

**DEFENSE BASE CLOSURE
AND REALIGNMENT
COMMISSION**



INVESTIGATIVE HEARINGS

MARCH 7TH, 1995

**ROOM 106
DIRKSEN SENATE OFFICE BUILDING**

WASHINGTON, D.C.



Executive Secretariat

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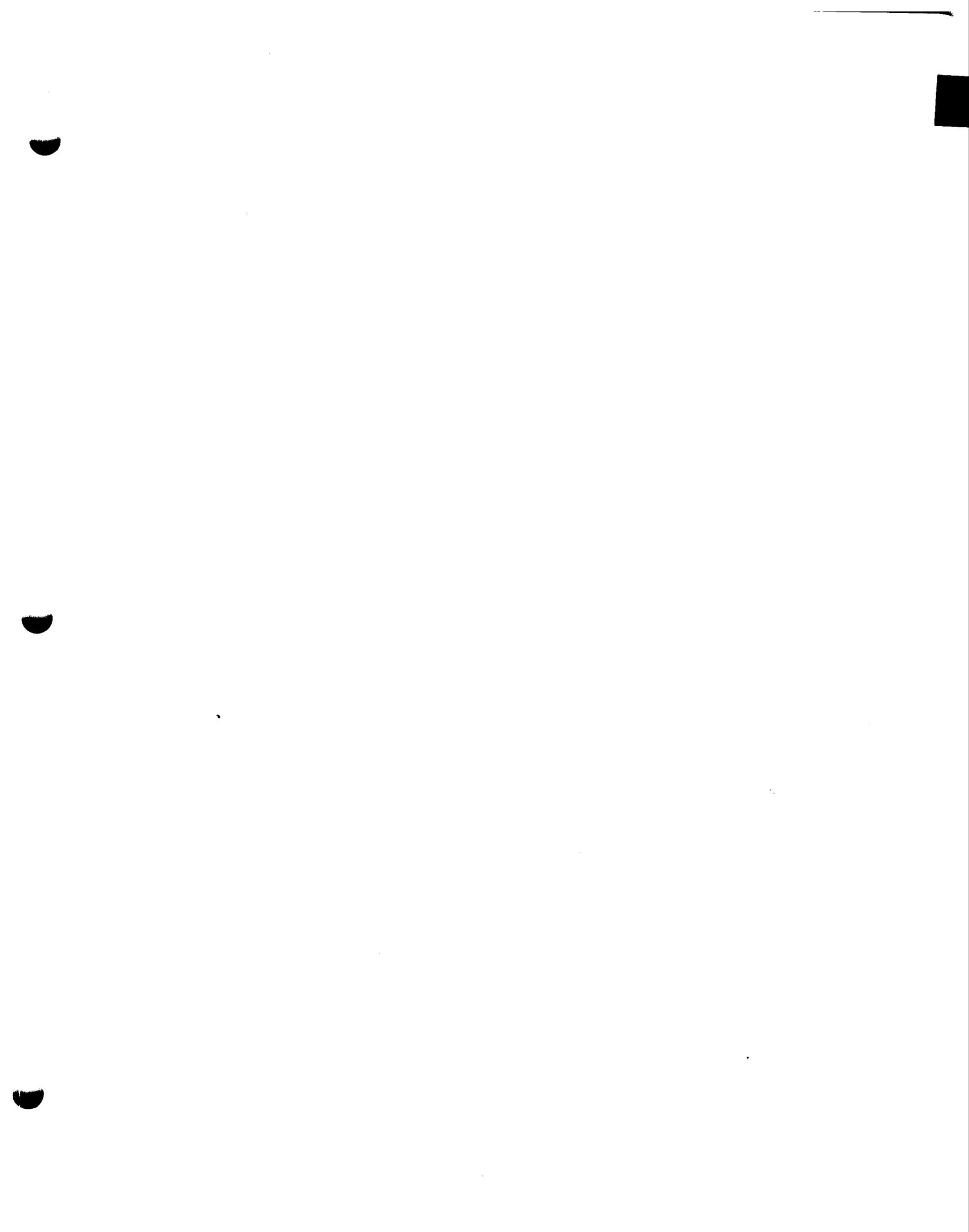
1. AGENDA FOR TUESDAY, MARCH 7 HEARING.

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3. OPENING STATEMENT - THE HONORABLE TOGO D. WEST, GENERAL GORDON R. SULLIVAN, THE HONORABLE ROBERT WALKER, BRIGADIER GENERAL SHANE.
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**HEARING AGENDA
MARCH 7, 1995
SD-106 DIRKSEN BUILDING**

9:00AM - 11:30AM MORNING SESSION:

Witness: The Honorable Togo D. West, Jr.
 Secretary of the Army

 General Gordon R. Sullivan
 Chief of Staff of the Army

 The Honorable Robert M. Walker
 Assistant Secretary of the Army (Installations, Logistics,
 and Environment)

 Brigadier General James E. Shane, Jr.
 Director of Management, Office of the Chief of Staff

11:30AM Press Availability

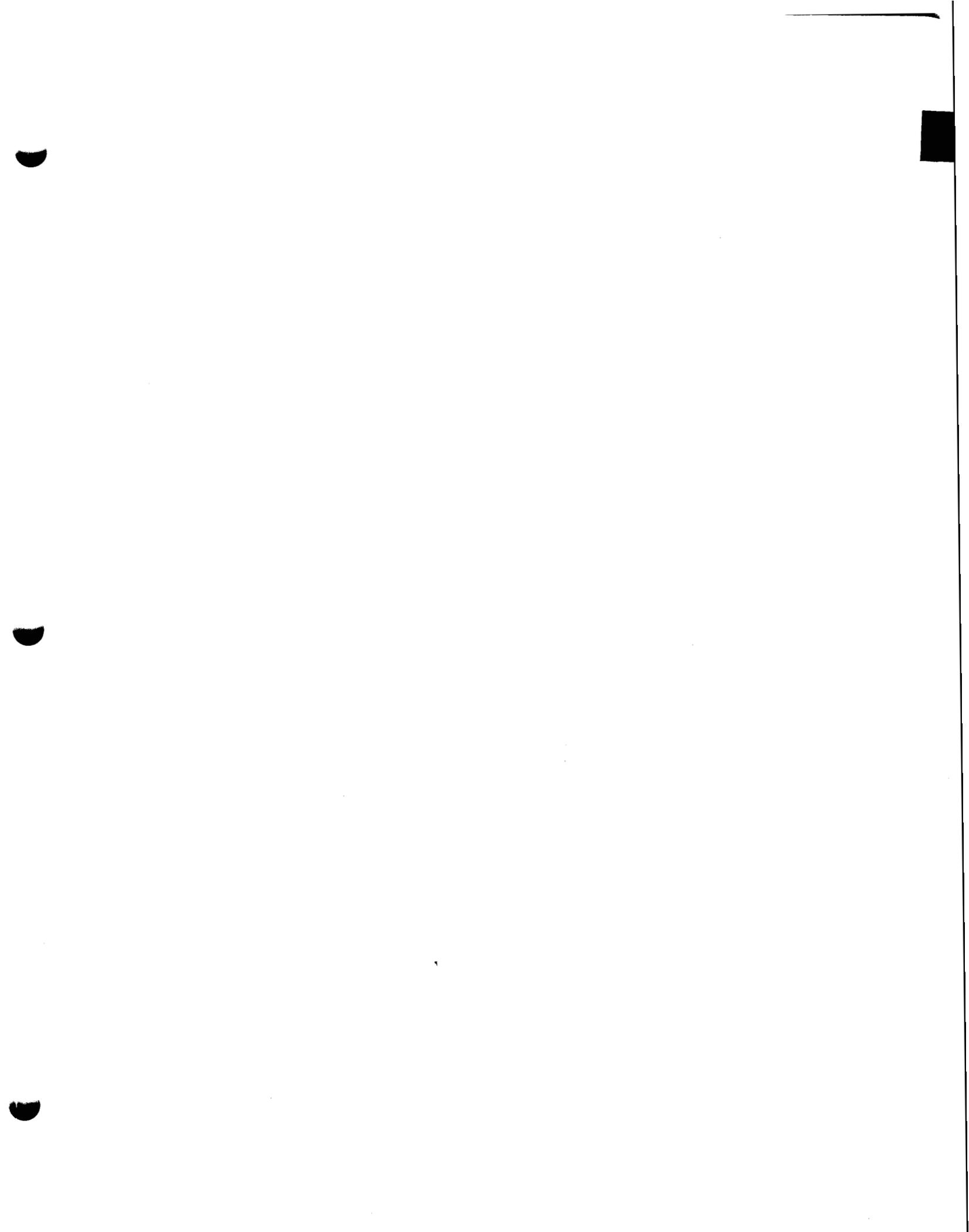
12:00PM - 1:30PM Lunch: SD-124

1:30PM - 4:00PM AFTERNOON SESSION:

Witnesses: Major General Lawrence P. Farrell, Jr., USAF
 Principal Deputy Director, Defense Logistics Agency

 Mr. John F. Donnelly
 Director, Defense Investigative Service

4:00PM Press Availability





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

INTRODUCTORY REMARKS OF SENATOR DIXON

MORNING HEARING

MARCH 7, 1995

WASHINGTON, DC

GOOD MORNING, LADIES AND GENTLEMEN AND WELCOME.

THIS IS THE THIRD OF FOUR HEARINGS HELD YESTERDAY AND TODAY AT WHICH THE COMMISSION IS HEARING FROM AND QUESTIONING THE SECRETARIES OF THE MILITARY DEPARTMENTS, THEIR CHIEFS OF STAFF AND THE DIRECTORS OF DEFENSE AGENCIES REGARDING PROPOSED BASE CLOSURES AND REALIGNMENTS THAT AFFECT THEIR SERVICE OR AGENCY.

WE ARE PLEASED TO HAVE WITH US THE HONORABLE TOGO D. WEST, JR., THE SECRETARY OF THE ARMY; GENERAL GORDON D. SULLIVAN, THE CHIEF OF STAFF OF THE ARMY; THE HONORABLE ROBERT M. WALKER, ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS, LOGISTICS AND ENVIRONMENT; AND BRIGADIER GENERAL JAMES E. SHANE, JR., DIRECTOR OF MANAGEMENT OF THE OFFICE OF THE CHIEF OF STAFF.

BEFORE WE BEGIN WITH SECRETARY WEST'S OPENING STATEMENT, LET ME SAY THAT IN 1993, AS PART OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994, THE BASE CLOSURE AND REALIGNMENT ACT WAS AMENDED TO REQUIRE THAT ALL TESTIMONY BEFORE THE COMMISSION AT A PUBLIC HEARING BE PRESENTED UNDER OATH.

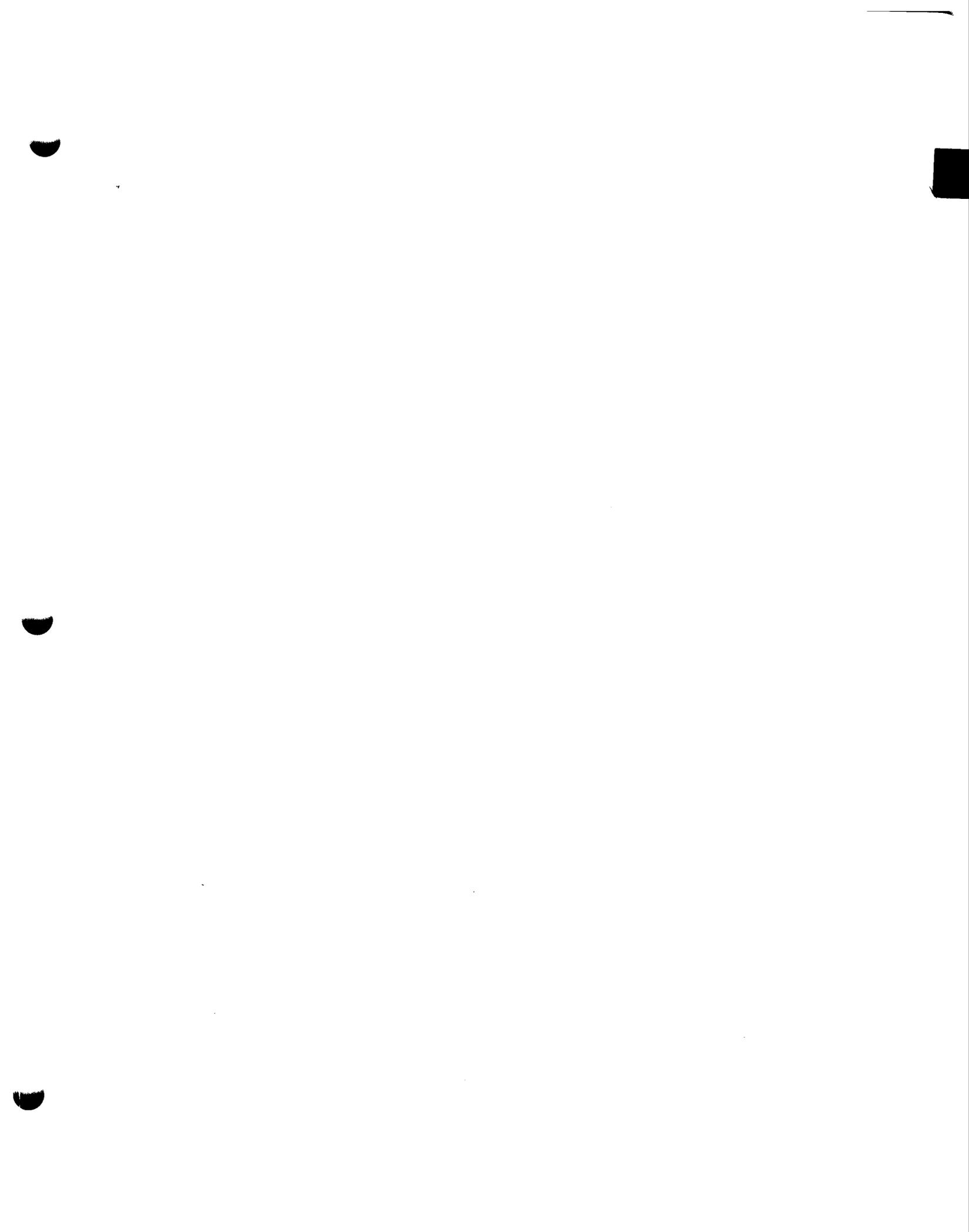
AS A RESULT, ALL OF THE WITNESSES WHO APPEAR BEFORE THE COMMISSION
THIS YEAR MUST BE SWORN IN BEFORE TESTIFYING.

SECRETARY WEST, GENERAL SULLIVAN, MR. WALKER AND GENERAL SHANE,
WOULD YOU PLEASE RISE AND RAISE YOUR RIGHT HAND.

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?

THANK YOU.

SECRETARY WEST, YOU MAY BEGIN.



**STATEMENT BY
THE HONORABLE TOGO D. WEST, JR
SECRETARY OF THE ARMY
BEFORE THE
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
MARCH 7, 1995
WASHINGTON, D.C.**

INTRODUCTION

Good morning, Mr. Chairman and members of the Commission. General Sullivan and I appreciate the opportunity to discuss the Army's latest closure and realignment recommendations and we hope that our comments assist you in the extremely important business that you undertake.

Much has changed since the first Commission convened back in 1988, under the auspices of the Secretary of Defense. Restructuring our bases is just one of many important steps taken to adapt to changes in the global strategic environment and develop America's Army of the 21st century. For instance, since that first Commission, we have:

- reduced personnel by over 450,000 soldiers and civilians
- decreased the active component from 18 to 10 divisions
- restructured the Army National Guard from 10 to 8 divisions
- accelerated withdrawal of 145 battalion equivalents from Europe
- reduced war reserve stockpiles from 19 to 5 modern sites
- removed all Army nuclear weapons from Europe and began destruction of all stockpiles; and
- closed 77 installations in the U.S. and over 500 overseas; *more than half of all DoD base closures have been Army bases*

Approving these recommendations expands upon these changes and makes it possible for the Army to move into the 21st century unburdened by excess infrastructure. Paying for installations no longer needed has an unacceptable price - decreased readiness. The nation cannot afford this price, if its Army is to remain capable of doing whatever America asks, whether providing nation assistance in Haiti, conducting peace operations in Somalia or winning a major regional conflict in Southwest Asia.

Today's strategic environment demands different capabilities and infrastructure. Our installations perform a crucial role in power projection and have become the launching platforms for America's Army to carry out its responsibilities in serving this nation. Hence, we must take care not to jeopardize our ability to respond in the future. We cannot close installations that may later be essential. Many installations are precious national resources that deserve to be protected. Closing installations that might be needed in the future or which might have to be replaced at great cost is senseless. In our military judgment, using our best projections, there are no additional installations that should close. Nevertheless, it is important that an acceptable procedure exists to make further changes, if necessary. Therefore, I encourage the Commission to consider the failures of base closure attempts prior to the BRAC process as you prepare recommendations for future base closures.

Closing and realigning installations has been a major component of the Army's efforts to reshape itself for the better part of a decade. Overseas, we are closing 7 of every 10 sites as evidence of the shift from a forward deployed force to one relying upon forward presence. In the U.S., the Army has made great progress in previous BRAC rounds, closing 83 installations and realigning numerous others. There is much more to do. We cannot afford to let this final opportunity to restructure installations for the Army of the 21st century slip through our grasp without making some aggressive, bold choices.

SUMMARY OF RECOMMENDATIONS

Before I describe our 1995 process and recommendations, I must convey one thought. As we considered our 1995 recommendations, we discovered that the 1988, 1991 and 1993 BRAC actions affected those installations that were somewhat easier to close or realign. Every single 1995 recommendation was extremely difficult from the perspective of both our mission and our people.

The Army began preparing for this final round of the BRAC process 1 1/2 years ago. A staff of 20 analysts visited over 70 installations, collected volumes of data and investigated numerous options for closure and realignment. To provide an operational context for planning and analysis, we developed a stationing strategy which, derived from the National Military Strategy, developed guidelines to govern the stationing of forces and influence the types of installations needed for the future. This operational blueprint described parameters for eliminating excess infrastructure without jeopardizing future requirements. We followed the Department of Defense's selection criteria by devising and applying a set of quantitative measures to evaluate and compare installations, their assets, their value and their importance. A staff of 7 auditors checked and double-checked our calculations. Over 100,000 man hours -- more than 60 man years -- of effort were expended before arriving at our recommendations.

The Army recommends closing or realigning 44 installations and sites. These choices were difficult, but absolutely necessary. Our latest proposals surpass all of the Army's previous BRAC efforts in the U.S. combined. By following a strategy of minimizing cost and maximizing savings, we estimate spending only one-third of what is being spent to implement three previous rounds (88, 91 & 93). Our proposed closures and realignments will enable us to save more than \$700 million annually. That is 17% more than is presently being realized from all closures and realignments to date. We plan to reinvest these savings to maintain balanced programs in the areas of equipment modernization, quality of life and training - important components of current and future readiness.

- Our proposals reduce infrastructure and overhead significantly:
- We are downsizing and reducing two maintenance depots with excess capacity;
 - We are closing or realigning five major training installations and capitalizing upon the efficiencies of collocating three schools;
 - We are closing three ammunition storage sites in accordance with a major restructuring plan;
 - We are taking advantage of commercial ports on the eastern seaboard, enabling us to close a major port facility; and
 - We are vacating several high cost leases and eliminating fifteen smaller sites that are not required.

We have profited from DoD's cross service examination across the Military Departments. The Joint Cross Service Groups support our depot and medical center recommendations.

Once again we seek to consolidate training for engineers, chemical specialists and military police to enhance training and reduce costs. This is the Army's and DoD's third attempt to accomplish this important undertaking. I recognize this has been an area of contention in the past. I would ask you to note the recommendation to close Fort McClellan received support from three successive Secretaries of Defense, two Chairmen of the Joint Chiefs of Staff, three Secretaries of the Army, spanning two different Administrations. I ask the Commission's careful consideration of this and all other recommendations.

CONCLUSION

Each successive Commission has helped us transform the Army to the demands of the 21st century. Without the BRAC process, we would be less effective in reshaping our infrastructure and reengineering our ways of doing business more efficiently. This is a collaborative effort and we look forward to working with the Commission in the months ahead. I am confident you will find our process consistent with all legal requirements and designed to produce the best recommendations possible. Throughout, our work has been rigorous and objective.

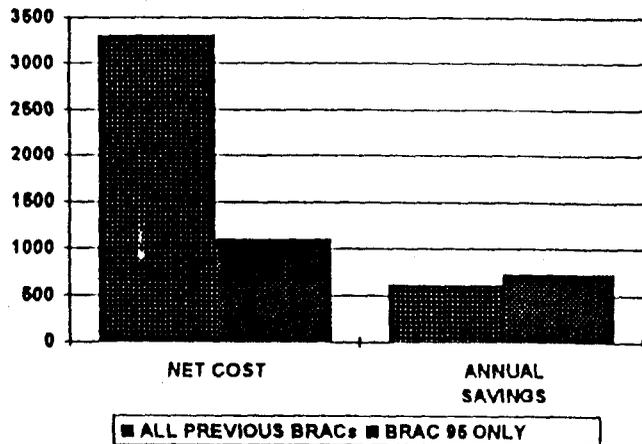
Let me emphasize that a decision to close or realign an installation is not just a business matter driven by bottom lines and cost analysis. This affects the lives and livelihoods of many men and women who have given years of dedicated service to the Army and the Nation. We ask much of our employees and families who are affected by these difficult decisions. The surrounding communities, who have supported our soldiers and civilian personnel, also suffer greatly by these decisions. Therefore, we pledge to help them to move on to new opportunities and find other ways to continue contributing to America. We also pledge to work closely with these good neighbors by continuing the 5 Point Program that President Clinton initiated in 1993 to expedite the process to find ways to use and develop the property the Army is returning.

The recommendations we have made have been difficult, but we believe they are the right choices for the Army and for the nation. The result will help to ensure that the Army is trained and ready to fight, to serve the nation at home and abroad.

Mr. Chairman, GEN Sullivan and I will be happy to answer your questions.

BRAC 95 IMPACT

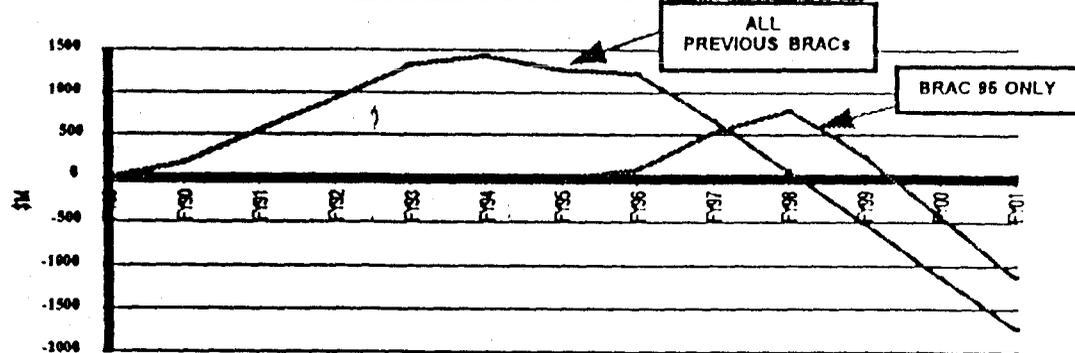
NET COST / SAVINGS IN AGGREGATE



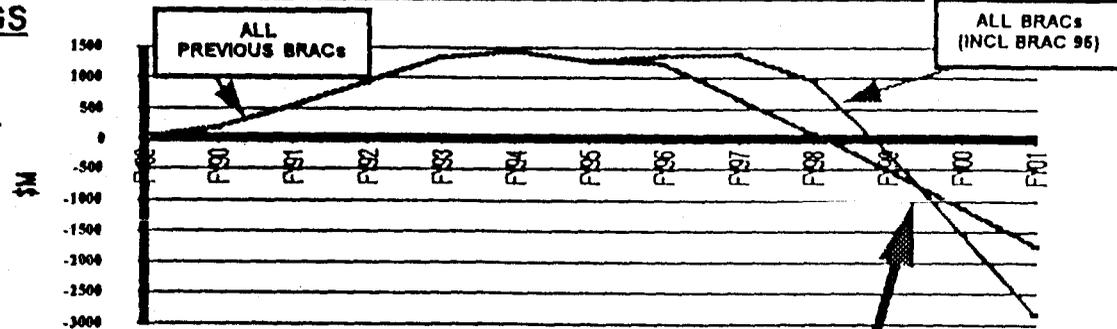
	# INSTNS (CLOSE/REALIGN)	COST	SAVINGS
PREVIOUS	83 / 14	\$3.3B	\$ 616M
BRAC 95	33 / 11	\$1.1B	\$ 725M
ALL BRACs	116 / 25	\$4.4B	\$1341M

NET COST / SAVINGS OVER TIME

COMPARISON BRAC 95 VS. ALL PAST BRACs



BRAC 95 EFFECT ON PAST BRACs - PAYBACK

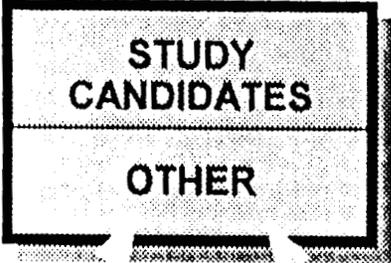


**BRAC 95 ...
ONE THIRD THE COST OF ALL PREVIOUS BRACs
YIELDS 18% HIGHER ANNUAL SAVINGS**

**INVESTMENT
BREAKS EVEN
BY FY'000**

ARMY BRAC PROCESS

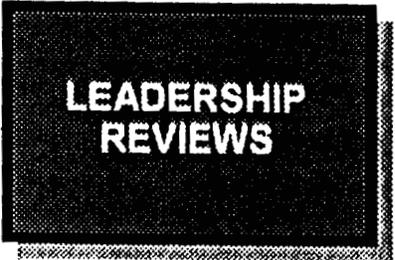
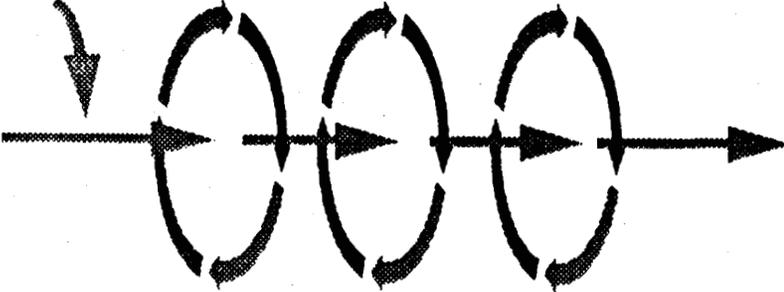
MILITARY VALUE ASSESSMENT



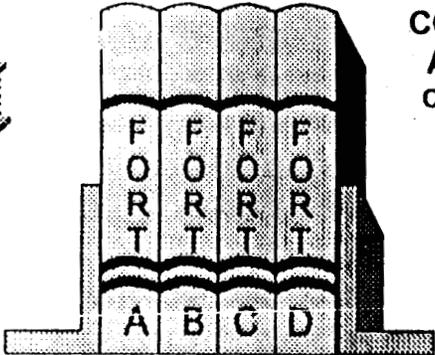
JCSG INPUT

FISCAL ANALYSIS
CRITERIA 5

ENVIRONMENTAL ANALYSIS
CRITERIA 8



OPERATIONAL REQUIREMENTS & FORCE STRUCTURE PLAN



INSTALLATION ASSESSMENTS
CRITERIA 1-4
• MISSION REQUIREMENT
• LAND & FACILITIES
• CONTINGENCY & FUTURE REQUIREMENTS
• COST & MANPOWER

ECONOMIC & COMMUNITY ANALYSIS
CRITERIA 6-7





GENERAL

1. Secretary West: Did the Office of the Secretary of Defense remove or add any installation closures or realignments from your recommendations to the Secretary?

If so, will you please elaborate on the specifics?

2. Secretary West: Did anyone in the administration instruct you not to place any specific installations on your list to the Secretary of recommended closures and realignments?

If so, which ones and for what reasons?

3. Secretary West: Did the Office of the Secretary of Defense instruct your Service to place or not to place any specific installations for closure or realignment on your listed recommendations to the Secretary?

If so, will you please elaborate on the specifics?

4. Secretary West: Will your service have excess capacity in any major categories or installation groupings if the Secretary of Defense's recommendations are accepted by this commission? Please elaborate.
5. Secretary West: Did you or the Office of the Secretary of Defense remove any installations from the recommendations solely for reasons of environmental or economic impact? Please elaborate.

6. Secretary West: Given the limitations on the base closure process by current Title 10 restrictions and the fact that excess capacity will more than likely remain after this last and final round under the current Base Closure Law, what method would you recommend for consideration in future base closure efforts?

7. Secretary West: Have you provided to the commission all of the information that you used in your decision-making process?

If not, would you please provide it within the next five days?

8. Secretary West: Some communities have expressed concern about inconsistent levels of cooperation from base commanders in preparing their rebuttals to the DoD proposals.

What guidance did the Army give its base commanders regarding cooperation with local communities during the BRAC process?

JOINT CROSS SERVICE GROUPS/ARMY

1. Secretary West: The 1993 Commission recommended that DoD look at cross-service issues in greater detail.

How did the Army consider/incorporate recommendations from the Joint Cross-Service working groups? How was this coordinated with other services?

2. Secretary West: Did anyone in the Office of the Secretary of Defense require the Army to include any of the alternatives of the Joint Cross-Service Groups in its recommendations? Please specify.

3. Secretary West: The 1993 Commission rejected the Department's recommendations to close Letterkenny Army Depot and directed that the tactical missile maintenance workload previously conducted at 9 different DoD depots be consolidated at Letterkenny.

What workload has already been transferred ?

What is the schedule for transferring the remaining workload?

How much has already been obligated in support of the missile maintenance consolidation plan at Letterkenny?

Has the Army re-evaluated the cost/benefit ratio of the missile maintenance consolidation plan at Letterkenny? If so, please comment on the results of the updated analysis.

4. Secretary West: The Joint Cross Service Group on Depot Maintenance suggested that air launched missile maintenance be consolidated at Hill Air Force Base; ground launched missile maintenance work be consolidated at Anniston Army Depot and the Marine Corps Hawk missile workload be accomplished at Barstow.

Why did the Army reject the cross-service team proposal and instead consolidate all missile work at Tobyhanna Army Depot?

5. General Sullivan: The Test and Evaluation Joint Cross-Service Group recommended that the Army withdraw its proposal to move the Test Battalion from Fort Hunter-Liggett to Fort Bliss. They were concerned about the loss of unique test capability at Fort Hunter-Liggett and the lack of an adequate test environment at Fort Bliss.

How did the Army address the specific concerns raised by the Joint Cross-Service Group?

6. General Sullivan: The Army's report to the Commission states that the undergraduate pilot training joint cross-service group suggested that the Navy transfer its undergraduate helicopter pilot training to Fort Rucker.

Do you believe Navy helicopter pilots can be trained at Fort Rucker?

In your evaluation, why did the Navy did not endorse this alternative?

GENERAL ARMY ISSUES

1. General Sullivan: Did the Army defer any installation categories or individual installations from consideration? If so, please explain why.
2. Secretary West: From Cold War levels to the end of Fiscal Year 1996, the Army will have reduced its force structure by approximately 37% worldwide.

How much has the Army reduced its installation infrastructure?

If there is significant difference, please explain your rationale.

3. Secretary West: Reuse of facilities that DoD disposes of is critically important to the community. It is an Army responsibility to ensure that the facility is reusable and to coordinate with or assist agencies or groups that desire to assume control of disposed facilities.

Did the Army consider reuse in development of its recommendations to the Commission?

Were any bases removed from consideration because of projected reuse problems?

MANEUVER

1. General Sullivan: Assuming that all of your recommendations are implemented, if the six ground maneuver brigades in Germany and Korea were to redeploy to the Continental United States in the next 2 years, will you have adequate space at the remaining installations to accommodate all of them?
2. General Sullivan: There are eleven maneuver installations in the United States. One of those installations has two division headquarters and five divisional brigades. With the current stationing of the ten divisions, it appears that there is an excess of two maneuver installations.

Did the Army consider closing any maneuver installations?

3. General Sullivan: The Army's report to the Commission states that maneuver installations must have the capacity to station 19 mechanized brigades and 13 light brigades. Current capacity is 15 mechanized brigades and 14 light brigades.

Since current capacity for light brigades is greater than required, why didn't the Army recommend the closure of an installation such as Fort Richardson which has the capacity for one light brigade and no capability to accommodate additional brigades even with construction?

4. General Sullivan: Forts Riley, Drum, Richardson, and Wainwright scored lowest on the Army's military value assessment among maneuver installations. None of them was recommended for closure.

Does the Army's requirement to be able to accommodate the 10-division Army within the continental U.S. effectively prohibit ever closing a maneuver installation?

5. General Sullivan: The Army's report to the Commission states that high costs associated with closure was a reason for keeping Forts Drum, Richardson, and Riley open.

Please identify those costs.

How long was the payback period?

6. General Sullivan: In reorganizing the 6th Infantry Division (Light) to a light infantry brigade task force, it appears that the modified table of organization & equipment (MTO&E) strength in Alaska has been reduced by 4,500 military.

Why is it not possible to consolidate activities in Alaska at either Fort Richardson or Fort Wainwright?

7. General Sullivan: Are you aware of the Air Force's proposal to extend the runway at Fort Drum while closing Griffiss Air Force Base?

Will the proposed runway extension be sufficient to accommodate all of Fort Drum's air mobility and support needs?

Is the Army willing to assume the cost of operation of that runway and airfield facility?

8. Secretary West: Did the Army consider closing Fort Drum, relocating the 10th Mountain Division to excess space on another maneuver installation, and saving the \$51 million cost of extending Fort Drum's runway?

9. General Sullivan: The Army announced significant restructuring late last year, which affected Forts Bliss, Lewis, Riley and Carson, among others.

Was the desire to maintain the existing maneuver base structure a factor in that restructuring?

Was OSD consulted in advance regarding possible effects of the restructuring on the BRAC process?

What guidance did OSD give regarding the Army realignment's effect on bases?

10. General Sullivan: Why is the Army moving the 3rd Armored Cavalry Regiment from Fort Bliss to Fort Carson and retaining one brigade there instead of keeping the 3rd at Fort Bliss, moving the brigade elsewhere, and closing Fort Carson?
11. General Sullivan: With the removal of one brigade from the 25th Infantry Division in Hawaii, will there be any partial closure of Schofield Barracks?

MAJOR TRAINING AREAS

1. General Sullivan: This chart shows the 1993 and 1995 military value rankings for major training areas.

Please explain why the Army now ranks Fort Chaffee as tenth out of ten among your Major Training Area installations when it was fifth of ten in 1993.

What caused Forts Dix and A.P. Hill to rise so significantly in rank?

Why is Fort Dix being significantly realigned when it is third in military value?

2. General Sullivan: Do your recommendations leave both Active and Reserve Component forces adequate remaining Major Training Areas?

3. Secretary West: In the Army's recommendation on Fort Chaffee, it states that it "...intends to license required land and facilities to the Army National Guard".

What does that mean? All of the 72,000 acres? Which of the more than 1,200 buildings?

4. General Sullivan: Fort Chaffee served as a major refugee center during crises requiring rapid relief when thousands of Southeast Asian and Cuban people fled to our shores.

Should a future contingency occur on such a scale, what other Army installation could replace Fort Chaffee if it is closed?

5. Secretary West: Fort Indiantown Gap is centrally located to the largest concentration of Reserve Component forces in the northeastern United States, and supporters contend this proximity has significantly contributed to saving taxpayer dollars due to less travel time to and from its training facilities.

Did your staff adequately study these cost savings and how they might off-set any savings from closing the post?

6. General Sullivan: I understand that the air to ground range at Fort Indiantown Gap is one of only fifteen in the country, and required three years of coordination to obtain.

What is the impact on Army and Air National Guard flight training if the active duty personnel who operate and schedule the Air-to-Ground Range depart?

7. Secretary West: You recommended that Fort Pickett be closed because it "focused primarily on reserve component training support." Yet you decided to leave open Fort A.P. Hill, which is not far from Pickett, "due to the annual training requirements of the reserve component."

Why was opposite logic used on two similar and closely-located bases?

8. General Sullivan: The three installations recommended for realignment (Forts Dix, Greely, and Hunter-Liggett) will no longer have even an Active Component garrison under your proposal.

How is this different from closure?

9. General Sullivan: Which of the ten Major Training Areas in the Continental United States were seriously considered for being relinquished to the Army Reserve or National Guard for operation and administration?

FORT McCLELLAN

1. Secretary West: The Army has again recommended relocating the Chemical School from Fort McClellan to Fort Leonard Wood. Responding to a similar request, the 1993 Commission recommended that the Army "pursue all of the required permits and certification for the new site prior to the 1995 Base Closure process."

Has the Army received these permits?

Is the Army pursuing these permits?

In the absence of such permits, do you believe your recommendation is in keeping with the spirit, if not the letter, of the 1993 Commission's recommendation?

If the permits are not available before the Commission's deliberation hearing, or this Commission rejects the Army's recommendation concerning Fort McClellan, is there another installation in the Training School category that should be closed to reduce excess capacity in this category?

2. Secretary West: In testimony before this Commission, Deputy Secretary of Defense John Deutch said that environmental permitting "is a process that the Army has got to go through before we would be ...willing to close Fort McClellan."

Given the time constraints on closures established in law, how long can you afford to wait for those permits?

By whatever measure you choose to use, at what point would the difficulty of obtaining permits and moving the Chemical School and the Chemical Defense Training Facility outweigh leaving them in place?

3. General Sullivan: Why does the Army need to continue operation of the Chemical Defense Training Facility?

Can't that training be simulated without using live agents?

4. General Sullivan: In recommending the closure of Fort McClellan, what weight did the Army give to the effects of the move on the prospective chemical demilitarization facility at the Anniston Army Depot? What do you consider those effects to be?

COMMAND, CONTROL & ADMINISTRATION

1. Secretary West: How does the recommendation to close Fort Ritchie affect the Army's support to area requirements of the National Command Authority?

Given the importance of Fort Ritchie's support to the National Command Authority, what alternatives to closing Fort Ritchie did you examine, and why did you eventually choose the "close Fort Ritchie option?"

2. Secretary West: The 1993 Commission requested a full evaluation of the unexploded ordnance situation at Fort Monroe, Virginia.

What is the status of that study?

Has the Army developed a cleanup cost for Fort Monroe? What is that figure?

Did the Army's consideration of Fort Monroe take into account the environmental cleanup costs of that site? If so, why?

3. General Sullivan: Now that the end state force structure has been decided and the Army is nearing the end of the drawdown, did you consider closing Fort Monroe and moving Training and Doctrine Command elsewhere?
4. General Sullivan: During BRAC 93, the Army Basing Study recommended that Forces Command develop alternatives for relocating units on Fort Gillem to Fort McPherson or other locations.

Did Forces Command act on the recommendation?

If yes, how did the results impact your decision to keep Fort Gillem open?

5. General Sullivan: The recommendations pertaining to Fort Hamilton, Fort Totten, and the Selfridge Army Garrison result primarily in the closure of family housing.

Why are savings realized if the Army must now pay basic allowance for quarters and variable housing allowances to soldiers who were occupying those family housing units?

MEDICAL

1. Secretary West: The Army is recommending the closure of Fitzsimons Army Medical Center in Aurora, Colorado.

What will happen to Fitzsimons Army Medical Center's role as a lead agent and referral center for a 13-state region?

How is the cost of expanding one or more other DOD hospitals' capacity to assume this role reflected in the cost/benefit evaluation of closing Fitzsimons?

2. Secretary West: The Army plans regarding Fitzsimons indicate that some of that facility's workload will be moved to Evans Army Community Hospital at Fort Carson and to the Air Force Academy hospital, both about 75 miles away in Colorado Springs.

Are those two hospitals able to absorb the increased workload?

3. Secretary West: In recommending the closure of Fitzsimons and the realignments of the hospitals on Forts Meade and Lee, did the Army consider the medical needs of the active duty personnel and their family members remaining in the area of the hospital to be closed?

What about retirees, survivors, and their family members?

Do you have any estimate of how much in additional costs beneficiaries in those areas will pay out of pocket following the closure and realignment of those hospitals?

4. General Sullivan: Even though not specifically stated, it is assumed that the Army is recommending the closure of Noble Army Hospital at Fort McClellan along with the closure of that base. However, the Army presence at the nearby Anniston Ammunition Depot is slated to grow, and that facility does not have a hospital.

Did the Army consider the potential benefits of keeping some medical capacity at Fort McClellan to meet the needs of the remaining military presence in the area?

5. Secretary West: Does the closure of Noble Army Hospital impact on the capability of Anniston Army Depot to perform its chemical demilitarization mission?
6. Secretary West: In 1993 the Assistant Secretary of Defense (Health Affairs) recommended the realignment of Patterson Army Hospital at Fort Monmouth, New Jersey, to a clinic. This list does not mention Patterson Army Hospital.

Did the Army consider the closure of Patterson Army Hospital?

How is the situation different this year than it was in 1993?

7. Secretary West: What are the opportunities to achieve such economies beyond the recommended closings of Fitzsimons Army Medical Center and Noble Army Hospital at Fort McClellan and the downsizing of the hospitals at Fort Lee, Virginia, and Fort Meade, Maryland?

DEPOTS

1. Secretary West: How did the Army incorporate recommendations from the Depot Joint Cross-Service Working Group on interservicing/consolidating of depot activities?
2. General Sullivan: Your analysis of military value for the four Army depots ranked Tobyhanna first, Anniston second, Red River third, and Letterkenny fourth. In your recommendations to the Commission, you recommend closure of Red River and realignment of Letterkenny.

Did you consider closing all four depots? If not, which depots did you exclude? For what reasons did you exclude them?

Did you consider moving production lines from Anniston to Red River? If not, why?

3. General Sullivan: What military attributes about Tobyhanna and Anniston Army Depots were so compelling that they were removed from consideration?

4. Secretary West: The Navy has recommended realignment of Naval Air Station Corpus Christi. Corpus Christi Army Depot is a tenant there, and relies on the Navy airfield for helicopter flight operations.

Does the realignment of Naval Air Station Corpus Christi to a Naval Air Facility impact on Army plans for Corpus Christi Army Depot? If yes, how?

5. Secretary West: The Air Force claims that it is more cost-effective to downsize all of their depots than close any. Did the Army consider this option?

6. Secretary West: In the Army's report to this Commission, comments on the alternatives presented by the Joint Cross-Service Group for Depot Maintenance pertain only to alternatives that result in losses to Army depots.

Are there any gains from other Services at Army depots as a result of the Joint Cross-Service Group recommendations?

If yes, do these impact on your depot analyses or recommendations?

7. General Sullivan: If your recommendations are fully implemented, will the Army depot structure retain excess capacity which could be used for workload from other services?

PROVING GROUNDS

1. General Sullivan: In the 1993 Army recommendation, the Army considered closure or realignment of Dugway Proving Ground, Utah. Ultimately it was excluded due to its unique capability to conduct chemical or biological testing. The 1995 recommendation calls for realignment of Dugway "by relocating the smoke and obscurant mission to Yuma Proving Ground, Arizona, and some elements of chemical/biological research to Aberdeen Proving Ground, Maryland."

What has occurred to offset the unique capabilities Dugway possessed in 1993?

Is the capability to conduct chemical or biological testing to remain at Dugway after realignment?

Is this recommendation in line with your primary stationing requirement which is, 'to maintain adequate acreage, range capacity, and facilities to support the Army testing program'?

How will the Army support Dugway's open-air testing program following this realignment?

2. Secretary West: The Test and Evaluation Joint Cross-Service Group questioned the Army's proposal to realign Dugway Proving Ground and recommended that the Army withdraw this proposal.

How did the Army address the specific concerns raised by the Test and Evaluation Joint Cross-Service Group regarding the uniqueness of Dugway, the risks of moving research effort, and costs to duplicate existing capabilities at Dugway?

AMMUNITION STORAGE

1. General Sullivan: You recommend realigning the Sierra Army Depot by removing its conventional ammunition storage and destruction missions.

Where will these missions be performed?

INDUSTRIAL FACILITIES

1. Secretary West: The Army's recommendation to close the Detroit Army Tank Plant and Stratford Army Engine Plant represent the closure of facilities designed for production of critical items (M1 tanks, tank and aircraft engines). Production of these items must require highly technical, if not one of a kind, equipment.

Does the closure of either the Detroit Army Tank Plant or Stratford Army Engine Plant facilities leave the Army without necessary facilities, equipment, skills, or industrial capability to meet mobilization requirements?

How many contractor personnel at each site are affected by the recommendations?

2. Secretary West: Why does your analysis of Detroit Army Tank Plant and Stratford Army Engine Plant shows no loss of jobs a result of these closures?

PORTS

1. Secretary West: The Army owns and operates three military ports in the US. As this chart shows, Sunny Point, North Carolina was ranked the highest in military value; Bayonne, New Jersey second; and Oakland, California third.

Please explain why you decided to recommend the closure of Military Ocean Terminal Bayonne, but disapproved the closure of Oakland Army Base.

2. General Sullivan: Given the emphasis on (and synergy from) interservice operations, what is the Army's requirement for continuing to own and operate military ports?
3. General Sullivan: Sunny Point was retained because it is the sole ammunition terminal in the Army inventory. U.S. Navy port facilities accommodate USN and USMC bulk ammunition requirements.

Please explain why a single Service could not accommodate Army, Navy, and Marine Corps bulk ammunition shipping requirements.

ECONOMIC IMPACT

1. General Sullivan: In its report, the Navy stated that it decided independently to avoid recommending closures in California due to the number of job losses already occurring there.

Did the Army establish any independent criteria for assessing economic impact?

If so, did that change the ranking of any Army base?

ENVIRONMENTAL IMPACT

1. Secretary West: OSD policy guidance directed that "...environmental restoration costs at closing bases are not to be considered in cost of closure calculations." The policy further states that "...unique contamination problems requiring environmental restoration will be considered as a potential limitation on near-term community reuse."

Were any installations not recommended for closure or realignment due to unique contamination problems?

2. Secretary West: Funding in support of environmental clean-up of BRAC 88 installations expires at the end of Fiscal Year 1995.

Is expiration of funding a potential problem?

What is the estimated cost of uncompleted BRAC 88 environmental clean-up actions?

How do you intend to continue to fund required clean-up activities?

3. Secretary West: As the Army made its closure and realignment decisions, what role did environmental compliance play in your analysis?

For example, did environmental limitations on a base's expansion potential play a major role in the analysis?

Were bases in Clean Air Act or other non-attainment areas viewed differently from those in attainment areas?

LEASES

1. General Sullivan: In 1991, the Commission approved the merger of Aviation Systems Command and Troop Support Command.

Please explain why the Army is disestablishing a command created just a few years ago.

Please explain what has changed that now makes relocating Aviation-Troop Command financially attractive.

2. Secretary West: The Army studied the offices of the Military Traffic Management Command in Virginia under the lease category. The Army report stated that "analysis was discontinued because realignment was not financially advantageous."

What alternatives did the Army find to be not financially advantageous?

3. Secretary West: The BRAC 93 Commission recommended that the Services review current leases to determine whether or not excess government-owned administrative space could be used instead of leased office space.

Did the Army review all of its leased facilities in an effort to get them into government-owned facilities?

What was the dollar threshold for the leases the Army reviewed?

4. Secretary West: We have received copies of two letters from the Army to the other Services requesting retention of facilities on bases recommended for closure in the Secretary of Defense's recommendation to this Commission. In one, the Army requests portions of the Naval Air Reserve Center, Olathe, Kansas; in the other Army requests portions of Brooks Air Force Base, Texas.

Were these two issues discussed during the DOD joint review process? If not, why not?

5. Mr. Secretary: Actions like these two letters are exactly what the Business Executives for National Security highlighted in their study concerning implementation of previous BRAC recommendations.

Do you think that the Commission should change the Brooks Air Force Base and Naval Reserve Training Center recommendations to reflect establishment of reserve component enclaves?

COSTS AND SAVINGS

1. Secretary West: Many installations studied for closure were ultimately deferred "because it was not found to be financially advantageous."

What were your minimum financial criteria for considering a base for closure?

2. Secretary West: A DoD press release on 6 February 1995 credits the first three rounds with closure of 70 bases and projected savings of \$6.6 billion over their 6-year implementation periods (FY 90-99) and \$4.5 billion annually after implementation.

Is the Army experiencing costs to close installations within or above the amount funded?

How have you incorporated this knowledge into estimates for this round?

3. Secretary West: Is the Army changing any of its execution procedures to accelerate realization of, or increase, savings from base closings?
4. Secretary West: Despite Congressional & GAO recommendations, costs of closures to other affected federal agencies is excluded from installation cost considerations on the rationale of high cost-vs.-low benefit of gathering and quantifying data.

Can you suggest a cost-effective alternative that addresses Congressional concern?

COMMODITY

1. General Sullivan: The Air Force has proposed moving functions from the Rome Labs in New York to the Army's Fort Monmouth, New Jersey.

Is there sufficient capacity at Fort Monmouth to accommodate the proposed move?

Did you incorporate the effects of this Air Force move when ranking Fort Monmouth against other commodity installations?



QUESTIONS FROM MEMBERS OF CONGRESS

QUESTIONS FROM REP. JAMES V. HANSEN, 1ST DISTRICT, UTAH

1. Secretary West: Are you aware that during the previous two rounds of base closures, the then Secretaries of the Army removed Dugway Proving Ground, Utah, from any further consideration under the BRAC process because of its unique military value and characterized Dugway as an irreplaceable national security asset? What has changed in the last three years to precipitate your recommendation to this commission?
2. The Army is proposing to move Dugway's Smoke and Obscurant mission to Yuma Proving Ground. Are you aware that Yuma does not possess the environmental permits from the State of Arizona required to permit open-air testing of this magnitude? If these permits cannot be obtained what are your plans for this important testing?
3. Are you also aware that Dugway already possesses these permits as well as well as all permits required for the open-air release of live chemical agent as required in other realignment proposals?

QUESTIONS FROM SENATOR DALE BUMPERS, ARKANSAS

The Army recommends closing Fort Chaffee, Arkansas, "except minimum essential buildings, and ranges for Reserve Component training as an enclave." The Army intends to license required land and facilities to the Army National Guard.

1. Has the Army identified which of Fort Chaffee's 70,000 acres and 1,000 buildings would be licensed to the National Guard, and which would be returned to the public for development?
2. As a result of the 1991 Base Closure process, Fort Chaffee has been dedicated primarily to the training of Reserve Component units and individuals. Was the Reserve Component involved in the decision to close Fort Chaffee?
3. How much will it cost the Army National Guard to operate the licensed portions of Fort Chaffee? Does the Army intend to provide the National Guard with the required funds?
4. The Army says that the annual recurring savings of closing Fort Chaffee will be \$13 million. How can that be, since the base's total FY 1995 operating budget is only \$9.7 million?
5. Does the Army's \$13 million projected annual savings consider the costs of continuing to operate the Fort Chaffee "enclave" and the extra travel costs involved for reserve component units that will now have to travel longer distances to places such as Fort Polk or Fort Sill?
6. In BRAC 93, Fort Chaffee ranked #5 among 10 Major Training Areas. In BRAC 95, Chaffee was ranked last among those same 10 Major Training Areas. What factors caused Chaffee's ranking to drop so much in just two years?

QUESTIONS FROM REP. ROSCOE BARTLETT, MARYLAND

1. What are the exact costs (and savings) associated with the proposed relocating of the Information Systems Engineering Command (CONUS) from Fort Ritchie to Fort Huachuca, Arizona? At the present time, figures show that 73 percent of the important telecommunications responsibilities fulfilled by ISEC is performed on the east coast. I am deeply troubled by a proposed change of station for this high-tech unit and the increased expenditures ties to meeting its mission from the west. Tell me -- specifically -- upon what basis this particular move is justified and what savings will be realized as a result.
2. The Army's recommendations state that the National Military Command Center (referred to as Alternate Joint Communications Site R) will be able to maintain its operational support even with the removal of those units from Fort Ritchie which currently have the task of supporting Site R. Given the unique and unpredictable geographic/weather/logistical demands of the region in which Site R and Fort Ritchie are located, how can a significant change in locations for crucial support units be justified and still maintain the operations readiness of Site R in both peacetime and crisis?
3. In my estimation, the missions of both the garrison (Fort Ritchie) and its tenants have become more demanding and exacting as a result of earlier BRAC action and increasing global tension and threats to our national security. The ability of the military to respond swiftly and adequately to crisis is clearly in jeopardy as a result of the recommendations in the Army's report. Please tell me how our total force requirements will be met with the reallocations and closures (involving Fort Ritchie) contained in the Army's report to the Commission. I am unconvinced that the military value will be enhanced as a result of the changes suggested.

4. It is a fact that designated potential receiving locations are not prepared to house and accommodate incoming units. Of primary concern to the Army in its criteria for site selection is the ability of existing and receiving locations to mobilize units, manpower and operations to meet any contingency. Fort Ritchie has historically proven that its mission is unique and that it can meet the Army's requirements at minimal cost. What benefits can you cite which justify relocating units from Fort Ritchie to sites which are not prepared to accept them?
5. The U.S. Army has recently invested nearly \$2 million in construction of an armory at Fort Ritchie. In addition, \$2.6 million has been invested in the construction of a new post exchange at Fort Ritchie. Construction of a newly-dedicated commissary at the post will total \$4.6 million. The post fire station will cost \$1.6 million and the restoration of the Fort's lake, dam, and spillway will cost taxpayers \$3.7 million. The Army's efforts to economically justify closing Fort Ritchie do not measure up to the reality of the investments made to keep the base in operation. The investments made in the facility make Fort Ritchie more likely to meet the Army's goals, not less. I assume that the Army's expenditures of millions of dollars of public funds for capital improvements at Fort Ritchie were made to keep the post open in operation. Please assure me that such is the case and intent.
6. In accordance with the jointness criteria, Fort Ritchie now hosts a joint organization (DISA). Was that important factor considered as part of the Army's evaluation?
7. Did the Army ever consider the conversion of 1111th Signal Battalion and the MPs to civilian space to avoid excessive construction costs for support facilities (ie., housing, dining) at Fort Detrick?
8. Was any consideration given to contracting out or having civilian security systems replace Fort Ritchie MPs? This would save transportation costs from Fort Detrick to Site R.

9. Was consideration given to realigning the organizations based at Fort Ritchie to other locations closer the Fort Ritchie -- such as ISEC to Letterkenny Army Depot or TAO (sic) to SITE R, or moving the 1108th Signal Brigade to Site R? Such a realignment could meet both the Army's goals, utilize Fort Ritchie's assets and save expenses.
10. What consideration has been given to realigning Fort Ritchie (ie, the garrison) to become a subpost of Fort Meade?
11. What consideration was given to using Fort Ritchie to support DISA Headquarters, thereby meeting DISA goals, consolidating resources and getting personnel out of leased facilities. This action would be consistent with future total force requirements.
12. What consideration has been given to Fort Ritchie being assigned to GSA and the property subsequently being leased back to the current tenants?
13. Did the Army coordinate--to an degree whatsoever-- with DISA to determine the cost of moving the Network Management Center?
14. With regard to environmental concerns: was consideration given to significant impact of additional personnel on Fort Huachuca's water supply system (which is critically short)?

