (methods). And, you could try to run it at 100 percent of capacity all day, every day. But would you? should you? and would you (challenge) it? We asked experienced naval aviators, sitting at that table, what it would be like to operate a training air station at 100 percent of capacity. Twenty-two aircraft would have to take off every hour from the launch runway at home field, one every 2.7 minutes. Six jets are in a landing pattern over the arrival runway at home field, and each of .... 4 jets in the pattern, 60 minutes an hour, every hour, all day long, all week long, all year long. That's an (optier) code similar to O'Hare, Atlanta Harts Field, and Los Angeles International. We've been to O'Hare field. Can a training base sustain this level? Should we put inexperienced ... pilots in this environment? And we asked these questions of our experienced aviators, and their emphatic answer was "no." We can't run a training base (basically) at 100 percent of formula capacity. There are too many variables for this to happen. The first is experience themselves; they are students, they are not experienced naval aviators. The second is your access: Would you have the right number of instructors, aircraft, and students all the time? Experience says "no." Aircraft ....., student flow..., instructors shortfalls are frequent, and at 100 percent of capacity, the ability to increase instructors under training is nonexistent. Can you maintain your aircraft safely to fly at max ops, for max hours, every day in a peacetime environment? And will the Navy pay for the actual maintenance support to do so? Experience says no. The third variable, is contingencies. For example, Corpus Christi and Kingsville have both been impacted by hurricanes. Can you afford to put all your eggs in one basket with no capacity problems? Experience, again, say no. Homestead Air Force Base says no. Our experienced aviators after reviewing the variables and constraints, not including end of runway capacity formula saved, sustainable capacity, sustainable capacity is at best 85 percent of formula capacity.

There's only one strike training base scenario that allows a base to be at sustainable capacity. Meridian and Kingsville. Their sustainable capacity is 353 PTRs -- right on top of the 355 future requirement of consolidated E2C2 and strike training. This scenario allows the student an experience for asset problems, for contingencies; it allows for modest excess capacity sought by Admiral Ford. The Air Force apparently defers to the CNO in this, it its base closing minutes it says, "Even under the best of conditions, we recommend a capacity buffer. For the foreseeable future, undergraduate pilot training will undergo a turmoil of multiple base closings, and the fielding of new aircraft, including the Air Force T-1, the Negative T-45 and both services (day task) joint training aircraft. A sufficient buffer is critical." A sufficient buffer is critical. The only strike training scenario to provide a any capacity buffer ..... at sustainable capacities is the two-strike base setup we have right there. The

one the 1993 Commission, after reviewing the data, voted to keep. Naval Air Station Meridian and Naval Air Station Kingsville. Mr. Chairman, Commissioners, facts, experience, and common sense tell you Naval Air Station Meridian is needed, no, it's essential for the Navy to achieve its required mission under the force structure plan of the United States.

We've thrown a lot of numbers at you; we've thrown a lot of .... stuff at you; we tried to talk about reality. That's why we have this camera over here. Now, we want to take the rest of our time, Mr. Chairman, and give you the opportunity to ask us questions, if you have anything in this area to clarify. I would like to reserve about a minute at the tail end for one brief comment. Thank you, sir.

**Chairman Dixon:** Well, we thank you for an excellent presentation, Mr. Crawford. There are five minutes and 22 seconds left. Do any of the Commissioners have any questions of any of these distinguished members of the panel?

**Vice Admiral Dunn:** Meridian is a modern state and efficient facility, I think the General saw that yesterday. It's got terrific potential for joint ops, in fact, it's more than potential, it's joint operations are ongoing today. For some reason there was a missassessment of the military value with regard to Meridian, specifically in the area of over-water deployments and the over-water experience deployments to other states, and value of the Corpus Christi outlying field. And, finally, Mr. Crawford made the case, the need for a surge capability for variations to the pilot training rate, and this is something which is essential.

**Chairman Dixon:** Thank you very much.

**Rear Admiral Bill McGowan:** I'm Rear Admiral Bill McGowan. I was at ... CNTRA. Two comments I would like to emphasize: one is that the tax ... and the double counting that has taken place. With the assets of the people that we have in the Navy, specifically in training men, which are very well defined, we tax either on .... or on weapons test, you take with you a primary asset, the up airplane, the instructor that will qualify and the students that need to go. And, therefore, the ops tempo at the home field must go down, and we've seen that on a regular basis. Therefore, you cannot double count it. When I was CNTRA, I canceled most of the debt, the weapons debt, because they were expensive both in dollars and time. That's what you have to look at these days. You've got to be very careful with .... with how you treat that. Another thing I would like to emphasize is the ops per hour. Remember the ops per hour was figured for a home field, an OLF means you ramp up in the morning to a level, you stay at that level consistently all day, in order to to get those numbers you're talking about. Realistically you cannot do that. You do not have the assets from your airplanes, from people, nor the students, nor instructors, nor maintenance people. You have the maintenance team to maintain what you do, to make the flight safe. So, you can't keep six airplanes in a pattern at the home field and four in the out field every minute, every second of the day. This just cannot happen. So, that's where the 85 percent at best comes up. So you need to take that into account.

**Chairman Dixon:** Thank you. Captain Lettie, you have one minute.

**Captain Lettie:** I would suggest that maybe later the ops training officer for the air training command, I would suggest that the capacity analysis done here is real close to the mark, validated and contract maintainance, the APC, the requirements that we live under today are the best case .... It is just not doable at 100 percent all the time.

**Chairman Dixon:** Thank you very much.

**Ken Storms:** I totally concur with the report, and all my theories are included in that report. And, that comes from eight years as flight instructor from an Ensign to a Full Wing Commander.

**Chairman Dixon:** Thank you.

**William Crawford:** Mr. Chairman. I have a closing comment in the last few seconds. ... in our community and how much we love the military. Our position's consistently been in this process, if the numbers truly show that Naval Air Station Meridian should close, close it, we'll take our lumps and walk away. But, if the data's not right, if the data is not correct, take a look at it. Give us a fair, reliable look at the data. That's all we ask of this Commission. Now, we're confident, Gentlemen, that if you do that, you will find once again as our .... the .... is once again.... Meridian for America. Thank you very much.

**Chairman Dixon:** ... thank you. And, thank you, Governor Fordice, and we thank you all for a very excellent presentation.

The team from Tennessee will be next.

**Chairman Dixon:** The next speaker is Mr. John Kelly, President of the Memphis Chamber of Commerce. And there will be two minutes by Governor Don Sundquist; there will be two minutes by Mayor W. W. Herenton, the City of Memphis; two minutes by Mayor Jim Rout, Shelby County. 25 minutes by Mr. Chris Clifton, the Executive Vice President, Memphis Chamber of Commerce; and I understand that Congressman Harold Ford will make a presentation and show a video, six minutes; and Mr. David Weber, the Military Affairs Liaison, State Of Tennessee, six minutes; and my understanding is, Gentlemen, that Mr. John Kelly will go first. Is that correct, Mr. Kelly? Well, then, we're pleased to direct our interest to John Kelly, President of the Memphis Chamber of Commerce.

(applause)

Oh, excuse me, stop the clock on that. Gentlemen, my apologies. And, the good Congressman knows that Congress now requires that you all will have to be sworn under oath. Would you stand and raise your right hand? Please? Do you solemnly swear or affirm that the testimony that you are about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you very much. Thank you, Mr. Kelly. I apologize for that interruption, sir.

**Mr. John Kelly:** Mr. Chairman Dixon. Members of the Base Realignment and Closure Commission. Your mission is sincerely appreciated here by the people of Memphis and Shelby County. We understand the national and even international importance of the Commission's work. We appreciate the fact that the decision that you must make is difficult. Please know that we are here in support of your mission, and we offer our full assistance and fact finding to this process to help you determine military value of the Defense Depot in Memphis, Tennessee. It will come as not surprise to you that we believe the facts that we are about to present argue strongly in favor the strategic goal for DDMT. The big presentation distribution assets Memphis,..... and McCoy, support of the depot, and thereby support the present and future needs of America's military forces at home and abroad. We're here today to speak to you regarding the military and community issues involved. Given certain constraints, we will now move to the business at hand.

Making our case for the future of DDMT will be Mayor of the City of Memphis, Dr. W. W. Herenton; Mayor Jim Rout, Shelby County; the honorable Don Sundquist, Governor of Tennessee; the honorable Harold Ford ... the House of Representatives; and Mr. Chris Clifton, Executive Vice President and Chief Operating Officer of Memphis Chamber of Commerce. We agreed that there have to be ....

**Chairman Dixon:** Mayor Herenton, we're delighted to have you here.

**Mayor Herenton:** Thank you, Mr. Chairman, and members of the Commission. Similar to Mr. Kelly, I believe that the facts about the Defense Depot Memphis and the distribution infrastructure that Memphis has in place to complement the Depot's strength will speak powerfully for themselves. Mr. Clifton will allow them to do so at his presentation momentarily. Let me just say briefly that none of the Memphis delegation gathered here envies the job the Commission has before it. Downsizing the physical plant of the United States Armed Forces while the operational capability in a powerful world is an enormous task. Since we are all American citizens before we are Memphians and Shelby Countians, you have our sincere best wishes for every success in meeting your challenge. The presentation you are about to see is in keeping with the spirit of the Commission's mission. It will show that DDMT has been throughout its history, and remains today a vital asset to a restructured military logistics system. It will demonstrate that Memphis is America's distribution center, in fact, as well as in name. And that the transportation capabilities of Memphis by air, water, rail, and land are the equal of any and are superior to most of those air bases which we are competing. You will see that DDMT has a unique capacity to support the United States humanitarian and as well as its military missions, a need of increasing world importance in these times. We are confident that the .....fied and specified commanders that had to depend on DDMT in the recent past will confirm our judgment in this regard. You will also learn of the closing work relationship. Chairman Dixon and Members of the Commission, I appreciate the time that you have given me. I would now like to call upon the honorable Jim Rout, the Mayor of Shelby County, and we have my presentation submitted for the record.

**Chairman Dixon:** Mayor Rout, we're delighted to have you. sir.

**Mayor Jim Rout:** Thank you very much, Mr. Chairman. Members of the Commission. As mayor of Shelby County, I'm ..... with what you have heard from Mr. Kelly and from Mayor Herenton and the points that they have made. But I would like to add emphasis to their points by taking note of two factors which are relevant to your ... of deliberation for the concerns of Defense Depot Memphis as a strategic military asset. I will state as directly as I can, Defense Depot Memphis, Tennessee is one of the most effective distribution depots of the entire defense system. And the reasons are twofold: people and place. First, the people. The Defense Depot workforce is highly tenured, highly trained and second to none. Their experience and skills and most importantly, their track record for more than half a century prove their importance to any military mission. Second, it is no mere coincidence of geography that Defense Depot Memphis is located where it is, but is a location which also serves

as a super ... from premiere distribution and operation in the entire world. And that's .... And that most major national companies whose profitability depends on efficient distribution and productive workers are now locating in Memphis. America can .... This is relevant because unlike many military facilities, depots operate on more of a business not frivolity. The reasons for the success of the Defense Depot in Memphis are the same reasons why Fed Ex and other major corporations are now making Memphis their home. The business (project/policy) is sound, whether it applies to Fed Ex or the Defense Depot. All of us from Memphis appreciate the gravity of your responsibility. We understand that your sole purpose is to make the best decision for America's future. We believe that witnessed straightforward, the fact of the presentation, we have met our responsibility not only as Memphians, but as Americans, because we're convinced that the Defense Depot in Memphis is a wise investment from both perspectives. At this time I will call on Chris Clifton, the Chief Operating Officer of the Memphis Area Chamber of Commerce for our presentation.

**Chairman Dixon:** I thank you, Mr. Mayor. We're delighted to have you Mr. Clifton.

**Mr. Clifton:** Thank you. Good morning, Chairman Dixon. Good morning. Thank you to the members of the BRAC Commission for allowing me the opportunity to assist you in filling this difficult mission in downsizing the military, yet serving the needs of soldiers in the field. We also want to express special thanks to Commissioner Kling and the BRAC Staff, who visited the Depot on March 24, 1995. We appreciate your efforts in communicating with the Memphis community, and we hope that, schedule permitting, other members of the Commission will visit the Depot prior to the final recommendations. The DDMT and the ... community has been an integral part of the force structure since 1942. Today, we wish to represent to you reasons and justifications for the retention of DDMT, why the Depot in Memphis must be allowed to continue playing an integral role in support of our nation's military personnel in the field. DDMT is located ... this distribution center. From Memphis, many of the nation's largest industries distribute millions of product units annually around the world. These parts, including Sharp, Canon, Nike, Kellogg, and Williams Sinoma, to name a few, average annual inventory turns over eight times per year. Distribution is the business of Memphis and of DDMT. That goes for the ... military equipment or the corporate distribution centers design and locate to maximum efficiency to supply ... These efficiencies are gained through customer service competitive advantages. Over 110 million square feet corporate logistic distribution space is operated in Memphis area.

We would like to point out a bit of local transportation assets on the podium that you see before you, and they're also in the ... of your briefing books that you can refer to. Located within five miles of DDMT, you have Memphis International Airport, the world's largest air cargo airport as measured in metric tons. Two intermodal railyards, the IC and Southern Pacific. The Port of Memphis, the second largest container port in the United States. The Tennessee Air National Guard's 164th (AirLift) Group. And, the Federal Express ... Located within a few miles this intersection of two national defense highways, I-40 running east and west across the country, and I-55 north and south from Chicago to Mobile, giving DDMT rapid access to customers nationwide and major shipping ports on both coasts and the Gulf of Mexico. DDMT has used these assets to supply materiel, food and clothing and enough equipment to support the fighting men and women in four major conflicts and numerous contingencies and humanitarian outreaches. DDMT is the GI's depot. Today, we wish to tell the military value ... depot. We will emphasize the diverse mission capabilities, unique transportation infrastructure .... DDMT's unique distribution assets and systems, joint service operations active at DDMT today, critical throughput and search capacity which ... during conflict. We also address a few COBRA-related issues, and finally introduce a few important issues related to DLA's analysis which trouble us.

