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OFFICIAL TRANSCRIPT PROCEEDINGS BEFORE

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DEFENSE SECRETARY'S COMMISSION ON BASE REALIGNMENT AND CLOSURE

BUSINESS MEETING

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure
Subject to Criminal Sanctions

Washington, D. C.

December 13, 1988

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1 DEFENSE SECRETARY'S COMMISSION ON
2 BASE REALIGNMENT AND CLOSURE
3
4 BUSINESS MEETING
5
6 TUESDAY, DECEMBER 13, 1988
7
8 Room 310
9 1825 K Street, N.W.,
10 Washington, D. C. 20006
11 The business meeting was called to order at
12 9:04 a.m., Hon. Abraham Ribicoff and Hon. Jack Edwards,
13 Co-Chairmen, jointly presiding.
14 PRESENT:
15 HON. JACK EDWARDS, Co-Chairman
16 HON. ABRAHAM RIBICOFF, Co-Chairman
17 LOUIS CABOT
18 HON. W. GRAHAM CLAYTOR, JR.
19 DONALD F. CRAIB, JR.
20 HON. MARTIN R. HOFFMANN
21 GENERAL BRYCE POE, II, USAF (Ret.)
22 GENERAL DONN A. STARRY, USA (Ret.)
23 HON. RUSSELL E. TRAIN
24 DR. JAMES SMITH
25 HON. THOMAS EAGLETON

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1 VICE ADMIRAL WILLIAM ROWDEN

2 ALSO PRESENT:

3 HAYDEN BRYAN, Executive Director

4 DOUGLAS HANSEN, Research Director

5 RUSSEL MILNES, Counsel

6 JAY WINIK, Deputy Executive Director

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205-206	Chairman Ribicoff discusses Fort Devens and ends on 206.
221	Commissioner Senator Eagleton comments on Honolulu Hilton (Fort DeRussy)
247-249	Commissioner Senator Eagleton comments on additional views and debates with Chairman Edwards.
292-293	Commissioner Smith talks about the results of what they have done and the badly flawed result.
298	Chairman Edwards comments on Fort McClellan beginning on line 5.

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P R O C E E D I N G S

CHAIRMAN RIBICOFF: Gentlemen, today the staff is prepared to brief us on the questions raised at our last meeting and on the possible closures and realignments suggested by our Navy Subcommittee.

In front of you is our agenda for today, which we are all probably seeing for the first time. If we take a realistic approach of our discussion today, we may be able to finish by 5:30. I would not bet on it, but I think if we can do that, it would be just fine.

Before we finish, we need to have a formal vote on this package of closures and realignments. A copy of the report, as currently drafted by the Write-in Subcommittee and staff is available to you. Actually, I understand it is not available yet.

MR. BRYAN: It will be this morning, sometime.

CHAIRMAN RIBICOFF: All right, this morning, sometime.

If you have questions or comments, we can discuss them later today or tomorrow morning. But I think, while we would all like to get out, we have our jobs to do and have to stay the three days, if necessary to finish our work.

I think there is another question of timing. The request was made that we meet with Secretary Carlucci

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on December 30. Personally, I think it is a lousy idea.

I mean, it's tough enough for those of us who don't live in Washington to come back and forth on plane travel. But, on the day before the first of the year, to try to find planes to come here and planes to get back is almost, is virtually impossible.

I made the suggestion to Hayden to get in touch with the Secretary and tell him, you know, if he wants to make it the 29th, all right. But I take a very dim view about coming back on the 30th.

I would be all for Carlucci running it himself, without the Commission.

I don't know if I am just talking for myself here or if I reflect your thinking.

CHAIRMAN EDWARDS: your plea has been heard and it has been changed to the 29th.

CHAIRMAN RIBICOFF: That's just fine.

CHAIRMAN EDWARDS: Boy, I'll tell you, when Chairman Ribicoff talks, we listen.

MR. CLAYTOR: That's right.

[General laughter]

MR. HOFFMANN: We not only listen, we act.

CHAIRMAN RIBICOFF: Okay. Thank you very much.

CHAIRMAN EDWARDS: I really want to spend Christmas Eve up here with you all, you know. Of course, if you don't

1 want to, that's all right with us.

2 CHAIRMAN RIBICOFF: Do you mean New Year's Eve?

3 CHAIRMAN EDWARDS: I mean New Year's Eve.

4 MR. BRYAN: May I mention, Mr. Chairman, following

5 up on that issue, Secretary Carlucci plans to have some type

6 of thank you luncheon for the entire Commission about the

7 time that he approves the report, about two weeks later.

8 That is the thinking right now.

9 So that is what you need to do, schedule something

10 about the second week of January.

11 MR. HOFFMANN: What about the press conference?

12 MR. BRYAN: The press conference -- he is asking

13 for the two Co-Chaira.

14 CHAIRMAN RIBICOFF: I thought he wanted the whole

15 Commission.

16 MR. BRYAN: No, sir.

17 Mr. Carlucci himself will not be there. This will

18 be Mr. Taft.

19 MR. TRAIN: So, there will be a meeting on the

20 29th?

21 CHAIRMAN EDWARDS: Well -- Hayden, is the whole

22 Commission going to be here on the 29th? Is that it?

23 MR. BRYAN: No, sir. That was not my understanding.

24 To make the presentation to Mr. Taft would just

25 require the two Co-Chairs, and then there would be another

opportunity about two weeks later for everyone to get together.

CHAIRMAN EDWARDS: Certainly I would say that any Commissioner who wants to be here should be here.

CHAIRMAN RIBICOFF: Well, what I want to try to figure out is this. Carlucci is not going to be here. Aren't we then just better off giving them the report, the press release? I don't know what they are going to do with Taft, who has not been involved with this. It puts the entire burden on us. I think it is Carlucci's ball. He is the one that will have to submit it to the Congress, isn't that right?

CHAIRMAN EDWARDS: We'll just hand it to Taft and then we will go off with a pre-arranged press conference -- right?

MR. BRYAN: Yes, sir, if that is what you would like to do.

CHAIRMAN EDWARDS: Without Taft. I mean, Taft would not be expected to talk about our report, having just received it. It would be for us to answer any questions about the report.

MR. HOFFMANN: Will the specifics be released at that time?

CHAIRMAN EDWARDS: Yes. He goes to Congress at that time. So, they are released

CHAIRMAN RIBICOFF: You know, I am leaving for Germany, Brussels and London on the 17th, and I won't get back until the 27th or 28th.

CHAIRMAN EDWARDS: This will be on the 29th.

CHAIRMAN RIBICOFF: I know. But I won't even see what you will have done.

CHAIRMAN EDWARDS: Do you mean you are not going to be here to hand it to Taft?

CHAIRMAN RIBICOFF: No. I would have to come back. I will be back, but I would not have had a chance even to see the report.

CHAIRMAN EDWARDS: Oh, I see.

CHAIRMAN RIBICOFF: When will that be ready?

MR. BRYAN: Well, we won't have anything fairly final until the Subcommittee is finished with it tomorrow.

CHAIRMAN RIBICOFF: Will you have it by tomorrow?

MR. BRYAN: We will have something for you. It's fairly close to completion, I think. It depends on the Subcommittee.

CHAIRMAN EDWARDS: Chapters one through five and seven through nine are fairly well polished.

Now, you have all received them. Many of you have sent comments back. They have been correlated with the work of others.

What you will get today is fairly well polished --

one through five and seven through nine.

What you will not get today, obviously, is the chapter six, on the actual bases, and the report for those decisions.

Isn't that right, Hayden?

MR. BRYEN: Well, we will have that for you and also a first cut at the actual recommendations that will be put in detail in the appendix. Actually, that should be available some time today.

MR. HANSEN: With the possible exception of things newly discussed today.

CHAIRMAN EDWARDS: It will not have been looked at by the Drafting Committee at this point?

MR. BRYAN: That's correct.

CHAIRMAN EDWARDS: Abe, I want to be sure that I understand what you are saying, that you don't think you would be in a position to do a press conference on the 29th.

CHAIRMAN RIBICOFF: Well, I am just trying to think.

You and I will not have had an opportunity to talk, and it seems to me whatever that press conference is, Carlucci is the guy that started it. I think we ought to find a date, even if it is after December 31, when Carlucci is there. It's his baby, and I think he should be the one that talks about it, not Taft. We have not worked with Taft.

1 CHAIRMAN EDWARDS: I don't envision Taft in the
2 press conference at all, other than the familiar press
3 arrangement, where he would kind of bang us for our report --
4 that sort of thing. He would not have had a chance to see
5 any of it.
6 The early thought was that since it is going to go
7 to DOD at the same time it is going to the Hill, we ought
8 to make ourselves available that day to the media to answer
9 any questions they've got about it, to put the best twist
10 we can on what we have done on this.
11 CHAIRMAN RIBICOFF: Which apparently isn't a hell
12 of a lot.
13 It is what it is. We'll just have to face it.
14 Do you know what time they are planning on the 29th?
15 MR. BRYAN: Sir, they are talking about it at
16 this very moment and they are going to get back to me this
17 morning.
18 CHAIRMAN RIBICOFF: Well, before they set a time,
19 if Jack and I are going to be there, they'd better make sure
20 the time is all right for both of us because it should be
21 when there is an opportunity, Jack, for you and I to talk
22 together beforehand. I will be out of the country.
23 CHAIRMAN EDWARDS: Are you talking about the 17th
24 of December that you are leaving?
25 CHAIRMAN RIBICOFF: Yes, the 17th.

1 CHAIRMAN EDWARDS: When will you be back?

2 CHAIRMAN RIBICOFF: My present plans are to come
3 back on the 27th.

4 CHAIRMAN EDWARDS: Well, I think as soon as you
5 get back, we need to talk.

6 CHAIRMAN RIBICOFF: Yes, that's what I'm saying.

7 CHAIRMAN EDWARDS: Finally, Mr. Chairman, may I
8 just report that over the last week, in an effort to do what
9 I guess one might say is a final validation of the information
10 that we have been getting, some of the staff have been out to
11 verifying data. As I understand it, the non-Pentagon staff
12 has been out and they have come back with a report that, with
13 minor exceptions, the data that we have been given in those
14 tested facilities they went to look at, was supportable in
15 their own visit.

16 Maybe there was a year's delay in information in
17 one instance, or some misunderstanding as to what we were
18 looking for in another instance. But, by and large, it has
19 been reported to me that the staff has come back with the
20 feeling that, in fact, nobody has been playing games with the
21 information that has been coming from the Pentagon vis-a-vis
22 the mission of bases, what's on the bases, and that sort of
23 thing.

24 Does anybody have any questions of staff on that
25 subject?

[No response]

CHAIRMAN EDWARDS: Well, then, I think that's all I've got.

CHAIRMAN RIBICOFF: All right, then, go ahead.

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COMMISSION DELIBERATIONS -- NAVY

MR. HANSEN: Thank you very much, sir.

[A series of slides was shown]

MR. HANSEN: As you have noted, we do have an ambitious schedule for today, to go over all of the analyses we were asked to do, with time set aside for a vote and time set aside to go over the final report, the chapters.

Without any delay, then, I would like to begin with the Navy's Strategic Homeporting Briefing, which was the subject of a Commission Subcommittee, chaired by Mr. Claytor, by default, or however.

CHAIRMAN RIBICOFF: Excuse me for a moment.

Senator Eagleton is delayed because he is on the Pay Commission for the Executive Branch and Congress, and he will be here as soon as he finishes his duties there.

CHAIRMAN EDWARDS: Off the record.

[Discussion off the record.]

MR. HANSEN: All right. What I would like to do is brief you on the results of two Subcommittee meetings, if Mr. Claytor will allow me to summarize them for you.

MR. CLAYTOR: Please.

MR. HANSEN: Then I will give you the results of the latest information the Navy gave us coming out of the charge that the Subcommittee gave to the Navy.

Mr. Claytor and Admiral Rowden had suggested that

1 the briefing on the strategic necessity of these homeports
2 be handed out to the Commissioners, and we will do that.
3 You will note that they are confidential. I want to be sure
4 you note that.
5 I would also like to pass out a map, if you will,
6 of the strategic homeporting structure. It is a little too
7 detailed to read perhaps on the wall.
8 [Slide]
9 MR. HANSEN: This summarizes quite a few charts
10 the staff put together for the 28th and 29th, showing the
11 location of the strategic homeports, the ships using the
12 coding the Navy uses, "CV" standing for a carrier, a "BB"
13 a battleship. There is a summary of the costs associated
14 with it, how much the local contribution was, and what is
15 the sum cost there.
16 We have received additional information on the
17 Gulf ports, showing that the sunk cost was approximately
18 six or seven times greater than we had originally shown it
19 to you, something in the range of $40 million, instead of
20 $6 million.
21 That has been corrected on these charts.
22 That is just a sort of easy reference for you
23 as we go through strategic homeporting.
24 I'd like now just to give you a little bit of the
25 history to refresh your memory.

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1 At our meeting on the 28th and the 29th, the
2 result of that meeting was a charge to the Navy to do the
3 following: to close Hunter's Point; to review the closure
4 of Everett to review not putting a new carrier into
5 Pensacola and to review not putting a battleship into
6 Ingleside. Sidebar issues were the rest of the ships going
7 into the Gulf were to be left to the Navy's discretion,
8 that is, what they did with them.
9 [Slide]
10 MR. HANSEN: As I mentioned, the Subcommittee
11 met twice. The first meeting was on December first, and,
12 if you will, it was basically a meeting of the minds. Sitting
13 across the table from each other was the Subcommittee
14 and representing the Navy was the Assistant Secretary of
15 the Navy for Shipbuilding and Logistics. To put it bluntly,
16 it was a contest in who blinked first, and Mr. Pyatt blinked.
17 Not only did he leave with a charge to do all the analysis
18 we had told him, but Mr. Claytor successfully added a little
19 bit more to his plate for analysis. But no other information
20 other than the strategic briefing that was passed out basically
21 was given at that time, with the exception of the following.
22 We were asked to do an analysis. As a result of
23 that meeting, at General Starry's suggestion, we were asked
24 to do an analysis of, basically, how does the profile for
25 ships, planes, people and funds look for the Navy.

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The thought was that perhaps out in the out-years the funding levels for the ships would be there, but there would not be any airplanes, people, or funding.

In just a very rough context, this is the result of that analysis, showing pretty much a steady rise in ships, planes, and funding, with people levelling out, primarily because civilians are being reduced, not military. Military is rising; civilians are falling. So, therefore, the overall structure is the same.

That may reflect more contracting out and other ways of doing work, which would not be captured in these statistics.

So, in general, it seems to be, a least on a very broad brush, a somewhat balanced program.

[Slide]

MR. HANSEN: Our understanding, incidentally, of the process of doing the five year plan under Secretary Carlucci is his attempt was to make it a balanced program, to fund all of the various things properly.

[Slide]

MR. HANSEN: The other chart the Navy presented to us which I thought was worthy of showing was an analysis of ports.

Now, working down here is the number of homeports, beginning with 65 homeports in 1968, and ending with around

1 38 in the 1994 timeframe.

2 The green line represents the average number of
3 ships at a homeport. As you can see, the average number
4 in about 1980 started climbing from around 12, 11 to 12
5 ships per homeport, up to the 15 or 16 range. It is quite
6 high.

7 So, again, on a very macro level view there, the
8 Navy's argument is we are a lot more crowded than we used
9 to be, on average.

10 [Slide]

11 MR. HANSEN: The next meeting was December 8.
12 At that time, the Navy came back with their analysis on
13 basically what could be done in the Gulf and what could be
14 done at Everett.

15 Now, what they basically said about the Gulf
16 was they looked at two things: moving the carrier and the
17 battleship out of the Gulf, into Norfolk; moving the whole
18 carrier battlegroup and the whole battlegroups out of the
19 Gulf into Norfolk. They also looked at putting ships into
20 Mayport.

21 They also looked at Charleston and at a few other
22 things.

23 The bottom line of what came back is that Norfolk
24 was extremely congested; that the costs associated with
25 doing that move would be much higher than they would be if

incurred at the Gulf. Besides, additional housing would be required in the Norfolk area because there is a great deal of shortage of affordable housing, whereas in the Gulf there is a surplus of affordable housing.

Therefore, it was not a good move in that regard.

I have not mentioned all of the strategic reasons there, but they are the same -- putting too many ships in one port, et cetera, et cetera.

Mayport was not a good example or a good place to put ships because they were overcrowded already.

Getting carriers and battleships into Charleston and Philadelphia proved to be impossible because of bridges. The bridge clearance or channel depth was a problem in both cases.

[Slide]

MR. HANSEN: Going into Charleston, at the bottom is a table that shows you the requirements for depth of channel, depth of pier, and bridge clearance. As you can see, the two or three bridges, the two bridges that are there and the one being built, which ships would have to traverse under, all of them would restrict movement of these ships.

Now, it is possible, we learned, to take masts down and do that. But that's fine for when you are going into a shipyard for a two year or three year time in a shipyard.

1 But if you are going in and out for operational
2 reasons, you can't be lowering it and raising your masts
3 all the time.
4 MR. CLAYTOR: I agree.
5 MR. HANSEN: I am informed that these mast heights
6 assume already some lowering of things, and they still can't
7 get under it.
8 May I have the next chart.
9 [Slide]
10 MR. HANSEN: This is for the Philadelphia area.
11 A battleship could get in under the bridge clearance-wise,
12 but the depth fo channel is not sufficient, which would
13 require extensive dredging.
14 I would point out that, of course, Philadelphia
15 is extremely up-river from the ocean, and, therefore, also
16 is operationally not too good a place.
17 So, those are the reasons that tne Navy gave us
18 on December 8, at the second Subcommittee hearing, for not
19 being able to do what we had suggested they try doing.
20 [Slide]
21 MR. HANSEN: They also said they couldn't do
22 Everett. But the Subcommittee did not accept that.
23 So, after that, we gave the Navy one last charge.
24 The charge was review the closure of Galveston in the Gulf,
25 review the closure of Lake Charles in the Gulf, review

1 moving Everett to Bremerton Naval Shipyard, and keeping the
2 carrier group in Puget Sound.
3 Then we said if none of those works out, is there
4 anything we might be able to suggest that the Navy might be
5 able to give up to satisfy the desire to have some more for the
6 Navy, and Naval Air Station Memphis was thrown onto the plate
7 for that reason, and only that reason -- not because of any
8 detailed analysis, I can assure you.
9 What I would like to do now, then, is to give you
10 a briefing on what the Navy has come back with on the closing
11 of those four or the moving of those four homeports.
12 CHAIRMAN RIBICOFF: Has this been given to the
13 Subcommittee before now?
14 MR. HANSEN: No.
15 CHAIRMAN RIBICOFF: Is the Subcommittee hearing
16 this for the first time?
17 MR. HANSEN: What I have done now the Subcommittee
18 has heard. But what I am about to do now the Subcommittee
19 has not heard.
20 This came in yesterday.
21 [Slide]
22 MR. HANSEN: To review, here is the strategic
23 homeporting in the Gulf. Some of the issues here are
24 the two ports we looked at, as you can see, are kind of in
25 the middle.

1 Ingleside is, I think I would be correct in saying
2 in the Subcommittee's viewpoint, it was a fairly good port.
3 It is located on the same bay as Corpus Christi, which is a
4 large naval presence, infrastructure-wise. While they are
5 physically separated, it is only like 20 miles.
6 So, therefore, it was a good choice for the port,
7 and I think that is reflected by the size of the fleet that
8 they were already planning on putting in there.
9 Pensacola, of course, has always had a carrier
10 and they need a carrier for training purposes. And so,
11 really, the choices were down to Mobile, Pascagoula,
12 Galveston, and Lake Charles.
13 The kind of issue there revolved an awful lot
14 around sunk costs. The sunk costs at Mobile and Pascagoula
15 are considerably more than the sunk costs at Galveston
16 and Lake Charles. That was one of the reasons, I think,
17 that they were chosen.
18 MR. HOFFMANN: When you work out the formula,
19 do those sunk costs improve?
20 MR. HANSEN: We did not do an analysis of
21 Pascagoula and Mobile. We did an analysis of closing
22 Galveston and Lake Charles.
23 MR. CLAYTOR: Neither Mobile nor Pascagoula is
24 close to a big ship. They are both with smaller ships.
25 I think we all have agreed that we need to put some

1 smaller ships in these other places for Naval Reserve purposes,
2 anyway.
3 If you look at it, you will see that with Lake
4 Charles, there is a significant saving and it is easy to do.
5 Galveston is almost the same, and you can put them
6 both in Ingleside, keeping all of the support structure for
7 the whole works there and not putting anything in these other
8 two. It just seems to Bill and me that, of the various options
9 for small ships in the Gulf, these were the two that were
10 obviously the best.
11 Bill, don't you agree with that?
12 ADMIRAL ROWDEN: I think the only footnote that I
13 would add is when one looks at the Reserve forces, all of the
14 ships at Galveston are Reserve forces.
15 In Lake Charles, I believe it is only the two
16 minesweepers. The oiler is not. So it is predominantly
17 heavy Reserve forces, which is on the downside of the argument
18 that Mr. Claytor just made.
19 MR. CLAYTOR: But, even so, the distances,
20 certainly from Galveston, are not impossible for the
21 Reserves.
22 MR. CABOT: May I ask a question?
23 I didn't realize how many of the homeports there
24 are that don't show on all of these maps that we have been
25 looking at. And so, the argument about Reserve locations seems

1 to me, among other things, to include what other Reserve
2 facilities are there that you can move some Reserves
3 work around into, which we have not even talked about.
4 And so, if we start hanging up on the Reserve
5 issue, I would like to know more about some of these other
6 homeports.
7 MR. HANSEN: Well, at least in the Gulf, I'm pretty
8 sure it's safe to say, and the only other port is Key
9 West.
10 This chart, with the exception of Key West,
11 on the tip of Florida, would reflect all of the ports the
12 Navy has or would have in the Gulf.
13 But you are correct -- along the Eastern and
14 Western coasts, there are clearly no ports.
15 There are no homeports, other than Everett.
16 MR. CLAYTOR: Mayport is a carrier port.
17 [Slide]
18 MR. HANSEN: The first analysis is on Naval
19 Station Galveston, a homeport for one oiler and two mine
20 warfare ships. The two mine warfare ships are the Reserve
21 ships, part of the battlegroup, the battleship going into
22 Ingleside.
23 There is space to move the ships to Ingleside
24 and we would save money. It is strategically acceptable
25 and we would not gain any land value and we would owe some

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money back in local contributions.

CHAIRMAN EDWARDS: That's not correct up there, now.

The oiler is from Lake Charles and Galveston has got two frigates.

ADMIRAL ROWDEN: I think you have it backwards.

MR. HANSEN: Do we have it backwards? I think we are getting good at that.

MR. CLAYTOR: Oilers and mine warfare ships come from Lake Charles.

MR. HANSEN: The mistake on this is it should have said Lake Charles.

MR. CLAYTOR: Lake Charles. Everything is correct for Lake Charles. You just got the name backwards on the top.

MR. HANSEN: I apologize.

CHAIRMAN EDWARDS: We recognize that you guys have been burning a lot of midnight oil. I guess I will pause one more time to commend you for what you have been doing, all of you.

MR. HANSEN: Thank you.

Anyway, nevertheless, I apologize for the mistake. We will correct the record.

So, at Lake Charles, then, the two warfare ships are, in fact, still Reserves.

Savings are estimated at a steady state of $1.2 million, and a net one-time saving of $5 million.

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So, it is a good deal dollarwise.

[Slide]

MR. HANSEN: This next slide would then be Galveston and not Lake Charles.

For Galveston, there are two frigates and three mine warfare ships, all Reserves. Again, they can fit into Ingleside, with a one-time saving of $8 million and a steady state saving of $2.5 million. This means the total saving for the package, if you will, is $13 million up front in avoided construction -- the net of construction. You have the new construction at Ingleside and the avoided construction at the other two. There is about almost $4 million in annual saving.

Our recommendation on both of these is to close, in essence, I guess rather "not build" is a more appropriate term, maybe, because they have not finished them yet. But the end result is Lake Charles and Galveston would no longer be homeports and Ingleside would grow.

MR. CLAYTOR: Right.

CHAIRMAN EDWARDS: Are you suggesting that we should say to the Navy where those ships should go?

MR. HANSEN: Yes.

The reason for that is that if we didn't, then they would have no money to build at Ingleside.

CHAIRMAN EDWARDS: Any comment?

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ADMIRAL ROWDEN: There is construction that is started in both of those places. You can see from the expended amount that about a third of the dollars have been expended in Galveston, and I have forgotten what it is in Lake Charles -- I think about a third.

CHAIRMAN EDWARDS: Committed or expended?

MR. HANSEN: Expended.

ADMIRAL ROWDEN: Expended. Not recoverable.

The $33 million is the total bill; $11 million is expended. It's roughly about the same this year -- $17 million and $7.5 million in Lake Charles.

The other thing that I would ask is this.

There was a big discrepancy between what you considered to be the sunk costs and what the Navy staff considered to be the sunk costs. Can you explain the difference between the two and how it got so disconnected?

MR. HANSEN: Yes.

We basically took input from the Navy, which gave us percentages obligated to date. We multipled them times total obligations, and we did not make arithmetical errors. The percentages were out of date.

Correct?

CAPTAIN-SELECT SZUTENBACH: Well, we didn't consider the land, and we were just taking portions of, we were just saying the contracts that were obligated,

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basically, and what percentage was complete of that we had. We used that as the amount of sunk costs or expended costs.

ADMIRAL ROWDEN: Are you satisfied that the sunk costs that we are seeing now are right or as near as we can get them right?

CAPTAIN SELECT SZUTENBACH: Yes.

MR. HANSEN: Yes.

ADMIRAL ROWDEN: I was trying to figure out whether or not this was a bogus figure, because that would require some explaining, since roughly a third of it has been committed.

MR. HOFFMANN: Are they taking as sunk costs the monies that have been obligated, or are they taking monies that are actually in the ground?

CAPTAIN SELECT SZUTENBACH: Where they wrote the checks.

MR. HANSEN: Yes, where they wrote the checks or where they can estimate that there will be a contract termination. They have considered that.

MR. CLAYTOR: It includes contract termination costs.

ADMIRAL ROWDEN: I believe they did that a a cost of 50 cents on the dollar, which is probably fairly reasonable.

1 MR. HANSEN: The savings figures already take
2 that into account. Savings still incur, even though you
3 have the sunk costs.
4 CHAIRMAN EDWARDS: Any other comment?
5 DR. SMITH: Does the steady state savings
6 take into account the added costs of Corpus Christi, to
7 move Corpus Christi?
8 MR. HANSEN: Yes.
9 DR. SMITH: So it is in that figure?
10 MR. CLAYTOR: Yes. It's net.
11 MR. HANSEN: Both the one-time and the steady
12 state are net figures.
13 DR. SMITH: I guess I am concerned, Mr. Chairman,
14 that the Navy has thrown us a bone here that is a very
15 meager little bone, that is hardly worth fooling with.
16 I still think there are significant savings
17 along the line of what Mr. Claytor talked about at the
18 last session that you would achieve by not opening some of
19 these major port facilities.
20 What isn't in any of these numbers is the
21 operating costs. When you open up a new base, like
22 you're going to do at Ingleside, like you're going to do
23 at Everett and other places, you incur lots of operating
24 costs. It's in none of these formulas that we have seen.
25 The sunk costs are kind of meaningless. Those

1 are meaningless. I mean, that is spent. We're not going
2 to be able to do anything there. It doesn't even play in
3 our analysis.
4 What plays is the cost of putting this somewhere
5 else, the one-time cost.
6 But it's the long-term operating costs that
7 we don't see and that we can't get a handle on. There
8 are operating costs to open up these bases.
9 MR. CLAYTOR: Let me say that we tried awfully
10 hard. I tried. I split a gasket to see if we couldn't
11 get the battleships and the carrier out of the Gulf and
12 back to the East Coast.
13 When you look at Norfolk, existing at Norfolk
14 at the present time you have three carriers and two
15 battleships there. They have taken both battleships out.
16 But there are two more carriers, big ones, which are just
17 going into service, which I had not realized, until I got
18 it straight.
19 These are not the '98 - '99 carriers. These are
20 the George Washington and the Abraham Lincoln, I think
21 it is, which are already built and will be in full service
22 in another year.
23 Now, they've got then five carriers in Norfolk.
24 They are getting the battleships out, but they have five
25 carriers in Norfolk. There is not any conceivable way you

could put another carrier there in my opinion, without splitting a gasket and spending more money. Even the support facilities would have to be expanded.

So then I said let's get it somewhere else, and you start looking.

You've already got two carriers at Mayport. Mayport is not the greatest place in the world, and two carriers plus just a few support ships about uses it up.

So I said for God's sake, we've got Charleston and Philadephia, great places -- and they are -- for support ships, including cruisers. Even though Philadelphia is a long way upstream, you can still get out. It isn't that critical.

However, it took a while to get positive information. They had all kinds of reasons why they didn't want to do it. When you put all those aside, the only two are that you can't get either a battleship or a carrier up under the bridges in Philadelphia without taking their masts off. Well, you can do that if you are going into the Navy Yard for three years, but you can't disassemble the radar masts just to go into sea and out to sea.

Charleston doesn't have enough water. You can't even get a battleship up there.

So, those two can't be used for these purposes.

Now, there isn't anyplace else. I am convinced

1 that with the ships in being, I said I will not go for
2 building a homeport for the two carriers that have been
3 contracted for and committed for for 1998 and 1999. That's
4 ten years down the road. If they come up, we'll just have
5 to find a place to put them between now and then. But not
6 in this exercise.
7 But that's not it. It's the ones that are already
8 in hand.
9 So I am sort of lost on that. It seems to me that
10 the best thing we can do -- and I think Bill agrees with me
11 on this -- I gave them as tough a time as you could give them.
12 I was not willing to accept a lot of the stuff that we got
13 from them. But these fundamental facts are there. There
14 you are. There is no place to go.
15 MR. HANSEN: If I could add to that, sir, we did
16 get a figure from the Navy on the operating savings
17 associated with doing none of the homeports, and that was
18 $37 million.
19 If we take these two recommendations, plus Hunter's
20 Point, the operating savings will be $12 million, or about
21 a third of that.
22 MR. CLAYTOR: Uh-huh.
23 MR. HANSEN: Those are the facts.
24 MR. CLAYTOR: We really have not talked about
25 Hunter's Point.

Hunter's Point was one we were going to wipe out. The alternative is either Longbeach or Pearl Harbor. I'd take their recommendation on that.

The one we have not talked about is Everett, and that's a problem.

What I wanted to do -- and I have not gotten any information -- just looking at the whole thing and with loose information that I have from background, why not use the existing Navy Yard we've got across the bay at Puget Sound Naval Base, and that's Bremerton?

MR. HANSEN: That is our next analysis.

MR. CLAYTOR: That's right. This is our next analysis.

I have not heard about this, so let's hear about it.

So, if you could get the CVN scheduled for Everett over at Bremerton and not build Everett, that's a big item.

Now, whether or not we can do that, I don't know. I sure did push awfully hard on saying that is the alternative that we certainly ought to push. Don't talk about putting it in Longbeach or putting it in San Diego, which already has a whole bunch of stuff there. But get it into Bremerton and see what happens.

Well, they said it couldn't be done but in the meeting they didn't have any real answers as to why it couldn't be done.

1 Now they've come up [illegible] hear what
2 they have to say.
3 MR. HANSEN: May I make the suggestion that we move
4 on and that we return back to a sort of strategic homeporting
5 vote?
6 MR. CLAYTOR: Yes.
7 [Slide]
8 CHAIRMAN EDWARDS: Let me just ask this. Are you
9 bringing us anything new or different on Hunter's Point?
10 MR. HANSEN: No.
11 CHAIRMAN EDWARDS: We dealt with that before.
12 MR. HANSEN: We have the charts and we will include
13 it in the package. It's just as Mr. Claytor said, the location
14 of where you put the stuff.
15 ADMIRAL ROWDEN: And there is the issue of the
16 drydock there, which we also addressed. There is a big
17 drydock there.
18 MR. CLAYTOR: We are not recommending to get
19 rid of the place or close the drydock. That's essential.
20 But that doesn't mean you build a new base there.
21 MR. HANSEN: We also have briefing charts on that.
22 Maybe we ought to just go through all of our charts and then
23 come back and summarize.
24 CHAIRMAN EDWARDS: Okay. But let's not overdo
25 the data.

MR. HANSEN: We're okay, I think.

The carrier battlegroup into Bremerton, as you would expect, is complicated. It is one of space. There are already some ships in there. The auxiliary oiler and ammunition ships -- four are headed in there or are already there.

We did two analyses. One assumes the four AOEs, the oilers, would have to stay and another assumes that we would have to find a new home for the oilers in order to get the carrier group in there.

The bottom line is technically you could do it. It would require land purchasing and lots of construction, movements of not only oilers but also mothballed ships and there would be negligible savings in O&M.

We also have dredged up the actual Environmental Impact Statement done by the Army Corps of Engineers for the whole. The Environmental Impact Statements, as we have learned, have to consider all of the alternatives in Puget Sound, and there were four or five alternatives, of which Bremerton was one.

At that time, the statement was that Bremerton was not a good choice.

In the interest of time, our own Colonel Yankoupe was in charge of the district that did this EIS stuff.

[Slide]

1 MR. HANSEN: Now, I would like to take these sort of
2 in order.
3 [redacted] BS
4 This chart may be a little hard to read. We are not
5 allowed to type secrets over here, so we have to take what
6 we can get. We will pass these out. This is the second piece
7 of classified information that I have passed out today,
8 notwithstanding our usual sensitive information.
9 [redacted]
10 [redacted]
11 [redacted]
12 [redacted]
13 [redacted]
14 [redacted]
15 [redacted]
16 [redacted]
17 [redacted] These oilers, of course, fill up the carriers
18 and, I assume, the airplanes that fly off of them and all of
19 that.
20 So, the options available from the strategic point
21 of view, for the Puget Sound, of course the closest place you
22 could put something is in central California.
23 [Slide]
24 MR. HANSEN: [redacted] BS
25 [redacted]

B-1

B5

[redacted]

So, the message from that is strategically, the Navy needs to be in [redacted] B5

GENERAL POE: For five and a half days.

MR. HANSEN: It will be a total of four from San Diego. They are inclusive, sir, and not additive.

B-1

[redacted]

[Slide]

MR. HANSEN: This is an analysis of the Environmental Impact Study that was done by the Army Corps of Engineers and what they said about [redacted]

They said in this study that the land area was inadequate, that the operational capability of interests was not acceptable. Preliminary construction costs were high. The location is a good site, but the community impacts would be high. I'm not sure -- what does [redacted] stand for?

ADMIRAL ROWDEN: [redacted] It's a maintenance term.