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MAJOR TRAINING AREAS

BRAC 93 MILITARY VALUE ASSESSMENT

Fort Irwin, CA
Fort Polk, LA
Fort Greely, AK
Fort McCoy, WI
Fort Chaffee, AR
Fort Hunter-Liggett, CA
Fort A. P. Hill, VA
Fort Dix, NJ
Fort Pickett, VA
Fort Indiantown Gap, PA

BRAC 95 MILITARY VALUE ASSESSMENT

Fort Polk, LA
Fort Irwin, CA
Fort Dix, NJ
Fort A. P. Hill, VA
Fort McCoy, WI
Fort Greely, AK
Fort Hunter-Liggett, CA
Fort Pickett, VA
Fort Indiantown Gap, PA
Fort Chaffee, AR

PORTS

INSTALLATION ASSESSMENT

Bayonne, NJ
Oakland, CA
Sunny Point, NC

MILITARY VALUE ASSESSMENT

Sunny Point, NC
Bayonne, NJ
Oakland, CA

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4. It is a fact that designated potential receiving locations are not prepared to house and accommodate incoming units. Of primary concern to the Army in its criteria for site selection is the ability of existing and receiving locations to mobilize units, manpower and operations to meet any contingency. Fort Ritchie has historically proven that its mission is unique and that it can meet the Army's requirements at minimal cost. What benefits can you cite which justify relocating units from Fort Ritchie to sites which are not prepared to accept them?
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14. With regard to environmental concerns: was consideration given to significant impact of additional personnel on Fort Huachuca's water supply system (which is critically short)?

QUESTIONS FROM REP. GLEN BROWDER, ALABAMA

With respect to the relocation of the live chemical agent training facility from Fort McClellan, would you advise as follows:

1. What contacts has the Army or OSD had with the Governor of Missouri or his staff concerning environmental permits for this facility?
2. Have you applied for any permits?
3. If so, what permits have you applied for? When?
4. What office or organization in the Army is responsible for obtaining these permits?
5. Are the applications public and if so, how can the public obtain them?
6. Have you requested or do you expect to request or obtain any waivers with respect to these permits?
7. Since you are requesting permits before we have taken action on your recommendation, when do you plan to undertake the environmental review required by the National Environmental Policy Act?

QUESTIONS FROM REP. JIM CHAPMAN, TEXAS

1. Was the combined military value and cost of closure of the co-located facilities of Red River Army Depot, Lone Star Army Ammunition Plant, Defense Logistics Agency distribution depot (DDRT), and their tenants considered in the overall evaluation as requested of the Army, Defense Logistics Agency, and Department of Defense by the community?
2. In developing workload realignment options, did the Army modify the receiving depots capacity to account for the impact of changes in production mix on depot capacity and will the Army have sufficient depot maintenance capacity with only one tracked vehicle depot to meet its core maintenance workload requirements and hence its readiness requirements?
3. The Army, unlike the Air Force, has claimed savings for the workload reductions due to downsizing. Does this not falsely represent and overstate the BRAC savings and distort the analysis?

QUESTIONS FROM SENATOR JOHN WARNER, VIRGINIA

1. Secretary West, in making the decision to close Fort Pickett, Virginia, did the Army consult with the leadership of the other services and federal agencies who currently train at Fort Pickett, for input concerning the value to them of the installation?
2. Secretary West, when the Army ran its COBRA analysis for Fort Pickett, did you factor in the additional costs to the Army associated with Reserve Component units, who are quartered relatively near to and have regularly trained at Fort Pickett in the past, having to travel further to accomplish annual training periods and, in some cases, weekend training densities?

QUESTIONS FROM REP. JERRY F. COSTELLO, ILLINOIS

1. Given the active force down-sizing and greater reliance on the Reserve components, wouldn't it make sense to use the Price Support Center, which is so ideally located, as a major reserve force support base?
2. The Army has said they must close the military family housing at Price because of the ATCOM move, yet only 17% of that housing is occupied by ATCOM personnel and there is a waiting list of over one year. Why do the soldiers in the commands at St. Louis not deserve equal housing consideration?
3. The Army has said that Price will close "except for a small reserve enclave and storage area." What consideration was given to the activities of the Navy, Air Force, and Defense Logistics Agency? Why aren't the costs of relocating those activities included in the cost data supplied by the Army?
4. The Army does not mention the DLA Strategic Stockpile material at the Price Support Center in their narrative. What disposition will be made of the more than 700,000 tons of material there, and at what cost? Why isn't that cost reflected in the Army's analysis?

QUESTIONS FROM SENATOR SPENCER ABRAHAM, MICHIGAN

1. Mr. Secretary, your report states there is no job loss associated with closing the Detroit Army Tank Plant. However, General Dynamics currently manufactures M1 tank gun mounts in the Tank Plant. I understand the Army's reasoning was since the General Dynamics contract expires in 1997, and the Army has six years to complete the facility disposal, the job loss would come from an end to the contract, and not from the closing of the Tank Plant. Is the baseline reason to close the Tank Plant: to cease gun mount production by General Dynamics?
2. — **If yes:** I further understand Rock Island Depot in Illinois is the only other manufacturer of M1 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 within the traditional arsenal production area of barrels, why are you ceasing private production for government owned facilities?
3. — **If no:** Are you then anticipating renewing the production contract with General Dynamics?
4. — **If no again:** Why are you ceasing gun mount production with the private firm of General Dynamics when the only other organization producing these parts is in the Army arsenal at Rock Island, Illinois? Isn't current DoD policy to utilize private contractors over public producers whenever possible? What savings are derived from closing the Tank Plant that warrant abrogating this major policy directive?

QUESTIONS FROM REP. RICHARD GEPHARDT, MISSOURI

Regarding ATCOM:

1. The Army's analysis of commodity oriented installations indicates that it performed exhaustive analyses based on the selection criteria and force structure plan as dictated by the BRAC law. Did the Army perform similar analyses of leased facilities? If so, please provide these analyses.
2. In 1993, the Army determined that "the high relocation costs make realignment or closure (of ATCOM) impractical and prohibitively expensive." Has there been a change in circumstance in the last two years that makes relocation more affordable? Please provide details.
3. A 1991 Defense Management Report found that merging the Aviation Command and the Troop Support Command into ATCOM would result in management and cost efficiencies. What change has led to the conclusion that, rather than consolidation, breaking ATCOM into four new entities is more efficient? If so, please provide these analyses.

QUESTIONS FROM SENATORS PAUL S. SARBANES AND BARBARA A. MIKULSKI AND REPS. ROSCOE G. BARTLETT AND ROBERT L. EHRLICH, JR., MARYLAND

1. How were the cross-service capabilities of the Defense Information Systems Agency's Command assessed as part of the Army's evaluation and final decision to recommend Ft. Ritchie for closure?
2. Did the Army coordinate directly with DISA to determine the cost of moving the Network Management Center?
3. Did the DOD take into account Fort Huachuca's critical water shortage as part of its recommendation to send a significant number of additional personnel there?
4. How were the additional costs of having the Information Systems Engineering Command (CONUS) service East Coast clients factored into the long-term cost of the proposal to move these functions to Fort Huachuca?
5. Has any consideration been given to assigning Fort Ritchie to GSA so the property could be subsequently be leased back to current tenants or to an expanded DISA presence?
6. What consideration was given to the Defense Information Systems Agency's current use of Ft. Ritchie, cost of relocating, and to their potential for locating their Western Hemisphere headquarters at this site?

Regarding US Army Publications Distribution Center, Middle River, MD:

1. What is the justification for the following statement in the DOD's submission to BRAC: "The consolidation eliminates a manual operation in Baltimore in favor of an automated facility at St. Louis and creates efficiencies in the overall distribution process?" Please specify criteria and methodology for determining a manual vs. automated operation, and the "efficiencies" that are expected.

2. How is "efficiency" calculated when comparing the Baltimore and St. Louis facilities? Did comparative figures for the two facilities include average weight shipped per month per employee or throughput times for loose issue, resupply or initial distribution?
3. In evaluating where to consolidate, did the Army examine the effect of Desert Shield/Desert Storm on order processing times?
4. Was the potential reduced lease cost at Baltimore included in the cost analysis?
5. In repeated studies and comments, the Army has cited the automation technology and capabilities of the PDC, Middle River. On what basis did the Army label this site a " manual operation" in its submission to BRAC?
6. Did the Army include increased shipping costs from St. Louis to the East Coast and to foreign destinations when calculating cost savings?
7. Did the Army examine savings potentials that could be achieved by returning initial distribution of stock to the Centers which is currently being performed by contracted printers?
8. Was the entire US Army Publications and Printing Command, including headquarters, considered for consolidation?
9. Was there any examination of consolidating other service distribution centers with the Army's?

QUESTIONS FROM REP. GEORGE W. GEKAS, PENNSYLVANIA

1. Considering the unique training facilities at Fort Indiantown Gap, including the artillery range, the Tank Table VIII qualification range, Muir Army Airfield with the largest Reserve Component helicopter training facility in the United States, the 44,000 square foot aircraft maintenance hangar with aviation fuel storage capacity of 100,000 gallons, and the air-to-ground bombing and gunnery range (one of only 15 in the United States), how did the Department of Defense or the Department of the Army arrive at the conclusion that "Fort Indiantown Gap is low in military value compared to other major training area installations", especially considering that Fort Dix, Fort A.P. Hill and Fort Drum do not have these same unique facilities and are not geographically located near the largest concentration of Reserve Component units in the northeastern United States, as is Fort Indiantown Gap?
2. The Army's report states that "Annual training for Reserve Component units which now use Fort Indiantown Gap can be conducted at other installations in the region, including Fort Dix, Fort A.P. Hill, and Fort Drum." Has any study been done to make sure that these other facilities actually have the training facilities equal to the facilities at Fort Indiantown Gap, or sufficient for the needs of these units, such as Tank Table VIII qualification ranges? And, do these other facilities have training time available in their schedules to accommodate the needs of our training units? Additionally, has the DoD investigated the costs of transport and equipment associated with using other training sites?

QUESTIONS FROM SENATOR CARL LEVIN, MICHIGAN

1. Why didn't the Army study the costs of alternatives to the Detroit Tank Plant as part of the BRAC process?
2. Does the Army have plans for completing elsewhere the work now done at the Detroit Plant? If not, why not?
3. Did the Army consider the cost to move any machining equipment from the Detroit Plant, where would it go and how much would the move cost?
4. Who will provide the engineering support for the gun mounts production now provided by General Dynamics at the Tank Plant, and what will be the cost?
5. Why was the consideration of such potential costs put off until after the Army made the closure recommendation, instead of being examined as part of the Total Army Basing Study, and factored into the COBRA analysis?
6. When it is clear that real people will lose their jobs if the closure is implemented, how can the Army say the recommendation "will not affect any jobs"?
7. The recommendation to close the Detroit Tank Plant postulates a closing cost of about \$1 million. What is the basis of this estimate, and what component costs were included?
8. The recommendation to close the Detroit Tank Plant postulates a net savings during the implementation period (FY 96-2001) of about \$8 million. What is the basis for this savings estimate?
9. Are the costs associated with moving the work from Detroit Army Tank Plant to other locations included in the estimated closing costs and net savings, and if not, why not?

QUESTIONS FROM SENATORS CHRISTOPHER DODD AND JOSEPH I. LIEBERMAN AND REPRESENTATIVES ROSA DELAURO AND CHRISTOPHER SHAYS, CONNECTICUT

1. Congressional language in Fiscal Year 1994 directed the Department of the Army to convene a Blue Ribbon Panel to examine the tank engine industrial base. In response to that request, the Defense Science Board's Tank Engine Industrial Base Task Force recommended keeping open the Stratford Army Engine Plant (SAEP) in order to maintain a "critical mass" of support engineering and logistics capability at SAEP for an extended period.
2. On February 14, 1995, Secretary Decker, in a response to Senators Dodd and Lieberman, stated that the Army planned on spending \$47.5 million as part of a three-year tank engine industrial base program. This program would retain engineering expertise, essential recuperator parts production, and a minimal capacity for new engine assembly and testing at SAEP.

Why, less than a two weeks after this letter was written, did the Army recommend closing this facility?

How does this decision affect the *directed* preservation of the tank engine industrial base?

3. What are the implications for implementation of the Blue Ribbon Panel Report without SAEP?
4. What *specific* alternatives has the Department of the Army outlined to meet all requirements of the Panel's recommendation given the closure of SAEP?
5. Why were the more than 1,500 workers at SAEP not considered in this evaluation? Closing SAEP will result in sizable job loss and significant economic impact on the region.
6. If workforce impact was not a consideration, are not Government-Owned, Contractor-Operated (GOCO) facilities automatically placed at a distinct disadvantage during the Army BRACC process?





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

INTRODUCTORY REMARKS OF SENATOR DIXON

AFTERNOON HEARING

MARCH 7, 1995

WASHINGTON, DC

GOOD AFTERNOON, LADIES AND GENTLEMEN AND WELCOME.

THIS IS THE LAST OF FOUR HEARINGS HELD YESTERDAY AND TODAY BY THE COMMISSION. YESTERDAY AND THIS MORNING, WE HAVE HEARD FROM AND HAVE QUESTIONED THE SECRETARIES OF THE MILITARY DEPARTMENTS, AND THEIR CHIEFS OF STAFF REGARDING PROPOSED BASE CLOSURES AND REALIGNMENTS THAT AFFECT THEIR BRANCH OF SERVICE.

THIS AFTERNOON, WE ARE PLEASED TO HAVE WITH US OFFICIALS OF TWO DEFENSE AGENCIES WHICH HAVE INSTALLATIONS INCLUDED ON THE SECRETARY'S LIST OF CLOSURES AND REALIGNMENTS.

THEY ARE AIR FORCE MAJOR GENERAL LAWRENCE P. FARRELL, JR., PRINCIPAL DEPUTY DIRECTOR OF THE DEFENSE LOGISTICS AGENCY AND MR. JOHN F. DONNELLY, DIRECTOR OF THE DEFENSE INVESTIGATIVE SERVICE.

BEFORE WE BEGIN WITH OPENING STATEMENTS, LET ME SAY THAT IN 1993, AS PART OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994, THE BASE CLOSURE AND REALIGNMENT ACT WAS AMENDED TO REQUIRE THAT ALL TESTIMONY BEFORE THE COMMISSION AT A PUBLIC HEARING BE PRESENTED UNDER OATH. AS A RESULT, ALL OF THE WITNESSES WHO APPEAR BEFORE THE COMMISSION THIS YEAR MUST BE SWORN IN BEFORE TESTIFYING.

GENERAL FARRELL AND MR. DONNELLY, WOULD YOU PLEASE RISE AND RAISE YOUR RIGHT HANDS?

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE TO THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BEE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

THANK YOU.

GENERAL FARRELL, YOU MAY BEGIN.



Defense Investigative Service
Base Realignment and Closure Commission Hearing Testimony
March 7, 1995

Introduction

Good afternoon Mr. Chairman and members of the Commission. I am John F. Donnelly, Director of the Defense Investigative Service.

Mission Description

The principal mission of DIS is to conduct personnel security investigations for the military departments, defense agencies, and industry. These investigations are used by our customers for security clearances and other trustworthiness determinations. Our other major mission is to oversee industrial facilities to ensure the protection of classified defense information and material. We do this with 3,000 employees, most of whom are located in the U.S.

Purpose of Testimony

The reason for my testimony today is to discuss DIS' single BRAC recommendation -- to redirect a 1988 BRAC decision for a major DIS component to remain at Ft. Holabird, Maryland -- a position with which we agreed at the time. Since 1988, however, the deterioration of the building has accelerated, making relocation essential.

The DIS activity at Ft. Holabird, which is located in Dundalk, a suburb of Baltimore, is the Investigations Control and Automation Directorate. It is organized as a Personnel Investigations Center, a National Computer Center, and an Office of Support Services. This facility is the heart and nerve center of DIS for controlling and directing all DoD personnel security investigations world-wide. It provides automation support for the entire agency as well as other DoD and certain non-DoD agencies. It is also the repository for almost 3 million DIS

investigative files.

We have a work force of 458 civilian employees at this activity. They receive and process nearly 775,000 personnel security investigations each year, respond to nearly 206,000 requests for investigative files a year, and provide automation services in support of our mission. They are presently housed in a Korean War era building located on a seven acre site owned by the Army. That parcel of land is what is left of Fort Holabird, which was almost completely converted to a commercial business park in the mid-1970's. In 1988 the only other DoD activity at Ft. Holabird, the Army Crime Records Center, was realigned. DIS is the only remaining activity.

Recommendation

We are recommending this facility for realignment under BRAC '95 to a smaller, modern building to be constructed on Ft. George G. Meade, Maryland, an existing Army installation.

Rationale

Our recommendation is based on the rapidly deteriorating condition of the existing building. In the last three years, for example, we spent over \$319,000 for major repairs to the facility. These costs were in addition to the \$400,000 we pay the Army each year under the annual Interservice Support Agreement to maintain the building. We also employ a full-time maintenance staff for this location.

We've experienced many serious problems with the building. For example, frequent air conditioning outages during hot summer weather have caused us to dismiss employees on several occasions. We expect these outages to continue because of the age and condition of the air conditioning system. We've also had to call the fire department because of a hazardous condition caused by electrical failure. A leaky roof, rusted water pipes that break, and foul emissions from a nearby yeast plant add to the problems.

Late last year, the Army Corps of Engineers completed an engineering study of the building. The study revealed the existing building fails to meet many code

requirements and contains potential health hazards such as asbestos, lead paint, and PCB's. The Engineers' study concluded that it would cost us approximately \$9.1 million to renovate the building.

If we renovate, it will stir up environmental problems. And we would still have an old building with the same limitations it has now. We would also be left with excess space we will not need. Renovation would also cause a major disruption to operations because we would have to move to a temporary facility to allow for complete renovation. We would then have to move back. If we realign instead of renovate, the Army would be free to dispose of the property.

In addition to the worsening condition of the building, we are faced with a reduced force structure which will decrease 42% based on the projected end-strength by the year 2000. Taking this into account, the existing building will contain more space than we require.

Business Case

The analysis which I am going to describe for you shows that the best alternative is a smaller building, constructed on available land at Ft. Meade, Maryland that is designed for our future requirements and space needs. That is our proposal to the Commission.

The cost to construct a smaller building is almost the same as it would be to renovate the existing building. The cost of a new modern facility is \$9.4 million versus \$9.1 million to renovate the old building. The return on investment with this proposal is only 6 years.

If implemented, our proposal would support the objectives of the BRAC process in several ways:

- It would eliminate the excessive costs required to continually repair a worn out building.
- It would eliminate excess building space that is expensive to maintain.
- It would allow the Army to close and dispose of the remaining seven acres

of Ft. Holabird, which are located in an existing commercial industrial park zoned for light industry.

- It would permit the elimination of eleven guards and maintenance personnel who are required at the present facility.
- It would solve air quality and other environmental problems for our work force.
- Most importantly, it would contribute to military readiness by minimizing disruption of the DoD personnel security clearance program.

While we have applied the BRAC criteria to analyze our realignment, that method has limitations with an agency such as DIS, as we are the only defense agency chartered to process personnel security investigations. We provide a unique service to the entire defense community and 22 other departments and agencies who participate in the Defense Industrial Security Program.

In our case, we believe relocation outside of the Baltimore-Washington corridor would significantly disrupt our operations for at least two years and would ultimately impact on military readiness caused by delays in completing our investigations. I say this because of our unique function. We would lose a significant number of our case analysts, who direct and control investigations--and it takes a minimum of two years to hire and train replacements. Except in a case of a realignment within the Baltimore-Washington corridor, we would have to duplicate most of our functions during the two-year implementation period.

There is also an unrecognized cost to the rest of the defense community to consider when security clearances are delayed. In a 1981 GAO report to Congress, the cost of a single day's delay in security clearance processing was \$43 for an "industrial" security clearance and \$21 for a "military" clearance. Last year the Joint Security Commission reported that the figure had risen to \$250 per day of delay. Using the Commission figure, the daily cost of a move-related disruption for this facility, when applied to the approximately 36,000 industrial investigations that are pending on an average day, amounts to 82% of our proposal, in a single day. The COBRA model does not provide for this expense which would be dispersed throughout the entire defense community.

BRAC Process

I would now like to address some of the specific factors concerning the process we followed to arrive at our proposal.

As we began collecting data for the BRAC '95 process, we looked very closely at the process other defense agencies had followed in prior years. We formed a BRAC Executive Group and a BRAC Working Group to perform the required analyses. The DoDIG reviewed the DIS data collection process and validated the data collected to support our BRAC recommendation to the 1995 Commission.

Of the required selection criteria, we performed a military value analysis and applied the COBRA model to determine return on investment for several scenarios. These scenarios were to lease space in an existing building, renovate the existing building, or construct a new, smaller building on Ft. Meade. The latter alternative proved to be one that makes the most sense.

The DIS BRAC Working Group followed the impact analysis and found that there was very little negative impact (economic or otherwise) on the relocation site. Among the studies conducted by the Army Corps of Engineers was an environmental survey, which disclosed no environmental costs resulting from this alignment, although \$739,370 would be necessary if we renovated.

We propose construction on the smaller facility beginning in FY 1996 with relocation in FY 1998, well within the six-year window for BRAC actions.

Using the COBRA model, it was determined that the total one-time cost to carry out this recommendation is \$11 million. During the two-year implementation period, the net cost will be \$0.7 million. But after that, the annual recurring savings are \$0.5 million, with a return on investment, according to the COBRA model, in 6 years. The net savings over 20 years is \$4 million reduced to present value.

The Commission has requested that I address the relationship between our recommendation to construct a smaller new facility on available land at Ft. Meade, and the activity's projected personnel levels. As I stated earlier these will decrease by 42% due to increased automation. These future force levels and our current

building problems together necessitate realigning to a modern facility such as we have recommended, for a closer fit between our future reduced work force and space requirements.

The Commission indicated it also wants to know the role of the Joint Cross Service Groups in developing our single recommendation. Since we are not dealing with an issue that lends itself to cross-service consideration, the Groups did not participate in our recommendation. DIS is the sole provider of the services we perform for the defense community, and these services cannot be further consolidated.

Conclusion

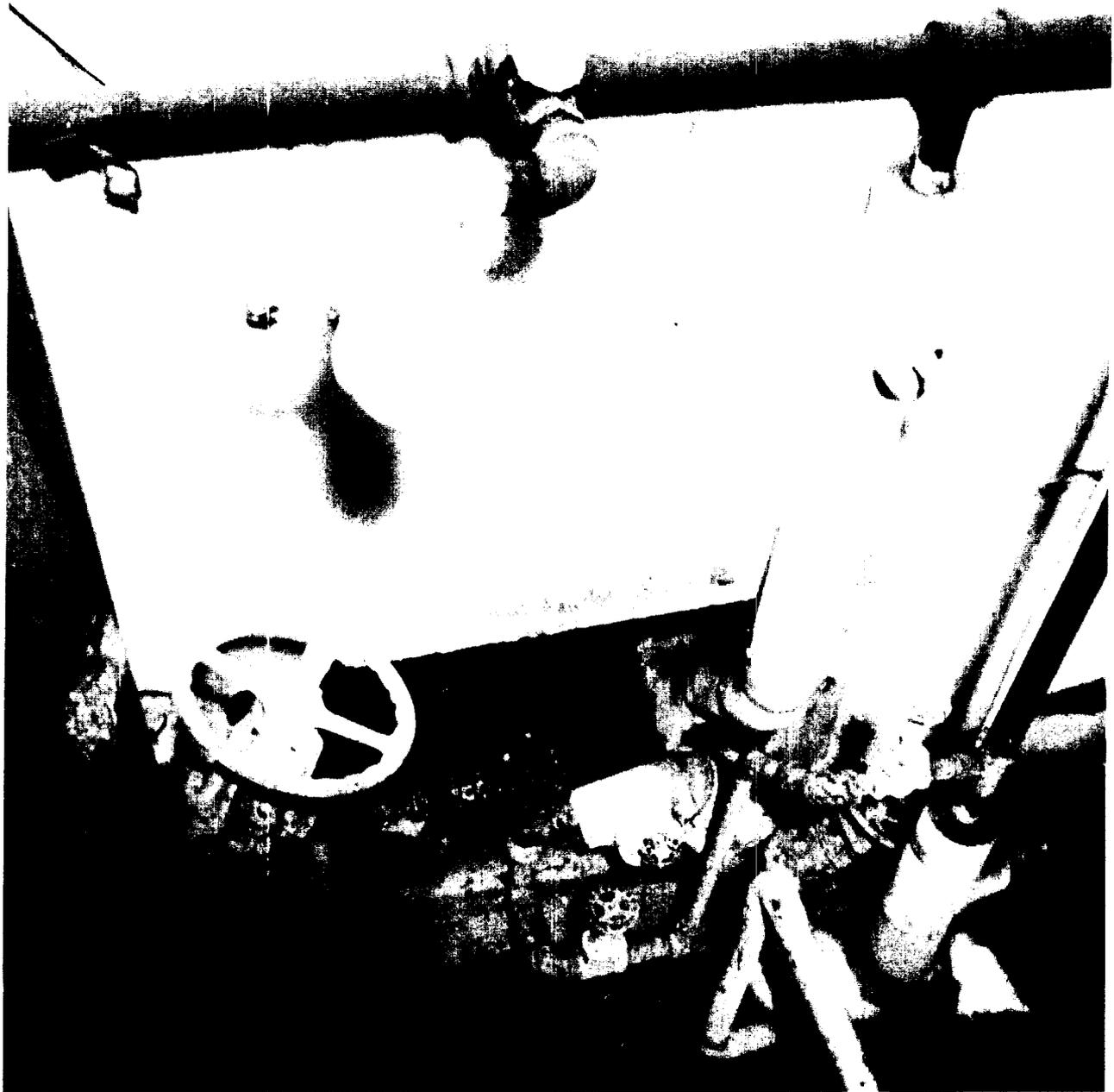
In summary we are asking the Commission to consider our proposal to relocate this important facility to a new and smaller building on Ft. Meade. The analysis we performed, using BRAC selection criteria, shows this recommendation supports the BRAC objectives to reduce costs and eliminate unnecessary space. Our recommendation will not disrupt military readiness and warfighting capabilities. Furthermore, our proposal will enable the Army to close Ft. Holabird completely and dispose of the property.

Thank you for allowing me to testify today. Do you have any questions?

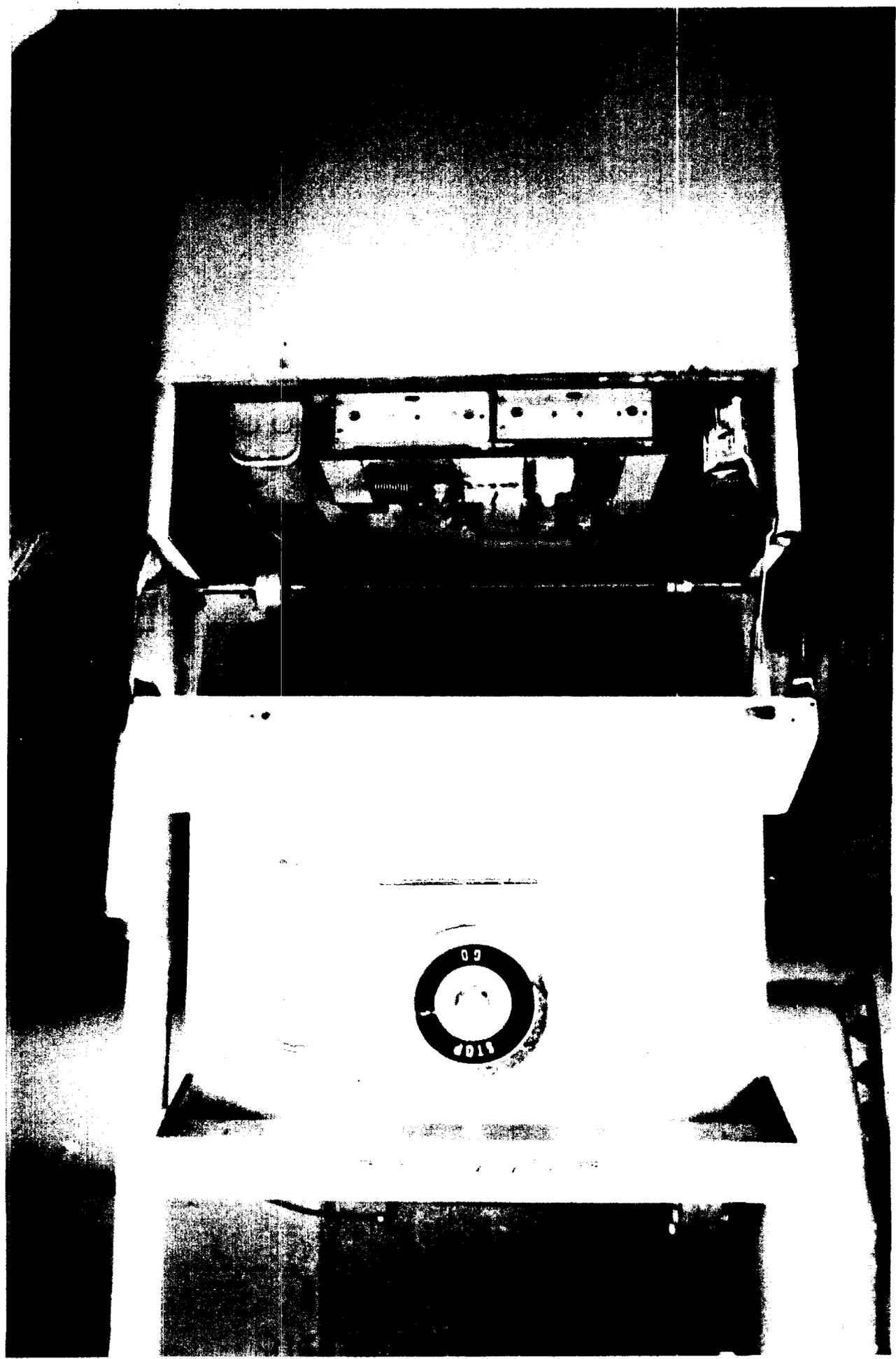
Second Floor Corridor connected to office space.



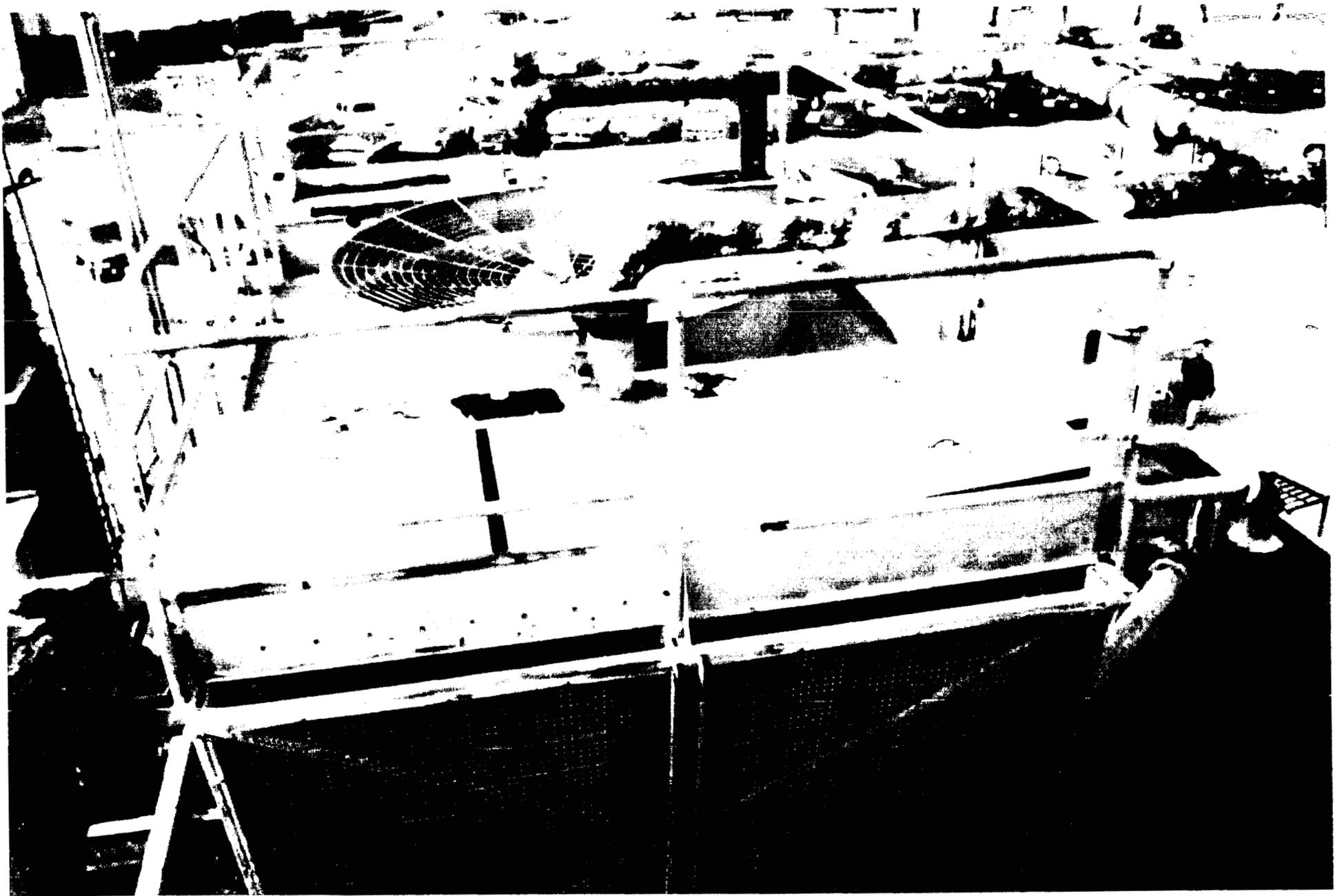
Access to underground crawl space housing water supply lines
and first floor HVAC lines.



Carrier Air Conditioning Control Panel. Manufactured in 1962, this Control Panel still utilizes vacuum tube technology.



Air Conditioning Cooling Tower
Picture highlights rusting, corroded return lines



Roof Structure

All ventilator motors are inoperable and the roof structure itself has reached the end of its serviceable life.



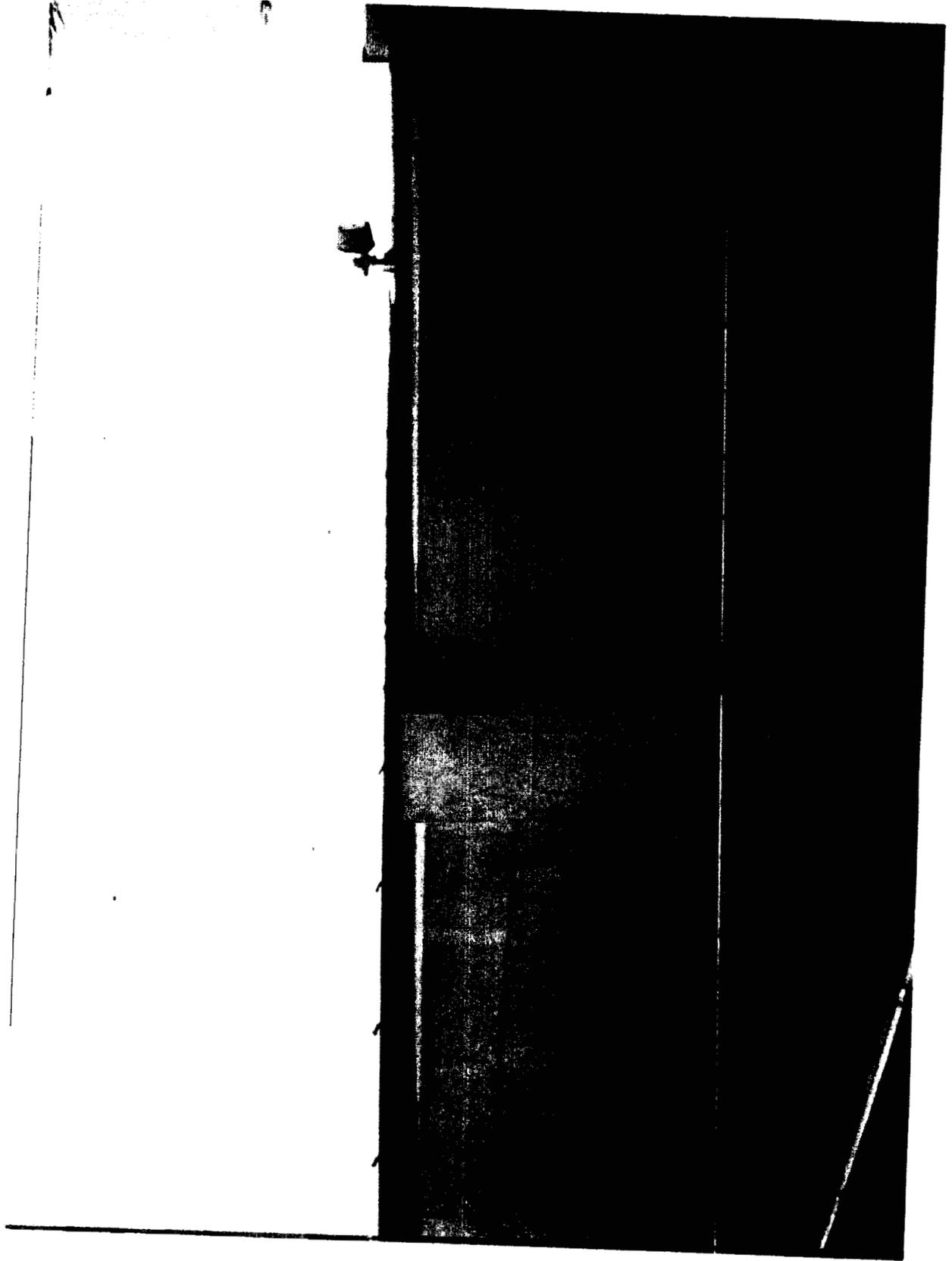
Inoperable air ventilator; blisters on the roof structure; adjacent yeast manufacturing plant containing yeast fermentation tanks.



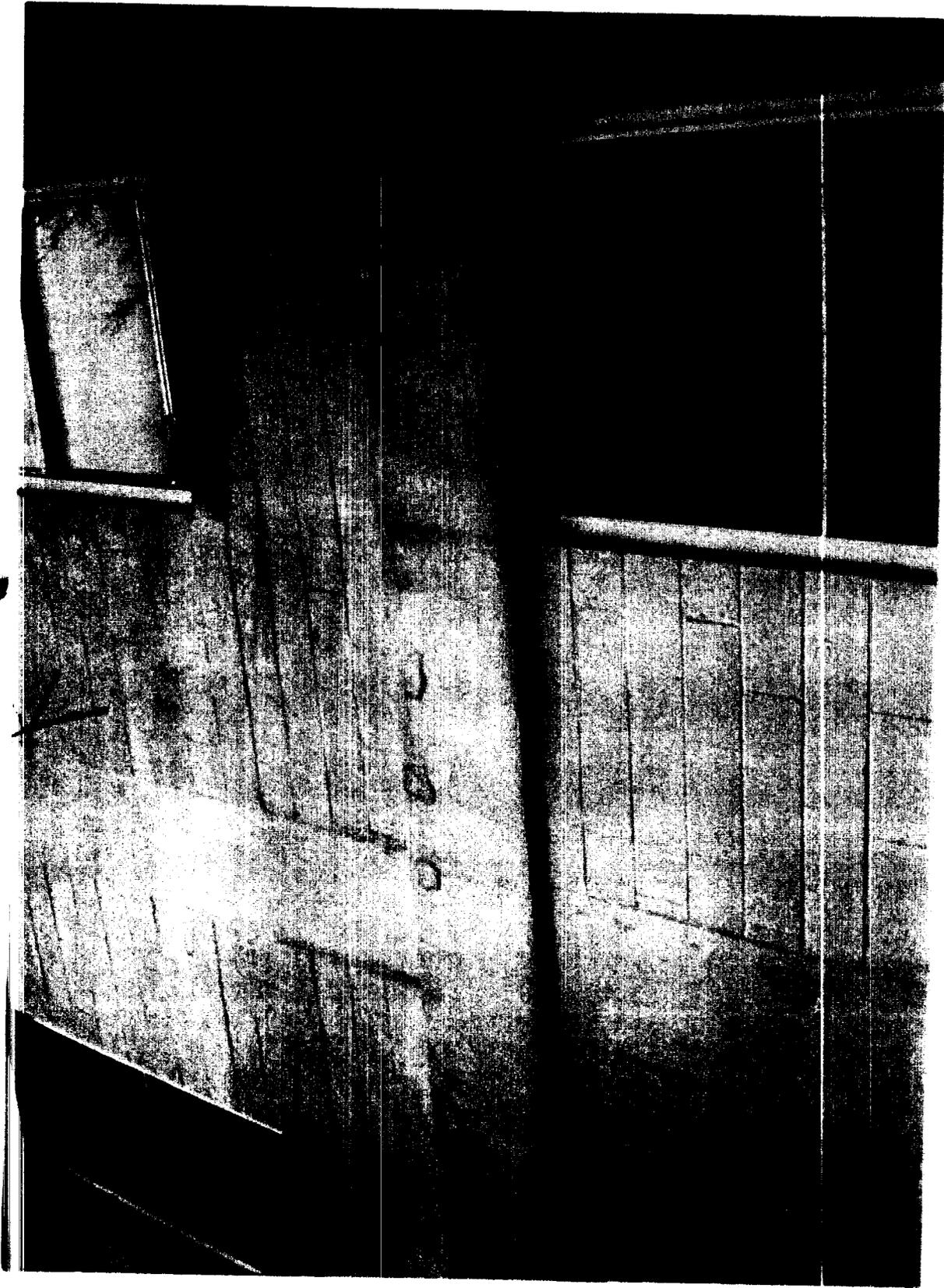
Decaying concrete steps at front entrance to the building.



Decaying concrete vertical support column



Additional decaying concrete on interior of building.





Opening Testimony for DLA BRAC 95

Good afternoon. My name is Major General Lawrence P. Farrell and I am the Principal Deputy Director for the Defense Logistics Agency at Cameron Station in Alexandria, Virginia. I also served as the Chairman for the DLA BRAC Executive Group for the complete duration of this round of the base closure and realignment process.

I would like to first refresh you on DLA's mission, then walk you through DLA's BRAC 95 approach, outline our recommendations, and finally present you with an overall summary of DLA's actions.

DLA is a combat support agency providing worldwide logistics support and related services throughout the Department of Defense in the areas of contract management, distribution management, and inventory management. The Agency's goal is to be the provider of choice, around the clock, around the world, providing logistics readiness at reduced cost thus enabling weapon systems acquisition at reduced cost. To that end, we have implemented many innovative business practices, such as direct vendor delivery, business process engineering, electronic commerce/electronic data interchange which will reduce lead-time and the cost of our services to our customers.

The DLA approach to BRAC 95 was consistent with the Public Law, the Force Structure Plan, the DoD Selection Criteria and OSD policy guidance. Our step-by-step process outlined on this chart lead us to make recommendations which are fully consistent with our DLA Strategic Plan, our Concepts of Operations for our major business areas, and the Force Structure Plan. Military judgment was exercised at each step in the process.

DLA cross-walked the DoD Selection Criteria which were developed for the Military Services to Measures of Merit which allowed us to fully address the Military Value of our activities. We used mission scope, mission suitability, operational efficiencies and expandability as our measures of merit. Using a point system, activities within a category were evaluated in each of these areas and point totals were used to determine the relative Military Value. DLA also performed a Military Value analysis for the six Installations that we manage for BRAC 95. Incidentally, this was an analysis which we did not perform in the BRAC 93 round. It was a valuable tool as we exercised our Military judgment.

Using a variety of inputs that included the DoD Force Structure Plan, Military Value and Excess Capacity analyses, Risk Assessments, and internally developed BRAC decision rules, we applied our Military Judgment to identify feasible closure and realignment alternatives. We costed out these alternatives, came up with recommendations, examined economic, environmental and community impacts, and made our final decisions. The Strategic Analysis of Integrated Logistics Systems model, identified here, is another analysis tool that DLA utilized in BRAC 95 to cost out depot configurations based on transportation and infrastructure costs.

DLA maintained an objective, impartial approach to our analysis process. We contracted with the Navy's Public Works Center Norfolk to conduct an independent assessment of all of our facilities. The DoD Inspector General worked closely with us through every step of our process. They validated our BRAC data as well as our internal analytical processes. They attended all of our Executive Group and decision meetings. The GAO, in their role as independent oversight, analyzed our decision-making process in great detail. They also participated in our Executive Group and decision meetings.

As previously mentioned, the DLA BRAC Executive Group developed a set of decision rules. These rules guided each of our decisions. Adherence to them was monitored continuously. Our basic objectives were to close installations and optimize costs and shared overhead where we elected to stay.

Contract Management, Distribution Depots, and Inventory Management categories of activities impacted by DLA's recommendations.

There are three Defense Contract Management Districts located in Boston, Massachusetts; Atlanta, Georgia; and El Segundo, California, which are responsible for management oversight of the contract administration workload within their geographic districts. The Defense Contract Management Command International located in Dayton, Ohio, oversees contract administration operations outside of the Continental United States. These organizations are responsible for centering contract management oversight within largest contractor concentrations, promoting uniform application of DoD contract administration policy and resource planning.

Our recommendations were based on the workload projections reflected on this chart. Procurement dollars in 1990--\$136 billion. The Agency projects a reduction to \$78 billion by the year 2001. This is a 43 percent reduction since 1990. As the Department continues to downsize, DLA is projecting a 31 percent reduction in active contracts [463,000 in 1990 to 318,000 in 2001], leading to a 51 percent reduction in the number of contract administration offices, and a 42 percent reduction in personnel.

Based on the statistics we showed you on the previous chart, we determined that there was excess capacity within this category. Looking at the risks associated with any changes, we made the decision that we still needed two districts and that realigning the Defense Contract Management

Command International was feasible. The concentration of workload is reflected on the map in the lower right corner of this chart. Note the high concentration of workload in the Northeastern United States and California.

The DLA recommendation to close the Defense Contract Management District South in Atlanta was based on the high concentration of workload in the Northeast and the high dollar value of weapon systems contracts which are being managed in the Los Angeles basin. We determined that an east to west split of workload made more sense than a north to south split due to the workload concentration on both the East and West coasts and the time zones.

The Defense Contract Management Command International realignment to Fort Belvoir, Virginia, where it will be merged with the Defense Contract Management Command Headquarters, will allow us to take advantage of the location's proximity to the State Department and the international support infrastructure in Washington, D.C. and the surrounding areas.

DLA is also recommending the redirect of the Defense Contract Management District West decision in BRAC 93 to allow us to buy a building in Long Beach, California. DLA has explored the feasibility of moving to a Military installation in the Los Angeles Basin area but we have been unsuccessful. Our analysis indicates that the purchase of a building will result in annual savings of \$4.2 million.

Our recommendations will result in a net present value savings of \$165.7 million over twenty years and a steady state savings of \$13.4 million starting in the year 2000. A total of 348 personnel will be realigned or redirected as a result of these actions and 136 personnel will be eliminated.

These are the 23 Depots we reviewed in our BRAC 95 process. DLA is currently operating four additional Depots located at Charleston, Pensacola, Tooele, and Oakland; however, they were selected for closure in the BRAC 93 process. We did not reconsider these depots during this round of BRAC.

The DLA Distribution Depots receive, store, and issue wholesale and retail materiel in support of DLA and the Military Services. DLA has two types of depots. Those we have identified as stand-alone depots which are in the shaded boxes on this chart.

These depots are "Stand-Alone" in the sense that they are not located with maintenance or fleet support. They distribute a wide range of material to customers in many locations. The remaining depots are collocated depots. These depots are collocated with a major maintenance or fleet customer who is their primary customer. They also provide normal distribution services to other regional customers and some limited worldwide support for specialized Military Service-managed items.

As a combat support agency, DLA must be ready to respond to mobilization requirements for both wartime and peacetime operations. The distribution system must be able to support two Major Regional Conflicts. Our Concept of Operations requires that we remain collocated where we have a major maintenance or fleet customer. DLA will store material in close proximity to customers where demand patterns dictate. We optimize transportation costs between vendors, depots, and customers. We plan to optimize use of the remaining storage while reducing overall system costs. Hazardous material, subsistence, and other specialized commodities will be stored in the minimum number of depots where specialized storage is available.

As reflected on this chart, DLA's physical storage capacity exceeds our current and projected storage space requirements. BRAC 95 provides DLA with the opportunity, on a large scale, to save taxpayer dollars by downsizing to our requirement. By 2001, DLA projects a requirement of 452 million attainable cubic feet. As I will explain in subsequent charts, any deficit realized through our BRAC 95 recommendations will be eliminated by utilizing excess capacity offered by the Services where we already have distribution depots.

Through the force structure drawdown and DLA's initiatives, including optimizing storage space, shifting workload to the private sector, and incentivizing the customer to buy smarter, DLA projects that storage capacity requirements will be reduced by 43 percent by the year 2001. A 52 percent reduction in workload due to reduced inventory requirements and a 55 percent reduction in personnel who support that workload are projected.

Storage capacity or cube is the constraint within DLA relative to how much we can close. We must size our distribution system to meet our customers' requirements. At the end of FY 94, DLA had 618 million attainable cubic feet of storage space while our requirement is at 519 million attainable cubic feet. Our Storage Management Plan which identifies increases to storage requirements such as Army stocks currently stored at Sennaca and Sierra Depots, which are closing in BRAC 95, European returns and decreases resulting from Service and DLA Inventory Reductions place our requirement for the year 2001. DLA closures in BRAC 95 reduce storage capacity by 114 million attainable cubic feet resulting in capacity of 431 million attainable cubic feet. A shortfall of 21 million attainable cubic feet is projected. As indicated earlier, DLA plans to use cross Service transfers, if necessary, at collocated depot locations to make up any deficit in storage capacity.

Throughput capacity is not a constraint. DLA measures its throughput by bin, bulk open storage, and bulk covered storage. Even after implementation of our BRAC 95 recommendations, DLA will still have excess throughput capacity.

The Army recommended closure of two of its maintenance depots at Letterkenny, Pennsylvania and Red River, Texas. Following our Concept of Operations, DLA made the decision that closure of the maintenance activities at these locations eliminated the need for a DLA presence there. Since the Agency did not need the storage capacity, the Agency recommended the closure of the DLA Distribution Depots at Letterkenny and Red River.

This decision still left the Agency with excess storage capacity. Since our Concept states that we will remain at locations where maintenance and fleet customers require dedicated support, no further closures in the collocated category were feasible.

The Agency then examined our Stand-Alone Depots, their Military Value, Installation Military Value, depot throughput and storage capacity, and results of a Strategic Analysis of Integrated Logistics Systems (SAILS) model analysis.

Our Concept of Operations requires two primary distribution depots, one on the East Coast and one on the West Coast to support both wartime and peacetime contingency operations. The two Depots at San Joaquin, California and Susquehanna, Pennsylvania are both large storage depots which are facilitated for high throughput capacity. They both ranked over 250 points higher than the other Stand-Alone Depots in our Military Value analysis. They ranked second and fourth in the Installation Military Value analysis. Both maintain Air Line of Communication and Containerization Consolidation Point capabilities which are essential to support two Major Regional Conflicts. They are located near military water and aerial ports of embarkation for shipping materiel to a war zone--wherever that might be. Both of these depots were removed from further analysis.

After following the Service maintenance depot closures, the Agency still has an excess of over 60 million attainable cubic feet of storage capacity.

Four Stand-Alone Depots remained for review.

The Defense Distribution Depot Columbus, Ohio, ranked lowest in the Stand-Alone Military Value analysis. However, the Columbus installation on which the depot is located ranked number one. Closure of this depot on an installation where DLA and many other Defense tenants are housed would not result in a base closure. While the Agency does not need the throughput capacity of the depot, the storage capacity could be used to store war reserve and slow-moving stocks. This would allow the Agency to dramatically reduce staffing at this location (from approximately 500 down to 50

personnel) while retaining the storage capacity. Therefore, we chose to realign the Depot rather than consider it for closure.

The Defense Distribution Depot Richmond, Virginia, was also removed from further analysis. While it ranked fifth in the Stand-Alone Depot Military Value analysis, the Richmond installation on which it is housed ranked third. As with the Columbus Depot, a closure of the Richmond Depot would not result in a base closure. Additionally, the Richmond Depot serves as a backup to our Depot located at Norfolk, Virginia, which supports the single largest fleet concentration within the United States. The Strategic Analysis of Integrated Logistics Systems (SAILS) model favors Richmond as a storage and throughput site. Based on the results of an independent facilities inspection, this installation is the best maintained in the Agency.

Two depots remained in the Stand-Alone category--the Distribution Depot at Memphis, Tennessee and the Distribution Depot at Ogden, Utah. Both of these depots tied for third place in our Military Value analysis, but the difference between third and sixth place was only 37 points. Both depots are on installations with tenants with a smaller population and number of significant missions resulting in their ranking lowest in our Installation Military Value analysis. Each depot closure will also result in a base closure.

DLA's final recommendations in our depot category are to close the collocated depots at Letterkenny, Pennsylvania and Red River, Texas, as a follow-on to the Army's maintenance closures at those locations. Close the two Stand-Alone Distribution Depots located at Memphis, Tennessee and Ogden, Utah, both of which will result in base closures. Our final recommendation to realign the Distribution Depot at Columbus, Ohio, will allow us to take advantage of the depot's storage capacity for war reserve and slow-moving stocks while dramatically reducing staffing at this location.

These recommendations will result in a Net Present Value savings of \$874.4 million over twenty years and a steady state savings of \$87.9 million, starting in the year 2001. As a direct result of these BRAC recommendations, 3,148 positions will be realigned and 1,748 positions will be eliminated.

DLA estimates that \$58 million in MILCON will be required to implement these recommendations. Approximately \$35 million of this cost is for the construction of hardstand for vehicle storage at our Distribution Depot in Anniston, Alabama. Additionally, there are costs included for the renovation of office space and hazardous materiel storage space associated with the closure of our Distribution Depots in Ogden, Memphis and the realignment of Columbus.

The five DLA Inventory Control Points (ICPs) manage over 80 percent of DoD's consumable items. Consumable items, other than fuel, fall into two broad groups: Troop and General Support items and Weapon System items. Because of the unique nature of the Fuels commodity, the Defense Fuel Supply Center (DFSC) was removed from consideration. Since the Defense Personnel Support Center (DPSC) is the primary troop support item manager, it was considered only as a receiver.

Because of the nature of the commodities within the Troop and General Support and the Weapon System group, each requires a different level and intensity of management. Our Concept of Operations focuses our efforts accordingly.

Force Structure reductions have a direct effect on supply management workload. Fewer Service members and less Service investment in major weapons systems reduce demand for consumable items. The Agency is also aggressively pursuing better and smarter ways of doing business, leveraging technology, reducing inventory, and relying more on commercial acquisition practices, particularly for Troop and General Support items.

We project a 14 percent reduction in sales between 1992 and the year 2001. Inventory value projections reflect a 43 percent reduction. This does not include the projected receipt of \$6.5 billion in consumable item transfer

between 1992 and 2001. A 32 percent reduction in personnel is projected during this same time period.

DLA analyzed a number of options to achieve more concentrated management of Troop and General Support and Weapon System items. As we proceeded with the analysis, several things became obvious. We would not close Columbus, which primarily manages weapon system items. The Defense Personnel Support Center in Philadelphia has unique experience in managing troop support items, and already manages only Troop and General Support items.

Our analysis of capacity and of the risk inherent in singling-up management of the vast number of Weapon System items led us to conclude that two Weapon System ICPs were necessary and appropriate. Richmond is our best installation, and the Distribution Depot there will remain open. Therefore, we concluded that disestablishing the Defense Industrial Supply Center in Philadelphia was in the best interest of DLA.

Disestablishing DISC and realigning Federal Supply Classes to achieve two Weapon System ICPs and one Troop and General Support ICP support the Supply Management Concept of Operations, at an acceptable level of mission risk, and an immediate return on investment.