DDMT's diverse rate of missions hold military-specific and increasing number of international humanitarian missions, utilizing DDMT's flexibility and delivery capabilities. When we divide the world into equal parts, at least in Memphis, it's amazing how we jump out from the center of the globe. Our point here is we have demonstrated the major operations of supply and efficiency throughout the world for DDMT. In fact, DDMT was notified during Commissioner Kling's visit of a new requirement to support Operation Bright Star. To achieve the mission of efficient supply to the world, storage capacity is only one factor in determining worldclass product delivery. Without an efficient transportation infrastructure, a defense depot, any depot, becomes nothing more than a storage ... This philosophy is consistent with DOD's own logistic strategic ...ment. Federal, state, local infrastructure must be in place to efficiently maximize implied change system. A worldclass multimodal system consisting of truck, water, air, rail -- the best transportation mix in America -- is in Memphis today. It no accident that upon review of our nation's cargo's distribution assets, Memphis is located in the center of the U.S., just south of the largest rail cargo head in Chicago, the largest ... port in St. Louis, and home of the world's largest air cargo airport, an essential comparative and competitive advantage for the next millenium. The capacity of this Memphis infrastructure is reflective ... to its performance during peacetime and during war. This comparative chart show clearly that DDMT far outperforms defense depots in both real and truck throughput unit processing daily. DDMT is the pace setter with its transportation assets. Our regional transportation infrastructure acts as a multiplier for DDMT's considerable distribution capabilities. The unique distribution-specific design of DDMT maximizes the (... it perfects) of the total distribution network. DDMT's military value is confirmed by performance during war and operations other than war. By utilizing the most cost-effective methods to move goods, DDMT again outpaces the other defense depots during the most recent critical tests:

Desert Shield, Desert Storm. With respect to depots, military value is determined by the most cost-effective, time movement of large volume of diverse product units in order to maintain readiness.

On a ... importance of this slide, we want to point out that no cutting was given to DDMT in DLA's modified screening analysis for the 26 miles of active rail capacity currently in our facility. Knowing ... credit was given for container-efficient capabilities on property or at the Port of Memphis in the DLA findings. These are factual areas of the DLA analysis. Also, DDMT is the only DLA facility with the ability to serve as ocean-going shallow draft cargo vessels; and we can do so 10.5 months of the year, the second largest ... port in ...

Another area in air cargo: DLA used passenger loading versus cargo to evaluate our airlift capacity. We feel this is again a factual error. Since 1933 Memphis International is the number one air cargo port in the world behind (Bonita) in Frankfurt. Additionally, the fifty other states' civilian reserve air ... begins surge capacity as a single lift, 15.3 million pounds cargo capability, ... again major competitive advantage that DDMT can ... to customers. Fed Ex provides us adjunct airlift assets to DDMT due to their ... This is the Army Tennessee Air National Guard capability, air mobility command aircraft that can utilize C-13 ... and the C-5 ... aircraft located only a few miles away at our airport. Also Fed Ex ... Memphis, DDMT has an additional 7 hour procession over our East and West Coast depots. Yet, with all these transportation assets, DDMT received no credit for rail service or truck capacity, and minimal credit of 2000 points for air and water. A first class depot should be both supply and demand chain fluid. DDMT has the largest volume of rail and surface transportation in the DLA system. This ... is formed for transportation in the analysis of distribution depots indicates either, A) The DLA analysis underestimated the importance of transportation assets in distribution operations, or B) DLA assumed that all depots had equal transportation assets. This is simply not so, as we have shown. Both of these indications are in conflict with DLA's own "Lessons to Learn" report from Desert Shield and Desert Storm, which stressed the importance of surface transportation.

We have provided data indicating DDMT's 24- and 48-hour ... spaces and the local support at each space. This map illustrates the military population served by DDMT during these periods. A base-by-base breakout of installations in strength is provided in your briefing books. We want to point out, though, that DDMT has continually demonstrated excellence record in just-in-time delivery of major ... bulk and quantity.

Let's now talk about the unique design of DDMT. This overhead photo gives you a feel for the layout of the depot. There is, however, open storage facilities that you cannot see on this slide, which have some national stockpiling material. However, the point we want to make is extensive inventory is stored in six-million square feet of buildings, rail-lines leading to the loading docks of each building. These resources exist at DDMT there. Although this slide is difficult, you can see in the briefing books, you have a clearer layout. DDMT is the only fully integrated operating facility designed to handle surge capacity, regardless of the type of commodity required, be it bins, or ..., or bulk storage or pick 'n' pack. Most of the buildings are connected in an integrated throughput system utilizing automated tow conveyor system. There is also extensive use of automation by material-handling and tracking. You will not find this flexibility or efficiency fully implemented in other depots in the agency.

Now let's turn to our uniquely suited mission. This slide captures some of the unique missions and programs conducted at DDMT. DDMT has been a leader in the testbed missions in the DLA system. Most recently DDMT has been alerted by Defense personnel, Supply Center-Philadelphia, to serve as the new rationing container consolidation point of Operation Bright Star, a joint military exercise in Egypt. It is the extended mission's further evidence of DLA's continued need to have DDMT support the GI in the field, our true customer. During Desert Shield, Desert Storm, DDMT's full surge capacity and capabilities were ramped up in less than 30 days with 900 personnel complement addition .... (surrounding) distribution industry. Also, our air spec facility, fully proved to be operational today, constructed at a cost to the tax payer of \$12.7 million in 1989. This cost will have to be duplicated by the taxpayers if DDMT is closed. DDMT is also a member of the Strategic Airlift Distribution Team, a demonstration of our going service operation, a team by doctrine plays an increasing important role in today's era of contingency missions. We just want to point out here to you today, Ladies and Gentlemen, that the ration picture here were brought down in 50 flatbed trucks from the depot, a mile away. And these are depot personnel helping air guard personnel to ... and load the rations onto the aircraft. Next stop, Saudia Arabia. We have jointness at DDM today. That jointness provides us with competitive advantage over other DLA depots. In your briefing books you will find breakouts ... and frequent sorties conducted by the Air National Guard - Memphis. A number of these sorties demonstrates the efficient readiness of the airlift group. Also Army and Navy Reserve personnel on its ... conducted district training ..., reserve training both the depot and reserve units by enhancing proficiencies of the civilian and military personnel participating in this joint training. DDMT indeed, is part of a team, operating jointly every day with the national guard and reserve units.

Now, to move to throughput and surge .... We want to focus here. With over 17,000 units processed daily, this represents our true peak during Desert Storm. With our current daily averages over 10,000 units processed, ranked us third among six depots in throughput. ... surge at DDMT is 46,000 units, calculated at 2-8-5 shift analysis. We ranked sixth on total ... depot in our surge capability. Over 23,000 units in 1-8-5 shift calculation. We don't question the accuracy of the surge figure ... presented, but it fails to capture our demonstrated thirty day ramp up during Desert Shield - Desert Storm. Our real time surge capability as demonstrated in Desert Storm significantly exceeds ... of all standalone depots during mobilization in both tonnage and in line units. This is another example where ranking fails to match the outcome. As you are aware from the DLA recommendation, they supported two PDS facilities, one of them on the West coast and one on the East. Our first bullet shows the characteristics of the PDS. DDMT meets all these criteria as documented by DLA.

In fact, in 1990 DLA designated DDMT as their third essential PDS. However, for undisclosed reasons, DLA conducted a quasi ... action of their own, without guidance from the Department of Defense or earlier BRAC Commissions. They redesignated DDMT as a standalone facility, down from its status and a primary distribution site. This action took place, even though DDMT capacities and capabilities increased after the original designation as a PDS.

Well, let's turn to ... COBRA analysis. Several points. The validity of COBRA analysis is flawed, in our opinion, due to the fact that DLA costs the movement of personnel and equipment from DDMT to Base X. Our question, How to determine cost on the Base X realignment if its location is unknown? We feel that the cost to move is underestimated by DLA with this Base X philosophy. One example, DLA did not fully include the cost of new HazMat facilities required of DDMT and others before it. That would leave DLA with insufficient HazMat capabilities and capacities. DLA did not count these construction costs in their COBRA analysis. DLA failed also to adequately consider legal and environmental constraints of operating the state government's HazMat facility which DDMT has today.

A few critical issues on the DLA analysis. Two major categories on DLA are Distribution Operations and Installation Military Value. DDMT was ranked third in Distribution Operations behind the two coastal PDSs; however, DDMT was ranked last in the Installation's Military Value. Why were we ranked last? Because of the subcategory of mission scope, which reflects scoring the tank missions of 300 persons or more. DDMT received only 49 of 300 points. Mission scope as a category is inconsistent with BRAC. This methodology is portable in nature. Both these technicians which can be moved from depot to depot at headquarter choice, thereby skewing the analysis. For example, a depot with five missions of 300 each will receive considerable more points scoring in the DLA analysis than a depot with one mission of 1500. As we said, these missions are portable. And as you can see on the second board point, DDMT has suffered from unilateral realignment action by DLA, thereby putting DDMT at a disadvantage for the '95 BRAC run. Another problem with the mission scope factor, is that its contradictory to the emphasis to the depot's ability to surge. These portable missions, many of which are administrative in fact, impede the ability of the depot to surge, due to the tank's consumption of space, resources, and personnel. In essence, what we are saying is that tanks limit surge capabilities, which is the essential mission. Utilizing the the mission scope subfactor as a part of the installation military value categories resulted in, according to the DLA's own data, the oldest depot with the highest real property maintenance cost to be ranked number one in performance. And DDMT to be ranked last for ... In DLA's analysis, mission scope constituted 30 percent of installation military value. DDMT was ranked sixth in not only the subfactor but in overall military value category. As a whole, it is recommended for closure. Without mission scope the Commission received a more accurate picture of the installation's assets, which contribute the real value to the military. As you can see, Columbus goes from first to fourth by meeting the mission's goal ... Our point, portable mission scope is irrelevant to an installation's military value. Mission scope should be deleted as a subfactor to obtain a valid analytical determination of an installation's military value. The impact, as you can see from this slide, of mission scope is most evident here. When mission scope the subfactor which has no substantive beneficial impact on the military value of the installation is deleted, DDMT would be ranked second and Columbus would be ranked fourth.

Other factors which we would ask you to look into, in addition to recalculating the installation's military value stemming from mission scope are

1. The depot only received partial credit for throughput and only 50 percent of surge capability.
2. DDMT's essential proficiencies in just-in-time delivery were not factored.
3. DLA's analysis failed to acknowledge DDMT's containerization capabilities at both DDMT and the Port of Memphis.
4. DLA failed to acknowledge the cost of constructing additional HazMat facilities at other locations.
5. Weather was not factored, although other depots have experienced weather closures.
6. Although rail and surface are primary transportation drivers, DLA gave DDMT no weight of scoring on these two important issues.
7. DLA gave no credit for jointness which presently exists now at DDMT with the National Guard and Reserve Units, though (OSD) looked at the cross service utilization issue as ... BRAC '95
8. DLA's failure to consider the need for a third PDS is inconsistent with national military strategy. That is, DLA's proposed East coast/West coast alignment presupposes that no more than one continent specific theaters of operation at any one time exist. This will diminish DLA's ... to support multiple or rapidly increasing scale of operations in the same theater.
9. In referring to Desert Storm's "Lessons Learned" report. The report clearly recommended the need for another major consolidation point to do this

Certainly, everyone on the BRAC list is seeing shadows where they may not exist. However, in reading the DLA BRAC executive group minutes, it appears in many places that there was a predetermined outcome prior to the first ... And, a concern that the analysis their objectives first. These men indicated that at the early stages of evaluation, it was DLA's intent to retain two PDSs, one on the East coast, and one on the West coast, as well and the favor retention of the co-located post. This left the remaining standalone depots at risk, including DDMT. An analysis of the workload at a collocated depots which DLA removed from consideration in BRAC '95, reveals that 10 of 17 collocated depots expend less than 50 percent of their workloads ... of the collocated (payments)

activities. Furthermore, it was determined that the majority of the workload that would be transferred from the impacted depots would be moved to the infamous Base X. .... Air Force approached DLA offering significant storage space at air logistics centers, which would threaten possible closures. It should be noted that ...position of the (ALCs) has been a subject of consideration on this and previous BRAC Commissions. The DLA executive committee notes clearly indicate that DDMT appears to be a major bill payer for the endangered ALCs in the air force. Certainly, subjectivity is part of every analysis, and we appreciate military value judgment. However, the BRAC process was designed to be objective and analytical in nature, then it is clear in reading the DLA's own detailed analysis .... to the Commission, that military value is used interchangeably to support DLA BRAC decisions, where analysis would not suffice. Because the mission scope subcategory has been so skewed, and because of its lack of relevancy to the installation military value, we believe the DLA's recommendation for the closure of DDMT must be reevaluated. The three most important ingredients to successful war plans distribution management: location, location, location. Memphis, Tennessee gives you those competitive advantages. As indicated, DLA could not apply its own recommendation from the "Lessons Learned" report, which stressed the need for additional ... As you will see on the chart before, DLA's concept of operation outlining the whole strategic objectives, DDMT meets all of these goals today. We have demonstrated DDM's motto as lived out each day, "First in War, First in Peace." And, DDMT is truly the GIs' depot, which functions to keep a soldier properly sustained with necessary materiel and equipment to fight the war. And at this time, we would like to introduce the honorable Harold Ford, Congressman from Memphis. Congressman Ford.

**Chairman Dixon:** Thank you Mr. Clifton, and we're delighted to have the distinguished Congressman from Memphis here. Thank you, Congressman Ford.

**Congressman Ford:** Thank you, Chairman Dixon. Our distinguished Governor has arrived, and I think at this time, it is the Governor that should be recognized, and I will be recognized after the Governor.

**Chairman Dixon:** We're delighted to have the distinguished Governor of Tennessee, Governor Don Sundquist here. We thank you. Your Excellency.