1 MR. HANSEN: Obviously, having them right next
2 to the shipyard is good for maintenance.
3 But the environmental considerations were you
4 would have to take 500 houses away from the community
5 and have a high amount of dredging.
6 [Slide]
7 MR. HANSEN: This is a general map of the
8 Bremerton shipyard area, showing in red what land would
9 have to be purchased.
10 [Slide]
11 MR. HANSEN: This is a map of the port and how --
12 wait a minute. I want the one that shows the AOEs.
13 [Slide]
14 MR. HANSEN: This is the way it would have to be
15 packed in to accommodate the four AOEs and the carrier
16 battlegroup, notwithstanding the critical problem, which is
17 the only time the carrier could go in and out of there was
18 at slack high tide. That is two hours every tide. Every
19 high tide there is a two hour slack. And, therefore,
20 four hours a day, at any given day, is the only time it
21 can move through this certain part of the thing and get
22 into Bremerton, which makes it less than operationally
23 a sound result.
24 The hash marks on this chart here show the areas
25 that have to be restricted for the industrial activities,

1 and, therefore, are off limits, if you will, to normal
2 ship operations.
3 So operationally this is not a good choice. It
4 was rejected as, I think, fourth out of the fifth options
5 back when the five options ere discussed, during decision-
6 making time -- in fact, after the decision-making time -- as
7 not a good option.
8 Therefore, the recommendation that we have is that
9 we do not relocate Everett to Bremerton, because of costs,
10 because of the crowding and operational problems with
11 Bremerton.
12 CHAIRMAN EDWARDS: Does anybody care to discuss
13 this?
14 DR. SMITH: Why would you have to acquire
15 additional land?
16 MR. HANSEN: For support facilities and housing.
17 DR. SMITH: For housing?
18 MR. HANSEN: Barracks, port facilities.
19 DR. SMITH: I mean, you put a carrier in there
20 now to overhaul it, with all of those people.
21 MR. CLAYTOR: No. The people go when you overhaul
22 a carrier, all except a skeleton crew. They would be
23 somewhere else.
24 DR. SMITH: The hospital, though is right north of
25 here?

1 MR. HANSEN: Right.

2 DR. SMITH: A brand new hospital?

3 MR. HANSEN: It is seven miles away.

4 DR. SMITH: Where are you going to have a hospital

5 for people if you put this carrier over there?

6 MR. HANSEN: The same hospital.

7 DR. SMITH: How far is it from Everett to the

8 hospital? Will they have to drive all the way around?

9 MR. HANSEN: There is a ferry service around that

10 sound.

11 DR. SMITH: How about the exchanges?

12 MR. BARRETT: There are also medical facilities

13 at Whidbey island, which are closer.

14 CHAIRMAN EDWARDS: I can't hear you, sir.

15 MR. BARRETT: There are also medical facilities

16 at NAS Whidbey Island.

17 MR. HANSEN: It is north of Everett on the West

18 side of the Bay. North of Seattle.

19 MR. CLAYTOR: Whidbey Island is up at the top,

20 that naval air station.

21 MR. BARRETT: Which is closer than going all the

22 way around the bay, all around the sound.

23 MR. HANSEN: And, of course, Sandpoint down

24 there, is one of our recommended closures, to consolidate

25 it with Everett, if we should do Everett.

1 DR. SMITH: I think this is a close call.

2 Mr. Claytor, you may know better than I, but it
3 appears to me that when you talk about having to build the
4 support facilities at Everett, that will be necessary to have
5 with that group. It's a major undertaking. You're going to
6 have to worry about hospital facilities. I don't know
7 what Whidbey Island has. I have not seen those. Somebody
8 may be able to enlighten us. But the Bremerton hospital is
9 a relatively new hospital, built within the last ten years.
10 It has in-patient care. You have the issue of commissary
11 and exchange and all of the rigorous support facilities that
12 I am sure have not been costed in any of the numbers that we
13 have seen so far because they were not costed in the original
14 homeporting option.

15 So I have to believe that the Bremerton option
16 might well be a more cost effect option if you take into
17 account all of those operating support costs.

18 MR. CLAYTOR: I think that is conceivable.

19 I don't see how, on the basis of the information
20 that we have -- and we have gotten everything I could get
21 quickly -- this this Commission, even Bill, who knows a lot
22 more about it than I do, he is much closer to it than I am;
23 I am tenyears out of date -- I don't see how we can say
24 that we are going to do that, that it would be better.

25 I personally think that if I were Secretary of the

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1 Navy and we went to work on this [illegible] gasket,
2 we'd probably find a way to do it. But I don't think we can
3 tell them they've got to do it because all the data is that
4 it won't work.
5 I don't think we can overrule that data. I don't
6 think there is any way we can do that.
7 MR. HOFFMANN: How does the cost data come out?
8 MR. HANSEN: If you continue at Everett, these are
9 the one-time costs. It's going to be $220 million. And,
10 if you go to Bremerton with a couple of ships setting
11 down to Seattle-Tacoma, it's $423 million, or $200 million
12 more.
13 There are contract termination costs and other
14 things.
15 ADMIRAL ROWDEN: What about the issue that Mr.
16 Smith brings up, which is the support facilities and so forth?
17 Are they or are they not included in the figures?
18 MR. HANSEN: The construction required at
19 Bremerton adds up to $325 million, and that is $70 million
20 for piers, dredging, with a small amount, supply and public
21 works building, admin buildings, barracks, roads, and the
22 biggest number of it is family housing -- 1,200 units --
23 and then land acquisition for the rest of the support activities
24 So they are not building any hospitals. It is
25 all waterfront ops or one step away, you know, supply-associated

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1 MR. CLAYTOR: May I ask one question? What are
2 they doing about family housing at Everett?
3 ADMIRAL ROWDEN: They go through those same items
4 in Everett.
5 MR. CLAYTOR: I don't think they have it.
6 MR. HOFFMANN: I don't think there is room for it.
7 I thought they were going to put those at Sandpoint.
8 MR. HANSEN: I don't have them in front of me, but
9 my belief is that they are not needed at Everett. The local
10 economy is depressed, and, therefore, there is plenty of
11 affordable housing.
12 MR. CLAYTOR: This is what Ev Pyatt said about
13 the Gulf and Everett, too -- i.e., that the places they
14 are putting these kind of operations, the economy is such
15 that there will be plenty of private housing built and
16 available. It's a depressed economy. There is plenty of
17 room, plenty of space, and the economy will provide the
18 houses. The Navy is not going to have to provide it.
19 Well, maybe so in some places, maybe not. I cannot
20 evaluate that statement.
21 But that is what they say.
22 Now, I'm not sure I understand why that is
23 necessarily okay, that you don't need to worry about family
24 housing at Everett, but you have to build it over at
25 Bremerton. Maybe there is a good reason.

ADMIRAL ROWDEN: I think I can try to shed some light on that.

If you look down on the left-hand side of Puget Sound, there are a load of naval facilities that they are starting with. There is Indian Island up at the north. There is the Underwater Engineering Station at Keyport, the submarine base at Bangor, which is a good sized installation, and Bremerton, which is a fueling thing at Manchester down there -- all loaded into the West side of Puget Sound.

I think the argument is that that saturates the Western side of Puget Sound. I have no data that says that, but that is the argument.

Conversely, on the right-hand side, there is Whidbey Island, which is somewhat straight up to the North.

MR. CLAYTOR: It's way up.

ADMIRAL ROWDEN: There is the installation at Everett, and a relatively small installation -- I think that is correct -- at Sandpoint.

So the predominant presence is on the Western side of Puget Sound, not on the Eastern side of Puget Sound. Hence, the loading on the Western side and the unloading on the Eastern side. I believe that is the argument.

GENERAL POE: The housing at Everett is moot. There is no place for it.

MR. BARRETT: I would also like to point out that Bangor is still building somewhat.

GENERAL POE: The rentals at Everett are way, way down.

MR. BARRETT: Whereas if you can find a rental at Bremerton, it's very expensive.

MR. HANSEN: Well, environmental studies said they are going to have to knock 500 houses down in order to make room.

MR. BARRETT: That is because the piece of property they are looking at overlooks the bay. It's right there, with some old WW II housing, low cost, and it's falling down, plus some fill area. That's why they're talking about knocking it down.

CAPTAIN SELECT SZUTENBACH: The point is if we reduce the housing, we would exacerbate the housing problem, unfortunately.

MR. TRAIN: You would buy a lot of environmental problems in that area if you get in there. The Navy already has had environmental problems with the submarine bases. I remember. With the whole thing -- they are just buying a pack of trouble.

GENERAL POE: They have to leave the routes for the fish. Cays were built especially to allow the upstream movement of salmon.

CHAIRMAN EDWARDS: Do I hear a general conclusion that, whatever our druthers may be, we may not have a choice?

MR. CLAYTOR: That is my feeling.

GENERAL POE: I felt the same way sitting through it. It was very disappointing.

MR. CLAYTOR: That's right.

GENERAL POE: It was a pretty exciting, hard-nosed meeting, I'll tell you. But, when it's all or nothing, what I am concerned about is if we come down on the wrong side of a thing like this. We are liable to lose the whole ballgame.

That's the only thing that worries me.

MR. CLAYTOR: I agree.

CHAIRMAN EDWARDS: Any other comment on Everett?

[No response]

CHAIRMAN EDWARDS: Do you have something on Hunter's Point?

MR. HANSEN: Yes, sir. That's next.

[Slide]

MR. HANSEN: Hunter's Point, as you will recall, was a battlegroup. The planned cost was $85 million. While we had a local referendum that agreed to put in there a $2 million contribution, it was a close call and they are still having permitting problems to dredge, et cetera, et cetera.

1 We found a strategically acceptable alternative
2 and that has been further fleshed out. The plan would be to
3 send the battleship and two cruisers, which are the biggest
4 ships, to Pearl Harbor; one cruiser, two destroyers and
5 two frigates -- so that is one fairly medium sized ship and
6 four smaller ships -- to San Diego; and one cruiser -- again,
7 a medium sized ship -- to Longbeach.
8 The estimate for total construction at all three
9 of those sites would not exceed the $85 million already
10 programmed for Hunter's Point, and we would save $8 million
11 a year in steady state savings.
12 Our recommendation is that we also "close" that
13 homeport and shift the assets -- again, no land sale. The
14 Hunter's Point site is, if you will recall from our last
15 meeting, required. It is used. It is required, and if
16 you will, if things change and new homeports are required
17 for, you now, I think right now the consensus of the
18 Commission is that less ports will be required; but if
19 something were to change, Hunter's Point is an asset that
20 could be reconstituted without too much difficulty.
21 MR. CLAYTOR: Right.
22 CHAIRMAN EDWARDS: Any comment on Hunter's Point?
23 MR. CABOT: What else is on Hunter's Point?
24 MR. HANSEN: Hunter's Point has a small,
25 intermediate ship facility. But it has a drydock. It is

1 nuclear certified, and boy, those are hard to get.

2 MR. CABOT: That is obviously going to be kept.

3 MR. CLAYTOR: It is essential that we hold it,

4 but we don't need to build anything new there.

5 MR. HANSEN: Also, because it is not a fully

6 operating shipyard and it is nuclear, it will take anything

7 in there. It will take a carrier; it will take a battleship.

8 The most recent example is the Kitty Hawk -- was that the

9 one -- who ran aground.

10 ADMIRAL ROWDEN: No, that was elsewhere.

11 MR. HANSEN: Well, whatever, they did get a

12 ship in there on an emergency repair basis.

13 CHAIRMAN EDWARDS: Are these going to Pearl

14 Harbor?

15 MR. HANSEN: Well, not all of the big ships. Some

16 ships will go to San Diego.

17 MR. CLAYTOR: The battleship itself goes to

18 Pearl Harbor.

19 MR. HANSEN: The battleship, the lead of the group,

20 goes to Pearl Harbor. Strategically we were told the

21 operators love that. That gets that ship 2,500 more nautical

22 miles out into the operating area, and two cruisers with it.

23 They can constitute a battlegroup there out of what other

24 ships are already at Pearl Harbor.

25 The plan for the construction is to use Ford

1 Island, which, of course, was the home of the battleships
2 during World War II, or on Pearl Harbor Day.
3 The costs associated with the construction do not
4 include any of the already ongoing activities regarding
5 Ford Island. It is just for the pier and a few support
6 facilities.
7 CHAIRMAN EDWARDS: Anything else?
8 [No response]
9 CHAIRMAN EDWARDS: Does the Subcommittee have
10 a recommendation now?
11 MR. CLAYTOR: I believe you see our recommendation
12 there.
13 CHAIRMAN EDWARDS: Galveston?
14 MR. CLAYTOR: Galveston and Lake Charles over
15 to Ingleside; Hunter's Point split as he has described it;
16 and reluctantly say that we don't see how we can do anything
17 more.
18 CHAIRMAN EDWARDS: Any other comment?
19 [No response]
20 MR. CLAYTOR: It was a good try. We split a
21 gasket on this, I'll tell you that.
22 CHAIRMAN EDWARDS: Any objection?
23 DR. SMITH: Mr. Chairman, how are we going to get
24 at the decisions that we are going to be making here? Are
25 we going to do these kind of by consensus as we go along?

1 Are we going to reserve some time at the end to vote
2 these things up or down specifically?
3 I think we ought to take a look at where we end up
4 and go back and make some tough decisions.
5 I certainly respect Mr. Claytor's position and his
6 work on this. But it's going to boil down, I think, to the
7 Commission making some tough decisions based on gut instincts
8 that may not necessarily be supported by the data. And if
9 we can't agree to do that, we're not going to be able to do
10 anything significant.
11 But if we are going to do these things by consensus
12 as we go along, are we going to have the opportunity -- this
13 is what I'm asking -- to revisit them on a case-by-case
14 basis when we see where we are coming out?
15 MR. HOFFMANN: Let me say this.
16 There is one other angle here that I didn't close out,
17 for the GAO. They have done a lot of work on this homeporting.
18 They did that report that we looked at. While they indicated
19 that they could not sit down and look at our criteria and
20 one thing or another, I asked them if we get really hung up
21 on some individual issues, and I mentioned homeporting, was
22 there a chance we might be able to sit down with some of them,
23 with some of their experts, and at least look at some numbers.
24 It may be that if we could get one or two of those
25 folks, that would be worth doing over the lunch hour, if we

1 could get to them.

2 I think we ought to make that call right now and see

3 if we could do it, to just see what these numbers are.

4 I guess I am a little bit paranoid all the way around.

5 But when I look at these numbers and how far off we were to

6 start with, and all of a sudden you've got these kinds of

7 happy numbers here, which justify exactly where they want to

8 go, they've done such a slick job, based on the time and

9 working the time when we didn't have the bill, and then the

10 bill passes, you know, and everybody suddenly gets excited

11 and here we go, taking away our ability to wage a war of

12 attrition.

13 CAPTAIN SELECT SZUTENBACH: Sir, I would point out

14 that we did look at the GAO report and the costs.

15 MR. HOFFMANN: I understand that. But that was the

16 1986 report they had. They had a good head of steam. They

17 isolated some things. We now have some costs. They may have

18 done some additional follow-on that we have not had the benefit

19 of.

20 That might give us one or two clues or, you know,

21 justify a gut reaction that we could do something. That is

22 the only thing that I could think of at this point.

23 MR. CLAYTOR: We could find out, but I would be

24 doubtful that there would be anything they could give us that

25 we could use.

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1 MR. HANSEN: Sir, if I could have this slide
2 again --
3 [Slide]
4 MR. HANSEN: -- this is current. This was
5 1986, I believe.
6 CAPTAIN SZUTENBACH: Yes, December, 1986.
7 MR. HANSEN: This is the Corps of Engineers
8 estimate of construction, which is $375 million to $400
9 million, and ours is $400 million, or $300-something, I
10 think. They were in the same ballpark, the figures that we
11 have.
12 So we are right on target there, and not
13 surprisingly so, if the Environmental Impact Studies are
14 quite comprehensive and that one, being a 1986 study,
15 is not too outdated.
16 MR. HOFFMANN: By how many feet did you miss
17 the bridge in Philadelphia? I can't imagine that you
18 cannot redesign 25 feet into that sucker.
19 CHAIRMAN EDWARDS: Into a bridge?
20 MR. HOFFMANN: No, no -- into the carrier,
21 so you can get those masts down again and get them back up.
22 MR. BARRETT: I think that has been tried before.
23 The masts today and the amount of equipment on a mast
24 are much greater than it was when that was tried before.
25 ADMIRAL ROWDEN: The mast is an electronic tree

and it is all rife with wave guides and so forth. If you break that mast, you can almost guarantee that what you've got up on the top won't work.

MR. CLAYTOR: That's right.

ADMIRAL ROWDEN: It's a hell of a job getting up there when you are at sea, trying to get it fixed. The one thing you don't ever want to do is to break a mast in an operational sense because it won't work.

MR. CLAYTOR: I couldn't agree more.

CHAIRMAN EDWARDS: Hell, we build bridges down in our part of the country high enough to let those little old shrimp boat masts get under there, for the same reason.

ADMIRAL ROWDEN: You can't hinder them.

GENERAL POE: Around here we open them up and stop all the traffic.

[General laughter]

MR. HOFFMANN: So how many feet did we miss by?

MR. HANSEN: Our understanding is that these already assume some limited -- maybe the antenna actually drops, but the mast itself does not.

CAPTAIN SELECT SZUTENBACH: This (indicating) is actaally 250. It got down to 215. They actually reduced the masthead here (indicating). The same here (indicating). They reduced the masthead already on the carrier down to this figure here (indicating). And here,

1 at the center line of the channel, at the Delaware
2 Memorial Bridge, it is 192 feet, sir. At the center
3 line of this bridge (indicating), it's basically 192 feet.
4 MR. HOFFMANN: And you have to clear both of them
5 so the pacing item is the 191.
6 MR. HANSEN: We also have a channel depth problem,
7 too. In all ships, there is a channel depth problem.
8 MR. HOFFMANN: But you can dredge.
9 MR. BARRETT: You also have an impact in trying to
10 operate and trying to put a homeported carrier in an operating
11 shipyard. It's the same thing you have in Bremerton. The
12 pier facility for carriers in Philadelphia is in the
13 shipyard, in the industrial area.
14 MR. HOFFMANN: I am just relying on my Brother
15 Claytor.
16 MR. CLAYTOR: Well, don't rely too much.
17 MR. HOFFMANN: You know, that was a hell of a
18 thing. Right across from Independence Hall, you can see
19 history calling us to do this, and all we have to do is
20 to find, you know, about 23 feet -- 23 feet.
21 MR. CLAYTOR: Well, you don't want to try to
22 lower your radar masts. You don't want to lower it because
23 that lowers your range.
24 MR. HOFFMANN: You don't want to lower it permanently
25 But I cannot imagine that this is an engineering problem

1 that is insoluble.

2 CHAIRMAN EDWARDS: These guys are the Army team.

3 MR. HOFFMANN: We lower all kinds of things to load
4 them in airports, and then we reinstate the thing and off
5 we go.

6 General Starry once designed a helicopter that
7 missed by about 14 inches. He went back quickly and did it
8 over and it was nothing. You have a mast on top of a
9 helicopter.

10 CHAIRMAN EDWARDS: Are there any other comments?

11 [No response]

12 CHAIRMAN EDWARDS: To answer your question, I think
13 what we should do is what we have been doing, and that is
14 to approve whatever we are going to approve on this. When
15 we get through with the whole package, Jim, we will then
16 come back and look at the whole package -- not, I urge,
17 to nit-pick it to pieces again, but the answer is yes, we
18 should take a final vote on the package as a Commission.

19 MR. CABOT: But this is the time for item-by-item
20 study, is that what you are saying?

21 CHAIRMAN EDWARDS: Yes.

22 I put now the question on two Gulf ports and
23 Hunter's Point to you.

24 [Ayes]

25 CHAIRMAN EDWARDS: For some obvious reasons, I

would like to be recorded as abstaining.

MR. CLAYTOR: Okay.

CHAIRMAN EDWARDS: What is next?

MR. CABOT: What about Brooklyn?

MR. HANSEN: Brooklyn and Sandpoint would fall under the category of most bases we have previously discussed, which is we have a general consensus to put them on our list for a final vote this afternoon. So you will see them on there this afternoon.

We are not going through everything we have ever talked about here. These are new analyses here.

CHAIRMAN EDWARDS: What's next now? Memphis?

MR. HANSEN: Memphis.

[Slide]

MR. HANSEN: Memphis, as I said earlier, was one of our ideas that gee, maybe we could come up with something and someboth threw a Memphis on the table.

Memphis, in fact, turns out to be a poor choice. It was a nice big one. It has over the last recent years had all of the aviation, or enlisted personnel aviation training consolidated into it from four or five other locations. It is a shining example of doing the right thing that this Commission is trying to do. For whatever reason, we, unfortunately, put it on an analysis list.

GENERAL POE: I will tell you the reason we put it

on the analysis list. It's because we didn't have anything else to look at.

MR. HANSEN: Yes, sir.

GENERAL POE: That's the reason we put it on an analysis list. Maybe we should have looked at the places the stuff came from. But we don't know. We never got that information.

MR. HANSEN: I agree. I think it was our idea to put it on the list, not the Subcommittee's at all.

GENERAL POE: And I commend you for putting it on. At least it gave us something to look at.

MR. HANSEN: We looked at two options here. It basically has two major functions. The major function, again, is the enlisted training, which does not involve flight operations. So, there were flight operations there for the Navy and Marine Corps Air Reserves. So we looked at closing the whole base and we looked at closing just the flight operation part of it. But none of them would pay back due to the attendant construction costs.

I think that just confirms lessons that I think we have learned over and over again, that if there is not an excess capacity there to move into without much construction, the six year payback just kills you every time.

So, our recommendation is that it was a good try but it didn't work.

1 CHAIRMAN RIBICOFF: Any questions?

2 [No response]

3 CHAIRMAN RIBICOFF: All those in favor, signify

4 by aye.

5 [Ayes]

6 CHAIRMAN RIBICOFF: Continue.

7 [Slide]

8 MR. HANSEN: Next is the analysis you asked for

9 on the recruit training centers.

10 The original charge to the Navy on this was to

11 consolidate all recruit training into Orlando and consolidate

12 all the, what's referred to as A School training in Great

13 Lakes, and to close San Diego.

14 Eventually, we told the Navy that they didn't have

15 to move all of the A School training out of Orlando and

16 incur the costs associated with that if that was not a good

17 idea.

18 So, the final outcome was all recruit training to

19 Orlando, most A School training to Great Lakes, with the

20 Nuclear Propulsion A School staying at Orlando.

21 The analysis showed, the detailed analysis we did

22 showed that we would not require any land to do this, but

23 we would require some significant construction.

24 The training levels at Orlando would move from

25 30,000 recruits a year to over 100,000, with the attendant

1 cost increase associated with that to build barracks, et
2 cetera, et cetera.
3 Now, the Great Lakes barracks are not in good
4 condition and they are of the style used for recruits. There
5 is some privilege in rank when you get to the A School level,
6 and you are expected to have a little bit better barracks
7 situation, plus there was the cost of moving the training
8 apparatus associated with all that. The A School training
9 load would rise 2.5 times.
10 Consequently, with high construction costs, even
11 though we have high land value, they just would not pay back.
12 We would achieve some steady state savings. But
13 the payback is high.
14 Now, the land value is valued at the highest and
15 best use, fair market value for San Diego. However, with the
16 property sitting just on the other side of Lindberg Field in
17 San Diego, the odds of us, of the Department, getting any
18 proceeds of the sale of this land are slim to none.
19 MR. CLAYTOR: It's about zero.
20 CHAIRMAN EDWARDS: Is there any comment?
21 MR. CABOT: We also were talking about the
22 Marine recruiting, weren't we?
23 MR. HANSEN: Yes, and more on that later. It's
24 coming.
25 MR. CABOT: It seems to me they have something

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1 to relate to each other.

2 MR. HANSEN: Yes, sir. They are right next to

3 each other and they are both on the other side of Lindberg

4 Field.

5 MR. CABOT: Why don't we talk about that before

6 we decide how we feel about this?

7 DR. SMITH: Could we see the numbers on this?

8 I just can't believe that we cannot make this thing pay back.

9 What are the numbers?

10 MR. HANSEN: Land value was valued at $550,000 an

11 acre.

12 DR. SMITH: Well, the costs of construction

13 apparently are what is driving you to say that you can't

14 make it pay back.

15 MR. HANSEN: Yes.

16 Where are those construction costs?

17 [Pause]

18 CAPTAIN SELECT SZUTENBACH: The construction is

19 a little over $500 million.

20 MR. HANSEN: Okay.

21 What we did also on our model was we used

22 sensitivity analysis in a lot of these because we were

23 skeptical about the number. So we would do things like

24 increase the land value, double and triple it, halve the

25 construction costs, do both. Our initial figure, if the

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1 Subcommittee remembers, I thi[illegible] was a 179
2 year payback.
3 We can get it down to 20-plus, but we can't
4 get it down to six.
5 GENERAL POE: Did you look at the square feet of
6 construction and the cost per square foot, and what the
7 square feet are that are being used now?
8 MR. HANSEN: The cost per square foot is a fixed
9 figure in our model. So the square footage needs -- yes,
10 we did look at it to compare those with what they had.
11 GENERAL POE: Is there any excess square footage
12 where you are going?
13 MR. HANSEN: No.
14 CAPTAIN SELECT SZUTENBACH: You do utilize what is
15 there. When you move the recruit folks into Orlando,
16 you then move the service schools into the spaces vacated
17 in Great Lakes.
18 GENERAL POE: Is there any excess? You know,
19 $500 million is the kind of thing that I used one time,
20 not very long ago, to build a whole damned air base.
21 DR. SMITH: That's right. That's exactly the
22 point -- $500 million is a ridiculous amount of money.
23 MR. HANSEN: Well, air bases now I think are
24 around $1 billion.
25 CAPTAIN SELECT SZUTENBACH: One to two billion.

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GENERAL POE: I am [illegible] runways in all of that. I am talking about the support areas, maintenance administration, and support.

MR. HANSEN: Yes. There are barracks and classroom construction required at Orlando to increase the student load from 30,000 to 100,000. In fact, the figures show here the increase in training at Orlando from 30,000 to 100,000 is more than triple; the increase in student construction required is just barely over double. So there wasn't as much construction as there was an increase in load. So that looked reasonable to us.

The problem with the barracks at Great Lakes was that for the student population who are there, they are of higher rank, they are there longer, they are expected to have a better accommodation. Therefore, rehabilitation of existing barracks was required, instead of being able to move in without cost.

ADMIRAL ROWDEN: At the recruit training command, there are thousand-man barracks. There are, I think, 14 or 20 of them, something like that.

The argument is to put petty officers going to A School and technical training in those, where their brothers are across the way, in either individual man-rooms or two-man rooms. It won't wash. So that is the concern about that.

1 MR. CRAIB: What happens during a mobilization
2 period if we put 100,000 currently in Orlando and we have to
3 train 150,000 or 200,000?
4 CAPTAIN SELECT SZUTENBACH: We are in trouble,
5 then.
6 MR. CRAIB: We don't have any capacity at all?
7 CAPTAIN SELECT SZUTENBACH: No, sir, we don't.
8 MR. HANSEN: Even taking the land value of
9 $550,000 an acre and reducing the construction costs by
10 43 percent, or almost half, we can just squeek it in at
11 six years. And we have no valid basis to do that. That's
12 just a sensitivity analysis.
13 But those are pretty significant changes in data
14 provided to us, which, on the face of it, appear reasonable.
15 We still just are screeching in on the payback.
16 I would point out again that the Department would
17 never see a penny of that $220 million in land proceeds.
18 MR. CLAYTOR: That is for sure.
19 DR. SMITH: What are the steady state savings?
20 How many civilians are reduced? How many people are
21 reduced? What is the annual saving?
22 MR. HANSEN: We have the annual savings at
23 $11.5 million.
24 DR. SMITH: What is the annual cost?
25 MR. HANSEN: I don't know that figure. I don't

1 think we know the annual operating costs of any base, to be
2 honest with you.
3 CAPTAIN SELECT SZUTENBACH: Well, the model has a
4 figure in it.
5 MR. HANSEN: I mean that I just don't have it in
6 front of me.
7 MR. CABOT: It is a big base, isn't it, San
8 Diego? I'm sure it costs more than $12 million a year to run.
9 That $12 million just doesn't sound like very much money.
10 MR. HANSEN: We will find out what the operating
11 cost of San Diego is, if we can.
12 CAPTAIN SELECT SZUTENBACH: The reason is, sir,
13 you are not really losing too much. You are taking a
14 structure, you are taking a facility, a base, and, to a
15 large extent, superimposing it on another base. You are not
16 closing down all of San Diego and walking away from all
17 the facilities. So you just don't save all the money that
18 you would by doing that.
19 Yes, you have to build in Great Lakes. We have
20 a much larger plan account there. You have to build in
21 Orlando. You have a much larger plan account there. So
22 your costs go up.
23 There are savings in the public works areas
24 and supply support. You do get some savings there because
25 there are economies of scale.

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1 MR. HANSEN: But I doubt very much you would get
2 much economies of scale in the actual permanent part of
3 your instructors, much economies of scale in classrooms,
4 because they are being fully utilized now.
5 So if you save 10 percent, 20 percent, or 30 percent
6 on the base operating costs of an installation and the
7 installation costs you $30 million, $40 million or $50 million
8 to operate, then $11 million is not too hard to, you know,
9 it might be that it's $20 million, but it won't pay back,
10 based on the construction costs and all that.
11 DR. SMITH: Mr. Chairman, I have trouble with
12 these. If $200 million is the right number for new
13 construction, and they said it might be, and we get
14 $200 million for the land, you're going to save $12 million
15 a year. You've got savings from Year One.
16 I don't understand why this does not pay back.
17 I think this is another example of an opportunity where our
18 gut feel is that if you close down a base and consolidate
19 training, you ought to save money. We are making the numbers
20 say what we want them to say.
21 You know, if it's $500 million for construction,
22 which I doubt, and $200 million you'll get back, and you're
23 going to save $12 million a year, you'll never get there.
24 But if the construction is $200 million a year and you
25 get $200 million for the real estate, that's a wash from

1 Year One. They you start saving in the first year,
2 $12 million -- if the $12 million figure is right. And I
3 can't believe that the net effect of this is not substantially
4 higher.
5 So I just am concerned that we are not getting
6 something that is going to do us any good. If we are
7 going to follow what Mr. Claytor has suggested, that we
8 can't do something if we don't have the numbers to back us
9 up, we're going to end up doing nothing because we are not
10 getting numbers to back up anything.
11 We are going to have to make some gut judgments
12 here as to what makes sense and what does not make sense.
13 You know, we are wasting our time if we are expecting
14 to come up with numbers that are going to justify something.
15 We are not going to get there.
16 MR. HOFFMANN: But I think we are constrained
17 to use some kind of number.
18 MR. CLAYTOR: That's right. Under the statute,
19 you have to.
20 MR. HOFFMANN: Our mandate says you have to do
21 this, you have to do that.
22 MR. CLAYTOR: That's the problem.
23 MR. HOFFMANN: Now, I hope we are clear and we
24 have a good justification for picking up a land value like
25 that, notwithstanding whether or not ultimately we concede

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1 that the DOD is going to get it.

2 There is a cash flow problem because I think we
3 have seen examples where the DOD has said to go and spend
4 this money to get other facilities. So we ought to get
5 credit for the money if it goes to the City of San Diego,
6 or something.

7 But, you know, the other thing that is frustrating
8 is here is a case where just as sure as we are all sitting
9 around this table and civil aviation is growing, and all
10 these things, that facility is going to get pushed off that
11 piece of land. Costs or no costs, it is going, because
12 its value is infinite. There is not any more land out
13 there. There isn't any other way to go with that airport.

14 MR. CRAIB: Well, there is an alternative to the
15 airport. If the City of San Diego or the Port Authority
16 took over both the San Diego Marine Corps Base and the
17 Navy Training Station, it would only provide interim
18 relief because then the runways would be right up next to
19 some very high value property on Point Loma. So that is
20 about a ten year or a twelve year relief, and, ultimately,
21 they are going to have to go down to the Otay Mesa, and that
22 is right along the Mexican border, unless we give them
23 Miramar, and that is out of the picture now.

24 The land value here, the size of the Navy Training
25 Station is larger than MCRD and the numbers I had on MCRD

1 were closer to $400 million of va

2 MR. HANSEN: There are a couple of other things here.

3 There is navigational training at San Diego, which is

4 assumed to stay because of its association with the port

5 there. There are 320 acres of the land, or 60 percent of it,

6 that is donated by the state for the Naval Training Center,

7 with, therefore, potential legal ramifications about its

8 reversion. There is the already stated interest of the FAA.

9 We have received a letter from them saying they want that

10 for airport expansion.

11 My personal position on that is -- not that I

12 get a vote -- that the Department will never see a penny,

13 and all that will happen is you will incur costs on that.

14 MR. HOFFMANN: That may be the real world. But

15 for purposes of our numbers, if you start trying to

16 approximate where we are actually going to get the cash

17 from the list that we have, I think you are in serious

18 trouble.

19 What I am stating now, Mr. Chairman, and I am

20 serious about this, is I hope we have developed a rationale

21 that we are going to put in our report as to why we are

22 picking this number, as to why we are taking credit for the

23 fair marketing value of that land.

24 MR. HANSEN: Yes, sir. That is in the report.

25 MR. HOFFMANN: We need to really have a very

justifiable basis for that because that [illegible] Achilles Heel.

CHAIRMAN EDWARDS: Any other comment on this subject?

[No response]

MR. HANSEN: I just had a note given to me regarding the mobilization surge capability, you know, bringing down, in a sense making two out of three. It just takes all of the capability to surge out for wartime. It maxes out both places.

CHAIRMAN EDWARDS: Let me just comment here.

Many of you have known Congressman Bill Nichols of Alabama. He was just found dead in his office.

[Discussion off the record.]

CHAIRMAN EDWARDS: Okay, what is next?

MR. HANSEN: I hesitate to proceed with this sad news.

[Slide]

MR. HANSEN: Naval Air Station Brunswick. You asked us to run this through the model to see if it would pay back.

CHAIRMAN EDWARDS: Excuse me. I wonder if it would not make more sense to look at MCRD.

MR. HANSEN: Yes. I'm sorry. You had asked us for MCRD.

To summarize, I think the final issue that

needed to be resolved about the recruit depot at San Diego was our analysis of two weeks ago showed that the main reason we could not put San Diego into Camp Pendleton just down the road, where it does some of its training, was a severe shortage of water in the area.

The Commission asked us for additional information on the water situation at Camp Pendleton.

[Slide]

CHAIRMAN EDWARDS: Excuse me. It may be that it would be in order here to say this.

We have received a letter from General Gray, commenting on these subjects. It may be in order to put that letter into the record at this point.

[The information referred to follows:]

DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380-0001

IN REPLY REFER TO
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LFL/B-177
22 Nov 88

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MEMORANDUM FOR THE DEFENSE SECRETARY'S COMMISSION ON BASE REALIGNMENT AND CLOSURE

Via: Office of the Secretary of the Navy, Washington, DC 20350-1000

Subj: MULTIPLE RELOCATIONS AND/OR CONSOLIDATIONS

Ref: (a) Commission ltr of 17 Nov 1988
(b) Phase One input of 1 Sept 1988

Encl: (1) Relocation analysis of MCRD San Diego to MCB Camp Pendleton
(2) Consolidation analysis of MCRD San Diego with MCRD Parris Island
(3) Relocation analysis of MCAS El Toro to MCAGCC Twentynine Palms
(4) Relocation analysis of MCAS El Toro to George AFB
(5) Closure analysis for Camp H. M. Smith
(6) Regional Military Airfield Analysis

1. Enclosures (1) through (6) are provided in response to your reference (a) inquiry for more information. The master plans also requested will be delivered directly to your staff.

2. I am concerned and disappointed with what appears to be the Commission's new direction. The multiple options of realigning MCAS El Toro and MCRD San Diego, and outright closure of Camp H. M. Smith, do not appear to be directed at base structure efficiency. Rather, it appears that high real estate prices outside our gates is leading to considering a trade off between development value and military mission capability. I can only draw this conclusion since I believe our previous input (reference (b)) fully supported the efficiency and mission supportability of our bases. I note also that your staff apparently agreed with this, as we were told that we did not have to participate in the Phase Two cost model evaluation.