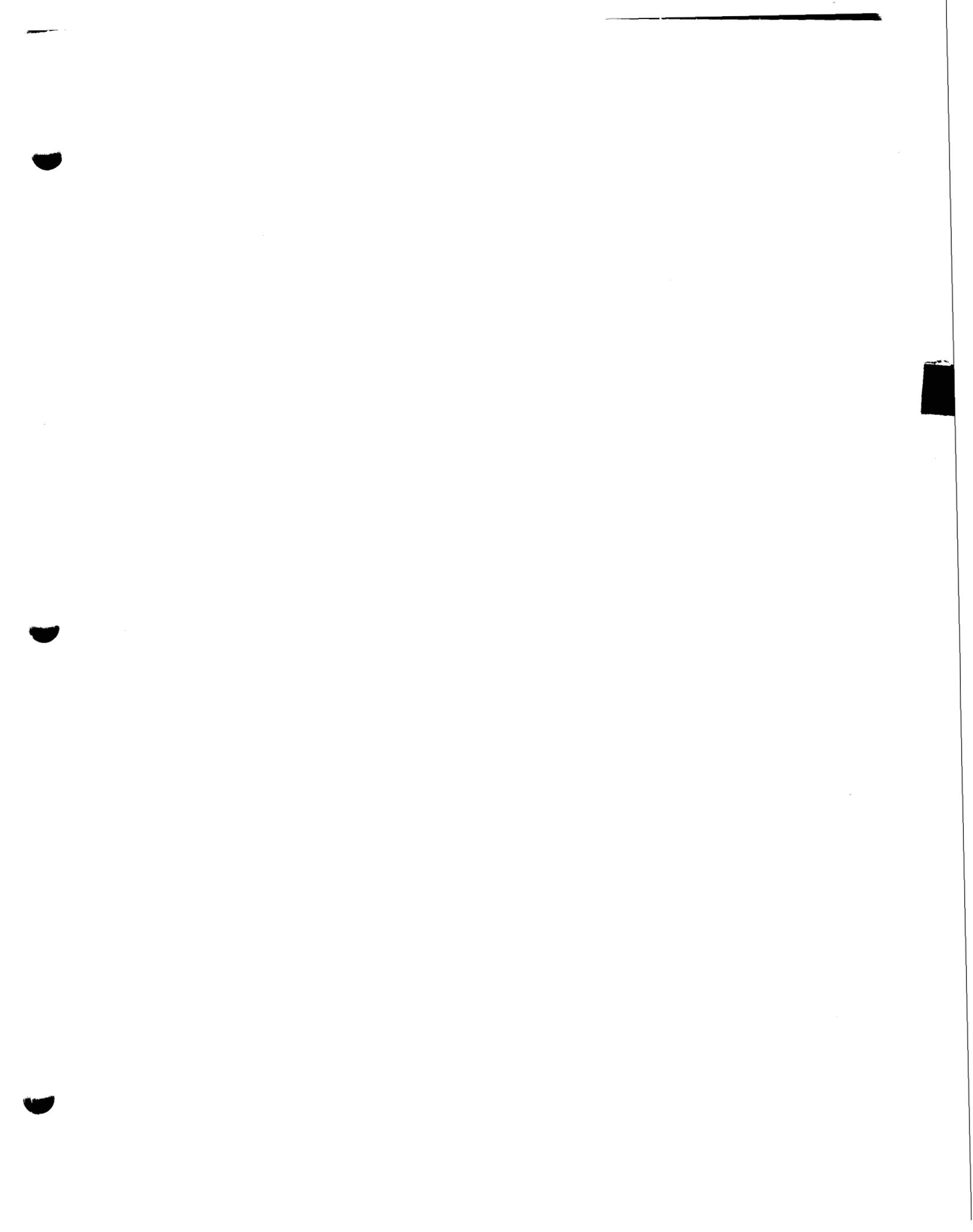
This recommendation will result in a net present value savings of \$236.5 million over twenty years and a steady state savings of \$18.4 million starting in the year 2001. As a direct result of this recommendation, 335 positions will be realigned and 408 positions will be eliminated.

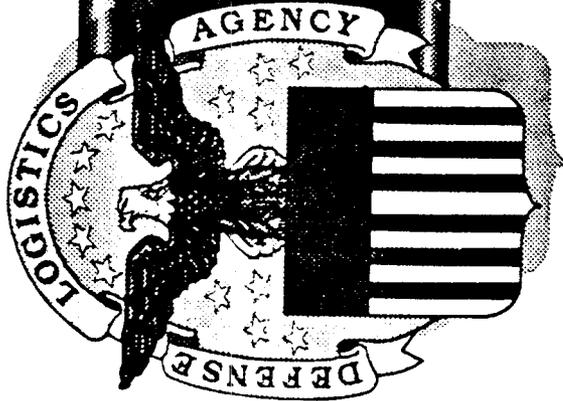
Disestablishing DISC and delaying the relocation of DPSC to the Aviation Supply Office installation allows us to realize a cost avoidance by not renovating more warehouse space than necessary.

Assuming no economic recovery, the net impact of our recommendations is a maximum potential loss of 2,296 direct jobs.

DLA's recommendations conform to our Concept of Operations and reflect DoD Force Structure drawdowns. Implementing DLA's recommendations will reduce infrastructure costs, appropriately match the Agency's capacity with its workload, and posture DLA to best meet our customer's requirements at reduced cost.

If DLA's recommendations are accepted, the Department of Defense will realize a \$1.3 billion net present value savings over 20 years, and a steady state savings of \$120 million each year.





DEFENSE LOGISTICS AGENCY

BRAC 95 Detailed Analysis Presentation

DLA: Your Combat Support Agency
Around the Clock Around the World



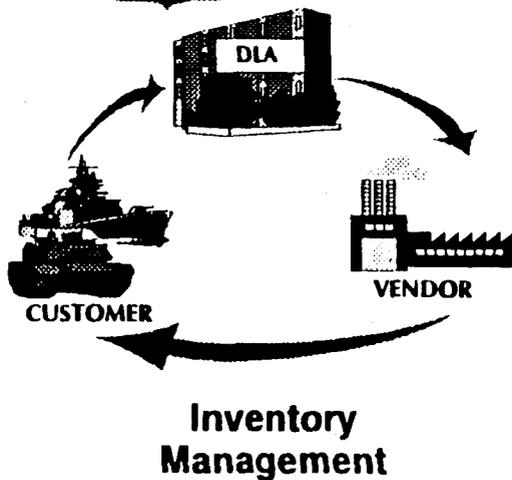


Outline

- **Mission refresher**
- **DLA approach to BRAC 95**
- **DLA Recommendations**
- **DLA Summary**



The DLA Business



Distribution Depots

- Provider of choice
- Around the Clock - Around the World
- Providing readiness at reduced cost and helping offset service programmatic cuts
 - By leveraging our corporate resources against global logistics targets, and
 - Finding savings through teams, business practices, and technology breakthroughs

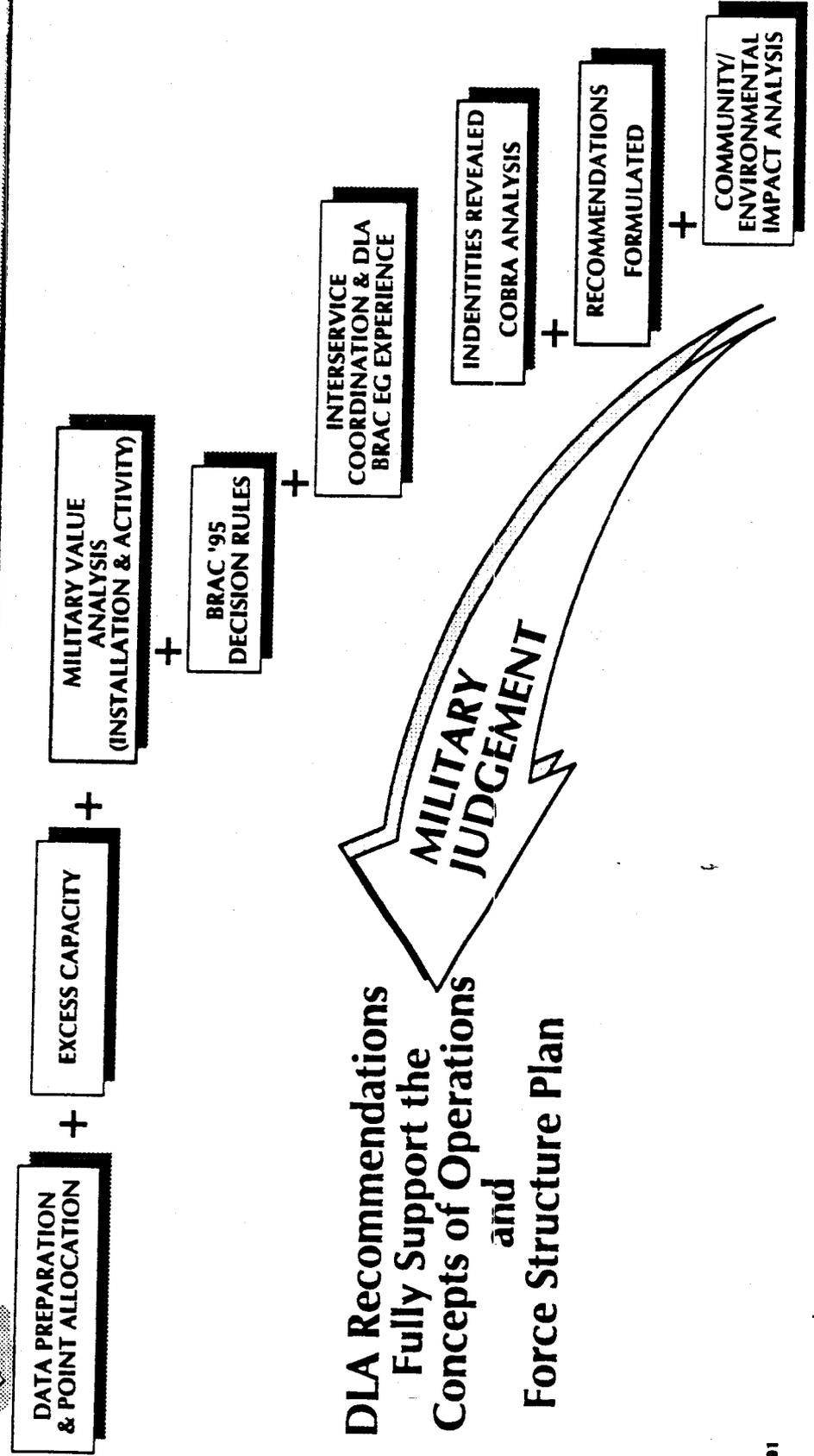


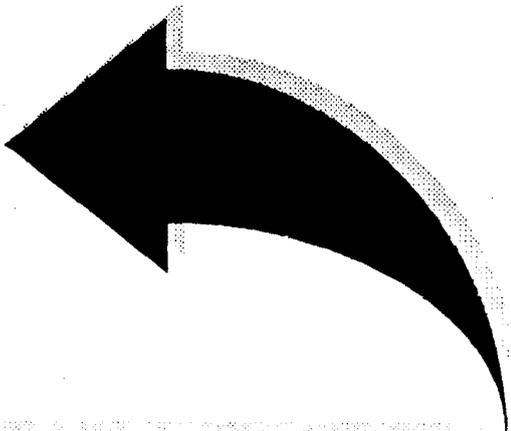
Contract Management

Better - Faster - Cheaper



The DLA Approach





Mission Scope (DoD selection criteria 1 and 3). The mission assigned to the installation plays an essential role within DoD and additionally benefits non-DoD customers. The functions performed in accomplishing the mission(s) may be unique. The strategic location of the facility and span of control are important to effective mission accomplishment.

Mission Suitability (DoD selection criteria 1, 2, 3). The installation/activity supports assigned missions. Suitability includes the age and condition of facilities, quality of life, location, and proximity to transportation links.

Operational Efficiencies (DoD selection criteria 2 and 4). The installation/activity's mission is performed economically. Installation/activity operation costs include: transportation, mechanical systems (mechanized material handling equipment, etc.), space utilization, and personnel costs.

Expandability (DoD selection criteria 1, 2, 3). The installation/activity can accommodate new missions and increased workload, including sustained contingencies. Expandability considerations include requirements for space and infrastructure, community encroachment, and increased workload.

Military Values:

1. Current and future mission requirements
2. Availability and condition of land and facilities
3. Ability to accommodate contingency, mobilization, and future force requirements
4. Cost and manpower implications

Return on Investment:

5. Extent and timing of potential costs and savings, including payback

Impacts:

6. Economic impact on communities
7. Ability of infrastructure to support forces, missions and personnel
8. Environmental impact

DoD BRAC Selection Criteria

**DoD CRITERIA
TRANSLATED INTO
DLA MEASURES
OF MERIT**

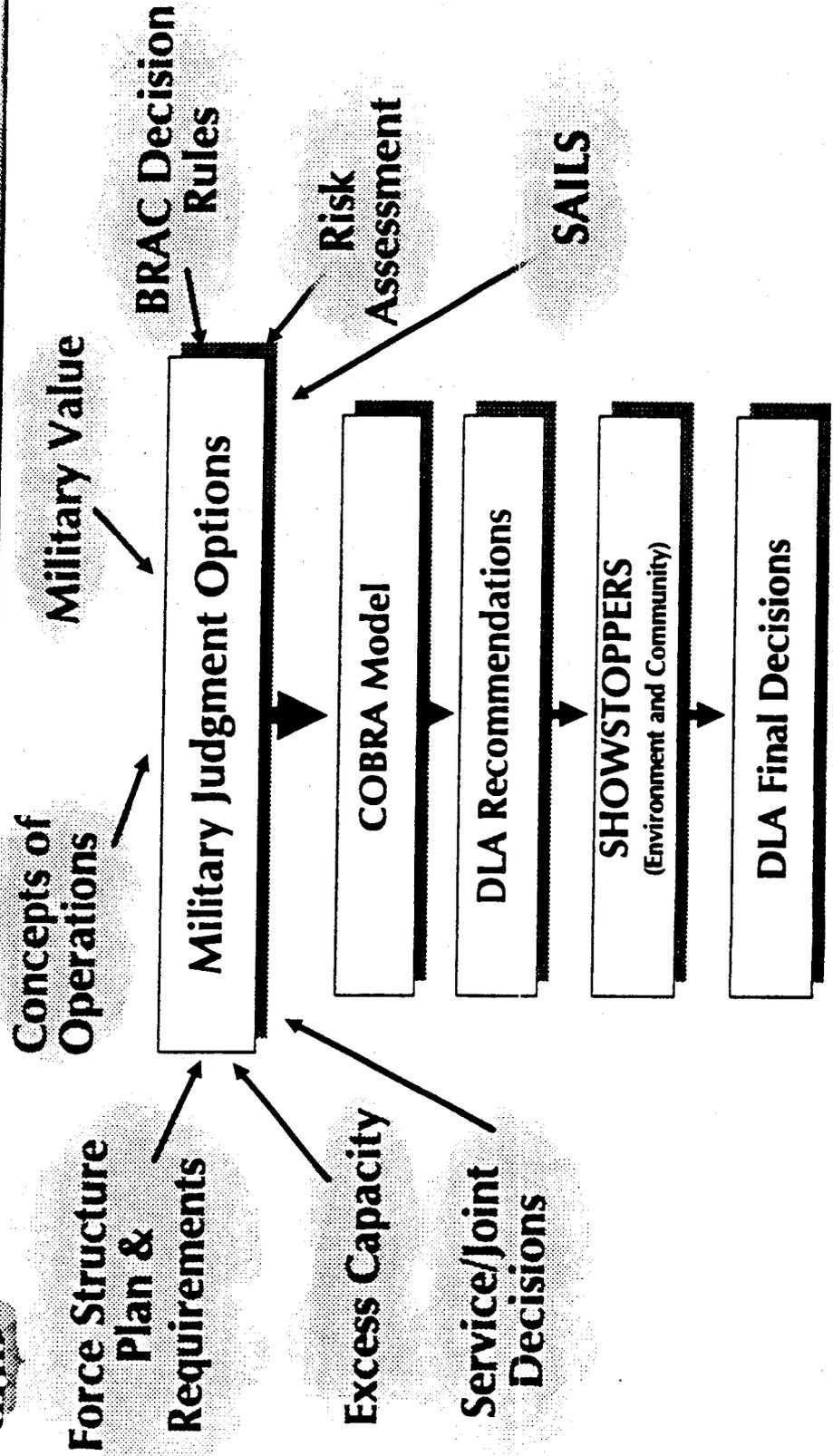
DLA Measures of Merit



Our Measures of Merit

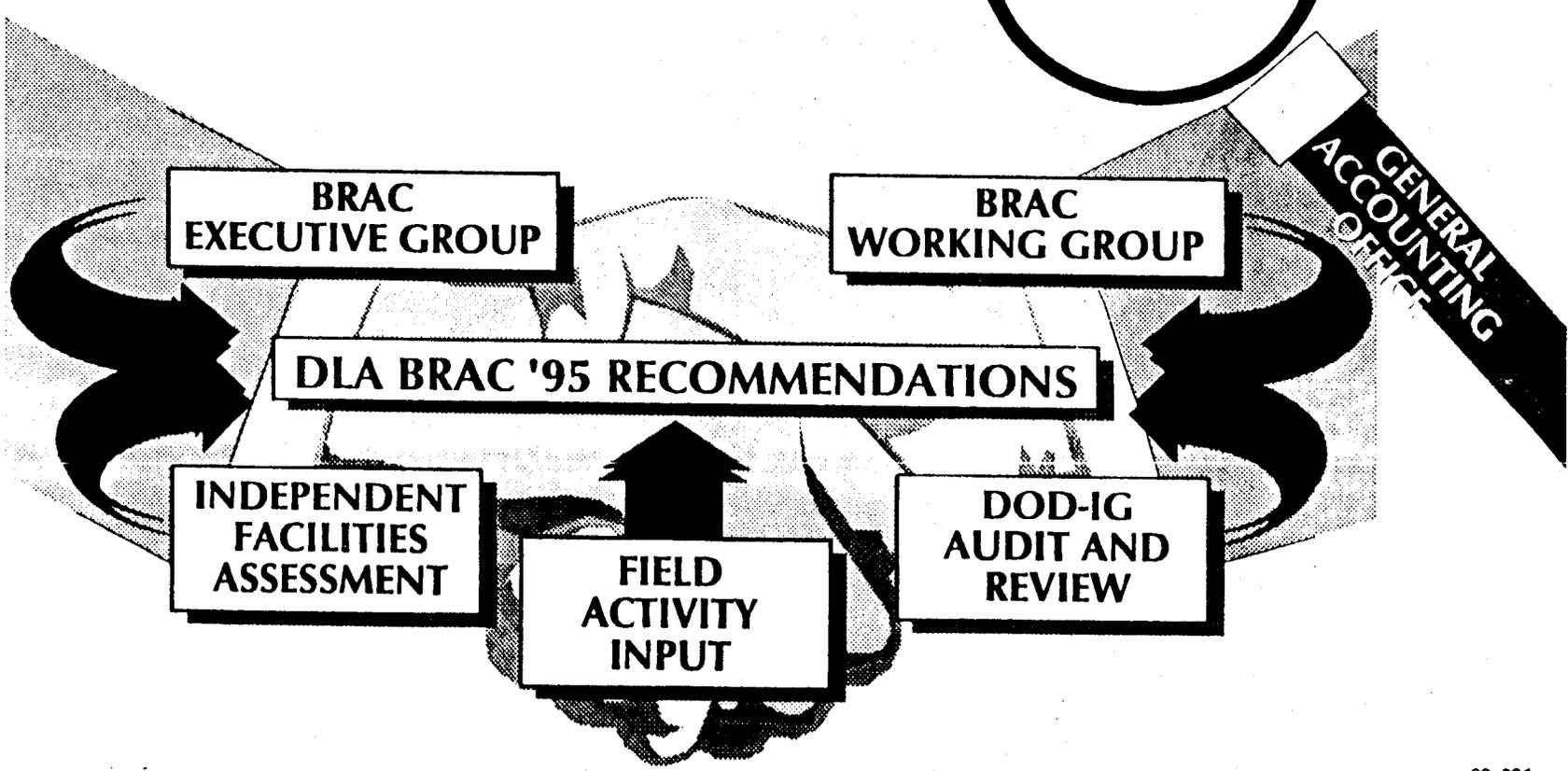
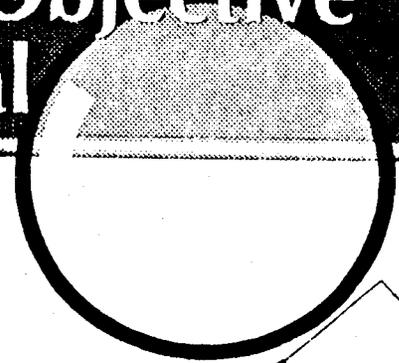


DLA BRAC Evaluation Tools





Our Approach Was Objective and Impartial





DLA BRAC '95 Decision Rules

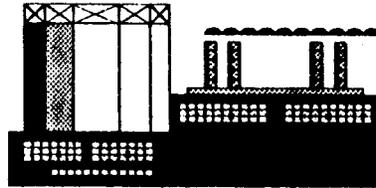
- Consistent with the Law, Base Decisions on the DoD Force Structure Plan and the DoD Selection Criteria
- Achieve an Infrastructure Consistent with the DLA Strategic Plan and Business Areas Concepts of Operations
- Consistent with Above, Seek Leanest, Most Cost-Effective Infrastructure by (Not in Rank Order):
 - Minimize Infrastructure Costs;
 - Close as a Top Priority;
 - Eliminate Duplications;
 - Maximize Use of Shared Overhead;
 - Optimize Use of Remaining DLA Space;
 - Maximize Cross-Service Utilization of Bases and Support;
 - Get Out of Leased Space and onto DoD-owned Installations
- Military Judgment Will be the Overarching Criteria for All Decisions—Optimally Satisfy the 4 Military Value Criteria by Balancing Outputs of all Analyses to Achieve Maximum Military Benefit.



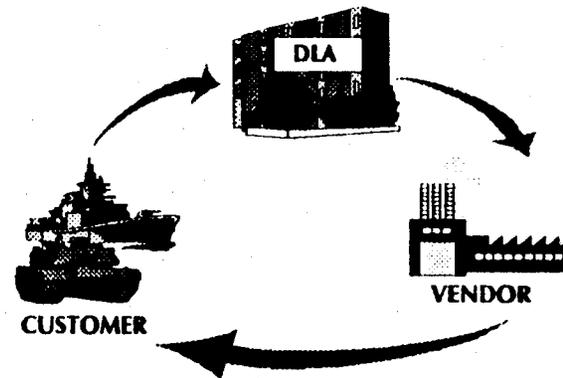
DLA Activity Categories Impacted



Contract Management



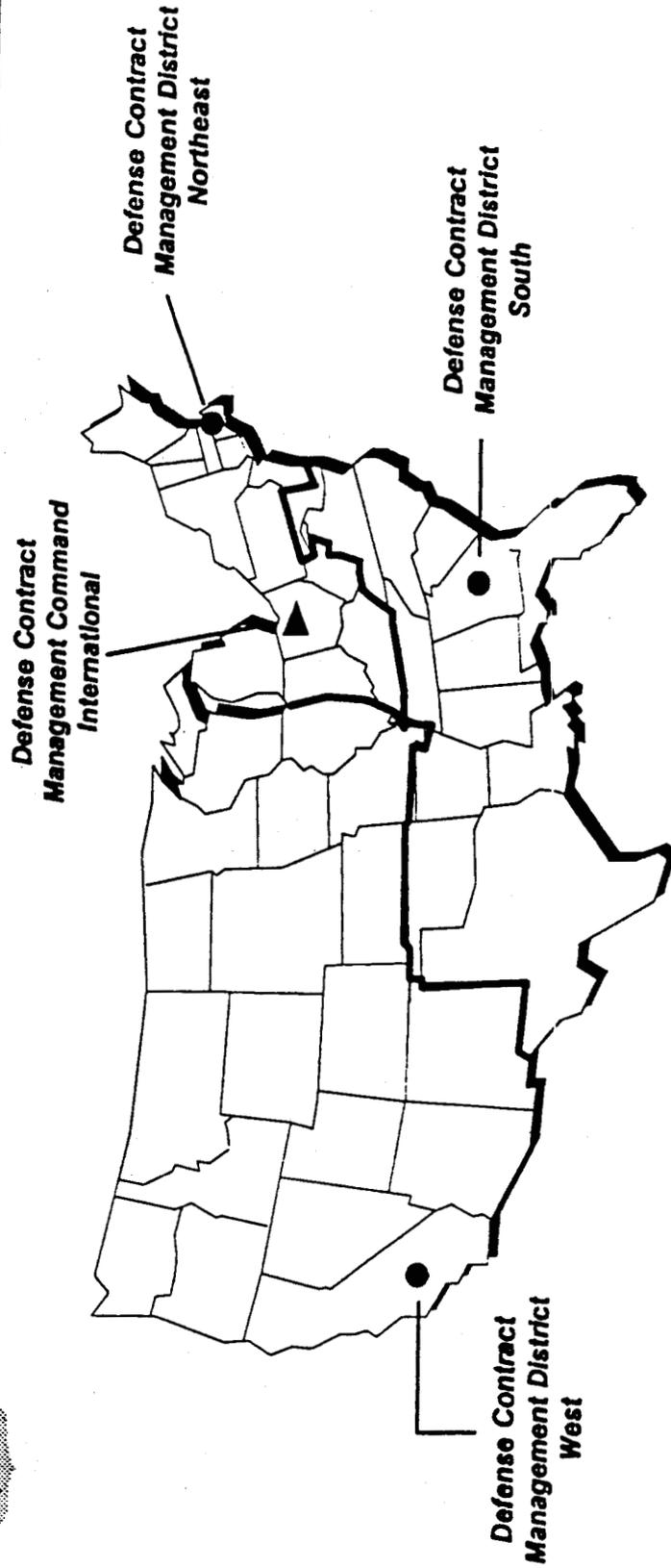
Distribution Depots



Inventory Management



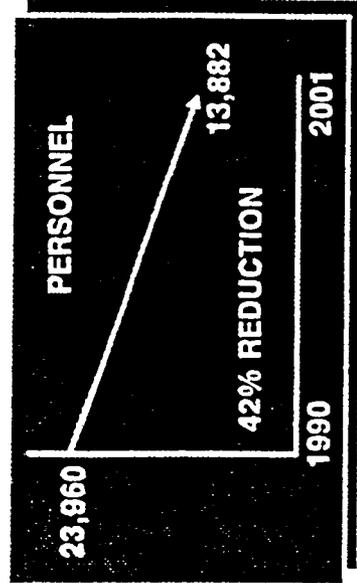
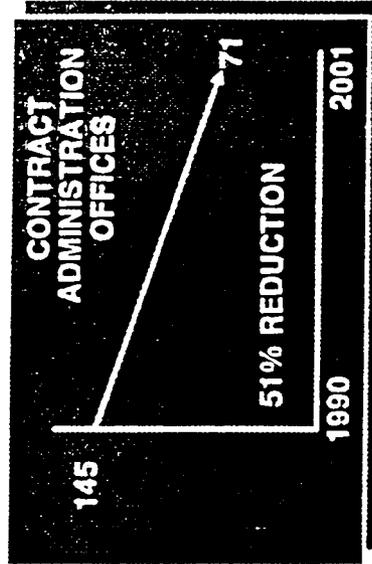
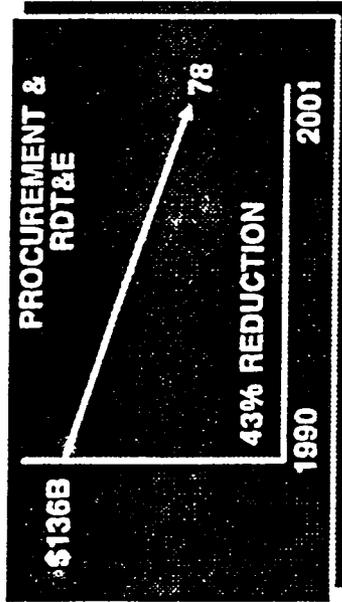
Contract Management Concept of Operations



- Center contract management oversight within largest contractor concentration
- Promote uniform application of DoD contract administration policy
- Resource Planning



DCMC Contract Management CONUS Workload Projection

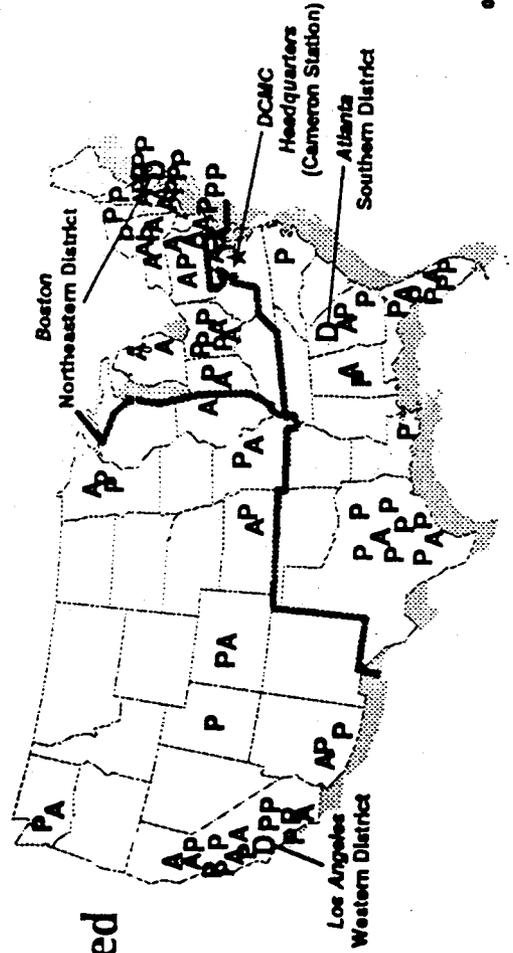




Contract Management Decision Process

- Workload dropping
 - Excess capacity available
- Two districts required
 - East and West DCMD's necessary
 - Maximum acceptable span of control
 - Consistent with Military Value ranking
- DCMCI can be realigned
 - Management functions merged
 - Efficiencies achieved

MILITARY VALUE	
DCMD Northeast	= 795
DCMD West	= 689
DCMD South	= 656





Recommendation: DCMD Regional Headquarters

Close: DCMDs , Realign DCMCI

Redirect: DCMDW

Period: 1996 → 1999

Personnel

Realigned/ Redirected: 348

Eliminated: 136

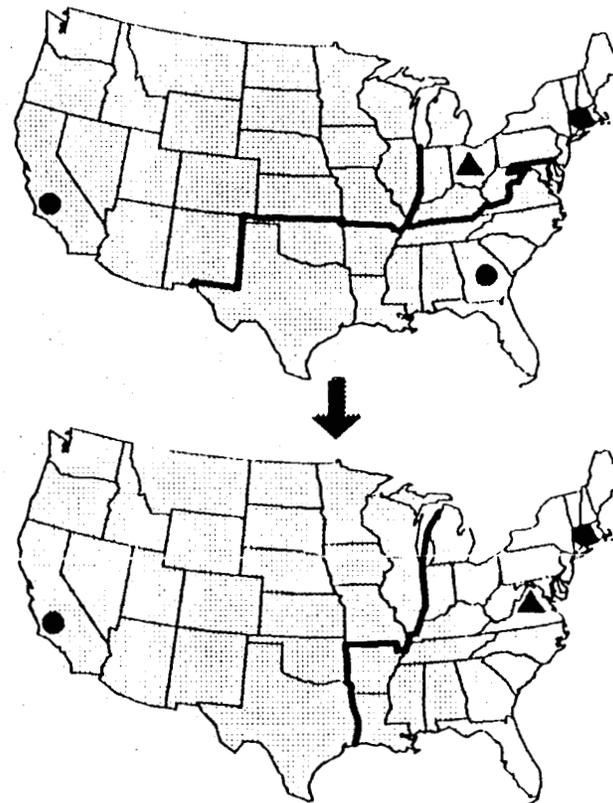
MILCON: \$5.37M*

Savings (\$M)

NPV (1996 - 2016): -165.7M

Steady State: 13.4M (FY 00)

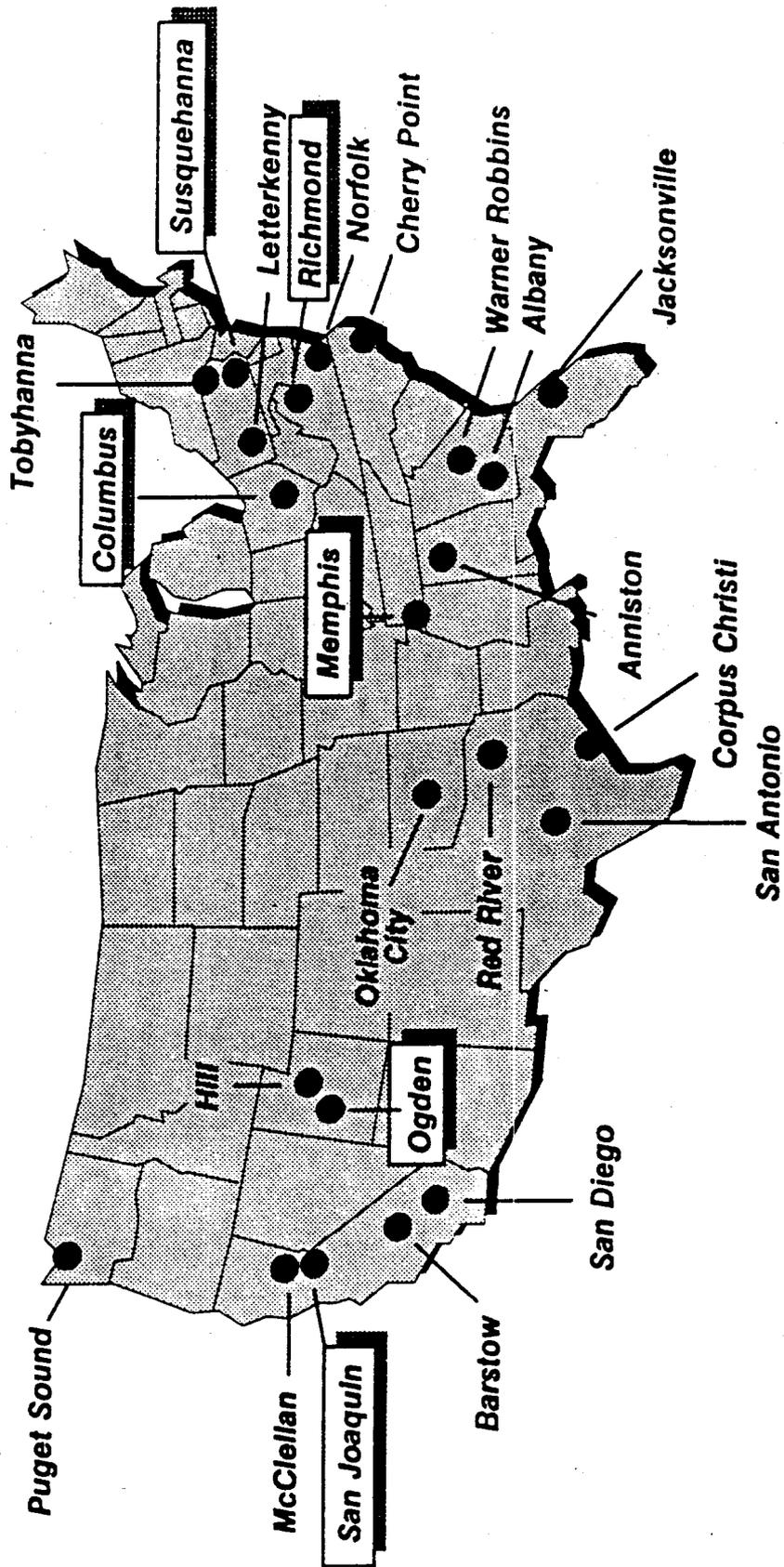
ROI year: Immediate



**Does Not Include \$11.0M Cost Avoidance in FY96*



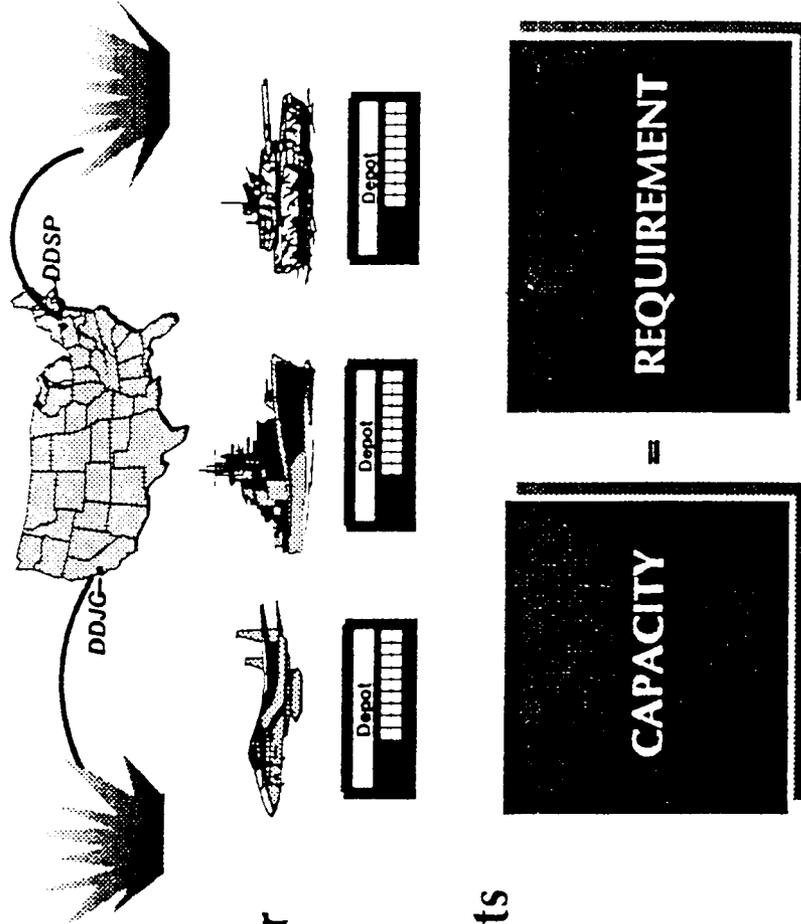
Distribution Management: 23 Distribution Depots, 11 Distribution Sites





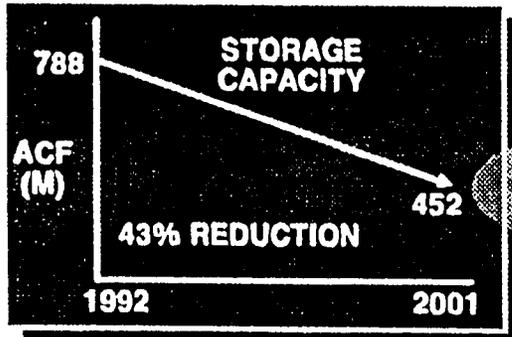
Distribution Concept of Operations

1. Support two MRC's from high throughput/storage facilities east and west coast
2. Colocate where we have a major maintenance/fleet customer
3. Accommodate specialized/contingency storage requirements
4. Optimize remaining storage
5. Optimize system cost

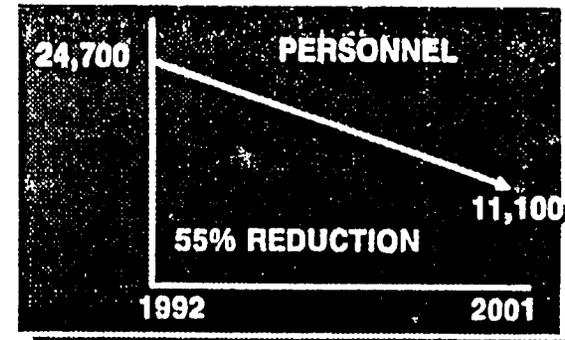
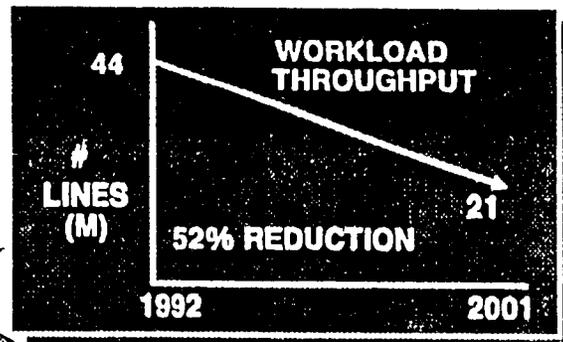




DLA Distribution Workload Projections



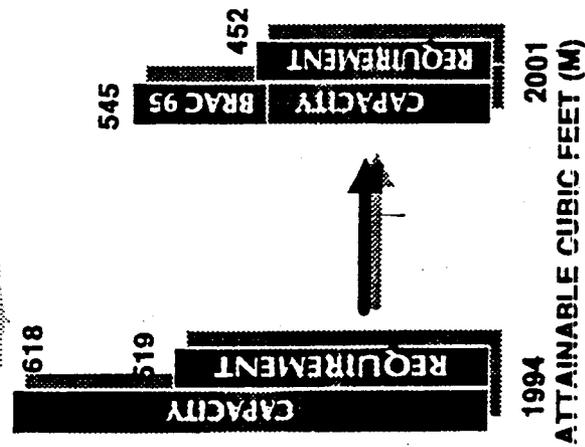
UTILIZE SERVICE EXCESS STORAGE SPACE
SHIFT WORKLOAD TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND
ADJUST FOR REDUCED INVENTORY REQUIREMENTS
INCENTIVIZE CUSTOMER TO BUY SMARTER



**EXCESS CAPACITY
MUST BE
ELIMINATED**



DLA Distribution Capacity

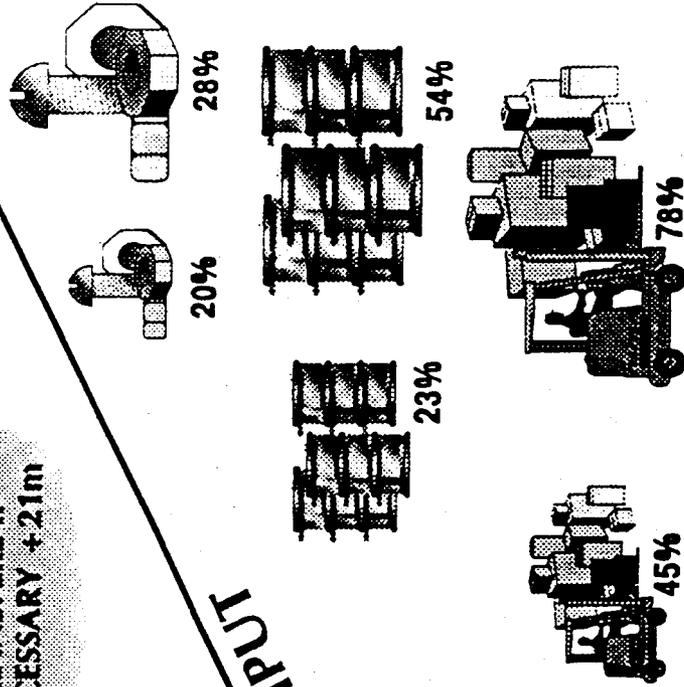


CROSS SERVICE TRANSFERS IF NECESSARY +21m

STORAGE CUBE IS THE BRAC LIMITER

STORAGE THROUGHPUT

THROUGHPUT IS NOT A PROBLEM



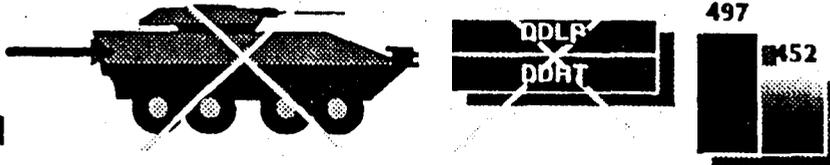
1994 → 2001 (POST BRAC) UTILIZATION

90Z001



Distribution Decision Process

1. Closed Depots Linked to Service Closures
 - Review CONOPs/Decision Rules
 - Remaining Collocated Depots Preserved



ACTIVITY MILITARY VALUE

1. DDJC	822
2. DDSP	759
3. DDMT	505
4. DDOU	505
5. DDRV	481
6. DDCO	468

INSTALLATION MILITARY VALUE

1. Columbus	767
2. New Cumberland	681
3. Richmond	649
4. Tracy/Sharpe	623
5. Ogden	611
6. Memphis	559

DEPOT CAPACITY

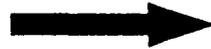
DDJC	77.9M (ACF)
DDSP	69.6
DDMT	34.0
DDOU	31.8
DDCO	28.6
DDRV	27.3

- Clear Distinction in Military Value Rankings
- East and West Coast PDS's
- Facilitized for High Throughput
- Largest Storage Capacity
- Designated ALOC & CCP Locations



Distribution Decision Process (Con't)

4. Four depots left for review

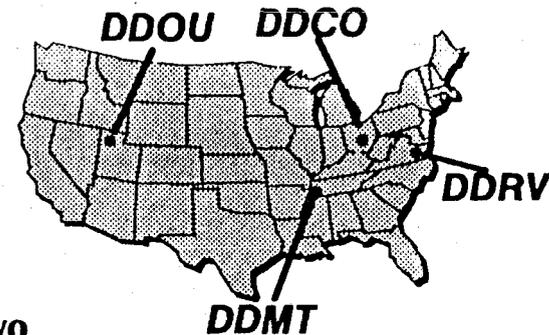


5. Convert DDCO to war reserve/slow moving storage vice closure
- Minimal depot staff remains

6. Still have ~ 60M ACF excess projected, can close two additional stand-alone depots

7. DDRV removed from consideration

- DDRV third ranked DLA installation
- Would not result in a closure
- Major backup for fleet support in Norfolk
- Optimizes annual system cost in SAILS model
- Best depot facility condition in DLA



ANNUAL SYSTEM COSTS SAILS RESULTS, CLOSE:

DDMT + DDOU	=	\$251M
DDMT + DDRV	=	261
DDOU + DDRV	=	256

Conclusion: Close two installations



Recommendation: Distribution Sites

Close: Letterkenny, Ogden, Red River, Memphis

Realign: Columbus

Period: 1996 → 2000

Personnel

Realigned: 3148

Eliminated: 1748

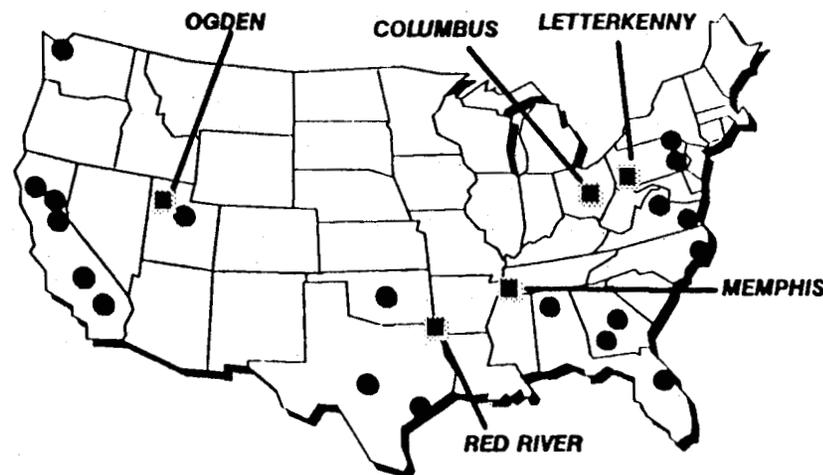
MILCON: \$58.0M

Savings (\$M)

NPV (1996 - 2016): -874.4M

Steady State: 87.9M (FY 01)

ROI: 2001 (1 yr)

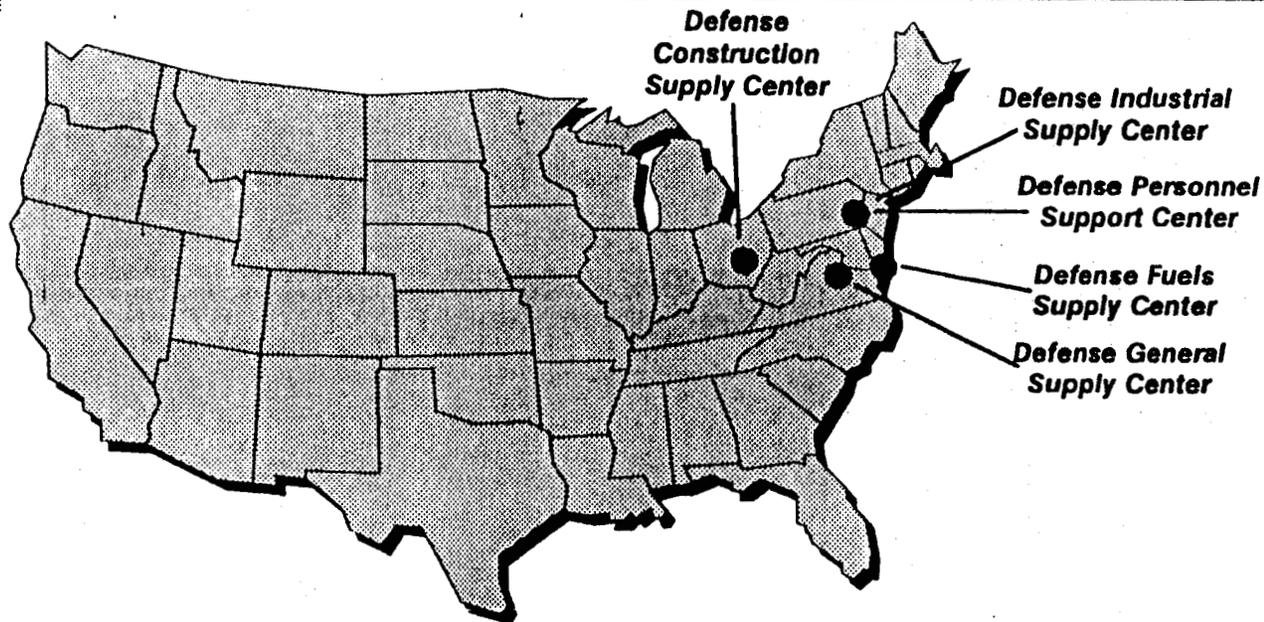


Reduce Capacity to Requirement

- Support customer decisions
- Max use of existing underutilized capacity



Supply Management: Five Inventory Control Points



TWO COMMODITY TYPES MANAGED

Troop & General

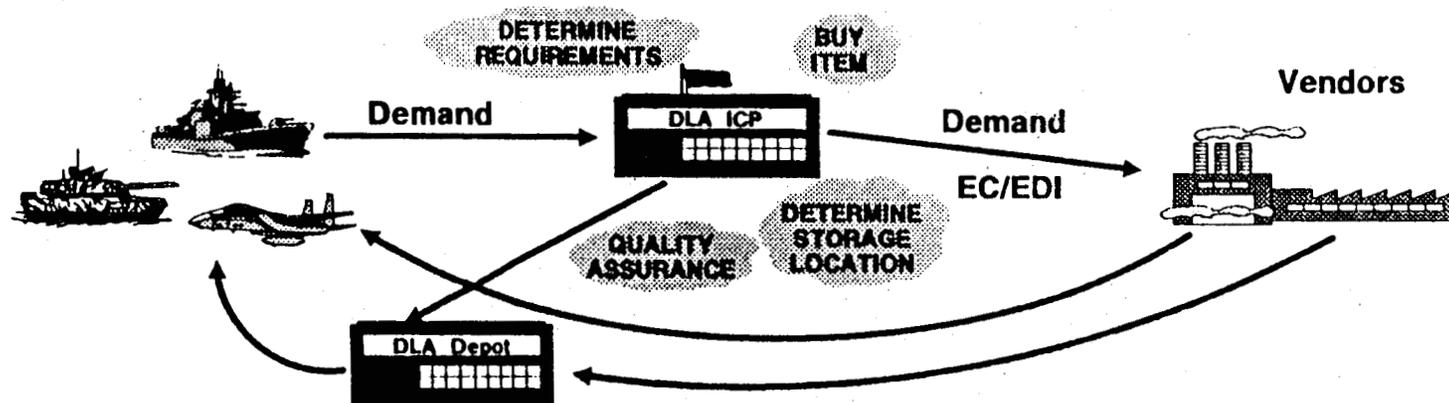
Short Leadtime
Higher Volume
Streamlined Acquisition Process
Readily Available Commercially

Weapons System

Long Leadtime
Specialized Tooling
Not Available Commercially
Tighter Performance Specifications



Supply Concept of Operations



BETTER, FASTER, CHEAPER

TWO COMMODITY TYPES MANAGED

Troop & General

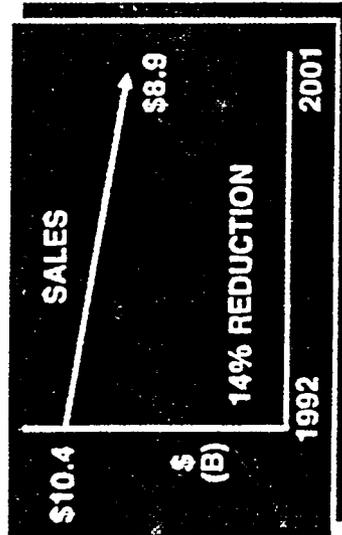
Short Leadtime
Higher Volume
Streamlined Acquisition Process
Readily Available Commercially

Weapons System

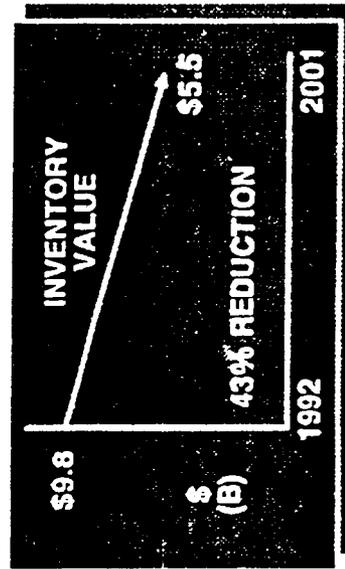
Long Leadtime
Specialized Tooling
Not Available Commercially
Tighter Performance Specifications



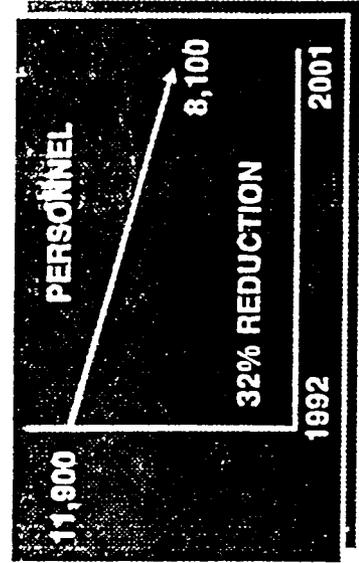
Supply Management Workload Projections



SHIFT SUPPORT TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND



RECEIVING \$6.5B
INVENTORY FROM
SERVICES...EFFECTING
SIMILAR REDUCTIONS





Supply Decision Process

1. CONOPS drives DLA to single up Weapons System and Troop and General Item Management posture

- Mission risk dictates 2 Weapons System ICP's, 1 T&G

2. Military value removes DCSC from consideration

3. Installation military value strongly supports keeping Richmond installation open

4. Decision: Close DISC
Single up T&G at DPSC
Split Weapon System Management between DGSC and DCSC

HARDWARE ICP MILITARY VALUE RESULTS

DCSC	740
DGSC	567
DISC	541

INSTALLATION MILITARY VALUE

1. Columbus	767
2. New Cumberland	681
3. Richmond	649
4. Tracy/Sharpe	623
5. Odgen	611
6. Memphis	559



Recommendation: ICPs

Close: DISC, Realign Weapons and T&G Workload

Period: 1996 → 1999

Personnel

Realigned: 335

Eliminated: 408

MILCON: \$3.4M*

Savings (\$M)

- Supports Concept of Operations
 - One installation closed
 - Most acceptable risk
- Administrative space available
 - Minimized personnel disruption

NPV (1996 - 2016): -236.5M

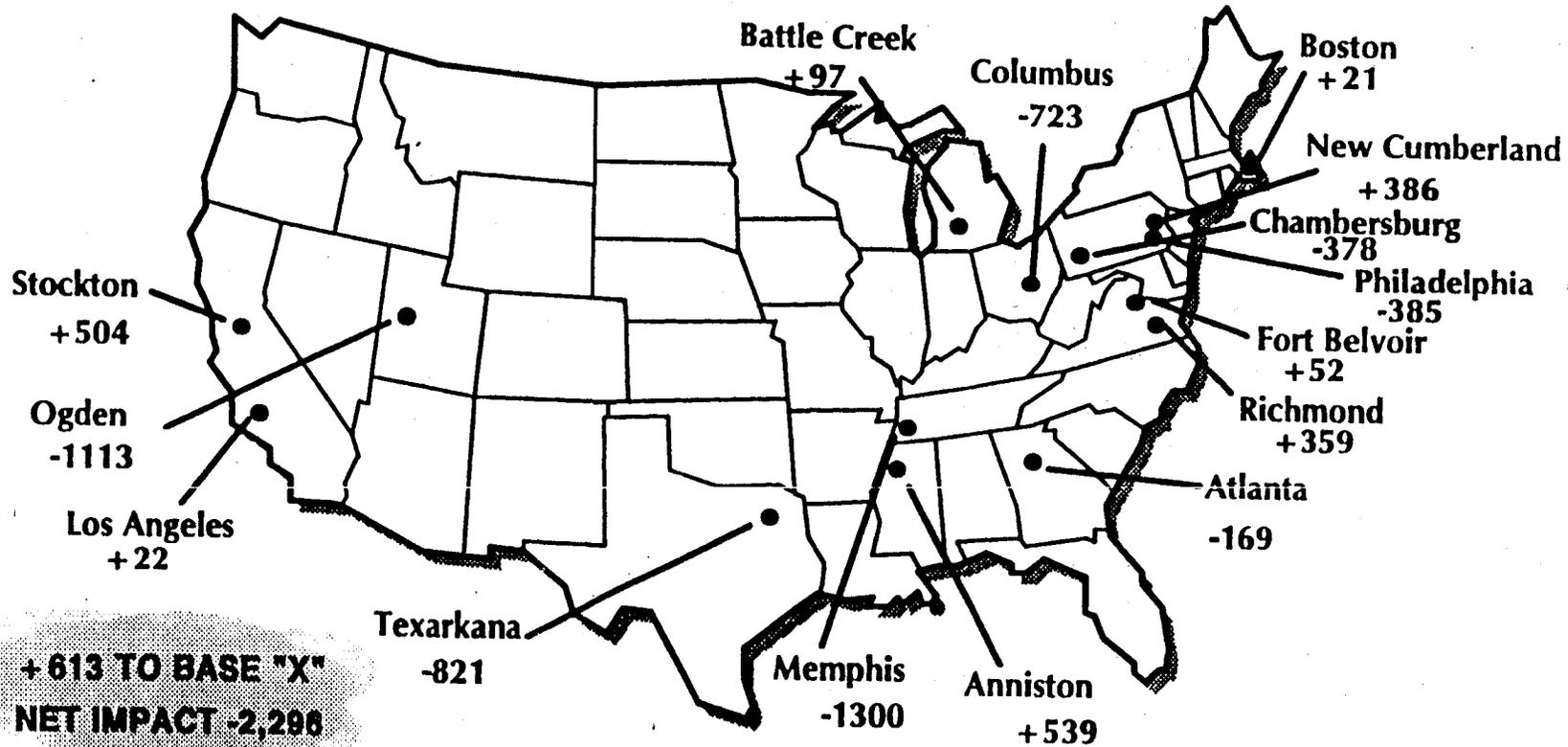
Steady State: 18.4M (FY 01)

ROI: Immediate

***Does Not Include a \$28.6M Cost Avoidance in FY96**



BRAC '95 Total Recommendation Personnel Impacts

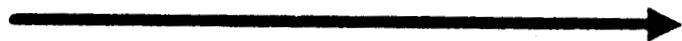




DLA BRAC '95 Summary

DISTRIBUTION

*23 Depots
11 Sites*



*18 Depots
5 Sites*

**22%
55%**

SUPPLY

5 Inventory Control Points

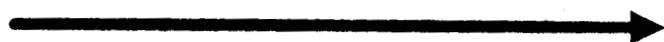


4 ICPs

20%

CONTRACT MANAGEMENT

*3 Districts
1 Command*

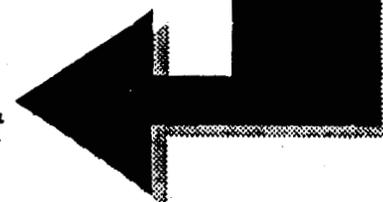


*2 DCMDs
0 Commands*

**33%
100%**

THE BOTTOM LINE:

*Meeting Customer Readiness and Weapon
Systems Acquisition Requirements at Reduced Cost*

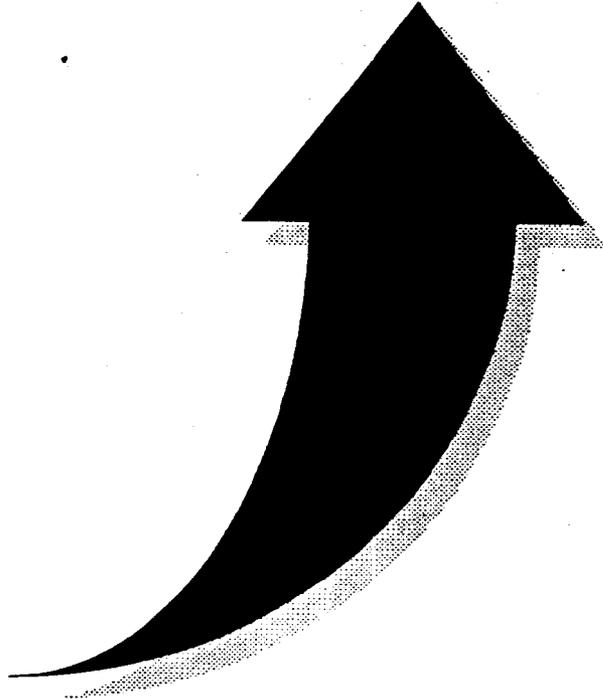


***A Reduction of 22% in Replacement Value of DLA
Infrastructure Reviewed, a 4% Reduction in Current Workforce.***



DLA BRAC 95 Recommendations

IF ACCEPTED



Savings

NPV \$-1.3B

SSS \$120M/year



Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

QUESTIONS FROM CONGRESSMAN HAROLD FORD, TENNESSEE

17. After Desert Storm, the DLA undertook a study of its depots' performance, "An Assessment of Container and Rail handling Capabilities at DLA Depots", 30 January 1991.