**Governor Don Sundquist:** Mr. Chairman, thank you very much. And, I thank my colleague for yielding this brief moment. Senator Dixon, Mr. Chairman, it's good to see you again. You have a unchallenged record in public service of being bipartisan and fair and the highest executor .....with you, and Mr. Kling, we thank you for coming to Memphis ... privileges there. And to the rest of the Commissioners and Staff, we thank you for giving us the opportunity to talk about the Base Memphis Defense Depot. It is of grave importance, not only to my hometown of Memphis, but to the entire State. So, I wanted to join our elected and civic leaders, Memphis and across the State in making a case for keeping it open. The report suggests .....suspending any questions and uncertainty .... that you will address. All of us are naturally concerned about the potential impact this has on the State and our community and I think everyone ..... certain. But there's another reason, as well, and that's the Federal Government's responsibility and what' in it for the Federal Government. I think that's another critical part of this. For starters, there's the City of Memphis, itself, America's Distribution Center, a natural .... for air, and rail, and truck and river transportation. We do have the nation's top-rated cargo airport. It's only been closed once in the last ten years, and that's important when you're talking about American lives in defense. At a time when private companies are coming to Memphis precisely because it's the ideal location from which to distribute goods, it does defy common sense that the Federal Government would close this Defense Depot in Memphis. On top of the practical, logistical arguments for the Memphis Depot, are the advantages gained by an experienced workforce that has met every single test put to it, including Operation Desert Storm. That's a good case for it. None of the other depots can handle three shifts a day, five days a week, in times of urgent demand; Memphis can. Memphis has. The decision that this distinguished Commission will make, I hope will be based on what's in the best interest of our nation's defense readiness, and I have full confidence in you and confidence in the Commission to make that decision. I also point to the fair, objective and complete review of the facility in our community ... question .. the ... day the ..(information) in the city will lead you to conclude that Defense Depot Memphis should stay open. It's a privilege for me to be here today, and I thank my distinguished colleagues.

**Chairman Dixon:** Thank you, Governor. We're delighted to have the distinguished Congressman Harold Ford with us today.

**Congressman Harold Ford:** Thank you, Chairman Dixon, again, and Members of the Commission. Let me first say that both of our U.S. Senators, Senators Thompson and (Cript), I talked to them last evening and they were unable to make it. One is chairing the Senate, and as you know, Senator Dixon, ... the subcommittee that votes on the Senate floor. They wanted to be here but could not make it today. The presentation, Mr. Chairman and ... of the Commission, that you have just seen, illustrates the vital role DDMT plays in supporting our military men and women during times of war and peace. The depot fully meets that DLA's strategic goals in providing more ... than contingencies before it in the modern workforce with the well-trained workforce of employees in the City of Memphis. When the country mobilized Operation Desert Storm - Desert Shield, the workforce joined with the Tennessee Air National Guard in the Federal Express Civil Reserve airfield to provide

the majority, 32 percent of all 107,000 tons of food and clothing for our the GIs in the Desert. They have also responded for a .... notice provide relief to endangered natural disasters and humanitarian relief missions around the world. And we're very proud of it, because we know that the Pentagon is proud of it, as well. We know the Commission has visited Memphis, DDMT in late March, and I'd like to apologize for not being there with you, Commissioner Kling, because of the votes in the House of Representative on that day. He observed firsthand the high level of mechanization in that facility. I would encourage other Commissioners, and you, Chairman Dixon, to visit our distribution in Memphis. I would like to extend an invitation on behalf of both our (peers) and the Governor, to visit the facilities and see firsthand for yourselves what it's like there in Memphis. And, what we'd like also to include in saying that this mechanizing and complex that we see in Memphis, and the facilities that we have been able put together the demonstration here with the photo and the Chamber of Commerce, and the two leaders along with the Governor, that talked about the economic impact the ... would have on this city, but the economic impact would have on the military by closing those facilities. I also would like to just talk about one other thing, if the Commissioners don't mind, and I know it's not a high priority, and I know it's not high criteria when you think in terms of what the Commission will (...end of tape) ... it's a .... We have unemployment to the tune of about 10.7 percent, and in our State, we're very fortunate that the unemployment rate has been down five percent from 11. But in the geographical area, and the City of Memphis, it is not true. As I said earlier, it is in fact not a high priority, but I sure would like the Members of Commission to keep that in mind. I believe that the false rating and the presentation by my colleagues clearly demonstrate that DDMT should continue. And, indeed, in DLA's own words, to be the provider of source for around-the-clock, around- the-world, we feel that Memphis is the location for the distribution center, that base closure commission should keep in mind and to make sure that we try to protect what's in the best interest of the Pentagon in the time of war in this country, especially those humanitarian missions that we are able to provide out of the City of Memphis and the distribution center for the Memphis .... study. Thank you very much.

**Chairman Dixon:** We thank you very much, Congressman Ford.

?: Mr. Chairman, I would like to ask that we have two presentations on videos, one is from the distinguished Senator from the State of Tennessee, Senator Fred Thompson, along with one who has been very close to the City of Memphis, and one who has been very close to the Pentagon and to the Station, the Reverend Jesse Jackson.

**Chairman Dixon:** And how much time will this need?

?: Three minutes

**Chairman Dixon:** We're delighted to see them.

**Reverend Jesse Jackson on video:** .... I respect very much your .. responsibility to be fair in the closing of unnecessary depots, during this period of cutbacks and budget adjustment. I urge you to reconsider, however, the closing of the depot here in Memphis. For one, the cost would be cost-inefficient. We're one of the most modern depots in the entire country. It served us well in Panama; it served us well in the Gulf War. For the \$50 million investment makes it a very modern plant. I urge you to reconsider the recommendation to close this installation. Those who've see it have had different opinions. The lives of our soldiers at stake; the life of the City of Memphis is at stake. That's why I urge you to be fair and equitable in the process of carrying out that duty, you are also cost-efficient of this plant, that this depot remain open. I appeal to you to do so. Thank you very much.

**Senatory Fred Thompson on video:** Mr. Chairman, Members of the Commission. It's important that Defense Depot Memphis be retained. Clearly, having a centrally-located primary distribution site in Memphis makes supporting our military contingency operations more effective. It ... the City of Memphis has shown the Commission that the criteria on which the Defense Logistics Agency based its decision to close DDMT are questionable. First, DLA does not appear to have given adequate consideration that its military value analysis to what is perhaps is the distribution depot's defining characteristic: transportation. Whether it's air, water, rail or land, the Memphis area provides exceptional transportation options. This is why so many national and international companies have located there. Without the proper transportation infrastructure, the distribution depot becomes nothing more than a collection of warehouses. Now mos: importantly, it appears that DLA strayed off course from the very beginning in how it defined mission scope, and its analytical process. By evaluating its depots based on the number of tenant functions each installation holds, DLA ended up judging its installations not on the military value of the facilities themselves, but on how good a host they were. Because these tenant functions are portable, by moving missions from one site to another, DLA could and did affect how the distribution depot would..... This violates the the goad of BRAC, to objectively evaluate the military value of each installation. As illustrated by Desert Shield and Desert Storm, DDMT served as the ... distribution point to support contingency operations in any industry. So, in order to support our soldiers in the field, the Commission must retain Distribution Depot Memphis, the GI's depot, based on cost and operational criteria. Anything less than the full retention of the DDMT will undermine the readiness of our soldiers .... I thank you for allowing me

this opportunity to air these concerns, and I look forward to meeting with you personally in the near future on this most important matter.

**Chairman Dixon:** Well, we thank Reverend Jackson, we thank Senator Thompson and Mr. Weber, I understand you're closing.

**Mr. David Weber:** Thank you, Mr. Chairman. I'm here to answer any questions the panel may have. I do have one point I would like to express with the panel. The DLA concept of operations does not, in our judgment, provide adequate support of the force structure plan, which requires the Commission's military forces to conduct two regional conflicts simultaneously. The unclassified version of the national threat estimate, divides threats regionally across the Atlantic, across the Pacific, and in the rest of the world. DLA has adopted this report structure as rigid guides to figure the depot to support one regional conflict in one theater during one time period across one ocean. Yet, nothing precludes two simultaneous conflicts in the same theater. For example, the North African coast, Southwest Asia, the Balkans, or one regional conflict which could evolve into a major war, say, with two - three big opponents ..... Internal DLA studies cast considerable doubt upon (peace ability) of across country support of one coastal depot by its opposite number. "Lessons Learned" in Desert Shield/Desert Storm, one of throughput capacity lead us to believe they're not able to satisfactorily support one theater conflict by themselves, much less two conflict or one expanding conflict. Thank you, Mr. Chairman. I think we're prepared to entertain any questions you all may have.

**Chairman Dixon:** Thank you very much, Mr. Weber. Are there any questions? Well, we thank you for an excellent presentation on the part of the State of Tennessee. Your excellency, Governor Sundquist; Congressman Ford; all of you. We greatly appreciate it. Thank you very much.

**Chairman Dixon:** This is the period set aside for public comment. Our intention is to try to insure that all opinions on the recommendations of the Secretary affecting these great States are heard. We've assigned 30 minutes for this period. We ask persons wishing to speak to sign up before the hearing began. And they have done so by now. We have also ask them to limit their comments to one minute. And we will ring a bell at the end of that time. Please stop after a minute. Written comment or testimony of any length is welcomed by the Commission at any time in this process. If all those signed up to speak will raise your right hands, I will administer the oath. Now will all of you that are going to speak, please raise your right hand? Are there others out there that are going to speak that have not raised their right hand?

Do you solemnly swear or affirm that the testimony you about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth and nothing but the truth? Thank you very much.

The Alabama public comment, Birmingham Regional Hearing, April 4, 1995.

Rudy Knoll of Anniston. Where is Mr. Knoll? Is he here? All right.

Colonel (Orville Q) Madison of Jacksonville. Colonel Madison.

**Colonel Madison:** Mr. Chairman. Commissioners. You're about to hear it from the Old Man. I probably the only one who has ever spoken to you of this matter who fought in World War II, and who was a Lieutenant in the Army in 1939. I'd like to point out to you something you've never heard. Just to be sure that I get the words right: The Secretary of Defense and the Army and the BRAC procedures, not just yours, have seriously deviated from the complete application of the force structure, and from all of the selection criteria. And they've done this in a manner which threatens our nation's survival. I was there; I know about such things. You have available to you, from your senior staff members, a large envelope with a couple of communications in it. They give you some idea of what I'm talking about.

**Chairman Dixon:** Thank you, Colonel. We appreciate it. Mr. I. Rosenbaum of Meridian. Mr. I. Rosenbaum of Meridian.

**Mr. I. Rosenbaum:** Yes, sir. Mr. Chairman. I'm a retired insurance tradesman, former mayor of Meridian. I'm a former Naval aviator; my commission was in the Marine Corp. I trained in Corpus Christi, Texas. The Navy has deviated from the force structure plan. It has downgraded Meridian because it is over 50 miles from the training carrier area in the Gulf of Mexico. This would be important if there were a carrier in the Gulf of Mexico. There is none. And there is no plan to put one there. Carriers used for training are either off the Atlantic or Pacific coasts, making the Navy's argument groundless. The cost to get it from the Navy training bases to the carriers is prohibitive. The cost for bringing the carrier is prohibitive. Thank you very much.

**Chairman Dixon:** Thank you, Mr. Rosenbaum. Jimmy Smith from Meridian, please. No Jimmy Smith? Mr. Tom Johnson from Meridian?

**Mr. Tom Johnson:** Chairman Dixon, Commissioners. My name is Tom Johnson. I'm Assistant Executive Director of Riley Memorial Hospital in Meridian, Mississippi, and a supportive and interested citizen. I want to point out that the Naval Air Station Meridian is the CNTRA Hurricane Evacuation Site. It happened in 1981, and

several times since. The South Texas coast, like many coastal areas, is subject to the devastation of hurricanes. We remember vivid shocks with the destruction of Homestead Air Force Base last year. The question is not where, but when that will happen again. Is it prudent to put all the strike training aids in one basket? Especially a basket in a hurricane zone? Thank you.

**Chairman Dixon:** Thank you. Jimmy Smith.

**Jimmy Smith:** Chairman Dixon. Commissioners. My name is Jimmy Smith. I'm with the ... in Lauderdale County where the Naval base is located. Closing NAS Meridian would have very sincere economic effect on East Mississippi. Presently, this ... economic impact is somewhere in the neighborhood of about eight percent. If you go back and look at the economical impact in 1993, they say it was 13 percent. The base has grown in operation since 1993, again, I think it's a matter of looking at the numbers. The numbers just don't match. And, we fell that it'll be a very devastating economical impact on our state. Thank you for this opportunity.

**Mr. Benny Eglard:** Commissioner Dixon, Chairman. Commissioners. My name is Benny Eglard. I'm employed at Naval Air Station Meridian. And I have come on my own time -- come over here to talk to you on a subject that I feel is very important. I like that when I (see) you, that Naval Air Station Meridian is (...) most modern jet naval base. And it is the only one specifically designed and built for jets. It is significant that this is the site design being used in modern airports today, such as Dallas/Fort Worth, and O'Hare. Its offset runways are two 8,000 foot and one 6,000 foot non-bisecting runways, is one of the most efficient and cost-effective to .... The administrative housing and recreation areas are well separate from the noise and the safety standards of the jet training central. Thank you.

**Chairman Dixon:** Thank you, Mr. Eglard. May we now have Margaret Thompson, please?

**Barbara Thompson:** Good morning, Chairman Dixon and Commissioners. I'm also a civil service employee at the Naval Station. I have taken personal leave time, because I am concerned about the paring. I've worked for the Supply Department for over 10 years, and during that time, I have worked closely with contractors who are responsible for the maintenance of the aircraft. I'd like to stress that NAS Meridian has consistently had the lowest corrosion control requirement due to the flying environment. And that is because we are so far away from the caustic salt air. In fact, the Army rate for contract maintenance is the lowest in CNTRA. We've lowered contract cost also extended to other areas. For example, the cost per loral airspace personnel who operate and maintain flight simulators, is also the lowest in CNTRA. In closing, I'd like to say that the long list of similar savings that contribute to NAS Meridian having the lowest operating cost in CNTRA. And, thank you for letting me speak to you.

**Chairman Dixon:** Thank you Ms. Thompson. We now have Mr. Burt Guy of Meridian, please.

**Mr. Burt Guy:** Chairman Dixon. Commissioners. My name is Burt Guy. I am General Manager of East Mississippi Electric Power Association, a rural electric cooperative. Strs, in East-Central Mississippi and the NAS Meridian. I want to emphasize that the State of Mississippi has made available \$16 million for improvements on or near the base. This money can be used to make improvements on the base itself, enhance the approaches to the base, or any other need for improvements the Navy requests. The same partnerships between Mississippi and the military has already benefitted the Columbus Air Force Base, by providing significant improvements to the wastewater treatment facility .. base. This and similar activities can be done for Meridian, too. Thank you for allowing us to speak.