3. The Commission's charter fairly addressed the need to review base structure to eliminate inefficient and under-utilized installations. Our respective staffs spent a great deal of effort in documenting the Marine Corps' lean and effective base structure. The importance of supporting our central concept of the Marine Air Ground Task Force has been provided in verbal testimony and in writing. This flexible and efficient base structure has evolved over time to meet our needs for a fully trained combat ready force. Our supporting base structure is the result of conscious professional planning decisions, unencumbered by politically driven mandates. Our goal is to continue this practice.

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4. I believe the Commission's current line of examining the Marine Corps, particularly as it pertains to "high value" property, is a mistake. While real estate values are important to consider once a base has a deficiency in utilization or efficiency and is considered for closure, I believe mission support and not relative value to be the central concern.

5. Any of the proposals under study represents a severe long term net loss of mission support to our forces. Existing public discount allowances required by law absolutely guarantee none of these properties could be brought intact to public sale. Any attempt to do so would undoubtedly result in litigation similar to that on behalf of the homeless, which at the moment has resulted in an injunction against all Federal disposal actions. These proposed actions would result in diminished mission support capability, while we attempt to reestablish military capabilities under extremely limiting fiscal, environmental, legal and political limitations at other less capable locations.

6. If I thought there was even a fair chance of increasing our base structure efficiency or effectiveness, I would be encouraging the Commission to pursue these options. However, there will be no savings generated through any of the options studied. If all of the moves were implemented, it would result in an expenditure for construction alone of over $2.5 billion. Moving MCRD San Diego to either MCB Pendleton or MCRD Parris Island provides no payback and leaves the Marine Corps with a loss of mission capability. Similarly, moving MCAS El Toro to George AFB or MCAGCC Twentynine Palms would be extremely expensive and result in less aviation mission capabilities in either location. As important, a move to MCAGCC Twentynine Palms would preclude the command from continuing its primary mission of supporting our Combined Arms Exercise program and other necessary Marine Corps and joint fire and maneuver exercises, which are essential to our training doctrine and resulting combat readiness.

A. M. GRAY
Commandant of the Marine Corps

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CHAIRMAN RIBICOFF: What does it say?

DR. SMITH: Is there a copy?

MR. CRAIB: It says the Commission is operating beyond its charter in considering high values when reviewing the possibility of a base closure.

CHAIRMAN EDWARDS: Both Gray and Marsh have really taken us to task as far exceeding our charge.

[Discussion off the record]

MR. HANSEN: The question there really was linchpinned around the issue of the water shortage at Camp Pendleton. Here are the statistics that we have.

There have been numerous studies of the water problem at Camp Pendleton, many of them because of their unique problems. But also Southern California has a unique water problem. They have viaducts that already bring water from Northern California down to Southern California. They were the sole or almost the primary user of the Colorado River, and they lost that, or a good portion of that, to the State of Arizona legally a few years back.

So this is a very heavily studied activity.

Basically, the availability of water at Camp Pendleton is 11,480 acre-feet per year.

SENATOR EAGLETON: What does "safe yield" mean?

MAJOR CRESWELL: It means when you are drawing down on the water supply, which is underneath the ground,

1 if you draw down on it too much, you get salt water
2 intrusion. You basically damage the aquifer underneath. So
3 you have to draw it down only to a certain level each year.
4 MR. HANSEN: Right.
5 Currently, Pendleton is using 9,400 acre-feet and
6 during mobilization would require 15,300. However, Camp
7 Pendleton, as you can imagine, has a severe shortage of
8 affordable housing. That is one of the most high cost areas
9 in the nation, and, therefore, there are plans to build
10 new housing there, which will increase the peacetime and
11 mobilization loading to, in fact, right up at or actually
12 exceed the safe yield.
13 The recruit depot in San Diego, if it were moved
14 to Pendleton, would require almost another 2,000 acre-feet.
15 So, as I said, there has been a lot of planning
16 tried. The Marine Corps has gone to Congress almost annually
17 for the last 20 years, trying to get a dam built, called the
18 Santa Margarita Dam. They have not succeeded, for a variety
19 of reasons, not the least of which is the cost of building
20 the dam. But there is also a lot of environmental concern
21 about flooding of areas that are habitats for endangered
22 species.
23 So, as we mentioned before, the Marine Corps
24 has an outstanding water conservation effort. We were told
25 they use every bit of water seven times before they send it

1 back into the aquifer. And they are going to improve that,
2 they think, by about 750 acre-feet a year by 1993, to get
3 back under that safe yield.
4 However, there are still problems for the whole of
5 Southern California. As I mentioned, there is the Colorado
6 River and intra-California political battles over water,
7 and the area is growing by leaps and bounds outside the
8 gates. Consequently there is more water usage in the whole
9 area, some of which is up-aquifer, if you can have a
10 term like that, or upstream from the water there. So there
11 is just no room for expansion, based on water, at
12 Camp Pendleton.
13 MR. CABOT: Doesn't San Diego also have a water
14 problem?
15 MR. HANSEN: It's not as critical as this.
16 MR. CABOT: Why not?
17 MAJOR CRESWELL: It is purchased water.
18 Camp Pendleton relies solely upon its ground
19 water source. It has no pipelines or anything to bring
20 water in from the outside.
21 Our point on number three here, water importation,
22 is that we are currently looking at importing water, building
23 a pipeline. But even if we built a pipeline, there is no
24 guarantee that we are going to be able to purchase the water
25 to put in it.

1 MR. CABOT: How far is Pendleton from San Diego?

2 MAJOR CRESWELL: It's 40 miles north.

3 MR. HANSEN: It's about an hour, or an hour and

4 a half with traffic.

5 CHAIRMAN EDWARDS: The water numbers by and

6 large are numbers based on studies that are done in the

7 region and not necessarily military numbers. Is that right?

8 MAJOR CRESWELL: The study was just completed.

9 This is a September, 1988 study, and I took the numbers

10 right out of the study.

11 CHAIRMAN EDWARDS: It was not a miltiary study,

12 then?

13 MAJOR CRESWELL: No, it's not. It's a contracted

14 study.

15 What happened last year, or with the Fiscal 1988

16 funding, is the Senate approved the dam project and the

17 House disapproved it, basically with the direction for the

18 Marine Corps to go back and analyze its water requirement

19 and other alternatives besides the dam. Out of that

20 came this study here, which basically says that the dam

21 is not cost effective; it has too many environmental

22 problems and you have to look elsewhere.

23 The two "elsewheres" are water conservation,

24 which you are not going to be able to net much on,

25 because we have already done significant water conservation

already, and the other is to import water.

The study recommends that we begin looking at that as an alternative to import water. But then it lists all the disadvantages of the political problems in California, all the legal battles which have to be won, which have been fought for years over acquisition of water rights and all the rest of that stuff.

So we are pursuing importation of water, but we don't know whether it is going to be successful or not.

MR. CABOT: Was desalinization studied?

MAJOR CRESWELL: Desalinization is an effort that is being looked at all up and down the coast. It was recommended in here as not operationally feasible because all of our shoreline is operational for combat and amphibious landing and training. There is no way you are going to be able to put a 150 acre or more site in any of the operational areas, because we already have significant acreage taken out for endangered species habitat. Seven miles of our coastline belongs to the State of California for park and recreational use. We have a nuclear plant on our coastline.

We basically have saturated our coastline and can't take anything out operationally.

Camp Pendleton is probably one of the most encroached spaces in the United States. But in the interior

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of the base is the best training anywhere in Southern California. You are trying to protect that training against all of the encroachment pressures all the way around.

MR. CRAIB: And during mobilization, all of the Reserves move into Camp Pendleton and utilize more space than they have.

MAJOR CRESWELL: Yes. The mobilization numbers represent a doubling of the number of people because the Marine Corps would mobilize and the staging area would be at Pendleton.

MR. CABOT: How many acres did you say a desalinization plant takes?

MR. HANSEN: It's 150.

MAJOR CRESWELL: Yes, it's between 100 and 200 acres, depending on the kind of slopes and everything else you have.

Again, it isn't the number of acres; it's the fact that you are smack dab in the middle of a training area, again. You are severing one of your operational beaches.

We just went through the exercise four years ago of finding a place for the LCAT facility on the shoreline. That basically was our last available place. It was right next to our communications area, just north of the endangered species area.

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1 MR. CRAIB: That is a landing craft air cushion,
2 Doug. I went out through the surf there.
3 MR. HANSEN: The key is the Marine Corps mission
4 of over-beach assault, and they need to train there. They
5 have already had more than half of it whacked away for
6 various reasons. Their training is not very realistic as
7 it is right now. They always seem to land on the same
8 beach. They run up the same gulley underneath the freeway
9 and then try to pretend they didn't see all of the same
10 things they have already seen, that they always see,
11 when they train. It is not the best of situations.
12 CHAIRMAN EDWARDS: Is there anything else on
13 Pendleton?
14 MR. HANSEN: Essentially a recruit depot is
15 what this is.
16 MR. CRAIB: I visited the [redacted] last
17 Friday and would confirm basically the information that
18 we have here. Currently, MCRD handles about 55 percent of
19 the recruit training. During a major surge or mobilization,
20 they would have to take care of 75 percent of the recruit
21 training. They spend a few weeks up at Pendleton for
22 weapons and some field training during the eleven week
23 recruit training phase.
24 But I agree with the staff's recommendation on
25 this. I do not think we are in a position to close it.

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CHAIRMAN EDWARDS: All right. What is next?

MR. HANSEN: Does that take us back to the Naval Training Center at San Diego?

CHAIRMAN EDWARDS: I think so. I mean, frustration cannot change what you are telling us.

MR. CLAYTOR: That's right.

MR. CABOT: So we are not going to change anything to do with the Navy or the Marine Corps at the San Diego area?

MR. HANSEN: That is our recommendation.

MR. CLAYTOR: That's correct.

CHAIRMAN EDWARDS: Okay.

MR. HANSEN: Next is Brunswick.

[Slide]

MR. HANSEN: You will recall that we were asked to run the possibility of Brunswick through the model. We had already discussed the operational problems associated for the Navy in operating out of Brunswick. But we wanted to see whether it would pay back.

We were told the land value was valued at $17 million. Loring had some space to take some aircraft, 12 aircraft, on -- I'm not sure on what side of it it is. But it is basically a standard air force base, with everything built on one side of the runway.

They have a little space at the end of the runway

1 for 12 aircraft, but no buildings or anything to support
2 them.
3 The Navy needs, then, to construct for another 50,
4 and the place to do that would be on the other side, and,
5 in essence, create the operational capability on that side
6 to house a small naval air station.
7 Construction costs were estimated at about
8 $160 million, which, for operational, and pavements, and
9 supply barracks, administrative buildings, et cetera,
10 again, I don't believe are excessive at all.
11 Then we did a sensitivity analysis, again, on the
12 numbers, doubling the acreage value and reducing the
13 construction and personnel savings. If we double the
14 acreage and reduce the construction costs, we can squeek
15 it in to five years, or six years.
16 CHAIRMAN EDWARDS: Would you go through that again.
17 MR. HANSEN: What I am talking about is a
18 sensitivity analysis. We are told it's $160 million in
19 construction, some savings in operational.
20 CHAIRMAN EDWARDS: If you go to Loring?
21 MR. HANSEN: If you go to Loring -- but that the
22 numbers that we've received would show a 20 year or more
23 payback.
24 Then you just say I don't believe them, and you
25 say what if you double the land value, what if you take

1 out some of the construction. We don't have any real basis
2 for doing that. We're just finding out what happens. We
3 are referring to that as a sensitivity analysis.
4 If you do that with the Loring case, if you double
5 the land value and you take out 10 percent, that is, if you
6 increase personnel savings by another 10 percent, decrease
7 the construction costs by another 10 percent, you can get
8 it under six years.
9 But, again, we'd just be saying no, you don't
10 need that much without a basis for it, or that we have,
11 anyway.
12 I don't think $160 million to create the
13 operational capability on the other side sounds excessive.
14 Other points that are made are that the Navy's
15 operational from Loring would be significantly less conducive
16 to their job than they would be staying at Brunswick.
17 CHAIRMAN EDWARDS: Does anybody know whether
18 there will be a different method of operating once the
19 LRAC is in the Navy Air Force? That's the successor to the
20 P-3.
21 COMMANDER MILLER: Yes, it is the successor to
22 the P-3. They would be in some extended range, I believe,
23 Mr. Chairman.
24 MR. HANSEN: Which might take care of that
25 band, if you recall.

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The weather there is a problem for them, doing visual flight operations, which is, that is normal training for them is restricted, due to snow conditions.

This is a case where your cost of operation of the base actually increases. Well, Loring is a more costly base to operate than Bruswick. We have known that all along. You have to use extraordinary measures to keep the runway open and stuff like that, in cold weather.

ADMIRAL ROWDEN: Did you consider the staging of the new construction ship crews, ships that are being built at Bath Iron Works, through Brunswick? Was there any consideration of that?

MR. HANSEN: No.

ADMIRAL ROWDEN: We stage our crews through Brunswick for housing and for administrative support while they are reporting to ships under construction at Bath Iron Works, which is about 10 or 12 miles away. It is a useful base from that standpoint there.

What the results of that would be would be to either drive up the construction costs, because one would put it in the contracts, or one would have to find housing for it. It's more than a convenience item because of the weather and that sort of thing. There are some considerations in regard to that.

MR. HANSEN: I am just trying to see what kind of

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1 construction requirements they had. They did have a
2 significant amount of money for construction for troop
3 housing and messing. My guess is they would have to take
4 care of that at Loring.
5 MR. CABOT: Why is there any payback on this
6 move if it costs more to operate Loring than it does where
7 they are now?
8 MR. HANSEN: There isn't.
9 GENERAL POE: Well, you still have to clear the
10 runway at Loring. They have a conventional work area
11 they are building. They don't sit up there with six feet
12 of snow on the runway. They clean the runway every day
13 when it snows.
14 MR. CABOT: Yes. So that is not an incremental
15 cost.
16 GENERAL POE: You have some additional taxi areas
17 to clear.
18 MR. CABOT: You are going to have to move most of
19 the Navy staff and everything else up there to Loring
20 if you close Brunswick.
21 So what does the saving come from?
22 MR. HANSEN: It is economies of scale. My point is
23 there were lesser economies of scale because of your cost
24 of operation.
25 GENERAL POE: One fire department, one security

organization, that sort of thing.

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MR. BARRETT: One of the additional costs that were addressed is currently they fly from Brunswick to the range of the Bahamas and back in one flight. If they move to Loring with the existing aircraft, it would require them to spend RON in Bermuda, which then raises your TAD costs, which they estimate at another $100,000 a year. So we are talking about increased costs. That is one of them.

The other is that you are flying further, which is increased fuel costs.

MR. HANSEN: Yes, $3.5 million in fuel to get to the patrol area.

MR. BARRETT: Incidentally, they use different fuel than the Air Force. So there is an additional cost of construction for the fuel facility.

ADMIRAL ROWDEN: I thought we had finally solved that, such as in Europe, and also everywhere else.

MR. BARRETT: It has never been solved.

CHAIRMAN EDWARDS: One day when you go to JP-8, they are supposed to solve it all.

MR. BARRETT: That's in Europe, where you get that.

GENERAL POE: It has been working fine in Europe.

CHAIRMAN EDWARDS: Does anybody see any possibilities here?

[No response]

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1 CHAIRMAN EDWARDS: Ok. UNCLASSIFIED

2 Press on.

3 MR. HANSEN: The last Navy base that we were asked

4 to look at was Patuxent.

5 The Navy Aviation Research, Development and Testing

6 Site at Patuxent with Edwards Air Force Base -- the Air

7 Force one -- we had three basic problems with Edwards.

8 Two were operational and we have a payback problem.

9 [Slide]

10 MR. HANSEN: Edwards operates 91,000 missions

11 and we would more than double that.

12 If you recall our discussion about Navy Air

13 Stations needing to be at sea level to fly, the Navy

14 wants to test their airplanes at sea level. But Edwards

15 is not at sea level.

16 Edwards is not anywhere near a sonobuoy range,

17 which is another major role for the Patuxent Research

18 and Development, et cetera.

19 In addition, Edwards doesn't have any excess

20 capacity in terms of buildings, et cetera, Although there

21 was some talk that they might even have to have a new runway,

22 we didn't allow them to put the cost of the new runway

23 in, which is another $300 million.

24 But we had to build buildings and things like that.

25 GENERAL POE: So 15 miles of runway is not enough?

MR. HANSEN: No. We didn't build any more runway.

GENERAL POE: Okay. Did China Lake come into consideration?

CAPTAIN SELECT SZUTENBACH: No, sir. We were specifically asked by Mr. Cabot to take a cursory look at moving Pax River into Edwards Air Force Base, and that is what we did, sir. We didn't look at China Lake.

GENERAL POE: But you have a major Navy test operation at China Lake.

CAPTAIN SELECT SZUTENBACH: Yes, we do.

GENERAL POE: High performance airplanes, et cetera.

MR. HANSEN: Yes. Recreating research and development facilities is a costly operation. They are not cheap to build.

CHAIRMAN EDWARDS: Do you have anything else on this particular one?

MR. HANSEN: I don't have anything else on the Navy, sir.

CHAIRMAN EDWARDS: It was a good idea to look at it. But I am not sure. Of all of them, this may be one that is just not do-able.

MR. HANSEN: It apparently has been studied before by private contractors on behalf of the Navy and the Air Force, and it did not work out.

CHAIRMAN EDWARDS: Is there anything else on the Navy?

MR. HANSEN: No, sir.

CHAIRMAN EDWARDS: Are there any other comments on the Navy?

Are there any kind comments on the Navy?

[No response]

CHAIRMAN RIBICOFF: We thank the Subcommittee for giving it the old "college try."

MR. CLAYTOR: We done our best.

CHAIRMAN RIBICOFF: And it had to be done.

CHAIRMAN EDWARDS: Let's take five minutes right now.

[A brief recess was taken.]

CHAIRMAN RIBICOFF: I think Jack is on a call, but we might as well get started.

MR. HANSEN: I think Colonel Yankoupe is with Mr. Cabot.

[Pause]

CHAIRMAN RIBICOFF: Are you ready to go, Doug?

MR. HANSEN: Yes, sir.

COMMISSION DELIBERATIONS -- ARMY

[A series of slides was shown]

MR. HANSEN: We will begin with the Army.

[Slide]

MR. HANSEN: We had briefed you on two problems at Pueblo and Umatilla regarding the chemical demilitarization and the fact that that would extend us past our 1995 deadline. Also, we need to inform you that, as we were doing our data validation and checking, we discovered that we had not included planning and design costs in the construction numbers that were being put into the model. Therefore, we have changed our model and had to redo our figures.

That had no material impact on any previous recommendation, with the single exception of Cameron Station.

Cameron Station, if you remember, was -- I have charts on it to show you what happened and to give you a recommendation on that.

[Slide]

MR HANSEN: So let's begin with Cameron Station.

With Cameron Station, what has happened is the payback has gone to eight years. We essentially have two options -- leave the base open, which is status quo, or go ahead and accept an eight year payback, based on

1 the high probability that payback will improve. We think
2 there are two sound reasons why the payback might improve.
3 The first is that the land has been valued per
4 the Commission's instructions, based on raw, undeveloped,
5 commercial property in the area.
6 Now, those of you who are from here know that the
7 odds are that some negotiation with Alexandria City are
8 probably likely, which would cause zoning to go to multi-use,
9 industrial, some other higher value use. But, based on
10 today's zoning, we have accurately zoned it as commercial.
11 The other is when we briefed Cameron Station
12 originally and the Commission tentatively approved a closure,
13 we talked to the Engineer Proving Ground, public-private
14 development process, et cetera, and also using the 820
15 acres at the Engineer Proving Grounds to try to solve
16 the 3 million square feet problem of office space, of which
17 Cameron Station would need about 700,000, or a little less
18 than a third of that.
19 That is still an ongoing, viable option. We
20 cannot make it part of our all-or-nothing, because it will
21 require special legislation once all the details are worked
22 out with Fairfax County.
23 However, as the Commission instructed, we would
24 have made that an addendum to our recommendations, saying
25 we heartily encourage this kind of stuff, go for it.

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1 So I think we have two real expectations here,
2 that payback would improve on Cameron Station and, therefore,
3 our recommendation is that we go ahead and accept Cameron
4 Station as a closure base, based on the fact that we have
5 expectations of better than eight.
6 [Slide]
7 MR. HANSEN: Now, the discussion we had before,
8 on payback being eight, is we are not legally required to
9 accept, to threshold, at six. There is a high expectation
10 that we would, however, that the Commission would threshold
11 at six.
12 CHAIRMAN RIBICOFF: What is the legislation about
13 six? How firm is it?
14 MR. MILNES: Mr. Chairman, the legislation
15 incorporates, by reference, the charter. In the charter,
16 it tells us to consider the costs and benefits and whether
17 or not the relocation pays back within six years. It is
18 more elaborately said than that, but that is essentially
19 it.
20 So it is a consideration of whether or not we
21 pay back in six years. That is where part of the explication
22 comes up.
23 In a colloquy on the House floor during consideration
24 of that bill, Mr. Aspin was asked a question of whether or not
25 our closure candidates would pay back within six years.

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He said that that was what his understanding was.

So it is a colloquy that further cements that expectation.

CHAIRMAN RIBICOFF: Well, colloquies are important. I don't think we should ever get ourselves into the position where we are trying to be cute. I think, personally, I would feel that you would state the situation and what you believe will happen; but I believe you should call attention to what the facts really are. I would not want to mislead.

MR. HANSEN: The way we have drafted, as Chairman Edwards has said, the Editorial Subcommittee has not had a chance to see the final recommendation drafts, but the way we have drafted it is very up-front. It says the Commission is knowingly accepting an eight year payback for the following reasons, and it then states the reasons that I just gave.

CHAIRMAN RIBICOFF: As long as you lay out what the situation is.

MR. HANSEN: Right.

MR. TRAIN: When the figures are that close, we are entitled to exercise some judgment.

CHAIRMAN RIBICOFF: Yes. But I don't think you would want Aspin to be in the situation where, having said he expects six, we sort of undercut him. I think you have to say what the situation is.

We should never be in a situation where we are not being truthful.

MR. CRAIB: How many exceptions have we made to the six years?

MR. HANSEN: None.

MR. CRAIB: Is this the only one?

MR. HANSEN: Yes.

CHAIRMAN RIBICOFF: I think we should give the reason. Just have a little more editorial comment on that particular item.

[Slide]

MR. HANSEN: Regarding the two chemical demilitarizati sites, we were asked to look at whether we couldn't close them because we couldn't get out of the chem demil problem, but asked if we could go ahead and make the realignments associated with them, short of closure, leaving that portion of the base open that would be required to chem demil, and, in essence, lay the groundwork for the base's eventual closure once the demilitarization is done.

In both cases, we can, in fact, meet the payback criteria with the realignments.

At Pueblo, we can do payback in three years, with only slightly reduced steady state savings, and at Umatilla, it is the same situation. It's a six year payback, again, slightly reduced steady state savings.

So our recommendation is that we realign both Pueblo and Umatilla.

CHAIRMAN RIBICOFF: Any objection?

[No response]

[Slide]

MR. HANSEN: The next discussion item is Fort Sheridan.

The Commission asked us to run the model on the closure of Fort Sheridan, and tentatively voted to close Fort Sheridan. We were asked to run the model with realignment of all activities out, obviously with high consideration to a realignment within the State of Illinois.

At this time, this would be the first reference I would have to Secretary Marsh's letter.

CHAIRMAN EDWARDS: I think that, again, it would be in order to put, as we did General Gray's letter, Secretary Marsh's letter into the record at this point.

[The information referred to follows:]

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SECRETARY OF THE ARMY
WASHINGTON

6 December 1988

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Honorable Abraham Ribicoff
Co-Chairman
Defense Secretary's Commission
on Base Realignment and Closure
Suite 310
1825 K Street, Northwest
Washington, D. C. 20006

Dear Senator Ribicoff:

I am forwarding the Army's response to the questions generated during your meetings of 28-29 November. It is my belief that the Army has been both cooperative and responsive in its effort to support the Commission. We appreciate the opportunity the Commission has given us to express our views on this major management action. We have attempted to support the evaluation process as outlined by the Commission in every detail. The information that follows is submitted in response to your most recent request.

[redacted]

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[redacted]

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[redacted]

As we review our input, the Army leadership is becoming increasingly concerned that the base realignment and closure activities have evolved into a piecemeal dissection of our installations. The strategy of seeking out high value real estate at the expense of mission considerations is a self defeating precept and deviates from the established process of retaining the military utility of our Army installations. In summary, if such a strategy was pursued to conclusion, it could have far reaching effects on the Army's ability to adequately support the National Strategies now and as they evolve in the future.

It is my intention to continue to support your efforts to the fullest. The comments above are submitted to provide the Army's view on your proposed scenarios and some of the more apparent impacts of these types of decisions.

Sincerely,

John O. Marsh, Jr.

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MR. HANSEN: Has everyone seen that?

[Nays]

MR. HANSEN: We will have to xerox copies and get those to you. I'm sorry, but I thought you all had seen that.

CHAIRMAN EDWARDS: It was in the mail. Both of them were. You all got these -- wasn't it December 7?

DR. SMITH: [Nods affirmatively]

MR. HANSEN: If I could summarize the letter, in short, the Army was asked to do five or six analyses by the Commission and the Secretary's letter addressed each of those analyses and his feelings on them. We have extracted quotes from each one.

[Slide]

MR. HANSEN: With regard to Fort Sheridan, [redacted].

[Slide]

MR. HANSEN: Regarding options analyzed at Fort Sheridan --

MR. TRAIN: Excuse me, but I don't recall that his analysis goes into why it is so disruptive of recruiting. It is just a conclusion that is stated.

MR. HANSEN: That's right. It does not.

But in other cases there are some reasons given. I don't know if that is instructive or not.

COLONEL YANKOUPE: His letter was a transmittal letter, a transmittal of the detailed data.

MR. HANSEN: Right.

Options for closure of Fort Sheridan are next.

We looked at all four of the options within the State of Illinois, which are [redacted], and Chanute Air Force Base, which is a closure candidate for the Air Force.

We applied the same criteria that we apply to all relocation option drills. We looked at it, what that would do to the mission of the activities associated with it. Given their mission, transportation is a very key consideration for the National Recruiting Command and for the Fourth Army, which is a seven state responsibility. Both the depots didn't really have -- they are out in the middle of nowhere for a reason, and, therefore, putting a recruiting command out in the middle of nowhere was not a good idea.

Th[redacted] has transportation, but it has no infrastructure to support the move, while Chanute, of course, is a fully operating air base and could handle it. Again, it is in the middle of the state and, again, a poor transportation area.

Senator Eagleton: Where is Chanute?

MR. HANSEN: Chanute is right in the middle of the state, sir. It is an Air Force Base, and we have tentatively scheduled to close it.

COLONEL YANKOUPE: I think it is near Champagne. It is 15 miles northeast of Champagne.

MR. CLAYTOR: Why is that such a bad transportation area?

COLONEL YANKOUPE: Sir, when I travelled to the construction, engineering and research lab from Fort Monroe, Virginia, I spend all day long travelling to Champagne -- through Indianapolis, to Chicago, and back down. It is not a major transportation hub.

MR. HANSEN: I have sent my own employees to Champagne for other reasons, and it's just a mess.

MR. CLAYTOR: From where?

MR. HANSEN: From Washington.

GENERAL POE: It is one of the reasons why the [redacted] says it is a place to close.

MR. HANSEN: The other reason is it is a large post and we are essentially cancelling our closure of that and taking a small post and putting it into the middle of a large post.

I don't know what we do with the rest of the Air Force Base.

The other option was Fort Ben Harrison, which is Indianapolis, Indiana, which has the capabilities for it and adequate transportation.

Based on the Commission's guidance, we chose two options to analyze for cost reasons. One of the Illinois options, the best one we could come up with, was the [redacted] and there was Fort Ben Harrison.

Payback-wise, it is a better move to go to Fort Ben Harrison.

SENATOR EAGLETON: What is at Fort Ben Harrison -- and I am not here advocating [redacted] I just want to find out what is at Indianapolis. What is there?

COLONEL YANKOUPE: Fort Ben Harrison, sir, has the Army Finance Center there. It is also co-located with the Soldier Support Center.

One of the three integrating centers under the major command of Training and Doctrine Command, it trains soldiers in soldier-level-administrative skills, and runs a doctrinal development operation also in the soldier skills area.

A physical training school is also there and it is a fully functioning medium-sized installation.

SENATOR EAGLETON: Does it have a lot of land?

MR. CLAYTOR: Is it well outside of the city of

Indianapolis, or is it in the middle of the city?

COLONEL YANKOUPE: It is not in the middle, sir. It's on the outskirts. As the city tends to grow outward, then, of course --

MR. CLAYTOR: But you are in the outer suburbs.

COLONEL YANKOUPE: Yes, sir.

CHAIRMAN EDWARDS: It is more office than field.

COLONEL YANKOUPE: Yes, sir.

MR. HANSEN: Also, both of the commands that are there are national commands. So they support three National Army Commands in one place, plus a major regional command. That has some synergism there, I think.

SENATOR EAGLETON: Is that good or bad?

MR. HANSEN: That's good.

MR. CLAYTOR: Oh, yes, that's good.

SENATOR EAGLETON: How many people are there, at Fort Ben Harrison, roughly?

Guess if you have to.

COLONEL YANKOUPE: I would say there are probably, in installation, about 15,000 or 20,000.

SENATOR EAGLETON: It's 15,000 to 20,000. When you move Sheridan, what would be the numbers?

COLONEL YANKOUPE: Sheridan will be moving in there between 2,500 and 3,000.

MR. CLAYTOR: That ought to be adjustable.

COLONEL YANKOUPE: There are not a lot of people there.

CHAIRMAN EDWARDS: About 500 civilian and a couple of thousand military, something like that.

COLONEL YANKOUPE: Plus the reserve center will stay in the Chicago area.

MR. HANSEN: Yes, it will.

SENATOR EAGLETON: Where will it go?

MR. HANSEN: It stays as part of the post, I'm sorry.

MR. TRAIN: At Sheridan?

MR. HANSEN: Yes, sir, and the cemetery.

ADMIRAL ROWDEN: [redacted] and the principal thrust [redacted] is that the headquarters of the Fourth Army is responsible for the training of both Reserves and active duty people. Fifty-three percent of their people are Reserves in the seven state area, adjoining Illinois. They draw their recruits from that area and they train there.

Their principal argument for the difficulty in closing the place is the fact that it is very centrally located in that seven state area, and it is also very centrally located to the heaviest population area, which does not come as any surprise, since it is right by Chicago.

There are figures, and I've given them to the staff with regard to the total number of Reserve installations that they have in the seven stae area, and 700-some-odd sticks in my mind, 400 of which are within two hours driving time of Fort Sheridan.

Their argument is that they can bring Reserves from those various areas into Fort Sheridan to perform what they call high tech training there.

For example, there was one place that they took me into where they train intelligence people in language qualifications, and that sort of thing. It requires a particular kind of secure organization, which they have there and which they would not have, it was pointed out, in various other Army installations.

So it was heavily committed to the training of the Reserves, which would be integrated into the forces that Fourth Army is responsible for supporting in according with their support for the war plans.

[redacted]

That is one thing that Fort Sheridan does.

The other thing that Fort Sheridan does is house the Army Recruiting Command. That is a separate issue, in my understanding, from that which the Fourth Army does.

The Recruiting Command is responsible for recruiting soldiers for the Army throughout the United States, and runs

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some 50-some-odd recruiting battalions around the country. The total population tha they spoke of, as was indicated here, in numbers, is a relatively small post.

There did not seem to be any excess capacity for conducting the training mission responsibility of Fort Sheridan.

SENATOR EAGLETON: Do I understand that we are going to move the recruiting but are going to leave the Reserve Command?

ADMIRAL ROWDEN: No, sir.

My understanding is they are going to leave one of those 700-some-odd recruit stations that I mentioned, that are around through the seven state area. One of those would be left -- am I correct?

COLONEL YANKOUPE: There will be, I think, the equivalent of two Reserve centers that will stay there on the installation.

ADMIRAL ROWDEN: So these are relatively small units.

SENATOR EAGLETON: But is that surplus land that we want to get rid of? What does that do to that?

COLONEL YANKOUPE: It takes about 60 acres of that, sir.

SENATOR EAGLETON: Not the shore line?

COLONEK YANKOUPE: No, sir -- out of 695.

CHAIRMAN EDWARDS: It's something that can be reasonably carved out and still leave some value in the rest of the land?

COLONEL YANKOUPE: Yes, sir. It is not on the lake front. It is in the administrative buildings. Included in that 60 acres also will be the cemetery. Other arrangements will have to be made to turn it over to the VA, or whatever.

CHAIRMAN EDWARDS: Any other comments?

[No response]

CHAIRMAN EDWARDS: Why don't you just point out up there where Fort Ben Harrison is. I recognize that Chicago is sort of in the center, but Fort Ben is not badly located.

COLONEL YANKOUPE: It is shown on here as Fort Harrison, sir (indicating). It is, of course, the home of the Indianapolis 500 for its most famous endeavor right now.

It is probably, I think, about 110 or 120 miles from Chicago.

The other one that we analyzed was the [redacted] It is pretty much down in the bottom of the "V" of the Fourth Army area, which has that seven state area shown there.

MR. HOFFMANN: How many people are in the Fourth Army Headquarters?

COLONEL YANKOUPE: For a total, we would be looking

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at 3,000 people impacted there, sir. Some of those are going to be the Recruiting Command.

MR. HOFFMANN: Just the Fourth Army Headquarters? You have an Army Headquarters that takes care of our Reserves and all of those folks.

GENERAL QUINN: Order of magnitude, 700. It's somewhere in there. But that would not be active Army. The size of an Army headquarters would be about 700 people, which would consist of some active Army people, civilians, AGRs who are on tour. So, about 650 or 700 bodies are in the Army Headquarters.

MR. HANSEN: That is an average for each headquarters sir, and we can get the real numbers for you.

SENATOR EAGLETON: Just one more question.

Weren't we considering moving the Recruiting Command, the National 50 state Recruiting Command, to [redacted] Wasn't that one of our decisions, our ideas?

Was that option one that we looked at?

COLONEL YANKOUPE: Sir, the realignment of Fourth Army and Recruiting Command, that look was done separately. Because recruiting is handled through the DCSPER in the Army, it involved their people also. And independently, both of them came up with Indianapolis as being the most desirable place to go.

I think, clearly, the Recruiting Command likes it

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1 location pretty central to the country, because they are
2 spread, as Admiral Rowden has indicated, throughout the
3 country, and it is equidistant travel. They do travel
4 a vast amount.
5 GENERAL STARRY: Do you have an estimate for Fort
6 Ben to house the recruits? Did we ever see an estimate?
7 MR. HANSEN: It is on the order of magnitude of
8 $50 million, because, as you can see on this chart, we
9 are getting a saving of $4 million and not a cost to do this.
10 So the land value is $54 million. So it's in the neighborhood
11 of $50 million.
12 COLONEL YANKOUPE: We are looking at a pretty low
13 amount. I think it looks here like it would be no more
14 than about $26,000 or $28,000, plus the relocation costs --
15 I mean million.
16 GENERAL STARRY: That is construction plus
17 relocation?
18 MR. HANSEN: Yes, relocation, included in the net
19 one-time saving. It is a saving number.
20 If you receive the value of the land, then you
21 will do that.
22 This may be a good time for us to talk about the
23 value of land.
24 CHAIRMAN EDWARDS: Why don't we just dispose of this
25 first.

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DR. SMITH: Mr. Chairman, let me ask one thing.

I have to pick at this, but 60 acres for those two Reserve centers, why should we proscribe that they stay there? Why couldn't they sell that 60 acres and have whoever is going to buy the land build them two new Reserve centers?