What were the results of that report, and were they used in the evaluation process?

Why was this report not taken into account?

18. Was the impact a base closure would have on economically disadvantaged communities considered by DLA when they assessed the economic impact of their recommendations?

Did DLA compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the state and surrounding areas?

Do you believe the Commission should use this comparison as a criteria in its decision making process?

BRAC 95 COMMISSION
QUESTIONS FOR DEFENSE LOGISTICS AGENCY

1. Why does data reflected in the COBRA model drastically deviate from data submitted by the installation, specifically the costs associated with movement of wholesale/retail assets in storage at the Defense Distribution Depot Red River to the Defense Distribution depots at Anniston and San Joaquin and to depot "X"?

2. Defense Logistic Agency's basis for analysis for co-located depots was "when a military service determined that a maintenance depot was surplus to their needs, Defense Logistics Agency would consider closing co-located distribution functions." The logic was two fold:

First, the maintenance depot is by far the biggest customer and primary reason for Defense Logistics Agency presence. Question: Since Defense Distribution Depot Red River supports the maintenance function at Red River Army Depot and Fort Hood at equal percentages of overall workload, how does Defense Logistics Agency justify categorizing support to Red River maintenance as being by far Defense Distribution Depot Red River's biggest customer when eighty percent of the customers are off base?

Second, complete closure of the facilities infrastructure generates the best economic return to Department of Defense. Question: Since Army recommends leaving the ammunition mission,

School of Engineering and Logistics, and rubber products facility open at Red River and since the operation will require base operations support, Red River maintenance, sewage, water plant maintenance, rail crew support, and power station maintenance, how does just changing the command to Lone Star Army Ammunition Plant reduce the infrastructure costs for Department of Defense?

3. Was the combined military value and cost of closure of the co-located facilities of Red River Army Depot, Lone Star Army Ammunition Plant, Defense Logistics Agency distribution depot (DDRT), and their tenants considered in the overall evaluation as requested of the Army, Defense Logistics Agency, and Department of Defense by the community?

7. Supply support for contingency operations by doctrine* depend upon strategic airlift. Where is the assessment of strategic airlift capability in this analysis? Is it given the appropriate amount of weight compared to administrative criteria?

* Army Field Manual FM 100-5 Chap 12

8. The DLA ranked stand-alone depots for military value. Both the DoD and BRAC use military value as the most important selection criteria. Among stand-alone depots, DDMT was ranked third in military value and recommended for closure. However, DLA chose to maintain Richmond and Columbus, which ranked 5th and 6th. If military value is regarded so highly, why did DLA completely disregard it with respect to stand-alone depots?
9. Defense Distribution Depot Memphis (DDMT) ranked third behind Defense Distribution Depot San Joaquin (DDJC) and Defense Distribution Depot Susquehanna (DDSP). Both DDJC and DDSP are not single entities as DDMT is. DDJC includes two depots (Tracy, CA and the Sharpe Army Depot). DDSP includes the DLA Mechanicsburg Depot and the New Cumberland Army Depot. In fact the Mechanicsburg Depot and the New Cumberland Depots are 11 miles apart. For what reasons were they lumped together, and how did this effect their individual military value scores?
10. DDMT has far superior access to transportation systems (highways, rail systems, airports etc.). Despite this superiority, DDMT only scored third in the mission suitability section of the military value test. How much weight does this crucial distribution factor carry in the test?
11. DDMT has far superior access to commercial transportation modes and the Department of Defense has recently contracted with the Federal Express Corporation for a premium transportation service where "critical" material can be delivered at maximum speed. Were these factors taken into consideration when rating DDMT?
12. "Direct vendor delivery" was used in the DLA Detailed Analysis as a reason DDMT (and other depots) would see a decline in the need for warehousing and distributing materials. The bulk of DDMT's distribution materials are food supplies, clothing and medical supplies. How much will "direct vendor delivery" have on these particular materials?
- DDMT specializes in the assembly of B-rations so that field commanders receive one containerized shipment which includes all necessary materials for a meal (food, salt, water, utensils, etc.) for their particular size force. Will "direct vendor deliveries" replace this system?
13. Why was the Defense Industrial Plant Equipment Center, DDMT's only major tenant activity, moved from Memphis just prior to BRAC 1995? The lack of a major tenant activity hurt DDMT's score on the military value test.

Defense Logistics Agency GENERAL

1. Major General Farrell, did the Office of the Secretary of Defense remove or add any installation closures or realignments from your recommendations to the Secretary?

If so, will you please elaborate on the specifics?

2. Major General Farrell, did anyone in the administration instruct you not to place any specific installations on your list to the Secretary of recommended closures and realignments?

If so, which ones and for what reasons?

3. Major General Farrell, did the Office of the Secretary of Defense instruct your Service to place or not to place any specific installations for closure or realignment on your listed recommendations to the Secretary?

If so, will you please elaborate on the specifics?

4. Major General Farrell, will the Defense Logistics Agency have excess capacity in any major categories or installation groupings if the Secretary of Defense's recommendations are accepted by this commission? Please elaborate.

5. Major General Farrell, did you or the Office of the Secretary of Defense remove any installations from the recommendations solely for reasons of environmental or economic impact? Please elaborate.

6. Major General Farrell, given the limitations on the base closure process by current Title 10 restrictions and the fact that excess capacity will more than likely remain after this last and final round under the current Base Closure Law, what method would you recommend for consideration in future base closure efforts?

7. Major General Farrell, have you provided to the commission all of the information that you used in your decision-making process? If not, would you please provide it within the next five days?

Defense Logistics Agency PROCESS

1. Maj Gen Farrell, could you please explain the overall philosophy the Defense Logistics Agency used this year to decide which of its facilities would be closed or realigned.

What specific factors did you consider when closing or realigning a Defense Logistics Agency facility?

2. Maj Gen Farrell, what determines military value, and what were the points within the military value calculations which differentiated one installation from another?

3. Maj Gen Farrell, how much of your decisions were dependent upon the service's decisions?

Were there any service concerns which were raised which caused you some difficulty? If so, what were they and how were they resolved?

Were all possible options considered? Were there any installations excluded from consideration? If so, why?

4. Maj Gen Farrell, for all of the Defense Logistics Agency's closure and realignment decisions, what will be the total one time costs and steady state savings?

On average, at what year will you begin to break-even? Were there other options which would have yielded more savings? If so, why didn't you select those options?

Defense Logistics Agency
PROCESS, continued

5. Maj Gen Farrell, if all of the recommended closures and realignments are completed, what is the decrease in Defense Logistics Agency personnel by number and cost?

What percentage reduction does this represent?

6. Maj Gen Farrell, do any of your recommendations result in construction cost avoidance's for construction or modifications authorized by the 1991 Commission?

What are those costs and which installations are affected?

Defense Logistics Agency DISTRIBUTION DEPOTS

BACKGROUND:

The Defense Distribution Depots store and distribute the consumable items managed by the Inventory Control Points. The Department of Defense report recommends that two stand-alone Defense Distribution Depots be closed--the Defense Distribution Depot Memphis, Tennessee and the Defense Distribution Depot, Ogden, Utah with its materials being relocated to other storage space within the Department of Defense Distribution System. This action will result in 1300 direct job losses at Memphis and 1113 direct job losses at Ogden. The report also recommends that two follow-on depots be closed--Defense Distribution Depot Letterkenny, PA and Defense Distribution Depot Red River, TX. This action will result in 378 direct job losses at Letterkenny and 821 direct job losses at Red River.

1. Maj Gen Farrell, what percentage of your overall distribution depot capacity will be reduced by the recommended closures/realignments?

Will there be enough capacity in the remaining distribution depot system to accommodate the inventories that need to be moved from the proposed closed depots during the transition period?

Does this leave you with enough depot capacity to meet any unforeseen future operational needs?

2. Maj Gen Farrell, will the Defense Logistics Agency still have excess depot capacity if all of the recommended closures and realignments are implemented?

If so, why were more facilities not recommended for closure?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

3. Maj Gen Farrell, a recent U. S. General Accounting Office report on inventory reduction indicates that the Department of Defense has about 130 million item cube of material that should be excessed.

Could you have closed more depots in this round of BRAC if those inventory reductions were to occur?

4. Maj Gen Farrell, has the transfer of consumable items from the services to the Defense Logistics Agency been completed?

If not, when will this be completed, and how did you factor this into your depot capacity requirements?

5. Maj Gen Farrell, if the excess capacity available to the Defense Logistics Agency through the services was considered, and all the Defense Logistics Agency closure and realignment recommendations are completed, what effect will there be on your capacity requirements if the Commission adds other service maintenance depots to the closure list?

Defense Logistics Agency DISTRIBUTION DEPOTS, continued

6. Maj Gen Farrell, in 1993 the Defense Logistics Agency stated that there was no need for additional distribution space on the west coast. In fact, I'm told that this year the complex computer model you used for analyzing inventory storage locations also did not support any additional storage requirement on the west coast.

In a recent letter to James Klugh, the Deputy Under Secretary of Defense for Logistics, Vice Admiral Straw stated that the Defense Logistics Agency views any offer of additional space "solely as an insurance hedge" and that "any offers of space to DLA should carry no weight in the determination of whether a base/depot remains open".

On the other hand, at last weeks March 1st hearing, Secretary of Defense Perry stated: "The Defense Logistics Agency was able to this time take into use the logistics facilities capacity available in the Air Force, I believe, especially at McClellan, so that they were able to do some downsizing in the Defense Logistics Agency and make use of Air Force logistics capacity".

I'm told that the Air Force offered the Defense Logistics Agency storage space in the neighborhood of 11 million Attainable Cubic Feet (ACF).

There seems to be some inconsistency here. On one hand your agency indicated that no further requirement exists on the west coast for additional storage capacity. On the other hand, the Secretary of Defense stated that one reason for downsizing rather than closing a major west coast installation was to support the Defense Logistics Agency with additional storage.

General, your recommendation is to close the distribution depot at Ogden. If the recommendation is accepted by this Commission, does the Defense Logistics Agency intend to use any additional storage space other than that which is presently in use by the agency on the west coast?

If so, where and for how long will you require this additional storage?

Defense Logistics Agency DISTRIBUTION DEPOTS, continued

Did the computer model you used for inventory location (SAILS - Strategic Analysis of Inventory Logistics Systems) in fact indicate that no new storage facilities were required on the west coast?

Did you in any way alter the initial recommendation of the model? If so, how and why?

The Air Force Logistics Center policy is to down size in place rather than close. On the west coast, a large Defense Logistics Agency presence would help justify retention of an installation.

At any time, was there an agreement made with any Air Force or any other individual, internal or external to the Department of Defense, which would assure a continued Defense Logistics Agency presence at any Air Logistics Center.

7. Maj Gen Farrell, the Defense Logistics Agency is reducing the need to store inventories at defense depots through direct vendor delivery and prime vendor programs.

Were future increases in direct and prime vendor deliveries considered when the Defense Logistic Agency's capacity requirements were determined?

If so, what percentage of inventory reductions were attributed to direct/prime vendor delivery?

If this was not considered, why not?

8. Maj Gen Farrell, to what extent did you consider privatizing Defense Logistic Agency functions and/or activities?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

13. Maj Gen Farrell, the Memphis community has stated that the Defense Logistics Agency has been transferring workload from Memphis to other Defense Depots.

Is this contention accurate?

If so, was the Memphis Depot adversely affected in the military value calculation?

14 Maj Gen Farrell, the 1993 BRAC directed that DoD's tactical missile maintenance work be consolidated at Letterkenny.

In light of this, has the Letterkenny Defense Distribution Depot made any infrastructure changes to accommodate the increased workload?

If so, what changes were made, and what were the costs to make these changes?

How much of the Defense Distribution Depot's workload would be directly related to the missile maintenance work versus other customers?

What is presently being stored at the depot?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

15. Maj Gen Farrell, only 12% of the Red River Defense Distribution Depot's mission relates to the direct support of the Red River Army Depot.

Did you consider keeping the Red River Defense Distribution Depot open in spite of the Army's decision to close its depot, given that over 85% of its mission is to support other customers?

If so, what consideration was this given?

What costs would there be to the Defense Logistics Agency to maintain the depot versus what it costs them now?

QUESTION FROM SENATOR DAVID PRYOR, ARKANSAS

16. Maj Gen Farrell, the Department of the Army was requested to consider the cost of moving the Defense Logistics Agency activity at the Red River Army Depot in its analysis of total closure costs. The community has estimated the cost to be in excess of \$300 million for such a move.

Is this estimate consistent with the costs calculated by the Defense Logistics Agency?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

9. Maj Gen Farrell, I am aware that the Defense Logistic Agency is testing a premium services delivery program with FedEx. This program allows the Defense Logistic Agency to store high turnover items at a FedEx facility.

What impact could this have on future depot storage capacity requirements if the program is successful?

10. Maj Gen Farrell, your Richmond and Columbus Depots rated lowest in their category of military value analysis. Yet you are recommending the closure of your Memphis and Ogden Depots.

Why didn't you close the Richmond and Columbus Depots?

11. Maj Gen Farrell, what went into the military value analysis decision to close the defense distribution depots at Memphis, Tennessee and Ogden, Utah?

What economic factors were considered?

What other options were considered, and why were these options rejected?

What will your total capacity reduction be as a result of closing these two depots?

What percentage of your total capacity does this represent?

How will the present mission requirements of these depots be handled?

12. Maj Gen Farrell, in your decision to close the Memphis Defense Distribution Depot, how much weight was given to its central location and excellent access to all types of transportation?

Defense Logistics Agency INVENTORY CONTROL POINTS

Background:

The Inventory Control Points, which there are presently five, manage DoD's consumable items, such as spare parts, food, clothing, medical, and general supplies. The Department of Defense report recommends that one Inventory Control Point be disestablished--the Defense Industrial Supply Center (Philadelphia, PA)--with its mission being distributed to two of the remaining Inventory Control Points--Defense Construction Supply Center (Columbus, OH) and Defense General Supply Center (Richmond, VA). This action will result in 385 direct job losses at Philadelphia and 335 job gains at Richmond.

1. Maj Gen Farrell, you are recommending a major change in operations at your Inventory Control Points.

Why did you decide to realign your workload by troop and general support and weapon system items?

Why are you proposing only two weapon system inventory control points?

2. Maj Gen Farrell, you are recommending disestablishing one Inventory Control Point, the Defense Industrial Supply Center (DISC) in Philadelphia, and distributing the management of its weapon system-related items to the Inventory Control Points at Richmond (Defense General Supply Center [DGSC]) and Columbus (Defense Construction Supply Center [DCSC]).

Why was the Defense Industrial Supply Center chosen as the Inventory Control Point to be disestablished as opposed to the Defense General Supply Center or the Defense Construction Supply Center?

What military value analysis was done?

What is your risk to having only two weapon system-related items Inventory Control Points?

Defense Logistics Agency
INVENTORY CONTROL POINTS, continued

3. Maj Gen Farrell, The Navy contends that significant synergy exists between the Naval Aviation Supply Office and the Defense Industrial Supply Center and that these two organizations should remain collocated.

Did you evaluate the lost synergy between these two organizations?

What economic factors were considered?

What other realignment options were considered, and why were those options rejected?

4. Maj Gen Farrell, in 1993 you wanted to move two Inventory Control Points--Defense Personnel Support Center and Defense Industrial Supply Center--out of Philadelphia and relocate them into new construction in New Cumberland, PA. The 1993 Commission decision resulted in both organizations remaining in Philadelphia. In 1995 you want to split the two organizations.

What changed between 1993 and 1995 to alter the Defense Logistic Agency recommendation?

5. Maj Gen Farrell, according to your data, your decision to disestablish the Defense Industrial Supply Center will result in a direct loss of only 385 jobs. Currently, there are approximately 1800 civilian employees in this organization.

Will the remaining 1400 jobs be absorbed into the Defense Personnel Support Center (DPSC), which will remain in Philadelphia?

If so, will the increase in the number of line items to be handled at the Defense Personnel Support Center (DPSC) require an increase in the current workforce by 1400 employees?

If not, what will happen to these 1400 employees?

If these jobs are scheduled to be eliminated, why are they not included in your economic impact analysis?

Defense Logistics Agency
INVENTORY CONTROL POINTS , continued

6. Maj Gen Farrell, how can an increase of only 335 jobs at the Defense General Supply Center in Richmond, VA and no increase in jobs at the Defense Construction Supply Center in Columbus, OH accommodate the relocation of the workload currently being done at the Defense Industrial Supply Center?

7. Maj Gen Farrell, an additional 200,000 to 400,000 consumable items are scheduled to be transferred to the Defense Logistics Agency from the services in 1995.

What is the mix of these items between weapon system and troop and general support?

Are more item transfers planned in the coming years?

With your planned reduction in inventory control points, will you have enough capacity to handle the additional workload? If so, how?

If not, did you consider keeping the Defense Industrial Supply Center open to accommodate the increased workload?

Defense Logistics Agency
INVENTORY CONTROL POINTS , continued

8. Maj Gen Farrell, during BRAC 1993, to accommodate the additional personnel (approximately 3,000) coming to the Aviation Supply Office compound from the Defense Personnel Support Center, it was estimated that there would be approximately \$46 million in renovation costs.

Do you still plan to accommodate approximately the same number of employees at this installation?

If so, are building renovations still needed? What are these costs?

If not, why are building renovations not needed?

If total renovation will not be necessary is there a construction cost avoidance if this recommendation is approved?

Did you delay making any extensive renovations at the Aviation Supply Office compound and delay moving the Defense Personnel Support Center to the compound in order to make your current recommendation and thus avoid construction costs?

Defense Logistics Agency CONTRACT MANAGEMENT DISTRICTS

BACKGROUND:

The Defense Contract Management Districts provide command and control, operational support, and management oversight for 90 Defense Contract Management Area Operations and Defense Plant Representative Offices located throughout the United States. There are presently three Defense Contract Management District Offices. There used to be five. BRAC 1993 approved the disestablishment of two of these offices. The 1995 Department of Defense report recommends that one (Defense Contract Management District South, Marietta, GA) of the three remaining offices also be disestablished with its mission being relocated to the Defense Contract Management District Northeast in Boston, MA and the Defense Contract Management District in El Segundo, CA. This action will result in 169 direct job losses in Georgia and 20 job gains in the two remaining locations.

1. Maj Gen Farrell, would you describe the analysis which resulted in the decision to close the Defense Contract Management District South in Georgia as opposed to the one in Massachusetts or California?

2. Maj Gen Farrell, the Department of Defense report which addresses the Defense Logistics Agency recommendations states that having only two Defense Contract Management District offices presents only 'a moderate risk'.

What do you mean by 'a moderate risk'?

3. Maj Gen Farrell, the Department of Defense report also states that as a result of the drawdown, you expect a decline in the number of Area Operations Offices and Plant Representative Offices.

About how many offices do you expect to be eliminated in the future?

Defense Logistics Agency
CONTRACT MANAGEMENT DISTRICTS, continued

4. Maj Gen Farrell, could the remaining two Defense Contract Management District offices handle a further increase in workload should the military system go through a build up without a substantial increase in personnel?

If so, how would this be handled?

If not, how many people would have to be hired at these two locations, and would the additional personnel require the need to obtain additional workspace?

5. Maj Gen Farrell, you recommended the closure of your Contract Management District in Georgia, but I note in your analysis that the Contract Management District in California also ranked low in military value.

Did you consider closing the Western District?

If so, what would be the costs and savings of closing this district versus the one in Georgia?

If not, why was this option not evaluated?

Defense Logistics Agency
CONTRACT MANAGEMENT DISTRICTS, continued

6. Maj Gen Farrell, the 1993 BRAC authorized the Defense Contract Management District West to move from leased space in El Segundo to “Long Beach Naval Shipyard, California, or space obtained from exchange or land for space between the Navy and the Port Authority/City of Long Beach area.” You now want, through a redirect action, to expand the options to include “to a purchased office building, whichever is the most cost-effective for DoD.”

Have you obtained cost estimates for the purchase of an office building?

How long do you anticipate waiting until a decision is made to move to Department of Defense property or to buy?

If you can't get into a government building, would it be cheaper to stay in leased space?

If so, would it be cheaper to remain at your current location?

Can the District Office be located anywhere in the west coast area?

If so, have you or will you look at existing military installations with excess capacity in both California and neighboring states?

Defense Logistics Agency
ECONOMIC/ENVIRONMENTAL IMPACTS

1. Maj Gen Farrell, to what extent did you analyze the cumulative economic impact of DLA closure/realignment decisions?

How did you define cumulative economic impact?

Did the cumulative economic impact analysis cause you to alter your decision to close or realign any facility?

2. Maj Gen Farrell, are there any environmental concerns or hazards at these locations?

If so, what are they, and what is the cost of resolving them?

Defense Investigative Service BACKGROUND

DOD Recommendation:

Relocate the Defense Investigative Service (DIS), Investigations Control and Automation Directorate (IC&AD) from Fort Holabird, Maryland, to a new facility to be built on Fort Meade, Maryland, 18 miles away. This proposal is a redirect from the recommendations of the 1988 Base Closure Commission. Once the Defense Investigative Service (DIS) vacates the building on Fort Holabird, the base will be vacant.

Impact:

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 relocate if the recommendation is approved.

Justification:

The Defense Investigative Service (DIS) is located in a Korean War era building. The building is in disrepair has cost over \$319,000 in repairs since fiscal year 1991 in addition to the annual cost 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 Defense Investigative Service (DIS) approximately \$9.1 million. A military construction project on Fort Meade is estimated by the Corps of Engineers to cost \$9.4 million.

Defense Investigative Service PROCESS

1. Mr. Donnelly, the 1988 Commission stated that the Defense Investigative Service (DIS) Investigations Control and Automation Directorate (IC&AD) was adequately housed at Fort Holabird and should remain there.

Could you please explain to the Commission why you are requesting a change from that decision?

2. Mr. Donnelly, what specific factors did you consider in your decision to move the Investigations Control and Automation Directorate (IC&AD)?

3. Mr. Donnelly, were all possible options considered in the decision to move the Investigations Control and Automation Directorate (IC&AD)?

If so, what other options were considered, and what were the one time costs, steady state savings and break-even years for these options?

If not, why were other options not considered?

4. Mr. Donnelly, if the recommended realignment is completed, will this result in any decrease in Defense Investigative Service (DIS) personnel?

5. Mr. Donnelly, what, if any, is the cumulative economic impact of moving the facility from its present location?

How did you define cumulative economic impact

Defense Investigative Service COSTS

1. Mr. Donnelly, do you plan to renovate existing facilities at Fort Meade or construct a new building? What are the one time costs associated with moving the facility to Fort Meade?

What are your current operating costs at Fort Holabird?

What are your operating cost estimates at Fort Meade?

2. Mr. Donnelly, your detailed analysis only addresses three options: renovating your existing building; leasing space in the Baltimore area; and constructing a building on Fort Meade.

Are there existing facilities at Fort Meade that could be renovated to meet your needs instead of building a new facility?

If not, are there existing facilities at other Department of Defense locations that could be renovated, which would result in a lower cost than constructing a new building? If so, why were these locations not considered?

3. Mr. Donnelly, when will steady state savings occur if this move is approved?

4. Mr. Donnelly, according to the analysis of your decision to move from Fort Holabird, the Investigations Control and Automation Directorate (IC&AD) is in the process of upgrading the agency's automation system thus decreasing the number of employees by 38% by the year 2001.

Did you account for this decrease in your construction cost estimates?

Defense Investigative Service
COSTS, Continued

5. Mr. Donnelly, once the facility is closed, will Department of Defense be able to sell the land?

If so, what amount do you feel Department of Defense will be able to achieve from the sale of the land?

Has this estimate been obtained from an independent appraiser?

Defense Investigative Service MILITARY VALUE

1. Mr. Donnelly, what went into the military value analysis decision to move the facility?

2. Mr. Donnelly, the Defense Investigative Service (DIS) military value analysis states that while the current facility is not essential, the geographical area is essential.

Why is the current geographical area essential?

Defense Investigative Service ENVIRONMENT

1. Mr. Donnelly, are there any environmental hazards at your current location?

If so, what are they and what is the cost of resolving them?

Have these environmental hazards been documented?

QUESTIONS TO BE ANSWERED FOR CONGRESSMAN HAROLD FORD IN WRITING
FOR THE RECORD OF THE MARCH 7 BRAC HEARING

1. Did the logistic planners for each branch of the service do their own evaluation of DLA's concept of support, or merely accept DLA's recommendation?
2. How will the DLA's recommendations impact the premium service project at DDMT with Federal Express? What was behind the project if it was felt the location of DDMT was a detriment to supply support instead of an asset?
3. Did the SAILS model take into account the increasing wage bases in each industrial area in which the Depots are located? Does it assess the impact on a federal installation's ability to attract and retain quality workforce in the future? Does it assess the surrounding community's industrial wage base to project future hiring trends? Which year's labor rates were used in the SAILS model?

	Memphis	Harrisburg, PA*
1991	10.41	10.67
1992	10.42	11.18
1993	10.55	11.52
1994	10.88	11.92

* US Department of Labor, State and Area Employment, Annual averages

4. Strategic Logistics Doctrine* emphasizes the importance of the nation's industrial base to the support of our armed forces abroad. Yet, the capacity of the surrounding industrial community to support surge requirements in the area of warehousing, personnel, equipment support (Memphis was able to hire 1000 additional skilled material handlers within three weeks for Desert Storm) has not been factored in. Have interruptions due to weather, strikes, transportation bottlenecks been taken into account? How many days in the last three years have operations been impaired by adverse weather?

* Army Field Manual 100-5, 1993

5. Supply support for contingency operations by doctrine* depend upon strategic airlift. Where is the assessment of strategic airlift capability in this analysis? Is it given the appropriate amount of weight compared to administrative criteria?

* Army Field Manual FM 100-5 Chap 12

6. The DLA ranked stand-alone depots for military value. Both the DoD and BRAC use military value as the most important selection criteria. Among stand-alone depots, DDMT was ranked third in military value and recommended for closure. However, DLA chose to maintain Richmond and Columbus, which ranked 5th and 6th. If military value is regarded so highly, why did DLA completely disregard it with respect to stand -alone depots?

14. Major General Lawrence P. Farrell, Jr., USAF wrote to Congressman Harold Ford that "When we coupled the results of the statutorily prescribed BRAC analysis with the military judgement of our most senior logistics management experts, we determined it is in the best interests of the Department of Defense that DDMT be disestablished." And again, "You and your constituents can be assured that this call was based upon a fair, objective, and well documented review of the facts coupled with our best military judgement regarding the overall status of the United States' military logistics system."

Who are the senior logistics management experts and what did they base their judgements upon?

15. How many days per year are the Mechanicsburg and New Cumberland Depots closed due to weather conditions? How many days per year is DDMT closed due to weather conditions?
(DDMT did not close due to weather conditions in 1994)
16. How many days or hours per year is the Harrisburg airport closed per year? How many days or hours per year is the Memphis International Airport closed per year? (Memphis International Airport is closed for an average of less than four hours per year)
17. How far are the Mechanicsburg and the New Cumberland Depots from a major airport?
18. How far are the Mechanicsburg and New Cumberland Depots from a major interstate highway? How many lanes does the road which accesses the highway have?
19. What activities in the last three years, have been withdrawn from Memphis that would have been of value to them, when assessment for military value was done? (Examples, Defense Industrial Plant Equipment Center (DIPEC) and Defense Distribution Region Central both were tenant activities at DDMT moved within this time frame.
20. Why was the Central Region moved from Memphis to New Cumberland? What prompted this move as it relates to military value?
21. Why was Defense Industrial Plant Equipment Center (DIPEC) moved from Memphis to Richmond, VA?
22. Since the purpose of assessing military value within the DLA BRAC analysis was to assess value added for military purposes, then why was an organization that consisted of a non-military function given points under this system?
23. It has been stated that 124 jobs would be made available in New Cumberland and positions that are moving into the area from other locations was given consideration. However, was any consideration given the fact that the majority of the persons which would be affected are blue collar workers as opposed to the white collar workforce that is moving into the area?

24. It has been stated that DDMT was one of the most efficient organizations within DLA for on time processing of Material Release Orders (MRO's) and their capability to mobilize a large temporary workforce on short notice (i.e. Desert Storm/Shield, Somalia, etc.) If this is a true statement, then what consideration was given to this under your BRAC analysis, if any?
25. In a military environment why is New Cumberland and Tracy given debarkation value for moving troops, equipment and supplies by water, when today's wars are of a short duration (a few days or weeks)? Airlift is the only means of meeting these timetables as was the situation with Desert Storm and Somalia.
26. What consideration was given to large airlift capabilities by the TN Air National Guard located 2 miles from DDMT? This resource was used in Desert Storm, Somalia support and Panama.
27. Coastal Depots only provide limited jump-off points to Europe and Asia. What about more likely contingencies in South America, where the USA must provide support without allied help? Doesn't a military depot in the center of the country (DDMT) make more sense for logistical support.





DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 6, 1995

Honorable Togo D. West, Jr.
Secretary of the Army
The Pentagon, Room 3E718
Washington, D.C. 20301

Dear Mr. Secretary:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would like to invite you, General Sullivan, and other appropriate members of your staff to present the Department of the Army's 1995 closure and realignment recommendations to the Commission on Tuesday, March 7, 1995.

Your testimony should summarize the process used by the Army to develop its closure and realignment recommendations; the implementation schedule, the costs and the expected savings from your recommendations; and the relationship between your recommendations and the Army's current and projected force structure and training requirements. Given the interest of past Commissions in the issue of consolidating common functions across the military services, your testimony should also address the role that the Joint Cross Service Groups played in the development of the Army's recommendations, and highlight your specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Army's 1995 closure and realignment recommendations. You should anticipate specific questions from the Commission about each of the closure and realignment recommendations which you are proposing.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you and General Sullivan will give the Commission your views on this important question.

The hearing will be held in Room 345 of the Cannon House Office Building at 9:00 a.m. Please provide 100 copies of your opening statement to the Commission staff at least two working days prior to the hearing. If your staff has any questions, they should contact Mr. Ed Brown of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a larger, more prominent script than the last name "Dixon".

Alan J. Dixon
Chairman



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

February 6, 1995

Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
The Pentagon, Room 3E808
Washington, D.C. 20301

Dear Secretary Gotbaum:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would appreciate your assistance in informing all of the Directors of Defense Agencies affected by the closure and realignment recommendations that the Commission would like them to present their closure and realignment recommendations to the Commission on Tuesday, March 7, 1995.

The testimony of the Defense Agency Directors should summarize the process used by their Agency to develop its closure and realignment recommendations; the implementation schedule, the costs, and the expected savings from their recommendations; and the relationship between their recommendations and their Agency's current and projected personnel levels and missions. Directors' testimony should also describe the role that Joint Cross Service Groups played in the development of their Agency's recommendations to consolidate common functions across the military services and highlight any specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Defense Agencies' closure and realignment recommendations. The Defense Agency witnesses should anticipate specific questions from the Commission about each of the closure and realignment recommendations which they are proposing.

The hearing will be held in Room 106 of the Dirksen Senate Office Building at 1:30 p.m. Each witness should provide 100 copies of their opening statement to the Commission staff at least two working days prior to the hearing. If any of the Defense Agency Directors have any questions, they should contact Mr. Bob Cook of the Commission staff.

Thank you for your assistance in this matter. I look forward to the testimony of the Defense Agency representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, looping script.

Alan J. Dixon
Chairman

Department of Defense
1995 List of Military Installations
Inside the United States for Closure or Realignment

Part I: Major Base Closures

Army

Fort McClellan, Alabama
Fort Chafee, Arkansas
Fitzsimons Army Medical Center, Colorado
Price Support Center, Illinois
Fort Ritchie, Maryland
Selfridge Army Garrison, Michigan
Bayonne Military Ocean Terminal, New Jersey
Seneca Army Depot, New York
Fort Indiantown Gap, Pennsylvania
Red River Army Depot, Texas
Fort Pickett, Virginia

Navy

Naval Air Facility, Adak, Alaska
Naval Shipyard, Long Beach, California
Ship Repair Facility, Guam
Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana
Naval Surface Warfare Center, Crane Division Detachment, Louisville, Kentucky
Naval Surface Warfare Center, Dahlgren Division Detachment, White Oak, Maryland
Naval Air Station, Meridian, Mississippi
Naval Air Warfare Center, Aircraft Division, Lakehurst, New Jersey
Naval Air Warfare Center, Aircraft Division, Warminster, Pennsylvania

Air Force

North Highlands Air Guard Station, California
Ontario IAP Air Guard Station, California
Rome Laboratory, Rome, New York
Roslyn Air Guard Station, New York
Springfield-Beckley MAP, Air Guard Station, Ohio

Greater Pittsburgh IAP Air Reserve Station, Pennsylvania
Bergstrom Air Reserve Base, Texas
Brooks Air Force Base, Texas
Reese Air Force Base, Texas

Defense Logistics Agency

Defense Distribution Depot Memphis, Tennessee
Defense Distribution Depot Ogden, Utah

Part II: Major Base Realignments

Army

Fort Greely, Alaska
Fort Hunter Liggett, California
Sierra Army Depot, California
Fort Army Depot, California
Fort Meade, Maryland
Detroit Arsenal, Michigan
Fort Dix, New Jersey
Fort Hamilton, New York
Charles E. Kelly Support Center, Pennsylvania
Letterkenny Army Depot, Pennsylvania
Fort Buchanan, Puerto Rico
Dugway Proving Ground, Utah
Fort Lee, Virginia

Navy

Naval Air Station, Key West, Florida
Naval Activities, Guam
Naval Air Station, Corpus Christi, Texas
Naval Undersea Warfare Center, Keyport, Washington

Air Force

McClellan Air Force Base, California
Onizuka Air Station, California
Eglin Air Force Base, Florida
Robins Air Force Base, Georgia
Malmstrom Air Force Base, Montana
Kirtland Air Force Base, New Mexico
Grand Forks Air Force Base, North Dakota
Tinker Air Force Base, Oklahoma
Kelly Air Force Base, Texas
Hill Air Force Base, Utah

**Part III: Smaller Base or Activity Closures, Realignments,
Disestablishments or Relocations**

Army

Branch U.S. Disciplinary Barracks, California
East Fort Baker, California
Rio Vista Army Reserve Center, California
Stratford Army Engine Plant, Connecticut
Big Coppert Key, Florida
Concepts Analysis Agency, Maryland
Publications Distribution Center Baltimore, Maryland
Hingham Cohasset, Massachusetts
Sudbury Training Annex, Massachusetts
Aviation-Troop Command (ATCOM), Missouri
Fort Missoula, Montana
Camp Kilmer, New Jersey
Caven Point Reserve Center, New Jersey
Camp Pedricktown, New Jersey
Bellmore Logistics Activity, New York
Fort Totten, New York
Recreation Center #2, Fayetteville, North Carolina
Information Systems Software Command (ISSC), Virginia
Camp Bonneville, Washington
Valley Grove Area Maintenance Support Activity (AMSA), West Virginia

Navy

Naval Command, Control and Ocean Surveillance Center, In-Service Engineering West Coast
Division, San Diego, California

Naval Health Research Center, San Diego, California

Naval Personnel Research and Development Center, San Diego, California

Supervisor of Shipbuilding, Conversion and Repair, USN, Long Beach, California

Naval Underwater Warfare Center-Newport Division, New London Detachment, New London,
Connecticut

Naval Research Laboratory, Underwater Sound Reference Detachment, Orlando, Florida

Fleet and Industrial Supply Center, Guam

Naval Biodynamics Laboratory, New Orleans, Louisiana

Naval Medical Research Institute, Bethesda, Maryland

Naval Surface Warfare Center, Carderock Division Detachment, Annapolis, Maryland

Naval Technical Training Center, Meridian, Mississippi

Naval Aviation Engineering Support Unit, Philadelphia, Pennsylvania

Naval Air Technical Services Facility, Philadelphia, Pennsylvania

Naval Air Warfare Center, Aircraft Division, Open Water Test Facility, Oreland, Pennsylvania

Naval Command, Control and Ocean Surveillance Center, RDT&E Division Detachment,
Warminster, Pennsylvania

Fleet and Industrial Supply Center, Charleston, South Carolina

Naval Command, Control and Ocean Surveillance Center, In-Service Engineering East Coast
Detachment, Norfolk, Virginia

Naval Information Systems Management Center, Arlington, Virginia

Naval Management Systems Support Office, Chesapeake, Virginia

Navy/Marine Reserve Activities

Naval Reserve Centers at:

Huntsville, Alabama

Stockton, California

Santa Ana, Irvine, California

Pomona, California

Cadillac, Michigan

Staten Island, New York

Laredo, Texas

Sheboygan, Wisconsin

Naval Air Reserve Center at:

Olathe, Kansas

Naval Reserve Readiness Commands at:

New Orleans, Louisiana (Region 10)
Charleston, South Carolina (Region 7)

Air Force

Moffett Federal Airfield AGS, California
Real-Time Digitally controlled Analyzer Processor Activity, Buffalo, New York
Air Force Electronic Warfare Evaluation Simulator Activity, Fort Worth, Texas

Defense Logistics Agency

Defense Contract Management District South, Marietta, Georgia
Defense Contract Management Command International, Dayton, Ohio
Defense Distribution Depot Columbus, Ohio
Defense Distribution Depot Letterkenny, Pennsylvania
Defense Industrial Supply Center Philadelphia, Pennsylvania
Defense Distribution Depot Red River, Texas

Defense Investigative Service

Investigations Control and Automation Directorate, Fort Holabird, Maryland

Part IV: Changes to Previously Approved BRAC Recommendations

Army

Army Bio-Medical Research Laboratory, Fort Detrick, Maryland

Navy

Marine Corps Air Station, El Toro, California
Marine Corps Air Station, Tustin, California
Naval Air Station Alameda, California
Naval Recruiting District, San Diego, California
Naval Training Station, San Diego, California
Naval Air Station, Cecil Field, Florida
Naval Aviation Depot, Pensacola, Florida
Naval Nuclear Power Propulsion Training Center, Naval Training Center, Orlando, Florida
Naval Training Center Orlando, Florida
Naval Air Station, Agana, Guam
Naval Air Station, Barbers Point, Hawaii
Naval Air Facility, Detroit, Michigan
Naval Shipyard, Norfolk Detachment, Philadelphia, Pennsylvania
Naval Sea Systems Command, Arlington, Virginia
Office of Naval Research, Arlington, Virginia
Space and Naval Warfare Systems Command, Arlington, Virginia
Naval Recruiting Command, Washington, D.C.
Naval Security Group Command Detachment Potomac, Washington, D.C.

Air Force

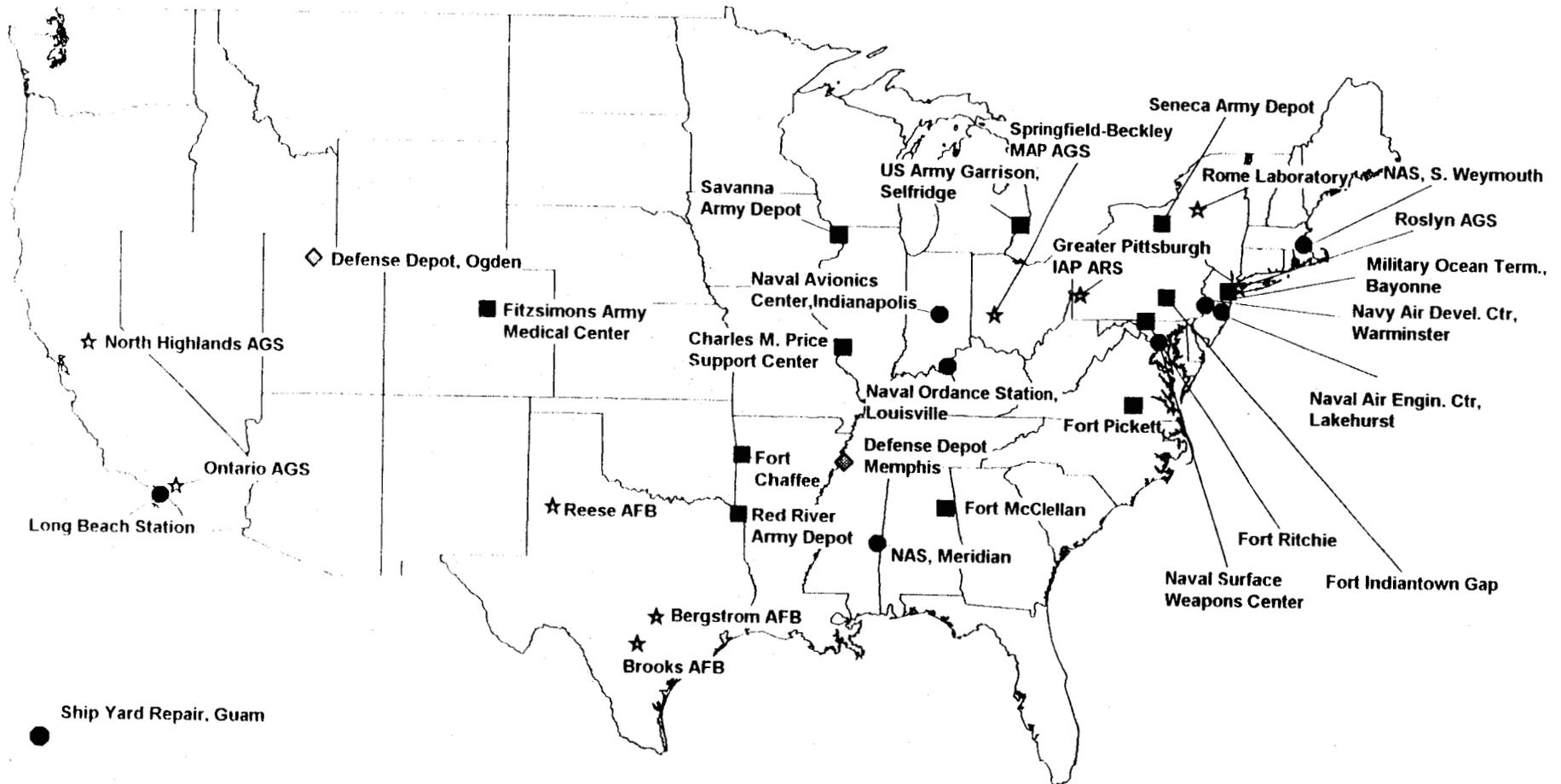
Williams AFB, Arizona
Lowry AFB, Colorado
Homestead AFB, Florida (301st Rescue Squadron)
Homestead AFB, Florida (726th Air Control Squadron)
MacDill AFB, Florida
Griffiss AFB, New York (Airfield Support for 10th Infantry (Light) Division)
Griffiss AFB, New York (485th Engineering Installation Group)

Defense Logistics Agency

Defense Contract Management District West, El Segundo, California

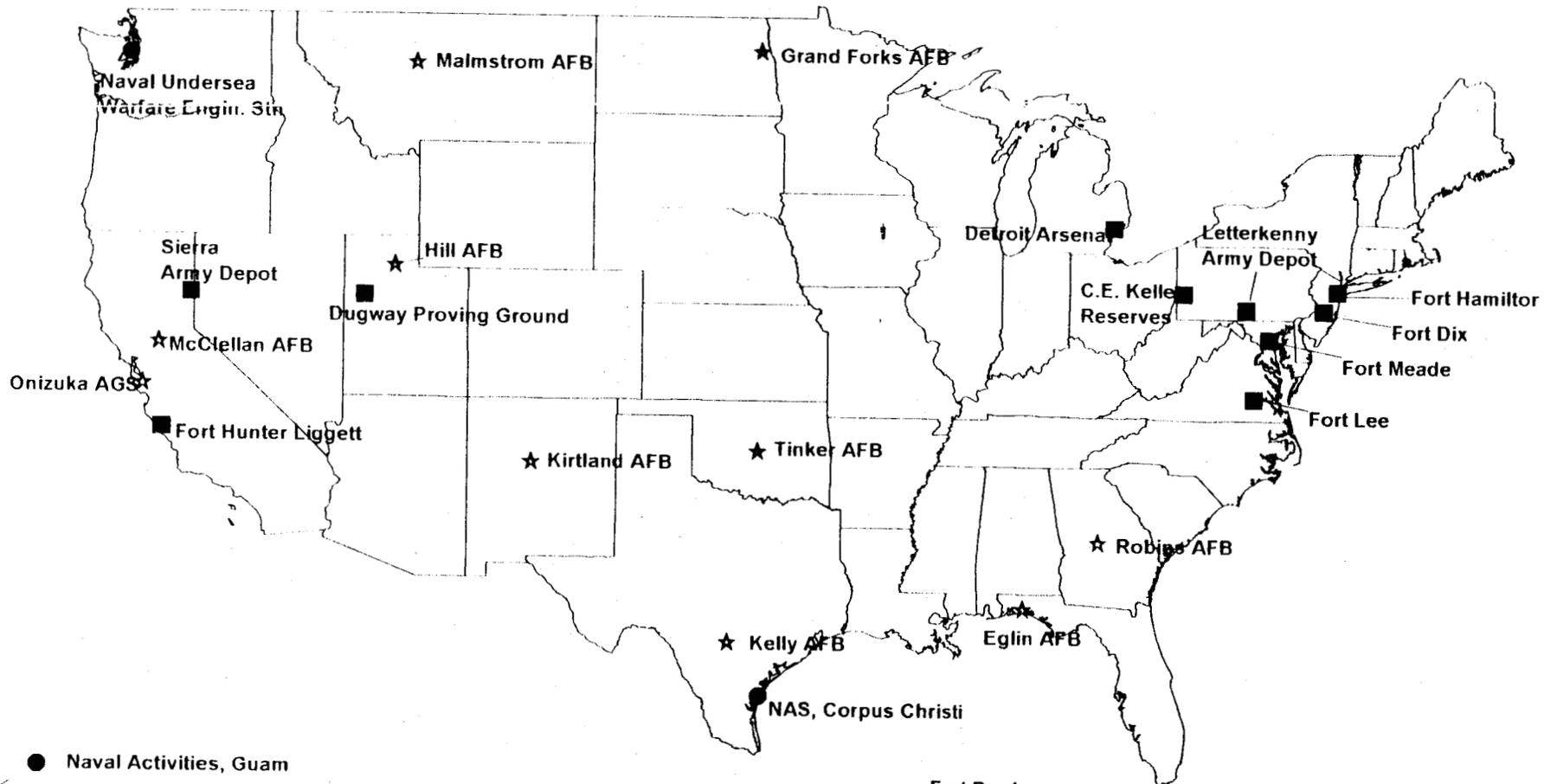
1995 DoD Recommendations Major Base Closures

● NAS, Adak



1995 DoD Recommendations Major Base Realignment

■ Fort Greely



● Naval Activities, Guam

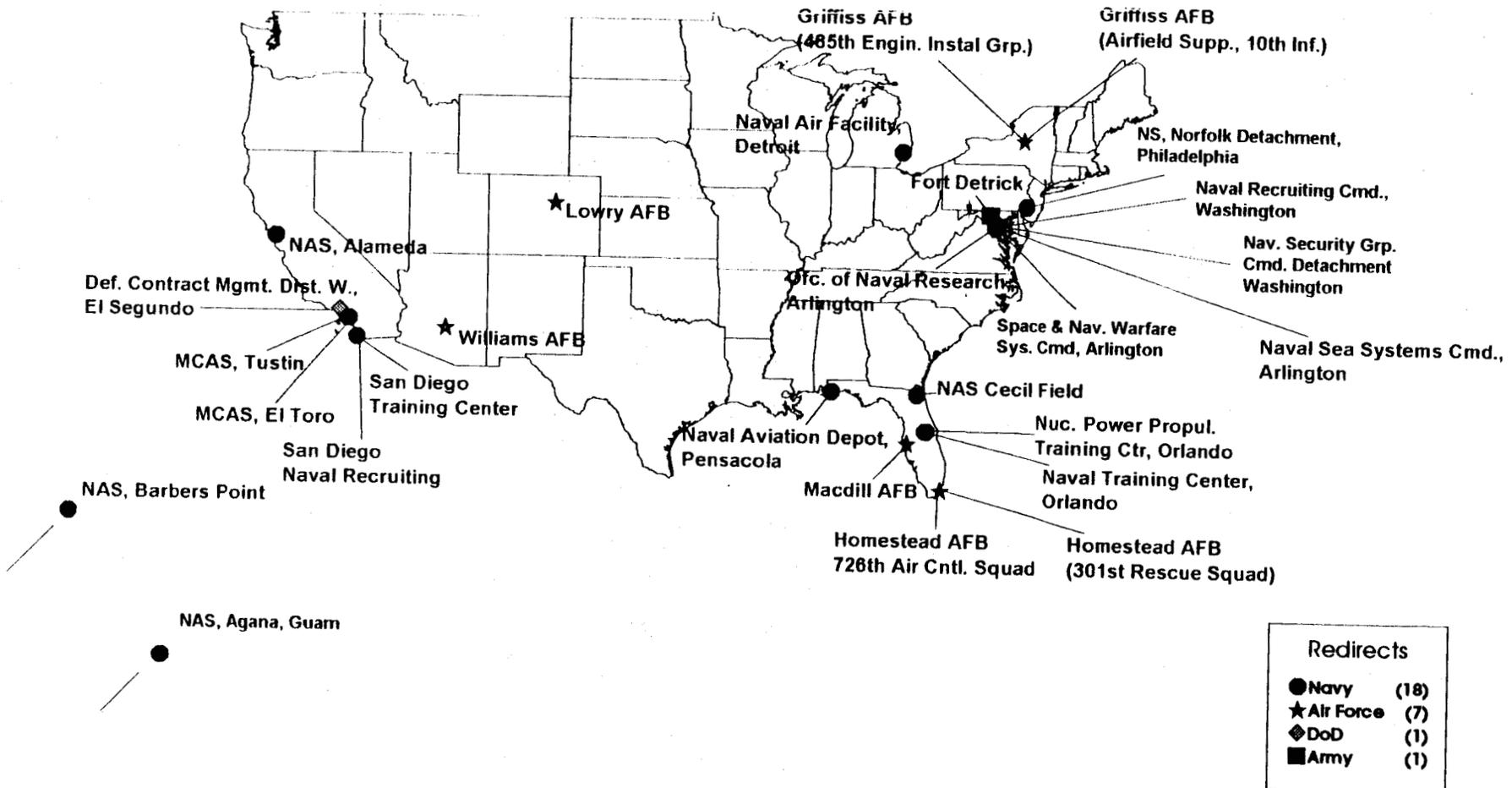
Fort Buchanan,
Puerto Rico

● NS, Key West

Legend

- Army (12)
- ★ Air Force (10)
- Navy (4)

1995 DoD Recommendations Redirects

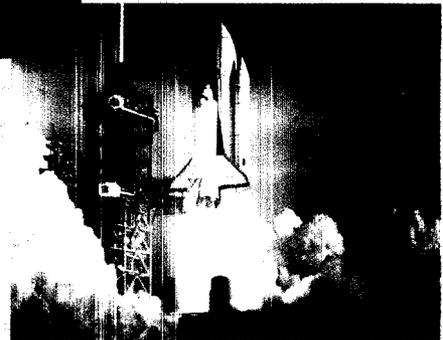
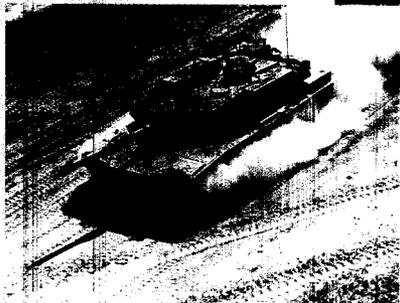






DEFENSE LOGISTICS AGENCY

A Combat Support Agency



The DLA

Corporate Plan

The DLA Corporate Plan
is produced
by
the members
of the DLA team



Defense Logistics Agency
Cameron Station
Alexandria, Virginia 22304-6100

HQ DLA
Corporate Administration
Cameron Station
Alexandria, VA 22304-6100
703 274-6271 DSN 284-6271

Message from the Director



For over 30 years, the Defense Logistics Agency (DLA) has been an integral part of our Nation's military defense. We have been a full partner with the Services in helping to bring about the end of the Cold War. We have also provided crucial relief to victims of natural disasters and humanitarian aid to those in need. We have seen starving people fed, the homeless sheltered, and the oppressed freed. We have been in a unique position to serve our country and have distinguished ourselves at every opportunity.