**Chairman Dixon:** We thank you. May we now have Mr. Smith from Meridian?

**Mr. C. D. Smith:** Chairman Dixon and Commissioners. My name is C. D. Smith. I'm South Central Bell's Manager for the Meridian district. I also serve as president of the Meridian area Navy League. I want to point out to you that the Meridian area maintains a large effective Navy League membership which was evidenced by the numbers of people that came over in support this morning. For over two and one-half decades it has been consistently a source of unerring support for the Navy and those stationed at NAS Meridian. It has been and will continue to be a strong advocate for the base and its relationship with its community. It has proved its value by creating college scholarships for the children of enlisted personnel locating ... service spouses, sponsoring two ND ROTC units, and a variety of other supported programs and activities. Thank you for allowing me to address you, Commissioners.

**Chairman Dixon:** We thank you. May we now have our third Smith? Ms. Carolyn Smith.

**Carolyn Smith:** Chairman Dixon. Commissioners. My name is Carolyn Smith. I am Senior Vice President of (...mark) National Bank in Meridian. And I want to amplify Naval Meridian and Her family make a major contribution to the quality of life in East Mississippi. They serve on boards of Cities and Cultural organizations; they provide models and leadership to our schools and youth; and bring new perspective to every facet of our community. They are not just the military; they are the people we go to church with; they are the people that our sons and daughters marry; and they are our friends and our neighbors. And I thank you for allowing me to comment.

**Chairman Dixon:** Ms. Smith, thank you very much. Ms. Barbara Kid, please, from Meridian, as well.

**Barbara Kid:** Chairman Dixon and Commissioners. My name is Barbara Kid. I am news director for WTOK TV. And Naval Air Station Meridian means a lot to me because I was born and raised in Meridian and I've been covering news there for 16 years. So, I wanted to point out that the Naval Technical Training Center at ... Meridian is a perfect academic environment for the Navy's young enlisted men and women. It is situated in a landscaped, quiet campus setting, surrounded by a wide variety of recreational opportunities which we would all miss. It has none of the distractions currently found in military bases in urban areas, and offers no savings to the Navy if it's moved. Thank you for allowing me to talk.

**Chairman Dixon:** We thank you for those comments. I believe this is the last official from Meridian. The fourth Smith, Mr. John Robert Smith.

**John Robert Smith:** Chairman Dixon, distinguished Commissioners, General Robles, it's good to see you again. I am John Robert Smith, and I am Mayor of our hometown of Meridian, Mississippi. I believe today we have given you clear, convincing evidence that Meridian is not only needed, but essential and strategically placed for the future training need of the Naval pilots of this country. I wish each of you could have been in my hometown yesterday to see the 12,000 men, women, and children there at the base to show their pull for the people who represent NAS Meridian. Ask the General -- It was powerful but then, love always is, and that's what I to leave with you today -- a community in which people love the people that represent NAS Meridian. Thank you.

**Chairman Dixon:** Thank you. You ... most assured that General Robles has done that very very well and very actively. I believe from Memphis we have Mr. Phil Emilio.

**Phil Emilio:** Good morning. You just heard from the Old Man; I guess I'm the young man. I'm a 10-year Army veteran and a DDM employee. The DOD has the only business plan in America that included an acceptable kill ratio. However, it seems that in our zest and zeal, we have forgotten who the DOD customer is. The GI. We talked about corporate planning, and as if by having these business strategies our military deployments will be OK. That's not true. Without a solid mobilization business plan that tests under wartime conditions the prime vendor, direct vendor delivery, and the JIT concepts, and sets the benchmark for distribution, we cannot give up the proven tested results of Desert Storm and the performance of the mobilization depot Memphis. General Colin Powell once said, and he's a hero of mine that "I care about strategy, but when strategy changes or turns out not to be right, what really counts is quality of force, and you've got to get force as a human living organism, and treat it as such. And Memphis is the lifeline support of that force. I ask that you consider that. Thank you very much.

**Chairman Dixon:** Thank you, sir. Ms. Sharon Stevens, also from Memphis.

**Sharon Stevens:** Thank you, Chairman Dixon and Committee. I'm a former Navy wife, and my heart goes out for all our military men and our facilities, especially DDMT at which I've worked for 13 years. ... tell you with my heart and sole and my job. We are a central point in the U.S.. We go in every direction, in all ways of transportation. I do believe Memphis should be protected and saved for the future of our country. We are Number One, and I thank you. And I also ask that you add a touch of info about the ADA and the handicapped workers at all these facilities that will lose their jobs and go back to welfare if we lose our jobs. We would rather be tax payers than receivers. Thank you.

**Chairman Dixon:** Thank you so very much. Now, Mr. Nathaniel Boyd of Memphis.

**Nathaniel Boyd:** Good Morning to the Commission, to Chairman Dixon, and to .... clients for the commission planning and to all the other staff, and most certainly to those people came to emphasize .... great State of Tennessee. I just thank you for the opportunity to speak on one element that I found to be very important to us there in Memphis. And I'm not here to bring up a racial issue, yet I have to say that 80 percent of the workers at this Depot are African-Americans. But the point I wanted to make was the figures that I was given that Commission have to obtain the DOD ..... point six percent of the economic impact that will happen if you close in Memphis. It just breaks the surface of what would happen if the Defense Depot in Memphis close. It's a lot ... ...a figure that somebody needs to look at, and I come this morning to ask the Commission if you will go back and that you will have somebody else .... in my mind about this point six percent of economical impact that going to

come upon that city, and on that community which appears to represent that community, not just DDMT, and we thank you for this opportunity to come before the Commission, and I hope you will look into this figure. Thank you, sir.

**Chairman Dixon:** Thank you so much, Mr. Boyd. Is Mr. (Lewis) here? Yes. Mr. Paul Lewis, please.

**Paul (Lewis):** Good morning Chairman Dixon and the Commission. My name is Paul Lewis. I am an employee at DDMT. Since the onset of the BRAC process, there has been several issues pertaining to what has first priority in the criteria of determination. The one issue which was spoken of ... military value in terms of capabilities. Our capabilities are limited only to the imagination of those who can and have utilized our capabilities for the good of the nation's military. Along with our capabilities is the motivation of the workforce and the surrounding community during times of conflict abroad. To get the job done, to get the job done well. We can, and have very much with very little. Though to some, DDMT may be a small in comparison to other depots, but we do and have done big jobs to support this great nation's military forces. But don't take my word for it; the record speaks for itself. In conjunction with the reputation of the Volunteer State of Tennessee, DDMT is still "First in War. First in Peace." .... Thank you.

**Chairman Dixon:** Well, thank you very much Mr. Lewis, and to all of you who gave us your time. We certainly appreciate it. We will now adjourn until one o'clock. We'll be back at time. So, thank you very much.

## FLORIDA

**Chairman Dixon:** I'm Alan Dixon, and with me are my fellow Commissioners, Al Cornella; J. B. Davis; Lee Kling; Rebecca Cox; and Josue Robles. This afternoon we'll hear presentations from Florida, Georgia, Puerto Rico, and South Carolina. As is the case with all our Regional Hearings, the Commission is assigned a block of time to each state, based on job loss and number of employees from the Secretary's list. We've left it to elected officials and community members to decide how to fill the block of time. Our testimony this afternoon should last about two hours, after which we'll have a period of 30 minutes for additional public comment. The persons speaking at that time will have already signed up and will be limited to one minute each. Our first presentation is by Florida, which has been assigned 40 minutes. And, I wonder if you gentleman would stand and raise your right hands. Under the existing ...., we have to swear you in. Do you solemnly swear or affirm that the testimony you are about to give to the Defense Closure and Realignment Commission shall be the truth, the whole truth and nothing but the truth? I always wanted to get the Governor under oath like that. We are delighted to welcome the distinguished Governor of Florida, who served with me in the United States Senate, and was a very able and distinguished member of that body, and has been a great governor of Florida, Governor Lawton Chiles.

**Governor Lawton Chiles:** Mr. Chairman. Members of the ..... I'm delighted to be with you today to talk about the importance of the State of Florida in our nation's defense. The U.S. Government has invested billions of dollars in our Florida bases, and for good reason, because we think there is certainly critical military strategic value. The bases of Florida contribute strongly to accomplishing our nation's defense goals, creating the new technology base of the military of the future. They have strategic location, they marshal forces for rapid readiness in response to any type of crisis. They're cost effective; they offer the efficiencies of joint use, and they house facilities that are not duplicated anywhere. The Department of Defense recommendations both validate and build upon Florida's advantages. With the exceptions that will be outlined by the Florida Communities appearing here today, I certainly hope you will uphold those findings. In addition, the Community of Jacksonville has asked me to inform you of their endorsement of the Defense Department's recommendations for the naval facilities in Jacksonville. I am also joined by the people of Key West and Grove County, urging you to support the recommendations of the Navy to the Key West Naval Air Station. Because the proposed actions of the Navy for Key West are modest in scope, the communities chose to give allocated time for more pressing issues. As you consider the presentations of the five Florida communities here today, please keep in mind that Florida bases offer a significant return on the investment of our limited defense dollars. Thank you for your consideration. And, I yield the rest of my time to our ....

**Chairman Dixon:** Governor, that's the shortest speech I ever heard you make, and it was very well received.

**Governor Lawton Chiles:** I invoked closure upon myself.

**Chairman Dixon:** We're delighted to have Mr. J. D. (Kumpf) here on behalf of Congressman D. Weldon (Wilson?), who could not be with us today. Mr. Kumpf.

**Mr. J. D. (Kumpf):** Mr. Chairman. Members. Congressman Weldon has asked me to read the following statement to you:

**Chairman Dixon:** Thank you, Mr. Kumpf.

**Mr. J. D. (Kumpf):** I'm pleased to have the opportunity to testify before you today to let you know how important the 301st Air/Sea Rescue Squadron is to Patrick Air Force Base and to our community. Within weeks of my election to Congress, I sent a letter stating forth why it's important for the 301st to remain at Patrick. I'm pleased that the Secretary has recommended the 301st be permanently stationed at Patrick Air Force Base. This is good for the U.S. military, for the members of the 301st, and for the U.S. taxpayer. In .. of restrained federal spending, and with our need to stretch every defense dollar as far as possible, leaving the 301st at Patrick simply makes good sense. Nearly 99 percent of the 301st missions take place at or north of Patrick Air Force Base. Also, Patrick is more centrally located than most Homestead making travel to other military bases around Florida faster and less costly. The 301st primary peacetime mission is space level and space... support. The close proximity of Patrick Air Force Base offers will best serve this nation's future. As clearly stated in the Secretary of Defense's recommendations, keeping the 301st at Patrick will help the military avoid objectionable costs associated with expensive (temper) to new regions, extensive scheduling difficulties, and the dislocation of the ... mission for its .... The Secretary estimates the savings \$1 million per year by keeping the 301st at Patrick. This is the bottom line. All areas of our Federal budget are under considerable pressure. We must take all the steps we can to reduce costs. This is an annual savings of \$1 million that can be put to use in other areas of Defense budget. Finally, but not least, the vast majority of the reserves at fulltime employ of the 301st are residents of Central Florida. These men and women and their children are an important part of our community, and add to the pride and prestige of the area. They contribute to the well-being of our local economy. Our community has suffered in recent years (from) defense cuts and the removal of the 301st would be another setback for our local economy. Most importantly, they contribute to the identity and reputation of our community. Their removal would go .... economic-wise. It would be an unfortunate disruption of the families of the 301st and of the community that has been their home. The local community has opened their arms to the 301st Air/Sea Rescue Squad members and their families. This ....ness between the unit and the community contribute .... to the mission accomplishment of the 301st. In summary, I'm pleased with the Secretary's recommendation, and endorse it fully. It is in the best interest of the military, the taxpayer, and the local community.

**Chairman Dixon:** Thank you Mr. Kumpf. Now we have General Richard F. Gillis. General Gillis.

**General Richard F. Gillis (USAF, Ret.):** Chairman Dixon. Commissioners. I'm here to talk to you today on behalf of the Okaloosa County Economic Development Council about Eglin Air Force Base. Eglin is left on a combat range known as the EMTB or the Electromagnetic Testing Barn. In the joint service panel of deliberations when they gave functional ratings to all the electronic combat ranges, Eglin scored highest with 65, and you can see the scores of the functional value scores of the other electronic combat units. (next slide)

In spite of this, the Air Force chose to dismantle Eglin as an EMTB, and discontinue Eglin's role of leadership in electronic combat. The plan to establish Edwards Air Force Base as the electronic combat single face to the customer, who ( ...) simulators from Eglin's range to (Cobb's) Systems to the Nellis Range Complex and leave the remaining assets that they don't move there at the Eglin range in support of the weapons testing and training. They also plan to close Redcap, which is in New York and ...., which is in Fort Worth, which are Eglin-controlled sites, and move their assets to Edwards, and upgrade Eglin's .. and quake chamber, so they can accomplish the EC mission at Edwards, and Eglin now goes at a cost of \$140 million. (next slide)

The Air Force has stated and the facts people say that \$140 million over 20 years and have no adverse impact upon the Air Force Special Operations Command, Air Combat Command, or other users of Eglin's Electronic Combat Range. (next slide)

In reality, these actions are going to increase the costs of electronic combat testing for the following reasons: The cost of doing business is going to increase civilian pay and contractor costs -- contractor costs because of the distance between the Nellis Greens complex and Edwards, where they will be headquartered. The travel time, data reduction costs -- the data reduction capability of Edwards and at Nellis is quite inferior to what Eglin has right now, and, of course, all these costs are higher in the western U.S. than they are in northwest Florida. Temporary duty costs are going to increase dramatically for the Air Force Special Operations Command who now conducts their testing in more-or-less a local traffic pattern. The Warner Robins War Logistics Center will see increased ... costs, as will their combat command. In fact, the Air Force Special Operations Command estimates that they will spend an additional \$2.5 million a year when that .... is moved to the Nellis Range Complex. And, when it moves, there will be...tanker support required, because of the distance from the safety bases to the Nellis Range Complex. (next slide)

The Air Force has not computed in their costs of moving military construction program requirements. The Air Warfare Center, which is an air combat command unit at Eglin may have to move West, because of the ..EC mission's moving West -- that's really what the Air Warfare Center does. And it will certainly impact the stretch of operations command-east, electronic combat readiness, because you're quick reaction fixes as we had to do during Desert Storm will take much longer now because the point where we're required to test those things out in the Western U.S., as opposed to doing it at home on the Eglin Range. (next slide)

We would like to recommend, Chairman Dixon, that the Committee analyze the Air Force's decision on electronic combat to look at the total Air Force cost impact versus just the cost reduction of materiel command that the Air Force would realize. Look at the overall test and evaluation -- operational test and evaluation -- and electronic combat training impact on the Air Force that this move will require. And overall the soundness of this decision to dismantle the DOD electronic combat range, which has been rated highest in functional value in recreating in the Western United States in a time ... really defining military presence. That concludes our statement, sir.