CHAIRMAN EDWARDS: You've got that cemetery on that 60 acres.

DR. SMITH: Oh, you have the cemetery included there?

MR. HANSEN: Well, the cemetery would not be all of the 60 acres, I'm sure.

COLONEL YANKOUPE: It is included in that 60, but I couldn't tell you how much it is. I think it is maybe 10 percent or 8 percent.

DR. SMITH: There are lots of efforts from time to time --

MR. HOFFMANN: The property values start going down, you know, as you go West.

DR. SMITH: I am not sure we want to get to the level of detail where we are proscribing this kind of thing. It may not be the smartest thing to do. It may be smarter to go and sell those two Reserve centers and have whoever buys the real estate build a Reserve center somewhere else in the vicinity, rather than hold on to 60 acres of high

1 value land.

2 COLONEL YANKOUPE: The cemetery is here (indicating).

3 The Reserve center is going to be one of these buildings

4 over here (indicating.)

5 SENATOR EAGLETON: Where is the lake?

6 COLONEL YANKOUPE: It is up here (indicating).

7 Again, this is the cemetery, in here (indicating.)

8 MR. CLAYTOR: That is quite a distance away

9 from the Reserve center.

10 MR. HANSEN: Yes, they are physically dislocated.

11 CHAIRMAN EDWARDS: I thought they were all in the

12 same area.

13 DR. SMITH: It may bust up the value of that land,

14 too, by keeping that tiny little military enclave in the

15 middle there.

16 MR. HANSEN: As a point, and Russ, correct me if

17 I am wrong, our recommendations have been drafted to say

18 close Fort Sheridan, close whatever, and it doesn't say

19 sell, et cetera. The only question would be whether we

20 proscribed the relocation of a Reserve center which may fall

21 under our threshold sizewise.

22 We might be able to leave that to the Secretary of

23 Defense for implementation.

24 DR. SMITH: I strongly suggest that we do that

25 because I think there are going to be things surfacing after

1 these decisions are made where there may be smarter ways
2 to do things that we might proscrobe. For us to get down to
3 telling them what to do with this may not be too smart.
4 SENATOR EAGLETON: It may well be as Mr. Smith
5 says. It may very well be that closing these Reserve centers
6 and building some new ones may enhance the value of that
7 parcel. And so, the Secretary ought to do it.
8 CHAIRMAN EDWARDS: Can we make a conditional
9 proposal such as we are talking about?
10 MR. MILNES: Mr. Chairman, we can always do
11 something like that. But I think given the all-or-nothing
12 nature of the kind of decisions that the Secretary is
13 faced with, we really can't condition closures.
14 SENATOR EAGLETON: Oh, no, no. We close Fort
15 Sheridan -- flat out close it. Period and paragraph.
16 It may well be in closing this fort that the two Reserve
17 centers that may well be left ought to go somewhere else
18 when the developer comes in and the Secretary ought to get the
19 best deal. That's what we're saying.
20 MR. HOFFMANN: What is the building down there in
21 the lower left, by the cemetery? Is that a motor pool?
22 ADMIRAL ROWDEN: It is a training facility for field
23 communications. There were several field communication trucks
24 underneath that building, there, and they use that for
25 training.

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COLONEL YANKOUPE: That is the maintenance shop associated with the Reserve center.

I understand that there are three separate locations that the Reserves occupy on Fort Sheridan. That one there (indicating) is a typical Reserve center, with its maintenance shop and parking area. I cannot see the print on here as to where the other ones are.

MR. CRAIB; I think they store a lot of equipment right down in this area here (indicating), right along that road. I think that is Reserve equipment, rolling equipment.

MR. MILNES: Mr. Chairman, I think we would be on firmer ground if we did say close Fort Sheridan and consider the point that Mr. Smith and Senator Eagleton have made.

Under the statute, the Secretary certainly has the option to work at that problem. He may even choose to seek special legislation to allow a guarantee on the replacement of facilities.

But he has a lot more flexibility if we say close and consider. But we should not make it conditional.

CHAIRMAN EDWARDS: I agree. I think that is wise. But then if you close it and in your narrative you simply say that we recognize that there are questions to be solved with the Reserve training centers and it appears to us -- if I am stating it fairly -- that the best value would

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be received on that property if it were not split up by those buildings in the middle of it, and the Secretary should pay due regard to that --

MR. CLAYTOR: That he should consider it.

CHAIRMAN EDWARDS: -- yes. But, now, do you agree that in any case, we are going to have to carve out the cemetery?

MR. CLAYTOR: Yes. It's in the corner. It's off by itself.

MR. HANSEN: It may be very logical to carve out both the Reserve center and the cemetery and then tell the Reserves to take care of the cemetery.

COLONEK YANKOUPE: In working these options, it was very difficult to talk about where the Reserve center ought to go because the whole thing, we discovered, with the 800 other Reserve centers is they are very careful about how they located them geographically. While we can sort out where USAREC ought to go or the Army Headquarters, it is difficult at this point to say that.

And so, that does provide the flexibility.

CHAIRMAN EDWARDS: Why don't you all write your report that way, then.

Does everybody agree on that?

[Ayes]

CHAIRMAN EDWARDS: Then Sheridan is done.

1 MR. HANSEN: Before I take this chart off, I would
2 note that we came up with a land value of $54.8 million.
3 You will recall that $60 million was the figure last year.
4 Mr. Craib offered $60.2 million, I think it was, or $62 million
5 We took that as a challenge and said okay, let's find out
6 whether or not -- you know, the figures that we used were
7 $1 billion or $2 billion. So the staff would like to give
8 you a little brief on how land values were done. I think
9 that would be very instructive.
10 [Slide]
11 MR. HANSEN: Variables affecting land -- we have
12 talked about quite a few of them. The prime one is zoning.
13 Many military properties are zoned for military
14 use. That has no commercial value, period. Others are
15 zoned for, we found them zoned commercial; we found them
16 zoned light residential, and so forth and so on.
17 So, zoning is clearly an issue and zoning is one
18 of the reasons, not knowing how zoning decisions will turn
19 out, it was one of the reasons we chose to use undeveloped,
20 commercial, or industrial land values.
21 Of course, any zoning is a function of what is
22 going on around it -- adjacent land use.
23 Fort Sheridan may not be an example of this, but
24 some of the other installations we have discussed are quite
25 a few number of acres. So absorption becomes a problem.

1 Dumping that many acres on the market all at once tends to
2 lower the market.
3 Then, of course, we don't know very much information
4 about what the market is -- high, growing, declining,
5 and so forth and so on. The environmental restrictions
6 affecting it are not only the hazardous costs, but historical
7 properties. We have discussed quite a few historical properties
8 A very instructive example of what went on is the
9 recent occurrence here at Arlington Hall, which is a small
10 Army post in the middle of Arlington, Virginia. There were
11 high expectations when that property was originally excessed,
12 that it was bring in as much a $30 million. It was formerly
13 appraised at $5 million to $10 million. But the county
14 didn't want development; they wanted a park.
15 It didn't matter what they wanted because, under the
16 hierarchy of who gets what first, the State Department came
17 in and took it for nothing.
18 They are going to make it into a Foreign Service
19 Institute.
20 So, the net result was with high expectations of
21 $30 million, the net proceeds were zero.
22 SENATOR EAGLETON: What would they have to pay for
23 comparable land in Arlington to build their Foreign Service
24 Institute, for an identical amount of acreage.
25 MR. HANSEN: It would have been a lot.

1 SENATOR EAGLETON: Yes, a ton of money.
2 So it is not of zero value. There is just zero in the pot.
3 MR. HANSEN: There is a difference. I have used
4 both terms. "Value" is $30 million; "proceeds" were zero.
5 "Proceeds" is a term that I am connecting with the Department
6 of Defense, saying proceeds of the sale of land are supposed
7 to go into the Base Closure Account to pay for the construction
8 and relocation that we are doing.
9 If we are not going to get any proceeds, that
10 becomes a problem.
11 MR. HOFFMANN: But here is where we went through
12 some intellectual gynmastics.
13 The Defense Budget has a nearly mystical character
14 that no other budget in this great land of ours has, which
15 is that it is fenced with a ceiling on it. We don't get
16 credit for all the social good we do or anything else. That
17 is $300 billion or whatever the hell it is.
18 The objective of the drill is to reduce operating
19 costs in the DOD budget and theoretically trade underlying
20 values.
21 It may be that the actual proceeds are nothing,
22 but that value is off the books of the Defense Department.
23 MR. HANSEN: Yes.
24 MR. HOFFMANN: That is why I thought we should take,
25 given the political climate in which this was set up, given

1 the whole kind of political arrangement of the Congress
2 versus the Defense Department and social good versus
3 military utility and all that, I thought the name of the
4 game was in getting it off the DOD books.
5 No matter what the practical result was, because
6 they did not waive the GSA property disposal rules, we were,
7 in fact, putting these properties in a position that they
8 would benefit the common good.
9 What is the initial perceived value of that
10 $30 million? What was that based on? What were they going
11 to do with it for $30 million?
12 COLONEL YANKOUPE: That was an assumption that
13 it could be sold as multi-family residential development
14 land, sir.
15 MR. HANSEN: Condominiums, apartments, townhouses,
16 that kind of stuff.
17 COLONEL YANKOUPE: In fact, the county has that
18 zones as parkland, and if sold commercially, that's what
19 they would hold. They would hold that the land sale
20 would be in terms of zoning.
21 MR. HOFFMANN: But, you see, we can't keep
22 jumping back and forth. When we go out to San Francisco
23 and we look at the Presidio, we're taking a high land value
24 for that, even though we know the city is going to make
25 a park there.

1 MR. HANSEN: If I could, picking up on the point
2 of jumping back and forth, Presidio, Sheridan just before it,
3 if you put a zero in for land value, it still pays back.
4 If you put a zero in for the Presidio, it still pays back.
5 This is for two reasons -- construction costs and relocation
6 costs are lower, and steady state savings are up.
7 Others that we have discussed this morning, on
8 those, if you put a zero in, it doesn't even pay back with
9 the $220 million in there, but if you put in a zero, it's
10 off the scale.
11 So we have, really, two different kinds of
12 situations, where high land value -- and I certainly agree
13 with the theory behind value and everything you said about
14 that. But, instructively, we are making good recommendations
15 even if it is zero. But in some instances, it might turn
16 around and bite the Department. That would be the correct
17 way to phrase that.
18 So far, we don't have any of those instances.
19 There are no instances of any base that we have tentatively
20 voted to cose where, even if you put in zero, it won't
21 pay back, with the single exception, I think, obviously,
22 of Cameron Station. If you put zero in there, it is
23 already eight. So it is a problem.
24 But other than that, we are on good ground
25 right now.

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MR. HOFFMANN: ~~"Okay."~~

But now, from the Colonel, I got a little piece on the acquisition of additional land at the National Training Center. Apparently that is BLM land. Included in there is a sum that the Army will have to pay for that property, based on some kind of "jiggery pokey" that they are going to take money out of the Army account and give it to another branch of the government in order to buy the National Training Center.

I am saying what is sauce for that goose is adequate sauce for any of our ganders.

MR. HANSEN: That is correct.

MR. HOFFMANN: If they are going to play that kind of game on the acquisition of land, then we are empowered, entitled, nay, exhorted by common sense to do the same, with respect to acquisitions. And I would take that $30 milli figure and say, regardless of what they decide to do with it, that is the value of the land. That is the opportunity cost of what we are doing here.

MR. HANSEN: Yes.

MR. HOFFMANN: It is the opportunity value.

MR. HANSEN: Yes, and in all cases, that is exactly what we have written into our final report -- in all cases.

CHAIRMAN EDWARDS: And it should be the value.

MR. CLAYTOR: Because it is the value to the

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public; whether it is public land or anything else, it is value to the commonwealth.

DR. SMITH: It is my understanding that today, under OMB rules, the State Department would have been required to pay for that piece of real estate at "fair market value." It would have to come out of their budget and be transferred to the Army, that is, under current OMB rules.

Is that accurate?

COLONEL YANKOUPE: They paid about $10.2 million, I think.

DR. SMITH: Oh, they did pay for it?

COLONEL YANKOUPE: I think so.

It was done with special legislation that I think established the value, as I recall, as a part of the transaction.

MR. HOFFMANN: I think it is a helpful model.

DR. SMITH: I think we have to be very strong in our report that we are going to have to make this thing self-financing, to the extent that you possibly can, and endorse the current OMB requirement that inter-agency transfers be at fair market value, so that there remains an incentive for the Defense Department to get rid of this stuff. If another Federal agency seeks that land, they are going to have to pay for it.

MR. HANSEN: Correct me again, Russ, if I am wrong, but the legislation says that Federal agencies have a priority, that those that are willing to pay fair market value have a priority. But, by using the term "priority" it implies that if no one comes up with "fair market," then they may be able to come back in?

MR. MILNES: Actually, the legislation does not go to agencies. It goes to DOD. It says that if DOD, that when the Secretary goes through the routine of seeing whether other DOD components want the excessed property if it is made excess by this process, the ones that want to pay for it, DOD components, have a higher priority. When they got into the agency level, that discussion was absent.

MR. HANSEN: Everybody pays then?

MR. MILNES: No. It's just that they don't say anything. Presumably, they would go by the OMB rules when they get into that.

MR. HANSEN: So everyone gets paid, basically.

COLONEL YANKOUPE: If I could, say, just relaying from my conversations with the Departments, they are very real world focused, and the cash flow problem is one that they just will not subscribe to, to other values than what is going to end up as cash in hand and that impact on the TOA curve.

So we see that very quickly, every time we go to

1 talk about evaluation or doing a cost model run. Once you
2 cross the river over there, it is a very real world cash
3 flow, on the barrel-head. It is very difficult for them,
4 particularly heading into a constrained resource environment,
5 to accept those kind of arguments.
6 MR. HOFFMANN: I think you have just articulated
7 a very good reason why there is a Commission doing this and
8 not the Services, and DOD and the Congress.
9 You know, if Bismark were here, he would add
10 Commissions closing bases to his list of those things
11 which the private citizenry should not be allowed to watch.
12 The other two is the making of legislation and the making
13 of sausage. They did not invent a printing process. That
14 was not what they were after. They were not trying to
15 increase people's minds. They were trying to make a
16 political point.
17 CHAIRMAN EDWARDS: I want this referred to in the
18 report as the "Bismark Rule."
19 [General laughter]
20 CHAIRMAN EDWARDS: That was a good point.
21 COLONEL YANKOUPE: If I could, just one more time,
22 sir, having had this discussion now and reflecting the spirit
23 of the staff having discovered a lot of this good news,
24 this is how a lot of us felt.
25 [Slide]

[General laughter]

COLONEL YANKOUPE: That is how we felt in dealing with the real estate issues and the cash flow problems.

MR. HANSEN: The reason we brought it up is because real estate has been a focus.

[Slide]

MR. HANSEN: Real estate value has been a focus, and also there was the question of Fort Sheridan.

Here is how we came up with $54.8 million for Fort Sheridan.

As we saw on the map, Fort Sheridan was half-way or in between two cities -- Highland Park and Lake Forest. The Highland Park area is a high density, residential area; Lake Forest is a low density residentail area, meaning big houses. Therefore, the values of the acres are different because of that. Thirty-seven percent of the installation is a historical district.

I think our assumption there is that a developer will not be able to knock down the historical district and put condos on it without taking some sort of action. Perhaps Mr. Train could be more instructive on that.

MR. TRAIN: Not much.

ADMIRAL ROWDEN: Would you show us where the historical district is.

COLONEL YANKOUPE: Generally speaking, my

1 understanding is it is the older buildings here (indicating)
2 that are of substance -- not necessarily the housing areas,
3 although some of the larger houses that are period pieces
4 may well be.
5 MR. TRAIN: Did you say 37 percent? Is that of the
6 structures or the total land area?
7 COLONEL YANKOUPE: Of the district, the land area.
8 It's about 124 or 125 acres, which is in what is called
9 and defined as "historical district" for National Register
10 purposes.
11 ADMIRAL ROWDEN: I believe it is the center section,
12 which you sort of see roughly outlined there. It goes
13 up to the beach and along the beach, and back down, up
14 there.
15 GENERAL POE: The historical district designation
16 often raises the prices. We have [redacted] slums that now
17 bring $250,000 a town house, for an 800 square foot town house
18 because it is now a historical district. You put up the
19 brass plate on the front door and you can raise the price.
20 [General laughter]
21 CHAIRMAN EDWARDS: I have not been to Sheridan,
22 but a lot of these old fort areas have some magnificent old
23 officers' homes, homes for general officers that have really
24 been preserved very well.
25 MR. HANSEN: Yes, sir, and clearly a house has more

1 value as a historical site than an office building.

2 GENERAL POE: As an example, they have those old

3 Navy houses down there and the developer got a big area for

4 $17 million, and I understand he is reselling the houses.

5 ADMIRAL ROWDEN: There are at Sheridan those kinds

6 of houses that are in the motif of the architecture.

7 CHAIRMAN EDWARDS: In the historical district.

8 ADMIRAL ROWDEN: Yes. It is in the historical distric

9 that I outlined.

10 MR. HANSEN: The waterfront suffers from severe

11 erosion, and there is no usable beach. Of course, it does have

12 the view, though. So it is not totally valueless in that

13 regard.

14 In 1984, probably as a result of some previous

15 base closure list, the land was valued at an average of

16 $76,500 an acre, and allowing for a 12.75 percent inflation

17 rate adjustment and the 695 acres, less the 60 acres for the

18 Reserves and the cemetery, that is how we came up with

19 $54.8 million. I just wanted you to know.

20 That's how, I should say, the Army Corps of

21 Engineers came up with $54.8 million, and we have checked it

22 and said that it looks good to us, because some of our power

23 to check data is limited.

24 Moving on, then, the next analysis the Commission

25 asked us to do was to provide an analysis of closing Fort

1 [redacted]]

2 [Slide]

3 MR. HANSEN: -- and moving it to [redacted]]

4 These are the two similar forts to Fort Sheridan

5 in Atlanta. They are the homes of major commands, Army

6 Regional Commands, et cetera.

7 To quote Secretary Marsh again, from his letter,

8 which was put into the record, [redacted]

9 [redacted]

10 [redacted]

11 [redacted]

12 [redacted].]

13 [Slide]

14 MR. HANSEN: Our analysis showed that to construct

15 what [redacted] would require at [redacted] would not

16 pay back within any timeframe at all and would clearly

17 disrupt [redacted] for a period of time, would not

18 provide any positive benefit from a mission standpoint,

19 and had the possibility of breaching community relations

20 in that the [redacted] was put there

21 at the Army's request.

22 GENERAL POE: Well, you know, if the first three

23 say no, that's fine. But number four up there is a

24 nonstarter. We have cloverleafs and everything else built

25 at every base that is closed, at enormous expense to the

states.

I don't see how you could take a thing like that into account.

MR. HOFFMANN: That is one thing that adds to its value, for heaven's sake.

MR. CLAYTOR: Yes, it adds value.

The issue there is whether or not -- and I think the answer is probably not -- that new building that has just been built for $40 million or something like that has market value equal to or somewhere near what it has cost.

If you could sell the building for civilian use at the kind of money it would take to build the other one, that is one thing. But I think that presents a hell of a problem.

MR. HANSEN: Yes, sir.

The problem is while it is an office building for the [redacted] it is built for the [redacted]. It is loaded with [redacted], et cetera, et cetera. It's value as a regular old office building, while it is usable as a regular office building, it is far over-constructed for that, and you would need to create another far over-constructed building at [redacted].

So it works against you economically, as opposed to for you economically.

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MR. CLAYTOR: That's right.

When I went to look at it, my conclusion is if we had only been there for seven years before. This was a clear-cut, absolutely mandatory change. You could move the whole thing to Gillem and build a new building there.

They just opened this new building within the last few months. I haven't got the details, but it was perfectly plain that it is loaded with all kinds of [redacted] and all kinds of stuff like that. I would guess that you couldn't get but a fraction of its value back, if you tried to sell it. You would have to duplicate it all, down at the other place.

CHAIRMAN RIBICOFF: I think if we did this, we would come through as being very irresponsible.

MR. CLAYTOR: I think so.

CHAIRMAN RIBICOFF: I am afraid we are going to have to leave it.

MR. HOFFMANN: What about going the other way?

MR. HANSEN: The space was available at [redacted] is really crowded.

MR. CLAYTOR: [redacted] is a depot, fundamentally. It is just loaded with warehouses, most of which are in full use. [redacted] has the use of 100 or so acres of it for storage of trailers and things like that, which they have for an emergency.

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MR. HOFFMANN: Couldn't they excess that land and let somebody pick it up?

MR. CLAYTOR: Well, I think there is a real possibility. You see, you have 1,400 acres or something like that at Gillem. That's a lot of land. On the other hand, you learn that there has already been informally approved by the Armed Services Committee -- and it will happen -- that they are going to move te[redacted] National Guard out there. The [redacted] National Guard Headquarters are more or less in town, with no place to exercise. They are going to move the whole works to [redacted] which is good, because there is plenty of exercise room out there and plenty of room.

If that is done, I think it would be a good thing. But that is in the works right now.

CHAIRMAN EDWARDS: I understand that [redacted] is out near the airport. Is it close by?

MR. CLAYTOR: It is well south.

[redacted] is not too far from the airport, but it is way to the southwest. It is outside the [redacted] It is in an area that [redacted] is going to grow into. But right now, it is really out in the country.

MR. HANSEN: It's about 20 or 30 minutes from the airport. It's out in the country.

MR. HOFFMANN: Why don't we propose to sell half

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of Fort [redacted] to the [redacted] National Guard. It would get it off our books. It would close it from our point of view, and we have considered similar chicanery with respect to [redacted]

CHAIRMAN RIBICOFF: But we forgot that, didn't we, that chicanery? We forgot that last time?

MR. HOFFMANN: Oh, I don't think we have ever forgotten it. We may have put it aside, but we didn't forget it.

CHAIRMAN EDWARDS: Do you have a map there?

MR. CLAYTOR: The only thing you've got there besides the depot and some room is I think it is the Second Army -- the Second or Third, I forget which. But one of the regional army headquarters is there, and they have a relatively modern building in whic they are housed. It was built maybe 25 or 30 years ago. It is a reasonably decent building.

The rest of it has World War II barracks, which have been maintained well, plus masses of depots, and they must have at least 50 miles of railroad tracks all over the place, none of which is currently used.

[Slide]

COLONEL YANKOUPE: The road areas are contaminated areas, as well. It is also a hazardous waste storage site.

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1 I don't think they -- they're looking for half
2 the installations there, but some portion of it for a
3 headquarters operation.
4 CHAIRMAN EDWARDS: Is that all of [redacted] there?
5 COLONEL YANKOUPE: Yes, sir.
6 CHAIRMAN EDWARDS: Where is the excess land?
7 COLONEL YANKOUPE: If you can use this (indicating),
8 and it is not clear to me tha you can, that appears to be
9 clear. There is space here (indicating) that does not
10 appear to be open storage. This (indicating) appears to be
11 open storage, warehouse (indicating), warehouse (indicating),
12 warehousing (indicating), open here (indicating) but
13 looking like ammunition bumpers, showing some contamination
14 in some open area here (indicating).
15 The rest of it looks like it is pretty choc-a-block.
16 MR. HOFFMANN: Is the red contamination?
17 COLONEL YANKOUPE: Yes, sir.
18 MR. HANSEN: There is an active hazardous waste
19 storage site there, and my guess is it is the top one
20 (indicating) because details of the lower red one are that
21 it looks like an ammunition storage site.
22 MR. HOFFMANN: But, you see, they have co-
23 lored those the same color, and they are two different
24 problems.
25 MR. CLAYTOR: Well, they are currently using I

1 don't know which area, but a major part of the area, as
2 an active storage site. They are now storing additional
3 hazardous material there.
4 MR. TRAIN: From other facilities.
5 MR. CLAYTOR: Yes.
6 One of the reasons they can do that is this
7 Georgia red clay which underlies the thing. It is impervious
8 and nothing gets into the water table. So they are actually
9 putting new waste in there all the time -- not just military
10 waste, either. I'm not sure it isn't civilian waste as well.
11 It is an approved waste disposal area for certain types of
12 hazardous materials for that reason.
13 CHAIRMAN EDWARDS: Graham, I thought there might
14 be some land opportunities there. But that map and what
15 you say suggests that we may not have any.
16 MR. CLAYTOR: There is not a whole lot. There is
17 some of that. But, you know, this is not like [redacted]
18 [redacted] in which you have the city right there. The
19 city is not around it, and if you picked up five or ten
20 acres here somewhere to sell off, I don't think you've
21 got much. I don't think it will do you much good.
22 DR. SMITH: Can we revisit [redacted] to see
23 if we can't put a fence around the [redacted]
24 and find some of that real estate that could be excised?
25 MR. CLAYTOR: Well, you could. But you have a lot

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of historic houses at [redacted] and the biggest space that is not actually filled with something is the golf course. They have an 18 hole golf course, I think, which just sticks out of the rest of it like a thumb.

CHAIRMAN EDWARDS: This is a terrible question to ask, but what is our obligation to the military to provide golf courses?

GENERAL POE: It has just recently ended with the changes in MWR. I think that is a perfect statement. The Congressional changes to morale, welfare and recreation have been such that everything is going to be provided by the military themselves.

The land, of course, is a big item. But the appropriations to upkeep, to maintain it, to pay people and all the rest of it, are gone.

MR. HANSEN: They have to be self-financing. The fees collected have to pay for the operation. But, clearly, they are not going to amortize the land into that.

COLONEL YANKOUPE: It is a Category Three MWR facility, I think, that is now fully self-financing, with greens fees and so forth.

In the case of the one at Fort Sheridan, that one is open to the public, which also helps to generate the cash flow to maintain that golf course.

CHAIRMAN EDWARDS: But if we were [illegible] down the

golf course at [redacted] just for kicks, are we going to be told that this was the second worse thing that we could do, next to [redacted]

[General laughter]

MR. CLAYTOR: I think yes.

DR. SMITH: There are a lot of golf courses.

CHAIRMAN EDWARDS: I mean, are we going to be the grinch that stole Christmas if we close this golf course down?

GENERAL POE: Even worse, because you have an Air Force four-star general who is unalterably opposed to golfers, because they are always out there while I am the only guy answering the phone, being a tennis player.

[General laughter]

GENERAL POE: So, that will wash over. You know, they take a whole day off, some dead general's open, and there are only two or three people left around there who are answering the phone. They do this about once a month.

[General laughter]

GENERAL POE: I am known for that, and for using them for ammo disposal and things like that. So you've got a bad reputation to start with, Mr. Chairman.

[General laughter]

CHAIRMAN EDWARDS: Incidentally, apropos of nothing, I understand everybody has been wondering where

Colin Powell was going. He is going to McPherson.

MR. CLAYTOR: That's right. He's FORCECOM.

DR. SMITH: Does he play golf?

CHAIRMAN EDWARDS: I don't know.

Well, what is your pleasure? I don't really see the opportunity as being there.

MR. CABOT: It is just too late.

CHAIRMAN EDWARDS: Yes.

The next two should be snaps.

[Slide]

MR. HANSEN: Before we get into the discussion of the last two remaining bases, which are Fort Dix and Fort Devens -- well, three, actually -- Fort Meade, too, we thought we would make a brief discussion of the training land available within the Northeast --

[Slide]

MR. HANSEN: -- for active as well as Guard and Reserve training.

What we have is Fort Meade, Fort Dix, Fort Devens, all three of which we will discuss today. [redacted] and if you recall our earlier conversation on that, that is the one where the lease expires in 1991 and reverts back to the [redacted] National Guard; and then [redacted] which is the largest of these posts by far,

1 but, of course, is a divisional post. Therefore, the active
2 Army is using the facilities there quite a bit.
3 Our discussions today are going to talk about
4 severely cutting into the acreage available for training
5 in the Northeast.
6 MR. HOFFMANN: But that is only Army.
7 MR. HANSEN: That is ground, yes.
8 MR. HOFFMANN: That is ground folks, and we really
9 don't know what the acreage is on other facilities, like
10 McGuire Air Force Base.
11 MR. HANSEN: McGuire has no acreage for training.
12 We have a map that shows you McGuire, compared to Fort
13 Dix, and it is just a blip on the horizon. Air Force
14 bases average 3,000 or 4,000 acres. Most of that is runways,
15 and the areas that they have to have for safety in the
16 cantonment area. They have no training area, in general.
17 Eglund I think is about the one that is really different,
18 compared to that. That is really research and development.
19 [Slide]
20 MR. HANSEN: Here is a table that shows the usage
21 of ranges in the Northeast.
22 CHAIRMAN EDWARDS: Can we put the other one back
23 up with the other machine on the other wall while we are
24 doing this?
25 MR. HANSEN: Sure.

MR. CABOT: Do those numbers include Guard or just Reserves?

MR. HANSEN: This is Reserves, and ARNG is Army national Guard. So that is both. And it does not include the active usage, which would be primarily at Drum and maybe some at Dix and Fort Indiantown Gap, I guess. Any of the larger places would be more where the Army would go to.

So I think they show they are pretty extensively used.

That, basically, is it. I just wanted to give you an overview of the training needs and usages of the lands available there.

[Slide]

MR. HANSEN: As I said, we have these bases to discuss now. The first of these is Fort Dix.

The Commission asked us to provide analysis of closing Fort Dix and finding homes for the activities, et cetera.

[Slide]

MR. HANSEN: Again, Secretary Marsh's comment on this was, [redacted] I might add that he provided a paragraph or more of reasons why.

Consequently, and as a result of that letter, we

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have done more than just analyze what would happen to close Fort Dix. We also analyzed and would like to brief you, subject to your concurrence, on some of the other options still available with Fort Dix.

The two options, then, would be realignment of Army basic and advanced training, on which we have had some discussions before. The second option would be, as your direction, close Fort Dix.

[Slide]

MR. HANSEN: One of the things that struck me as I got much more deeply into Fort Dix, and looking even just at the maps of the places, is the Commission has had a desire to put together bases and do joint training. In essence, what we would be doing here is we would be breaking up a prime example of one that already exists.

This is the way things work.

[Slide]

MR. HANSEN: Up in the Northwest corner, you have the Fort Dix cantonment area and McGuire Air Force Base, roughly the same size, surrounded by a great deal of training, ground training, with an impact area in the middle, which is a tremendous cleanup problem, as far as sale goes. Then, over on the far side, we have Lakehurst Naval Air Station, which is a Reserve component for the Navy.

What we are discussing doing is taking the middle

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out and the associated problems with that under a closure.

The other issues, positive issues, around realignment vice closure are it allows for some consolidation of advanced, of basic and advanced, but, more importantly, it gets us out of some World War II barracks that are currently being used. But I think then the most important issue is that there is some flexibility here for the future.

Since our last meeting, we have had Secretary Gorbachev's proposal to take 500,000 soldiers and six divisions out of the Russian Army.

MR. HOFFMANN: He is a piker. Khrushchev took 2 million out without even batting an eye. You see, I don't think that changes anything.

The fact is we have talked about the carrier groups, we have talked about a number of developments that might occur in the context of that relationship, the U.S. and the Soviet Union. I think it is terrific that he gave a speech. He has not done anything. He has been talking for over two years, and he hasn't done anything.

I would be very careful about our altering our train of thought because we think there is a brighter light on the horizon.

MR. HANSEN: The only point I was going to make was if you brought a division, a heavy division back from either Europe or Korea, both of which are perhaps not

predictable, they can't go into Fort Dix, especially if it is not there. The prime place to put them would be [redacted] because [redacted] could handle the heavy and Dix could handle the light division, which is what is in Fort Dix right now.

We still have the issue of where does the [redacted] go. I am not trying to say that in ten years from now we need Fort Dix for the [redacted]. Other places are options for it. [redacted] But it is a possibility also for the [redacted] if that stays in the active force.

So the two issues that I wanted to raise at my peril -- but I think it is my job to do so -- are the issues of flexibility and the breaking up of a perfectly usable joint operational area right now.

The McGuire Air Force Base is an airlift, a tactical airlift -- a strategic airlift base. This means its job is to move the Army. That's what it is there for. That's why those are latched up together, and that is the impact, I think, of closing it.

DR. SMITH: There is no Army there that they would move. They don't move these trainees.

MR. HANSEN: It's mobilization.

DR. SMITH: They move units.

MR. HANSEN: That's correct. However, in the future, if there was a need to bring active units back and

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station them at Dix, then they might be using it.

COLONEL YANKOUPE: It is an aerial port through which everybody, except for those going commercially through New York, are processed through McGuire Air Force Base by the Army aerial port operation there.

DR. SMITH: Individual replacements going to Europe?

COLONEL YANKOUPE: Yes, sir.

Remember, Dix's training load, its mobilization training load was 20,000 per year, a large proportion of which would ship out through that aerial port.

MR. HOFFMANN: Twenty thousand a year -- and check me if I am wrong -- that is a division-plus.

COLONEL YANKOUPE: I'm sorry, sir. That's its annual training load, 20,000.

MR. HANSEN: That's not a mobilization. That's train to be in the Army, another 20,000.

MR. HOFFMANN: Are you going to give us the figures now? You want to try to keep your playing field level here. Are you going to give us the figures for building the facilities you are going to need at Fort Dix to do even a light division? How much is that going to cost?

GENERAL STARRY: A light division -- nothing.

MR. HOFFMANN: A light division or a heavy division.

GENERAL STARRY: Well, for a heavy division, there

is no room there for a heavy division. It would be foolish to station a heavy division there.

What that chart says is if you have a division coming back from Korea or from the deployment in Germany and you need a place to put it, and those are both heavy divisions - all of the divisions in Germany are heavy; so if you take one out, you take out a heavy division -- it goes to Drum. And the light division, which is a bobtail division, short a brigade structure, goes into Dix, or can go into Dix.

MR. HOFFMANN: With no MCA cost?

MR. HANSEN: Oh, I am sure there must be some. But it is not billions, anyway.

GENERAL STARRY: It's very low.

I think the last time we discussed this, Mr. Chairman, I was kind of ambivalent about this. Based on my uncertainty about it, I went back and reviewed the whole thing in some detail.

I think we would be making a mistake to close this place for several reasons. One is this. While it is true that the Army could probably accommodate a training load next year, particularly heading to [redacted] there are two or three good reasons for keeping this place open.

One is the joint aspect of the deployment base, for which this thing was built, for which Fort Dix was built in the first place. It has a mobilization training requirement

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which, while you could perhaps accommodate that across the mobilization base, it would slow down mobilization.

The most important aspect, I think, or reason for keeping it open is it represents the Army's, a large part of the Army's surge capability for fluctuations in the training load, which we cannot foresee, for redeployment overseas, whichever theater, which we cannot foresee; and, you know, for all of the things that go on in the Northeastern part or the fringes, at least, the Northeastern part of the United States, that we cannot accommodate elsewhere.

I think it would be shortsighted of us in the long-term to recommend that this place be closed.

CHAIRMAN EDWARDS: So you are less ambivalent then?

GENERAL STARRY: Oh, it is a contingency situation. There is no question about that. These loads need to be accommodated somewhere else, at some expense. But what I am arguing for is for keeping it open on the basis of the long-term contingency requirements for mobilization, for surges in the training and for potential redeployments for overseas.

CHAIRMAN EDWARDS: Let me just ask this.

I understood, Doug, that you were embarked upon a course that was going to lead us somewhere. Have we left you hanging in the middle of your presentation?

MR. HANSEN: Well, we certainly have more about the

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1 realignment.

2 The recommendation of the staff is not the status
3 quo. The recommendation is to pursue the realignment of
4 the training.