Today we are presented with new opportunities for distinguished service. Our success is, as in the past, guaranteed by our own efforts - our creativity - our dedication to excellence. We are redefining the benchmark for logistics services for the Department of Defense and the Federal Government. As the first Department of Defense agency to serve as a Pilot for the Government Performance and Results Act of 1993, we are shaping performance planning and budgeting policy for the Department as well as the rest of the Federal Government. As a leader in the National Performance Review (NPR) and the Defense Performance Review (DPR), we are in the forefront of creating and pursuing innovative ways to cut red tape, put customers first, empower employees to get results, and get back to basics. I believe DLA's focus on results, implementation of imaginative strategies, and willingness to take risks were instrumental in my being given the unique privilege to serve as the leader of the DPR for the next 2 years.

To guide our efforts we have produced the broad Corporate Plan you see here. This Plan, coupled with the Performance Plans for our business segments, is the Agency's strategic road map to the 21st century. We will track our progress through our Corporate Executive Information System and support initiatives to secure the excellence we seek by planning, programming, and budgeting for those resources needed to ensure success.

This Corporate Plan embodies the tenets of management that will make us successful. We must always make our customers highly visible in every aspect of our performance. We must be very clear in our commitments and hold ourselves and others accountable in achievement of our goals - goals that make us reach beyond what is comfortable. We will take risks to achieve logistics excellence and return even greater value to our customers.

EDWARD M. STRAW
Vice Admiral, SC, USN
Director

The DLA Corporate Plan

Mission

What we do and who we do it for.

"Standards of Conduct" for doing business in DLA.

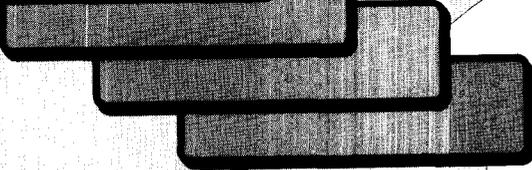
Guiding Principles

Vision

Where we want to be and how we want to be perceived.

Goals

Focus our mission, vision, and guiding principles.



Commitments

Promises to our stakeholders and customers.

To achieve our goals and meet our commitments.

Challenge

Plan for Performance

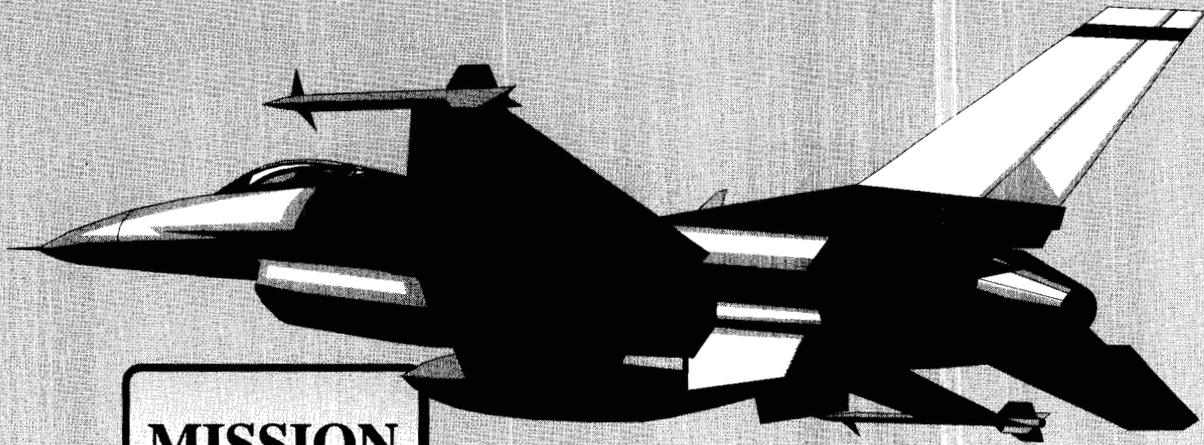
The DLA Strategic Planning Process

Manage Performance

Structure of Performance Measures

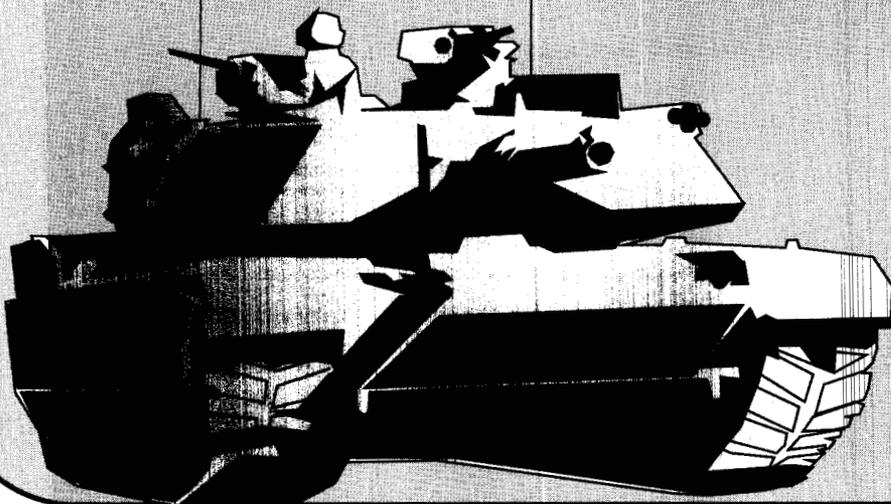
Agency Initiatives

Improve Performance



MISSION

The Defense Logistics Agency is a combat support agency responsible for worldwide logistics support throughout the Department of Defense. The primary focus of the Agency is to support the warfighter in time of war and in peace, and to provide relief efforts during times of national emergency.



The DLA Corporate Plan

Mission

Where we want to be and how we want to be perceived.

Vision

Guiding Principles

Goals

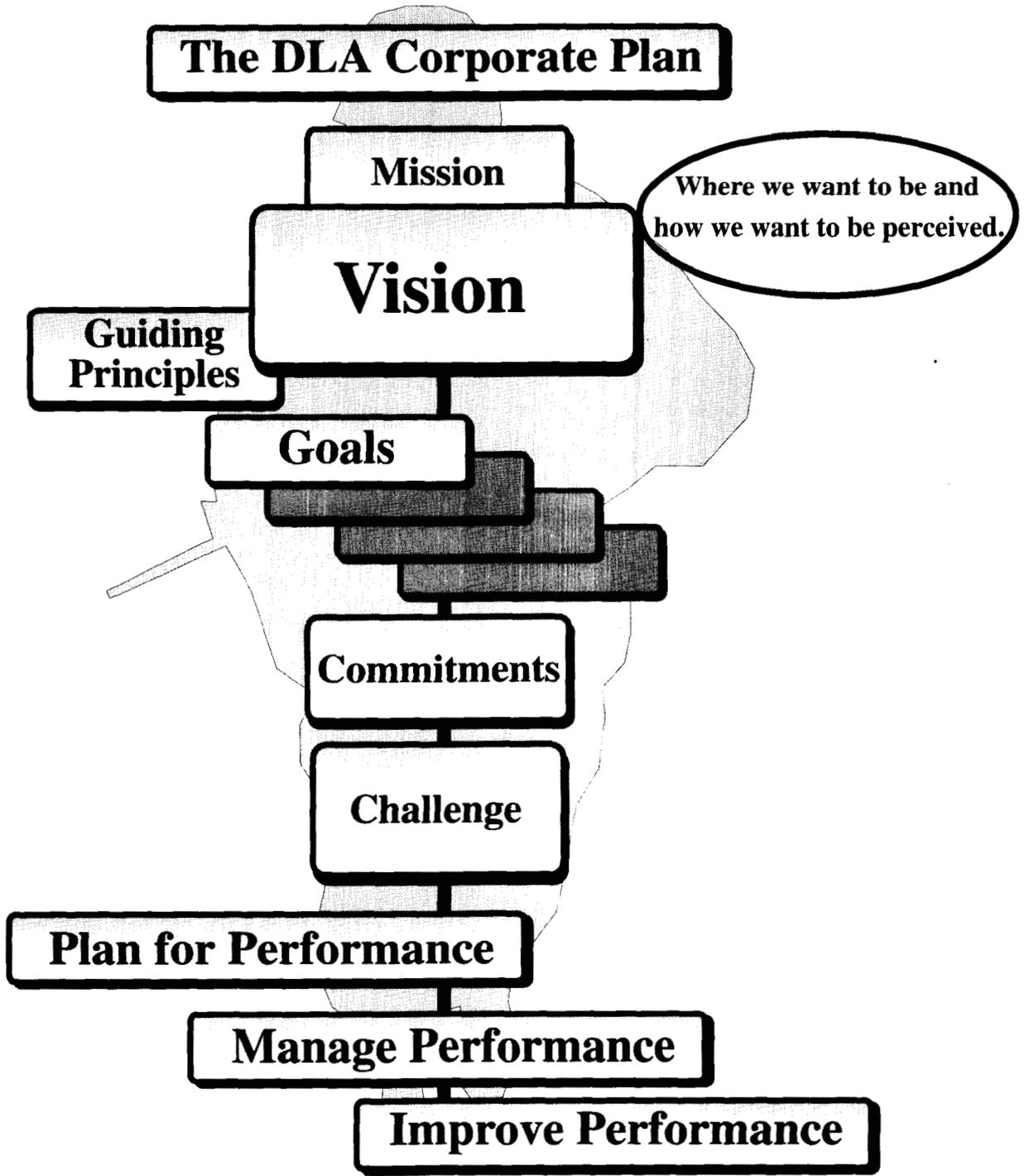
Commitments

Challenge

Plan for Performance

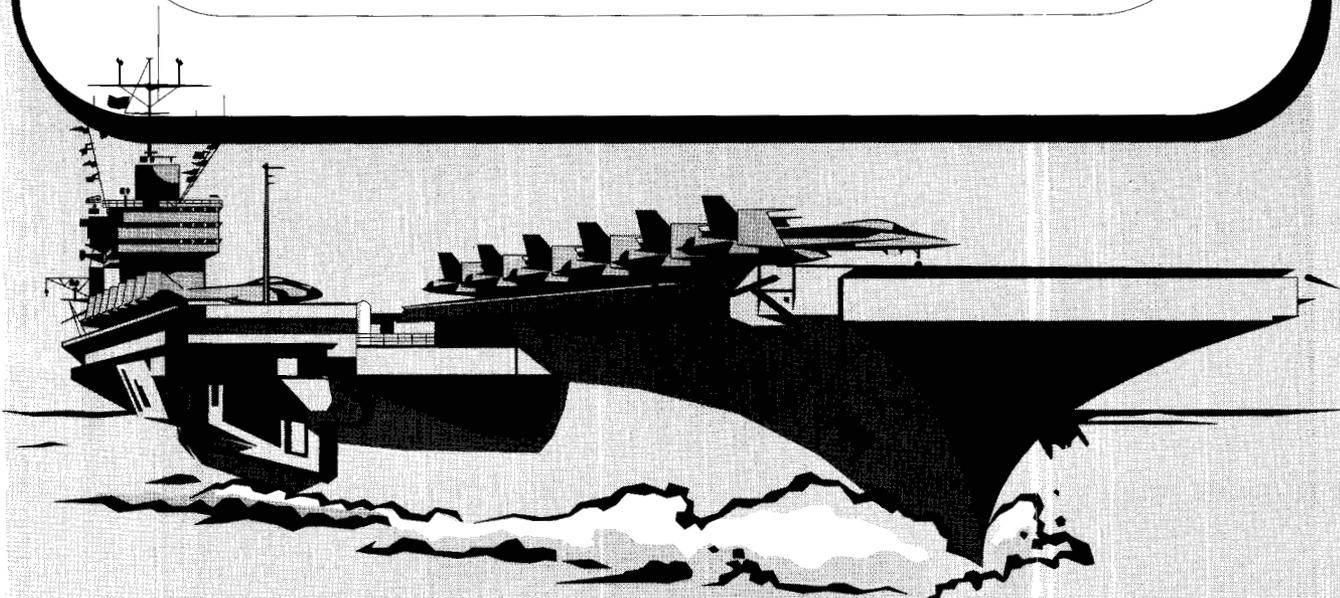
Manage Performance

Improve Performance



VISION

- **Provider of choice - our customers want to buy from DLA.**
- **Around the Clock - Around the World.**
- **Providing logistics readiness and enabling weapon systems acquisition at reduced cost.**
 - **By leveraging our corporate resources against global logistics targets, and**
 - **Finding savings through *teams*, improved business practices, and technological breakthroughs.**



The DLA Corporate Plan

"Standards of Conduct" for doing business in DLA.

Guiding Principles

Mission

Vision

Goals

Objectives

Strategies

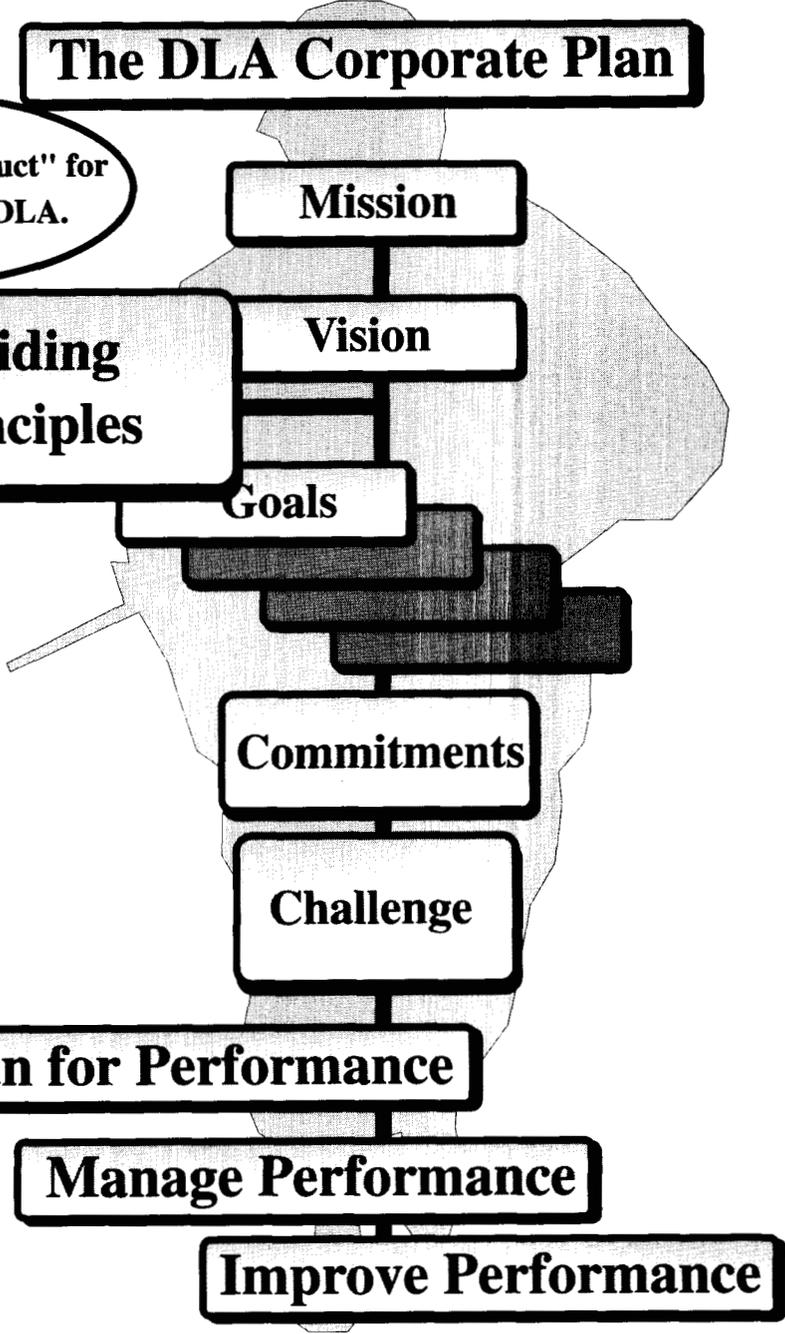
Commitments

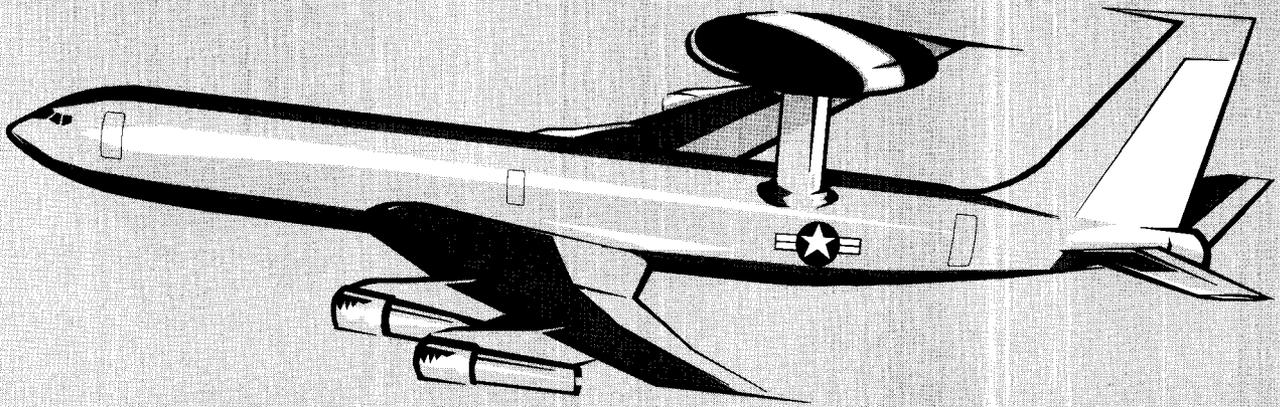
Challenge

Plan for Performance

Manage Performance

Improve Performance





Guiding Principles for Achieving Logistics Excellence

1. We are close to our customers and able to measure how well we meet their needs.

2. We are the quality provider of choice -- the benchmark for others.

3. We continuously succeed at doing it better, faster, cheaper.

The DLA Corporate Plan

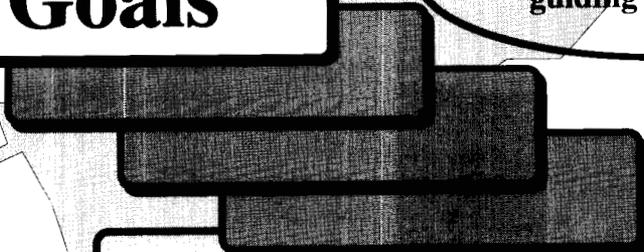
Mission

Vision

Guiding
Principles

Goals

Focus our mission, vision, and guiding principles.



Commitments

Challenge

Plan for Performance

Manage Performance

Improve Performance

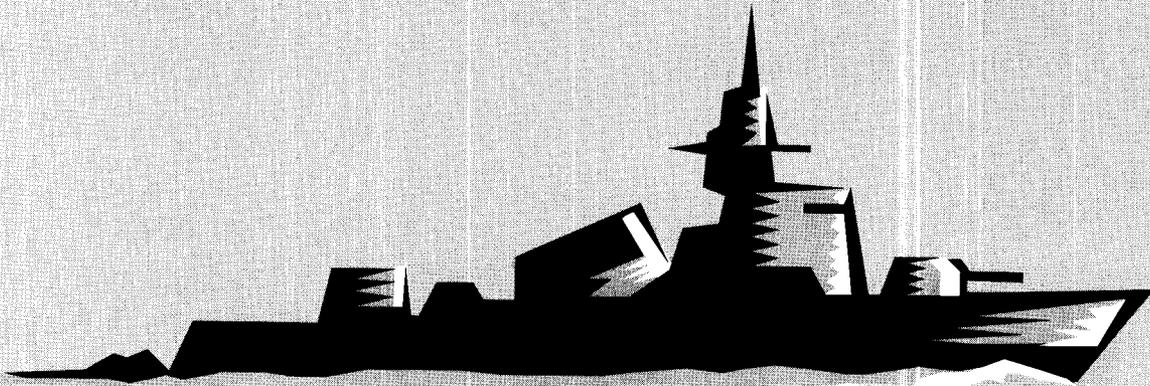
STRATEGIC GOALS

GOAL #1 - Put customers first

**GOAL #2 - Improve the process of delivering
logistics support**

GOAL #3 - Empower employees to get results

**GOAL #4 - Meet customer readiness and weapon
systems acquisition requirements at
reduced cost**



GOAL #1 - Put Customers First

HOW:

- **Focus on the warfighters' and other customers' special needs.**
- **Ensure our operating practices are responsive to customer needs through benchmarking our processes.**
- **Establish open communication channels with all customers.**
- **Team with customers (that is, become their partner).**

TO THE DLA TEAM THIS MEANS:

- **KNOW THE CUSTOMER - Understand your customers --- who they are and what they need.**
- **TALK TO YOUR CUSTOMER - Communicate often with customers and solicit their feedback to improve your service to them. (Exchange ideas, issues, problems, and solutions with *each* other.)**
- **THINK PARTNERSHIP - Work together --- and treat your customer as you would like to be treated.**
- **PUT THE CUSTOMER FIRST - Never forget that customer needs are our number one priority.**

GOAL #2 - Improve the process of delivering logistics support

HOW:

- **Continually improve basic logistics practices by adopting "World Class" commercial and Government processes.**
- **Promote technological advancements in every part of the logistics process. Make full use of Electronic Commerce/ Electronic Data Interchange.**
- **Determine and assess the true cost of doing business. Use Activity Based Costing.**
- **Develop and use measures that show the performance of our logistics systems and their responsiveness to customer needs.**

TO THE DLA TEAM THIS MEANS:

- **WORK SMART - Streamline your work methods and focus on critical functions.**
- **THINK TECHNOLOGY - Seek opportunities to apply advanced technology that improves customer support.**
- **IMPROVE PROCESSES - Focus on improving the way we do our job.**
- **MEASURE PERFORMANCE - Become personally involved in developing and using performance measures in your area of responsibility.**

GOAL #3 - Empower employees to get results

HOW:

- **Foster an environment where people and their individual differences and contributions are valued.**
- **Use teaming arrangements to achieve synergy and to eliminate functional barriers.**
- **Use management practices that empower everyone. Focus on training, partnering with unions, and use of both individual and team recognition.**
- **Assure an environment that recognizes and harnesses individual contributions in meeting customers' needs.**

TO THE DLA TEAM THIS MEANS:

- **JOIN IN - Participate in and promote use of teams. Create a sense of community in DLA.**
- **GET INVOLVED - Expand your horizons. Capitalize on opportunities for greater challenges.**
- **UNDERSTAND EMPOWERMENT - Look for ways to advance your innovative ideas. Share information.**
- **SUPPORT EACH OTHER - Treat everyone with trust and respect. Enhance each person's ability to develop his or her talents. Help people reach their potential.**

GOAL #4 - Meet customer readiness and weapon systems acquisition requirements at reduced cost

HOW:

- **Rightsize by having the right people -- in the right place -- at the right time.**
- **Work with industry to improve performance on Government contracts and reduce costs. Employ techniques such as Process Oriented Contract Administration Services (PROCAS).**
- **Leverage our logistics expertise to improve responsiveness, while reducing charges to the customer and generating savings for customer programs. Employ business strategies that reduce dependence on costly storage of large inventories.**
- **Continually improve our capability to support the warfighter.**

TO THE DLA TEAM THIS MEANS:

- **BE CREATIVE - Find innovative ways to improve our performance.**
- **CUT COSTS - Find ways to reduce customer costs.**

The DLA Corporate Plan

Mission

Vision

Guiding Principles

Goals

Commitments

Promises to our stakeholders and customers.

Challenge

Plan for Performance

Manage Performance

Improve Performance

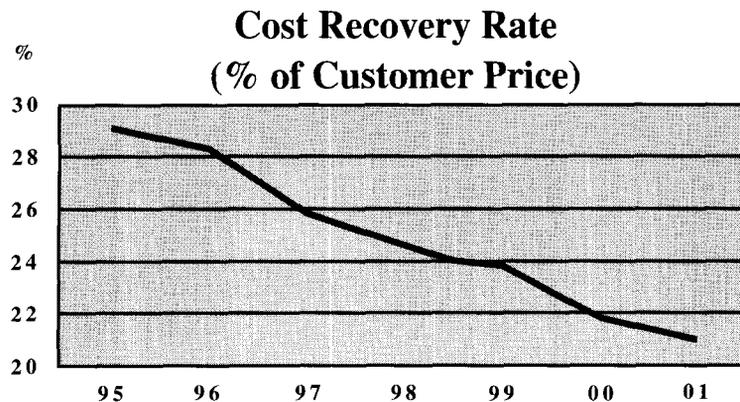
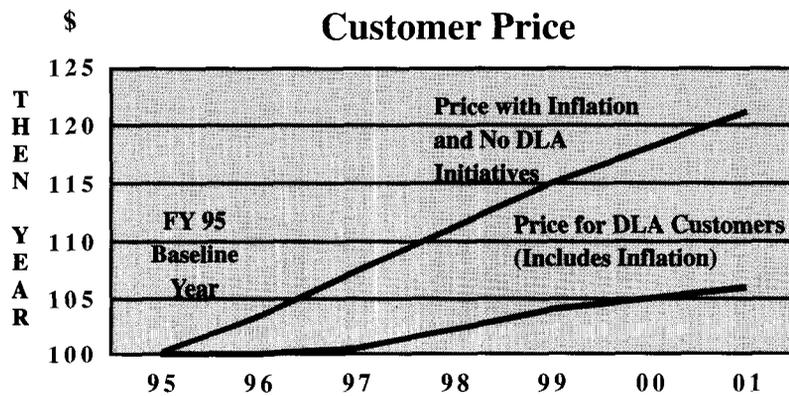
Commitments

To our customers
who order our supplies
and services

We
Commit

To beat inflation in the
prices you pay while
meeting your readiness
needs.

We will maintain a customer price change rate below the rate of inflation, reduce our cost recovery rate as a part of that customer price, and ensure an average price increase that is less than 1% per year between now and FY 2001. We are aiming to exceed your expectations but this is what we guarantee.



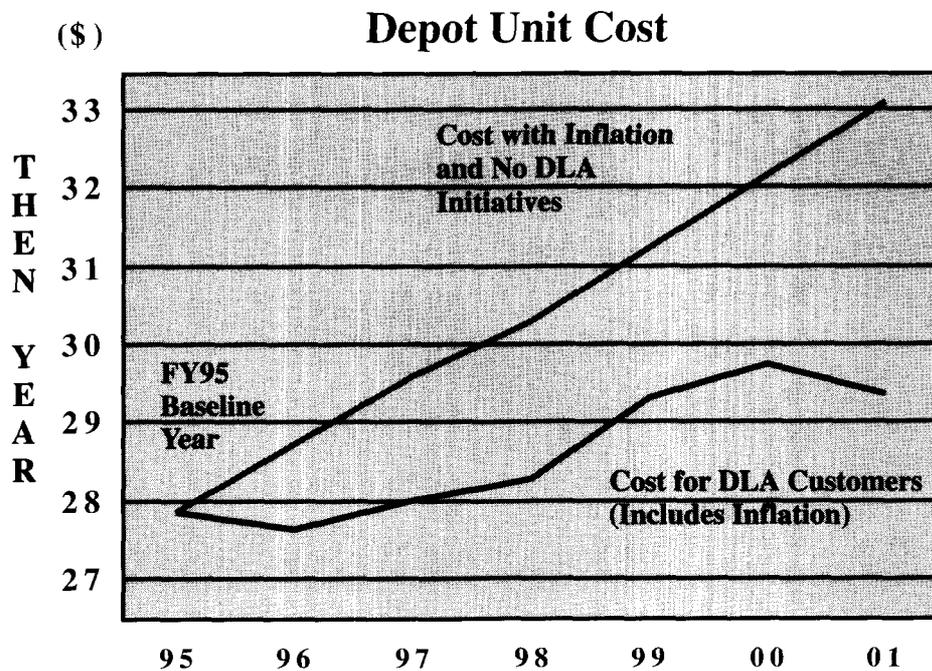
Commitments

To our customers
who store goods in
our depots

We
Commit

To hold off inflation with
process improvements
and meet or beat your
standards for
responsiveness.

While lowering our overall costs for distribution services we will also separately price issues by the type of storage and handling required, allowing each customer to pay only for the specific service received.

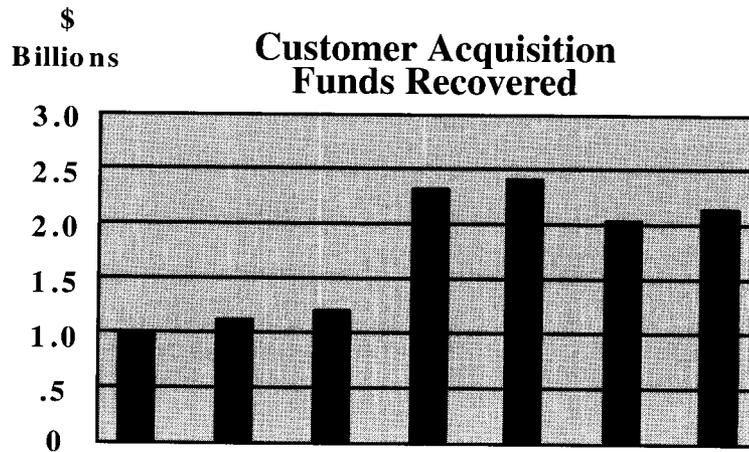
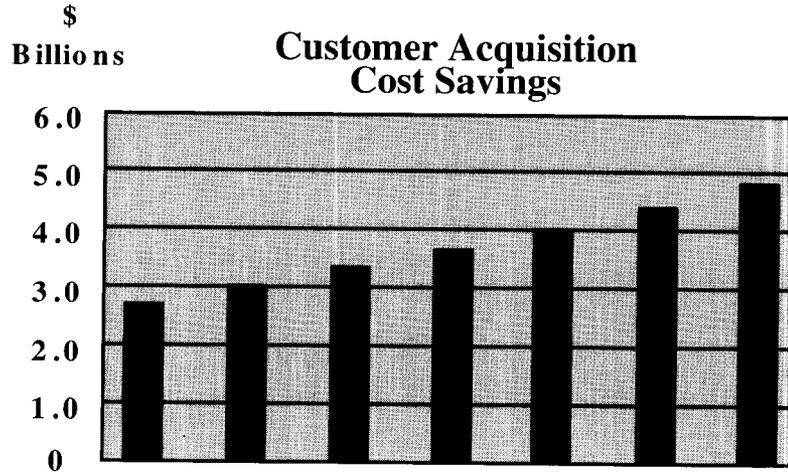


Commitments

To our customers who
send us contracts to
administer

We
Commit

To reduce the overall
cost of your acquisitions
and free resources to
enhance readiness.



The DLA Corporate Plan

Mission

Vision

Guiding Principles

Goals



Commitments

To achieve our goals and meet our commitments.

Challenge

Plan for Performance

Manage Performance

Improve Performance



Challenge to All Members of the DLA Team

All employees and teams are expected to:

- 1. Know their customers.**
- 2. Meet the Agency's goals, strategic initiatives, outcome measures, and customer commitments.**
- 3. Have process metrics to show how well they are supporting their customers and the Agency's goals, initiatives, and measures through continuous process improvement.**

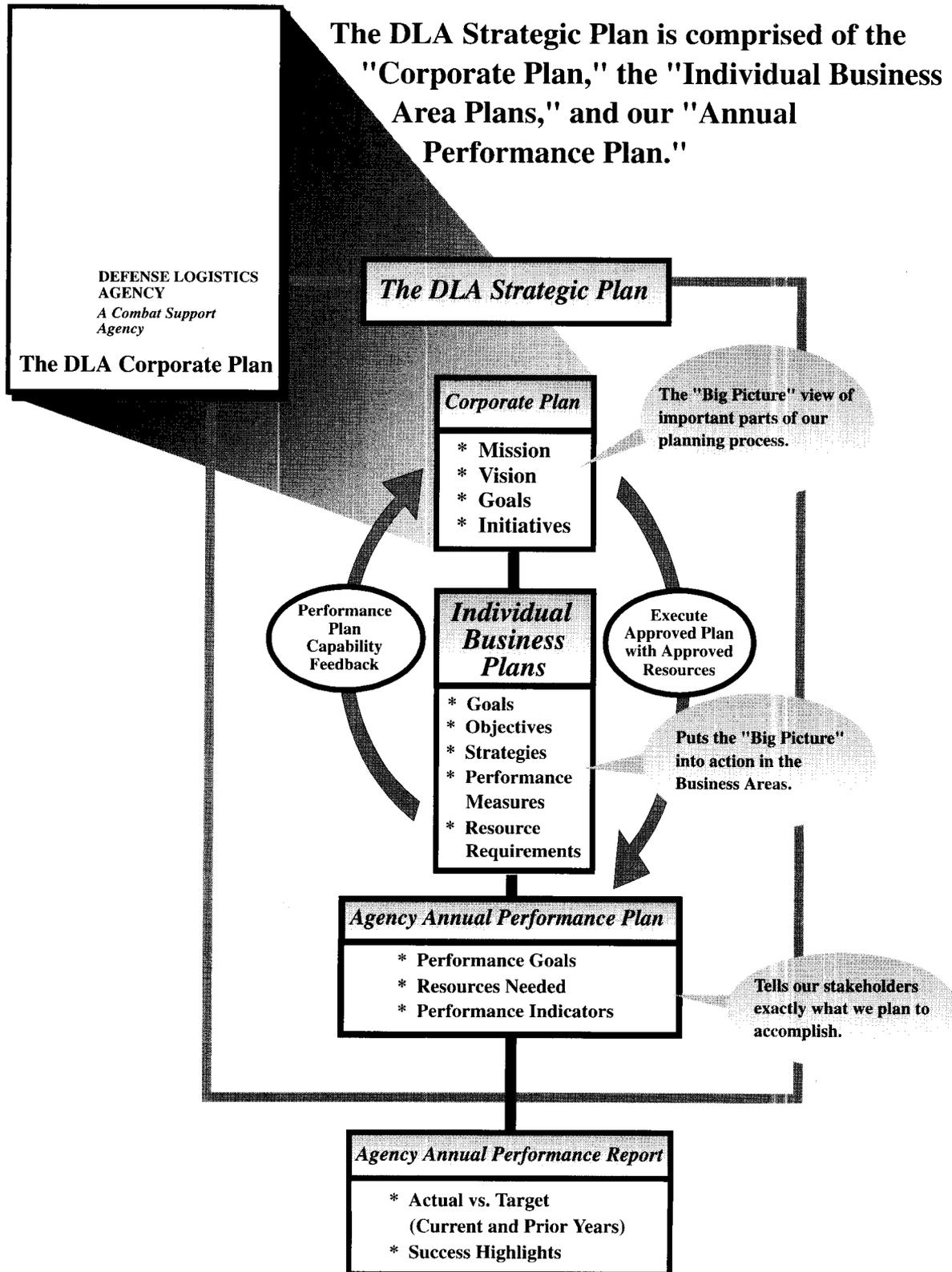
BOTTOM LINE:

Individual and team performance will be evaluated on how well employees and teams achieve measurable goals and meet customer commitments.



The DLA Planning Process

The DLA Strategic Plan is comprised of the "Corporate Plan," the "Individual Business Area Plans," and our "Annual Performance Plan."



The DLA Corporate Plan

Mission

Vision

Guiding Principles

Goals

Commitments

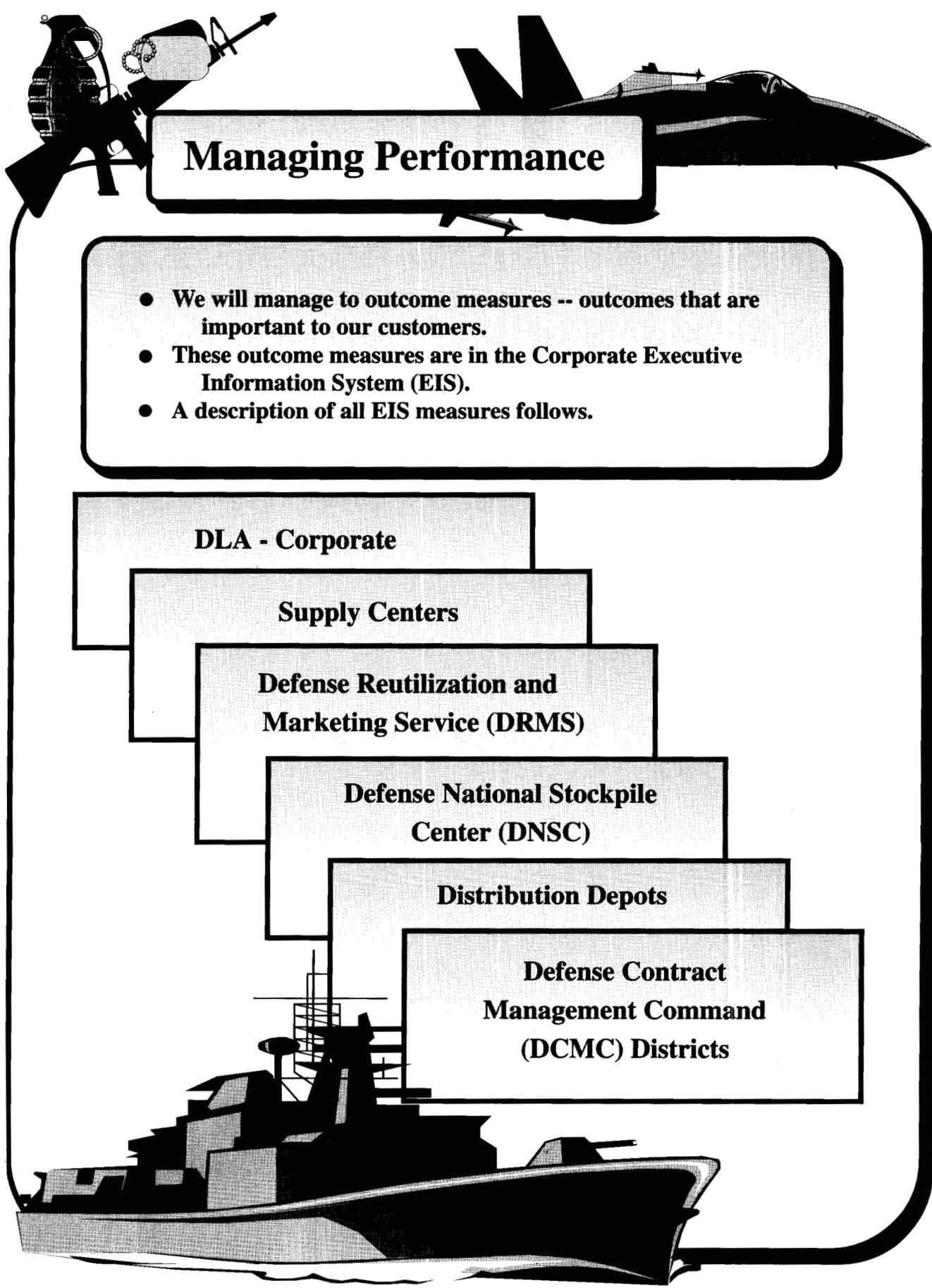
Challenge

P

Manage Performance

Improve Performance

Structure of Performance Measures



Managing Performance

- **We will manage to outcome measures -- outcomes that are important to our customers.**
- **These outcome measures are in the Corporate Executive Information System (EIS).**
- **A description of all EIS measures follows.**

DLA - Corporate

Supply Centers

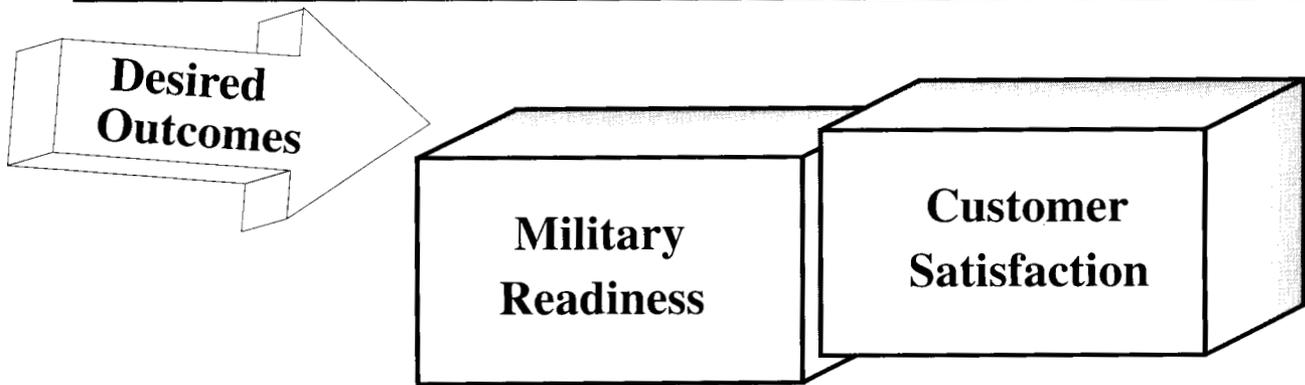
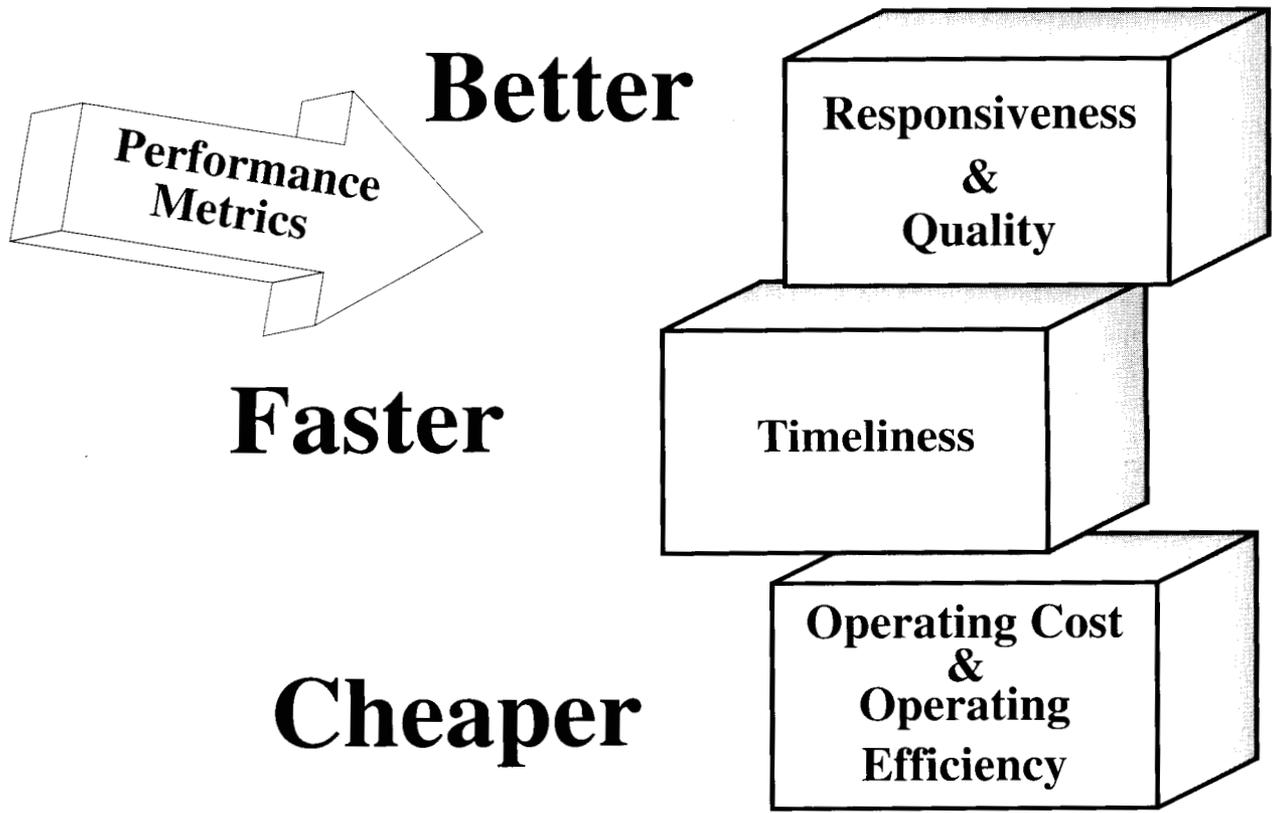
**Defense Reutilization and
Marketing Service (DRMS)**

**Defense National Stockpile
Center (DNSC)**

Distribution Depots

**Defense Contract
Management Command
(DCMC) Districts**

DLA Executive Information System



DLA - Corporate EIS Measures

Customer Satisfaction -
How customers perceive the effectiveness of DLA services and products. Expressed as an index value.

Logistics Response Time -
How quickly DLA responds to customer materiel demands. Shows the entire pipeline starting and ending with the customer.

Environmental Posture -
How effective DLA is in implementing the three critical areas of
1) Environmental Compliance,
2) Environmental Clean-Up,
and 3) Pollution Prevention.

EC/EDI Implementation -
How well DLA is doing in developing and using the various forms of Electronic Commerce and Electronic Data Interchange as it converts to a paperless logistics system.

Corporate Financial Statements -
1) Operating Statement,
2) Statement of Financial Condition, 3) Analysis of Changes to Gov't Equity,
4) DBOF Budget Summary,
5) Appropriation & DBOF Financing Resources.

Compliance -
How responsive DLA is in responding to recommendations and findings of inspecting entities.

Workforce "Well-Being"-
How well DLA is doing in providing for improvement and maintenance of its human resources.

Warfighting/Contingency Preparedness - A separate section of the EIS which measures the ability of the Agency to support all aspects of logistics readiness for the Military Services against specified types of contingencies.

Supply Centers EIS Measures

Responsiveness

(Better)

Stock Availability (Backorders/Demands)-
How often customer orders for stocked items are filled immediately. Shown by major weapon systems as well as total inventory.

Stocked Backorders (Stocked Items not Immediately Filled/Demands) -
How often customer orders cannot be filled immediately from stock on-hand. Shown also by weapon system.

Product Availability (On-Hand Inventory and Projection of Fill/ Inventory Objective) -
How well DFSC makes all products available to meet their customers' requirements.

Quality Control
What percentage of items bought by the Centers fail random testing for critical and major defects.

Customer Satisfaction
How much of the materiel provided customers is not satisfactory to them based on complaints registered.

Supply Centers EIS Measures (cont)

Timeliness
(Faster)

Logistics Response Time (LRT) (Requisition Receipt to MRO Transmittal) - How long (average days) customer orders spend at the Centers.

Operating Efficiency
(Cheaper)

Inventory Stock (Actual Inventory Value)
How much inventory DLA has (millions of dollars). Includes materiel in transit. Shows inventory with and without Consumable Item Transfer stocks.

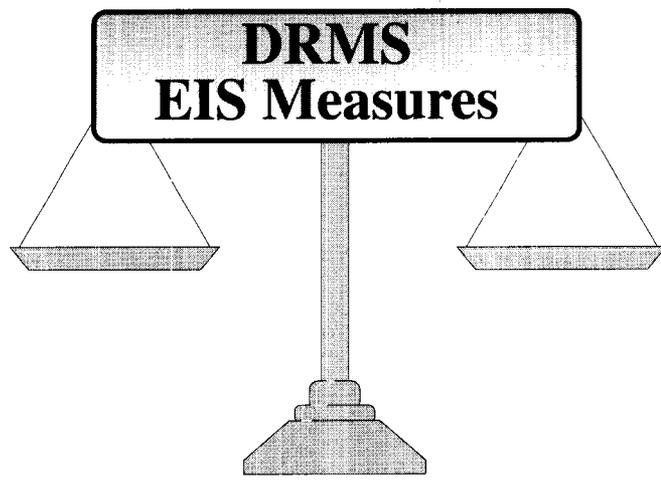
Operating Cost
(Cheaper)

Financial Performance Result (Resources Earned Total Cost) - How well the Centers are living within their earnings.

Sales of CE (Actual vs Plan) Actual Budget (AD) - How well plans are being met.

Customer Satisfaction

Customer Satisfaction (Index of Customer Perceptions) - To what degree customers approve of the Centers' performance.



Responsiveness
(Better)

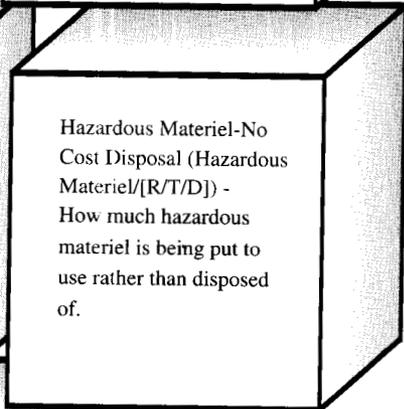
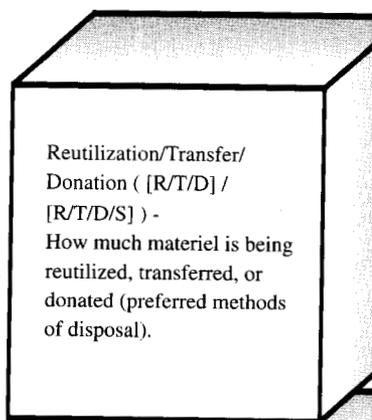
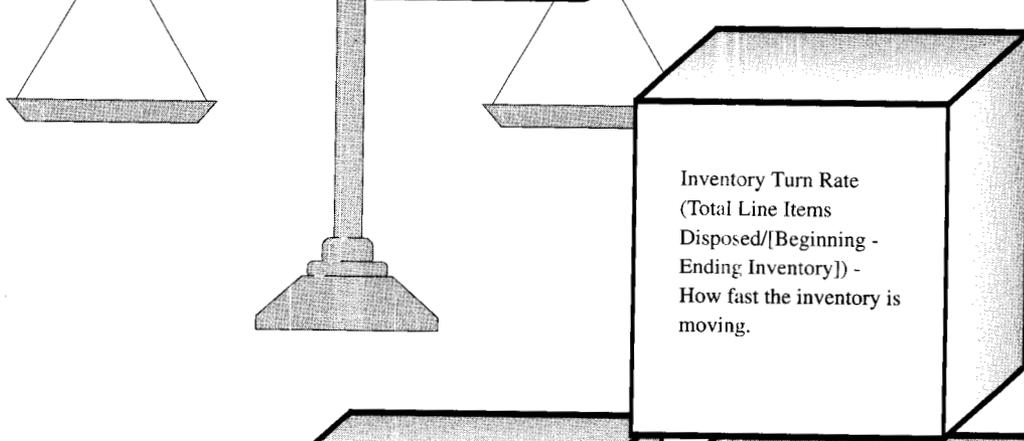
Backlog (Total Workload Backlog) -
How much workload is awaiting processing to or through disposal.

Environmental Compliance Violations / Notices of Violations
How many formal environmental compliance Notices of Violation (NOVs) are open at DRMS activities.

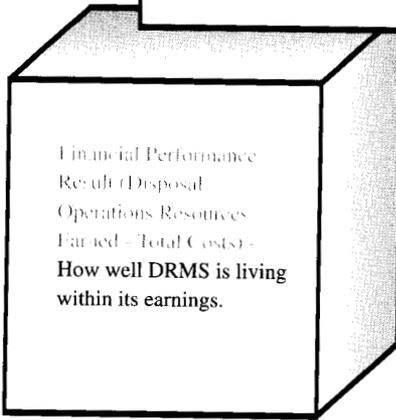
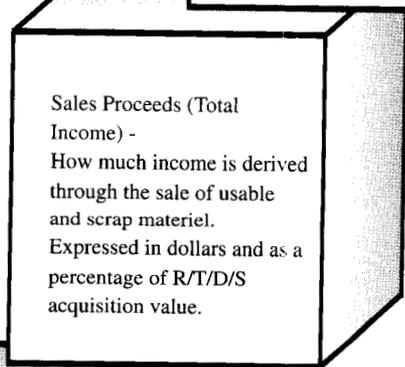
Quality
(Better)

Lines of Hazardous Waste
Lines of Hazardous Waste Not Processed
How many lines of Hazardous Waste have not been removed within the required 90 days of receipt.