**Chairman Dixon:** Thank you very much, General Gillis, for that fine presentation. Now we're pleased to have the distinguished Congressman from Orlando, my old friend, Congressman Bill McCollum. We're glad to have you here.

**Congressman Bill McCollum:** Mr. Chairman, I'm very glad to be here with you today. I'm here to represent the City of Orlando, the County of Orange, as well as the Economic Development Team, Commission of Southern Florida. And, I'm here on two installations. And, I know in five minutes, that's hard to discuss, but I've prepared a statement I'm going to submit, and as we used to do in Congress, I would submit it for the record, and I'm going to summarize it, and ... for the record.

**Chairman Dixon:** It will be reproduced (in/for) the record.

**Congressman Bill McCollum:** There are two installations. The first installation is the Naval Research Laboratory Underwater Sound Reference Detach in Orlando, which is scheduled to be transferred to Newport, Rhode Island ... -established in its present form. In short, this is a laboratory which conducts the calibration of standards of the Navy for sonar for all the underwater transducers. It's been doing this for years; it's fifty years old, ... the old Bell Laboratories in WWII. The issue that I want to raise to your attention, is that I think there's substantial deviation in the decision of the Department of Defense to do what it's doing in this case, from three criteria on your -- your criteria. One of those is the criteria that involves the current and future mission and operational readiness. Another is the one that involves cost and manpower implications. The third one is return on investment. I'll put it very simply to you that the facility in Orlando is unique; it's a small facility. You have all civilian employees; about 105 of them; no active-leave military. There's a lake, called Lake Leesburg, which is one of two lakes that these tests are conducted on, and that lake is unique; it's spring-fed; it has a depth of 60 meters; there are a lot of other technicals that are in your material that you can look at. There is no other facility, no other lake, no other body of water in the continental United States capable of doing the kind of testing with the accuracy that it's done at this facility. And, I don't see any reference to any material which we've been given by the Navy that indicates that they've taken this into account, and what's that's going to do to operational readiness. I don't think the technical people looking at it fully realize or appreciate what they've got here. In addition to that, you've got fifty years of testing that's been done in this particular temperature and this particular condition to compare this sort of stuff with. And, I understand from the technicians involved that you simply can't start all over again somewhere else in a colder body of water and come up with the same kind of answers and the same attitude and ... they do. Plus, 10-to-20 percent of the personnel are the only ones that are going to move to Rhode Island when they go to this facility, and that's a lot of expertise that will be lost. I think that that's military value that's lost. We've got questions out to the Navy now; and the other issues on the dollars and cents we'll be able to present to you in much more detail through the process when we get those answers back.

I want to turn to the Nuclear Power School question, next, in Orlando, very briefly. Currently we are a closed Naval Training ... in Orlando. One of the components of closure was Nuclear Power School and the School A that supplements it, scheduled to move up to New London, CT. Last base closure, the decision was made not to close the subschool there; as a result of that, the cost of the move has increased dramatically. Originally it was projected to be \$46 million. The staff of last (the tanks commission add) another \$50 million, estimated \$96 million cost to move. It's turned out it's \$162 million. So the Navy now says, Let's move this to Charleston, S.C., and build a new building there, and school -- and all it's going to cost us \$147 million, giving \$15 million in savings. It's not good enough. They have no consideration of what is the obvious, which is to leave that portion of the Nuclear Power School of the Naval Training Center right where it is in Orlando today. It would save you \$140 billion plus, if you did that. There needs to be a COBRA analysis. I hope that your staff can encourage them to look at this, and see just what's there. Orlando's going to keep its Navy Exchange when those bases close, because it's biggest money-revenue producer of the retirement community in the entire United States Navy. The recreational facilities are going to remain there; houses are going to be there; and the Nuclear Power School is one of the most modern facilities that the Navy has. The buildings are there; the community would like to keep it; and there's no savings involved in this. It was just going to be moved to New London where it makes sense where the rest of the Nuclear Navy is. Nuclear Navy is not in South Carolina. There are a couple of follow-on schools there that may save a little bit of money, but most of the follow-on schools are elsewhere. So, I would suggest that when we finish our look at this, and we want you to look at it, that you're going to want to add this on and look at redirecting and where it's being redirected to.

Last, I want to comment on something that's not on the list; I'm not going to talk about it today, but I'd just like to alert you to: We are a loser, and it's not on your list for us to look at, in Orlando of the Armstrong

Laboratory, which was scheduled to move from Arizona, Williams Air Force Base to Orlando by the 1991 Commission. And, at some point, whether it's Arizona or somewhere else, I need to present to our argument on that case. It was not scheduled today. We have the two leading simulation centers for the Navy and Army in Orlando already, the Department of Defense planned to consolidate all three Air Force, Navy, Army there, but, for whatever reason, the Air Force has asked you and the Department of Defense has asked for a redirect of that facility, and we, at some point, when the time is right, really would like an opportunity to argue that case. But going back to Nuclear Power at the end, above all else, to come away from this, I would hope you would take a serious look at this. The question of putting Orlando back on and seeing if a redirect really doesn't make a whole lot more sense. Thank you, Mr. Chairman.

**Chairman Dixon:** And, may I say to you Congressman McCollum, that I've asked my Staff, (David Lyles) to see that somebody contacts you with reference to the ... (re opportunity to argue the redirect, Arizona)

**Congressman Bill McCollum:** Thank you.

**Chairman Dixon:** We're delighted to have ... Mr. Don Slesnick who is the Executive Committee of the Greater Miami Chamber of Commerce, who is making a presentation, I believe, today. Thank you for being here, Mr. Slesnick.

**Mr. Don Slesnick:** Mr. Chairman. Members of the Commission. Thank you very, very much for having this time allotted to us to come here today. Mr. Chairman, I first of all ... you for the record the binder which was, I believe, presented to all the members of the Commission regarding Homestead Air Reserve Base, and the 301st Air Rescue Squad. And, if you would accept that, this will encompass a lot of criteria we won't have to go into detail today, and will provide ready reference for your staff looking back over our remarks. I come here today to, like to confirm with you, take issue with our learned friends and fellow Floridians from the Patrick Air Force Base area and, of course, it does not make us happy to have to take issue with fellow Floridians over the location of ... units that we are regretful that the Air Force has put us in that position. In the grand scheme of things, the relocation of one military may not seem too significant to some people, but to Homestead Air Reserve Base, this is truly critical, in fact, could be a life or death issue for the South, State, and the community. The 301st Air Rescue Squadron represents 50 percent of the assigned units to the newly created air reserve base, which was created by Act of Congress, when it accepted the 1993 BRAC recommendations. After losing Homestead Air Force Base to Hurricane Andrew in 1992, the Dade County community ... new life -- new post-hurricane life -- with the '93 BRAC recommendation in determining that a air reserve base should be created. And this would be forming the Federal Government's portion of a grand public, public-private partnership; the reason I repeat "public" is the "public" to the "federal" part, "public" for state and local participation; and "private," of course, for private industry to be drawn to a newly-established military-civilian commerce park, industrial park, and Air Force facility. And, this is a complex that really is the future of South Dade County's hope and lack of despair for the failure of other industry to move back into the area after the hurricane. This was recognized by the Department of Defense as a model reuse plan, as it was created, and has been held up to other areas of the country. And, I would refer you to item charts ... charts that have been put here on the stands. The military portion of this represents one-third of the acreage of this reuse joint plan. Let me just point out to you, if I may. This is the military portion in blowup size; this is basically, the 482nd portion; and this is the 301st portion. These are, again, depicted in your binders, that you can look at later. And, ... it goes from the 301st to the 482nd, there are a number of joint use facilities that are projected to be built by the appropriations of Congress for use of both the Wing and the Rescue Squadrons. This is a representation of the entire complex of the old Air Force Base land, and this is the portion that this chart represents. This is the portion that we're putting in jeopardy by the removal of the 301st from the equation. We also could be putting this portion in jeopardy, which is the National Guard, NORAD Squadron, which is scheduled to return to this base, based on its expectation of what it will find the Air Force supplying for support at this end of the runway. And, I'll leave those off, because without those two, you can see that the model plan takes a major setback. The 301st new construction represents 70 percent of the military construction projected for this plan. Also, as I mentioned, joint use by the 482nd and 301st Air Rescue Squad is entrusted by several, if not more than several of the buildings that were projected to be built. Co-location of two units, the 482nd and the 301st, served by the creation of the Air Reserve base, make maintenance facilities more efficient, and also create more valuable. The return of the Air National Guard NORAD unit was based on their determination of what the Air Force would have as far as service and capabilities down at the other end of the runway.

To describe the entire plan dateline, and we have put it in the book under Section Tab IV. The concept ... by DOD is a model for the basic use, and the removal of the 301st from this model would be disastrous, at best. The 301st alignment elsewhere could easily start a chain reaction affecting other units in the future, in the immediate future. It also represents the possibility that the very small savings that was generated by the Air Force and then repeated by Edward Air Force Base representative, the very small savings that was projected by the Air Force, if, in fact, those savings are legitimately true, pale in comparison to the \$216 billion of private investment that we're putting in jeopardy by the removal of the 301st. This is a critical stake to this plan. We are just getting, and are just starting. And the only thing that Homestead Air Reserve Base, the only thing that the old

Homestead Air Force Base as part of this plan at the immediate moment is the 482nd fighter wing. And so we're still in the birthing stage. And the removal of one major and significant unit, is in fact, as I have said before, critical and disastrous.

Furthermore, the pairing of the combat fighter wing and the supportive air reserve squadron makes common sense to those of us who don't share a lot of military knowledge, but it also meets the military advantage of the 301st mission. The 301st is capable of supplying the necessary search and rescue support required by the daily operations of the 482nd. The two units have planned to share training facilities, office facilities, and maintenance buildings. Support is needed for the more than 20 training exercises that are called at Homestead annually which bring in other units around the country on TDY. And they come to there expecting that those training exercises, the capabilities of the 301st, the rescue and search capabilities of the 301st will be there and ready to support the exercise. The pilots and crews of the aircraft operating out of Homestead deserve the safety net of the co-located air rescue squadron. And, I don't need to say this, but I will, because I think it's awfully important -- we're talking about human beings here, that is, in search and rescue, every minute of delay could mean peoples' lives. Homestead is especially well-suited. This is where operations in politically troubled Caribbean Basin, and especially that has been seen recently and demonstrated by the recent Haitian intervention.

Relocating the 301st to Edwards Air Force Base is a duplication of effort in ..., in that there are already two active duty rescue squadrons located at that base. If it is the Air Force's intent to redirect the (mission post) to active duty minutes, which could possibly mean their relocation, then that proposal and the cost associated with that proposal should have been presented to this Commission as part of the calculation of savings or nonsavings by the recommendation of the Air Force to relocate the 301st there. Some of the Air Force assumptions and assertions are just not back there. Sending the 301st to Patrick may require as much as \$11 million dollars in military construction at that base. And that's taken from a recent proposal given to the 45th Space Wing. To erect to buildings and to rehabilitate old buildings that are delapidated, and some that are actually in condemned condition. The money for new construction at Homestead, and I stress this is a critical point, the money for new construction at Homestead has been appropriated by Congress, and has been signed into law, and it's ready for use. And, the Air Force making the gratuitous comment that it may run over that amount of money, and was not backed by fact. In fact, we know of no fact that suggests that there is going to be an overrun in the military .. of construction.

Part of the justification for locating the 301st at Patrick was based on the assumption that it will take a greater role in the DOD's space shuttle mission. And that was referred to earlier here today. Let me offer you this fact, that from April 1, 1994 to March 30, 1995, just one week ago, that the 301st provided 100 percent of the range support and 50 percent of the shuttle ... support; there were 15 shuttles since last year, and that equates to about 7.5 of the support by the 301st. The total amount of flying hours used in supporting those missions was 198 flying hours. However, during that same fiscal year, the 301st had a total of 1800 C130 flying hours authorized and 1900 H60 flying authorized. Thus, the support of the DOD's space program equated to 5.4 percent of the total hours in the air for the 301st. And, if you understand the expected shuttle missions will be declining, the number of shuttle missions will be declining, so the 5.4 percent of the the mission will be declining also. The 1993 BRAC, your predecessor Commission, found that the Squadron's primary mission was to support combat operations and/or simulations, and that it's space shuttle role was secondary, at best -- and had been supported by the 301st from Homestead historically. Maintenance costs in 1993 .... (Maintenance Costs, I believe, it's still Tab III.)... Yes, Tab III of the Book, Maintenance Costs have had to go much higher because of corrosion control requirements. At Patrick -- Patrick Air Force Base is situated on the Atlantic beach. It is exposed to constant wind blowing off the ocean directly across the aircraft. This reduces the life expectancy of the aircraft and the airframes. For corrosion reduction at such a location, the Air Force requires each aircraft to be washed monthly and rinsed monthly. This, in and of itself, with the limited wash ... capabilities of Patrick Air Force Base takes the aircraft off the line more than two days a month, just for the washing and rinsing requirement. However, in Tab III it's noted that the entire cost of the corrosion element is not present at Homestead Air Force base. And, just the cost of corrosion control and then the ultimated shortening of the life of each of those aircraft, add up to the fact that there will not be a loss of money by removing the unit from its temporary homing ... and taking it back to where it was supposed to be at Homestead. But, in fact, in the long run, there will be a savings for the taxpayer and the Federal Government. This corrosion does not stop with just the airplane; corrosion affects the medical gear; it affects the equipment that is used by the pararescue squad personnel and the parachutes. So, these factors, as I said, do not come to play at Homestead, and have to be factored into the comparative costs of keeping the unite at its temporary home of moving it back to where it was realigned by the 1993 BRAC Commission.