5 CHAIRMAN EDWARDS: I would like to see your
6 whole presentation before we start picking away at the
7 pieces.

8 [Slide]

9 MR. HANSEN: Okay.

10 These are the activities that are supported at
11 Fort Dix. As one can imagine, after many, many years, they
12 have many joint operations, many of which are located
13 on the Fort Dix cantonment side of the Fort. There is a
14 hospital there which, in light of the Commission's tentative
15 decision to close the Philadelphia Naval Hospital, will
16 probably have to stay open. There are joint power plants,
17 joint sewage treatment plants, and other infrastructure-
18 sharing that are going, that if McGuire is going to stay
19 open, which the [redacted] would dearly love to happen,
20 some infrastructure things are going to have to be kept
21 open in the Fort Dix cantonment side, but not everything.

22 MR. HOFFMANN: What do you have at McGuire?
23 How many planes, how many people?

24 GENERAL POE: You have an enormous aerial port
25 that is fully automated. It is the place where we move heavy

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equipment, aircraft type containers and stuff. It's a very, very big operation.

It also has a number of Air Force lift air command over there. C-141s are up there.

GENERAL STARRY: And a C-5A.

MR. HANSEN: Plus they are bringing in tons of commercial aircraft to embark people to Europe, charter aircraft.

[Slide]

MR. HANSEN: These are the types of areas where there is inter-service cooperation between the Air Force, Navy, and the Marine Corps, the most critical of which are the medical and the infrastructure.

COLONEL SANDEFUR: You asked about the number of aircraft, sir. There are 50 C-141s; eight KC-135s; 18 F-4 aircraft. It is also on three major coastal ports of embarcation and debarcation. The requirement for mobilization is to have three on each coast. So it is one of the major ones.

MR. HOFFMANN: You say coastal, but your uniform belies the Air Force in which you serve. Does it have port facilities for water?

COLONEL SANDEFUR: No, sir, for aircraft. An aerial port.

MR. HOFFMANN: But is there some magic for having

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1 them on the coast?

2 COLONEL SANDEFUR: Yes, sir.

3 One is you are worried about Europe. The other
4 concerns itself with the Pacific. You need to have them
5 as close to there as possible, to transport.

6 MR. HOFFMANN: Where your average submarine can
7 take them out. Well, that's all right. If they are important,
8 they'll go.

9 GENERAL POE: Well, if it is a nuclear exercise,
10 we will have a different war.

11 MR. HANSEN: Consequently, in conclusion, for the
12 realignment option, as I think has been said, to restate it,
13 it provides future flexibility for stationing. As I said
14 before, it allows the Army to get out of World War II
15 barracks, training centers. It still allows for consolidation
16 of advance and basic training. It fixes a lot of split
17 operations, which does pay back. It avoids some construction
18 costs and improves command and control.

19 MR. HOFFMANN: What goes out of Fort Dix?

20 COLONEL YANKOUPE: Goes out of it in what sense?

21 MR. HANSEN: In the realignment package, what kind
22 of shifting is going on?

23 First of all, we shift a little bit of the basic
24 training around to make room for all of the -- it is kind
25 of like a similar situation to the A School situation in the

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Navy. In essence, there are specialty trainings all the way from transportation to cooks and bakers and stuff like that. They are split up all over the place. If you are a cook, you go to one place; if you in transportation, you go one place, and so forth and so on, in general.

MR. HOFFMANN: I'm sorry?

GENERAL STARRY: Call it specialist training. That's what they're talking about.

MR. HOFFMANN: But are they putting it at Fort Dix or taking it out of Fort Dix?

CHAIRMAN EDWARDS: Now you have lost me. I don't know where you are.

[Slide]

COLONEL YANKOUPE: Sir, what we would be doing is taking advantage of the fact that there is, as a result of this drill, an opportunity to do realignments within the whole training base, advanced individual training as well as basic training. Doug Hansen has already mentioned that we would be pulling [redacted] and closing out of [redacted] we would be closing a basic training center there. We would be closing [redacted] at [redacted] And then, in four modules, the numbers across the top are years of payback if only basic training is realigned from Fort Bliss to Fort Jackson. Rememer, [redacted] and Fort Dix are the two workhorses in basic training. And also [redacted]

[redacted] to Dix. That's 1,600 there; 800 out of [redacted]

So the two centers a[redacted] close. That has a one year payback.

Walking up the tier -- and these things are cumulative -- then we realign combat service support training, AIT, in the following way: 88 Mikes in MOS from Dix to Leonard Wood. That comes out of Dix; 63 mechanics from Leonard Wood to Jackson; and 63Bs Dix also to Jackson. So you are consolidating 63Bs, where we have built in the last two years a modern training facility for 63Bs.

That has a two-year payback, and then so on, up the line.

The whole schmear has a six year payback, which, as it starts paying back to us in terms of dollars saved with these realignments, the most expensive one is clearly when we go from three to six years in terms of payback, is realigning the 94Bs, because they are the cooks and the training facilities constructed for them additional at Dix and lead to Dix. So you are consolidating 94Bs from two installations. It represents a significant investment that drives the payback up, but still stays within six years.

MR. HOFFMANN: What are your steady state savings? What are they for doing that?

MR. HANSEN: It's $14 mill[illegible] the realignment

1 option.

2 MR. CABOT: Does the Congress have to approve

3 normally, except for this Commission, those kind of

4 realignments?

5 MR. HANSEN: They don't have to, but they do.

6 GENERAL STARRY: It depends on how many people

7 you have to move from one base to the other.

8 MR. CABOT: In other words, this option that

9 we are looking at, we are talking about an option that

10 does not close anything, and we are mandating some

11 realignments which some services probably could do if they

12 wanted to.

13 MR. HANSEN: I don't believe so. No, sir.

14 Congress has stopped moves of as little as ten

15 people, just simply through political pressure. They don't

16 need to write a law. They just go and give certain people

17 a "read my lips" type of conversation and the issue is

18 over.

19 MR. CABOT: Well, then, the second question is

20 this. You show that that six-year payout for all of those

21 realignments together suggests that the final one there,

22 incrementally, the payout on that final one, is a lot more

23 than six years.

24 In other words, under Option A-3 there, everything

25 has a three year payout and everything under Option A has

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a six year payout. Then, just the move from A-3 to A has about a ten-year I don't know what -- payout -- but a lot more than a six year payout.

MR. HANSEN: Yes, if you did just that, if you could, in fact. But they cannot be looked at discreetly because in order for that move to happen, all the others have to move first, because that way you have created your space.

MR. CABOT: Why do you have to do the last move?

MR. HANSEN: You don't. That is just the Commission option.

MR. CABOT: So I'm saying that if we didn't recommend the last move, that final last move does not meet our crietria in having a six year payout.

MR. HANSEN: We have a chart on that from two weeks ago, if we can find it, which shows all of the dollars associated with it and not just the payback years. But yes, sir, you are correct. That is an option, too, don't do the last one and pay back more.

The real key to this is the steady state savings. The steady state savings, as you might expect, as you work up in payback years, come down.

CHAIRMAN EDWARDS: What is NPV?

MR. HANSEN: That is our net present value over 20 years. So the other point about this analysis is closing of Fort Dix, of course, has a significant payback.

However, it is a significant mission degradation, too.

MR. CABOT: What is the net present value of option A-3? I'll bet it is more.

MR. HANSEN: It will be more than 11, but less than 784.

COLONEL YANKOUPE: We will need to come back to this. We have it in the notebooks, but I cannot seem to find the chart.

MR. HOFFMANN: How can the steady state be $14 million and the NPV $11 million?

MR. HANSEN: The time value of money, that is, over 20 years.

Sir, to explain these numbers again, the net one-time saving, if it is a plus, it's a saving; if it is a minus, it means it is really a cost. This reflects two things. It reflects that costs that you have to incur for construction, the costs that you have to incur for relocation, less any proceeds of sales of land, less any avoidances in construction you have if a closure is involved, et cetera.

What happens on the closure realignment, on the closure option for Dix is the land value exceeds, the estimated land value, again, full value, exceeds the costs associated with closing it. Therefore, the net one-time saving is, in fact, a saving and not a cost.

1 MR. HOFFMANN: And that includes the environmental
2 cleanup, then?
3 MR. HANSEN: It does not include the environmental
4 cleanup.
5 MR. HOFFMANN: Do they include munitions in the
6 toxic and hazardous waste regime as well?
7 MR. MILNES: No, sir. Munitions are not included.
8 The Army certainly has a focus on cleaning those up, but
9 it is not considered a toxic waste, by definition.
10 MR. HOFFMANN: So, whether tha fits into our
11 category that the Army has promised to clean all of that up,
12 or not -- does it?
13 MR. HANSEN: There is a large impact area there
14 that I think practically, again, would be required to be
15 cleaned up before you could sell it. Certainly it would
16 have to be cleaned up before you could sell it.
17 MR. HOFFMANN: Yes.
18 MR. TRAIN: But you cannot say that they will
19 be cleaning it up in any case, whether they sold it or not.
20 But you can with respect to hazardous waste.
21 MR. HOFFMANN: That's what I'm saying, if it's
22 a seprate category.
23 CHAIRMAN EDWARDS: If you could wave a wand and
24 forget money for a moment, but if you could wave that wand,
25

1 does that realignment make a lot of good sense for the
2 Army?
3 COLONEL YANKOUPE: Sir, I would defer to General
4 Starry on that, but this is a fantastic piece of work, if
5 we could pull that off.
6 GENERAL STARRY: Yes.
7 Some of these things we have been trying to do
8 for more than ten years, and we have been stopped by the
9 50 man rule, that you can't move than 50 without going to
10 Congress.
11 CHAIRMAN EDWARDS: So what you are really showing
12 us, then, is a valuable realignment with not a whole lot of
13 money in saving. In fact, it would cost you money to do it.
14 GENERAL STARRY: Yes.
15 MR. HANSEN: It would cost you money to make money.
16 You'd make money in the long run.
17 MR. CLAYTOR: You would make money on the steady
18 state operation. The money is coming back and that is
19 every year, forever, more or less.
20 MR. HOFFMANN: What is your cost analysis on
21 number three there?
22 What is your cost analysis line on payback three,
23 the net one-time savings?
24 I see from this chart that you have an NPV line,
25 you have a better NPV on your payback of three.

DR. SMITH: There has to be a problem with the net present value number. If you are at zero for six years, you are saving $14 million a year for every year after six years. Even if you discount it to 10 percent a year, you can't get back to eleven. Fourteen times fourteen discounted cannot be eleven.

MR. HANSEN: There is also implementation time. It might take four or five years to implement.

DR. SMITH: And you pay back in six years. So you are at zero at six years. After six years, you are saving $14 million a year.

MR. HANSEN: Ho, no. Break-even would probably be more like ten or eleven years.

DR. SMITH: What is payback?

MR. HANSEN: The charter says that the costs associated with the closure or realignment must be paid within six years from the date of completion of the realignment. Therefore, you have one, two, three, four, maybe even five years of time it takes to make all these push-arounds, and I think in this case clearly it would take the full length of time to push all of this around. And then, your steady state savings start in year six or seven, and it takes six years to pay back the cost. So it might be eleven or twelve that is the break-even point.

DR. SMITH: What are you discounting it at annually

to get that?

MR. HANSEN: At 10 percent.

DR. SMITH: It still can't work out.

COLONEL YANKOUPE: We had the same questions, sir, that you do on this one, because it looks very strange with the way the construction is phased. We drilled this one really hard.

Originally, our plan was that we anticipated there would be some discussion just on these points here.

The point is, I think, that you make the decision on the utility of the installation for some of the reasons we have already discussed. Then, having done that, if the decision is positive or negative, if it is positive, it seems in good conscience that we ought to look and see what we can do for the future to make this thing a more viable operation than we found it, and that is what this does.

Not only does it do it here, but it does it elsewhere within the training base.

MR. HOFFMANN: But I think your Option 3, if you are going to go along with what we will call the Starry bundle of rationales, it makes more sense than six, because you sure don't want to bog down Fort Dix as being the Army's cook school, if you are going to have divisions rushing in and out and mobilizing and going on for lordy-knows what-all and it punishes you on your figures.

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1 MR. HANSEN: That is a good point.

2 Just to make clear also what we have, we are
3 displaying more numbers here for your decision-making than
4 our intention is to put into the final report. The final
5 report numbers that are important are what are the steady
6 state savings and what is the payback in years.

7 The net present value was put in there for,
8 primarily one of its major purposes is if it ever comes
9 out as a minus number, then you know you are not making
10 a good long-term decision.

11 So, as it is getting close to zero, then, this
12 is talking long-term-wise as not being as good a decision
13 as one that has a higher number.

14 CHAIRMAN RIBICOFF: May I ask you this question,
15 General Starry.

16 Are you familiar with everything involved in
17 three, the different bases, what they do? Forgetting the
18 money, does it make sense to do it?

19 GENERAL STARRY: Yes.

20 CHAIRMAN RIBICOFF: From a military standpoint?

21 GENERAL STARRY: Yes.

22 In fact, all of those are things --

23 CHAIRMAN RIBICOFF: That are worthwhile doing,
24 and so, you can defend it on military means?

25 GENERAL STARRY: Some of those I started more than

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ten years ago, to try to do this sort of realignment.

CHAIRMAN RIBICOFF: Which one were you trying to do -- three or six?

GENERAL STARRY: All of them. We were moving the cooks around, we were moving some mechanics around, moving -- what else?

SENATOR EAGLETON: In your dream world, what would you take? Which one do you want -- one, two, three, six?

GENERAL STARRY: That is a total program of moving from one place to the other. I think the whole thing makes sense to me.

CHAIRMAN EDWARDS: Well, we are all neophytes. We look at those numbers and it looks to us like doing number three, while it may not move everybody, it seems to produce more savings.

MR. HOFFMANN: You will wind up with all of your cooks at Fort Dix. Is that the notion?

COLONEL YANKOUPE: That is the notion.

MR. HANSEN: Yes, sir.

CHAIRMAN EDWARDS: Well, that is not a bad idea.

MR. HOFFMANN: But it is not a good idea if you want to move a light division in there and do all of that other stuff, because they are tied to some very expensive investment to get their training facilities in there, and you have those other places.

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1 We have to stick one with theory or another.
2 You know, take a couple of minutes and look back at the origina
3 decision on Dix It proceeded on the following theory.
4 One, the Army isn't going to like it, for obvious
5 reasons, and these were generally alluded to. Number two,
6 the whole thrust for the Army is to get at some impacted
7 areas on the East Coast and get some training areas set up
8 out West, where they can train for the long-term.
9 Number three, if you go along with the notion of the exercise
10 here, we are not limited to getting rid of things that
11 are totally nonuseful; we are taking the bottom slice of the
12 basing structure and we are saying hey, this is perceived
13 to be in the national interest to take that bottom slice off
14 if it is cost effective to do it, and that's what we want
15 done.
16 That is how I perceive our instructions.
17 I am only saying here that, you know, we went through
18 this drill and we looked at the thing and we decided that
19 yes, there is some utility in that operation, but the
20 notion is to get relocated back our West, to get out in the
21 larger maneuver spaces that we need.
22 GENERAL STARRY: But not individual training zones.
23 This is individual. It's not unit training.
24 MR. HOFFMANN: But wha is driving it down is the
25 future use and the aerial port and all of these other

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1 reasons, which is terrific, you see. But it is not
2 consistent with the line of argumentation we were taking
3 before, which is to take a base on the East Coast that
4 is least useful and redeploy those assets in terms of
5 training areas and base camps and stationing out West, includin
6 Fort Bliss.
7 I am just saying that is what we are looking at
8 and the theme that we thought we were after when we closed
9 this. Nobody thought it was going to be easy or that
10 they wouldn't yell, or they wouldn't dig up perfectly good
11 reasons to do it.
12 You have to remember that this is just like fighting
13 a ground war. It's a lot easier to defend than it is to
14 attack. What are the conventional ratios, General, about
15 four ro one or five to one, about attacking forces to
16 defending forces?
17 That is where we are. I mean, there is no question
18 this makes a hell of a lot of sense. It gets us savings.
19 If you look at the number three option, even the four
20 option, on our steady state saving, that is about what we
21 got out of our whole net effort with the Navy on our
22 homeporting initiative. You know, it ain't a bad deal.
23 DR. SMITH: Is there not another option here that
24 we could look at, which says close out the basic training
25

1 at Fort Dix but keep the real estate at Fort Dix; turn it
2 into an Indiantown Gap or A.P. Hill reserve training center.
3 But you take the basic training load, the advance individual
4 training load and move it to the other training bases, and
5 accomplish these work-arounds to the extent that you can,
6 given that you are not going to have Dix to train on. And
7 you keep the real estate for mobilization purposes, for
8 purposes of bringing somebody back. The only thing you
9 don't realize in that is the value of the land. Now if
10 you look at the steady state saving, they were $79 million
11 a year for closing Fort Dix.
12 I think you can realize the majority of those
13 savings by closing down all the training a Fort Dix, keeping
14 Fort Dix as a training base. You don't keep anything there
15 that you don't absolutely have to have to keep it open as
16 a training base.
17 MR. HOFFMANN: A Reserve training base.
18 DR. SMITH: Yes, a Reserve training base. You
19 should realize $50 million or $60 million a year in savings,
20 in steady state asvings, if you can push around the basic
21 training and the advanced individual training that goes on
22 at Fort Dix to the other bases. And I still think some
23 of these things could be accommodated within that scenario.
24 GENERAL STARRY: The problem is that it is not a
25 good training area. It isn't even a good training area

for our Reserve.

MR. HOFFMANN: Now wait a minute. You cannot have it both ways. It is either good for Reserves and Guard or it is good for mobilizing Reserves and Guard. It is good for staging divisions at the aerial port and all of those good things or it is not.

The fact of whether or not you can find a better training area --

GENERAL STARRY: Let me finish my argument.

If you look at that range area in the middle of the map, if you look at the weapons that were listed around the range area, the largest thing they are firing in there is machine guns and small mortars. The reason for that is they cannot do anything else because of the ranges and the distances and the safety fans and so on.

The Reserves come to places like this to do unit training, not individual training.

The only thing this is good for is the thing we are doing there now, except for mobilization, where some of these restrictions would be relaxed and marshalling of units for deployment overseas.

This land is being utilized for the best purpose we have put it to at this point, which is individual training, basic and advanced.

MR. HOFFMANN: Okay, and it retains that character.

So you are saying it is no good for Guard and Reserve training now and it won't be good for Guard and Reserve training if we take all of the basic training off it. So that one is a wash. That does not figure in the argument.

GENERAL STARRY: I don't follow your argument.

There is some Guard and Reserve training that is done there now, that can be done there now. But if you are looking at it solely as an area that you are keeping open to support Reserve and Guard units for training, it is not all that attractive.

You are paying -- I don't know how much base costs are to operate -- $79 million or $80 million a year. If you saved half of that, you would be lucky, I would think, because you have to keep a base complement there, you have to keep the ranges open, and so on.

There really are savings that you would anticipate by putting it into a kind of reduced state of readiness. It has some facilities; they are good facilities for the kinds of things that it is doing. And, short of having to realign the Army because of redeployments from overseas or mobilization, it seems that this is the best use to make of it, and it provides us the flexibility that we need in the long-term.

CHAIRMAN EDWARDS: Let me ask you this. What will you move out of [redacted] and [redacted] and does that leave

any particular hole?

MR. HANSEN: That's where the World War II barracks would stop being used.

The policy of the Department is World War II barracks, or any World War II buildings should be demolished.

CHAIRMAN EDWARDS: All right. Then what do you have left.

DR. SMITH: That's baloney. They have fought that for years and years.

We tried to get World War II barracks closed, and they won't tear them down. You can't get rid of them. The Departments hang on to them tooth and nail.

COLONEL YANKOUPE: Sir, we do in [redacted] Again, we pull them out an awful lot.

CHAIRMAN EDWARDS: What will happen, then, to that property, or is it a big area?

COLONEL YANKOUPE: It is an [redacted] training load at [redacted] it is [redacted] at McClellan. At McClellan, I think you are familiar with that post, sir. That abuts up against the high ridgeline that you go up and over to get down on the other side of the interstate. It is nestled up in there.

The use the area adjacent to that for training, for the mock combat village training and so forth.

That would strictly be expanded into at [redacted]

CHAIRMAN EDWARDS: Expanded into in what way?

COLONEL YANKOUPE: With something like mock training that is abutting up right against it.

MR. HANSEN: It would revert to a training area, not a barracks area.

COLONEL YANKOUPE: We are not covering a lot of space with those kinds of barracks. They are the open bay barracks. They are not the kind of the rolling pin style or the new "starship" style, which occupy a lot more space and are a bigger complex.

The one at [redacted] I am not familiar with, but it will be about half the size because of the training load that is there.

Both of those have been operating and targeted for attempts to close and realign out of both of those locations, to consolidate that training. Clearly, the Army I think would like to load up its training bases, both Dix and Jackson.

GENERAL STARRY: The underlying purpose of this whole chain of events here, whether you believe the whole thing or not, the underlying purpose is we have two kinds of training going on here.

One, we have a recruit who comes in for initial entry training and does about eight weeks of what is called BT, basic training. He then becomes a specialist.

He becomes a cook or a mechanic or a signaleer, or some kind of specialist, for which he goes to a school that lasts, in some places, as long as more than a year. Some of the signals skills in some cases take another 10, 12, 15 or 16 weeks. That is one kind of training.

There is a break between his basic combat skills training and his advanced individual training, which is what we are talking about in the military occupations specialty training.

The ideal thing would be to concentrate all of that basic training in one place or two places, or perhaps more, so that you don't have duplication of those facilities all over the training base, and as nearly as possible to co-locate or arrange it so that some, at least, of the so-called common specialist training -- cooks, mechanics, and so on -- is done at the same place, so that the young soldier moves directly from his or her basic training into the common specialty skill training.

The other kind of training we do is called one-station unit training. This is where you bring a soldier to, say, Fort Knox or Fort Benning. He is going to be an infantryman or an armored soldier or an engineer soldier at Fort Leonard Wood. He joins the unit and he stays with that unit from the day he begins, until some 14, 15, 16, or 18 weeks -- in some cases later -- when

he graduates as a full-fledged infantry, armored, or engineer soldier, having been trained in all the basic training skills and the combat skills associated with his combat in the same place and in the same unit with the same people.

There are two different kinds of training. The purpose of this exercise is to get the one station unit training at the schools that specialize in that or that are responsible for that -- armor, infantry, engineer. The other part of it is to get the basic training in as few places as possible so that we don't duplicate the facilities - drill sergeants and the whole infrastructure -- and locate that as much as possible with the common specialty skills, such as cooks, mechanics, and so on.

That is the whole underlying purpose of this exercise.

SENATOR EAGLETON: General, are you saying that if Dix is to remain open and you now are equivocal as to whether Dix remain open, that the prudent thing is to go first class and go column six and don't go half-assed with column two or three?

GENERAL STARRY: That's right.

SENATOR EAGLETON: Is that your bottom line?

GENERAL STARRY: That's it.

GENERAL POE: Mr. Chairman, this is very persuasive to me and I would buy it on Dix. The only thing that I

1 resent about it is they had to be dragooned into this level
2 and, as a result, we have not had a good look at all of
3 the other options at other places we might close. That's
4 the thing that bothers me the most.
5 I think this makes manifest good sense. It is
6 probably something we ought to do. It enables the
7 Commission to do something for the Army that the Army has not
8 been able to do for itself. But now, that having been
9 done, you know, this was in response to our saying we
10 are going to close this particular station.
11 MR. HANSEN: Sir, if I could correct the record, we
12 had this chart ready to go a month ago. We just never got
13 past that disconnect in numbers.
14 MR. HOFFMANN: But you are missing his point here.
15 You are answering some oranges and he was asking you
16 about apples. It's a damn good point. Go ahead.
17 GENERAL POE: The point is if we get this kind
18 of intense look at it, it looks to me like we have to
19 readdress, which is a hell of a time to do it, the last
20 day, readdress some of the things that we have decided
21 we are not closing, if you can't close this one.
22 MR. HOFFMANN: Like [redacted]
23 GENERAL POE: Now, in addition to these things,
24 you've probably got some other things you can put in Dix
25 and off-load some other places, if you are going to keep

1 Dix open.

2 DR. SMITH: I am not persuaded by any stretch.
3 I think the chart that showed we could save $79 million a
4 year by closing Fort Dix and moving the basic training
5 to elsewhere is very persuasive to me.

6 The only counter argument is you are giving up
7 that valuable real estate with Dix that you may need if you
8 bring troops back or if you have to mobilize.

9 What I am suggesting is that that same option is
10 very viable if you keep the real estate at Fort Dix but
11 shut it down. Let's keep it in the caretaker status, like
12 AP Hill, like Indiantown Gap, where you don't have three
13 generals and staffs of thousands. You have a colonel who
14 runs the post with a very small staff. Let the Guard and
15 Reserves go there to train, and you get almost all of that
16 $79 million.

17 General Starry disagrees. If it is $50 million
18 that you get, I still think it is a good deal and it is a
19 good payback. It would also give you the opportunity to
20 do some of these push-arounds that you are talking about
21 here.

22 You obviously cannot do the back-fills into Dix,
23 but some of these things are independent of whether you
24 have Fort Dix or not.

25 I think we are missing a big opportunity if we

1 don't say close Fort Dix and turn it into a Reserve training
2 center, a Reserve and Guard training center.
3 MR. HOFFMANN: The other thing is if you had had all
4 of these other classic arguments that are now coming to
5 the fore and are so undefeatable, you might well have
6 taken a very hard look at [redacted] which does not have
7 so many places near it that are of, you know, redeeming
8 social value -- the inter-service thing, the aerial port,
9 the mobilization in time of whatever -- or just a standing
10 down at [redacted] to put it in the class of an [redacted]
11 COLONEL YANKOUPE: I think the level of modernizatic
12 at Jackson, sir, is considerably ahead of Fort Dix in terms
13 of construction investments that have been made recently.
14 We find the utility of [redacted] is higher than Dix.
15 MR. HOFFMANN: Oh, yes, there are comforting words
16 that can be shed on any of these.
17 CHAIRMAN EDWARDS: Well, what do you think?
18 GENERAL STARRY: I say leave it alone and do this
19 realignment.
20 MR. HOFFMANN: What happens at Lakehurst? We
21 have not heard about all of the fantastic things there.
22 DR. SMITH: That is where all of the dirigibles
23 are.
24 MR. HANSEN: Lakehurst is not a big player in
25 this. They will have some infrastructure; if I remember

right, it was infrastructure. Well, they get a lot of inter-service support. In every category that we have, there was an inter-service support agreement with the Navy.

MR. HOFFMANN: What is the Navy doing there today?

MR. HANSEN: Do you know what is going on at Lakehurst?

CAPTAIN SELECT SZUTENBACH: At the Naval Engineering Center, they do some engineering analysis, some R&D on engines for aircraft, and on systems for aircraft. I can get more detailed an answer for you, but that is basically what is there. It used to be a place where dirigibles were kept.

GENERAL POE: If by clearing Dix we could close Dix and we decide not to clear Dix, what are we going to close instead?

CHAIRMAN EDWARDS: The answer is nothing.

GENERAL POE: You subtract "X" out of Dix and you close Dix. Okay. Now you are not going to close Dix and you are not going to subtract X. You are going to move this, tha, and the other. Well, what happens to the ability to take X out of somewhere and close something else?

MR. HANSEN: Well, we have an analysis here of the Devens-Meade option that we still have not covered. There may be some opportnity --

GENERAL POE: Is that going to come up? Are you

1 going to talk about those? UNCLASSIFIED

2 MR. HANSEN: Yes.

3 CHAIRMAN EDWARDS: Is it interrelated with what

4 you are talking about now?

5 GENERAL POE: Are you talking about closing half

6 of Meade?

7 MR. HANSEN: The Meade-Devens combination is not

8 interrelated with Dix, except for the area --

9 MR. HOFFMANN: What you are facing is the

10 prospect of the same kind of return of the tide that has

11 removed Fort Dix from our list, which is going to remove

12 both Fort Meade and Fort Devens. That is right here in

13 the letter.

14 SENATOR EAGLETON: By the way, if we do this,

15 what I'll call "Starry Number Six," does this make

16 Fort Dix all the more impregnable to a future Commission?

17 MR. HOFFMANN: Absolutely.

18 SENATOR EAGLETON: If you are moving all of this

19 stuff around, Dix is indispensable?

20 MR. HANSEN: Well, no, sir.

21 SENATOR EAGLETON: If Dix is to go -- and I'm not

22 saying it is -- but if it is to go, now is the time for it

23 to go.

24 Is that right?

25 MR. HANSEN: If I could, sir, the only thing

that ends up at Dix, other than basic training, is the cooks.

So actually it is easier to get at. That's what this chart tells me.

Sir, it becomes a basic training base.

SENATOR EAGLETON: If we call that "U.S. Navy," then I will vote to close it for sure. Just change "Army" to "Navy" up there and we will be unanimous.

MR. CABOT: Somebody figured we were saving $128 million a year by having Option A. Is that right?

Oh, wait, those are costs. So the actual net present value of Option 6 is the least of any of these options?

MR. HANSEN: Yes.

MR. CABOT: If that means anything, the concept of net present value, we are going backwards.

MR. HANSEN: It is still positive, though. It is just not as good as others.

MR. HOFFMANN: Well, you are theoretically getting more utility on it, except I don't like the notion of making that new investment in cooking facilities up there at Fort Dix.

The cooks are shrinking as a percentage of the force.

GENERAL STARRY: We ought to have facilities to train some of them, though.

MR. HOFFMANN: You have almost $50 million as a one-time shot.

GENERAL STARRY: What do you want them to do -- microsave everything?

MR. HOFFMANN: That's all done by Marriott. If we quit having the Defense Production Act, we'll be able to get the whole Marriott Corporation to go to work for us.

CHAIRMAN EDWARDS: We are kind of drifting here a bit.

MR. CABOT: I think not because we really don't understand what the hell they are proposing.

CHAIRMAN EDWARDS: Well, I think I see what they are proposing here, which we will call the Starry Plan, although I gather it was not actually General Starry's plan. I don't know. Maybe it was.

You said you had this chart a month ago?

MR. HANSEN: Yes.

CHAIRMAN EDWARDS: I guess what we ought to look at again and what I would like to see -- let me just say that we are going to try to finish this one and we are going to eat before we get to Devens.

I would like to see, again, if you close Dix, where everything in Dix would go.

Now, we are down to where we have an either/or

here that we have to deal with and if we can delay it by getting into all kinds of side conversations, we should not do that because we really need to focus on it.

This is a major action if we take it. It is going to be one of the tougher ones to deal with. I don't mind dealing with it, but I just think we need to be sure that we are doing the right thing.

GENERAL POE: I think what we have done is we have scratched the surface and made people understand that we are serious on this stuff. But they have only looked at one thing seriously.

That is why I am wondering if there are not some other options.

DR. SMITH: It is the old philosophy of when you look at something seriously, something that will really save you money. I mean, here you are talking about almost a billion dollars in net present value if you close Fort Dix.

They say let's not have them do that. We'll give them a bone. We'll throw you something that will save you $100 million or $10 million or something like that. Maybe that will satisfy them.

We are going to have to make some tough decisions.

CHAIRMAN EDWARDS: Jim, I guess what I would like to see, if we can justify closing Dix, is to find a way to

1 incorporate some of this into that remaining structure.

2 DR. SMITH: I agree.

3 CHAIRMAN EDWARDS: And thereby get two bites of the

4 apple.

5 DR. SMITH: I agree. I think we can do the best

6 of both.

7 MR. CABOT: Would you put the numbers on for the

8 closure option, the Fort Dix numbers on the closure.

9 [Slide]

10 CHAIRMAN EDWARDS: Who will talk to that?

11 MR. HANSEN: This chart shows all of the actions

12 that would be required to close Dix or bring it down to

13 a level of a total of 561 people, mostly Reserves, those that

14 would be associated with the embarkment of aerial port and

15 all that.

16 The fact that there are zero civilians on here tells

17 me that they didn't plan on keeping anybody for infrastructure

18 reasons, and I am a little concerned about that.

19 Anyway, they've got students and permament party

20 moving to Fort Knox, to Fort Jackson, and down to Fort

21 Leonard Wood. In order to make room for that, it's kind

22 of a lot of push-arounds. But I think what you are pushing

23 around is basic training and not any of these skill trainings.

24 CHAIRMAN EDWARDS: Does that chart accomplish

25 any of the things that General Starry has been talking about?

MR. HANSEN: I am not sure. But you know, Roger?

COLONEL YANKOUPE: It does some, sir. But it is primarily designed to unload the basic training capability out of Dix and, as you can see, load a fair amount into Fort Jackson. Then it will take some of those kinds of push-arounds that we talked about.

MR. HOFFMANN: You should add the other push-arounds to it and just have them wind up somewhere else at Dix.

CHAIRMAN EDWARDS: So at Dix, the Dix basic training goes to Jackson.

COLONEL YANKOUPE: Sir, I'm sorry.

CHAIRMAN EDWARDS: I am just asking if the Dix basic training goes to Jackson?

COLONEL YANKOUPE: Some of that will, sir. Some of that will go to the OSUT Ps at Fort Knox. OSUT, remember, consists of both basic training and the armor ports --

CHAIRMAN EDWARDS: Well, you are taking basic training out of one base and you are putting it into two other basic training bases.

COLONEL YANKOUPE: Yes, sir.

CHAIRMAN EDWARDS: What else are you doing?

COLONEL YANKOUPE: You have a large number of those that would also go to OSUT at Fort Leonard Wood, and then some of those that are taught at Fort Leonard Wood -- and it is probably similar to the step diagram that we had before. I

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GENERAL STARRY: Those are the numbers?

MR. HANSEN: Yes, sir.

COLONEL YANKOUPE: They are not in this one (indicating), but they become operative in the one-time savings, in the steady state savings.

MR. CABOT: How do you get a six year payout out of that realignment? You have $14 million of annual savings and a cost of $128 million.

MR. HANSEN: It is economies of scale. You are operating two schools to teach the same thing, and now you are going to have one --

MR. CABOT: But that isn't just a six year payout. It's about a nine year payout.

MR. HANSEN: Oh, it's time value of money again, and discounting, and all that.

Inflation and discounting are done in our model; timestream of savings versus timestream of costs.

MR. HOFFMANN: Now, what do you get on that first line if you just drop the land value out of there?

MR. HANSEN: On closure?

MR. HOFFMANN: Yes.

MR. HANSEN: Well, just really roughly -- and these numbers are not totally additive, again, because of time value of money. You are going to incur a cost of $150 million and if you still get the same savings, then it should be a

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out of the savings.

MR. HOFFMANN: Well, then, General Starry, what does that do to your strategic, as opposed to your immediate tactical, objectives? You still have your footprint for the heavy division in the transition. It comes back in there. You have your aerial ports. You have your place to marshall the reserves and ship them out and all of those good things.

GENERAL STARRY: Well, for one, it provides no surge capability for the training base. They would have to go back in. If you draw down on the base, you would have to go back in and reopen it. The demography of that 17 to 21 year old cohort, if it comes down 3 million over the next three years -- I think we are going to have an increased basing or an increased initial entry training requirement.

MR. HOFFMANN: If you keep things cooking at Fort Bliss, that is the place where you have to start growing, where we ought to have more than we have now.

GENERAL STARRY: But there is no expansion. That is the problem. It's on the branch-specific bases. There really is no expansion capability for basic training.

That's why we wanted to do this in the first place.

The other argument I would make is to keep this thing sufficient manned with infrastructures would be viable -- the hospital, the support for the airfield, and so on.