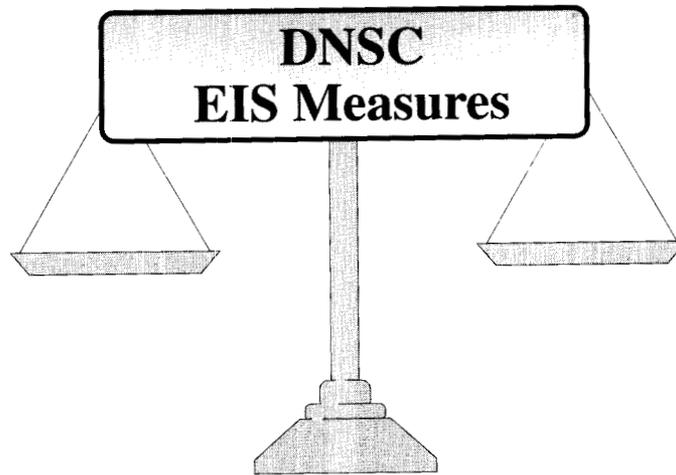
**DRMS
EIS Measures (cont)**



Operating Efficiency
(Cheaper)



Operating Cost
(Cheaper)



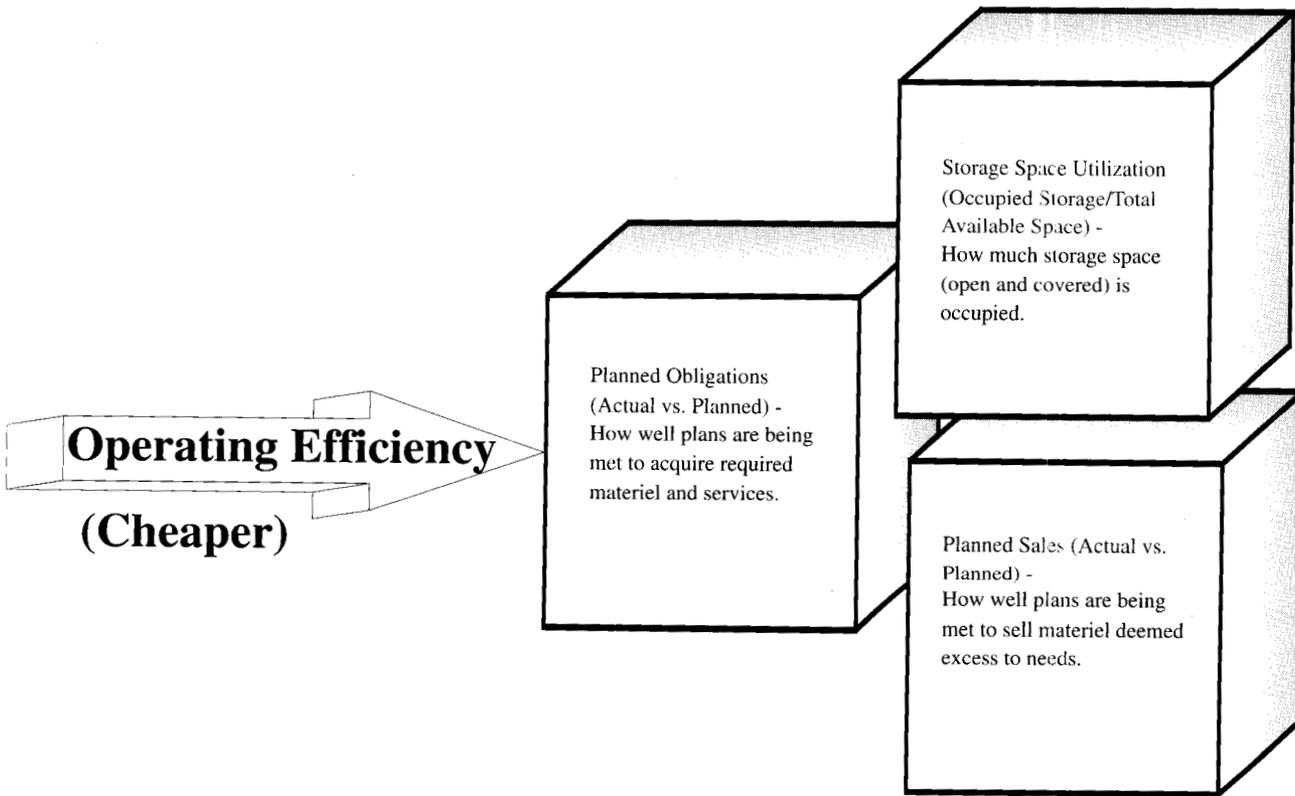
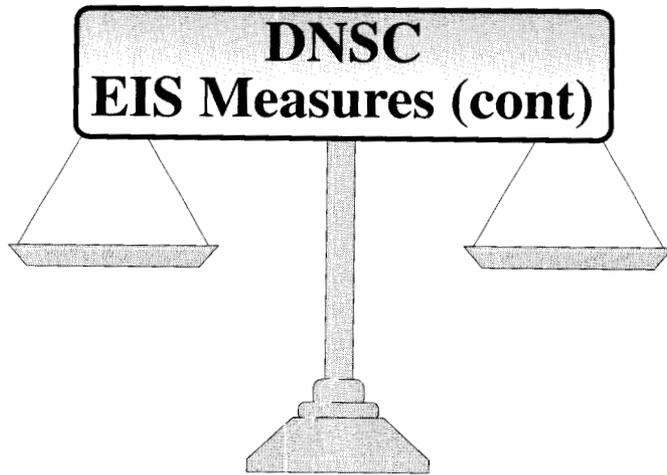
Quality
(Better)

Price Performance
Comparison (Price/Unit)
Price vs. Market Value
How effective are materiel
buying and selling activities.
Determined by comparing
price received or given to an
average market value.

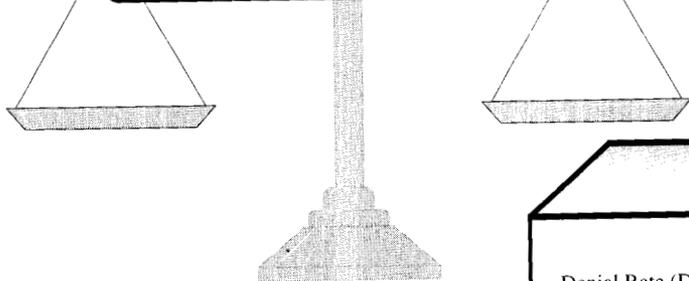
Inventory Status
vs. Demand Requirements
How completely materiel
on-hand satisfies the
established stockage
requirement.

Operating Cost
(Cheaper)

Cash Available for
Transfer (Actual Revenue -
Estimated Expenses) -
How much excess cash is
available for transfer from
DNSC to OSD.



Distribution Depots EIS Measures



Responsiveness
(Better)

Denial Rate (Denied/Total Received) - How accurate inventory records are and how effectively Depots respond to customer demands.

Quality
(Better)

Customer Complaints (Total RODs or TDRs/MROs Shipped) - How often customers complain about Depot actions on shipments.

Timeliness
(Faster)

MEQ Processing Time (V to Receipt to Shipments) - How long (average days) hi-priority customer orders spend at the Depots. The Distribution part of Logistics Response Time.

DRO Processing Time (DRO Receipt to Shipment) - How long (average days) it takes Depots to process/ship Disposal Release Orders (DROs).

Receipt Processing (Depot Arrival to Material Stow) - How long (average days) it takes Depots to post, to record, and to stow new procurement receipts to a storage location.

Distribution Depots EIS Measures (cont)

Sample Inventory Accuracy (Record Accuracy) - How accurate inventory records are based on random samples.

Storage Space Utilization (Total Usable Storage Space) - How much usable storage space is occupied.

Inventory Adjustments ((On-Hand - Recorded Balance)/Inventory Dollar Amount) - How much inventory value is changed to match records with counts; Gross Monetary Adjustment Rate

Operating Efficiency
(Cheaper)

Location Reconciliations (Errors/Record) - How often the Depot and Inventory Control Point asset records match.

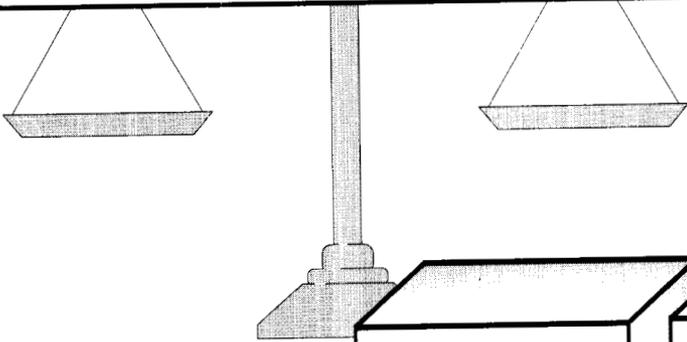
Locator Accuracy (Recorded vs. Actual Data vs. Catalog Data) - How accurate locator files are. Locator file is a directory of all locations and the materiel in them.

How efficiently depots are using available resources. Tracks Depot unit cost over time.

Customer Satisfaction

Customer Satisfaction (Index of Customer Perceptions) - How customers perceive the performance of the Depots.

Contract Management Districts EIS Measures



Quality Assurance
(Product Quality
Deficiency Reports/
Shipments) -
How much materiel is the
subject of customer
complaints. Supporting
information shows efforts
to improve contractor
production processes

Engineering Surveillance
(Percentage of Class I ECPs/
Major or Critical Waivers &
Deviations to Correct Design
Errors)-
How well DCMC influences
contractor design and
development to reduce
design problems/errors.

**Core Contract
Administration** (Contracts
Exceeding FAR Closing
Standards/Closed
Contracts) -
How effectively contracts
are closed.

Quality
(Better)

Pricing and Negotiation
(Recommended
Negotiation Objective/
Actual Negotiation) -
How well the pricing report
supports contracting officer
negotiations.

Property Management
(Percentage of Government
Property Lost or Damaged)-
How effectively Government
property is being controlled,
protected, preserved, and
maintained.

Price Related Systems
(Costs Avoided/Costs
Expended) -
How effective system
reviews are in providing cost
savings/avoidances to the
Government.

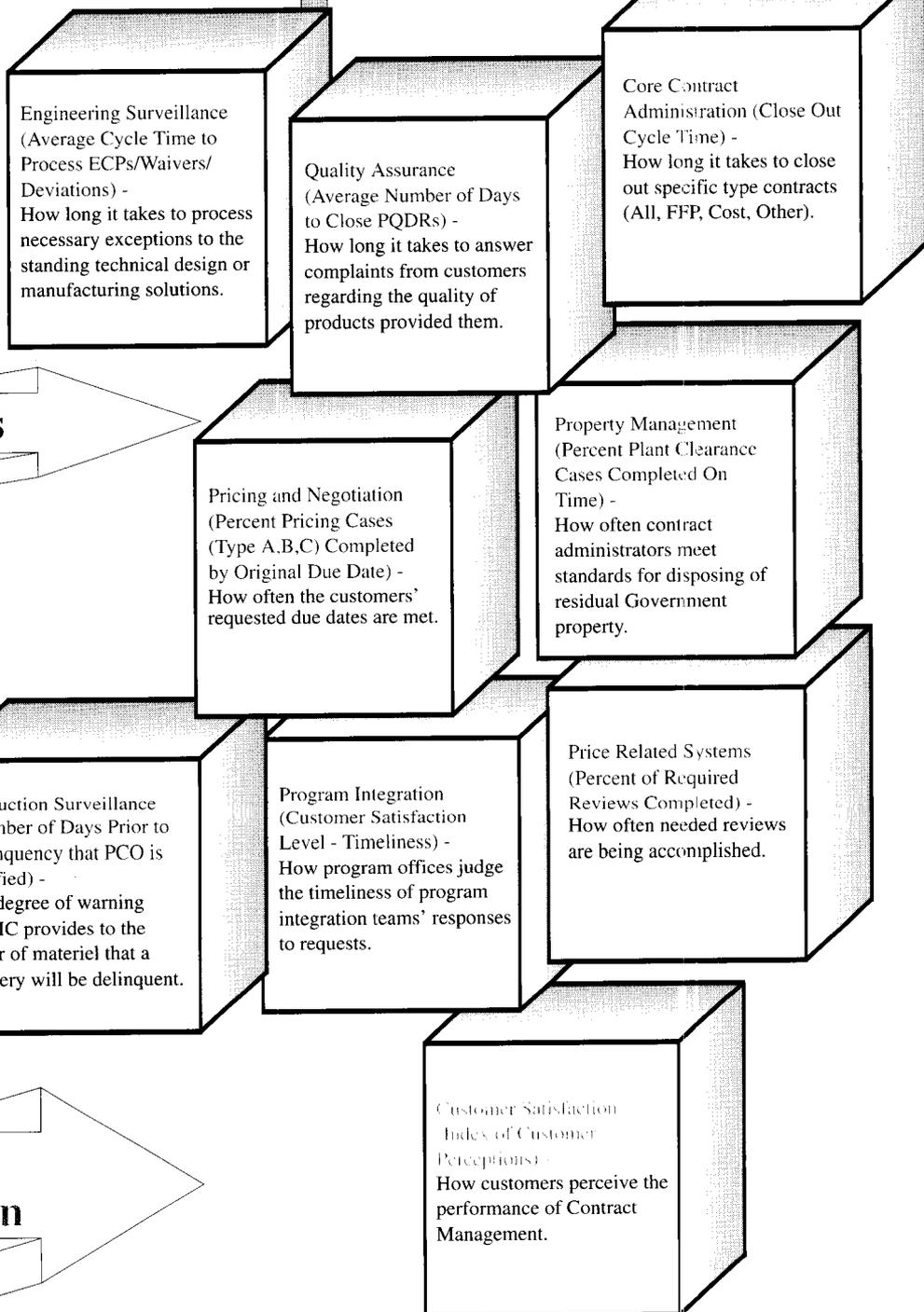
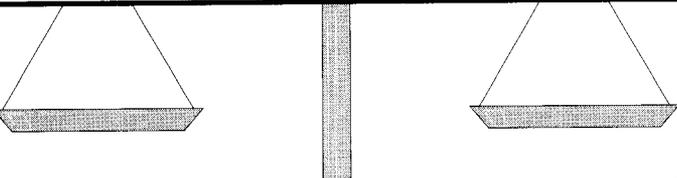
Program Integration
(Customer Satisfaction-
Quality)-
How Service program
offices judge the
effectiveness of program
integration teams.

Production Surveillance
(Percentage of
Delinquencies Predicted)-
How effectively DCMC
provides PCOs with notice
of impending delays in
delivery.

Operating Cost
(Cheaper)

Financial Performance
(Ratio of Actual to Estimated
Actual - Costs)
How well Districts are living
within earnings.

Contract Management Districts EIS Measures (cont)



Engineering Surveillance
(Average Cycle Time to Process ECPs/Waivers/ Deviations) -
How long it takes to process necessary exceptions to the standing technical design or manufacturing solutions.

Quality Assurance
(Average Number of Days to Close PQDRs) -
How long it takes to answer complaints from customers regarding the quality of products provided them.

Core Contract Administration (Close Out Cycle Time) -
How long it takes to close out specific type contracts (All, FFP, Cost, Other).

Timeliness
(Faster)

Pricing and Negotiation
(Percent Pricing Cases (Type A,B,C) Completed by Original Due Date) -
How often the customers' requested due dates are met.

Property Management
(Percent Plant Clearance Cases Completed On Time) -
How often contract administrators meet standards for disposing of residual Government property.

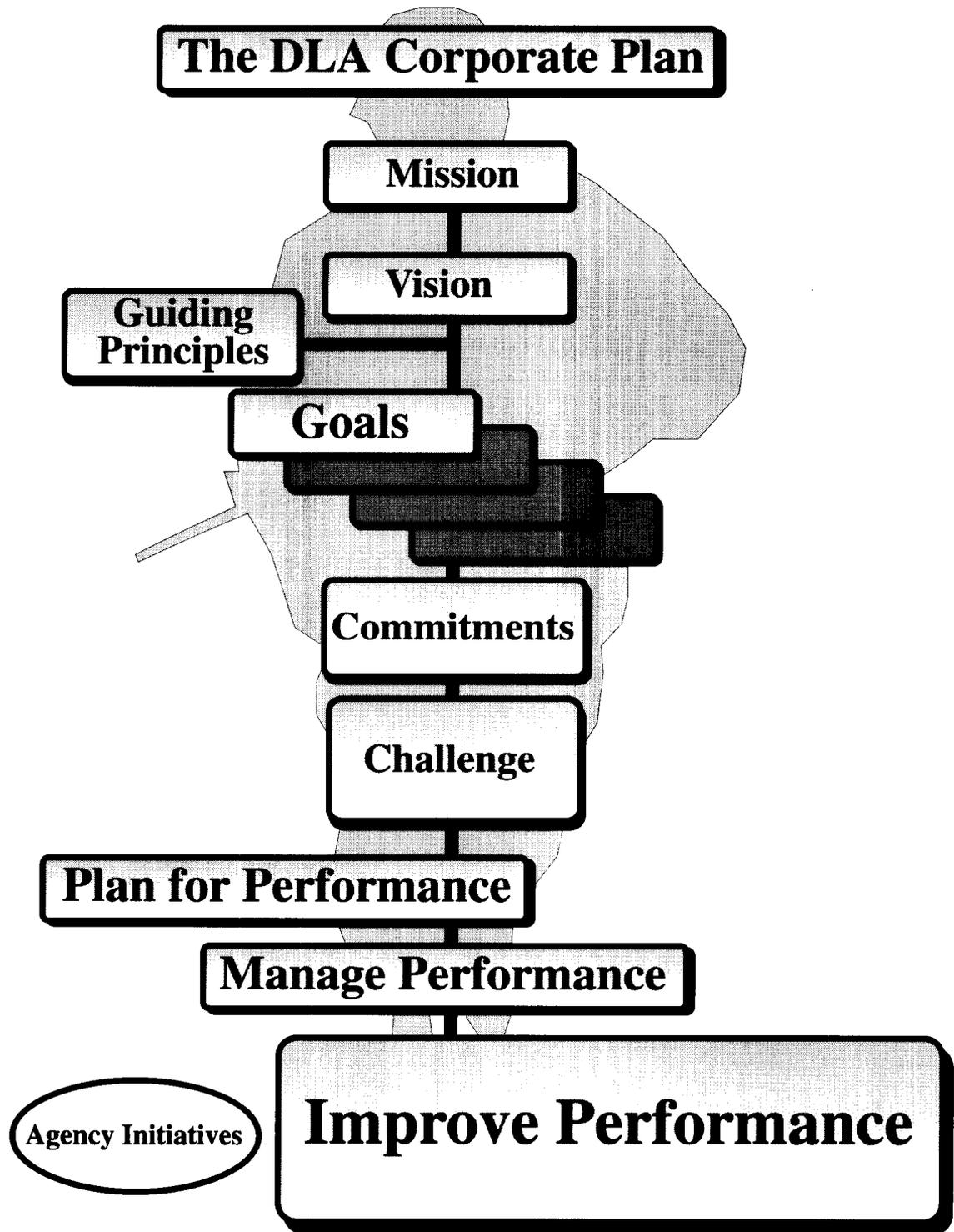
Production Surveillance
(Number of Days Prior to Delinquency that PCO is Notified) -
The degree of warning DCMC provides to the buyer of materiel that a delivery will be delinquent.

Program Integration
(Customer Satisfaction Level - Timeliness) -
How program offices judge the timeliness of program integration teams' responses to requests.

Price Related Systems
(Percent of Required Reviews Completed) -
How often needed reviews are being accomplished.

Customer Satisfaction

Customer Satisfaction
(Index of Customer Perceptions) -
How customers perceive the performance of Contract Management.



The DLA Corporate Plan

Mission

Vision

Guiding Principles

Goals

Commitments

Challenge

Plan for Performance

Manage Performance

Agency Initiatives

Improve Performance

Improving Performance

- The reason we have Strategic Initiatives is to improve our performance as shown by the EIS measures.
- The matrices on the following pages array the Strategic Initiatives by the Agency goal they support and the EIS Performance Management Measures they will improve.
- Only those EIS performance measures which are currently demanding our added attention have corresponding Strategic Initiatives and thus are shown in the following matrices. The other EIS measures are not shown.

Strategic Initiatives & Performance Management Measures		Strategic Initiatives	
GOAL	Measure	Initiative #1-	Initiative #2-
Quality	Measure	Initiative #3-	Initiative #4-
Responsiveness	Measure	Initiative #5-	Initiative #6-
Operating Efficiency	Measure	Initiative #7-	Initiative #8-
Customer Satisfaction	Measure	Initiative #9-	
Operating Cost	Measure		
Military Readiness	Measure		

Strategic Initiatives and Performance Management Measures

Performance Measurement Areas (Executive Information System)							
GOAL #1 Put Customers First	Responsiveness	Timeliness	Quality	Operating Efficiency	Operating Cost	Customer Satisfaction	Military Readiness
CAS Early Involvement						C Customer Satisfaction	
Customer Satisfaction						DLA Customer Satisfaction	
DCMC On-Time Delivery			C Production Surveillance	C Production Surveillance			C Production Surveillance
DLA Contingency Support Team							Warfighting Contingency Preparedness
DLA Premium Logistics						D Customer Satisfaction	
Executive Information System (EIS)						DLA Customer Satisfaction	
Forward Deployed Depot							Warfighting Contingency Preparedness
Logistics Response Time (LRT) (Average Customer Wait Time)		S/D Logistics Response Time				S/D Customer Satisfaction	
Materiel Positioning		S/D Logistics Response Time		D Storage Space Utilization	D Financial Performance	S/D Customer Satisfaction	
Electronic Commercial Catalog						S Customer Satisfaction	
Reserve Utilization (Maximize use on "Core Teams")					S/D Unit Cost/Financial Performance		Warfighting Contingency Preparedness
Warfighting Assessment/Requirements Model							Warfighting Contingency Preparedness
War Reserve Management (Reduce War Reserve Deficit)							Warfighting Contingency Preparedness

LEGEND

S = Supply Centers

D = Distribution Depots

DLA = Corporate - All Business Areas

C = Contract Management Districts

STRATEGIC INITIATIVES

GOAL #1: Put Customers First

Contract Administration Services (CAS) Early Involvement - Expand the Defense Contract Management Command's (DCMC) role in the early phases of systems acquisitions to "nontraditional" applications; e.g., source selection and Cost/Schedule Control System Criteria (C/SCSC) validation, by a minimum of 6 in FY94 and 20 in FY95.

DCMC On-Time Delivery - Ensure contractors adhere to delivery schedules and impose discipline on the delivery surveillance process.

Customer Satisfaction - Develop a process for continuously obtaining and acting upon feedback from customers.

DLA Contingency Support - Develop a tailored contingency support plan for each warfighting Commander-in-Chief.

DLA Premium Logistics - Provide selected logistics services that can meet the most demanding requirements of our customers.

Executive Information System (EIS) - Field an online performance management system including all Agency business areas and warfighting/contingency preparedness.

Forward Deployed Depot - Develop a forward depot capability to support forces engaged in operational military missions.

Logistics Response Time (LRT) (Average Customer Wait Time) - Establish a means for DLA to measure the time from the receipt of the requisition by the Inventory Control Point (ICP) through receipt of the materiel by the customer.

Materiel Positioning - Develop a materiel positioning policy which maximizes customer responsiveness while minimizing the aggregate overall DoD stocking and distribution costs.

Electronic Commercial Catalog - Adopt commercial buying practices that will make DLA competitive in any market for the purchase of commercial type items.

Reserve Utilization - Utilize Military Reserve personnel to enhance DLA support of warfighters and achieve cost savings by utilizing Reserve personnel in place of commercial contractors where appropriate.

Warfighting Assessment/Requirements Model - Develop a model to determine critical NSN shortfalls, project when a specific item would be out of stock, identify weapons systems at risk, and provide significant information to make investment decisions.

War Reserve Management - Improve DLA's preparedness position by developing (1) a defensible funding package (coordinating with the Services) and (2) war reserve materiel requirements that would allow DLA to quickly develop materiel investment strategies in support of the most probable contingencies.

Strategic Initiatives and Performance Management Measures

Performance Measurement Areas (Executive Information System)							
GOAL #2 Improve the process of delivering logistics support	Responsiveness	Timeliness	Quality	Operating Efficiency	Operating Cost	Customer Satisfaction	Military Readiness
Activity Based Costing						Unit Cost/ Financial Performance	
Commercial Asset Visibility		Backorders	Logistics Response Time				
DEMIL Policy						Unit Cost Performance	
Distribution Standard System (DSS)					Inventory Accuracy, Storage Space Utilization, & Financial Performance		Warfighting/ Contingency Preparedness
EC/EDI Implementation			Logistics Response Time			Unit Cost/ Financial Performance	Warfighting/ Contingency Preparedness
Environmental Excellence (Recognized leader by 95/96)			Pollution Prevention, Environmental Compliance & Environmental Cleanup				
Federal Contract Administration Services (FEDCAS) (Increase # & \$ value of contracts)						Unit Cost Performance	
Fee-for-Service Product Testing Centers						Unit Cost Performance	
In-Storage Visibility of Retail Assets		Backorders	Logistics Response Time				
Intransit Visibility (Implement AMS)			Customer Complaints			Financial Performance	Warfighting/ Contingency Preparedness
Preaward CAS Involvement			All	All			
Process Oriented Contract Administration Services (PROCAS)			Closeout Cycle Time / Delinquency Alerts	% PQDRs/Shipments & No. KR Design Related Corrective Actions		Unit Cost Performance	Customer Satisfaction
Quality of Parts				Customer Complaints; Product Performance Verification			Customer Satisfaction

LEGEND

□ = Supply Centers

□ = Reutilization
& Marketing

□ = Corporate - All
Business Areas

□ = Distribution Depots

□ = Contract Management Districts

STRATEGIC INITIATIVES

GOAL #2: Improve the Process of Delivering Logistics Support

Activity Based Costing (ABC) - Use activity based costing to focus on process improvement opportunities. The goal is to employ ABC at field activities by Apr 94 and at Headquarters by Jul 94, and to follow deployment until ABC is institutionalized.

Commercial Asset Visibility - Explore the feasibility of, and possible mechanisms for, achieving commercial asset visibility.

Demilitarization (DEMIL) Policy - Ensure that marketable personal property does not have an erroneous demilitarization code while ensuring a proper level of control or destruction is maintained, to preclude sale of critical material (weapon system and technologies) to unauthorized customers.

Distribution Standard System (DSS) - Deploy a standard distribution information system to all DLA depots.

Electronic Commerce/Electronic Data Interchange (EC/EDI) - Exploit electronic commerce methods to streamline DoD logistics. The goal is to incorporate EC/EDI technology within all DLA business segments.

Environmental Excellence - Make DLA a leader in promoting environmental excellence in 3-5 years (on/about FY 95-96).

Federal Contract Administration Services (FEDCAS) - Perform contract administration for selected non-DoD agencies. The goal is to double the number and dollar value of contracts assigned in FY94 and FY 95 from the top 20 civilian agencies.

Fee-For-Service (FFS) Product Testing Centers - Implement FFS operational concept at DLA Product Testing Centers.

In-Storage Visibility of Retail Assets - Implement an automated interface with the Services to obtain visibility of DLA-managed, Service-owned retail assets.

Intransit Visibility - Implement Automated Manifest System (AMS); i.e., use "smart cards" for all DLA depot shipments. Simply put, the goal is to improve visibility of intransit shipments.

Preaward CAS Involvement - Continuously improve the quality of preaward CAS activities and reduce the cost of our customers' weapon system acquisition by effectively using lessons learned during contract execution. Track cost avoidances from improved proposal negotiations.

Process Oriented Contract Administration Services (PROCAS) - Fully implement PROCAS by increasing the number of agreements to 500 and the number of bluelined processes to 2,500 for FY 94, with similar increases in FY95. Track cost savings/avoidances from PROCAS implementation.

Quality of Parts - Track the management of completion of the DLA Quality Action Plan to continually improve product and service quality provided to our customers.

Strategic Initiatives and Performance Management Measures

Performance Measurement Areas (Executive Information System)							
	Responsiveness	Timeliness	Quality	Operating Efficiency	Operating Cost	Customer Satisfaction	Military Readiness
GOAL #3 Empower employees to get results							
Affirmative Action Recognition (EEO Activity Award)					✱		
Employee Recognition (Team-oriented award criteria)					✱		
EEO Coverage (Staffing ratio = 1:600 by the end of FY96)					✱		
Partnering with Unions					✱		
Professional Developmnt (Increase percent of funded priority #1 training)					✱		
Teaming	✱	✱	✱	✱	✱	✱	✱

✱ *All initiatives are targeted on workforce productivity and performance enhancement in some fasion. (Corporate and all Business Areas)*

STRATEGIC INITIATIVES

GOAL #3: Empower Employees To Get Results

Affirmative Action Recognition - Establish an EEO Activity of the Year award.

Employee Recognition - Link awards with Agency objectives. Emphasize team performance recognition through award criteria.

Equal Employment Opportunity (EEO) Coverage - Expand availability of EEO managers to DLA employees. The goal is to obtain a staffing ratio of 1:600 for EEO resources by the end of FY 96.

Partnering with Unions - Establish a formal partnership arrangement with the union via a written agreement. Ensure effectiveness of the agreement by continuing evaluations.

Professional Development - Ensure that training and development expenditures are linked to, and have a positive impact on, the achievement of organizational objectives.

Teaming - Establish teaming as the exhibited behavior throughout the Agency in dealing with our customers and each other.

Strategic Initiatives and Performance Management Measures

Performance Measurement Areas (Executive Information System)							
	Responsiveness	Timeliness	Quality	Operating Efficiency	Operating Cost	Customer Satisfaction	Military Readiness
GOAL #4 Meet customer readiness requirements at reduced cost							PAGE 1 of 2 PAGES
Base Realignment & Closure 1993 (Complete Ahead of BRAC Schedule)					Storage Space Utilization	Unit Cost / Financial Performance	
Base Realignment & Closure 1995						Unit Cost / Financial Performance	
GSA Strategy/Prototypes						Unit Cost / Financial Performance	
Buy Response vs. Inventory (Reduce Inventory to \$6B by FY 97)	Backorders				Inventory On Hand	Customer Price Change	Customer Satisfaction
Chief Financial Officer (CFO) Act Accounting Initiatives						Corporate Financial Statements	
Consumable Item Transfer (CIT)						Customer Price Change	
Depot Unit Cost Accuracy						Financial Performance	
DRMS Self-Sufficiency (Earnings Greater Than or Equal To Cost)			Total Backlog		Inventory Turn Rate	Unit Cost Performance	
Cancelling Funds/Closeout Strategy				Overage Contracts		Customer Satisfaction	
Fee-for-Service DASCs						Unit Cost / Financial Performance	
Food GOCO (Government-Owned, Contractor-Operated) Facility						Financial Performance	

This Matrix Is Continued On Subsequent Pages →

LEGEND

○ = Supply Centers

□ = Distribution Depots

◇ = Contract Management Districts

△ = Reutilization & Marketing

◇ = Corporate - All Business Areas

STRATEGIC INITIATIVES

GOAL #4: Meet Customer Readiness Requirements At Reduced Cost

(Page 1 of 2 Pages)

Base Realignment and Closure (BRAC) 1993 - Integrate implementation actions to close/realign activities on or ahead of schedule and within cost projections.

Base Realignment and Closure (BRAC) 1995 - Develop an Agency closure and realignment recommendation to DoD that fully incorporates OSD policies, selection criteria, and force structure requirements while maintaining the highest possible level of Agency capability.

GSA Strategy/Prototypes - Achieve a single face to industry and customers, and eliminate duplication of logistics effort among Government agencies.

Buy Response vs. Inventory - Use Buy Response and Power Buying initiatives (long-term contracts, Direct Vendor Delivery (DVD), Electronic Commerce/Electronic Data Interchange (EC/EDI), and prime vendor) to reduce the value of DLA inventory by FY 97 to \$6B.

Chief Financial Officer (CFO) Act Accounting Initiatives - Improve the accuracy and usefulness of all information contained in the Agency financial statements.

Consumable Item Transfer (CIT) - Complete in an efficient and timely manner the transfer of management responsibility for consumable items from the Military Services to DLA.

Depot Unit Cost Accuracy - Improve accuracy of depot unit costs by achieving more reliable unit cost data; a more accurate costing system; and a better/more reliable efficiency measure.

Defense Reutilization and Marketing Services (DRMS) Self-Sufficiency - Increase revenues and decrease costs to make DRMS self-sufficient.

Cancelling Funds/Contract Closeout Strategy - Expedite contract closeout in order to use funds that are due to become unavailable at the end of the fiscal year.

Fee-For-Service DASCs - Implement fee-for-service operational concept at the HQ DLA Administrative Support Center (DASC) and field DASCs.

Government Owned - Contractor Operated (GOCO) Food Depot - Prototype a contracted-out depot.

The list of initiatives under this Goal is continued on subsequent pages

Strategic Initiatives and Performance Management Measures

Performance Measurement Areas (Executive Information System)							PAGE 2 of 2 PAGES
GOAL #4 Meet customer readiness requirements at reduced cost	Responsiveness	Timeliness	Quality	Operating Efficiency	Operating Cost	Customer Satisfaction	Military Readiness
Inventory Accuracy			D	D	S	S	S
Logical Inventory Control Point (ICP)					S	S	S
Fuel Savings Initiatives						S	S
Overhead Strategy				S			S
Returns Backlog (Reduce to 10 Days or Less)			D				
Savings Through Value Enhancements -- SAVE (\$70M / Year Greater Than DMRD Commitment)						S	S
Spec Busting (Decrease MIL Specs & Increase CID Population)						S	S

LEGEND

S = Supply Centers
D = Distribution Depots
C = Contract Management Districts

RM = Reutilization & Marketing
CA = Corporate - All Business Areas

STRATEGIC INITIATIVES

GOAL #4: Meet Customer Readiness Requirements At Reduced Cost

Page 2 of 2 Pages

Inventory Accuracy - Achieve increased inventory accuracy, resulting in reduced investment.

Logical Inventory Control Point (ICP) - Develop a command and control structure to integrate ICPs across geographic and commodity lines, streamlining the organization to provide the best service to our customers.

Fuel Savings Initiatives - Optimize the procurement, storage, and distribution of fuel.

Overhead Strategy - Achieve a consistent and effective approach across DCMC in assessing contractor overhead activities, negotiating forward pricing rate agreements, and settling final overhead rates. Establish an Overhead Center of Excellence.

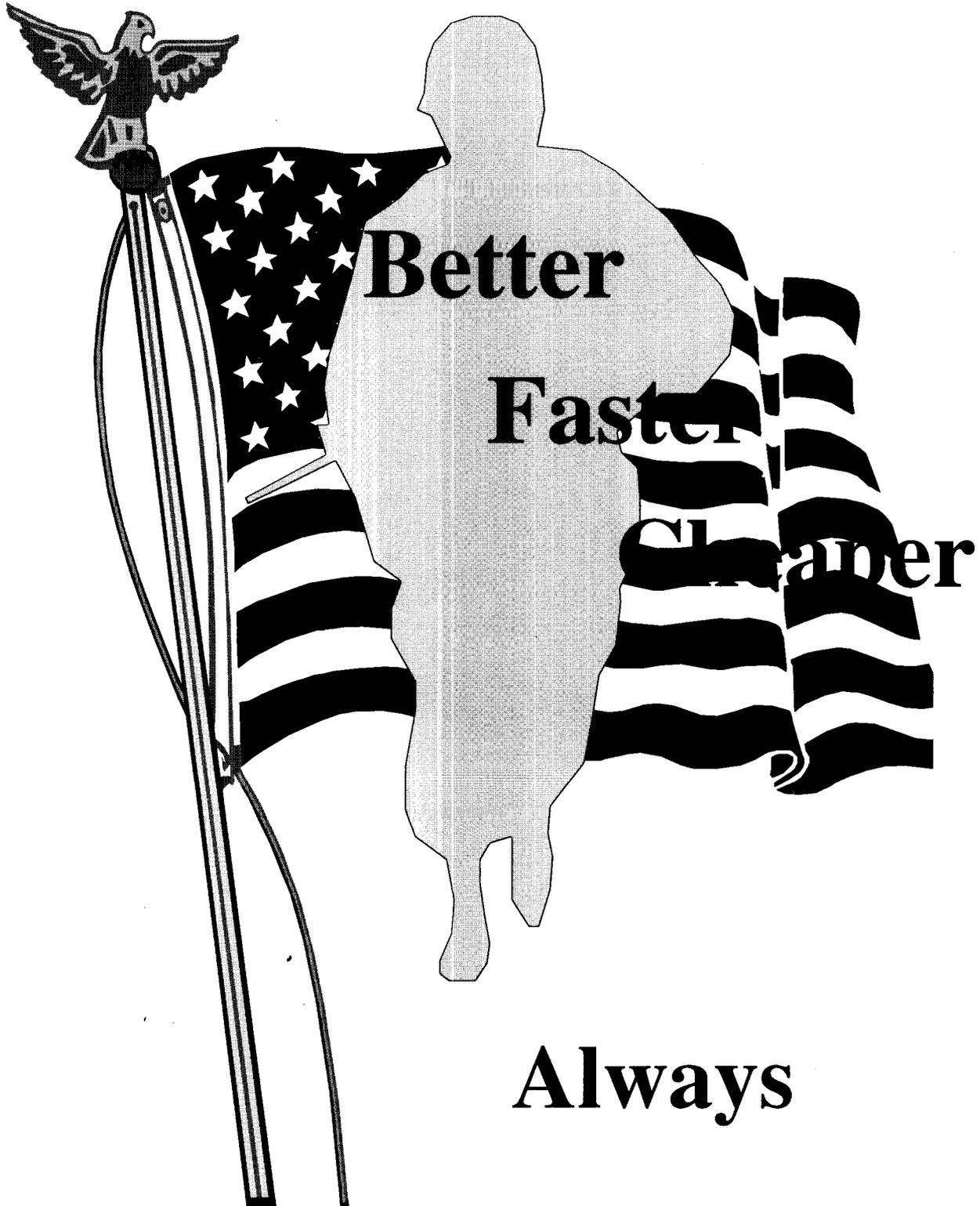
Returns Backlog - Reduce the backlog of all materiel returns (drawdowns, base closures, etc.) at depots to 10 days workload or less (DLA standard for processing returns).

\$avings Thru Value Enhancement (\$AVE) - Attain tangible savings for customers through Value Engineering and similar strategies: \$70M/year beyond Defense Management Review Decision (DMRD) commitment of \$132M.

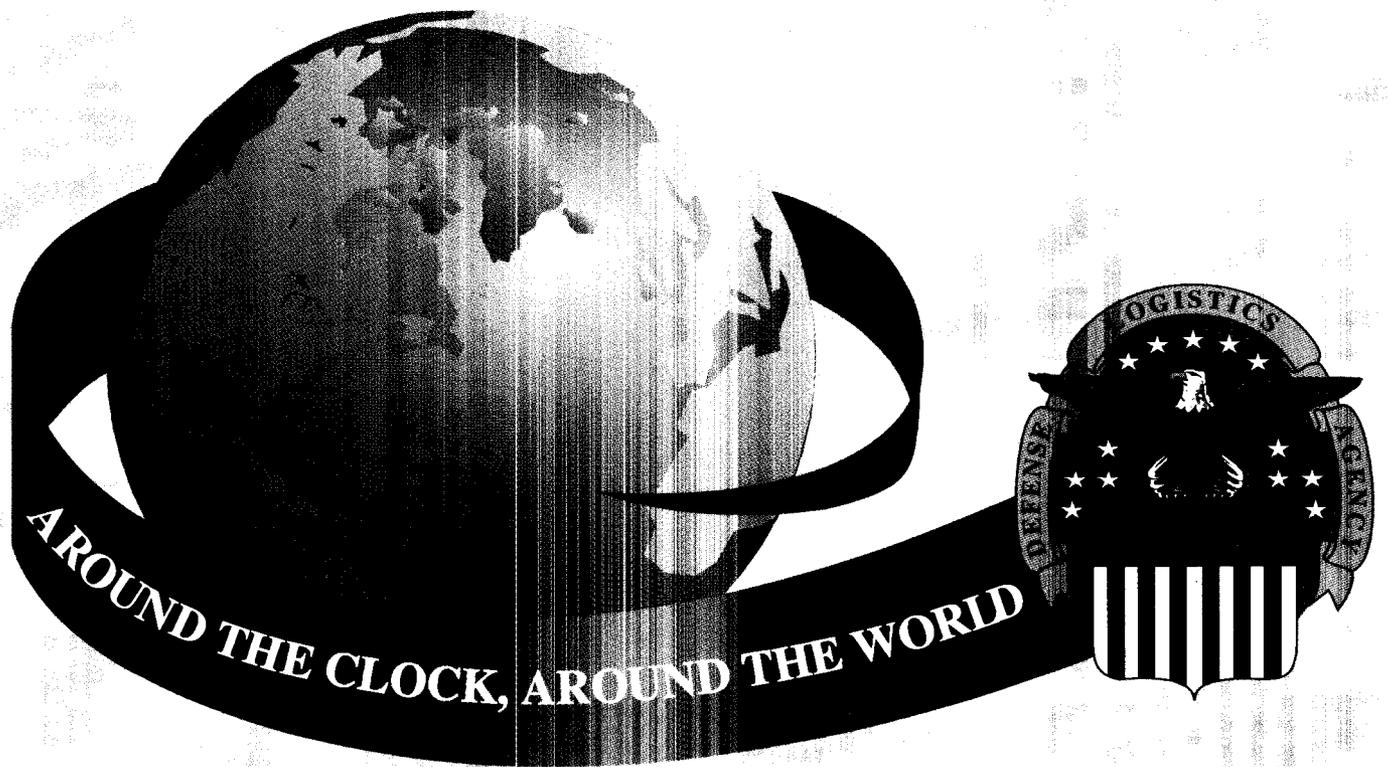
Spec Busting - Transition to the use of Commercial Item Descriptions (CIDs) (vice Military Specs) for commonly used items. Achieve a downward trend for MILSPECS and an upward trend for CIDs.



Our Bottom Line



Always







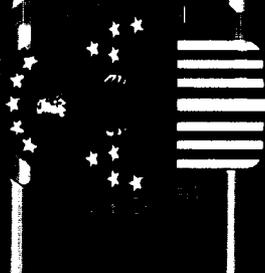
DEFENSE LOGISTICS AGENCY

BRAC 95 Detailed Analysis Presentation

DLA: Your Combat Support Agency
Around the Clock, Around the World



AROUND THE CLOCK AROUND THE WORLD



Outline

- Mission refresher
- DLA approach to BRAC 95
- DLA Recommendations
- DLA Summary

The DLA Business



DLA



Distribution Depots

Provider of choice

Around the Clock - Around the World

Providing readiness at reduced cost and helping offset service programmatic cuts

- By leveraging our corporate resources against global logistics targets, and
- Finding savings through teams, business practices, and technology breakthroughs

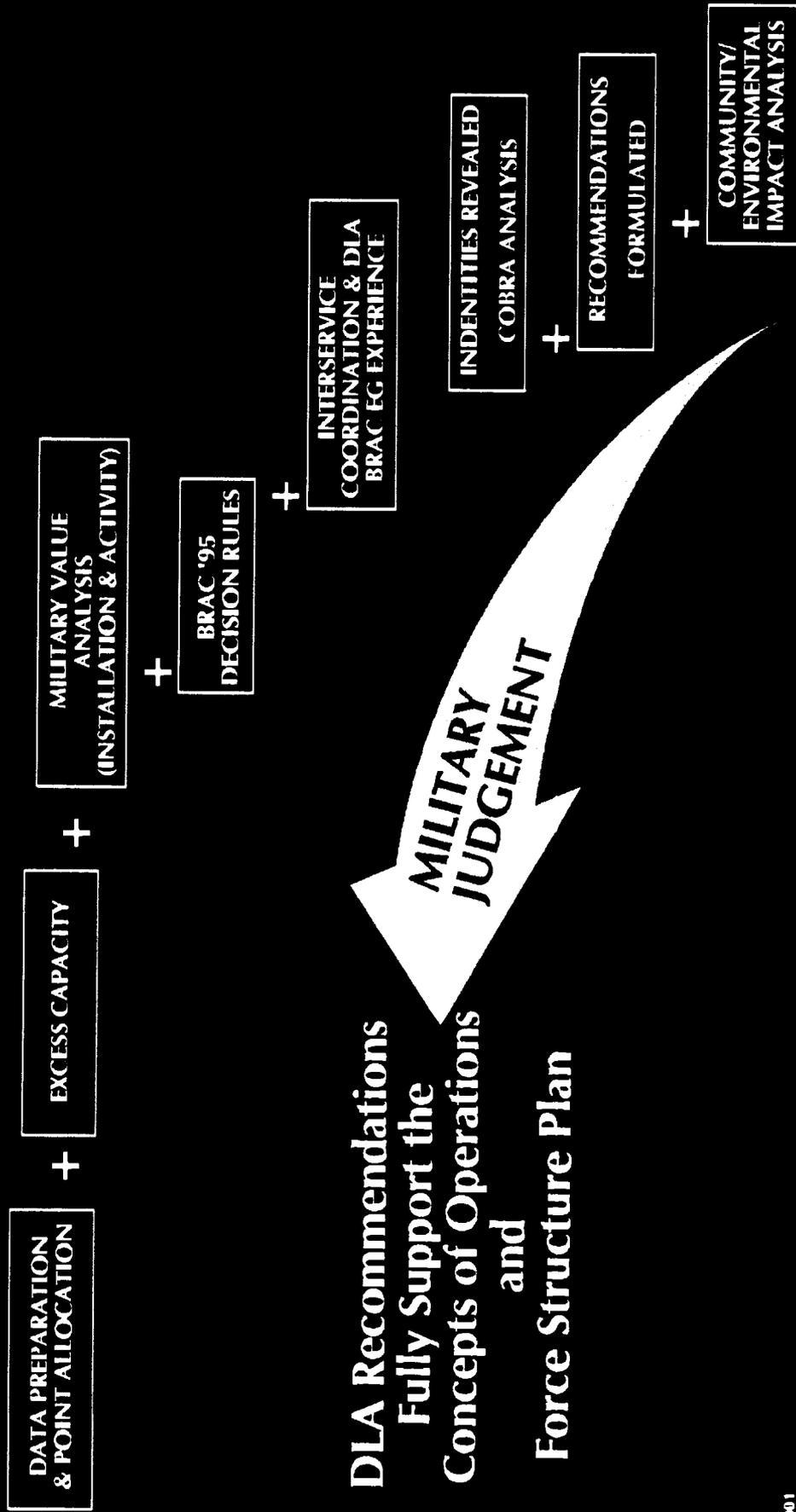
Inventory Management

Contract Management



Better - Faster - Cheaper

The DLA Approach



Our Measures of Merit

DoD BRAC Selection Criteria

Military Values:

1. Current and future mission requirements
2. Availability and condition of land and facilities
3. Ability to accommodate contingency, mobilization, and future force requirements
4. Cost and manpower implications

Return on Investment:

5. Extent and timing of potential costs and savings, including payback

Impacts:

6. Economic impact on communities
7. Ability of infrastructure to support forces, missions and personnel
8. Environmental impact

**DOD CRITERIA
TRANSLATED INTO
DLA MEASURES
OF MERIT**

DLA Measures of Merit

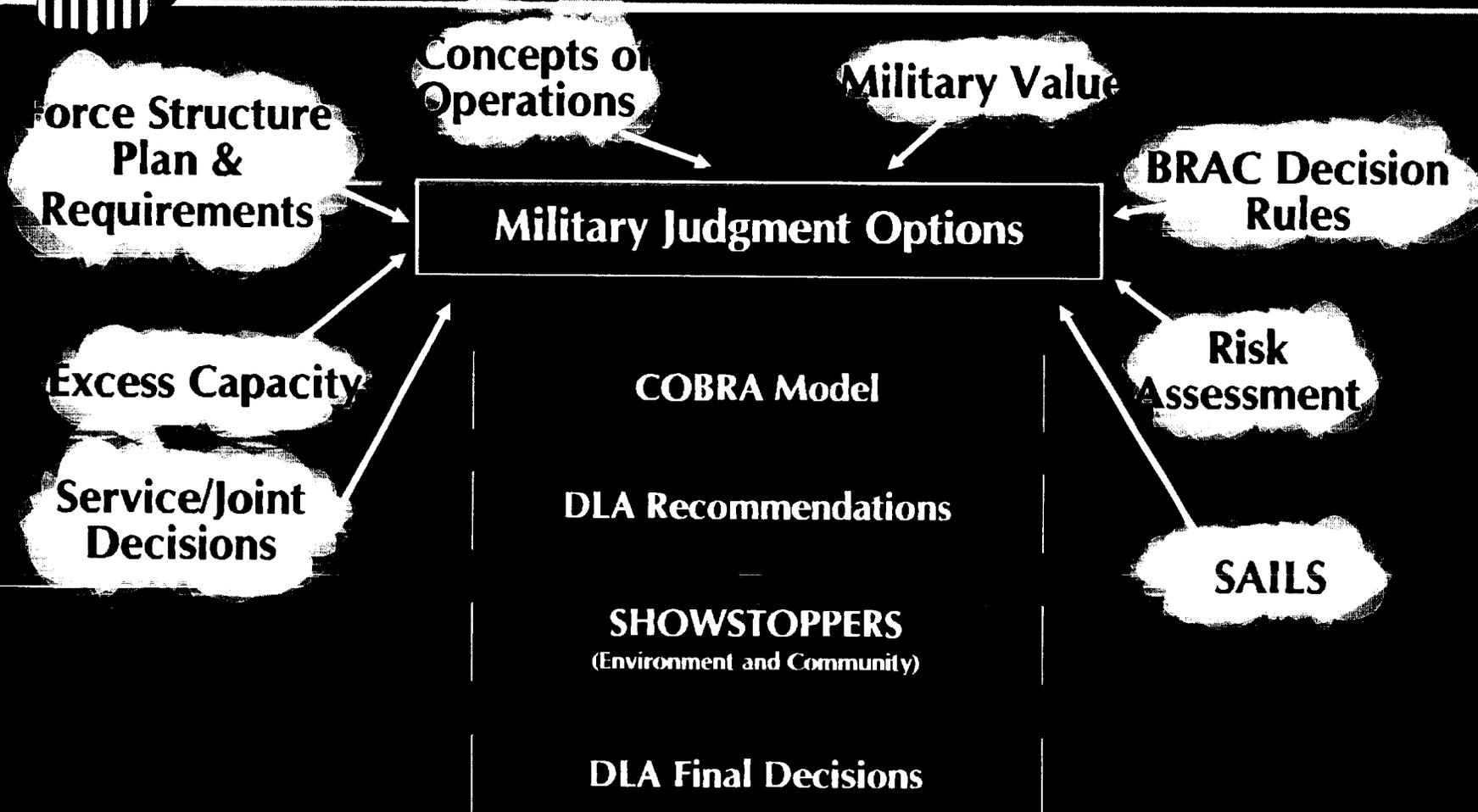
Mission Scope (DoD selection criteria 1 and 3). The mission assigned to the installation plays an essential role within DoD and additionally benefits non-DoD customers. The functions performed in accomplishing the mission(s) may be unique. The strategic location of the facility and span of control are important to effective mission accomplishment.

Mission Suitability (DoD selection criteria 1, 2, 3). The installation/activity supports assigned missions. Suitability includes the age and condition of facilities, quality of life, location, and proximity to transportation links.

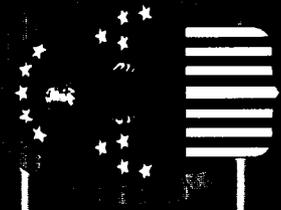
Operational Efficiencies (DoD selection criteria 2 and 4). The installation/activity's mission is performed economically. Installation/activity operation costs include transportation, mechanical systems (mechanized material handling equipment, etc.), space utilization, and personnel costs.

Expandability (DoD selection criteria 1, 2, 3). The installation/activity can accommodate new missions and increased workload, including sustained contingencies. Expandability considerations include requirements for space and infrastructure, community encroachment, and increased workload.

DLA BRAC Evaluation Tools



Our Approach Was Objective and Impartial



GENERAL
ACCOUNTING
OFFICE

BRAC
EXECUTIVE GROUP

BRAC
WORKING GROUP

DIA BRAC '95 RECOMMENDATIONS

INDEPENDENT
FACILITIES
ASSESSMENT

DOD-IG
AUDIT AND
REVIEW

FIELD
ACTIVITY
INPUT

DLA BRAC '95 Decision Rules

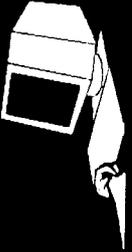
- Consistent with the Law, Base Decisions on the DoD Force Structure Plan and the DoD Selection Criteria
- Achieve an Infrastructure Consistent with the DoD Strategic Plan and Business Areas Concepts of Operations
- Consistent with Above, Seek Leanest, Most Cost-Effective Infrastructure by (Not in Rank Order):
 - Minimize Infrastructure Costs;
 - Close as a Top Priority;
 - Eliminate Duplications;
 - Maximize Use of Shared Overhead;
 - Optimize Use of Remaining DLA Space;
 - Maximize Cross-Service Utilization of Bases and Support;
 - Get Out of Leased Space and onto DoD-owned Installations
- Military Judgment Will be the Overarching Criteria for A Decisions—Optimally Satisfy the 4 Military Value Criteria by Balancing Outputs of all Analyses to Achieve Maximum Military Benefit.