Recruitment: It's easier to recruit at the Miami-Ft. Lauderdale Metropolitan area, where the qualified personnel in these types of jobs, far more easy than in Brevard County or Central Florida area. In fact, for 10 years prior to hurricane, this unit ran at over 102 percent of personnel strength -- of strength that was allotted by the Air Force. And subsequent to moving to Patrick, it is now, in fact, suffering -- many deficiencies in its pararescue tactical unit.

The economic impact, we believe, and we urge you and your Staff to take another look at the economic impact. The figures that were provided to you looked at Dade County, as a whole. And for those of you who have visited, and I know some of you have visited Dade County and looked at the county, particularly since the hurricane, that you can just see the line of demarcation between Central and North Dade County and Southern Dade County where Homestead Air Reserve Base is located. And from 216,000 which is the area ... sometimes in total

destruction, there is great diversity between the amount of economic impact of that disaster and the unemployment situation, and the base of the fueling operation at Homestead Air Reserve Base and its joint use (pan) will be needed to refuel that area of the county. It's used the entire county to prepare the economic impact, and that's just an erroneous assumption, and it doesn't exaggerate the impact enough to really show this Commission and the people of the county the impact that this has on the people of Southern Dade County. As we say in our text in the book, we feel very strongly about this. We feel strongly because the support to the citizens of our county, and I wish all of you could visit South Dade County, which is at once a thriving and now is a struggling community, and a struggling community waiting and hoping and praying for the return of this economic entrant to their midst, and looking for the 301st return, and have been looking for the 301st return since the '93 BRAC Commission. We consider this somewhat a breach of faith. I mean, this was promised, this refueling of South Dade County, was promised by two Presidents, President Bush and President Clinton, the current Secretary of Defense, the 1993 BRAC, and if you had looked at Section II of the Book, you will see letters in there to Congresswoman (Carrie Meek), I think they deserve short reiteration. When she questioned what the delay was in bringing the 301st back, and why this was happening, Paul (Stein), Major General of the United States Air Force, on September '93 wrote to Congresswoman (Meek) that in accordance with the decision of the '93 Defense Base Closure and Realignment Commission, the 301st will return to Homestead upon completion of the new facilities. Homestead construction will take approximately three years. Total savings are estimated to exceed \$5 million by leaving them at temporary headquarters until such time as the construction is finished. And, if you turn back one page, November 10th, the Secretary of the Air Force, Sheila Woodall wrote to Carrie Meek saying, down at the very bottom, "It is an interim measure only, designed to save .... and meet the immediate needs of our Homestead Reservists caused by Hurricane Andrew's devastation." And in there she assures the Congresswoman that it will be returned. And, of course, we've worked under those assumptions.

We have overhead summarizing the points we tried to make here to you today. And, because of these points, because the material you'll find in the binder, on behalf of the citizens of Dade County, Mr. Chairman and Commissioners, I would urge that the 301st Air Rescue Squad remain assigned to its current signed place, which is Homestead Air Reserve Base, and be located there as soon as possible for the benefit of the citizens of South Florida. Thank you very much for the time you've given us.

**Chairman Dixon:** Well, we certainly thank you, Mr. Slesnick, for that very fine presentation on your behalf for the Greater Miami Chamber of Commerce. And, we'll hear now from the new Mayor of ...., Mayor Dick Greco. We're delighted to have you here, Mayor Greco.

**Mayor Dick Greco, Tampa:** Chairman Dixon. Commissioners. I've been here two days. I thought it was important that I come here.

**Chairman Dixon:** You look very experienced already Mr. Greco.

**Mayor Dick Greco:** Well, the reason for that, I was married 21 years ago.... I'm here today, because it's extremely important to our community, MacDill AFB, and I brought with me Mr. (Al Armstead?) Chairman of our MacDill Response Team since 1991, and Commissioner ... Chris (Hard?), and Don Barber, President of the Greater Tampa Chamber of Commerce.

MacDill is our community's single largest industrial (puller). It represents over \$2.3 billion a year to the economy of our area. MacDill is home to two joint unified commands: United States Central Command, which is responsible for all operations in the Middle East and in Africa, and the United States Special Operations Command, which is responsible for all special operations forces worldwide. MacDill is the only base in the world with two joint unified commands as tenants. These commands and their deployment requirements will require ready access to a secure operational runway. This requirement has been validated by the Chairman of the Joint Chiefs and the Secretary of Defense, and we've heard testimony with BRAC March 1, 1995. Further, Chairman Dixon, you and Commissioner Cox were briefed recently by the Commands on March 24th in Tampa, and they were able to reiterate that they cannot perform their mission without secure access to MacDill runway. MacDill began ... , a number of years ago, as an aviation training base for air cruisers in WWII and following the War, transitioned to a bomber base for B-47s and B-52s in the '50s and early '60s. Since the '60s the Base transitioned to a fighter training facility, but still maintained its support infrastructure for large aircraft. BRAC '91 .... MacDill and dispersed its flying mission elsewhere in the United States. BRAC '93 recommended transferring the airfield operations to the Department of Commerce. MacDill has been strategically important for many years dating back to its role as a staging base for aircraft during the Cuban Missile Crisis. This strategic importance .... today with MacDill being used as a primary staging base for the recent Haitian operations, Desert Shield and Desert Storm. The ... -ation Just Cause in Panama. It remains a primary contingency to ... with many DOD operation plans. MacDill continues to host today, operational aircraft training activities throughout the year, and supports aircraft, especially during the winter months when training opportunities are maximized in the Southeast. There are numerous overwater and land aircraft ranges near MacDill that were developed during the early days of the base, and continue today as primary aircraft training areas for all three services. MacDill has the largest runway .... complex in the Southeast. It has an EPA-approved fueling system... deepwater port that continues through a pipeline with 14 million gallon storage facility. Fuel is then dispensed through 27 hydrants to ...-ted aircraft on

the ramp. This entire system is the only one of its kind in the Southeastern United States. In addition, the base has five large hangars that can support almost any aircraft in the DOD inventory. The base is uniquely capable of supporting any DOD flying mission and especially a tanker bay. We strongly support the Department of Defense's recommendation to retain MacDill Airfield as an entirely Air Force-operated airfield, rather than to transfer it to the Department of Commerce. General (Fogelman?), Secretary (Windall?) testified before you that the Southeast has a shortage of tankers, and that their recommendation to station tankers at MacDill. This force structure would change and alleviate this deficiency, and we strongly support this recommendation. This is (basically) all we have to say on behalf of all the people of the Tampa Bay area, and over a quarter of a million who use this base or area or (carry staple) food there. We hope you take this into consideration. In case you have any questions of any of us, we're all here to ... . Thank you for the opportunity.

**Chairman Dixon:** Thank you very much Mr. Mayor. On behalf of this Commission may I express my profound appreciation to you, your excellency, Governor Chiles, Congressman McCollum, with a great group who has come here today to do a very fine presentation. You may rest assured that everything you said will be carefully evaluated. Thank you very, very much.

## GEORGIA

**Chairman Dixon:** The Great State of Georgia makes a 35-minute presentation here. On it, of course, we have his excellency, Governor Zell Miller, here. And with him is Mr. George Israel, Chairman of the 21st Century Partnership. Governor Miller, thank you for honoring our Commission by coming here. You are allotted 10 minutes, Sir.

**Governor Zell Miller:** Thank you Chairman Dixon. Commissioners Davis, Cox, Cornella and Kling. Let me thank you for this opportunity to speak on behalf of Georgia's military bases. Our bases, of course, have been well-served by the hard work and diligence of the many strong Congressional Delegations over the years, and especially through the hard work of Senator Sam Dunn in recent years; and I would certainly like to thank them. I would also like to salute the military and civic leadership throughout the State of Georgia for their enthusiasm and their efforts in preparing for this round of base closures. The Pentagon's recommendation to this Committee mirror our ... that every one of Georgia's bases serves a vital role in this nation's defense, and should remain open. But, we all recognize that our infrastructure must be realigned to match our nation's combat forces and, of course, the Defense Budget. And the difficult challenge you face is to take an independent, object look at Secretary Perry's recommendations to insure this effort retains the best and the most cost-effective military capability for our national defense needs. On behalf of Georgia, I thank you for allowing us to present some of the many reasons why the partnership between the Department of Defense and the State of Georgia makes good sense. Georgia has always had a good relationship with the Armed Services. We're anxious to continue that relationship, from the 24th Mechanized Division at Fort Stuart to the F16 pilots at Moody Air Force Base, the doctors and nurses we would employ from the Dwight D. Eisenhower Hospital at Ft. Gordon, our bases answered the call during the Persian Gulf War, as we always have and always will. Georgia's twelve bases represent a \$10 million investment, and 68,000 military and 42,000 civilian jobs. Under Secretary Perry's plan, Georgia will gain 796 military jobs, and in some cases, new missions. Let me take a few minutes to tell you about one of those stations, which I last visited in February.

Robins Air Force Base is a highly diversified multi-billion dollar complex. Its air logistics depot provides acquisition, maintenance, material support found nowhere else. Our depot workforce average 15 year experience. According to the Joint Services Working Group on Depots and the United States Air Force, Robins Air Force Base is above the top tier of Air Force depots. And, we believe it is not in the best interest of taxpayers to reduce the contribution this highly effective, highly cost-effective depot provides to the national defense. It is more beneficial to reward the best and most efficient depot with the opportunity to make an even larger contribution. I believe that what makes Robins Air Force so successful is that it also will serve our military well in the future. A dedicated and successful workforce is in place with excellent modern facilities. The State has provided education and training for the technical skills required today, and will continue to do so in the future. The aggressive cooperation between the Georgia Environmental Protection Department and Robins has resulted in the Department of Defense's award to the base for the best environmental quality. This guarantees the military clean air and water for missions for future requirements. Georgia's strategic location, Robins Air Force Base's mission, the only large aircraft depot east of the Mississippi River have historically combined the quick response to the national need in crises. Warner Robins will continue to do so in the future, providing the ..... maintains a strong and continuing presence. And in closing, let me point out that on March 20th, 1995, Robins Air Force Base was given the Commander in Chief's Installation of Excellence award for the best (base) in the entire Air Force. This achievement represents the Base's contribution to national security, every day, as it has for the past 50 years. And now we'd like to turn this ... over to Mr. George Israel, Chairman of the Community Support Group, who has more detail of the national military value of Robins Air Force Base.

**Chairman Dixon:** Thank you very much Mr. Miller for that very excellent statement. And, we're delighted to have Mr. Israel here.

**Mr. George Israel:** Thank you, Mr. Chairman. Commissioners and Staff. On behalf of the 21st Century Partnership, I want to thank the Base Realignment and Closure Commission for this opportunity to present certain pertinent facts here in regards to Robins Air Force Base and Warner Robins Air (Convention) Center. And, in fact, for ... of closure and realignment. You have the unenviable task of right-sizing the infrastructure of our military forces. We wish to extend a special greeting to each of you.

I'm Georgia's ... Chairman of 21st Century Partnership. First I'd like to tell you who we are. The 21st Century Partnership was formed in 1993. We represent over 1000 businesses and contributors, over 50 units of local government and 13 Chambers of Commerce. I also want you to be aware that a ...-military affairs committee has been in place for some two decades, but did not have the breadth, legal, and administrative mechanisms to receive or to spend money for the purposes of designs of the Partnership. Members of that Committee are supported with the Partnership's effort, and are represented by Mr. Tom Daniel, who will address you at a later point today. Right-sizing the Air Force involves selection of the optimum mix of depot facilities, a mix which ensures unquestioned support for the Air Force's many missions, which provide the best value for the taxpayers' investment. You're all aware of the statute that created the Base Realignment and Closure Commission, and the requirements that you deliberations be confined to a set of eight criteria. Using these criteria, the depot Cross-Maintenance Service Group, which was established by the DOD itself, to reduce duplication, excess capacity, and effective manage of available cross-service opportunities, evaluated all five Air Force Depots. Commissioners, I think we all must have faith in DOD's ability to make military judgments and to judge military value under the eight criteria, especially I, II, and III. As to IV and V, we don't intend to comment on these criteria. Robins Air Force Base did quite well. The result are a matter of record, and there are others who would like to comment at this time. Under VI, Economic Impact, we have hard, certified numbers provided by the Middle Georgia Regional Development Commission. Knowing I might be asked to testify under oath, I requested that they be provided to us with certification, which is in the book, and available to the Staff numbers for comparative purposes. I shall address this more fully later. But, in short, the Joint Cross-Service Group found the following with regard to Air Force Depots:

**Chairman Dixon:** Mr. Israel. I'm most embarrassed. Would you permit me to interrupt you, Sir? I'm embarrassed, because under the law, it was my obligation to place and your distinguished governor under oath. Let me do that for the record, or I am sorely derelict in my duty? Governor, may I ask both of you to rise? Do you solemnly swear or affirm that testimony that you have given to the Defense Base Closure and Realignment Commission is the truth, the whole truth, and nothing but the truth? I apologize. I apologize most humbly to you Mr. Israel.

**Mr. George Israel:** No problem. Do you want me to do the same?

**Chairman Dixon:** No, sir, you just did.

**Mr. George Israel:** I swear to tell the truth, the whole truth, and nothing but the truth of what I have said and what I'm about to say.