You are not going to save anything like the

1 $79 million a year. You'll save maybe $20 million or $30 millio

2 MR. HOFFMANN: Well, the Army won't be tasked with

3 that. We will sign that over to the Air Force. That is the

4 cross-service realignment that we've been looking for. We

5 have been looking for a couple of those things, and I think we

6 have a winner.

7 CHAIRMAN EDWARDS: If we close Fort Dix, what would

8 happen to the Navy base out there on the point, Lakehurst?

9 MR. HANSEN: My understanding is in the implementation

10 they would have to figure out what part of the Dix

11 cantonment area is needed to be kept operating, in addition to

12 the hospital, probably keeping the hospital operating.

13 [Slide]

14 MR. HANSEN: This is kind of the way the Dix

15 cantonment is laid out.

16 GENERAL STARRY: You were asking about the Naval

17 Air Station, Lakehurst.

18 MR. HANSEN: If I had to guess, given the physical

19 separation between the Naval Air Station and the Dix

20 cantonment area, we are probably not providing them power and

21 all of that. But it's a pure guess. It's physically

22 dislocated, whereas I think there is much more of a tie between

23 McGuire and Dix, as far as infrastructure, utilities, and

24 things like that.

25 So I think the impact would be more in the area of

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they're probably using storage facilities there and the morale, welfare, and recreation at Dix.

MR. HOFFMANN: And the hospital.

MR. HANSEN: Yes, the hospital.

CHAIRMAN EDWARDS: I hate to bring up a new facility at this time, but would there be any need to keep Lakehurst there? Could you move Lakehurst somewhere else if you got rid of Dix?

CAPTAIN SELECT SZUTENBACH: Sir, I don't think there is a particular relationship there. There is an inter-relationship, but not that kind of mission relationship. If one goes, the other goes. It's just a simple issue.

CHAIRMAN EDWARDS: I mean, could you put Lakehurst anywhere? You don't have too many dirigibles any more, do you?

MR. HANSEN: At a cost.

ADMIRAL ROWDEN: I don't think that's what they do at Lakehurst. I think there is some catapault work that they do, or so I thought the last time I was there, which was a number of years ago. They had a number of different models of catapaults laid out up there and they do engineering and development out there. It would mean you would have to take that installation in concrete --

MR. CABOT: Could you move that to Patuxent?

ADMIRAL ROWDEN: I'm sorry?

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MR. CABOT: Could you move that to Patuxent?

ADMIRAL ROWDEN: I don't know. I would think you could, but I don't know.

CAPTAIN SELECT SZUTENBACH: It is probably feasible to do that.

MR. HANSEN: It's got to be cost modeled.

CAPTAIN SELECT SZUTENBACH: Unfortunately, it probably does not have a six year payback.

MR. HANSEN: We have no idea. You would have to run it through the cost model.

CAPTAIN SELECT SZUTENBACH: That's right. We have to run it through the cost model. But likely what happens, when we've done those before, before you have to move a whole installation, basically, you could move it on to land, probably, at Pax River. But it wouldn't give you a payback.

MR. HANSEN: If you have to build, it just doesn't pay back.

CHAIRMAN EDWARDS: Can we do a kind of test, folks? Let's see if we are wasting our time in any particular direction.

If you do the Starry plan, if you do the Dix closure, and if you do what I guess I will call the Smith plan of leaving the facility there for the Reserves --

MR. HOFFMANN: On which we do not have good numbers.

1 MR. HANSEN: No, we have to do more there.

2 CHAIRMAN EDWARDS: We have to start settling this
3 damn thing somewhere, and I just think we need to figure out
4 where we are at.

5 SENATOR EAGLETON: Is this the Starry plan that is
6 in column six or column three?

7 CHAIRMAN EDWARDS: It's six.

8 Are those the three options, really, that you think
9 we have, the Starry plan, closure, and the removal, but
10 keep the facility around?

11 MR. CABOT: Are we voting for the record or are
12 you trying to find out where our thoughts are?

13 CHAIRMAN EDWARDS: This is what I would call a
14 straw vote. I am trying to figure out where we should go
15 from here.

16 Let's have this off the record, by the way.

17 [Discussion off the record.]

18 CHAIRMAN EDWARDS: It looks like the Starry plan
19 is far ahead, and it seems to me we ought to focus on that.

20 MR. TRAIN: May I ask a question on the Starry
21 plan?

22 We have talked about this, that Dix is the only
23 alternative for implementation of the Starry plan, because
24 there are -- what -- bakers and basic training there now?

25 GENERAL STARRY: Mr. Hoffmann's cooks.

MR. TRAIN: Well, cooks and bakers generally go together.

MR. HOFFMANN: General Starry's cooks.

MR. TRAIN: Arguably, could this go, say, to [redacted]

GENERAL STARRY: Well, I suppose you could argue that they could, but not without considerable construction. There is nothing at [redacted] now tha does the thing that is being done here.

There is not sufficient room at [redacted] to conduct the basic training part of their training. So you would have to move the soldiers from one place to [redacted]

MR. CABOT: Well, there is a $128 million cost to doing the Starry plan?

GENERAL STARRY: Yes, that's right.

MR. CABOT: And you think it is even more than that to do it at [redacted]

GENERAL STARRY: Yes, lots more.

GENERAL POE: You have an acreage problem in [redacted] haven't you?

GENERAL STARRY: There is nothing there, not like what we are talking about at Dix. It would have to be created from scratch.

MR. HANSEN: Was the question to put the basic training up at [redacted]

GENERAL STARRY: No, just the common specialist

1 training.

2 I think that's what you meant?

3 MR. TRAIN: Yes.

4 COLONEL YANKOUPE: There would be straight

5 construction costs immediately with that.

6 CHAIRMAN EDWARDS: Okay, Don, now that you've got

7 everything going your way and you are running roughshod over

8 us, maybe I should ask this.

9 Doug, is there anything else? Do you have other

10 slides that we did not get to see a month ago?

11 MR. HANSEN: Oh, yes, sir. We could go another

12 two hours. We have nothing but lots of slides.

13 CHAIRMAN EDWARDS: I mean that do the kinds of things

14 that General Starry is talking about.

15 MR. HANSEN: We have more slides and migration

16 diagrams for how this actually works, and all of that. But

17 they are kind of detailed.

18 MR. CABOT: Would you show us the Starry plan

19 slide, the numbers slide again, because I don't even think

20 that makes sense.

21 MR. HANSEN: This one, here (indicating)?

22 MR. CABOT: No, the other one, the dollars.

23 MR. HOFFMANN: As a footnote, while you are changing

24 the slide, remember that the Army is not in a position to

25 tell you what they would rather do in print. They have told

us what they would rather do if we insist on closing Fort Dix. They would rather have us close [redacted]

And General Poe I think is saying, if I can put words in his mouth, that maybe we want to be sure that a motion to reopen some of these other things is in order as we go down the line.

Is that where you are heading, Don?

GENERAL STARRY: I'm only on Fort Dix.

MR. HOFFMANN: I understand. But I want to know where you are headed in the other agenda items.

GENERAL STARRY: I don't know. I have to hear the other arguments so I can make a judgment.

MR. CABOT: My question on those figures right there is we have annual savings of $16 million a year for A2 and less than that for A3 and A4 -- or, rather, for A.

Now, what the hell. So you are justifying it on some other basis besides cost, but I don't know what it is.

MR. HANSEN: We would have to take apart the cost figures. The only figure on here that raises my eyebrow is the $13 million figure for A1. That should be higher because the least amount of moving around should have the higher steady state savings, just intuitively.

But we'd have to take them apart to see what happens, more than we have already taken it apart and have not found anything.

1 That would be the kind of thing we'd have to do.
2 But I don't think Al is the one that we are really talking
3 about.
4 MR. CABOT: But how can you even come close to
5 justifying spending from $61 million to $128 million in
6 order to increase the annual costs by another $2 million a
7 year?
8 MR. HANSEN: Well, it is the benefit you receive
9 by consolidating these schools.
10 MR. CABOT: Where? It doesn't show on these
11 figures.
12 MR. HANSEN: You cannot put dollars on these kinds
13 of benefits. There are benefits in improved training and
14 benefits in the cadres there.
15 MR. CABOT: Well, okay. If that is the name of the
16 game, let's talk about mission, quality of performance, and
17 all of these other things.
18 GENERAL STARRY: Well, it is that, but it is more
19 than that. It's cost avoidance in places where you are going
20 to have to get rid of obsolete or deteriorating facilities.
21 Bliss is a good example --Leonard Wood is another example --
22 in order to keep going at those places what you've got
23 going there now, because they are in World War II barracks.
24 MR. HOFFMANN: But you are going to Fort Leonard
25 Wood in that one case.

1 CHAIRMAN EDWARDS: General, what is your motion?

2 GENERAL STARRY: Mr. Chairman, I move that we keep

3 Fort Dix open and go ahead with this realignment plan.

4 CHAIRMAN EDWARDS: Number six?

5 GENERAL STARRY: Yes, sir.

6 MR. CLAYTOR: I call it.

7 CHAIRMAN EDWARDS: Does anybody want to discuss

8 that motion?

9 CHAIRMAN RIBICOFF: I happen to think it is a very

10 important thing that we have done here by doing the Starry

11 plan. I think we are looking at this very seriously and

12 realizing that money isn't the only factor that is motivating

13 this Commission.

14 I think when you go back to Congress, it's a hell

15 of an example to give, just what we have done right here.

16 I think we take our jobs very seriously for the

17 benefit of our country. It has nothing to do with money.

18 CHAIRMAN EDWARDS: Does anybody want to debate that?

19 MR. TRAIN: Oh, no, sir.

20 CHAIRMAN EDWARDS: All in favor, then.

21 [A show of hands]

22 CHAIRMAN EDWARDS: Those opposed?

23 [A show of hands]

24 CHAIRMAN EDWARDS: Very well.

25 MR. CABOT: I really want to vote against it.

1 if I may.

2 CHAIRMAN EDWARDS: Go ahead.

3 I think the vote is clearly in favor of it.

4 Okay. That settles Dix.

5 If anybody mentions Dix again, he doesn't want to

6 eat today.

7 MR. CLAYTOR: There are no petitions for a rehearing.

8 MR. HANSEN: You won't hear it from up here. I

9 guarantee you.

10 CHAIRMAN EDWARDS: Let's take a short lunch. It's

11 out there waiting for us.

12 [Whereupon, at 1:16 p.m., a luncheon recess was

13 taken.]

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AFTERNOON SESSION

(1:50 p.m.)

CHAIRMAN RIBICOFF: Let's get started.

(Viewgraph)

MR. HANSON: Thank you, Mr. Chairman.

The next question we have is the dual question of working on Fort Meade and Fort Devens. Basically, the goal behind the exercise was to see if we could figure out a way to keep Devens open by back-filling it. And the reason for the back-fill was to allow the Army to consolidate its intelligence training school at Fort Huachuca.

And so basically, we've got a drill of what can we do. The thought was that perhaps we could sell land at Fort Meade and use the proceeds to help pay for some of the realignment that would be necessary to keep Devens open, while still allowing the Army to complete its mission.

(Viewgraph)

MR. HANSON: Keeping with the practice, Secretary Marsh again, his comment on this was: [redacted]

And that I believe is the paragraph, without any

follow-on information. So again, the staff was trying to prepare for various options, looked at the status quo.

(Viewgraph)

MR. HANSON: The status quo means do nothing with Devens. Fort Meade's options are sell the land -- or the options of Fort Meade supporting Devens would be selling land, realign the Information Systems Command and the [redacted] to Fort Devens, and the intel school goes to Fort Huachuca.

Another option is to sell land, realign the Information Systems Command and the intelligence school at Fort Meade.

(Viewgraph)

MR. HANSON: And so we're dealing with the issues in the order of descending order of complicatedness. The first question is should the [redacted] at [redacted] be relocated at Fort Devens. Actually, Fort Devens already has the [redacted] and therefore the flag -- or a flag, if you will, secondary flag, but it is still a flag of the headquarters, is already up there.

The cost of the move is high relative to the size of the activity that it is. It doesn't improve capability at all, and it provides, and in fact it removes the Army command from the Washington area, where they would love to be.

[redacted]

1 And therefore, our recommendation is that we don't
2 take the [redacted] out of [redacted] My
3 suggestion is, we have a series of recommendations regarding
4 Meade and Devens, and I would suggest we go through the whole
5 package and then just look at the total at the end.
6 We didn't feel it would be viable to remove the
7 headquarters from Fort Meade.
8 (Viewgraph)
9 MR. HANSON: Again, Secretary Marsh, as I think
10 Mr. Craib pointed out in his comments about General Gray,
11 they had the same feeling about the dismembering of
12 installations as a search for high value real estate. And
13 frankly, I think in their opinion, their opinion, it was
14 stretching the Commission's charter.
15 (Viewgraph)
16 MR. HANSON: But the issue nevertheless is
17 should we do anything with approximately 9,000 acres of
18 training and range area at Fort Meade. Fort Meade is a
19 very similar type operation to the kinds of maps where you
20 saw at Fort Dix, where the impact area is in the center and
21 all the ranges point toward the center.
22 (Viewgraph)
23 MR. HANSON: We had the same kind of problems
24 associated with that. This area is used quite extensively
25 by the U.S. Navy Reserve and the Army National Guard and

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1 the D.C. National Guard is a player at Meade. As is the
2 Maryland National Guard. I'm sorry, that's "AR", that is
3 Army Reserve.
4 And given that there is a potential to lose
5 Indiantown Gap, the 9,000 acre training area would exacerbate
6 that.
7 MR. HOFFMANN: Losing Indiantown Gap?
8 MR. HANSON: In Pennsylvania.
9 COLONEL YANKOUPE: Indiantown Gap is on lease
10 from the State of Pennsylvania. That expires in 1991.
11 MR. HOFFMANN: I understand, but the statement
12 you made this morning was it was going to -- it would just
13 revert from federal control to the National Guard.
14 MR. HANSON: More than likely.
15 MR. HOFFMANN: So it's still available for
16 training. It won't have changed its basic status.
17 COLONEL YANKOUPE: The active component will go
18 down and there will be an adjustment between the reserve
19 and guard percentages, more than likely.
20 MR. HOFFMANN: Not necessarily. If they don't
21 do something, this maybe will happen. If we send them a
22 signal now, they've got plenty of time to negotiate the thing
23 out and get the kind of land utilization that they need.
24 GENERAL STARRY: [redacted]
25 [redacted]]

1 [redacted]

2 COLONEL YANKOUPE: That's what I understand, sir.

3 MR. HANSON: That expires in '91. They are

4 preparing a '90-'91 budget, so I would assume that would be

5 correct.

6 (Viewgraph)

7 MR. HANSON: Turning to the land value

8 determination, the factors affecting evaluation at Fort

9 Meade for land value is, they're having an ongoing very

10 current fight over development in Howard County area, just

11 in that general area, with the anti-development forces

12 growing.

13 The market absorption of 9,000 acres into that

14 could severely affect the market. But nevertheless, it is

15 still a valuable property. We figured it at about $200

16 million, with roughly a quarter of that required to clean

17 up, if in fact the Army would agree to clean up impact

18 areas.

19 GENERAL POE: You're talking about impact with

20 duds and all that. You're not talking environmental?

21 MR. HANSON: I'm sure there's some environmental,

22 but I think the major thing is the duds and the impact

23 area, and that is based upon that, but primarily based upon

24 the support to the National Security Agency and not breaking

25 up the installation, training for the reserves, et cetera.

1 Our recommendation is we don't piece up Fort Meade, and
2 try to sell off the training area.
3 MR. HOFFMANN: Now, why don't you think we ought
4 to do that?
5 MR. HANSON: For the training reasons, for
6 support to the National Security Agency reasons.
7 MR. HOFFMANN: What do they use the land below
8 the line for?
9 MR. HANSON: They're not using the land below
10 the line. The training is the real thing.
11 MR. HOFFMANN: I thought what we were talking
12 about was selling the land below that heavy line there.
13 MR. HANSON: That is correct, 9,000 acres.
14 MR. HOFFMANN: What does NSA have to do with
15 considerations of selling the land below the line? We're
16 getting into some very fuzzy rationales now.
17 CHAIRMAN EDWARDS: He went through that.
18 MR. HANSON: I guess I was really just picking
19 up on Secretary Marsh's comment of mission effectiveness
20 for the [redacted] and NSA.
21 CHAIRMAN RIBICOFF: Is there any justification
22 for Marsh's comment on sale of the land below that line on
23 the other side of the road? It's on the other side of the
24 road, as I understand it.
25 MR. HANSON: His comment there would concern

1 just military value of installations and the strategy of
2 seeking high value real estate at the expense of those mission
3 considerations, which are training.
4 GENERAL POE: It's not really applicable to this,
5 the material you sent me, when you asked me to take an early
6 look at this. The thing that hit me about it was the large
7 area that has been an impact area, and that's the problem
8 that I'm concerned with.
9 I've always felt better about closing things that
10 have that kind of problem you've got in there. So I'm not
11 sure you're going to realize too much in there.
12 MR. HOFFMANN: Well, there is your cleanup cost
13 on the slide, $57 million.
14 MR. TRAIN: And it's $198 million just for the
15 area below the blue line?
16 MR. HANSON: Yes.
17 CHAIRMAN EDWARDS: Are those all reserves that
18 train there now?
19 MR. HANSON: And D.C. and Maryland National Guard.
20 CHAIRMAN EDWARDS: And where would they go if we
21 sold off the southern part?
22 MR. HANSON: For weekends, they probably won't
23 have anywhere to go. For longer term things, they would have
24 to use A.P. Hill, perhaps, maybe Dix, Indiantown Gap. But
25 it's the weekend drills that rea[illegible] them the most.

CHAIRMAN EDWARDS: Do they drill out there a lot on the weekends?

MR. HANSON: We had figures on that. 70,000 man-days total per year.

MR. HOFFMANN: I don't know how you calculate on a per acre basis the density of the training as compared to others, whether that's high or low utilization. I couldn't figure it out from the chart.

Some others, though, some others of those bases on there, had very, very much higher training use.

MR. HANSON: And they had much more acres, too.

MR. HOFFMANN: That's what I'm saying. On a per acre basis, that would be the way to make the comparison. Some of them were not that large, that had a higher use.

COLONEL YANKOUPE: You raise a good point, sir. It's very difficult to get, and we have worked very hard to get, the figures on training usage and some type of measure across the training areas. Different areas are rotated environmentally because of the particular, whether they're wooded or they are open or the ground is soft or hard and all that.

MR. HOFFMANN: All of that is true.

COLONEL YANKOUPE: I think Secretary Marsh's point primarily is that when you have an installation like this one, it has an interesting, unique relationship with

1 NSA. NSA is a big piece of the operation. NSA as a defense
2 agency typically does not own any real estate anywhere.
3 They're like all of the agencies, who are generally tenants
4 on one of these large ones.
5 So this installation has First Army headquarters
6 on it and has then that complex up in here that supports
7 that. This piece of red ground up here is ground that the
8 Army owns.
9 But when we talk to NSA about their feelings on
10 property manipulation in this whole complex, they
11 immediately identified this one because it's a piece of
12 high ground, along with this over here that provides a buffer
13 zone against intrusion or monitoring or what have you of
14 their major facility in here.
15 This whole area down through here then, the big
16 demand for that comes not only from the local training needs
17 of whatever troops and soldiers are stationed here, but
18 also, as Mr. Hanson pointed out, the D.C. National Guard,
19 Maryland National Guard, and other units that go in here.
20 The cost of doing something else is they go
21 down the road to A.P. Hill for three or four hours, or
22 however long it takes them to get down the road.
23 I think the opinion the Secretary is expressing
24 is that taking this thing and severing it up and saying,
25 well, gee, I guess they can go down the road, is

1 something that maybe it works one or two places, but in
2 general it sets a pretty bad precedent for the way we value
3 our installations.
4 MR. HOFFMANN: Okay. But based upon that
5 rationale and looking at the training areas, can you think
6 of a place that is up for closure that would not be similarly
7 -- that you could not make the same argument for?
8 In other words, what you're arguing against is
9 that you shouldn't close anything, and that's not what the
10 Congress said and that's not what the Secretary of Defense
11 said. You've just made the classic argument for not closing
12 anything anywhere at any time. It preserves the National
13 Guard training area.
14 MR. HANSON: We haven't so far closed anything
15 where the National Guard or reserves train, except for
16 classroom sites.
17 COLONEL YANKOUPE: That's not a universal argument,
18 though, that we made.
19 MR. HOFFMANN: No, because we haven't tried that
20 many. I'm just getting very frustrated. We had a whole
21 rationale, set of argumentation, based upon which the
22 Commission made preliminary decisions last time to close
23 this. And now the staff appears in the role of advocates
24 for the services.
25 Could you put up a chart that shows us the

1 rationale for closing it? Where did we leave this discussion
2 last time when we decided to close it? Have you got that
3 on the chart?
4 MR. HANSON: This is it. The $198 million is all
5 that you get out of it. You've got to keep the post open
6 to support NSA. So it's clearly just land proceeds is all
7 you get out of this.
8 CHAIRMAN EDWARDS: You're just shrinking the post
9 is all you're doing.
10 MR. HANSON: Sure. There's no steady state
11 savings. In fact, you're going to incur costs for cleanup
12 and all of that.
13 GENERAL POE: This is the problem that I have with
14 the piecemeal thing. I'm not defending this particular
15 exercise, but unless you padlock the gates you don't really
16 save anything.
17 So if you're going to have to keep the rest open,
18 then that makes it a lot more persuasive to talk about
19 letting the guys do their training there. If there is a
20 question of just keeping it open for reserves, then let them
21 drive down the road.
22 But once you're paying for the fire department
23 and the security police and the cooks and bakers and all the
24 rest of the stuff that are on there anyway, that's the only
25 thing.

1 Now, I don't know whether it's a good argument
2 for the reserve outfits or not. But it's a better argument
3 than it would be if you were shutting the place down.
4 MR. HOFFMANN: All true.
5 COLONEL YANKOUPE: And that's a good point, I think,
6 and really the essence of many of the arguments you get into
7 when you talk about just selling pieces of land off. There
8 will be an up-front cost in getting into the real world. Now,
9 that pays for itself, yes. It's going to take programming to
10 do it. The service would view it that way.
11 And so that becomes a negative factor in their
12 mind and they see no major savings coming out of it. It's
13 an installation in the national capital region, much like
14 several of the others we've got here. I think we looked a
15 while back at [redacted] with a piece on the southeast corner,
16 and we argued much the same kind of argument, just that
17 piece southeast of the runway.
18 And we came to, I think, the same kind of
19 conclusion: There wasn't much of a benefit. And I think
20 when you analyze it in those terms, I mean, that is kind of
21 the way I see it.
22 Having been back and forth and through the thing,
23 what do we get out of it?
24 MR. HOFFMANN: $150 million.
25 MR. HANSON: One time.

1 MR. HOFFMA[redacted]

2 [redacted]

3 CHAIRMAN EDWARDS: What's the will of the

4 committee?

5 MR. HANSON: Well, sir, if I could, my suggestion

6 was we go through here with the Devens options, because I

7 think these are a package together.

8 CHAIRMAN EDWARDS: Refresh my memory before you

9 leave this area. What did we end up doing with Belvoir?

10 MR. HANSON: Belvoir, we were filling it up with

11 -- right now we're filling it up with Cameron Station, and

12 then leaving the proving ground for public and private

13 development, with the hope that Cameron could move into

14 there.

15 CHAIRMAN EDWARDS: [redacted] have a piece

16 of land that looks like this?

17 MR. HANSON: Yes, sir.

18 CHAIRMAN RIBICOFF: [redacted] Belvoir with

19 [redacted] and those at the base, it seemed all of

20 them were amenable to selling the 800 acres, to work

21 something out. There was no opposition to that at all.

22 And [redacted], I asked him what did he think the

23 value of that was. He said he thought that the property

24 was worth $200,000 an acre, which would be $160 million.

25 And it was his concept and the Defense

1 Department that they would basically try to work out an
2 arrangement to develop that land, and they intend to have some
3 land use advisor how they would do it in such a way that they
4 would be able to move all of the available Defense
5 Department needs for more space into that 800 acres at
6 Belvoir, working with the private developer, with a very good
7 lease involved; that they have already talked to the
8 governmental authorities of Fairfax County, who are very
9 enthusiastic for it because it gives them an opportunity to
10 remedy a very basic road problem and traffic problem in that
11 area.
12 And that would leave enough land that they could
13 sell off for condominiums, for office space, and other uses.
14 And so I would say there is available with no opposition
15 from anyone 800 acres of land, and I thought that what we
16 were doing with Meade was similar to what we were doing with
17 Belvoir.
18 Don't you have that listed for Belvoir?
19 MR. HANSON: Yes, sir. To add to what you've
20 said, the final report chapters on recommendations outside
21 of the all or nothing addendum would recommend that the
22 Army pursue this, and that special legislation be passed to
23 effect it, and so forth and so on.
24 That was one of the reasons the Commission accepted
25 an eight-year payback on Cameron, because of the hope that

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1 that would come to fruition.

2 I think Chairman Edwards' question, though, is a

3 [redacted]

4 [redacted] which is a training area of approximately

5 1,000 acres. And that is available for use. There is an

6 explosive ordnance, in the middle of it, an explosive

7 ordnance area, which was probably off-limits to training.

8 But the rest of the area is available for training and also

9 reserves in this area or active duty units, the guard and

10 so on.

11 CHAIRMAN EDWARDS: I guess what I'm coming to,

12 without having a view, is if you've got -- let's put the

13 800 acres aside. That's kind of a special situation. But

14 if you've got the 1,000 acres at [redacted] give or take, and

15 you've got this acreage just up the road, if you will, do

16 you need them both, I guess is what I'm asking?

17 Even if you say we ought to keep one, do we need

18 to keep both?

19 MR. HOFFMANN: Well, the Belvoir situation is a

20 lot closer to Camp A.P. Hill. I mean, people that are on

21 the south side of the nation's capital, I don't know how

22 many reserves and all are using that. But the reserves and

23 guard have not been defeated yet in combat before this

24 Commission.

25 Maybe this is the time to try to start another

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one.

CHAIRMAN EDWARDS: Well, I don't think they've been lobbying like they do on the Hill.

MR. HOFFMANN: They just let the Army do it for them.

MR. HANSON: As far as Chairman Ribicoff's question about were we planning on a public-private development of this, I don't think we're anywhere near as far along as that plan at the engineer proving ground. Now, perhaps in the future, but they are so delicate negotiations over time with the forces for development fighting the forces for no development, that I don't think in the five-year window that we have that you could expect implementation to occur.

GENERAL POE: Almost your whole shoreline, as I remember, was untouchable, wasn't it? The most attractive was out of bounds?

MR. HANSON: The anticipation is that environmental that would be difficult, with the wetlands and all of that.

CHAIRMAN RIBICOFF: I had the impression the last time we met that it was generally felt that that land below that blue line was land that wasn't needed and in no way would impinge upon the rest of Fort Meade. I had that impression.

MR. HANSON: Yes, sir. Well, that is correct to

the extent of the permanent party located at Fort Meade. But when you look at reserve units that train there and National Guard units that train there, it is used. The figure was 70,000 man-years. It is not sitting unused.

(Viewgraph)

MR. HANSON: Now, whether or not the system could -- and it's 70,000 man-days for 9,000 acres. Devens is 60,000 for I believe 5,000 acres. Dix was 40,000. What's the acreage of training at Dix? It's probably 20,000. [redacted] is fairly large, and of course Drum is the main division post.

And this does not have the division man-days training.

MR. CABOT: Those are man-days per what?

COLONEL YANKOUPE: Man-days per year.

MR. CABOT: There are some real funny figures around here.

COLONEL YANKOUPE: Sir, it's kind of interesting. Actually, when you look at Fort Drum, which has 74,000 acres, and you look at the man-days of training. Now, remember you're looking at reserve and National Guard, and you see it as 480,000 days, and you look at Fort Indiantown Gap that has 4,000 acres.

The first blush is that they're really going great guns at Fort Indiantown Gap. In fact, Drum is slowly

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1 becoming a completely active division post, and next year
2 when we move another brigade up there the effective land
3 available for training for the reserves will likely drop to
4 some number that is significantly lower than that.
5 CHAIRMAN RIBICOFF: But General Starry [redacted]
6 [redacted]
7 [redacted]
8 [redacted]
9 GENERAL STARRY: That's correct.
10 CHAIRMAN RIBICOFF: Now, if you take away --
11 MR. HOFFMANN: That is without new building,
12 without new construction. That's the point, that you move
13 a division out of [redacted] to Dix because there is building
14 there. And his hypothesis is you're going to be allowed to
15 keep the division, but you're not going to be allowed to
16 build buildings.
17 It's not where you'd want to put a division.
18 CHAIRMAN RIBICOFF: Well, I would think you
19 could take a heavy division out of Germany and put it in
20 [redacted] and you couldn't put it in Fort Dix. You'd
21 remove what was in [redacted] to Fort Dix, but also keep in
22 mind, if that is what you're going to do wit[redacted]
23 then where will New England do their reserve training and
24 their National Guard?
25 Because if you take away Devens, you've got

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1 those six states. And I would guess that of course, Drum
2 would have to be more than six hours drive. Have you any
3 idea, Mr. Cabot, the distance between Fort Drum, which is
4 upper New York State, from Boston? That has to be more than
5 six hours driving time.
6 MR. HANSON: It's twelve hours, sir, assuming that
7 you can't do 65 miles an hour in an Army convoy.
8 CHAIRMAN RIBICOFF: I don't know what you're going
9 to do with Devens.
10 MR. HANSON: Well, if we could we will move on to
11 some options on Devens, and then maybe return to this.
12 (Viewgraph)
13 MR. HANSON: The options we looked at for Devens
14 included the status quo, which was not doing anything with
15 it, close and transfer to the National Guard, close and place
16 in caretaker status, close and dispose of it, and then
17 realignments, both realignments out, the intel school out to
18 Fort Huachuca, and back-filling in.
19 (Viewgraph)
20 CHAIRMAN RIBICOFF: Is that the only option you
21 have for Devens?
22 MR. HANSON: Those are four or five options.
23 CHAIRMAN RIBICOFF: Well again, what options do you
24 have for Fort Devens to stay open?
25 MR. HANSON: Stay open is status quo. And even

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1 though we used the term "closed," it becomes into a
2 National Guard base it's still open and training areas are
3 still available.
4 Closed and caretaker, the training would not be
5 available. And close and sell, the training would not be
6 available.
7 CHAIRMAN RIBICOFF: For all practical purposes,
8 you are advocating eliminating Fort Devens as a United States
9 Government base. Isn't that what you are recommending?
10 MR. HANSON: Yes, sir, and turning it over to the
11 National Guard.
12 MR. HOFFMANN: What does that save?
13 (Viewgraph)
14 MR. HANSON: Here are the options and the various
15 paybacks without -- the close and transfer to the National
16 Guard pays back in four years, with an annual savings of
17 $43 million.
18 CHAIRMAN RIBICOFF: I was under the impression at
19 the last meeting we had basically arrived at a situation to
20 keep Fort Devens, that you were going to move the [redacted]
21 [redacted] to Fort Devens, and also move some of the
22 intelligence activities into Fort Devens.
23 How do you make a 180 degree turn between the last
24 time we met and when we're meeting here at the present time?
25 MR. HANSON: These are the same options we had

at that time, primarily because of two reasons. The first is the opposition to splitting up Fort Meade and the information we received on that, and therefore the proceeds, if that was a viable option -- then we weren't going to be able to pay back.

If you look at the realignment option, which is what you were asking about, the reason we wanted to use the proceeds of the sale of the land is because that would make it pay back. If you added $198 million to that net one-time savings of a minus 190, you are in fact going to get payback, and it would fit the formula.

In order to do that, you have to do two things by any construction. You have to have a reason to put those two together, and the reason was going to be, as you pointed out, moving the [redacted] up to Fort Devens. Operationally, that was in the staff's opinion not a great option.

Piecing up Fort Meade, also on top of that, which by the way would leave Fort Meade with -- it wouldn't be Fort Meade any more. It would be NSA only. There would be really no Army reason to be there. But the Army is still going to be there because they have to take care of NSA or they have to make NSA learn how to take care of themselves, which they haven't been up to now doing.

So that option is still available.

MR. TRAIN: I thought [illegible] they didn't need the Army to take care of them. I thought that is what the report was at the last meeting.

MR. HANSON: NSA can learn to take care of themselves, that is correct.

MR. HOFFMANN: They could contract that out. It's not difficult stuff.

CHAIRMAN RIBICOFF: I will tell you what's bothering me, Doug. It seems that since we last met you've done a 180 degree turn. You've got that Fort Devens that takes care of six New England states, and those six New England states are important.

My feeling is just by doing that you would have opposition from six states, their Senators and Congressmen, to this entire thing. And I can see the people there in New England mounting that opposition, which would be effective.

And besides, I think you are destroying reserve capacity that, as I follow what has been said, that the future Army of this country is going to depend greater and greater on the reserves. And you're eliminating what I also consider an important cadre of reserves, the type of reserves that come out of the New England states.

MR. HANSON: Frankly, sir, I really feel like I'm swimming upstream like a salmon here where they put a

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1 dam in my way.

2 CHAIRMAN RIBICOFF: Well, I can tell you now, I'm

3 a dam in your way.

4 MR. HANSON: Yes, sir, I understand that.

5 CHAIRMAN RIBICOFF: I want to make it very clear

6 and I feel very strongly about it.

7 MR. HANSON: Our recommendation for Devens two

8 weeks ago [redacted]

9 CHAIRMAN RIBICOFF: That was your recommendation.

10 But the concepts came from other people around this table,

11 not from me. The alternatives of what to do with Devens, I

12 had no input in that at all. I was delighted to hear it

13 because it seemed to be coming spontaneously and I was pleased

14 with that.

15 But I would say what I'm hearing from you is a

16 complete turn-around from what the intention was of this

17 Commission. Now, the Commission certainly has a right to

18 change its mind, and you seem to be trying to change the

19 Commission's mind for them.

20 MR. HANSON: Well, I guess I've been trying to

21 present all of the various things that have come up before

22 the Commission and the staff in two weeks, not the least of

23 which was Secretary Marsh's letter.

24 CHAIRMAN RIBICOFF: Well now, I've got Secretary

25 Marsh's letter, in which he says [illegible] reserve

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[redacted]

So if that is the Army's position, you're not fighting the Army's fight.

MR. HANSON: I'm saying that I think that the option of turning over Fort Devens to the National Guard keeps the training areas available to the reserves, and therefore the argument that has been presented by the Army in my opinion was not as strong as it could have been.

CHAIRMAN RIBICOFF: But I haven't heard that the National Guard wants it or are going to take it over.

MR. HANSON: No, sir, and I don't think we would ever get a final answer from them.

CHAIRMAN RIBICOFF: So it's a non sequitur. I read in the newspapers Dukakis has a pretty big deficit facing him in Massachusetts.

MR. HANSON: They wouldn't have to pay for it, sir. They would get it free.

CHAIRMAN RIBICOFF: Maybe they don't want the responsibility. I don't think the people around Devens or the reserve want the National Guard of Massachusetts to run it.