DLA Activity Categories Impacted



Contract Management



Distribution Depots



CUSTOMER



VENDOR

Inventory Management

Contract Management Concept of Operations

Defense Contract
Management Command
International



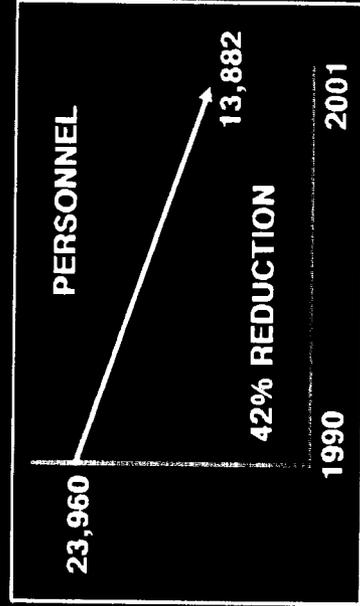
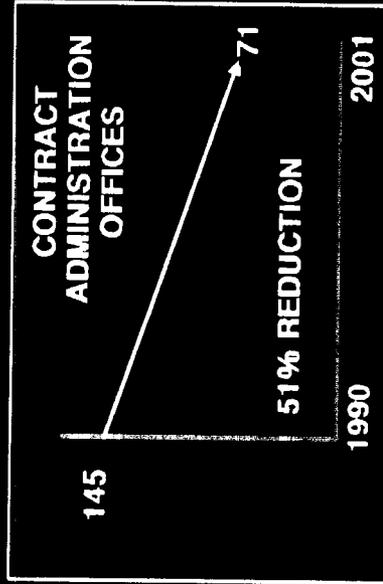
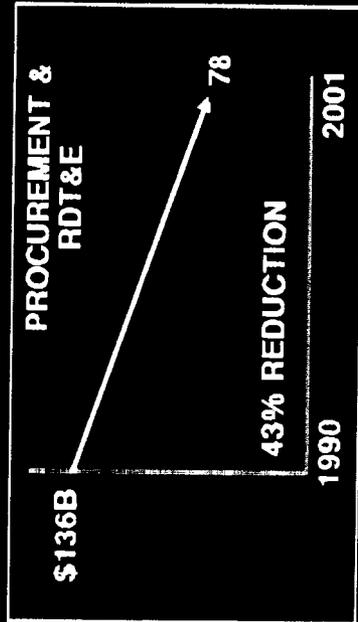
Defense Contract
Management District
West

Defense Contract
Management District
Northeast

Defense Contract
Management District
South

Center contract management oversight within largest contractor concentration
Promote uniform application of DoD contract administration policy
Resource Planning

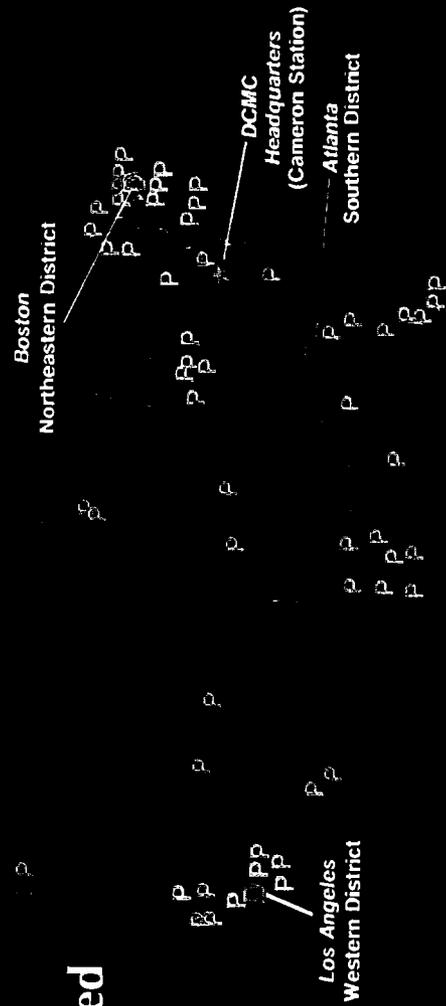
DCMC Contract Management CONUS Workload Projection



Contract Management Decision Process

- Workload dropping
 - Excess capacity available
- Two districts required
 - East and West DCMD's necessary
 - Maximum acceptable span of control
 - Consistent with Military Value ranking
- DCMCI can be realigned
 - Management functions merged
 - Efficiencies achieved

MILITARY VALUE	
DCMD Northeast	= 795
DCMD West	= 689
DCMD South	= 656

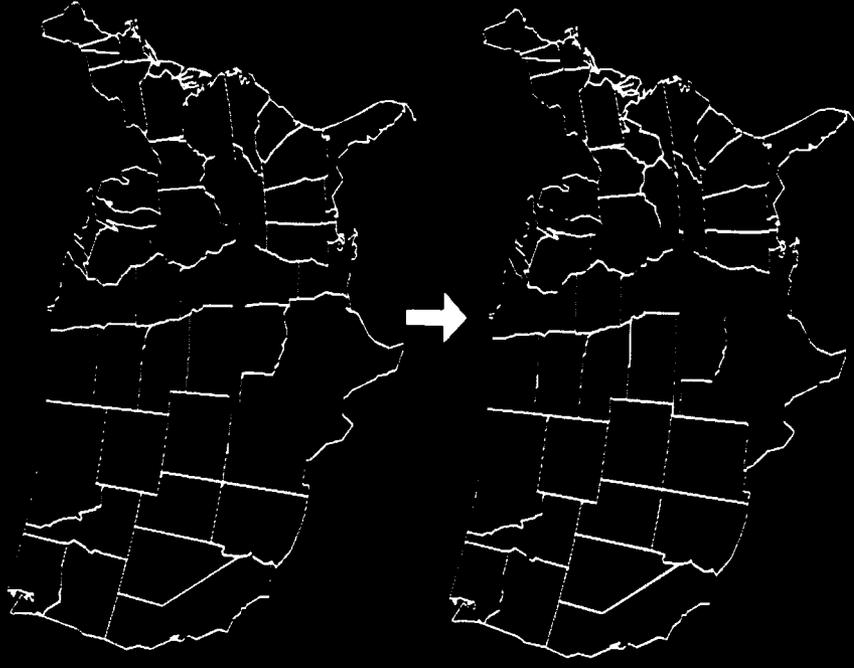


Recommendation: DCMD Regional Headquarters

Close: DCMDS, Realign DCMCI
Redirect: DCMDW
Period: 1996 → 1999
Personnel

Realigned/ Redirected: 348
Eliminated: 136
MILCON: \$5.37M*
Savings (\$M)

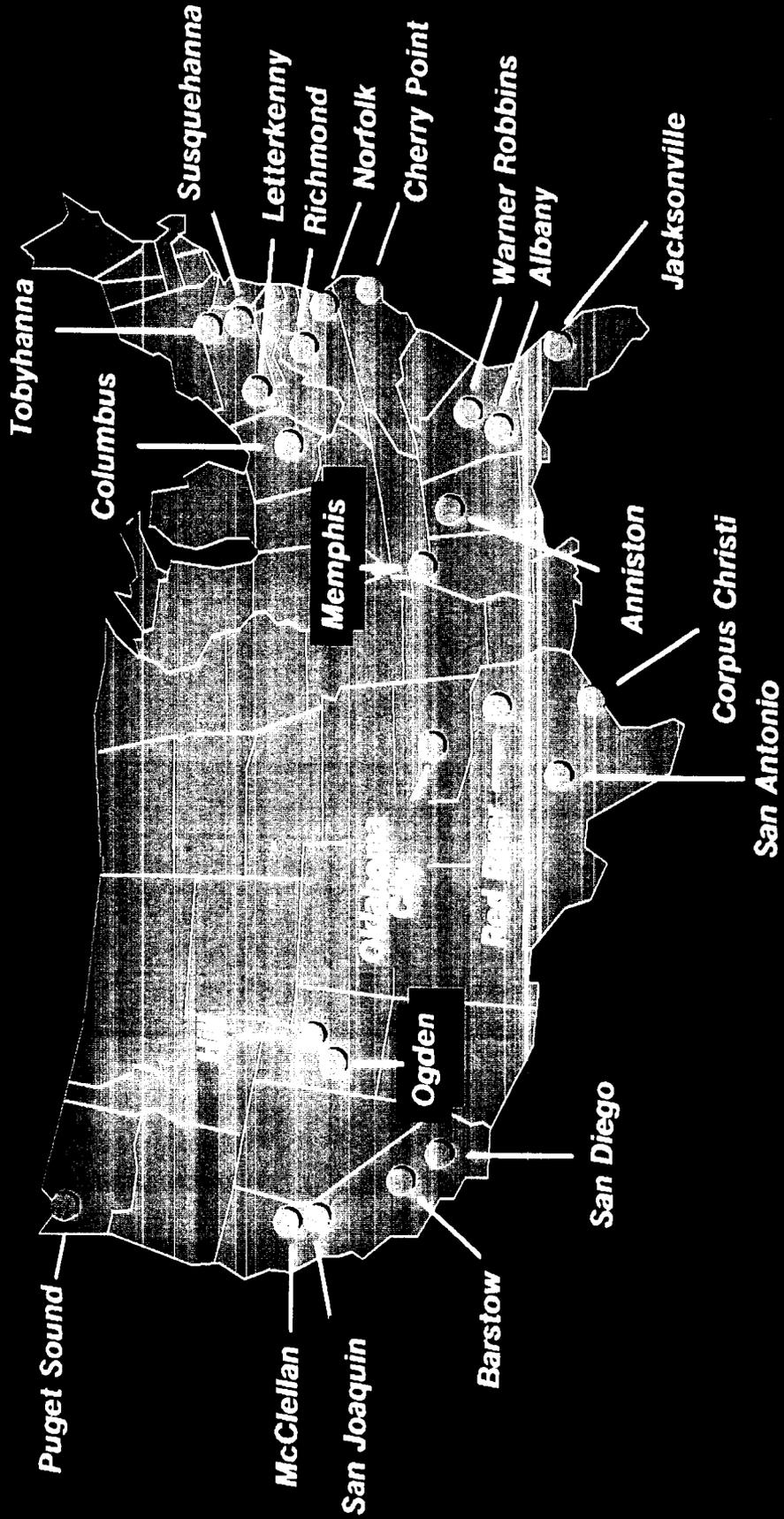
NPV (1996 - 2016): -165.7M
Steady State: 13.4M (FY 00)
ROI year: Immediate



**Does Not Include \$11.0M Cost Avoidance in FY96*

Distribution Management

23 Distribution Depots, 11 Distribution Sites



Distribution Concept of Operations

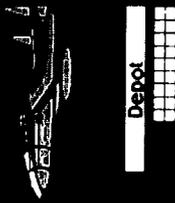
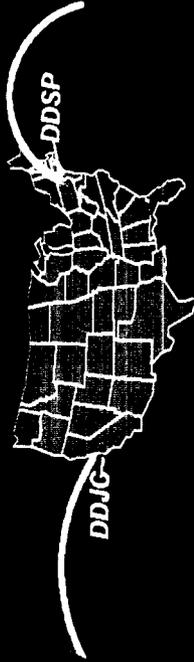
1. Support two MRC's from high throughput/storage facilities east and west coast

2. Colocate where we have a major maintenance/fleet customer

3. Accommodate specialized/contingency storage requirements

4. Optimize remaining storage

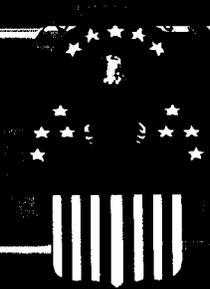
5. Optimize system cost



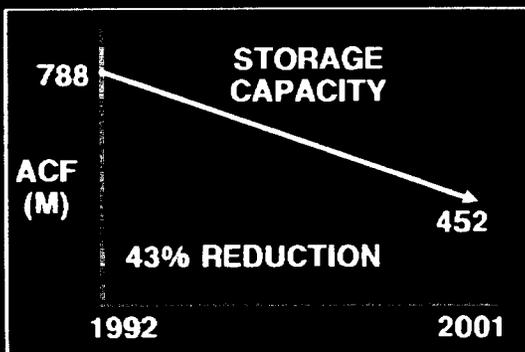
CAPACITY

=

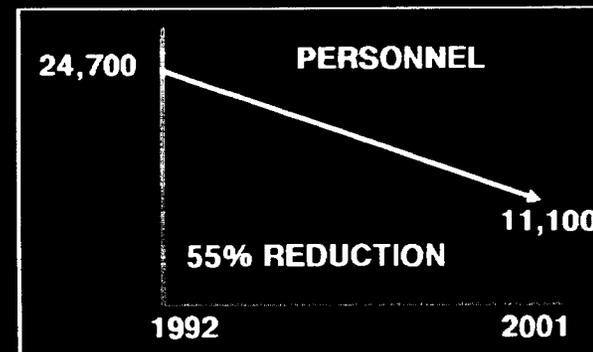
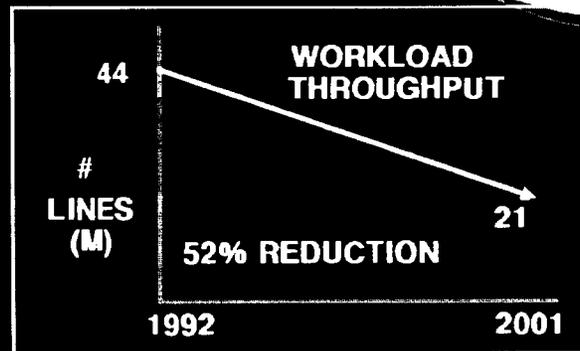
REQUIREMENT



DLA Distribution Workload Projections

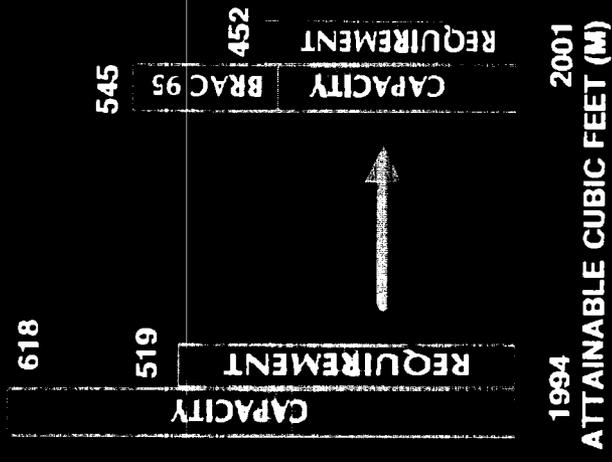


UTILIZE SERVICE EXCESS STORAGE SPACE
SHIFT WORKLOAD TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND
ADJUST FOR REDUCED INVENTORY REQUIREMENTS
INCENTIVIZE CUSTOMER TO BUY SMARTER



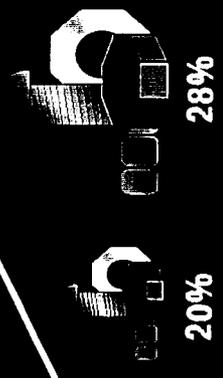
**EXCESS CAPACITY
MUST BE
ELIMINATED**

DIA Distribution Capacity



CROSS SERVICE TRANSFERS IF NECESSARY + 21m

STORAGE CUBE IS THE BRAC LIMITER



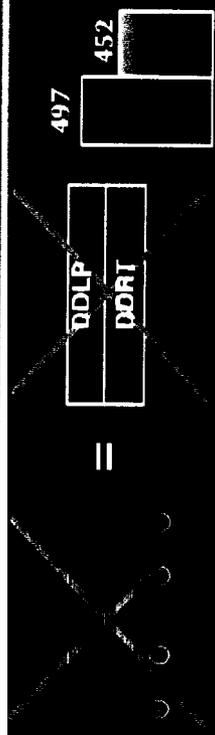
THROUGHPUT IS NOT A PROBLEM



STORAGE REQUIREMENT

Distribution Decision Process

1. Closed Depots Linked to Service Closures
 - Review CONOPs/Decision Rules
 - Remaining Collocated Depots Preserved



2. Review Installation and Activity Military Value, and Storage Capacity

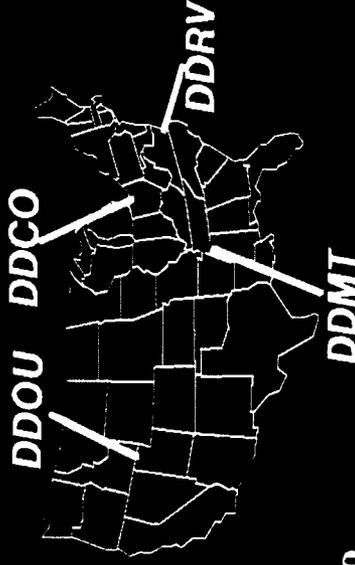
ACTIVITY MILITARY VALUE	INSTALLATION MILITARY VALUE	DEPOT CAPACITY
1. DDJC 822	1. Columbus 767	DDJC 77.9M (ACF)
2. DDSP 759	2. New Cumberland 681	DDSP 69.6
3. DDMT 505	3. Richmond 649	DDMT 34.0
4. DDOU 505	4. Tracy/Sharpe 623	DDOU 31.8
5. DDRV 481	5. Ogden 611	DDCO 28.6
6. DDCO 468	6. Memphis 559	DDRV 27.3

3. DDJC & DDSP Removed from Consideration
 - Clear Distinction in Military Value Rankings
 - East and West Coast PDS's
 - Facilitized for High Throughput
 - Largest Storage Capacity
 - Designated ALOC & CCP Locations



Installation Decision Process (Cont'd)

- 4. Four depots left for review
- 5. Convert DDCO to war reserve/slow moving storage vice closure
 - Minimal depot staff remains
- 6. Still have ~ 60M ACF excess projected, can close two additional stand-alone depots
- 7. DDRV removed from consideration
 - DDRV third ranked DLA installation
 - Would not result in a closure
 - Major backup for fleet support in Norfolk
 - Optimizes annual system cost in SAILS model
 - Best depot facility condition in DLA



ANNUAL SYSTEM COSTS
SAILS RESULTS, CLOSE:

DDMT + DDOU	=	\$251M
DDMT + DDRV	=	261
DDOU + DDRV	=	256

Conclusion: Close two installations

Recommendation: Distribution Sites

Close: Letterkenny, Ogden, Red River, Memphis

Realign: Columbus

Period: 1996 → 2000

Personnel

Realigned: 3148

Eliminated: 1748

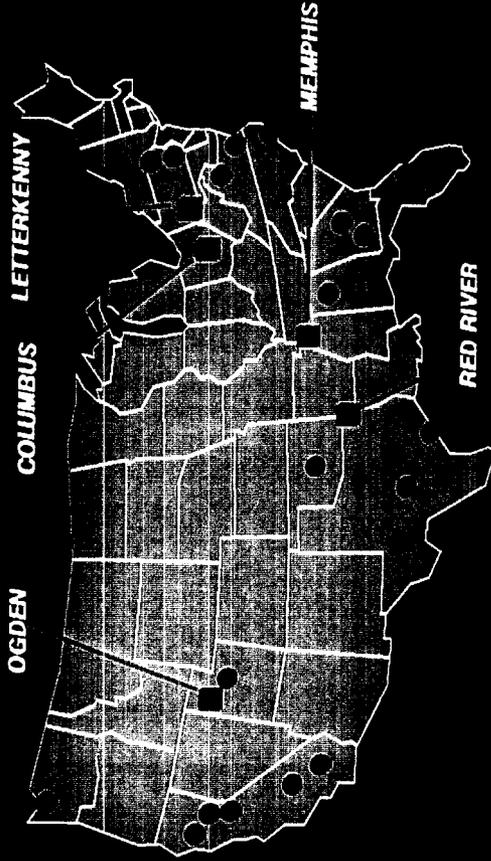
MILCON: \$58.0M

Savings (\$M)

NPV (1996 - 2016): -874.4M

Steady State: 87.9M (FY 01)

ROI: 2001 (1 yr)

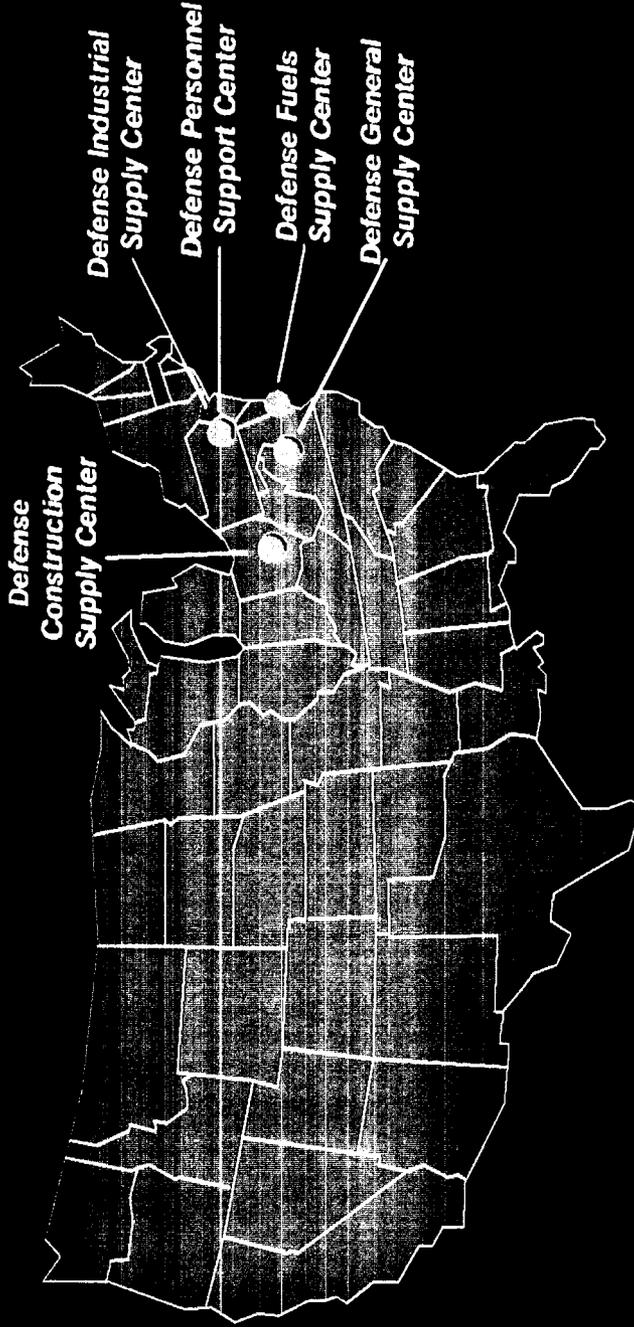


Reduce Capacity to Requirement

Support customer decisions

Max use of existing underutilized capacity

Supply Management: Five Inventory Control Points

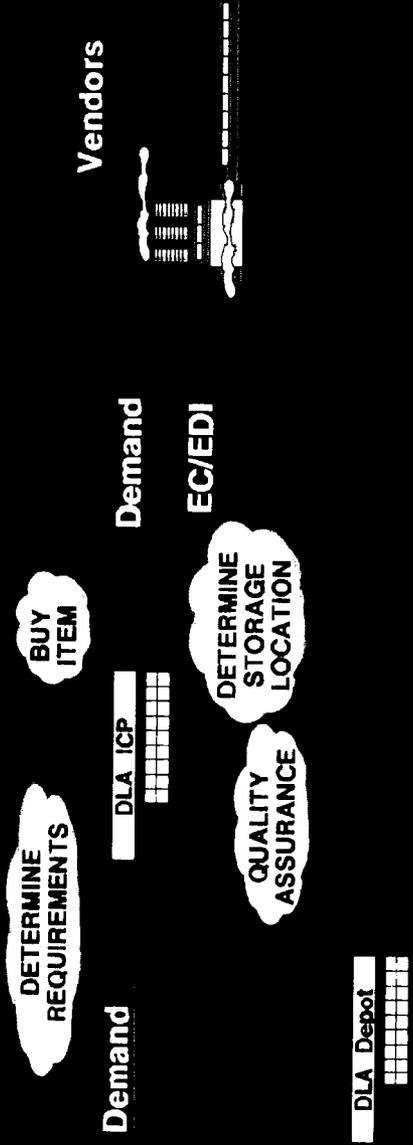


TWO COMMODITY TYPES MANAGED

Troop & General
Short Leadtime
Higher Volume
Streamlined Acquisition Process
Readily Available Commercially

Weapons System
Long Leadtime
Specialized Tooling
Not Available Commercially
Tighter Performance Specifications

Supply Concept of Operations



TWO COMMODITY TYPES MANAGED

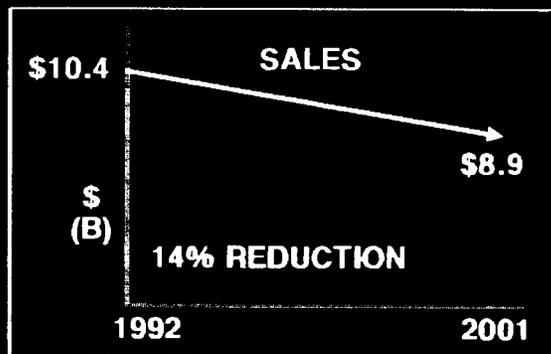
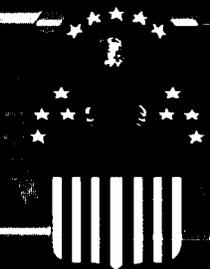
Troop & General

- Short Leadtime
- Higher Volume
- Streamlined Acquisition Process
- Readily Available Commercially

Weapons System

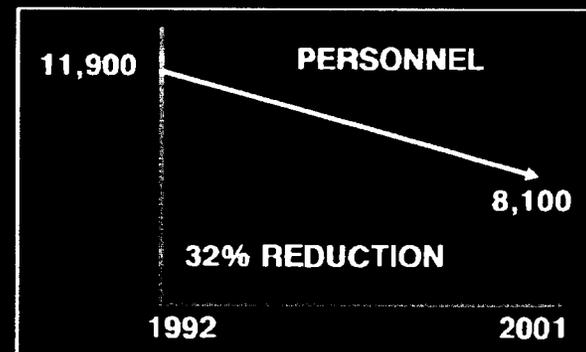
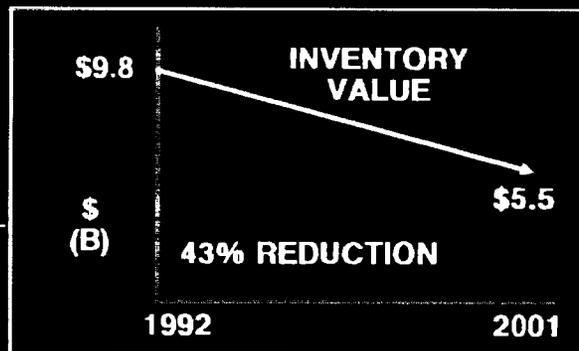
- Long Leadtime
- Specialized Tooling
- Not Available Commercially
- Tighter Performance Specifications

Supply Management Workload Projections



**SHIFT SUPPORT TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND**

**RECEIVING \$6.5B
INVENTORY FROM
SERVICES...EFFECTING
SIMILAR REDUCTIONS**





Simply Decision Process



1. CONOPS drives DLA to single up Weapons System and Troop and General Item Management posture

- Mission risk dictates 2 Weapons System ICP's, 1 T&G

2. Military value removes DCSC from consideration

3. Installation military value strongly supports keeping Richmond installation open

4. Decision: Close DISC

Single up T&G at DPSC

Split Weapon System Management between DGSC and DCSC

HARDWARE ICP

MILITARY VALUE RESULTS

DCSC	740
DGSC	567
DISC	541

INSTALLATION MILITARY VALUE

1. Columbus	767
2. New Cumberland	681
3. Richmond	649
4. Tracy/Sharpe	623
5. Odgen	611
6. Memphis	559

Recommendation: ICPs

Close: DISC, Realign Weapons and T&G Workload

Period: 1996 → 1999

Personnel

Realigned: 335

Eliminated: 408

MILCON: \$34M*

Savings (\$M)

NPV (1996 - 2016): -236.5M

Steady State: 18.4M (FY 01)

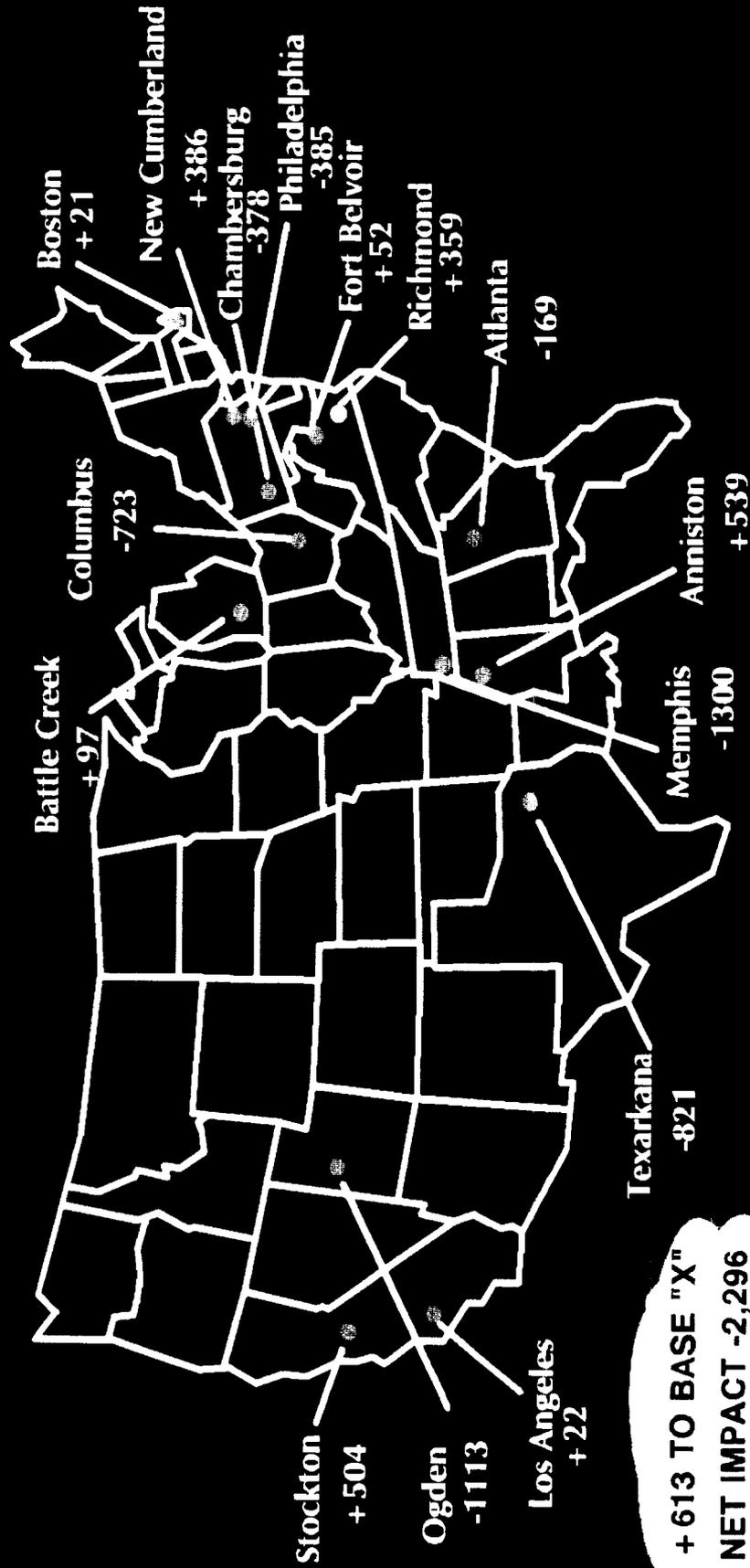
ROI: Immediate

Supports Concept of Operations
One Activity Disestablished
Most acceptable risk

Administrative space available
Minimized personnel disruption

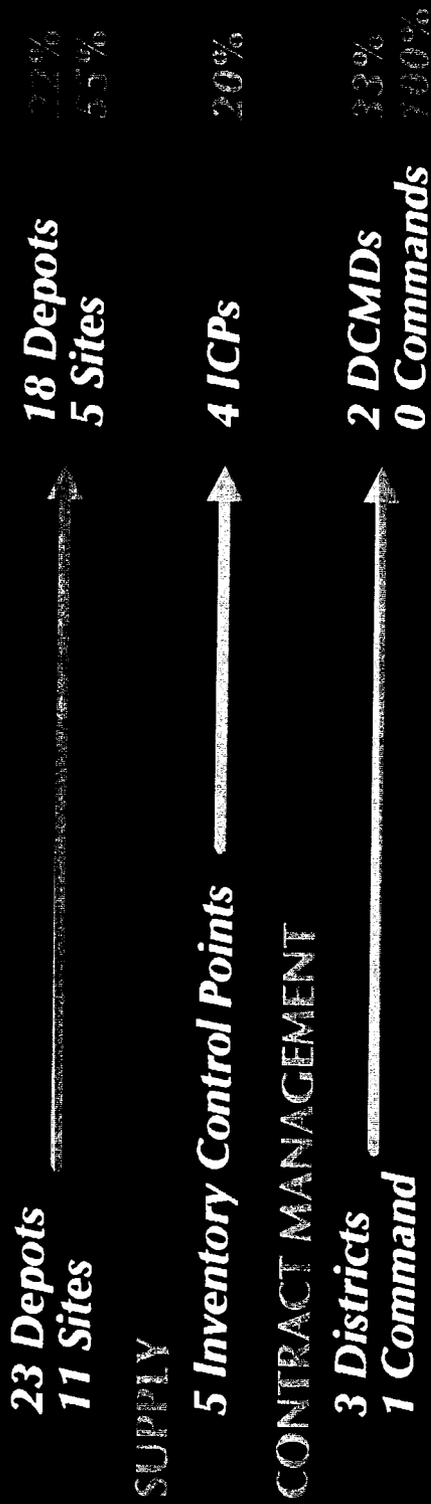
**Does Not Include a \$28.6M Cost Avoidance in FY96*

BRAC '95 Total Recommendation Personnel Impacts



**+613 TO BASE "X"
NET IMPACT -2,296**

DLA BRAC '95 Summary



THE BOTTOM LINE:

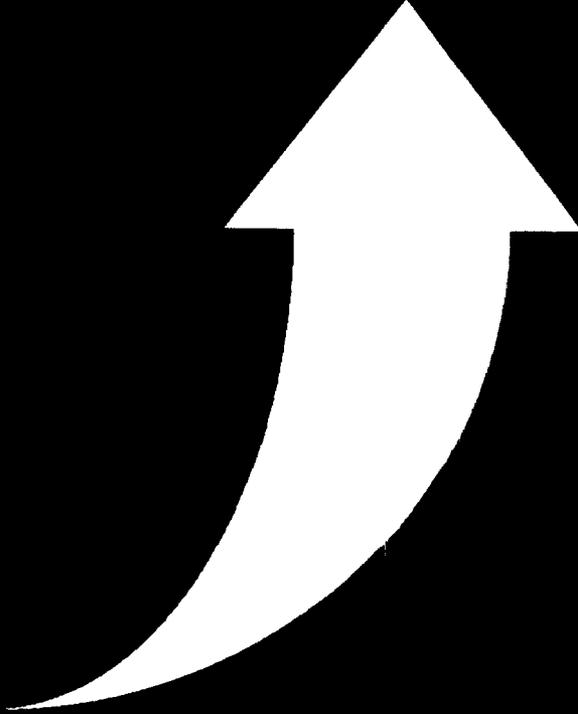
Meeting Customer Readiness and Weapon Systems Acquisition Requirements at Reduced Cost

A Reduction of 22% in Replacement Value of DLA Infrastructure Reviewed, a 4% Reduction in Current Workforce.



DLA BRAC 95 Recommendations

IF ACCEPTED



Savings

NPV \$-1.3B

SSS \$120M/year

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

9:00 a.m.

106 Dirksen Senate Office Building
Washington, D.C.

Tuesday, March 7, 1995

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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. Cornelia
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

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General Gordon Sullivan Chief of Staff of the Army	10
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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

Page 3

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.

3/7/95

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1 And finally, Mr. Chairman, and members of the
 2 Commission, we have audited, audited, audited. A staff of
 3 some 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 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 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 finally 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 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

Page 11

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

Page 12

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 edge of the envelope. There may, in fact -- I'm not going
 4 to -- 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 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 get 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

Page 21

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 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 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 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>

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1 because as a matter of record we need to know who said what
2 was said.

3 SECRETARY WALKER: Yes, sir, Mr. Chairman.
4 Secretary Walker. Commissioner Steele, we have had a team
5 that has worked with the Air Force, has gone to Griffiss and
6 has gone to Fort Drum, and that is properly sized and will
7 take care of what our needs are at Fort Drum.

8 MRS. STEELE: Thank you. Did the Army consider
9 closing Fort Drum, in those discussions, relocating the 10th
10 Mountain Division to excess capacity on other maneuver
11 installations, and saving the \$51 million of extending Fort
12 Drum's runway and the annual O and M costs?

13 SECRETARY WEST: I have two answers. First, a
14 general answer, then the specific one. The first, a general
15 answer that I'm sort of required to give, Commissioner
16 Steele. We considered every single installation that the
17 United States Army has. That's the way we started. We
18 refined it, and refined it, and refined it, but more
19 specifically, as we neared sort of final decision status, did
20 we in some way focus on Drum.

21 We focused on a number, and yes, we gave great
22 consideration to whether or not Drum and other maneuver

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1 installations ought to be taken out of the arsenal of
2 democracy. And then specifically in the case of Drum, we
3 decided not. It is an installation at which we house our
4 division better than we do at any other installation in the
5 United States.

6 It does its job better than any other. It is
7 important to us in terms of being able to house all of our
8 forces, and so for that reason and many others we kept in the
9 force. But yes, we certainly considered it.

10 MRS. STEELE: Okay. One last question in this
11 category, and you have partially just answered it. But as
12 you know, comparing maneuver installations is often comparing
13 apples and oranges in terms of typography of ranges, distance
14 of ranges relative to the base, weather, the state of
15 modernization of ranges, and even restrictions due to
16 environmental laws. How did these factors impact the cost to
17 train and still your decision to retain all maneuver
18 installations?

19 SECRETARY WEST: Okay. I thought I had your
20 question, but at the last -- how did those factors impact our
21 decision?

22 MRS. STEELE: How did they impact the cost to train

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1 at various installations? I know you can't run through all
2 of them in detail, but there are great variances in training
3 costs.

4 SECRETARY WEST: Well, let me start, I guess, in a
5 more general basis. Every cost of operating the base will
6 have a cost on our training. And I suppose that if you
7 identify a particular base as being a little bit more
8 expensive, yeah, it increases the cost of training, plus
9 there are other factors to consider as well.

10 Maneuver installations are hard to come by. Once
11 they're gone, there is a pretty good chance, and I will allow
12 Secretary Walker, who specializes in this, to try to convince
13 me otherwise, we'll never get that or equal acreage back
14 again. And so we want to be very careful when we make a
15 decision that maneuver base has to go away. And the absence
16 of a maneuver base also increases our cost of training. It
17 constricts our training opportunities.

18 So first and foremost, we have to be very -- we
19 thought we had to be very careful about easily sending one of
20 the maneuver bases out of the force. I think, secondly, we
21 don't have any maneuver installations that are in the force
22 right now that are idle, that are not being utilized. We're

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1 using every one of them, and every one of them has been and
2 is important to us.

3 So again, for us the cost of training is also
4 training opportunities. Now, you specifically wanted to know
5 about how these given factors might increase or reduce the
6 cost of training. I'm going to let Secretary Walker talk to
7 that.

8 SECRETARY WALKER: Secretary Walker, Commissioner
9 Steele. I would say that the most significant cost to train
10 in the future would be the loss of our maneuver training
11 space, our maneuver space on our division post. One of the
12 hats that I wear is, I'm the -- I oversee the Army's
13 environmental program. And what we are seeing are growing
14 constraints on all of our maneuver space, on our division
15 posts.

16 So we're finding that we can train less days, we
17 can train on fewer space, so that puts a premium on our
18 training space. So in terms of cost, the cost is really a
19 future cost, that if we don't have it, we can't train and
20 keep a ready army for the nation.

21 MRS. STEELE: Thank you, Mr. Secretary.

22 SECRETARY WEST: I think the Chief of Staff would

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1 like to be heard on that.

2 GENERAL SULLIVAN: Posts are multi-faceted.

3 CHAIRMAN DIXON: This is General Sullivan.

4 GENERAL SULLIVAN: General Sullivan. Madam
5 Commissioner, land, infrastructure, training facilities,
6 maintenance facilities, power projection platforms and
7 quality of life, that all enters into it, quality of life for
8 our people. We have to have barracks and so forth. And all
9 of that entered into our decision making.

10 And also I have a -- we have a real burden in the
11 Army, because we have in fact mobilized about four times this
12 century, fairly significant mobilizations, and we need the
13 capability to expand the organization without overdrawing
14 that. Okay? Because we are in fact eliminating a lot of
15 World War II wood which was used for mobilization. We're
16 getting rid of that infrastructure on the bases, and we have
17 dropped some maneuver bases.

18 I think what you have now is what we'll need for a
19 10-division force, a million men and women, with some
20 capacity to increase. And I wouldn't want to predict what
21 the future would hold.

22 MRS. STEELE: Thank you. Switching to Fort

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1 McClellan, reading from your report, there is a line that
2 says the governor of the State of Missouri has indicated an
3 expeditious review of the permit application can be
4 accomplished. I read that only because it says that, but it
5 does not mention whether there is any guarantee or percentage
6 of a guarantee that it will be granted.

7 So my question is, Mr. Secretary, the Army has
8 again recommended relocating the chemical school from Fort
9 McClellan to Fort Leonard Wood. Responding to a similar
10 request, the '93 commission recommended that the Army, quote,
11 pursue all of the required permits and certification for the
12 new site prior to the '95 BRAC process.

13 Has the Army received these permits? Is the Army
14 pursuing these permits? And in the absence of such permits,
15 how do you believe the Commission should respond to your
16 request?

17 SECRETARY WEST: I think that the Commission -- I
18 recommend that the Commission respond in the way that we
19 presented it to you. Let me say, Commissioner Steele, that
20 you've hit, with respect to Fort Drum and Fort McClellan, on
21 two decisions that in the final analysis ended up right on my
22 desk as they sort of came up, advised by the Chief of Staff.

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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.

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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

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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

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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

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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?

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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?

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1 BRIGADIER GENERAL SHANE: General Shane. Yes,
 2 ma'am, it was.
 3 COMMISSIONER COX: And was a clean-up cost
 4 developed for Fort Monroe?
 5 BRIGADIER GENERAL SHANE: General Shane, again.
 6 Yes. That approximate cost was \$22 million.
 7 COMMISSIONER COX: Twenty-two million. And did
 8 your consideration of Fort Monroe take into account that
 9 clean-up cost?
 10 BRIGADIER GENERAL SHANE: Absolutely.
 11 COMMISSIONER COX: Okay. Now at the end, state
 12 fore-structure has been decided that the Army is nearing the
 13 end of its drawdown. Did you consider closing Fort Monroe
 14 and moving the training and doctoring command elsewhere?
 15 SECRETARY WEST: I think that's a question for me,
 16 Commissioner Cox.
 17 COMMISSIONER COX: Secretary West.
 18 SECRETARY WEST: And the answer is, we did, just as
 19 we considered our other facilities. But yes, we did consider
 20 that. We noted that we had been urged to do it the last
 21 time, and we do not take those urgings lightly.
 22 CHAIRMAN DIXON: That is an answer of Secretary

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1 SECRETARY WALKER: Commissioner Cox, Secretary
 2 Walker. It would be -- number one, it would be very
 3 expensive.
 4 COMMISSIONER. COX: To move?
 5 SECRETARY WALKER: To move. But number two, you
 6 don't have the room at Fort McPherson, as well.
 7 COMMISSIONER. COX: Is that right? They're just
 8 out of space? Thank you.
 9 SECRETARY WALKER: That's correct.
 10 COMMISSIONER. COX: In 1993 we also, at Secretary
 11 Powell and -- Chairman Powell, on Secretary Aspen's request,
 12 looked very closely at joint depot consolidations. They had
 13 done a fair amount of work previous to the Commission. And
 14 we looked at wheeled vehicle maintenance, rotary and fixed
 15 wing maintenance, ground vehicle and tactical missile
 16 maintenance at that time.
 17 Having looked at all of that data, there was only
 18 one, frankly, that we thought we could consolidate, based on
 19 all of the Department of Defense data and everything that we
 20 had at that time. There was one place that could be
 21 consolidated, and that was the missile -- tactical missile
 22 maintenance at Letterkenny.

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1 West.
 2 COMMISSIONER COX: Right.
 3 SECRETARY WEST: Sorry. Secretary West.
 4 COMMISSIONER. COX: I wonder if you could give me a
 5 little bit more about your thinking on that so that we have
 6 just -- you looked at the costs were too high, you thought
 7 you need the --
 8 SECRETARY WEST: Well, no. First of all, at the --
 9 I want to be careful. It's a small closure.
 10 COMMISSIONER. COX: Right.
 11 SECRETARY WEST: With small payback. And so it is
 12 not high on our list of things, in terms of trying to get the
 13 best out of this round. Secondly, it does an important job
 14 for us. That is the headquarters of TRADOC, and there is
 15 something to be said for the lack of institutional turmoil if
 16 you don't move a headquarters of that importance to us.
 17 Thirdly, it has a joint function that we consider
 18 very important there. And so when we started making our list
 19 of places that we thought for the benefit of the Army, in
 20 terms of savings, and for the continued operational efficacy
 21 of the Army, in terms of doing our mission, it simply did not
 22 get up high enough on our list to warrant a proposal to

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1 And everywhere else, frankly, we couldn't actually
 2 consolidate it. This year you are suggesting overturning
 3 that 1993 BRAC decision. I assume, however, that since that
 4 was the statute, that you all have transferred some of the
 5 systems already there. I wonder if you could give me an
 6 update on where that is.
 7 SECRETARY WEST: All right. The update -- General
 8 Shane?
 9 COMMISSIONER. COX: Mm-hmm. General Shane?
 10 BRIGADIER GENERAL SHANE: General Shane. First of
 11 all, we did retain the tactical missile maintenance at
 12 Letterkenny. And recall it's not a closure, it's a
 13 realignment.
 14 COMMISSIONER. COX: Right.
 15 BRIGADIER GENERAL SHANE: And what we do with that
 16 is the fact that we disassemble the missiles, and we send
 17 that workload, the command electronics, to Tobyhanna.
 18 COMMISSIONER. COX: Yes, I know that's your
 19 recommendation, which I want to ask you about in a minute.
 20 But what I was asking is, have you started consolidating the
 21 missile, the tactical missile mission at Letterkenny today?
 22 Have you moved missiles there? Have you moved equipment

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1 either close or realign.
 2 COMMISSIONER. COX: I see. Okay, thank you. Also
 3 during BRAC '93, the Army basing study recommended that the
 4 forces command develop alternatives for relocating units on
 5 Fort Gillem to Fort McPherson or other locations. Did you
 6 look at that recommendation, and could you give us some
 7 thoughts on that?
 8 SECRETARY WEST: General Shane?
 9 COMMISSIONER. COX: General Shane?
 10 BRIGADIER GENERAL SHANE: General Shane.
 11 Commissioner Cox, we did. We looked at that, and the
 12 determination was -- was the fact that it was unique and that
 13 it supported the operational mission of forces command in
 14 Second Army. So we felt, like, that the support that it
 15 rendered to that particular installation was substantial
 16 enough, and in the Army's best interest to retain it. A
 17 modest payoff.
 18 COMMISSIONER. COX: You mean facilities, or the
 19 combination was --
 20 BRIGADIER GENERAL SHANE: The facilities, primarily
 21 the Second Army motor pool, the support that they provide to
 22 Fort McPherson and Second Army.

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1 there? Have you moved people there? What is the status of
 2 the BRAC -- '93 BRAC statutory direction?
 3 BRIGADIER GENERAL SHANE: We have started that.
 4 Yes, ma'am.
 5 COMMISSIONER. COX: You have. And can you -- maybe
 6 you could provide for the record what workload has been
 7 transferred, what equipment has been transferred, and what is
 8 the cost so far?
 9 SECRETARY WEST: Secretary West. We will do that.
 10 COMMISSIONER. COX: Great. Thank you very much.
 11 You also -- I think you started to say we're not actually
 12 closing Letterkenny. In fact, we're keeping the -- it looks
 13 like we're keeping not only conventional ammunition but the
 14 missile disassembly and storage, and also that Letterkenny
 15 will receive missile and storage surveillance workload from
 16 Red River. I guess this concerns me.
 17 One of the reasons we picked Letterkenny is because
 18 we could actually consolidate all of the missile work at
 19 Letterkenny, and in fact we couldn't consolidate it at
 20 Tobyhanna, which I assume is the reason for your
 21 recommendation for not consolidating it at Tobyhanna,
 22 although it's -- it's listed as a consolidation. As I

<p style="text-align: right;">Page 49</p> <p>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</p>	<p style="text-align: right;">Page 52</p> <p>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</p>
<p style="text-align: right;">Page 50</p> <p>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?</p>	<p style="text-align: right;">Page 53</p> <p>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</p>
<p style="text-align: right;">Page 51</p> <p>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.</p>	<p style="text-align: right;">Page 54</p> <p>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</p>

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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 the 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 you probably know, in an earlier BRAC we moved out of Fort
21 Chaffee 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

<p style="text-align: right;">Page 61</p> <p>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.</p>	<p style="text-align: right;">Page 64</p> <p>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</p>
<p style="text-align: right;">Page 62</p> <p>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 doctrinal 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.</p>	<p style="text-align: right;">Page 65</p> <p>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</p>
<p style="text-align: right;">Page 63</p> <p>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</p>	<p style="text-align: right;">Page 66</p> <p>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</p>

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1 which of them more than -- I understand there is roughly 1200
2 buildings -- so what really -- what is the intention of the
3 Army, 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

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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 served 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

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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.

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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

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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

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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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1 13 categories of installations that were under study; that's
2 correct. And what --
3 CHAIRMAN DIXON: I want to apologize to you. I'm
4 informed by staff that we have the Army's data now, and I
5 thank you for that.
6 BRIGADIER GENERAL SHANE: Okay.
7 CHAIRMAN DIXON: Go ahead with your discussion.
8 BRIGADIER GENERAL SHANE: That gives us a start
9 point, much like the Navy and the Air Force. The key to the
10 Army's process is that called the Army Stationing Study, and
11 I think the Secretary and the Chief has talked to that a
12 little bit. But let me tell you what that is.
13 First let me tell you what it is not. It is not a
14 document that makes stationing decisions. It is not a
15 document that provides you with any types of decisions
16 regarding base closure or realignment. The Stationing
17 Strategy provides you an operational context with regards to
18 conduct the BRAC analysis in formulating our recommendations.
19 That Stationing Strategy is very important to the
20 Army because what it does -- it links the national military
21 strategy, the requirements for it, to the Army. And when we
22 looked at that, we looked at some 13 different categories

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1 across the board, the spectrum, and tried to compare the
2 major functions to the installations. And that, likewise, is
3 spelled out in our recommendations that we've provided the
4 commission. So that's in much detail, but that's a very
5 simple plot.
6 What it tries to tell us, Mr. Chairman, is exactly
7 what we need for the future of the Army, and I want to say,
8 what we need for the future. From that grows a list of study
9 candidates. And if you recall, we started with 97 and we
10 added to that some leases and we added to that some minor
11 sites. But it started with 97 major installations for the
12 Army.
13 And we went through a very rigorous process and in-
14 depth analysis, at which time we started paring out things
15 because of operational necessity, because the Stationing
16 Strategy said we need it for the Army and also need it for
17 the current Commission to retain a trained and ready force.
18 So the bottom line -- we also had input from the
19 Joint Cross Servicing Group here. So there was dialogue with
20 my analyst with the Joint Cross Servicing Group. And when you
21 look at our recommendations there, you will find that there
22 are 40-some alternatives that were worked by the Army from

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1 the Joint Cross Servicing Group. And what that equated to
2 was about \$235 million of savings -- annual savings -- and
3 about \$3 billion in the over 20 year net present value.
4 So the Army played quite a bit with regards to
5 Joint Cross Servicing Group, and took the recommendations
6 where it made good sense for us, where we thought there was a
7 cost-savings associated with it.
8 And then what we did, we ran it through some fiscal
9 analysis by which we looked at what the return on the
10 investment was -- not a sole deciding factor, but it was one
11 that you wanted to consider, especially when you're posturing
12 the Army for the 21st century. And then, yes, we did run it
13 through a series of economic analyses. And you've heard
14 testimony on that and how each service approached that.
15 There was no major impact with regards to the Army.
16 And then we also looked at environmental analysis,
17 okay? And we were consistent with the intent of the law, but
18 we also had a special work group that looked at our analysis
19 and our scenarios to see if there was some type of
20 economic -- excuse me, environmental considerations that we
21 needed to consider in the process.
22 And then what we got -- we went to the senior

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1 leadership and we gave them some recommendations. And they,
2 with their experience and their judgment, they looked at
3 that. And I can tell you from sitting in this seat, that was
4 a very rigorous process.
5 CHAIRMAN DIXON: I believe that.
6 BRIGADIER GENERAL SHANE: And we went back and we
7 studied. And I think the Secretaries testified with regards
8 to maneuver bases -- we looked at those real hard. We looked
9 at our depots. We were concerned about our industrial base.
10 There was a series of things we looked at.
11 But the bottom line, when it all came out, was the
12 recommendations you got today, which was the 44. Now, what
13 was not included in this process, all eight steps, was the
14 issue of leases. We went from criteria five to eight, we
15 looked at the leases and we made -- took a look at those
16 leases that paid us back. The fact is, there are some leases
17 we've got out here that are good investments for the Army;
18 they make good financial sense.
19 The next thing we looked at was minor sites. We
20 thought it was a good opportunity to divest ourselves of this
21 infrastructure, just for the record. And we approached that
22 in the same vein.

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1 So that's kind of a summary of our process and how
2 it kind of differs from the other services.
3 CHAIRMAN DIXON: Well, that's very good. I thank
4 you for that very excellent presentation of how you arrived
5 at your decisions. And we appreciate also having all your
6 data.
7 I'm going to declare a 10-minute recess, and we'll
8 come back precisely at 20 minutes to 11:00 and complete a
9 second round.
10 (A brief recess was taken.)
11 CHAIRMAN DIXON: We're back to you, Joe. Now, once
12 again, we thank you -- all four of you -- for being so
13 accommodating. I promise you we'll have you out of here
14 before lunch. And we'll move as expeditiously as we can in
15 this second round. And Counsel is even now looking at the
16 congressional questions.
17 We'll have a round up until me, and then as Chair,
18 I'll ask the congressional questions, but they'll be limited
19 to a couple of questions each. That may take a little time.
20 You don't need to feel you have to be extremely detailed in
21 your answers. And then we'll send the questions in writing
22 to you for the congressmen and the senators involved. And we

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1 thank you for doing that, as well. We'll begin the
2 second round again with Commissioner Robles.
3 COMMISSIONER ROBLES: Thank you, Mr. Chairman. Mr.
4 Secretary, as the Chairman alluded to earlier, one of the
5 issues we've been hearing a lot of testimony about is the
6 Joint Cross Servicing Working Groups.
7 And as you know, it was an issue in the '93 round
8 and it will be an issue in the '95 round. And the issue is,
9 there are a lot of recommendations made, and as a matter of
10 fact, the '93 Commission recommended the Department of
11 Defense take a good hard look at this area. And I know there
12 were a series of recommendations, and we have access to many
13 of those recommendations.
14 The question is two-part. First, how many of those
15 recommendations did the Army implement? And secondly, for
16 those that they did not implement, what was the underlying
17 rationale for nonimplementation?
18 SECRETARY WEST: Yes. Commissioner, I don't know
19 the exact number. I know of the most prominent examples,
20 which are the ones in the depots area and in the medical
21 facilities area.
22 Let me say that the understanding we were given

<p style="text-align: right;">Page 85</p> <p>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</p>	<p style="text-align: right;">Page 88</p> <p>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</p>
<p style="text-align: right;">Page 86</p> <p>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.</p>	<p style="text-align: right;">Page 89</p> <p>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.</p>
<p style="text-align: right;">Page 87</p> <p>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</p>	<p style="text-align: right;">Page 90</p> <p>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</p>

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1 perhaps your question suggests. Civilian capacity was a
 2 player. It was one of the ways in which we were able to
 3 decide that we could dispense with a center here or downgrade
 4 a hospital to a clinic there.
 5 The one figure I can give you from your earlier
 6 question is, we took 50 percent of the Cross Service Working
 7 Group's recommendations in the medical arena, which is a
 8 healthy percent, indeed. And so, at least at the level at
 9 which I reviewed it, excess civilian capacity did not
 10 influence me so much as the certainty that with civilian
 11 capacity, we could be sure that that where we were making an
 12 adjustment there were still going to be proper medical care
 13 and treatment for those who depend on the Army.
 14 General Shane, is there anything that you might say
 15 about excess civilian capacity?
 16 GENERAL SULLIVAN: Commissioner, General Sullivan.
 17 That was considered in the joint process -- your question.
 18 COMMISSIONER ROBLES: Great.
 19 GENERAL SULLIVAN: What we focused our energy on
 20 was providing health care for the large active duty
 21 populations, plus in some cases, the mobilized, -- bedding on
 22 that.