**Chairman Dixon:** You're sworn in.

**Mr. George Israel:** Under Criteria I, the overall mission requirements, the result was that Robins was rated green, one of only two out of five depots. Under facilities and infrastructure the result was that Robins was rated green, one of only three out of five depots. Under criteria III, contingency and mobility, the results, Robins was rated green one of three out of five depots. I also want to comment here this was the only depot rated green for location. Under community, the results, Robins rated green, one of four out of five depots. Under VIII, Environmental Impact, Robins rated yellow, one of four depots rated yellow, and the fifth rated red. Additionally, I note, perhaps, the factors rated here were important, but there are several factors that were not evaluated: One, is the Management Capacity. As the Governor's already mentioned, the base received the DOD Environmental Quality Program Award, which indicates indicates the ability to manage the environment. And secondly, water availability and quality, which was rated green, and for which we have un-limited quantities. Another ... thing for ... rightofway, is that of air quality. I know that wildlife and bacteria, and other factors are important, we got a lot of clean air, and bunches of it. In summary, when the Joint Cross-Service Group, DOD's own Cross-Service Group, ranked depots, Robins Air Force Base was ranked as one of only one of two depots in tier one. With two depots in tier two, and the fifth in tier three. Unfortunately, there's no place in your decision matrix to consider the histories of base and the love affair the Middle Georgians have always had for Robins Air Force Base. There is no place for the evaluation of the community partnership or its history. And practically speaking, there is no place other than under Criteria VI of what closure or realignment really even does to a community. There is nowhere the community support translates into real tangible military value. Then, the history of base, the local community, and the partnership between the two comes *prima facie* evidence of what might be expected to list for the immediate future (mission) requirements of accommodating contingency. In the community evaluation section, there was no evaluation done on the most important factor, and that is how community support translates

into this hard support for getting the mission done. I would submit that in the future, either the community be evaluated over this factor or community's four components be evaluated under Criteria I through VI, is ... the Criteria of VIII. The history of Robins Air Force Base dates back to 1941, when the community assembled some 3,000 acres of land and (deeded) it to the Federal Government. Over the course of better than a half a century, through local community actions, grants, and land swaps, the Base has grown to some 8,700 acres valued today at over \$50 million. In 1941, there was no City of Warner Robins, which numbered 51 souls in the 1940 census. But over the last 50 plus years, the City of Warner Robins has grown to a population of 44,000, ranking the 10th largest city in the State of Georgia. It is the only city, which is the home to an AOC, which sole reason for existence has been the support of the Air Force in our nation. That's why the slogan, Commissioners, "Every day in Middle Georgia is Air Force Appreciation Day." Over 50 years, zillions of federal, state, and local monies have been spent on roads, highways, bridges, schools, hospitals, not to ment on the hundreds of millions invested by private concerns. In fact, ... see what it would do to the economic impact, to the employment impact, as well as other considerations, much planning has evolved around the operation of the Base and the Air Logistics Center, a plan to provide a community infrastructure. Many ... facilities were initiated and were realized because of needs at the Base, of which the Base leadership made the community aware. Not to sound too gratuitous, the community did realize these actions were in the best interest of the community. In the 1950s the Base needed mechanics; the Vocational Training School at .... Bibb County responded with a vocational training program designed for the base. There was a need for housing; it was built. In the 1950s in the midst of Cold War ...., the County government allowed missile silos on their land. In the 1960s as the Viet Nam commitment escalated, there was a call for (A&P) Mechanics; the community responded. There was a need for a 4-lane highway, the State built Highway 247, which was engineered from funding. There was a need for housing, schools, hospitals; they were all built. In the 1960s there was a need for expanded higher education; the State and local communities responded, and Macon College was born. In the 1970s there was need for doctors in Central Georgia; Mercy University and Macon built the Medical that cost some \$7 billion. There was a need for technical training..... institutions funded to the tune of \$15 million and built to turn out electronics and avionics technicians. There was a need for new hospitals and housing in the County and ...., they were also funded and built. In the 1980s the Base needed continuing education and a ready supply of engineers; Mercy University built an Engineering School at a cost of \$20 million. In the 1980s there was a need for high tech training; the Middle Georgia Technical Institute was built and later expanded at at total cost of \$28 million from State and local governments. There was a need for engineering research support ; Mercy University responded as well as Georgia Tech and the City of Warner Robins and Houston County built a high tech facility at a cost of \$3.2 million in which to house it. In the 1980s there was a need for high tech medicine; both the Medical Center of Central Georgia and the Houston County Health Care Complex responded making complete tertiary care available. There are over 1000 available and built in Houston County alone. In the 1990s there was a need for solving the encroachment problem; it was solved, providing local zones and clearing access to individual zones. In fact, as we sit here today the State and Local governments are .... acquiring some 207 acres in south Bibb County at the three miles at the end of runway 32. All through this half century there has been solid support, a real partnership between DOD and every community, to the State and Local governments. What does community support mean? How does it translate into real tangible military assets? There are three things: One is the workforce; two is the management at the Base; three is the commanders we've been blessed to receive. The workforce at Warner Robins is in large part born, bred, raised, educated, trained, and lived in Middle Georgia. That workforce is patriotic, energetic, innovative, capable and 15 more .... And, Commissioners, I want to make sure you understand this, There are thousands of Central Georgis families who have raised or are raising their children with the dream that they will go to college and, as it is said in the Central Georgia vernacular, "Git on at the Base." And those children .... do, "Git on at the Base." have "arrived." And there you have a motivated workforce with a real sense of purpose of what they do. The nation does. The majority of .. Middle Georgians know how to motivate their workforce for unparalleled productivity, effectiveness, and efficiency, when they constantly strive to achieve ... and .... And, third, we've been blessed with effectual commanders able to motivate middle management and the workforce toward unprecedented goals always setting the standard of its entire force of excellence. When you put all of these factors together, you get integrated product teams; you get Team Robins, which can move the productivity (grill) to a dimension called by Dr. Peter (Singhe), a foremost management authority, "The Fifth Discipline." A management and Product Team capable of an evolution, yes, even a transformation into an organic, learning organization, capable of creating synergies where one plus one equals three. Seldom is this achieved in the private sector; it is unheard of in the public sector, but there it is: Robins. That is why Team Robins is the Best of the Best, and received, as the Governor mentioned, the Commander in Chief's Installation Excellence Award. The Best Air Force Base in the World. Robins Air Force Base and the Air Logistics Center clearly meet and exceed all current and future ... requirements which might be expected of an integrated air logistics center and Air Force base. Plus, as was mentioned, this is the only aircraft depot east of the Mississippi River in close proximity to Ft. (Stewart), some 150 miles away, home to the 24th Infantry Division Rapid Deployment Force. And due to location, Robins is the Depot of Choice to support our ... for the 82nd Air Borne, the 101st Air Assault, and the 10th Mountain Division, three of the rapidist deployment forces. Yes, we are closer to Africa, the Middle East and Europe by hours when hours can make a difference. The Base consists of 8700 acres under direct control of DOD, all of which, .... is not being utilized for either operations or logistics support. Its facilities have a replacement value of some \$4 billion, consists of some 1.4 million square feet of hangar space, one million square feet of .... space; 1.4 million

square feet of maintenance space; and 1.7 square feet of administrative space. And they are among the most modern, state-of-the-art in the world, with over 300 million having been committed to new construction and renovation just over the last ten years. Its runway is one of the longest and widest east of the Mississippi River at 300 feet wide, 4000 feet long and two one-thousand-foot overruns. It has twice the load-carrying capacity of Hartsville International Airport from which most of you came to this hearing. It allows it to function as an enroute alternative landing site for the space shuttle. And, our air space is rated green and unencumbered. Historically, Lovetts Air Force Base has met and accommodated all contingencies, all mission requirements, whether WWII, the Korean Conflict, the Viet Nam Police Action, Grenada, Panama, Desert Shield/Storm, and most recent, Haiti and Bosnia. I can assure you that the some 300,000 people in Central Georgia will do anything within their power and ability to support any future contingencies or mission requirements at Robins. As command power implications of our contingencies in the future mission of force requirements, you have a competent, capable, capable workforce in place of which I've spoken, but there is a limitless supply of at least sufficiently current and future requirements. I will say that you cannot, simply cannot replicate the community support or the offbase infrastructure provided at Robins. To do so would cost hundreds of billions of dollars. This slide simply speaks to that VltH criteria, Community Impact. But this slide .... the disparate economic impact of Robins as opposed to other Metropolitan Statistical areas which are home to an AOC. Most people find this slide puzzling, knowing that all AOCs are of a relative same size. The explanation is quite simple: The Macon-Warner Robins Metropolitan Statistical area is much smaller than the MSAs in which there are other AOCs located. Additionally, Central Georgia is relatively a poorer area, where their average income is well below those of the other MSAs in question. This total impact results in a much higher impact as a percent of total payroll. The greater the DOD employment and payroll is to total employment payroll, the greater the impact. This equates the benefitted jobs in our MSA from primary, secondary, and tertiary impacts of 70,000 jobs or an impact of 50 percent for a 3.54 to 1 ratio. These statistics and impacts were well documented in BRAC '93. There's a quick explanation to (Delsig) functions of electronic warfare, avionics, and other high tech efforts require a tremendous amount of outsource secondary (contract) support, which also provides employment in the MSA and further. Many of these jobs ... MSA are .... helping with the primary employment result in greater and greater disparate impact upon the tertiary jobs. We don't wish to belabor this point, but, when we examined the manpower force reductions under the realignment scenario, there is cause for alarm. This slide reflects those planned reduction from 1988 to the year 2001. These reductions are significant. Further, due to the fact it's related to the impacts of closure with respect to the ... that the economic impact of this job loss over this 13 year period is much greater than the impact of 1.18 to 1, which you have been furnished. I know you might be stretching it a bit about how we can protesting the loss of 534 jobs. But our concern is the BRAC and nonBRAC action, both the real-line budgetary manpower reductions over this 13 year period. First, the infrastructural base has it within its capacity. What's more, it's integrated to provide for more effective, efficient management and manpower support for the current and future missions. And, it continues. You also have tremendous community support infrastructure which has been designed, engineered and built for the 21st Century. Hundreds of millions of dollars have spent on roads, highways, bridges, hospitals, I can go on and on and on, on primary and secondary schools; three systems of waste water treatment have been sized and built to provide capacity through the year of 2040. There is ..... food, water distribution systems available on the base, and in the communities of Central Georgia, with unlimited capacity of water as we sit atop the Tuscaloosa Aquifer, one of the larger aquifers of the world. In solid waste disposal, there's available in sites of Macon, Warner Robins, and ...-ville homebase, Perry, as well as others, all meeting federal and state requirements. And, as an example, in just the City of Warner Robins, alone, it has another 50 years of capacity in its landfill. I have hit training for the workforce, which is provided through the year of 2026 to turn out electronic technicians, avionics, and (EW) technicians, (A&P) mechanics, and, in fact, as an example, we can train 783 aerospace sheet metal technicians every year. Hospitals with bed capacity and state-of-the-art medical technology. For today and for tomorrow. The Mercy University School of Engineering will continue to turn out engineers, electronics, avionics, aerospace, and provide strategic educational support and Mercy Engineering and Georgia Tech will continue to work with Robins in a partnership to provide creative, innovative solutions to the problems of tomorrow. Our environment is clear, whether water, land, or air. There are no environmental problems. Water is plenty; air and land is available, and air, clean air, well there's lots of it. And there's no smoke stack industry with which the base must compete for clean air. The infrastructure, both on the base and off for the community is in place, sized and ready to support .....the country during fireworks. Our future tells you that we will meet any and all challenges which may come our way, whether missions or contingencies. We have the people; we have the facilities; we have the management; we have the propensity; we can ... as the Air Force changes its mission. In the Southern vernacular we often say, "Don't worry 'bout the future, just load the wagon." Thank you.

**Chairman Dixon:** Well, we thank you, Mr. Israel, for a very excellent presentation on behalf of the great State of Georgia. We thank you, your excellency, Governor for coming here with your staff. And, you may be sure that all of your fine testimony will be receive our very careful evaluation. Thank you very much.

#### LOUISIANA

**Chairman Dixon:** The great State of Louisiana has sent word to the Commission that the State has selected to submit its testimony to the Commissioners this afternoon in writing; so, there will not be testimony from the

great State of Louisiana, but let the record show that this Commission is aware of Louisiana's in its welfare and that its testimony will be reproduced for the record, carefully evaluated by Staff, and ultimately ..... for the .... mission. Now may I inquire ... Are folks here from Puerto Rico? Oh, fine. Now may I say to my friends from Puerto Rico, we are gaining some time here. Do you have objections to being on early, General? Do mind giving your testimony now? Does it inconvenience you to go early? You won't have any problems with that? Well, then, I want to express my appreciation, General. Had both of you wanted to testify? Would you please raise your right hand, General? Do you solemnly swear or affirm that the testimony you are about to give the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you, Sir. We are delighted to have you here. This is a presentation by General Emilio Diaz-Colon, the Adjutant General of Puerto Rico at our Regional Hearing here in Birmingham, Alabama. And, General, we're delighted to have you, Sir.

## PUERTO RICO

**Adjutant General Emilio Diaz-Colon:** Thank you, Sir. ... Alan J. Dixon. Distinguished Members of this Commission. Ladies and Gentlemen. Good Afternoon. My name is Emilio Diaz-Colon. I am adjutant general for Puerto Rico. I am here today to representing the Governor, el senor (Bueno) of Puerto Rico, and as the Commander of the Puerto Rico National Guard, and as a concerned citizen of Puerto Rico. .... to this honorable Commission .. this point of view on this matter. A word, if you have any questions regarding that, please don't hesitate to let me know and I will try to answer them properly. Specifically, the friends of the Honorable William (B.).... has recommended to this Commission the (arriving) of Fort Buchanan. The recommendation will be used .... functions and will dispose of family housing. The recommendation will also help prepare our government retain certain .... for the United States Army Reserve, the Puerto Rico National Guard, the Army and the Air Force Exchange Service, and the increased .... school systems. Contrary to certain .... of the recommendation, the government of Puerto Rico would like the Defense Department to maintain the operations in Ft. Buchanan as they are .... complete. Specifically, Fort Buchanan will continue to be a subinstallation for Ft McPherson, providing a ... logistical organization support to our people in foreign .... foreign units. And, ..... However, if Fort Buchanan is realigned as recommended, the government of Puerto Rico is interested in having the land outside the (grapes) ... to the Puerto Rico National Guard. Ft. Buchanan is the only ..... Army installation in ..... It is also history of military installation dates back to 1920s. It was active in WWII and Korean War. In 1966 it was deactivated and turned over to the Navy. In 1973 it returned to Army hands. More recently during the Desert Shield/Desert Storm Operation, Ft Buchanan served as the primary (Caribbean) station for .. (1900 students there from Guam) .. In spite of the .....impact of its local economy, many jobs will be lost. And the complications that we will cost .....vigilance..... and residents will not be.... many services now provided at ..... politics of Ft. Buchanan .. served ..... It's Puerto Rico's unique characteristic, as a bi-lingual and bi-cultural community, the location of Ft. Buchanan makes it the ideal place from which...and Latin-American outreach programs. If this Commission decides to keep Ft. Buchanan and the rest of this ..... We respectfully request that the remaining lands of Ft. Buchanan be ..... be transferred to Puerto Rico National Guard rather than making it a surplus facility with the federal government maintaining the place. The Puerto Rico National Guard will consolidate operations of Ft. Buchanan including certain..... functions on the Puerto Rico National Guard military response system now located on the ..... island ..... Puerto Rico. In addition, the Puerto Rico National Guard has the framework to operate the moral ..... and recreation facilities for exclusive use ..... In fact, the system ..... Puerto Rico laws is similar to lot of ..... which you sought in around and ... use operation cost of these facilities. I urge you not to recommend realignment of Ft Buchanan. However, if this cannot be done, I request that careful consideration be given to the alternative of transferring the facilities of Ft. Buchanan to the Puerto Rico National Guard with the federal government retaining only the .....mentioned in the Base Realignment recommendation. That concludes my presentation.