MR. EAGLETON: Will the Chairman yield? My recollection was I thought one of the instructions to the

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1 staff was to find additional units or whatever,
2 to put at Fort Devens to give it a more viable continued
3 life. They were to look around and see what intelligently
4 and propitiously could be transferred into Devens. That was
5 my recollection of what one of the instructions was.
6 Now, maybe we gave a lot of instructions. But I
7 do remember that one.
8 Did you find any units to transfer in there?
9 MR. HANSON: Yes, sir. The option of D-4 I think
10 is stil a good option as far as putting things in the right
11 place. It allows the intel school to go to Fort Huachuca.
12 MR. EAGLETON: You told us last week that was a
13 net loser for Devens, wasn't it?
14 MR. HANSON: It is, unless you start adding in
15 land values from Fort Meade.
16 MR. EAGLETON: It's a net loser in body power at
17 Fort Devens.
18 MR. HANSON: No, body power I think is pretty
19 much a wash.
20 MR. EAGLETON: We asked you to find some other
21 bodies if conceivable and legitimate to put in there.
22 MR. HOFFMANN: Let me give you a little summary
23 of what the rationale was. Put up the map on the training
24 in the Northeast.
25 MR. EAGLETON: Abe, I think what [illegible] Devens

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1 in play is the Dix mess.

2 MR. HOFFMANN: That's exactly right. I'm going

3 to show you how that works.

4 MR. EAGLETON: That's why Marsh has put Devens in

5 play as a substitute.

6 MR. HOFFMANN: And the Army verbally, as I talked

7 to the Secretary and when Don Starry talked to the Secretary

8 and when he talked to the Chief and when I talked to the

9 Chief, their big point was [redacted]

10 [redacted]

11 And they're not going to write that because they'd

12 get in a hell of a lot of trouble writing that. But where we

13 were going was that you take and clean out the middle where

14 there is other military present and you leave the presence

15 up in the Northeast, you collapse the assets at Meade up into

16 Devens, and take the thing to Huachuca and do these various

17 things.

18 MR. EAGLETON: We wanted things to go into Devens.

19 MR. HOFFMANN: And you want stuff to go up there.

20 We had already taken -- we were taking their flag argument

21 at both Chicago and San Francisco. So it was good to have

22 a flag argument somewhere.

23 And just from the point of view of looking at that

24 map, we were working on the center, where there were other

25 installations.

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CHAIRMAN RIBICOFF: [redacted] first one when you started.

(Viewgraph)

MR. HOFFMANN: The retention of Dix depends on a lot of assumptions, okay, which is that you're going to want to keep the divisions that come out of Europe and Korea. That's not totally clear.

But where you really want those divisions is out at [redacted] because you've got maneuver room and a place to work out there. That would be the overall scheme if you were really excited about what you were doing.

And that underscored our point about opening up western territories, taking that out now against future needs, and where we were being enroached in the East, stepping away from those sorts of things. So that's why the pressure is back on Devens, Mr. Chairman, is that, you know, we have gone through this whole exercise and come up empty-handed.

MR. HANSON: Well, status quo is another option. Status quo means don't do anything.

CHAIRMAN RIBICOFF: What General Starry was talking about, I saw what he was driving at, and I'm not interested in playing Dix against Fort Devens, because I felt that it was important for the military posture and the future of our defense establishment. And I thought what he

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1 was doing was right, and really to defend it, and it had
2 nothing to do with money.
3 Now, you look there, you've got all those New
4 England states, and you have to go all the way to Fort Drum,
5 which is twelve hours away. And I can tell you, the people
6 who live in Maine, Connecticut, Massachusetts--maybe Vermont
7 can go straight across. There aren't many. There's not
8 much population.
9 But the reserves in Connecticut aren't going to
10 be driving up to Fort Drum, and there's no way you can get
11 there through public transportation and there's no airlines
12 going up to Fort Drum. It is up near the Canadian border.
13 Now, the Army either means that they want the
14 reserves or they don't want the reserves. And if they don't
15 want the reserves, get rid of Fort Devens.
16 MR. CABOT: Mr. Chairman, could I ask what happens
17 to the reserve training at Fort Devens if the National Guard
18 takes it over?
19 MR. HANSON: They would still be able to train
20 there.
21 MR. CABOT: And what sort of support do you have
22 to have to do that, permanent support?
23 MR. HANSON: Well, the Army regularly helps the
24 National Guard, helps the National Guard manage the posts
25 that they have.

1 MR. CABOT: What about the reserve training?
2 There's twice as much reserve training as National Guard
3 training.
4 COLONEL YANKOUPE: Reserve training is funded
5 100 percent by the federal government.
6 MR. CABOT: What kind of staff do you have to do
7 that?
8 COLONEL YANKOUPE: The National Guard is funded
9 80/20, so that means if the installation belongs to the
10 National Guard they would operate it in such a way with a
11 permanent staff so that they could provide the training
12 facilities available for the time they would normally train
13 there, I would think.
14 Now, if they were really prudent about it, I
15 would think that they would reach a memorandum of understandin
16 basis for a paying basis. The reserves would probably pay
17 so much to use the training land. They are funded by the
18 federal government as a business entity.
19 Further, I would expect that the First Army would
20 keep its First Army forward operation there, probably as a
21 tenant again. You're keeping the flag and the command and
22 control in that area of that two-star general.
23 MR. CABOT: I can't see a two-star general up
24 there without any staff.
25 COLONEL YANKOUPE: He's up there now, though.

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GENERAL POE: [illegible], isn't he?

MR. CABOT: He's both the commander of the base and the First Army.

COLONEL YANKOUPE: He's the senior element on the installation.

MR. CABOT: They used to have a colonel in charge until they moved the First Army there.

COLONEL YANKOUPE: Yes, sir, and they probably still now have a base commander and a garrison commander that is set up to run the base at the garrison commander level, and he commands it in a nominal name. He could also be in rented space downtown in Boston, I suppose. But most likely, I would think that he would do that, keeping his ability to interface with the reserves up there.

MR. CABOT: Could I ask a couple of other things. The figures -- and I would like to apologize first. I went to Fort Devens myself last week and I haven't been to enough other bases to make a personal comparison as to how I think Fort Devens compares with other bases.

Furthermore, I thought that our decision was not to close it, so when I started, when I got a bunch of figures up there that were quite a bit different from the figures we've been working with, I didn't burn any midnight oil over them because I had something else to burn some midnight oil over, which was Watertown.

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However, the figures are very substantially different. For instance, the figures on moving the intelligence school to Fort Huachuca, your figures were about $170 million.

MR. HANSON: I'm not sure we had just that one.

MR. CABOT: For just that one, it's probably less than 170. And they say that it's $440 million.

MR. TRAIN: Who is "they"? The intelligence school?

MR. CABOT: Yes. They did an analysis and submitted it to me, and I didn't question it because I didn't think it was relevant. And so I apologize that I haven't asked for some midnight oil to be burned to verify those figures.

That's a problem. There is also a big cleanup cost item there, and it's not environmental. It is if we close it. I imagine if we left the National Guard there some of those cleanups wouldn't have to be done.

But again, we don't have any jurisdiction over whether the National Guard comes in there. And so I think we have to consider those cleanup costs, which are not strictly environmental costs, are going to have to be taken care of some day anyway.

And those cleanup costs, if I understand the figures, is about $115 million right there. So we have som

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1 up-front costs for closing here which, while I don't know
2 what they really are, I can say they don't jibe at all with
3 the figures we were working with here.
4 I realize that I'm a New Englander and probably
5 suspect in raising the question. I do feel a little
6 embarrassed, though, that I went up there and now if we close
7 it I'm the guy.
8 (Laughter)
9 CHAIRMAN EDWARDS: I think we're all kind of
10 reversing roles here on this base somehow. I'm one of those
11 who last week or two weeks ago thought that Fort Devens had
12 a reason to exist up there, and I thought we had agreed more
13 or less that intelligence would go to Fort Huachuca and that
14 ISC and other things would move into Fort Devens.
15 And I sat here doing a lot of the talking and Abe
16 didn't say anything.
17 CHAIRMAN RIBICOFF: I was delighted.
18 CHAIRMAN EDWARDS: All of a sudden, I feel like
19 we've reversed our roles, and I'm not sure I understand. I
20 guess you're saying to us that you scrubbed what it was we
21 proposed to do last time and couldn't come up with enough
22 movement to make the thing work.
23 MR. HANSON: Yes, we can, sir. Let's be fair.
24 We can take 9,000 acres at Meade.
25 CHAIRMAN EDWARDS: What I want you to do is back

1 up and start where you were two weeks ago and tell me why
2 you're not there today, because that's what I don't
3 understand. I'm sitting here thinking you're just going to
4 explain to us how you're going to transfer stuff into Devens
5 and make it work.
6 And Abe's more perceptive than I am and he says,
7 you mean to tell us you're proposing to close it?
8 Let's get to the bottom of it.
9 MR. HANSON: When we left it two weeks ago, we
10 had a back of the envelope estimate that to move the
11 intelligence school out of Devens and back-fill it with the
12 ISC was a twelve-year payback. We have since run that
13 through the model and it's an eleven-year payback. So our
14 back of the envelope was fairly accurate.
15 And given that that didn't look like it was a
16 payback, we were to do a couple of things. We were going to
17 look at, perhaps we could have put the recruiting command
18 that is at Sheridan there, and we did look at that. But what
19 we just made is an operational decision, based on both the
20 capacity to receive, cost of move, and location, that it was
21 better off putting that at Ben Harrison. So we lost that
22 opportunity there because of trying to be mindful of the
23 mission aspects of the activity we were moving.
24 MR. EAGLETON: Run that again? That's what I
25 asked you earlier this morning. Now it's coming back. You

specifically told us you would consider that. We specifically asked you. We knew we would close Sheridan. We knew we had this national recruitment command. And to me as a moron, I said, well, why don't you just throw that to Devens? And we asked you to look at that, and other things that could go into Devens.

Now, the reason you've got to have it at Fort Benjamin Harrison is it is sort of central in the country, is that right?

MR. HANSON: Yes.

MR. EAGLETON: Indianapolis is sort of central. Therefore, recruiters can pop out of there a little better than they can pop out of Massachusetts. Well, how much of a pop out better?

MR. HANSON: It is an operational thing and not a cost thing. In other words --

MR. EAGLETON: Tell me the operation, why it would be screwed up in Devens and it will operate euphorically in Indianapolis, Indiana?

MR. HANSON: It's far more centrally located.

MR. EAGLETON: What? Who's coming in, who's going out, and how many of them?

MR. HANSON: How many I'm not sure.

MR. EAGLETON: Are these the recruiters that are around in villages? Who is it, generals coming and going?

MR. HANSON: This is a headquarters element that has to manage literally thousands of recruiting regions or hundreds of regions and thousands of offices, and in a nationwide basis.

MR. EAGLETON: How many other things are managed in the military along the two coasts? Aren't the bulk of things managed along the two coasts, from Maine to Florida, along the Gulf, and up and down? Jesus, everything in the world is in California, managed.

Isn't there a lot of management done on the two coasts, managing?

MR. HANSON: Perhaps, but not with the level of travel associated with it. For instance, the training --

MR. EAGLETON: We asked you to look at that and we asked you to look at other things that could be moved in there. My memory now is very precise.

MR. HANSON: The other thing was [redacted]

MR. EAGLETON: What's wrong with that?

MR. HANSON: Operationally, it is still possible. My job is to give you an honest appraisal of what I think the facts are, and I'm doing the best I can to do that. And that's why you often see options up here when it's a tough call.

The Commission has chosen mission responsibilities

and military value to be the preeminent reason that we're doing things. In other words, we're not making moves for moves' sake, and those to me look like moves for moves' sake.

MR. EAGLETON: Well, we know something has to be moved out of Sheridan. That's not a move for move's sake. Don't give me that crap.

We know the national recruiting command is now out of Chicago. It's a goner. And the question is where it's going to be moved to, not if it's going to be moved.

MR. HANSON: That's correct.

MR. EAGLETON: That's not a move for move's sake. That's a move.

Now, you're going to have to build some junk at Fort Ben Harrison, aren't you, to take care of -- how many, is it 3,000, you tell us?

MR. HANSON: Limited.

MR. EAGLETON: Though something. And you have to build something at Devens. So I've got plenty of something.

What else have you considered pursuant to our recommendation and our instruction last week to move new units, new people, to Devens? What else have you got on your magic list?

MR. HANSON: Well, we looked at moving [redacted].

MR. EAGLETON: Anything else?

MR. HANSON: No.

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MR. CABOT: Did you look at the Information Services Command?

MR. HANSON: Yes. Information Services Command. We also in fact spent some time looking at laboratories as to whether that would work.

MR. CABOT: But that is including moving the intelligence school out.

MR. HANSON: Yes.

GENERAL POE: Let's talk about the intelligence school a minute, and correct me if I'm wrong, but we have talked about lightning rods, and in some of the articles early when they were discussing the legislation for this Commission, Devens was used as a lightning rod and that intelligence outfit up there was one where it was said political considerations have kept us from combining these, is that correct, at Fort Huachuca?

Now, if we do this business and we don't move that thing, I think it is going to be, say, well, they could not overcome the political considerations that kept that there in the first place.

I don't know what you're going to do else about Devens, but my suggestion is, first, the $400 million, I don't know whether it's right or not. But if it is, it could screw everything up.

But you better get that thing out of there or be

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prepared to explain it, because it was used as a prime example of the reason this Commission was needed.

MR. EAGLETON: Well, General, we've already done that with the [redacted] It's super-prime, and we took a sacred oath that we're going to keep the [redacted] open. And everybody was do or die, you've got to have that open or the whole military --

GENERAL POE: No, that's a different thing.

MR. EAGLETON: That's a lot of crap. What about moving the intelligence school from Fort Huachuca to Fort Devens, just reverse the move?

MR. HANSON: The reason you want to get it out of Devens, sir, is that the intelligence school has got these antennas and stuff like that, and as soon as they try and do their work in Devens it clobbers the TV's in all the area, and it's a highly populated area and encroached and all of that, where Fort Huachuca is out in the middle of nowhere.

MR. CABOT: What they do there now, if they took the whole intelligence school, you're saying it would be a problem?

MR. HANSON: Yes.

GENERAL POE: It wasn't a political thing that kept us at [redacted] It was an operational thing for commanders like us that wanted to keep a place for those sailors and airmen.

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1 MR. HOFFMANN: The Congress had disposed of that
2 question, that's what we thought. We didn't want to upset
3 their higher wisdom.
4 But you see, I keep getting back to the fact that
5 this in my view -- and I thought it was shared by more people
6 than evidently it was shared by -- we were doing kind of an
7 area look and decided that if we were going to inflict some
8 pain somewhere, that Dix was better pain to inflict than
9 Devens, okay, and both in terms of regional considerations
10 and the flag and New England and the reserve and all the
11 rest of that, and the notion that we wanted our maneuver
12 forces West and that we wanted to encourage the Army to go
13 after some land.
14 We got a nice report from the Army, they're trying
15 to buy some land at the National Training Center. We have
16 a ready-made thing that we can endorse out there. That's
17 what we were thinking about.
18 MR. CABOT: If I could piggyback on that, we also
19 threw out the Dix closure when the figures were to save
20 $79 million a year and a net plus initial cost, whereas now
21 we're looking at a proposal to save $40 million, not 79,
22 and spend $140 million instead of spending a minus amount.
23 And so if you look at these two through the
24 same set of criteria, we're not being rational.
25 CHAIRMAN EDWARDS: Would your approach to us be

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1 different right now if we had voted to close Dix?

2 MR. HANSON: I really think the issue at Dix was --

3 no, I would say no. The issue at Dix is an issue of

4 flexibility for the future, accomplishing the necessary

5 efficiencies and economies and training, et cetera. I think

6 the issue at Devens is simple: Are you going to have a

7 regional training center up there for the reserves and the

8 National Guard?

9 MR. CABOT: What's the land area in comparison to

10 Meade, Dix, and Devens?

11 MR. HANSON: Meade is 9,000 training, Devens is

12 5,000 roughly. And I'm trying to say Dix is in the 20,000

13 range.

14 MR. CABOT: Devens has got their training area,

15 at least their impact area, is about five miles away or ten

16 miles away from the rest of it.

17 COLONEL YANKOUPE: The total area of Devens would

18 be 9,300. Meade would be 13,500. And Dix is about 37,000.

19 MR. HANSON: The training area at Dix is 14,

20 according to this chart.

21 I think the fundamental, I guess, disagreement

22 with the staff on this is whether or not turning over to the

23 National Guard results in a degradation in training. And my

24 sense is the Commission believes it will.

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25 MR. HANSON: My understanding is the reserve

units who come in come in as units, and they have their own training syllabuses and they're at their own stage of development, and they do their thing and then they come back out again.

And it's just a matter of policing up after them.

MR. CRAIB: The U.S. Army now is managing the whole operation.

MR. HANSON: Yes.

MR. CRAIB: It just seems to me from a land standpoint they're better able to do an efficient job than have the guardsmen trying to run the whole operation and managing other state guardsmen who come in and managing the Army reserves coming in.

That's where I come out, if we're going to keep it open for reserves and guards. I would think the Army should manage the facility, and that being so we ought to put something else up there.

MR. CABOT: The Massachusetts National Guard headquarters is Fort Edwards on Cape Cod, and that's kind of rundown. Fort Devens is a very spiffy operation.

GENERAL STARRY: What was the intelligence school under option two?

MR. HANSON: That's Huachuca, and Meade goes to [redacted] and the engineering battalion goes either to the

GENERAL STARRY: And the numbers to do all of that are in that line, is that correct?

MR. HANSON: They go to [redacted]

GENERAL STARRY: The money to accomplish all of that is represented in that line up there?

MR. HANSON: Yes.

COLONEL YANKOUPE: All options that have flows reaccomplish those alignments to include the other tenant units.

MR. HANSON: The difference is the backfill apparently roughly costs you $50 million and cuts down on your annual savings, because you're going to have to keep the fort operating.

MR. CABOT: Colonel, would you take a look at these figures they gave me and tell me whether it's baloney or not? It's dated December 7th, the day I was there.

COLONEL YANKOUPE: Well, relocation of the intelligence school detachment estimated at $341 million in '88. The cost we have used, relocation cost in our model, totaled about $90 million.

MR. CABOT: It also points out in that, doesn't it, that you've got additional housing you're going to need? That's right there, right on the page you're looking at.

COLONEL YANKOUPE: They refer to a realignment study that was done in 1977 that both -- I would have to look

at what assumptions were made and what units were there then. That's one of the realignment studies the Army did.

MR. CABOT: Well, I apologize, Mr. Chairman, that I didn't call this to our attention in time.

MR. HANSON: Well, that's an eleven year old study, sir.

MR. CABOT: If it's eleven years old, it's probably low rather than high.

COLONEL YANKOUPE: I couldn't take this without breaking it apart and seeing what goes in it. I do know that we spent --

MR. CABOT: Do you think we should make a decision without doing that?

COLONEL YANKOUPE: Well, I would say it's not unusual to get more than one set of figures. Now, whether or not that difference, by the time you put everything together, is significant, I don't know.

GENERAL STARRY: Suppose we want to keep the place open as an active Army installation and recommend or go ahead with the realignment of the intelligence school. Do you have some numbers that reflect that, and what does that leave?

Is there really a need, is there a need to back-fill for Devens that urgent, is what I'm getting at, if we left it as an active installation with the forward

headquarters First Army on board, Special Forces contingent, the engineers.

MR. HOFFMANN: What offsets the cost of your move?

GENERAL STARRY: Well, I don't know. But I'm trying to come back to Commissioner Poe. And he's right, his objection that this thing is an antenna and has been the focus of attention all along.

What is the cost? I mean, there are some costs associated with all of these things. What do we do to Fort Devens and to the cost if we leave it alone the way it is, with the exception of the intelligence schools, which we move to Fort Huachuca as a concession to the Army?

CHAIRMAN RIBICOFF: How many people are in the intelligence school?

MR. CABOT: There is about 800 permanent personnel and about 1900 students.

CHAIRMAN RIBICOFF: Well then, you emasculate Devens, don't you, when you take that out?

MR. CABOT: They just built two new buildings there for the school, just finished, just completed within the next six months.

MR. CLAYTOR: Can I toss one other thing into the pot? Then let's go back and look at the [redacted] put that [redacted] in those new buildings right up there, and take the land that'

on the other side of the road from the NSC and lock the gate on it.

That's shut down. Tell the NSC, here are the fire engines, you can have them; you've got to take care of your own property, and that we shut a great hunk of urban territory between Baltimore and Washington. It's all one city now practically, and it's becoming moreso every day. Get rid of that piece of property, put the headquarters up in Devens.

It's 500 people or so in the headquarters, and you've got buildings. You say they just built a new building. Well, convert those buildings for headquarters, and let's put it away. Then we've done something.

MR. SMITH: I think that's the option that we asked the staff to cost the last time we were here, was to close [redacted], put a fence around [redacted]

MR. CLAYTOR: Well, everything I've heard today doesn't indicate to me that that is still not feasible.

MR. SMITH: I think it's entirely feasible, but we still don't have cost numbers on what that option is. I think that's a very attractive cost option, frankly.

MR. EAGLETON: What do you do with the ISC?

MR. HANSON: You can still do that. What in

1 essence you do is you take this $190 million, it goes up by
2 198, which is the estimate for the land value. Since we
3 aren't calculating environmental costs, we don't have to take
4 the $57 million out, although we might because it is impact
5 area costs and not hazardous wastes cleanup.
6 MR. HOFFMANN: It's munitions disposal. That is
7 a whole different regime from toxic and hazardous wastes.
8 MR. HANSON: We obviously will have to run the
9 exact figures through. You have to run $13.5 million in for
10 the [redacted] move.
11 MR. SMITH: Wait a minute. If you can't use the
12 intelligence school facilities. But it's a lot better than
13 that if you can close the gate at Fort Meade.
14 MR. CLAYTOR: That is what I was going to do, close
15 the gate on everything across the road.
16 MR. HANSON: Whose gate are we going to close?
17 MR. SMITH: Fort Meade.
18 MR. HANSON: We're talking about a Department of
19 Defense facility. NSA is a Department of Defense facility.
20 MR. HOFFMANN: But they're not active duty
21 people. They're all civilians. It's a civilian agency.
22 They detail some military people to work there.
23 MR. SMITH: They're operating out of leased space
24 at Friendship Airport, getting ready to move into Fort Meade.
25 But there isn't the ability for them to operate without

1 having an entire fort to support them.

2 CHAIRMAN EDWARDS: I think I am hearing the

3 solution.

4 MR. CLAYTOR: It makes sense to me.

5 CHAIRMAN EDWARDS: Is there anything wrong with that

6 off the top of your head?

7 COLONEL YANKOUPE: I think the part about shutting

8 NSA down --

9 MR. CLAYTOR: We're not going to shut it down.

10 We're going to allow them to take care of their own policing

11 and fire.

12 MR. HANSON: We can make it work.

13 COLONEL YANKOUPE: There are some very close

14 working relationships that take place between the services

15 and NSA and organizations like that. We would have to find a

16 way to make that a palatable operation and not just to slam

17 the door and close the bases.

18 MR. HOFFMANN: What are the functions that are

19 there that they are performing? Where is that liaison and

20 that enrichment of the services by NSA? Where does that take

21 place?

22 COLONEL YANKOUPE: There are whole offices in the

23 Pentagon staff that do nothing but liaison with NSA.

24 MR. HOFFMANN: That's terrific. They can still

25 go from the Pentagon to NSA. We're not shutting down NSA.

COLONEL YANKOUPE: But somebody has to provide a facility for them to operate out of.

MR. HOFFMANN: They don't. Look at the CIA. They do it all by themselves in infinite numbers at Langley, Virginia. They don't have a hospital, they don't have a commissary, they don't have guards and stuff. They do all that commercially.

CHAIRMAN RIBICOFF: Most of them aren't military. These are civilians.

COLONEL YANKOUPE: There is probably a fair number of military located there as well.

MR. CHANDLER: I haven't been at NSA for about three years, but there were numerous analysts of all levels who were military, and all services were present. There were linguists, there were sergeants, there were captains, there were lieutenants.

There is a very large contingent of military at NSA. There are a lot of facilities which have been shut down around the country or around the world now going there through electronic means, and processing is done.

MR. CLAYTOR: There are a lot of military support installations all around this area -- Annapolis, there is half a dozen in the D.C. area, some in Baltimore. They just have to travel a little further.

GENERAL POE: The Lase exchange, for example,

1 could put something in there no matter what it was. Now, th
2 commissary I don't think can.
3 MR. HANSON: My recommendation, sir, would be tha
4 I think this could work. It's going to take some
5 implementation to make it work. Clearly, the NSA needs the
6 infrastructure and utilities, whatever, to support them. It
7 needs to turn the key over to what is left.
8 I suspect that is probably going to mean everythi
9 below the road goes, everything above the road stays.
10 MR. HOFFMANN: I'm not sure that's right. Listen
11 to the words, gentlemen. It's slipping away again. The
12 conclusion he articulated was not what the Chairman had
13 summarized as being what was wanted to be studied.
14 MR. HANSON: I think those kind of details --
15 MR. TRAIN: What did you say you're going to do
16 about the road or we were going to do about the road?
17 MR. HANSON: We have to do an analysis of what
18 is NSA. They are clearly inside of the fence now. But as
19 Commissioner Smith points out, they are also leasing space
20 at the airport, and hopefully the buildings might be freed
21 up, the First Army buildings might be freed up, that they
22 could move out of leased space, and they could make fence
23 changes and all of that.
24 But the idea would be whatever support that they
25 need, the Secretary is going to have to ensure they have it.

1 And I'm sure the power plant and all of that stuff has to stay
2 and all of that.
3 Now, whether they need the commissary any more,
4 I don't know.
5 GENERAL POE: Below the line, I have no problem.
6 Above the line, I think you're going to have to find some way
7 about how far away you have to keep commercial operations and
8 this sort of thing.
9 MR. HANSON: We did get one piece of information,
10 that there is a certain piece of high ground.
11 GENERAL POE: The buildings are not hardened.
12 COLONEL YANKOUPE: This area up in red, this area
13 up in here, NSA says as long as it is maintained under
14 military control they have no problem.
15 GENERAL POE: I think you need to say that a
16 little louder.
17 COLONEL YANKOUPE: Sir, in discussions with NSA
18 when I was up there, the area here represents high ground
19 and high ground in through here. This building here is not
20 a super-hard facility, underground or anything like that,
21 and they would request that they acquire or have someone
22 acquire for them and lease that piece of land up there.
23 That would provide a buffer zone around that building.
24 MR. HOFFMANN: I thought we were just talking
25 about everything below that blue line anyway?

COLONEL YANKOUPE: I didn't hear it that way.

CHAIRMAN EDWARDS: If you're talking about locking the gate, we're talking about above and below.

CHAIRMAN RIBICOFF: I had in mind below the blue line.

MR. HANSON: Below the blue line is the training area.

CHAIRMAN RIBICOFF: That's what we're talking about. We're not talking about above the line.

MR. CABOT: That would involve moving the Information Services Command or [redacted]

CHAIRMAN RIBICOFF: Both.

MR. CABOT: Not if you go below the line. You have to go above the line to do that.

CHAIRMAN RIBICOFF: Well, let NSA have it.

MR. HANSON: No, sir. The 9,000 is below the line. It's only the training area's 9,000 acres. So therefore you can leave everything above the line and still -- and move [redacted] out of above the line and move maybe some leased space into above the line, and Devens fills up and becomes a major presence command headquarters with a three star, training area still there.

MR. CLAYTOR: Plus the ISC.

MR. HANSON: Plus the I school. It's a complicated move.

MR. TRAIN: What do we save?

MR. HANSON: Well, it looks like it's like a one or two-year payback, or even zero years payback, because of the $198 million of land.

GENERAL POE: That is with the Army still running the area, is that what you're saying?

MR. HANSON: No, we would probably turn it over to NSC. But the real key is it doesn't really matter whether that is an Army civilian or an NSA civilian who opens the power plant that morning. It still costs the government the same.

COLONEL YANKOUPE: There is a fair number of military that work there.

CHAIRMAN EDWARDS: Okay, I ask you the same question I asked earlier today, then. If we do this, where will you train the reserves who are now training below the line?

MR. HANSON: They will have to go up to Indiantown Gap or down to, for larger scale exercises, down to A.P. Hill. And perhaps they might be able to use the small area at Belvoir. Weekends, noplace. There is no place that would be close enough for weekends.

CHAIRMAN EDWARDS: Does that shake anybody?

COLONEL YANKOUPE: The conditions are relocating the mobilization station under mobilization conditions for

the units that stage in there. I think there is about 114 units that stage in there. They would have to be relocated to wherever they could be.

MR. HOFFMANN: They will go to Dix.

MR. HANSON: They could, or it might change the Army's thinking on [redacted]

COLONEL YANKOUPE: The only other point I would make, sir, is that we looked hard at th[redacted] move to Fort Devens and that's a difficult one to say operationally makes a lot of sense. And so I think that is one of the reasons why we saw a strong position when we worked the various options that involved that one coming out of NSA.

I just think it's important to note that.

CHAIRMAN EDWARDS: What's your pleasure? Mr. Smith, you've been quiet on this one.

MR. SMITH: I bet on this one.

(Laughter)

MR. SMITH: I think that the option is a good one, but I hate to see us rule out the real estate that is above the line, because NSA doesn't need that 5,000 acres that's above the line to run their operation.

MR. HOFFMANN: Well, it's more than that. If below -- the whole thing I think is 22,000 acres, and you've only got 9 below the line.

1 MR. SMITH: The NSA doesn't need 10,000 acres.

2 MR. HANSON: They were concerned over the high

3 ground aspects.

4 MR. CLAYTOR: Let them keep what they're generally

5 concerned over.

6 MR. HANSON: I guess the recommendation would be

7 framed in terms of what infrastructure and somehow security

8 protective buffer zone is required for the effective operation

9 of NSA.

10 GENERAL POE: That's in the area above the line.

11 MR. HANSON: Yes.

12 I just want to make clear that the connection

13 then for the Commission, if you will, to be able to roll two

14 distinct installations in different states together into one

15 payback calculation is the move of the First Army to Devens.

16 MR. HOFFMANN: But what is the ISC?

17 MR. HANSON: The ISC comes from three different

18 places -- Huachuca, Belvoir, and some other place.

19 MR. BRYAN: What's the cost of that?

20 MR. HANSON: It looked like $50 million.

21 COLONEL YANKOUPE: It's probably half of the

22 move, because you're moving about the same number of people,

23 bringing more in than you're putting out.

24 MR. HANSON: The whole package looks to me like

25 it's going to come close to a net one-time savings of

1 breakeven. And I'm sorry, I need one clarification. $57
2 million cleanup of the impact area which is not covered.
3 Then the cost of everything would be about $57 million, and
4 we're going to have steady state savings in the area of 20.
5 So we're talking two or three.
6 MR. BRYAN: That is not counting contingencies we're
7 not aware of at this point.
8 MR. HANSON: We will be aware of as much as we can
9 when we run the model at the time available to us.
10 MR. CRAIB: Will you have these by tomorrow
11 morning?
12 MR. HANSON: We will try.
13 MR. TRAIN: The basic thing we're doing is getting
14 rid of the 9,000 acre training area.
15 MR. HANSON: Yes.
16 MR. TRAIN: There is no particular military
17 mission advantage in moving the [redacted] to Devens?
18 MR. HANSON: No, there are disadvantages, actually.
19 No mission advantage.
20 MR. HOFFMANN: I'm not sure it's a disadvantage at
21 all. You're going to be able to prune some deadwood and
22 moving these things around I think is generally good for them.
23 I think the capital of the United States ought to be moved
24 every eight years.
25 MR. TRAIN: Have we decided what to do with

Devens? Or does that come next?

MR. HANSON: That is the package, sir.

MR. TRAIN: You didn't say anything about the intelligence school. I would like to see that realigned.

MR. CLAYTOR: That is included.

MR. HANSON: It is intelligence school out of Devens. They now create space to put the Information Security Systems Command and First Army into Devens, and roughly keeps the same relative size. I assume we would not move the special operations or the engineers out.

MR. HOFFMANN: Which are those two?

MR. HANSON: They are two operating units at Devens. There is a special operations brigade, Special Forces, and an engineer battalion.

MR. HOFFMANN: They stay. Now what have you got left at Meade after that's over?

MR. HANSON: NSA, and there's bound to be some tenants. There is bound to be little tenants around all over the place. But the main activity is NSA.

MR. EAGLETON: Do we want language, Mr. Chairman, report language, as it were, that NSA when all this is done, okay, they get the red land by the way, but to the extent feasible is to operate as a free-standing unit, sort of like the Central Intelligence Agency?

MR. TRAIN: Are there better places for NSA to

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1 be?

2 MR. HANSON: I don't know.

3 MR. TRAIN: What I'm afraid of is that is going to

4 be the excuse for keeping that northern part going and adding

5 a lot more stuff.

6 MR. HANSON: NSA is split up, and therefore this

7 may be an opportunity for them to onsolidate. Our difficulty

8 is going to be capturing, in the time we have before we have

9 to submit our report, capturing any information on that.

10 I think that is going to have to be written up to the extent

11 space is freed up, here is an opportunity. It's the same

12 old thing: get out of leased space, get into owned space,

13 the synergism of being together instead of separated.

14 I personally have been involved in being

15 dislocated from my boss for the last four years, and it just

16 doesn't work very well.

17 CHAIRMAN EDWARDS: Are we agreed?

18 COLONEL YANKOUPE: I have a piece of information

19 here that indicates that there really are a vast number of

20 tenants up there, some numbering into the sixties, that are

21 going to have to be absorbed somewhere. Now, I'm not raising

22 a flag on that other than to say that I think the

23 implementation process for this thing is going to be --

24 MR. HOFFMANN: Well, who are they? Are they

25 defense tenants?

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1 COLONEL YANKOUPE: They range all the way from
2 Army to -- and Admiral Connor was up there on a visit and
3 he has a list. But they are basically defense tenants.
4 GENERAL STARRY: You will never know who they
5 are until you announce that you're going to close the base.
6 Then they will come out of the woodwork.
7 GENERAL POE: But as long as we stick to the part
8 below and we only take credit for that, I would anticipate
9 that they want to keep the whole bloody thing up there.
10 GENERAL STARRY: Well, I would suggest that we say
11 that.
12 MR. HANSON: Let me make two points. The
13 Commission's analysis of every one of our closures does not
14 include finding homes for any tenant activity that is less
15 than 100, less than 100 civilians or 50 military. Many of
16 these tenants will be smaller than that.
17 Second, they can always stay as tenants of NSA.
18 There is no reason to move them necessarily, unless it's a
19 good idea.
20 Our problem is going to be that in the time we
21 have we're going to end up this recommendation is going to
22 be conditional, seemingly. It is going to be based upon
23 giving the Secretary more flexibility in implementation than
24 we have in all the other cases.
25 But we will work our best to get a good plan

ready.

MR. EAGLETON: The frills may be conditional, but the substance is unconditional.

CHAIRMAN EDWARDS: Okay. Everybody understands what we've done? Now, we have left Fort Dix alone and realigned the heck out of it with some other things. We have just about closed Fort Devens -- or Fort Meade, except for NSA. And we are keeping Devens and probably adding to it.

Okay, any objection?

(No response)

CHAIRMAN EDWARDS: Press on.

MR. HANSON: That concludes the Army.

MR. HOFFMANN: You have got our laboratories.

MR. HANSON: That's in "all other."

We have a quick, short briefing on just a few changes that have come up in the Air Force, and then we would move into the labs and the hospitals.

MR. TRAIN: You're going to take up the labs?

MR. HANSON: Yes.

These are briefings that are not going to impact our closure candidates, but they are going to impact where things are put based upon further information. Our primary problem is that Mather Air Force Base --

(Viewgraph)

MR. HANSON: Mather was a closure candidate because

of its excess capacity in the system and its major mission of B-52's moving out. And that has not changed. The missions -- the installation was going to be left with the navigator school. The navigator school is going to be put at [redacted] Air Force Base because that would have put all the schools together in one place, and the synergism of having a schools base was a very good idea, and so forth.

The trouble is, we ran into air space problems. They are all flying schools and we would just overload the air space. And therefore, the new recommendation is to put the navigator school at Beale.