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1 type of things that generated that. And on top of that, we
 2 did look at Greeley, we did look at Alaska, and we did close,
 3 realign Fort Greeley.
 4 COMMISSIONER ROBLES: So I guess the bottom line is
 5 that you're convinced that the installations that are
 6 remaining in Alaska that are going to remain are adequate and
 7 are necessary to meet your requirements up there.
 8 BRIGADIER GENERAL SHANE: Yes.
 9 COMMISSIONER ROBLES: Thank you.
 10 SECRETARY WEST: Commissioner Robles, Secretary
 11 West. My bottom line would be that not enough change, with
 12 respect to that force structure, to cause us to want to take
 13 on the additional expense -- up front expense associated with
 14 those kinds of further adjustments and those bases.
 15 COMMISSIONER ROBLES: Very fine. Thank you, Mr.
 16 Secretary. Mr. Chairman, I yield my time.
 17 CHAIRMAN DIXON: Thank you, Commissioner Robles.
 18 Commissioner Steele.
 19 COMMISSIONER STEELE: Thank you, Mr. Chairman. I
 20 actually have some follow-ups on General Robles' questions.
 21 Back to UPT subject -- the Army's report to the Commission
 22 states that UPT, excuse me, Joint Cross Service Groups

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1 COMMISSIONER ROBLES: Okay. Thank you very much.
 2 Final question -- as I understand it, major force structure
 3 actions that occur are outside the BRAC process to some
 4 degree.
 5 In other words, if you do a planned force structure
 6 reduction, it is not necessarily kicked into the BRAC role.
 7 But let's just say in Alaska, where you downsize the brigade
 8 up there -- the division up there, did you take a good hard
 9 look at you need both Forts Richardson and Wainwright, which
 10 has been an issue that has been around for just a few days?
 11 And does it make sense to keep both those open,
 12 consolidate to one, or what was the thought process behind
 13 keeping them both open.
 14 SECRETARY WEST: I'm going to let General Shane
 15 speak to that in a minute. Let me just say that from my
 16 perspective in looking at those installations in Alaska,
 17 Commissioner Robles, the extent to which we went down there
 18 was not quite as large as you might expect.
 19 There is still a sizable brigade-size force there.
 20 And so I think our needs are going to be, in terms of those
 21 particular locations, fairly significant. We did some other
 22 things there. Let me let General Shane talk to you about the

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1 suggested that the Navy transfer its Undergraduate Pilot
 2 Training to Fort Rucker. Did the Army concur with this
 3 recommendation, and do you believe that Navy helicopter
 4 pilots can be trained at Fort Rucker?
 5 SECRETARY WEST: The Army did concur. And that's
 6 the question we choose to answer with respect to -- we
 7 believe we can do the training. We understand that others
 8 will have their own views. There was a time, when I was Navy
 9 General Counsel, when the Navy believed that, as well.
 10 Commissioner Steele.
 11 COMMISSIONER STEELE: The Navy expressed a very
 12 different opinion before yesterday. In your opinion, Mr.
 13 Secretary, why do you feel they chose not to adopt that
 14 proposal?
 15 SECRETARY WEST: I don't know, but I will say this.
 16 I suspect that they are the best judge of what kind of
 17 training they need for their pilots. And we're inclined to
 18 respect that.
 19 COMMISSIONER STEELE: I don't know what else I
 20 expected you to say to that question, actually. (Laughter.)
 21 All right, moving to the medical issue again. The
 22 Army's recommending closure of Fitzsimmons. What will happen

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1 specifics.
 2 BRIGADIER GENERAL SHANE: General Shane. That's a
 3 pretty tough question, but I think we've got a real good
 4 answer for that. Let's talk about the force structure change
 5 first. What we really saw was really not as large of a draw
 6 down as you might think. We went from something like 8,000
 7 to about 6,000, 2,000 a net in the force structure thing.
 8 And then when you look at it, you've got basically
 9 all the training that we have is the major training areas at
 10 Wainwright -- I think you understand that -- with the large
 11 part of the commanding control and infrastructure being at
 12 Richardson. So when we crunched the numbers, so to speak,
 13 what happened, we found that almost \$400 million to move that
 14 infrastructure from Richardson up to Wainwright. So that was
 15 the first thing that caught our attention was the
 16 extraordinary cost of doing that.
 17 The other thing we needed to consider was, okay,
 18 what was really the strategic importance of Alaska with
 19 regards to our national strategy in the Pacific. So we felt
 20 like, from an operational standpoint, that we needed to kind
 21 of look at that in the context of flexibility it gave us to
 22 generate forces in case anything happened. So those were the

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1 to Fitzsimmons Army Medical Center's role as a lead agent in
 2 referral center for a 13-state region?
 3 SECRETARY WEST: A lead -- no, I just wanted to --
 4 as a lead agent in what role? In providing help?
 5 COMMISSIONER STEELE: Yes, sir. Is that adequately
 6 being absorbed in the area? I know there's some moves to
 7 Carson and the Academy, but if I'm not mistaken, it was a
 8 lead in a lot of areas and there will have to be significant
 9 travel for retirees and remaining active duty.
 10 SECRETARY WEST: Well, I think -- well, in terms of
 11 simply providing health care, one of the reasons that we feel
 12 comfortable and that the Joint Service Working Group
 13 recommended the closure of Fitzsimmons as a center, was the
 14 fact that there is adequate medical care nearby in the
 15 surrounding area. I think that's correct, is it not, General
 16 Shane?
 17 BRIGADIER GENERAL SHANE: General Shane. There's
 18 two parts -- it goes back to the question that Commissioner
 19 Robles asked in regards to excess capacity -- civilian
 20 capacity that exists. It was my understanding that the Joint
 21 Cross Servicing Group looked at that real hard and supported
 22 this recommendation from the Army, and determined that there

<p style="text-align: right;">Page 97</p> <p>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?</p>	<p style="text-align: right;">Page 100</p> <p>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?</p>
<p style="text-align: right;">Page 98</p> <p>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</p>	<p style="text-align: right;">Page 101</p> <p>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</p>
<p style="text-align: right;">Page 99</p> <p>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</p>	<p style="text-align: right;">Page 102</p> <p>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</p>

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1 my view, and in dialogue with the Secretary and with my
2 people, I thought we could close it.
3 General Shane.
4 BRIGADIER GENERAL SHANE: General Shane. Let me
5 make just another comment to that. As indicated, we did
6 study both ports in detail, and everything's been said. The
7 other is, looking at the Army projection, CONUS-based
8 capability, what we lose on the West Coast with Oakland if it
9 goes away is a deployment time of 3 to 17 days, depending on
10 the type unit that goes through there.
11 So when you look at the operational capability it
12 adds with the minor -- with the small number of ports you got
13 on the West Coast, it, from our standpoint, made good
14 operational sense to retain Oakland and still divest
15 ourselves of Bayonne. So there was an operational cost and
16 risk that we did not want to accept.
17 COMMISSIONER CORNELLA: General Sullivan, given the
18 emphasis on and synergy from inner-Service operations, what
19 is the Army's requirement for continuing to own and operate
20 military parts?
21 GENERAL SULLIVAN: Oh, I think we need to operate
22 certainly the ammunition ports. And from my perspective, as

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1 Jimmy said, as General Shane said, we need the capability to
2 assemble our equipment and to move that equipment. Oakland
3 provides us on the West Coast with that capability. And it
4 is -- frankly, it was helpful during the Gulf War to have
5 places like Sunny Point and Oakland.
6 COMMISSIONER CORNELLA: General Sullivan, I
7 understand that Sunny Point was retained because it is the
8 sole ammunition terminal in the Army inventory. U.S. Navy
9 port facilities accommodate the Navy and Marine bulk
10 ammunition requirements. Please explain why a single Service
11 could not accommodate Army, Navy and Marine Corps bulk
12 ammunition shipping requirements. Would that be possible?
13 GENERAL SULLIVAN: I haven't thought about it much.
14 I guess it could. But I thought we shipped -- I need to give
15 you an answer back on that, okay, because I'm the Executive
16 Agent -- the Army's the Executive Agent for lots of
17 ammunition. And I think I need to give you a more precise
18 answer.
19 I think what I'm shipping -- not me personally --
20 but I think what the Army is shipping in many cases is
21 ammunition belonging to the other services. I provide the
22 Marines conventional munitions and so forth.

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1 So I'd like to get back with you, Commissioner, on
2 that. Because I think what we'll find when we shred the
3 numbers that it is Marine Corps, Navy and Air Force, in some
4 cases, ammunition, other than for the Navy, the munitions
5 which are on the ships. I may be wrong.
6 CHAIRMAN DIXON: I assume staff is keeping track of
7 these answers when we're being told that answers will be
8 supplied so you can follow up. And we will do that, General
9 Sullivan, thank you. Thank you, Commissioner.
10 GENERAL SULLIVAN: Gentlemen, I'd just like to back
11 off. Mr. Chairman, I'd like to back off of that, because I
12 think it's more sophisticated than what I said.
13 COMMISSIONER CORNELLA: Thank you. Mr. Chairman.
14 CHAIRMAN DIXON: Have you concluded, Commissioner?
15 COMMISSIONER CORNELLA: Yes, I have.
16 CHAIRMAN DIXON: Thank you, Commissioner Cornella.
17 Commissioner Cox.
18 COMMISSIONER COX: Thank you. Just a follow-up on
19 Commissioner Steele's questions mentioned the two letters
20 regarding the Naval Reserve Training Center, Brooks Air Force
21 Base. And I know you all have looked at the BENS study --
22 the Business Executives National Security -- which

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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

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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

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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,

<p style="text-align: right;">Page 109</p> <p>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</p>	<p style="text-align: right;">Page 112</p> <p>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</p>
<p style="text-align: right;">Page 110</p> <p>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</p>	<p style="text-align: right;">Page 113</p> <p>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</p>
<p style="text-align: right;">Page 111</p> <p>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.</p>	<p style="text-align: right;">Page 114</p> <p>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</p>

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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 what 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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1 we made the recommendation -- that there was a water shortage
2 at Fort Huachuca.

3 CHAIRMAN DIXON: All right, we'll pursue that
4 later. There's a whole series of questions here, quite a
5 substantial number, given me by these two distinguished
6 senators and these two distinguished members of the House.
7 Fairly lengthy, and we are going to send it all to you.
8 Senator Abraham asks this of you, Secretary West.
9 Mr. Secretary, your report states there is no job loss
10 associated with closing the Detroit Army Tank Plant.
11 However, General Dynamics currently manufactures M-1 tank gun
12 mounts in the tank plant.

13 I understand the Army's reasoning was, since the
14 General Dynamics contract expires in '97, and the Army has
15 six years to complete the facility disposal, the job loss
16 would come from an end to the contract, not from the closing
17 of the tank plant. Is this the baseline reason to close the
18 tank plant -- to cease gun mount production by General
19 Dynamics? And that is the question.

20 SECRETARY WEST: Yes. The answer to the last
21 question is, no, that's not the baseline reason. The
22 baseline reason is that the plant is there to produce tanks,

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1 and we don't do that right now for United States use right
2 now. The only tank production we have going on, I think, is
3 in Lima and it's for FMS. We simply -- that plant is simply
4 excess to the Army's use.

5 CHAIRMAN DIXON: Okay, anybody want to add? Thank
6 you. Now, they ask one other there that I think I better
7 ask, since it impacts my state and I think would only be fair
8 to do so. I further understand Rock Island Depot in
9 Illinois -- General Sullivan, you just alluded to that in
10 your remarks -- is the only other manufacturer of M-1 tank
11 gun mounts.

12 Why are you ending a contract with a civilian
13 contractor, when the only other source of production is a
14 government arsenal? Given that this does not fall in the
15 traditional arsenal production area of barrels, why are you
16 ceasing private production for government-owned facilities?

17 SECRETARY WEST: It is -- I will answer that. Mr.
18 Chairman, it is true we produce about 10 gun mounts a month
19 -- half at the Detroit plant and half at Rock Island. But
20 that is not the driver in this decision. The driver in this
21 decision is the use of that plant for the production contract
22 that's expiring in 1996, essentially. The gun mount is an

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1 incident of the decision, and we will have to resolve where
2 to pick up that extra five a month production. But that is
3 not the driver here.

4 So we're doing it -- if it turns out to be that we
5 will do all 10 at Rock Island -- we're doing it as an
6 incidence of this decision. It did not drive this decision.

7 CHAIRMAN DIXON: Thank you, and there will be
8 follow-ups in writing on that one.

9 Now, the distinguished Minority Leader, the
10 Democratic leader in the House, Congressman Dick Gephardt,
11 asks these questions, Mr. Secretary. Others will follow in
12 writing.

13 In 1993, the Army determined that -- and he quotes,
14 so I presume it's from your determination in '93 -- "the high
15 relocation costs make realignment or closure of Adcom
16 impractical and prohibitively expensive." Has there been a
17 change in circumstance in the last two years that makes
18 relocation more affordable?

19 SECRETARY WEST: What's changed is that we're
20 smarter for one thing. We are not going to try to relocate
21 Adcom out of that lease as Adcom. It will be relocated in
22 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 Obscure 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

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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

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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

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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

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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.

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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

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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

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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 in 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

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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

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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.

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1 AFTERNOON SESSION
 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

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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.

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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

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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.

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1 MS. CREEDON: Commissioner Davis.
 2 COMMISSIONER DAVIS: Aye.
 3 MS. CREEDON: Chairman Dixon.
 4 CHAIRMAN DIXON: Aye.
 5 MS. CREEDON: Commissioner Kling.
 6 COMMISSIONER KLING: Aye.
 7 MS. CREEDON: Commissioner Robles.
 8 COMMISSIONER ROBLES: Aye.
 9 MS. CREEDON: Commissioner Steele.
 10 COMMISSIONER STEELE: Aye.
 11 CHAIRMAN DIXON: And the roll call shows seven ayes
 12 and one abstention on the motion by Commissioner Cox seconded
 13 by Commissioner Davis. I apologize. I can't even count
 14 right today, six ayes, one abstention, and the motion to
 15 include Minot on the list is declared passed.
 16 General Farrell is it -- do you have an order of
 17 preference, gentlemen?
 18 GENERAL FARRELL: No, sir.
 19 CHAIRMAN DIXON: General Farrell, if you would
 20 proceed, please.
 21 GENERAL FARRELL: Can you hear me, sir?
 22 CHAIRMAN DIXON: I think, for the record, General,

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1 if you'd be kind enough to talk into the mike for the
 2 reporter and for the public-at-large who is viewing this via
 3 television. Do you have a lapel mike there somewhere?
 4 GENERAL FARRELL: I have one right here, sir.
 5 CHAIRMAN DIXON: Perfect.
 6 GENERAL FARRELL: Chairman Dixon, Commissioners,
 7 it's an honor for us to be here today. I'm General Larry
 8 Farrell. I'm the Deputy Director at DLA. I oversaw the
 9 executive process for the BRAC '93 round at DLA, and I also
 10 oversaw the '95 analysis. Admiral Straw asked me to present
 11 the results of the DLA analysis to you today.
 12 I'll be covering something about our mission, how
 13 we approach BRAC '95, how we developed other recommendations
 14 and finally our summary.
 15 The DLA business -- I think we need a little bit of
 16 focus there.
 17 COMMISSIONER DAVIS: I'm not sure you can, Larry.
 18 GENERAL FARRELL: Yes, sir. I've handed out copies
 19 so that you can follow along in the briefing, but, basically,
 20 since the '93 round, we've produced a strategic plan. We've
 21 come up with a lot of initiatives, and we tried to focus how
 22 we want to do our business.

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1 Basically, what we say is we want to be the
 2 provider of choice for the military services as a combat
 3 support agency anywhere in the world any time of the day.
 4 And the way we want to approach our business is to
 5 provide requisite readiness at a reduced cost not only in the
 6 business areas but in the support for the acquisition area,
 7 where we manage the contracts.
 8 We want to leverage our corporate resources against
 9 large logistics targets and provide price savings to our
 10 customers. The three metrics that we're tracking in our
 11 Executive Information System in our strategic plan refer to
 12 quality, which is better, refer to reducing cycle time, which
 13 is faster, and reducing costs, which is our cheaper part.
 14 These are the three activities which are affected
 15 in our recommendations -- contract management, right here,
 16 supply management and distribution management.
 17 This is the way we approached our deliberations.
 18 We started at a fairly serial way through this, starting
 19 first with gathering data, putting out data calls while at
 20 the same time we were starting to develop criteria.
 21 It was not until we had fully developed our
 22 military criteria and our measures of merit that we actually

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1 put the data call out. While the data call was going out, we
 2 started formulating decision rules that we would use in our
 3 deliberations.
 4 And when we got the data back, then we went through
 5 some excess capacity calculations. We engaged in some
 6 interservicing with the Navy and the Air Force, and it wasn't
 7 until we did our first COBRA run, which is in the last stages
 8 of our process, that we actually took the names off of the
 9 activities.
 10 Ms. McManamay headed up the working group which
 11 performed the calculations, did the data call, and I headed
 12 up the executive group. We didn't know which activities were
 13 receiving which points until we did the first COBRA run,
 14 which was about a month and a half before the process was
 15 over. Next slide.
 16 This is a hard one to read, and this is really
 17 about an hour briefing all by itself, but, basically, it says
 18 we recognize that the DOD selection criteria had to be
 19 adapted to DLA's business methods and procedures and
 20 processes, since we don't have military force structure.
 21 We did that crosswalk and accounted for each one of
 22 these top four military value in our four measures of merit

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1 across the right here.
 2 Last time around we were criticized by the General
 3 Accounting Office for focusing or appearing to focus more on
 4 COBRA outputs as a decision-maker rather than military
 5 judgment.
 6 We reoriented our process this time, added a couple
 7 of evaluation tools and declared that the primary decision-
 8 maker is going to be military judgment this time. The
 9 outputs of all the analysis you see on this slide here for
 10 the interservicing that's engaged are only inputs for the
 11 final military judgment, and that's the way we approached it.
 12 We coordinated closely with the services to follow
 13 their decisions because, in some cases, we're tenants on
 14 their installations, and when they close and the activity
 15 which we're supporting closes, we go, too.
 16 We performed, of course, excess capacity analysis.
 17 We took a hard look at the force structure plan and, in some
 18 cases, used the force structure plan directly to see if we're
 19 coming down commensurate with the reductions in the force
 20 structure plan.
 21 We have concepts of ops, which we developed in each
 22 business area following out of our strategic plan and therein

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1 our report. We did two types of mil value analysis this
 2 time, one for activities, one for installations.
 3 Last time around we didn't do installations. We
 4 noted that the services used it effectively, so we added that
 5 piece of analysis. We had our set of decision rules. We
 6 performed risk assessments, and we added a commercial model
 7 for distribution this time called the SAILS Model, Strategic
 8 Analysis of Integrated Logistics Systems.
 9 It's a model used by Case, Kodak, people like that,
 10 Procter and Gamble. They use it for optimizing their
 11 distribution system. It's an optimizing model that solves
 12 linear equations, and it gives you the lowest cost for a
 13 given depot configuration. So we added that piece of
 14 analysis this time.
 15 The way we conducted our process early on, the
 16 General Accounting Office came to me -- and their
 17 representatives are here as well as the DODIG -- and they
 18 said, "We want to be a part of your process because we're
 19 going to have to audit it."
 20 I struck an agreement with them which said that the
 21 GAO would sit back and observe and be present in our
 22 meetings, have access to all of our ongoing analysis from the

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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

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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.

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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

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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

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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

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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

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1 cube area, and these representations down here are capacity
2 in the throughput area. So in depots, we measure it two
3 different ways.
4 You can see that our capacity right now, as we
5 look, we've been reducing some things, lease space and stuff
6 like that. We're at 618 million. Our requirement is at 519
7 today.
8 In the future, we project that by reducing some
9 more things and some more lease space, we'll be able to get
10 down to 545, but still our requirement is only going to be
11 452. So cube is the limiter here.
12 If you go down to throughput, we've got three types
13 of throughput -- binables, which is less than three cubic
14 feet, averages about nine and a half pounds; open storage and
15 covered bulk storage.
16 You can see today we're at 45 percent, 23 and 20
17 percent of capacity, and even after I implement these
18 recommendations that I've got on the table, we'll be at 78,
19 54 and 28, still a lot of excess capacity in the throughput
20 area, and we'll be sized to cube.
21 So how do we make the decision? First, our concept
22 calls for us to be where the services need us to be, and when

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1 they close the maintenance facility, our concept calls for us
2 to get out.
3 The Army closed the light vehicle maintenance
4 facility at Letterkenny, which we support. So we elected to
5 close that. They also closed the medium armored vehicle
6 maintenance at Red River, so we elected to get out of there.
7 And that brought our capacity down to 497, still
8 looking for 452. So what do we do with the rest, though? We
9 said, well, we'll review installation and military value
10 activity values and take a look at capacities.
11 And see how large San Joaquin and Susquehanna are.
12 That gives you some idea of how large they are compared to
13 the others. And what we did, we noticed that San Joaquin and
14 Susquehanna activity military value are far and away ahead of
15 the other stand-alone depots.
16 In terms of installation military value, the value
17 of that particular installation to the Department of Defense
18 and DLA, the Columbus facility in Columbus, Ohio, is the
19 winner with New Cumberland second, Richmond third and the
20 Tracy/Sharpe, which is San Joaquin out in California, in
21 fourth.
22 Once we do that, we said there is a clear

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1 distinction in military value for the primary distribution
2 systems on the East and West Coast, so we're going to keep
3 them.
4 But they've already been facilitated for large
5 throughput to support the war, and those are the only places
6 today where we do airline communications and container
7 consolidation operations.
8 So once we removed Susquehanna and San Joaquin from
9 consideration, that left four depots -- Ogden, Columbus,
10 Memphis and Richmond. We took a look at all of the mil value
11 again, and we said that even though Columbus is the lowest
12 ranked of our stand-alone depots, we have a need for
13 contingency and specialized storage.
14 Closing the Columbus depot would not get us an
15 installation closer, so we elected -- we had an idea. We
16 elected to take Columbus and realign it to a slow-moving
17 depot, and it will take about 500 people down to about 50.
18 So we'll still store things there, but we won't be processing
19 workload.
20 Once we did that, we still have this 66 million
21 cubic feet that we've got to get rid of, and we've got three
22 depots left to consider -- Memphis, Richmond and Ogden. And

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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

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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

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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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<p>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.</p>	<p>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 Defe 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 indust 10 Our second mission is to oversee the handling of 11 classified information in Defense industries to ensure tha 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 th 15 it made and agreed to in 1988. The decision was to kee 16 major DIS component at Fort Holabird, Maryland, and it was 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 essent 20 This activity at Fort Holabird, which is located in Dund 21 a suburb of Maryland, is the Investigative Control and 22 Automation Directorate.</p>	
<p>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.</p>	<p>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 o 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 reposit 9 of 3 million investigative files. It also maintains an 10 investigative index of all types of investigations conduct 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 investiga 16 files a year and provide automated service in support of 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, w 21 was almost completed converted to a commercial business pa 22 in the mid-1970s.</p>	
<p>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</p>	<p>1 In 1988, the only other DOD activity that remaine 2 at Fort Holabird was the Army Crime Records Center, which 3 been realigned recently. This is the only remaining 4 activity. 5 We are recommending that this facility be realign 6 under BRAC '95 to a smaller, modern building to be 7 constructed at Fort Meade on an existing Army installat 8 Our recommendation is based on the rapidly deteriorati 9 condition of the building. 10 In the last three years, for example, we have spen 11 over \$319,000 for major repairs at this facility. These 12 costs were in addition to \$400,000 a year, which we pa 13 the Army for an interservice support agreement to main 14 the building. 15 We also employ a full-time maintenance staff at 16 this location. We've experienced many serious problems wit 17 the building. For example, frequent air conditioning outages 18 during hot summer weather has caused us to dismiss employe 19 on several occasions. We expect these outages to conti 20 because of the age and condition of the air conditioning 21 system. 22 We also have to call the fire department regularly</p>	

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1 because of hazardous conditions caused by the wiring. It has
 2 a leaky roof, rusted water pipes that break and foul
 3 emissions from a nearby yeast plant which is adjacent to the
 4 property.
 5 Last year, the Army Corps of Engineers completed an
 6 engineering study of the building. That study revealed that
 7 the existing building fails to meet many code requirements
 8 and contains potential health hazards such as asbestos, lead
 9 paint and PCBs.
 10 That engineer study concluded that it would cost
 11 approximately \$9.1 million to renovate this building. If we
 12 renovate, we will stir up the environmental problems, and we
 13 would still have an old building with the same limitations it
 14 has now, and we would also be left with excess base we do not
 15 need.
 16 Renovation would also cause a major disruption of
 17 our operation because we would have to move to a temporary
 18 facility to allow completion of the renovation. We would
 19 then have to move back. If we realign instead of renovate,
 20 the Army would be free to dispose of this property.
 21 CHAIRMAN DIXON: Mr. Donnelly, you're making a very
 22 persuasive case. May I interrupt you?

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1 MR. DONNELLY: Certainly.
 2 CHAIRMAN DIXON: Mr. Donnelly, I'm told by staff
 3 that everybody has looked at this and thinks that you're a
 4 good, honorable man with a just purpose and that you've come
 5 here in good faith with a lot of support, and if you will
 6 stop talking, I might accommodate you.
 7 (Laughter)
 8 CHAIRMAN DIXON: When I was a kid in the Illinois
 9 House, I was 23 years old, and I got up to make my first
 10 speech passing a bill, and the board lit up, and I had all
 11 the votes. An old fellow sitting next to me said, "Son, shut
 12 up now, you've won."
 13 (Laughter)
 14 MR. DONNELLY: Thank you, Mr. Chairman.
 15 (Laughter)
 16 CHAIRMAN DIXON: Mr. Donnelly, here's what I'm
 17 told. The DOD recommendation is to relocate the Defense
 18 Investigative Service Investigations Control and Automation
 19 Directorate from Fort Holabird, Maryland, to a new facility
 20 to be built on Fort Meade, Maryland, which is only 18 miles
 21 away. Is that correct?
 22 MR. DONNELLY: That is correct.

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1 CHAIRMAN DIXON: This proceed is a redirect from
 2 the recommendations of the '88 Base Closure Commission. Once
 3 the Defense Investigative Service vacates the building, the
 4 base will be vacant; is that right?
 5 MR. DONNELLY: That is correct.
 6 CHAIRMAN DIXON: This recommendation will not
 7 result in a change in employment in the Baltimore area
 8 because all affected jobs will remain in that area. 425
 9 personnel will simply relocate, if the recommendation is
 10 approved; is that correct?
 11 MR. DONNELLY: That is correct.
 12 CHAIRMAN DIXON: The justification is that Defense
 13 Investigative Service is located in a Korean War era
 14 building. Buildings in disrepair has cost over \$319,000 in
 15 repairs since Fiscal '91 in addition to the annual costs of
 16 approximately 400,000.
 17 A recent Corps of Engineers' building analysis
 18 indicated that the cost to bring the building up to code and
 19 to correct the environmental deficiencies would cost the DIS
 20 approximately 9.1 million.
 21 A military construction project on Fort Meade is
 22 estimated by the Corps to cost only 9.4 million. Is all of

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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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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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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

<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>

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1 major Army Guard center there. So it's, essentially, a huge
 2 federal installation.
 3 So in that mission scope, the military value
 4 awarded 150 points, and Columbus got all of it. If you look
 5 at Memphis and their answer in that case, Memphis had one
 6 significant mission, which is the depot.
 7 So they got 30 out of 150 points on that. That was
 8 their submission. And you look at the others -- and so the
 9 points were awarded based upon their response. It gives you
 10 some idea of how to value installations differently from an
 11 activity.
 12 COMMISSIONER STEELE: Thank you, General. No
 13 further questions.
 14 CHAIRMAN DIXON: Thank you, Commissioner Steele.
 15 Commissioner Cornella.
 16 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
 17 General Farrell, as was said, you gave an excellent opening
 18 statement, and I just have one or two quick questions for
 19 you, and that involves regional headquarters that you were
 20 talking about.
 21 I note that your recommendation, which addresses a
 22 disestablishment of the Defense Contract Management District

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1 South in Marietta, Georgia, states that the Northeast Boston
 2 District supports its area operations office and plant
 3 representative offices with a lower ratio of headquarters to
 4 field personnel in the southern district located in Marietta.
 5 On the surface, it would appear that this measure
 6 of efficiency is a reasonable test. In 1993, the Defense
 7 Logistics Agency closed two contract management districts,
 8 one in Philadelphia and another in Chicago, and I think you
 9 did mention that.
 10 Subsequent to these closures, I believe the
 11 remaining districts were redistricted. I assume that
 12 "redistricted" means that the workload was redistributed.
 13 So my question is what was the ratio of
 14 headquarters to field personnel in the Marietta office as
 15 compared to the Boston office prior to that redistricting,
 16 and were the two districts more comparable at that point?
 17 GENERAL FARRELL: Yes, sir. Prior to BRAC '93 in
 18 September of '92, when we looked at that, the Northeast had a
 19 ratio of 1 person in headquarters to 11 in the field. The
 20 district in Marietta had 1 to 10, and out in the West they
 21 had 1 to 15.
 22 In other words, you could look at it either they

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1 had a higher expanded control in the West, or they were more
 2 efficient at overseeing the contract operations. But as you
 3 saw on the slide there, there is a great concentration of
 4 contract missions in the West.
 5 In fact, most of their contract oversights are
 6 within 40 miles of the headquarters in El Segundo. So you
 7 could see where they could, in the West, could probably do it
 8 a little more efficiently.
 9 At the same time, we had five districts, and I had
 10 134 separate contractor operations out there. So that meant
 11 that the ratio of districts to actual activities that you're
 12 overseeing was 1 to 27.
 13 After I did my COBRA in '93, those ratios changed
 14 in the Northeast from 1 to 11. It went to 1 to 13. In the
 15 South, it went from 1 to 10 to 1 to 12. In the West, it
 16 stayed at 1 to 15.
 17 And when I had now three districts and 105 separate
 18 contract activities to oversee, my ratio now was 1 district
 19 to every 35. In BRAC '95, what we're looking at approaching
 20 it -- approaching BRAC '95 is 1 to 18 in the Northeast, 1 to
 21 13 in the South, 1 to 18 in the West, and with three contract
 22 management districts now, I'm only overseeing 90 separate

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1 contract activities.
 2 So my ratio of districts to activities has dropped
 3 to 1 to 30. After I do my COBRA '95, my ratio in the
 4 Northeast is going to go to 1 to 22, and in the West it's
 5 going to go to 1 to 28 people overseeing people.
 6 But my number of contract activities overseeing is
 7 going to drop significantly, and that's the real measure of
 8 oversight. It's going to drop to 64. So I have two
 9 districts overseeing 64 activities, and that's down to a
 10 ratio of 1 to 32.
 11 So you could see that my ratio of contract
 12 activities overseeing since before BRAC '93 has gone from 1
 13 to 27 down to 1 to 32. So it's about the same.
 14 COMMISSIONER CORNELLA: But would that change
 15 whether it was Marietta or Boston?
 16 GENERAL FARRELL: No, sir.
 17 COMMISSIONER CORNELLA: It would be the same,
 18 wouldn't it?
 19 GENERAL FARRELL: It would be the same. That ratio
 20 would be the same. Exactly.
 21 COMMISSIONER CORNELLA: All right. I guess that's
 22 what I was kind of driving at. If the redistricting

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1 previously had affected which of those that you would close
 2 this round, and evidently it has.
 3 GENERAL FARRELL: I think if the South -- to answer
 4 your question further, I guess if the South survived, their
 5 expanded control, in terms of individuals, would widen a
 6 little bit. They would go, probably, to something like 1 to
 7 22, if they were the one that survived.
 8 COMMISSIONER CORNELLA: Thank you very much.
 9 GENERAL FARRELL: Yes, sir.
 10 COMMISSIONER CORNELLA: That's all I have,
 11 Mr. Chairman.
 12 CHAIRMAN DIXON: Thank you very much, Commissioner
 13 Cornella. Commissioner Cox.
 14 COMMISSIONER COX: Thank you. I understand that
 15 the Defense Logistic Agency is testing service delivery
 16 program with FedEx. Could you tell us a little bit about
 17 this, and will it affect your capacity? If this works, will
 18 you see a much less capacity need?
 19 GENERAL FARRELL: It's one of the initiatives that
 20 we've come up with in the last year. It's a privatization
 21 initiative, essentially. And what it says is that can we
 22 come up with better ways to distribute high value items?

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1 Can I find a customer out there who has items that
 2 he distributes -- it might be something like a programmable
 3 signal processor -- something that's worth \$2 million.
 4 And what you want is to shorten the pipeline as
 5 much as possible so you don't have to buy all the extra
 6 spares to fill the pipeline up.
 7 And if we could then establish a premium
 8 distribution operation anywhere where you could guarantee 24-
 9 hour delivery anywhere in the CONUS or 48 hour delivery
 10 anywhere overseas, recognizing that the customer would pay a
 11 premium for that particular, we were just interested to see
 12 if there was anybody interested.
 13 So we let a contract with FedEx, and we just
 14 happened to have selected the Memphis depot as a place
 15 initially to work at, but you can really do it anywhere.
 16 Our ultimate -- and you don't need much storage,
 17 because these are high value items. There wouldn't be a lot
 18 of them. First of all, we don't have any customers yet.
 19 Nobody in the services has stepped up to this, and secondly,
 20 you could, essentially, do it anywhere.
 21 You could do it with any private contractor. So
 22 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>

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1 COMMISSIONER DAVIS: You weren't forced to change
 2 your process at all because any service had made some other
 3 decision?
 4 GENERAL FARRELL: No, sir. We accounted for that
 5 in 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

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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 likely that if it's successful that will, you know, free up
 12 some 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

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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.

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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,

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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

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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

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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

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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.

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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&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 --

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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

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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

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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

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1 efforts, because those of us who in a former life were
2 involved in this process worried about downstream readiness,
3 and DLA had to get itself right-sized, and it had to be more
4 efficient how to get your surcharges down, and what you're
5 telling me is you've done all that, and this BRAC
6 recommendation, sort of, cements that or crystallizes all
7 that.
8 GENERAL FARRELL: Contributes to that.
9 COMMISSIONER ROBLES: Contributes to that whole
10 process.
11 GENERAL FARRELL: Yes.
12 COMMISSIONER ROBLES: Yes, because it's just a
13 piece of it but I imagine a significant piece of it. Good
14 effort. Switching gears here, let's talk about excess
15 capacity at McClellan Air Force Base.
16 Yesterday, we had the Air Force here, and I asked
17 the question. It was reputed that one of the considerations
18 for their cost analysis of McClellan and where it stood on
19 their military value was a requirement to have some excess
20 capacity available to DLA.
21 And the Chief of Staff of the Air Force said no,
22 that was done after the fact. After the fact -- they said we

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1 could pony-up excess capacity. Now, my question to you is do
2 you need that extra capacity? Because if you don't, then
3 they put in their analysis a savings which really shouldn't
4 be in that analysis.
5 And I thought I heard you say that you had more
6 than sufficient capacity. So why do you need that capacity?
7 GENERAL FARRELL: I have more than sufficient
8 capacity now, but once I close all the things I propose to
9 close, I would have been at a deficit position of 21 million
10 cubic feet.
11 Let me take you back to the beginning. Myself and
12 Admiral Straw originally were going to submit a BRAC
13 recommendation that had a deficit to our storage capacity in
14 the cube area because we knew that we had so much throughput,
15 and we were going to take a lot of risk, and we were going to
16 submit about 25 million cube deficit.
17 And we were going to hope that we could sustain
18 that recommendation, realizing that the communities were
19 going to come in and argue, "Hey, how can you have that
20 deficit there when you just closed my depot that's got 25
21 million cube? Bring it back on the line to make up for that
22 deficit."

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1 As we were coordinating with the Air Force and
2 exchanging information, we mentioned to them that we were
3 going to submit with a deficit, and they said, "Do you want
4 more space somewhere?"
5 And we said, "Yeah, if you got it. Where?" And
6 they said, "Anywhere you want it." So we have struck a deal
7 with the Air Force and the Navy, the Navy at Norfolk, to pick
8 up -- we're picking up the Natick hangar at Norfolk that was
9 eliminated in the BRAC '93 round, which is going to give us
10 about 4 million cube.
11 And the Air Force says they will give us up to 30
12 billion cube at their ALCs. So it's not McClellan. It's not
13 Tinker. It's the whole package. And we're now negotiating
14 with the Air Force for that space. The beauty of that is it
15 allows us to close a base, and if, in the future, we don't
16 need it, we could turn it back.
17 COMMISSIONER ROBLES: General Farrell, that's very
18 interesting. So what you're saying, if I understand you
19 correctly, is you don't care where that excess capacity is.
20 It is not necessarily geographic specific that it has to be
21 at McClellan.
22 It could be somewhere else. So if we look at the

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1 analyses that was done, the costing analyses, we could take
2 the savings attributed to that excess capacity that may be
3 under the McClellan analysis and move it somewhere else, and
4 you would be satisfied? Space is space, I guess?
5 GENERAL FARRELL: Space is space. We would like to
6 have it spread throughout the system.
7 COMMISSIONER ROBLES: But it wasn't a major
8 consideration like it is where you geographically have to put
9 a peer -- I mean, where the peers are for the Navy or some
10 other things?
11 GENERAL FARRELL: No. We're really looking for
12 storage space, and it's not that important. It could,
13 essentially be anywhere, but if they gave it to us all at one
14 place, we'd probably say we'd prefer to have it spread around
15 a little bit.
16 COMMISSIONER ROBLES: Okay. Thank you. Final
17 question, and this is kind of a question of the heart because
18 of my -- when I was in Desert Storm, one of my primary
19 missions was to be the chief logistician and supply officer
20 for one of the Army's tank divisions.
21 And after we came back from Desert Storm, we spent
22 a considerable amount of time going through a lot of lessons

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1 learned about distribution and the 40-footers and where all
2 the 40-footers were and the distribution out of the various
3 depots, and I know that you all were very much involved in
4 this.
5 In this BRAC recommendation, what, if any, of the
6 lessons learned of Desert Storm were factored into your depot
7 structure and your depot capacity?
8 GENERAL FARRELL: I'd have to say probably not a
9 lot because those were operational, primarily operational
10 lessons learned. That's my characterization. You're getting
11 me into something I'm not familiar with because that happened
12 before I got to DLA, but I'm somewhat familiar with it.
13 I do know that there was a lot of containers sent
14 that were unopened, that came back unopened. There were a
15 lot of containers sent that got opened, and they pulled one
16 thing out and shut it up, and we got those back.
17 So we had a lot of putting up to do after the war
18 was over, and the reason that was true is because we would
19 get multiple requisitions for the same item, because our
20 system isn't geared to be able to provide the visibility of
21 where that requisition is.
22 Here is what we're talking about is in-transit

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1 visibility. This is one of the top things that Mr. Jim
2 Clough, Assistant Secretary in OSD, is working right now as a
3 way to work the in-transit visibility problems so that we can
4 tell the soldier in the field where his requisition is so if
5 he doesn't get it in a week submit the requisition again.
6 That's one problem. The other problem is asset
7 visibility, which gives you the visibility not only of your
8 wholesale assets but your retail assets in the system so that
9 you can trade retail assets between services without having
10 to go to a vendor and put an order out to buy something that
11 you already have somewhere in the system.
12 Those two major efforts are not -- I don't think
13 they're going to solve the problem real soon.
14 COMMISSIONER ROBLES: No. And the reason I asked
15 that question specifically is that we shipped probably -- and
16 I don't remember the numbers off the top of my head -- but in
17 the order of magnitude of twice as much stuff as we needed
18 because we couldn't locate it.
19 We can't afford that to do in the future, and
20 certainly, if we have to ship twice as much stuff because we
21 can't locate it, then you're going to keep twice as much
22 stuff in inventory or thereabouts, and then you're going to

<p style="text-align: right;">Page 217</p> <p>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.</p>	<p style="text-align: right;">Page 220</p> <p>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</p>
<p style="text-align: right;">Page 218</p> <p>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</p>	<p style="text-align: right;">Page 221</p> <p>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.</p>
<p style="text-align: right;">Page 219</p> <p>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</p>	<p style="text-align: right;">Page 222</p> <p>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?</p>

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1 GENERAL FARRELL: That's right.
 2 CHAIRMAN DIXON: Let's say we wanted to look at
 3 that suspiciously.
 4 GENERAL FARRELL: If I wanted to take all the
 5 binable workload in the system and put it in Susquehanna,
 6 Susquehanna would be the most efficient depot in the system.
 7 CHAIRMAN DIXON: And I'd like to see now -- let me
 8 get that here a minute. It's been long enough ago in the
 9 testimony I kind of lost it. There are the six, kind of,
 10 main ones there.
 11 GENERAL FARRELL: Those are the general
 12 distribution or stand-alone depots. They're not associated
 13 with a maintenance facility or a major fleet activity.
 14 CHAIRMAN DIXON: So when this distinguished
 15 congressman from the First District in Utah talks about
 16 Ogden, he's talking about one of these six major ones here.
 17 GENERAL FARRELL: I think he is. I think he is.
 18 CHAIRMAN DIXON: Yeah. And then let me see, now,
 19 you left open out of those which ones?
 20 GENERAL FARRELL: We left open the Susquehanna
 21 complex on the East Coast, which is comprised of New
 22 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 realigned 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

<p style="text-align: right;">Page 229</p> <p>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</p>	<p style="text-align: right;">Page 232</p> <p>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</p>
<p style="text-align: right;">Page 230</p> <p>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</p>	<p style="text-align: right;">Page 233</p> <p>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.</p>
<p style="text-align: right;">Page 231</p> <p>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 facilitated 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</p>	<p style="text-align: right;">Page 234</p> <p>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.</p>

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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 the 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,

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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 * * * * *

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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 but 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

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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 INVESTIGATIVE SERVICE
1340 BRADDOCK PLACE
ALEXANDRIA, VA 22314-1651

MAR 21 1995

Mr. Alan J. Dixon
Chairman, Defense Base Closure and
Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Please refer to this number
when responding 950309-9

Dear Mr. Dixon:

In response to your letter dated March 9, 1995, provided for your information are the responses to the questions addressed in your letter.

I appreciate the opportunity to provide additional information for the commissioner's consideration.

Sincerely,

John F. Donnelly
JOHN F. DONNELLY
Director

Attachment

1. Your detailed analysis only addresses three options: renovating your existing building; leasing space in the Baltimore area; and constructing a building on Fort Meade.

- a. Were all possible options considered in the decision to move the Investigations Control and Automation Directorate (IC&AD)?

ANSWER: The Defense Investigative Service (DIS) conducted an on-site inspection of six military installations: NSA Airport Square, Linthicum, MD; Aberdeen Proving Grounds, MD; Ft. Meade, MD., Site R (Ft. Detrick, MD); Navy Surface Warfare Center, Dahlgreen, VA; Patuxent River Naval Air Station, MD, none of which had existing space suitable to house the IC&AD operations. Additionally, the OSD Office of Economic Security queried the Defense Agencies and Military Departments on DIS' behalf concerning the possible availability of space on their various installations. All responses were negative. Had we received positive responses, we would have conducted COBRA model analyses on them.

2. According to the 1995 Department of Defense Base Closure and Realignment Report (BRAC), the Army plans to downsize some operations at Fort Meade.

- a. If this action is approved, will there be existing facilities at Fort Meade that could be renovated to meet your needs instead of building a new facility?

ANSWER: DIS understands that the Kimbrough Army Hospital is recommended for reduction to a clinic by the Army as part of the 1995 BRAC. Whether any hospital buildings or other buildings that become available on Ft. Meade could accommodate IC&AD would depend on the results of engineering and feasibility studies.

3. If the recommended realignment is completed, will this directly result in any decrease in DIS personnel?

ANSWER: The IC&AD Force Structure drawdown based on BRAC 1995, negates the requirement for 11 full-time federal security guards, based upon plans to install an electronic security system in the new facility.

4. What, if any, is the cumulative economic impact of moving the facility from its present location?

ANSWER: Should the IC&AD relocate to Ft. Meade there will be negligible cumulative economic impact on the Baltimore, Md metropolitan area. Based on the economic impact data developed by the Logistics Management Institute, the potential cumulative total job changeover rate will be a gain of 0.1%.

5. Cost Analysis

- a. What are the one-time costs associated with moving the facility to Fort Meade?

ANSWER: The one-time cost associated with moving the facility to Ft. Meade is estimated at 1.6 million dollars.

- b. What are your current operating costs at Fort Holabird?

ANSWER: As tenants of the Army at Ft. Holabird, our current operating cost is \$400,000 annually. Additionally, we pay three full-time maintenance personnel and all costs associated with repairs and minor construction. Major repairs alone cost over \$319,000 in the last three years.

- c. What are your operating cost estimates at Fort Meade?

ANSWER: Based on our projections that reflect a smaller facility to house the IC&AD at Ft. Meade, the estimated operating cost should be \$300,000 per year. However, specific maintenance cost are not identified in the COBRA model. It would be included in the new Interservice Support Agreement for operations at Ft. Meade.

6. According to the analysis of your decision to move from Fort Holabird, the Investigations Control and Automation Directorate (IC&AD) is in the process of upgrading the agency's automation system thus decreasing the number of employees by 38% by the year 2001. Did you account for this decrease in your construction cost estimates?

ANSWER: Yes, the current facility occupied by the IC&AD consists of 86,335 square feet of floor area (much of which is not useable) for 425 employees. Our proposed plan provides for the construction of a facility of 77,436 square feet of architecturally designed space to house 263 employees by the year 2001.

7. Resale Issues

- a. Once the Fort Holabird facility is closed, will the Department of Defense be able to sell the land?

ANSWER: Yes

- b. If so, what is a reasonable amount you feel the Department of Defense will be able to achieve from the sale of the land?

ANSWER: \$330,000 to \$340,000. Note: This figure subtracted from the cost to build a new facility at Ft. Meade, reduces the construction cost to a figure less than the restoration cost of the current facility.

- c. Has this estimate been obtained from an independent appraiser?

ANSWER: Yes, the Army Corps of Engineers.

8. The DIS military value analysis states that while the current facility is not essential, the geographical area is essential. Why is the current geographical area essential?

ANSWER: As the only Defense component chartered to process personnel security investigations, we provide this **unique service** to the entire defense community and 22 other departments and agencies who participate in the Defense Industrial Security Program. As such, a move outside of the geographical area would significantly disrupt our operations for at least two years. We estimate we would lose a significant number of case analysts, and two years is the minimum time it takes to train new case analysts. This translates into an unrecognized cost to the entire defense community because of the delay created in the granting of security clearances. The figure of \$43 cost per day arrived at by the General Accounting Office in 1981 for delaying an "industrial" security clearance, was adjusted to \$250 per day by the Joint Security Commission in 1994. When applied to the approximately 36,000 industrial security investigations pending on an average day, this translates to a potential daily cost of nine million dollars. This would be avoided by remaining in the geographical area.

We also believe it is essential to locate the IC&AD close to its customers--the DoD central adjudication facilities and federal intelligence and investigative agencies, all of which are located in the Baltimore-Washington area. Also, inasmuch as the IC&AD directs investigations worldwide, the need for a close and continuing relationship with these agencies to include the headquarters of the Military Department investigative elements who do our overseas work is very important, as a significant volume of investigative material flows between them every day .

Remaining in the Baltimore-Washington area is practical and cost effective. It will enable the IC&AD to maintain personal interaction with its customers and the other agencies and organizations it obtains information from and shares information with. It will also enable the IC&AD to maintain its level of service and expeditious processing of personnel security investigations.

The following listing reflects the adjudicative, intelligence and investigative agencies who are customers of the IC&AD:

Army Central Personnel Security Clearance Facility
497 IG/INS (Air Force Central Clearance Facility)
Department of the Navy Central Clearance Facility
Washington Headquarters Services

National Security Agency
Defense Office of Hearings and Appeals
Defense Intelligence Agency
Army Intelligence and Security Command
Naval Criminal Investigative Service
Air Force Office of Special Investigations
Federal Bureau of Investigations
Central Intelligence Agency
State Department

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950331-10

FROM: JONES, MICHAEL	TO: BROWN, ED
TITLE: DIRECTOR	TITLE: ARMY TEAM LEADER
ORGANIZATION: ARMY BASING STUDY	ORGANIZATION: DBCRC
INSTALLATION (S) DISCUSSED: SACRAMENTO ARMY DEPOT	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INT	COMMISSION MEMBERS	FYI	ACTION	INT
CHAIRMAN DIXON				COMMISSIONER CORNELLA			
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL				COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR./ CONGRESSIONAL LIAISON				COMMISSIONER STEELE			
DIR. COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER	✓		
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
DIR. INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
Prepare Reply for Staff Director's Signature		Prepare Direct Response
ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

RESPONSE TO QUESTIONS INVOLVING SACRAMENTO ARMY DEPOT. - ENVIRONMENTAL RESTORATION COSTS

Due Date:	Routing Date: 950331	Date Originated: 950328	Mail Date:
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DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
200 ARMY PENTAGON
WASHINGTON DC 20310-0200



REPLY TO
ATTENTION OF

28 MAR 1995

Mr. Ed Brown
Army Team Leader
Defense Base Closure and
Realignment Commission
1700 N. Moore Street, Suite 1425
Arlington, VA 22209

Please refer to this number
when responding 950331-10

Dear Mr Brown:

The following information is in response to your question regarding environmental restoration costs for Sacramento Army Depot. Please feel free to contact me should you require any additional information regarding this subject.

Budget

FY 93 BES - \$40,301,000 (Baseline)
FY 96 BES - \$39,728,000 (Revised)

Obligations

Funds Distributed - \$32,326,000 (A/O 31 Jan 95)
Funds Obligated - \$28,226,000 (A/O 31 Jan 95)
Unobligated Bal - \$ 4,100,000

MICHAEL G. JONES
COL, U.S. ARMY
Director, The Army Basing Study



DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
200 ARMY PENTAGON
WASHINGTON DC 20310-0200



REPLY TO
ATTENTION OF

30 MAR 1995

Mr. Edward A. Brown III
Defense Base Closure and
Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, VA 22209

Please refer to this number
when responding 950.309-7R1

Dear Mr. Brown:

Enclosed is our response for record from questions asked at the Commission testimony on March 7, 1995.

If we may be of further assistance, please contact LTC Lamb, The Army Basing Study at (703) 697-6262.

Sincerely,

MICHAEL G. JONES
COL, GS
Director, TABS

Enclosures



QUESTIONS FROM BASE REALIGNMENT AND CLOSURE COMMISSION MEDICAL

1. The Army is recommending the closure of Fitzsimons Army Medical Center in Aurora, Colorado. In your analysis to determine which installation to close or realign, did you consider the needs of active duty and retired patient workload? Did you weight active duty and retirees differently? Were there any differences recognized between active duty and retiree beneficiaries?

Yes. The Joint Cross Service Working Group used a linear programming model to determine which medical treatment facilities (MTF) should close or downsize. 40% of the weight for determining an MTF's overall functional value was placed on active and family member populations supported within each region. Although retiree populations were not directly considered in the overall MTF functional value equation, they were one of the factors for determining a region's civilian primary care provider ratio. The Linear Programming Model was designed to ensure that the projected acute care and tertiary care requirements for our beneficiaries were met. All categories of the beneficiary population were considered, including active duty, family members of active duty, retirees, and family members of retirees.

The Army followed guidance from the Office of the Assistant Secretary of Defense for Health Affairs' capitation methodology for ensuring overall MTF cost efficiency. Although specific active duty and retiree patient workloads were not directly utilized for calculating an MTF's overall functional value, they were considered in determining the overall ratio of CHAMPUS costs to MTF costs for the specific region being studied.



DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
200 ARMY PENTAGON
WASHINGTON DC 20310-0200



REPLY TO
ATTENTION OF

April 7, 1995

Mr. Edward A. Brown III
Defense Base Closure and Realignment Commission
1700N. Moore Street, Suite 1425, Arlington, VA. 22209

Dear Mr Brown:

The attached response is being provided to request 950330-12, dated March 30, 1995.

Point of contact for this action is Roy H. Anderson, telephone (703) 693-0077.

MICHAEL G. JONES
COL. GS
Director, TABS

Attachment



THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

March 30, 1995

Colonel Michael G. Jones
Director, The Army Basing Study
200 Army Pentagon
Washington, D.C. 20310-0200

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
AL CORNELLA
REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

Dear Colonel Jones:

Please refer to this number
when responding 950330-12

The Army Team has completed further review of data submitted by the Army relating to various proposed closures. I would appreciate your answers to the following questions arising from this review:

1. Savanna ADA: According to the analyst's log, on 6 February 1995, a cost avoidance for environmental cleanup was identified and incorporated into the recommendation. What is this cost avoidance? As an environmental cleanup cost, why was it considered?
- ✓ 2. Fort McClellan: Why was construction of school facilities, barracks, and other military construction related to the move of joint-service ITRO to Fort Leonard Wood included as a cost of this closure? Would the ITRO consolidation have taken place regardless of the proposal to close Fort McClellan? Did the proposed move of McClellan personnel and trainees to Leonard Wood make additional construction necessary in order to accommodate the already-planned ITRO consolidation? How was it determined whether ITRO or McClellan transferees would be housed in existing structures?
3. Seneca and Savanna ADAs: Where is the recurring cost of security for the stored materials shown in COBRA?
4. The Integrated Ammunition Stockpile Management Plan includes a tiering structure ranking ammunition storage installations. Only a subset of Army Ammunition Plants and Army Depots received rankings. How were study candidates for the ammunition tiering plan determined?

Any required clarification concerning these questions can be given by Mr. J. J. Gertler, Army Team analyst.

Thank you for your assistance. I appreciate your time and cooperation.

Sincerely,

Edward A. Brown III
Army Team Leader

EB/jig

Subject: DBCRC Army Team Leader Questions

1. Savanna ADA: According to the analyst's log, on 6 February 1995, a cost avoidance for environmental cleanup was identified and incorporated into the recommendation. What is this cost avoidance? As an environmental cleanup cost, why was it considered?

In accordance with DoD Policy Guidance Memo 3, the Army captured environmental compliance costs at closing installations which could be considered a recurring savings after the post closed. This is not to be confused with environmental restoration (cleanup) costs. DoD guidance does not require the cleanup costs to be considered and calculated into COBRA.

3. Seneca and Savanna ADA's: Where is the recurring cost of security for the stored materials shown in COBRA?

In the case of Seneca ADA the square footage of buildings identified for enclaving causes COBRA to set aside a proportional amount of base operations costs to go with the enclave. The COBRA model has set aside \$ 364K/year for all base operations functions at Seneca ADA to support enclave. It does not identify base operations costs by functions such as security. The enclaving of ores at either location would entail, at most, fencing to protect the material.

4. The Integrated Ammunition Stockpile Management Plan includes a tiering structure ranking ammunition storage installations. Only a subset of Army Ammunition Plants and Army Depots received rankings. How were study candidates for the ammunition tiering plan determined?

The installations identified in the Integrated Ammunition Stockpile Management Plan for consideration for tiering represent all the wholesale (i.e. provide storage for all services) ammunition storage installations in the Army.

2. Fort McClellan: Why was construction of school facilities, barracks, and other military construction related to the move of joint-service ITRO to Fort Leonard Wood included as a cost of this closure?

The ITRO construction included in the COBRA (TS10-1C) for closing Fort McClellan is necessary because ITRO personnel are currently housed in permanent party facilities planned for use by incoming Fort McClellan personnel. The ITRO personnel in question should be housed in trainee barracks which are less costly to renovate to required standard. To insure that both permanent party and trainee personnel are in adequate facilities, (i.e. permanent party in permanent party barracks and trainees in trainee barracks) ITRO personnel will occupy renovated trainee barracks.

Would the ITRO consolidation have taken place regardless of the proposal to close Fort McClellan?

Yes.

Did the proposed move of McClellan personnel and trainees to Leonard Wood make additional construction necessary in order to accommodate the already-planned ITRO consolidation?

Yes, but only because ITRO personnel are occupying facilities planned for use by incoming Fort McClellan personnel. There were two options available: (1) leave ITRO personnel in permanent party facilities; or (2) renovate less costly trainee barracks and move ITRO personnel into trainee barracks. The preferred alternative was the less costly option.

How was it determined whether ITRO or McClellan transferees would be housed in existing structures?

The Army based its decision on type of personnel (permanent party, trainee, etc.) who will use the facility. We decided to move the permanent party personnel into the existing facility and the ITRO personnel into the renovated trainee barracks. Fort McClellan trainees will also be housed in appropriate trainee barracks.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
200 ARMY PENTAGON
WASHINGTON DC 20310-0200
April 10, 1995



Mr. Edward A. Brown III
Defense Base Closure and
Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, VA 22209

Dear Mr. Brown:

The attached response is being provided to request 950307-16, dated March 7, 1995 (from which these questions were omitted) and a subsequent request from the commission dated April 3, 1995.

Point of Contact for this action is LTC Powell, (703) 693-0077.

MICHAEL G. JONES
COL, GS
Director, TABS

Attachment

DEPOT ANALYSIS PROCESS

General Shane testified today that the Air Force approach to depots (downsizing each maintenance depot to reduce excess capacity while maintaining core workload requirements) was not even considered by the Army. Why not?

In reference to the Air Force recommendation during this testimony, both BG Shane and Secretary West made brief comments. Secretary West stated, "absolutely we considered it." But, BG Shane said, we did not consider their approach viable for the Army. Both statements are correct in the proper context. The Army did consider a force reduction in place in many alternatives, but none achieved savings substantially greater than closing the installation. A base closure/realignment permits substantial savings in BASOPs infrastructure and management overhead that is not possible with a reduction in force. In the Army's case, retaining the base support manpower while downsizing the depot labor force did not make sense. As stated in the testimony, the Army has approximately 40% excess capacity which is equivalent to 1-2 depots. Our recommendation met the Army's overall reduction goal and is consistent with the Joint Cross-Service Group for Depot Maintenance assessment on excess Army capacity.

In comparing the Air Force recommendation to the other Military Departments approaches, the Air Force and the Army both have 1-2 depot excess. However, the Army recommendation cost 60% less than the Air Force recommendation but achieved 6 times the net present value savings.

General Shane must be aware that Major General Dennis Benchoff, Commanding General of the U.S. Army Industrial Operation Command and former Depot System Command, – the man hired by the Army to run the depot system – recommended the Army take the same approach as the Air Force. General Benchoff recommended the Army keep all five maintenance depots downsized to core workload requirements and maintain surge capacity. Why would the Army not only not follow, but not even consider, the cost recommendation of the Commander of the L.O.C., particularly if it would reduce costs?

The Army worked very closely with officials of the U.S. Army Materiel Command (AMC) and considered all viewpoints concerning the depots before it made a final decision. The Army believes its recommendations are the best way to both eliminate excess capacity and reduce costs. DoD's Joint Cross-Service Group on Maintenance Depots agreed and supported the Army's recommendation.