**Chairman Dixon:** General, I appreciate you very fine presentation. Do you request that the letter from the Governor of Puerto Rico be placed in the record as well?

**Adjutant General Emilio Diaz-Colon:** Please, Sir.

**Chairman Dixon:** That request, as usual, will be accommodated, General. We thank you and your distinguished ... colonel for coming here today. And, you may be sure that the Commission will carefully evaluate your request.

Now, Ladies and Gentlemen, we're running a little bit ahead of schedule. South Carolina has 10 minutes, and then we have only three people so far who are requesting a public presentation. We're going to take a 10 minute break, and then we'll be back. It's quarter after two; at 2:25 we will resume, and the folks from South Carolina, .. Mr. Fink will be heard at 2:25.

SOUTH CAROLINA

**Chairman Dixon:** At this time we will hear from the great state of South Carolina, which is allotted 10 minutes. And, Mr. Fink, are you going to take the whole 10?

**Mr. Fink:** No, Sir. Admiral ..... and I will both share.

**Chairman Dixon:** Would and Admiral Anderson mind standing and raise your right hand? Do solemnly swear or affirm that the testimony that you about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you very much. Mr. Fink, how much time do you want of the 10 minutes?

**Mr. Fink:** Sir, probably 4-to-5 minutes.

**Chairman Dixon:** Well, you go right ahead, then we'll give Admiral Emerson what's left.

**Mr. Fink:** Thank you, sir. Chairman Dixon, Commissioners, Commissioners' Staff, other State Representatives, Good Afternoon. I'm Colonel O. J. "Skip" Fink, Jr., United States Marine Corp, Retired. I'm from the State of South Carolina.... proud to be representing the ..... state today. I had my initials before the other guy had his. .... Today we're here on behalf of the citizens of South Carolina, and elected representatives, we'd like to thank you for this opportunity to address the Commission. For South Carolina this is much the .....occasion in 1993. And we note that we are just ..... As we witnessed throughout the testimony today, this is serious business, with serious implications for not only the .....communities and the states, but for the country, as well. Joining me at the table this afternoon are members of the In Defense of Charleston Committee, led by Vice Admiral David Emerson, United States Navy, Retired from Monterey, and assisting him, Rear Admiral Bob (Able), and Captain Jim (Kim). I would .... to present and make some relative views ... recommendations as they pertain to the greater Charleston area, momentarily. We also have present today representatives from the audience from both the Sumpter and Butte communities, should their expertise be needed.

.... I realize our time is limited and the hour is late. Prior to turning it over to Admiral Anderson, I would like to note for the record, that a joint letter from our Governor and the Collective South Carolina Units Delegation has been submitted and it does address the impact of the ..... recommendations on the State of South Carolina as a whole. And, I would like to reiterate some of the points put forth in the letter. South Carolina understands the need for us to make a critical decision associated with downsizing the Department of Defense. Given the change in the military's ..... reduce the ..... as appropriate without unfairly ..... Notwithstanding the activities in our ..... for closure of South Carolina ..... We are heartened by the Secretary's of Defense's recommendation with regard to realignment and redirects into our state. South Carolina's ... proportion is more than any other state in terms of cumulative economic impact resulting from the three base closure rounds to date. The loss of Myrtle Beach Air Force Base in 1991, coupled with the closure in 1993 of the third largest naval base in the world, and the most efficient shipyard in the country of Charleston, speaks for itself. As a small state of limited resources and a per capita income of only 77 percent of the national average, we've given our fair share. We appreciate the 1993 BRAC decision to realign some DOD activities into the Charleston area, and at the same time, are hopeful that somewhere up .... you'll prevail in your 1995 deliberations. The specific 1995 recommendations we're looking at took us into the Charleston, Abraham, Columbia were welcome news for a state still working to overcome the negative impact of .... closure. Please be assured that South Carolina and the local government is prepared to assist in any way that we can to bring these recommendations to fruition. And in that regard, please not the following points that support the South Carolina bases.

Marine Corp station Buford, possesses the best training air space on the east coast of the United States and has the capacity to accommodate two additional F18 Squadrons, as recommended by DOD, with virtually no military construction requirements. The Naval weapons station at Charleston already houses the follow-on Nuclear Training facilities for the School House Training that's recommended to realignment from Orlando. Co-location training activities at the weapons station makes good sense from both efficiency and cost standpoints. Fort Jackson continues to be a dynamic center of learning for our soldiers. ....will afford more of our young Army soldiers an opportunity to benefit from the superior training environment at facilities already existing on the installation. (Shell? Shiloh?) Air Base with its ....., expanded range complexes, and mission growth potential stands ready for additional missions in support of DOD's restructuring. The Governor and elected officials appreciate your time an in entertaining some of these unique aspects of South Carolina. Without further ado, I'll pass the baton to Admiral Emerson, and then I'll return for a few closing comments. Sir.

**Chairman Dixon:** Thank you very much, Mr. Fink. You have five minutes, Admiral Emerson.

**VADM Dave Emerson, (USN, Ret.):** Thank you, Chairman Dixon Good afternoon, Commissioners. My colleagues and I are honored and grateful for the opportunity to present Charleston's case. We regret the closed

loss two of our good neighbors; they were reserve readiness command sub, and remnants for the fleet and industrial supplies command. Their loss may in small in size compared to the large loss Charleston suffered under BRAC '93 ..... Small or not, we will indeed miss them. As you know, Charleston's had a close relationship with the Navy for years. And every loss is a personal loss for the citizens. Charleston loves the Navy, and the Navy people love Charleston. We are gratified that the .... Naval Hospital in Charleston is to be kept open. Even after the Colors are hauled down at the Naval Base on the first of April 1996, the Naval Hospital will have more than 66,000 beneficiaries, of whom 11,000 will be active duty. The hospital is the nearest military hospital to a legion of airlift logistics air... anywhere ..... United in accordance. ... and evacuation attachment... Further, the hospital offers several other advantages, not least of which is pioneering effort of the joint demand Air Force and Navy medical facility is quite successfully being build. .... engineering ..... created by BRAC '93 moving along to the high energy phase, building is well underway, people are coming into the work area. We noted with great appreciation that the Department of the Navy has proposed and the Secretary of Defense has concurred the proposal to redirect the movement of the Nuclear Power School from the Naval Training Center in Orlando, Florida to the Naval Weapons Station in Charleston by ... the submarine base in New London. We believe that the Navy will indeed make several savings from that redirection. Construction costs, but especially travel costs. To some follow-on training at the Naval Weapons Station, Nuclear Power Training, ... already in place there. Students would report to school at the Weapons Station, ... Nuclear Power School or the Nuclear Field Day School and then ... hands-on training right there without moving as the nuclear power training... weapons... as proposed .... demilitarized submarines at ..... There are other advantages also of the School: proximity to the housing area near ..... facility, near the commissary exchange facilities, near medical and dental clinics, and it is not encumbered ..... site, the weapons site is not encumbered by any explosive ..... In other words, there's no possible danger from explosion of ammunition. I must not forget to mention that the Charleston area offers the best quality of life in the Navy for young enlisted men. The Best. For instance, a second class petty officer, that's a .... five, has the opportunity to buy a house in Charleston. Two other naval bases ..... offer housing for sale ... young petty officer can afford. I believe the ... of operating the Nuclear Power School at the Naval Weapons Station would be considerably lower, I don't know that that's than operating it at Orlando. One reason, the cost would be cheaper in Charleston. The construction cost would be much lower in Charleston ... nearly any other area of the country. And that reminds me of a car dealer in Monk's Corner, South Carolina, a small town near the Weapons Station. .... "Cars are like eggs. They're cheaper in the country." Well, naval facilities are.. Thank you very much. We greatly appreciate the opportunity.

**Chairman Dixon:** Thank you, Admiral Emerson. We thank you.

**Mr. Fink:** In summary, ....South Carolina has a long and distinguished history of supporting the recent military efforts. Their record speaks for itself. It's a bargain in terms of cost of living, quality of life for military families. It has ..... William's Field in support our Armed Forces. We appreciate the challenges you face in the coming months, and willingness to consider our state ..... South Carolina's military installations. No big binders, no movies, no song and dance. Ms. Cox, you've been there; you've got that T-shirt ..... on behalf of our community, we thank you...

**Chairman Dixon:** ..... see Mrs. Cox's T-shirt. Well, we thank these fine gentlemen from South Carolina for your excellent presentation. I'll always remember ..... Thank you all.

Now, Ladies and Gentleman, we go into the public comment period. And, I'm advised that there two gentlemen here, Mr. Robert E. (Hasten) of Florida, and Mr. Joseph T. (Stevens), Sr. of Georgia that are ready to make one minute presentation under the Public Comment. Would they both please rise and raise their right hand? Gentlemen, do you both solemnly swear or affirm that the testimony you are about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth? Thank you. May we have Mr. Hasten speaking on behalf of Patrick Air Force Base first, please.

**Mr. Robert E. Hasten:** First of all, before I begin my designated minute, I'd like to ask for just a little bit of extra time, 'cause mainly, on the official time, Patrick took 3 minutes, Homestead had 20 minutes.

**Chairman Dixon:** I regret that ..... that we can't grant that, Mr. Hasten. The rule on public testimony is always one minute. If I do it for you, I'm exposed at eleven more hearings all over the country. Please forgive me, but if you have written remarks, I give you my word as Chairman, they'll be totally reproduced in the record.

**Mr. Robert E. Hasten:** OK, since most of what I had to say deals with the .... in what the Homestead presentation had, I'd like to have access to that to be able to respond ... I also have some copies which I will submit which are quite similar to the Patrick package you've already seen, that had some additional information.

I'm a helicopter pilot of the 301st. I have been for five years. I've been in the Navy seven years. I understand extremely well, down to the most intricate detail of all the critical mission we're talking about in terms of space support, etc. But, to skip all that and get right to my minute.

Mr. Slesnick spoke of the 301st's part in securing the commercial and industrial future of Homestead. This future was realized, well, maybe military ..... indicates that as for the other units leaving Albuquerque, O'Hare, etc. He spoke widely about the need for co-location and pairing made common sense. This couldn't be further from the truth. The typical situation that we're seeing right now, today, in Kuwait, in Turkey, in the operation ... and location of units, these two units are not ... co-located. F16s don't support helicopters, they tend to support helicopters. We've only had two missions that the 42nd Tactical Fighter Wing in the past four years. Of those two, one was at Avon Park, which was much closer to Patrick Air Force Base. It was, in terms of quality, it was hands down the winner. And any missions or these 20 exercises .... speak of, are much easier, much more realistic for us to support them from Patrick. They spoke to this .... of needed rescue coverage for the 42nd Tac Fighter Wing, the 301st will not provide that. The Coast Guard will provide that. The Coast Guard sits 24-hour alert in Opelika today, right now, always has been, always will. I've been in a helicopter and watched the Coast Guard fly to pick military pilots who've been downed.

**Chairman Dixon:** Mr. Hasten, thank you very much. Now let me tell you what we're going to do. I know you had something you wanted to tell us further. Someone's going to come down to get your name, address, telephone number, and so forth. We're going to give you any material you want, we'll give you every opportunity to answer, and everything you give us will be put in the record. I promise you that. Thank you, Mr. Hasten. Mr. Joseph E. Stevens, Sr.

**Mr. Joseph E. Stevens, Sr.:** To clarify, I'm not from Georgia. I'm from here in Alabama. I'm originally from Georgia, and I very much concerned about these bases, and the military power government when it comes to crisis, in times of war and peacetimes, and you know. And I've taken a lot of these things into consideration ..... Some of them I agree with, some of them I disagree with. First of all, one and one don't make three. .... chicken lays the same egg. They don't fuss when we eat it. I think the .... this country could helped us over the years, ..... my term of service from '52 to '57, and bases I served at. When we went there, they were more-or-less helping us. There was deactivation from WWII; they were reactivated about the time the Korean War was over. But, in general form they didn't ..... military.....that..... I believe in the system that works, you don't try to fix it, you know. I think what this country's doing is cutting too deep. And I think we need to keep our ..... Now the future of our children, our ...., we need to work, so the rest of our nation ... have peace.

**Chairman Dixon:** Thank you, Mr. Stevens. For what it's worth, I agree with you. I want to thank all of our witnesses today for their valuable testimony before the Commission. Our experience has been that communities and their citizen elected leaders provide very important information to the Commission on the Secretary of Defense's Base Closure and Realignment recommendations. The .... have been very helpful to us on this mission. I want to thank the City of Birmingham, the State of Alabama for its hospitality. And for allowing the Commission to hold this regional hearing in this auditorium. Senators Heflin and Shelby ..... have been particularly helpful in the Commission during the preparation of this hearing. Once again, let me thank all the elected officials and staff who assisted us with base visits that led up to this hearing. And let me give special thanks to the communities surrounding all these installations, on the support that... they have shown to our defense personnel over many, many years. Ladies and Gentleman, this hearing in Birmingham, Alabama is adjourned.