GENERAL POE: I believe the objection came from the FAA rather than the Air Force.

MR. HANSON: We have not changed the name of Beale. It is still B-e-a-l-e.

Now, Beale geographically -- [redacted] Beale is northeast, about a two hour drive or 20 minutes in an airplane.

MR. CHANDLER: It's between Sacramento and the foothills.

MR. HANSON: It's a very, very nice place. I've been there.

But Beale works out as a better overall for all reasons, both the primary ones, which is air space, plus takeoffs and landings, plus weather. And therefore

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1 basically the recommendation for [redacted] then is nothing
2 happen to [redacted] It used to be you were having planes coming
3 out, a navigator's school going in. Now no planes leave,
4 navigator school just goes up to Beale, which is where the
5 planes were going to go from [redacted]
6 So we have statistics on all of these.
7 CHAIRMAN EDWARDS: Any problem?
8 (No response)
9 GENERAL POE: It's really better, less
10 turbulence.
11 MR. HANSON: Okay, Norton Air Force Base. These
12 are basically tenants. We have found homes for them. Norton
13 is a partial closure in the sense that it was marked move
14 everything out of there.
15 There is a severe housing shortage. Norton's
16 mission, main mission, went to March, which is only about a
17 15 or 20 minute drive away, and now we're going to say we
18 will find a home for the audit agency at March and we will
19 take the inspection safety center and send it to Kirtland.
20 Both of those are good moves for mission.
21 Well, the audit agency going to March doesn't
22 make any difference to them. But the inspection and safety
23 system looks at the research and development base, and it is
24 better for it than where it was.
25 GENERAL POE: Would you put up that map of Norton?

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[redacted]

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NORTON AFB
SITE PLAN

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[redacted]

II

1 I was out there Sunday and I wanted to show a couple of
2 things on it.
3 GENERAL STARRY: That closes Norton?
4 GENERAL POE: Norton was always a closure. I want
5 to make sure that we protect, which I think is not protected.
6 (Viewgraph)
7 GENERAL POE: I think this is important about
8 Norton Air Force Base. We have outside the gate here a
9 ballistic missile office which writes most of the contracts
10 for the ballistic missiles. That's a brand new set of
11 buildings.
12 It's on base property, but it would be easy to
13 isolate. The only problem is that I found out when I got
14 out there that only half of the ballistic missile office is
15 in that building. The rest is over in here somewhere. But
16 this is where the IG is, and the IG is leaving.
17 So perhaps I think we will leave the door open
18 so the Air Force can put the rest of the ballistic missile
19 office in here, and then you can have all these contingencies
20 The other problem is over here we have an old
21 SAGE building that I can't imagine anybody else can use.
22 It is filled with the aerospace, visual aids, and people
23 of that nature, very particular outfit. There is already
24 a fence around it. It's already on this line.
25 I presume that we want to write it so that we

1 don't take away the opportunity to leave that where it is.
2 It would be very expensive to move this housing area, which
3 is pretty poor housing; it is old housing -- off-base. We
4 ought to leave them the option.
5 I don't know, it's so expensive for people to live
6 out there. Even though this is sort of crummy, we might want
7 to leave the option. There is some on-base housing that is
8 pretty good, but I think that probably has to go with the
9 base.
10 But I didn't want to foreclose the option of the
11 ballistic missile office and the aerospace visual.
12 CHAIRMAN EDWARDS: Any problems with that?
13 COLONEL SANDEFUR: That will be reflected in the
14 final report.
15 MR. HANSON: Then at Chanute Air Force Base,
16 that was a training school, one of five. We closed it. Four
17 left. The original plan had us shifting the course load to
18 three of the four bases.
19 Taking a look at that a little bit harder, it
20 became more apparent that we ought to make use of all four
21 of them, both for capacity reasons and for synergism of
22 putting courses together.
23 So these make no change in our closure decisions
24 for the five major Air Force bases, and marginal changes in
25 costs.

GENERAL POE: I didn't want to write it in the report, but I asked the wing commander at Norton about his Congressional support and he said that Mr. Brown had never supported anything that had been done on the station or in the military. So I presume we will not have a complaint from him when the base is closed. We will see.

MR. EAGLETON: Mr. Chairman, could I be recognized for about two minutes before I leave? And this will be my farewell appearance, and then the tumult and shouting will die.

First thing, I'm a lawyer. I have a case at the Supreme Court, so wish me luck. I have a cinch win. I wish to be recorded as voting for the report. If it gets to a vote, I wish to be recorded as against closing Fitzsimmons. I don't want to debate it out of turn, but I think it would be a grave injustice to close Fitzsimmons.

And I also wish to file additional views, and I know this is grossly out of turn. You haven't even gotten the report yet, but I read what you've given me and thus I find in three areas it to be inadequate, at least from my personal views.

I'm voting for the report. These additional views only elaborate. Can I just give you one minute on each additional view, or a half a minute?

The first is the question of a future Commission

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1 must have an independent Commission staff. If we haven't
2 learned anything today, we've learned that. If there are to
3 be future Commissions, which are recommended in chapter 9, they
4 must have an independent staff and can work with the
5 Pentagon, but must have an independent staff. That is my
6 view.
7 It may not be anybody else's view. It's just
8 mine.
9 I would file an additional view on the analytical
10 process. As Chairman Edwards and Chairman Ribicoff know, I
11 don't believe much in these formulas. And again, if we've
12 learned anything today, we know the formulas don't mean
13 anything.
14 Well now, I don't quite say that, but they don't
15 mean much.
16 Finally, I don't know that -- I filed a view on
17 the services, specifically the Navy, stonewalling, and I am
18 sure that will not be in the majority report, but I do think
19 it should be reflected by someone. And so those are
20 additional views I would file. I'm sorry we didn't get to
21 those today.
22 CHAIRMAN EDWARDS: Could I ask if -- and is that
23 Chinese?
24 MR. EAGLETON: No. That's what I've sent you.
25 You've seen that once before.

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CHAIRMAN EDWARDS: Could I [illegible] if the Commission in its infinite wisdom decides to absorb most of your points, would you then insist upon minority views?

MR. EAGLETON: No. These are additional views. If you don't emasculate them--you know, if you say the Navy was just as good as the Air Force and the Army, then I wouldn't care to say that.

I'm sorry and I must apologize, but I must catch a plane.

MR. SMITH: Are you leaving your proxy, Senator Eagleton?

MR. EAGLETON: I will give it to my friend from Fort Devens.

(Laughter)

MR. EAGLETON: And thank you all. Good luck.

MR. HANSON: Sir, at this time I would like to turn the hot seat over to Russ Milnes, who will talk about labs, [redacted] and other smaller or hopefully less controversial items.

Thank you very much.

MR. MILNES: Mr. Chairman, what I would like to begin with is, basically, before I get into a discussion of [redacted] and the labs, I would like to just clean up some miscellaneous activities. These are minor closure candidates, and you've heard this before, I

1 know, with no controversy associated with them. But they are
2 truly minor, but I would like to bring them before the
3 Commission's attention so that you know what we are talking
4 about.
5 (Viewgraph)
e3 6 MR. MILNES: The particular area at Cape St.
7 George, Florida, that we want to bring to your attention,
8 there is no relocation cost involved and there's really no
9 reason why we can't go forward on the closure at this point.
10 And I would just let you read that.
11 CHAIRMAN EDWARDS: Is that something we have not
12 really seen before?
13 MR. MILNES: No, sir, you have not. This was in
14 our phase two analysis. These were brought to our attention
15 really in the late part of it.
16 CHAIRMAN EDWARDS: It's a one-time deal?
17 MR. MILNES: Yes, sir.
18 CHAIRMAN EDWARDS: Any problem?
19 (No response.)
20 CHAIRMAN EDWARDS: Good.
21 MR. MILNES: Another similar situation.
22 CHAIRMAN EDWARDS: Any problem?
23 (No response)
24 (Viewgraph)
25 CHAIRMAN EDWARDS: Any problem with that one?

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(No response)

MR. MILNES: There is some money involved with that one. I don't have -- I could provide it for the record, what the exact amount is.

MR. TRAIN: Is that part of the Aberdeen Proving Ground?

MR. MILNES: No, sir, as far as I understand it is not part of the main base, but it is another separate element that is associated with it.

CHAIRMAN EDWARDS: May we approve it subject to a clarification on that point?

MR. MILNES: Yes, sir.

(Viewgraph)

MR. MILNES: The last item in the miscellaneous category is I wanted to withdraw some closure candidates that had originally been put before the Commission. The reason for that is that they have actually already been closed, and it's not that they have been closed for a long time, and we just failed to discover that fact.

But we have always had this situation where these have been in a pipeline, floating up through the service system, being excessed and then surplused, and then made available through the GSA channel. And it's a question of when do you pick it up.

And we felt these are too far through the system

1 to really claim credit for.

2 MR. CABOT: I hope you don't do something that

3 gives some place a new lease on life.

4 MR. MILNES: No, sir, these are already far into

5 the closure process.

6 MR. SMITH: Can we take credit for it?

7 MR. MILNES: We didn't feel it was appropriate,

8 only because it's a matter of public record that these are

9 excess properties being processed for disposal.

10 MR. SMITH: We need something to take credit for.

11 CHAIRMAN EDWARDS: We could say we scared them.

12 MR. MILNES: Let me at this stage talk about

13 [redacted]

14 (Viewgraph)

15 MR. MILNES: The question before the Commission

16 the last time, what we had presented last time, was that

17 based upon -- it was a point that Commissioner Smith had

18 raised, that [redacted] should be a candidate or at least

19 should be looked at for closure.

20 We had produced through the Office of the

21 Secretary of Defense, Health Affairs, an OSD study that had

22 been done by CRS Serine, that essentially said that it was

23 cost effective to close [redacted] but not by much. And

24 Commissioner Hoffmann had asked us to go back and recast

25 those numbers in our own model so that we could compare

with an appropriate frame of reference. And we have done that.

And I know Commissioner Smith has also had a chance to go out and hear the briefing. What the numbers show essentially is that it is cost effective to close [redacted] and redistribute those assets to [redacted] and [redacted]

And the payback, however, is in ten years. Now, I want to say something about the ten years to put it in proper perspective. There is a lot of different ways to look t the model, and as we calculate through the numbers essentially a change in how we cast the benefits to bring this number within six years.

And I think that, given the uncertainties involved that we would be just as accurate saying it's a six-year payback as saying it's a ten-year payback. But this is the actual numbers that we ran through and came up with.

But sensitivity-wise, it could be six.

CHAIRMAN EDWARDS: If, however, we say close it and we put it in our report and we go and testify, what are we going to have in front of us or what is the Congress going to have in front of it as far as the payback period is concerned? Ten years?

MR. MILNES: No, sir, we would put six, because what I am saying is that I could have put a range here, that

the model is sensitive in the area of benefits, and this assumes that when you distribute to [redacted] and [redacted] you don't really gain anything in the mission area in terms of savings.

It assumes that, even though you are going to hospitals that are already in existence, that somehow you haven't saved on overhead. And that is probably an ultra-conservative view of that, and you probably could generate savings.

And in fact, one look at this, where we said maybe the savings will be $15 million annually in that mission area based upon overhead, the fact that you already have a good base structure at [redacted] and you also have a good base structure at [redacted]. You could generate a payback in six years.

So I think if we were to put this in our report, we can cast it easily in the terms of six years. Now, that is not meant to manipulate the numbers, but simply to point out that there is a sensitivity in the numbers.

GENERAL POE: Jim, did you say they're having to rework that old building out there at [redacted]

MR. SMITH: To give you a couple of minute recap of my visit out there, this is a close call, I think. The facility is in need of upgrade. They are upgrading it [redacted]

at a time. It costs them about $1.5 million to upgrade a [redacted] and they've got asbestos problems and accreditation problems if they don't continue to do this upgrade. They will spend another $30 million or something like that before they are fully upgraded.

It is a big campus. It's a lot of old buildings. It's 800 acres or something like that. And I don't have my numbers in front of me, but it is a large campus. It has got to be expensive to operate, the way it's spread out. They've still got a lot of clinics and so forth in the World War Two configuration, where they are spread out all over the campus.

They do not have significant military load from the [redacted] region. About a fourth of their patients are military from the [redacted] Another fourth are flown in to them. They are a tertiary care facility. They fly patients in to them from all over that region. So about a fourth of their patients are military who are in there for tertiary care.

The remainder of their patient load, about half of their patient load, is dependents of military and retirees, a big retiree demand for this facility.

MR. CABOT: Living in [redacted]

MR. SMITH: No, they fly retirees in from lots of places. They're a tertiary care facility for the region.

1 But there are, of course, Denver retirees. But lots of
2 retirees are flown in.
3 The big question mark in my mind is, does it make
4 sense from a cost point of view to close down a military
5 hospital like this and force them to put the patients
6 outside? I suspect as a taxpayer I will end up paying more
7 if we put these patients on the local economy than I will
8 if they are provided for at [redacted].
9 I think if we were not considering the closure
10 of Letterman in Philadelphia, that maybe it would make sense
11 to close this. But probably from a taxpayers' standpoint,
12 I would say keep it open.
13 MR. CABOT: What is at [redacted]
14 [redacted]
15 MR. SMITH: [redacted] has a new hospital,
16 a $100 million hospital. I don't know how many beds, 200
17 beds or something like that. There is a facility at the
18 [redacted]
19 At [redacted] there is just a clinic. They don't
20 even have any beds. If you go into [redacted], it's like sick
21 call, and they send you to [redacted] if you're going to
22 need to be closeted.
23 So this one is a marginal call. The issue that
24 was brought up last time of training of residents and
25 interns I think is something that can be accommodated

1 elsewhere. That is a sticky problem for them, because in
2 order to train residents and interns they have to get
3 somebody, the accreditation board, to certify that hospital
4 is capable of taking three of this kind and six of that
5 kind, and it would necessitate over a period of a couple of
6 years, several years, getting that accreditation at other
7 hospitals to take up the slack in the resident and intern
8 training.

9 MR. HOFFMANN: So that the accreditation runs to
10 numbers?

11 MR. SMITH: Yes, it's three people in brain
12 surgery at this facility.

13 MR. MILNES: Mr. Chairman, I would like to shed
14 some light on this particular part of it. I think
15 Commissioner Smith has raised an important issue. I think it
16 is a close call that we are seeing now already by these
17 numbers, and plus by the site visit, what really points out,
18 I think, that [redacted] should be retained, at least from
19 a staff point of view, is this graduate medical education
20 program.

21 I want to just paint what the argument is before
22 I go into any great detail on it. But I think the best way
23 to summarize the graduate medical education argument would
24 be to say that it would make more sense to close West Point
25 or the Air Force Academy, and it would do less harm to the

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1 overall military status of those armed services than it would
2 be to close the GME system, because it turns out that the
3 graduate medical education program is the way in which the
4 Army gets the vast majority of its doctors, over 80 percent.
5 MR. SMITH: I don't necessarily agree with that,
6 because I think over the time span you're talking about
7 closing here you could get the slots approved elsewhere, at
8 [redacted] or somewhere else, if the Army
9 wanted it.
10 But it would be a temporary blip. I don't think
11 that's a reason to make the decision to close it or not to
12 close it, because I think they could accommodate their
13 graduate medical education program at the existing
14 facilities, given a phase-in time.
15 ADMIRAL ROWDEN: But the point of the importance
16 of the graduate medical education program is a good one.
17 MR. SMITH: I have no argument with that. You
18 want that. But the ability of the Army to get those slots
19 elsewhere exists, and all they have to do is, if they knew
20 [redacted] was going off the screen, they could start the
21 process to get those same slots approved for Carson or
22 some other military hospital.
23 MR. MILNES: One of the points we've learned abou
24 that particular issue is that it is achievable to
25 re-establish many of the positions. We're talking about

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180 positions. But the one specialty that is going to play havoc with the Army to try to re-establish is the surgical specialty. 30 percent of all of the physicians in the Army system are surgeons.

We're talking about something on the order of 1,000 physicians in the overall system. When you bring [redacted] and Letterman together, I mean, they are both teaching hospitals, you have captured 20 percent, over 20 percent of that surgical specialty. And that is one of those areas that -- we were alluding a moment ago to the lawyers, and I guess to the penchant to sort of maintain a cap on that.

In the area of surgical specialty, it's very hard to create, to transfer spaces or to create new spaces, would be a better way to say it. These are high priced specialties and the American Medical Association and all of the accrediting committees play pretty close watchdog over how many spaces are available.

It's the Army Surgeon General's opinion in this area that it would be extremely hard to re-establish 20 percent that we were talking about if we removed both Letterman and [redacted] from the system. It turns out that [redacted] is thought of by many in the profession as one of the premier medical teaching facilities, not only in the military but overall.

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CHAIRMAN EDWARDS: Does anybody want to argue to close it?

MR. HOFFMANN: What's going to happen to Letterman?

MR. MILNES: What we have said in previous discussion on Letterman. We close the Presidio. Letterman Hospital would be part of that closure. And while the medical care for that will probably be picked up by the San Francisco region, they felt that the joint medical command there, and undoubtedly, they will be able to absorb that.

We would not pick up the graduate medical education program.

MR. HOFFMANN: Letterman is closed?

MR. MILNES: Yes. It's the cumulative effect that creates the big problem.

MR. CLAYTOR: I think we ought to let this one alone, from everything I've heard.

CHAIRMAN EDWARDS: I do, too, given the number of facilities that we're going to close. To have three major hospitals in there is too much.

MR. SMITH: The figure that's most telling to me that they went through is what it cost them to treat a patient and what it cost the CHAMPUS military insurance program to treat the same patient, even if it's a five to one ratio. And I think as a taxpayer, I'm watching the medical costs in

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1 my company go through the ceiling. And if we begin to put
2 military people and dependents off onto the CHAMPUS program,
3 those costs are just going to go just like they are for
4 private industry, through the ceiling, whereas the cost at
5 Fitzsimmons at least have a cap on them. They will go up
6 some, but certainly they're not going to parallel the cost of
7 medical care outside.
8 And so I suspect, regardless of what the difference
9 in cost is right now, their ability to contain costs over the
10 next ten years is going to be much better than it is in the
11 private sector. From a taxpayer's point of view, it is
12 probably money well spent.
13 CHAIRMAN EDWARDS: Does everybody agree?
14 (No response)
15 CHAIRMAN EDWARDS: All right. Tell Senator
16 Eagleton that we did that out of respect for him and his
17 agreement to withdraw his additional views.
18 (Laughter)
19 MR. MILNES: I would like to now move into the
20 laboratory or into the research, development, test, and
21 evaluation area. What was left, the direction to the staff
22 at the last meeting was we should take a look at specific
23 facilities that were pointed out to us by the various members
24 of the Commission.
25 And I'm going to start with the Navy, and the

1 particular facility that was examined in the Navy was
2 Warminster, which is a Navy lab that is in the Philadelphia --
3 or it's in the eastern, southeastern Pennsylvania,
4 Philadelphia area.
5 (Viewgraph)
6 MR. MILNES: This tells you what the lab does.
7 CHAIRMAN EDWARDS: Is this one we've seen before?
8 MR. MILNES: No, sir, you have not.
9 MR. CLAYTOR: It was mentioned as one that ought
10 to be looked at, but we never looked at it.
11 MR. MILNES: Now, it is one that we looked at in
12 our phase one analysis and initially had discarded and said
13 that it was not one that we wanted to consider further. On
14 the advice of the Commission, we were asked to go back and
15 look at it, and so we went back and did that kind of
16 analysis.
17 You will see it's basically an anti-submarine
18 warfare research area, as well as navigation, and then a
19 whole series of other activities, including a major human
20 centrifuge that is located there. It partially explains why
21 this base is so expensive. We have literally hundreds of
22 millions of dollars worth of facilities and equipment that are
23 located on this base.
24 (Viewgraph)
25 MR. MILNES: It turns out the area could be

1 considered, and I think it's one of the reasons why it's
2 come up for review in the past, it could be considered a
3 high value property.
4 We have seen various estimates for the property,
5 everything from $15 million per acre to over $50 million per
6 acre. And we're talking about something in excess of 800
7 acres, I think maybe almost 900. Excuse me, that's a total
8 of $15 million.
9 The main thing here is that the mission is still
10 important, very important to the Navy. And in order for them
11 to accomplish this mission, they would essentially have to
12 rebuild the facilities elsewhere, whether you would go to
13 Pax River or any of the other number of locations that we
14 looked at in this analysis. The main theme would be that
15 you have to rebuild it.
16 When you start doing that -- and I think you will
17 see this is true throughout the lab function -- you start
18 ending up with enormous payback requirements. You may save
19 some in economies of scale because you're consolidating, but
20 it takes a long, long time to pay back.
21 And in our model, we were running in excess of
22 20 years. This is the same experience we had.
23 MR. HOFFMANN: Are they moving these facilities or
24 are they just junking it and buying all new stuff when they
25 get to where they are going?

MR. MILNES: Some of it is removed, but essentially it's rebuilding. Most of this is fixed assets. You're not moving brick and mortar.

MR. HOFFMANN: Well, I understand. So they are charging you -- you have accepted from them costs based on replacement costs, not current value.

MR. MILNES: Replacement costs for the facilities.

MR. CLAYTOR: Or moving costs.

MR. HOFFMANN: Or just taking the moving costs.

MR. MILNES: They're moving about $130 million worth of equipment, so there is movement involved here.

MR. HOFFMANN: What's the value of that which they are buying new? You want to discount that. That is shot merchandise, second-hand stuff. The thing will last longer. It's money they're going to have to pay later anyway.

MR. MILNES: Replacing the complex would cost us somewhere in excess of $200 million, in addition to the movement. Excuse me, $500 million.

MR. HOFFMANN: You now have the undiscounted number. I ask you again, what is the depreciated cost of the assets as they now sit?

MR. MILNES: That we would have to ask them.

MR. HOFFMANN: You see, there's a little gold-plati going on here, if you take in a 20 year old machine which imperfectly measures the effect on your sonars of the school

of dolphins swimming by and you're going to charge the Base Closing Commission with a brand new gadget when you get down to Pax River or whatever it is, okay. You're gilding the lilly, that's why I'm asking the question.

COMMANDER SZUTENBACH: Sir, they're really building buildings, but for the most part they're moving equipment. Actually, the $130 million was the movement of equipment. For the most part, they're building the buildings. We don't find much equipment going into the buildings.

MR. CABOT: How do they save $48 million a year by moving?

MR. MILNES: They are essentially -- that's the idea of moving in with other functioning laboratories, either laboratory facilities or operational elements.

MR. CABOT: This goes to several different places?

MR. MILNES: There are several different scenarios. One includes going to China Lake.

COMMANDER SZUTENBACH: That $48 million, sir, unfortunately is probably about 30 or 35. The model runs on the relative cost of where you're operating today versus where you're going to go. They didn't have the cost figures for Andrews Air Force Base, I believe, and so it showed up as zero.

It's very cheap to operate at Andrews Air Force

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Base, so it's not quite $48 million. It's more like about $30 million a year, I think.

MR. CABOT: That makes the payback still longer.

MR. MILNES: Our migration included sending a piece to the Naval Surface Warfare System at Dahlgren, the Naval Ocean Systems Center at San Diego, Naval Weapons Center at China Lake, Andrews Air Force Base. That's the kind of migration we're talking about, and so it is something that could be doable, but at great expense. And that's what happens when the mission is unaltered.

If the mission were to go away or if there was no further requirement for that function, then that would be understandable, that we could save or do it with a six-year payback. But we're talking about an expensive plan.

MR. CABOT: Do you have any information on its reputation in the scientific community?

MR. MILNES: The best information we have is that it is well thought of, not that it couldn't be improved.

MR. CABOT: But it didn't get on the list because a lot of people were saying it wasn't any good?

MR. MILNES: The only time it really appeared on a list to my knowledge, anyway, was the notional list that Secretary Weinberger put together in order to illustrate the kinds of expenses and costs involved and savings involved in moving various kinds of facilities.

He did choose an illustration of a lab function. I believe this is the one that he used.

MR. HOFFMANN: Weinberger writes to the Congress and said the service secretaries concur in these closures, but we want to make it very clear that we're not proposing them this year. You can see kind of the marks of the chisel used to get the words into the letters so that they could get everybody placed up.

MR. MILNES: Mr. Chairman, I might also point out that in this function, the functional area of research, development, technology, and evaluation, that one of the reasons why we put it into the original, we originally put it into Task Force 6, was because we felt that there was an ongoing system there to wean out those functions that no longer needed to be performed.

And I can illustrate by way of what's happened in the Navy over the last decade. In 1970 they disestablished the Naval Applied Science Lab in Brooklyn. In 1969 they disestablished the Naval Radiological Defense Lab in San Francisco.

June 1971 they disestablished the Naval Weapons Center at Corona Annex at Corona, California. April '74 they disestablished the Naval Undersea Research and Development Center at Pasadena, California.

'79, they disestablished the National Parachute

1 Test Range at El Centro, California. '79 was their last one,
2 but that is consistent with the history of base closures.
3 CHAIRMAN EDWARDS: Okay. Does anybody want to go
4 further with this one?
5 MR. HOFFMANN: It is a gold watch, Mr. Chairman.
6 MR. MILNES: Let me go on to the Army then. There
7 were a number of those we were asked to look at. Number one,
8 when the staff went back and did additional analysis, there
9 was one proving ground function that came up as a candidate
10 for closure, and that's the one I would like to present right
11 now.
12 And that's Jefferson Proving Ground.
13 (Viewgraph)
14 MR. MILNES: This is a facility that had -- this is
15 in Indiana. This had gotten through the phase one analysis
16 as a candidate that we should look at further for closure.
17 And when we first did the payback analysis the costs involved
18 indicated that it was not going to pay back within the six-
19 year framework that we had been working with,
20 Upon closer examination and refinement, we found
21 that it can pay back within the six years. And so it now
22 becomes a candidate or a recommended candidate for closure.
23 CHAIRMAN EDWARDS: We're treating Indiana pretty
24 good.
25 Does anybody have any problems?

MR. CABOT: What does the Huma Proving Ground have to do with this?

GENERAL POE: Mr. Chairman, I went hunting there three times and it's very easy to stalk, because it says "Watch where you put your feet." There are duds everywhere, so you move very carefully as you move through there looking for deer.

CHAIRMAN EDWARDS: You never lost a leg, though, did you?

GENERAL POE: No, and we got deer every year. It's a very fine place for hunting.

MR. HOFFMANN: Most of these impact areas are. You will find they were controlled by sophisticated civilians living in the area who have had munitions control experience. And General Starry can provide you the list for the installation of your choice.

(Viewgraph)

MR. MILNES: The next one I would like to talk about quickly is [redacted] This is another one where the mission is still viable. And as we looked at that, we looked at what it might cost to relocate that facility and that function elsewhere.

And while there was some steady state savings associated with doing this particular work, the costs were enormous, up around almost $170 million, which when calculated

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1 in terms of payback ran 22 years, but again consistent with
2 what we found in this area when you have an area where a
3 laboratory function is still viable and you're moving it.
4 GENERAL POE: I'm not disputing it, but what do you
5 do when you check this stuff? I've been issued all this food
6 and clothing through the years. Do they have a boot that puts
7 the thing down every so many feet?
8 MR. CABOT: Yes. I went up and looked at the stuff.
9 GENERAL POE: What did you find?
10 MR. CABOT: Just that.
11 GENERAL POE: Because it is pretty big.
12 MR. CABOT: It's not very sophisticated. I couldn't
13 evaluate whether they do the mission well.
14 GENERAL POE: But does that look sort of expensive
15 to you for the kind of things you saw?
16 MR. CABOT: It probably cost more than $11 million
17 a year to run the place, quite a lot more.
18 GENERAL POE: Could you relocate this boot tester?
19 MR. CABOT: I don't think relocating it would help
20 much.
21 MR. HOFFMANN: On this one, you've got to just shut
22 the facility down and contract out the function, is what you
23 really need to do. But we haven't got the time, nor do we
24 have the wherewithal on this committee, to get in and figure
25 out how to close this thing down.

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1 Thomas Edison built that whole thing himself
2 personally. That was the first thing he did, before he did
3 the light bulb and the Victrola.
4 MR. CABOT: That's not true, but it looks like it.
5 MR. HOFFMANN: This is a turnkey operation.
6 MR. BALDWIN: I just wanted to add to General Poe,
7 one of the things developed up there, it's a little bit more
8 than boot testing, M-5 ointment, for example, which is used
9 in nuclear war. You put it on, you know, and it won't burn
10 you.
11 But for example, I watched in 1959 and what they
12 had was a huge, it's like a camera, and you can take a
13 rabbit, shave one side of it, lock him in there, and the
14 shutter will open up and you have a large array of mirrors
15 which concentrates that light and reproduces, for example,
16 what a nuclear burn might be.
17 And you put that rabbit in there with no hair on
18 and put that thing for less than a second. I want to tell
19 you, it's charred. You flip him around, shave it off, and
20 put the ointment on there, and there's nothing on there.
21 My only point is, my only point is there's
22 something more there than boots.
23 MR. HOFFMANN: You make my point very completely
24 and very succinctly. And that is that the national
25 laboratory at Los Alamos, which was converted to be a

national laboratory from being an Atomic Energy Commission and later Energy Department laboratory, could do that exact same thing. They will do it cheaper, they will do it better, and they will do a modern job of it, because they have the latest stuff.

And I can't think of a function up there, from food to forage to clothing or anything else, that if we had the chance to sit down and scrub it, you couldn't cost effectively do much better someplace else and take our doggone $11 million and whatever the steady state savings are, which are $7.1 million, and truck on out with it.

I would remind you that's three times, that's a hell of a lot of savings.

MR. CABOT: I bet it's more than that if you shut it down and don't do some of the things they do. But I don't see how we can judge that.

CHAIRMAN EDWARDS: We've been trying to close this thing in Congress for as long as I can remember, and I guess the truth is there just aren't the numbers up there to do it.

MR. HOFFMANN: Well, there are the numbers if we decide to reach out and touch something, i.e., just say the functions ought to be contracted out. Did you see a function up there that you thought could not be contracted out?

MR. CABOT: No.

MR. HOFFMANN: There you are, there's the answer from our expert.

MR. CABOT: I think another issue is whether they should GOCO it, get a private contractor to run the place and run it on the basis of, well, if some service will pay for this test, they do it, and otherwise -- which the Navy does do it, the Naval Research Lab, for instance.

This place, I think they run it with an annual budget. Somebody in the bureaucratic system comes up with a program they're going to use.

MR. HOFFMANN: You've got it exactly. You see, Mr. Chairman, there is somebody on the other side of the fence, and half of what they put through there is being put through there to keep Natick open and not to develop anything.

CHAIRMAN EDWARDS: You're preaching to the choir. All I see is a 22 year payback.

MR. HOFFMANN: I'm preaching to the recorder, Mr. Chairman. I wanted to get that on the record.

MR. CLAYTOR: What we ought to do is to say that these kinds of things, a study ought to be made, a study ought to be made of all of these laboratories, with detailed analysis by a special group as to how many of these things could be done by contract, not GOCO but contract, and how

many don't need to be done at all.

MR. CABOT: There is a study under way and I got some information on it while I was up there from a man named Vitale, who is in the Army command and he is on a commission of inter-government agencies, an inter-government commission of lab agencies studying this very question. I think we might want to refer to that in our report and encourage it. But I think that would be the most constructive thing we could do.

MR. CLAYTOR: I think so, too. We can't do a thing about it, but we at least ought to alert people to the fact that a problem exists here that can probably be solved if we had the time and energy to put into it.

MR. HOFFMANN: We have got the energy. We don't have the time.

CHAIRMAN EDWARDS: Has anybody figured out a way to do it?

MR. CLAYTOR: No. Just tell them they've got to do it.

MR. HOFFMANN: The only way to do it is just close it and let them scramble.

MR. MILNES: The last item in terms of items we looked at was [redacted]

(Viewgraph)

MR. MILNES: Here we have the same situation, only

it's worse, 28 years. And so this, I again suggest that the point that Mr. Claytor and Commissioner Cabot have made about recommending a study be done.

CHAIRMAN EDWARDS: Is this one of your favorites or one you would like to get rid of? Seriously.

MR. HOFFMANN: Seriously, these two have been on everybody's all-time closeout list since the early seventies. And the reason is that, unless you go back in and really analyze these things, if you could find the unnecessary research that they do and eliminate that you would have a cost savings that would blow your mind.

What's their annual operating cost? What's their annual budget?

We might just want to bounce these back, Mr. Chairman.

CHAIRMAN EDWARDS: I'm intrigued. I mean, what I said about the last one I think is right, and what I would say, the same thing about this. But what you're seeing is that you will never be able to close these things ever in this world if you follow this formula.

And so the question I ask, counsel, is are we permitted to close something and order it to contract it out?

MR. MILNES: I don't think so. I think what we can only do is recommend that it be closed, and then it would

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1 be up to the Secretary to decide how [illegible] the function.
2 I think the problem that we are treading on here, Mr.
3 Chairman, is that this is the only category, at least to my
4 knowledge, where we have tried to redefine how the
5 Department of Defense accomplishes a particular mission.
6 We haven't questioned the Air Force as to how they should
7 fly and fight, or the Navy.
8 Well, maybe in part we did somewhat on the
9 strategic home porting. But in general, we have taken the
10 mission from the military department involved.
11 I think this may be a viable question. It is one
12 that we would have to put in the form of a recommendation,
13 and I think that we would be treading on very difficult
14 ground, not only because we would be calling into question
15 the mission, which I think it is hard for us to question at
16 this point, but we would have a struggle with the 28-year
17 payback.
18 CHAIRMAN EDWARDS: All right. Then write us a
19 good paragraph on this thing.
20 MR. CABOT: Which includes examination of the
21 mission.
22 MR. HOFFMANN: Could you tell me again what the
23 annual revenues for this or[redacted]area.
24 MR. BALDWIN: The annual operating cost for
25 [redacted]

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MR. HOFFMANN: Per year?

MR. BALDWIN: Yes, sir.

MR. HOFFMANN: That's the value of the programs in there every year?

MR. BALDWIN: No, that's their annual operating cost.

MR. HOFFMANN: Listen very carefully to the question. Listen very carefully to the question. They have a number of programs in that operation, one for testing this, one for testing that, developing this and that, and all the other things.

What are their gross revenues for the year? What is the value of all the contracts that they perform or the work that they do for a year? And if you take that number, can we get that number?

MR. BALDWIN: I'm sure we can. I don't have it here. That's not part of what we looked at.

MR. HOFFMANN: Now, I would like to see those numbers before you write the paragraph.

MR. CABOT: Isn't it likely to be something like $38 million?

MR. HOFFMANN: No, sir. It is liable to be closer to $160 to $170 million. Then if you hypothesize that they are running that rascal at breakeven and that one-third of the programs in there are specifically put there to keep the

base open and the people employed, so they don't get the Congressmen mad at them, and you look at that cost as a recovered cost, you take another third that you could farm out, you're operating the thing for one-third of the current revenue.

And if you could take 50 percent of the gross revenues and apply that as a savings, because you wouldn't need to do it if the thing wasn't there, you would have struck a gold mine and also a formula as to how to close it. There is no way you won't get there on [redacted]

MR. CABOT: We should have started earlier on this.

MR. CLAYTOR: I think so, too. That's the only way to do it.

MR. HOFFMANN: Let's see if we can get this.

MR. CABOT: Could I say something off the record?

(Discussion off the record.)

CHAIRMAN EDWARDS: Let's go back on the record.

Are you in a position by some time early tomorrow to try to have a number for the Secretary?

MR. BALDWIN: I can't speak for the Army, but we will do the best we can, Mr. Chairman.

CHAIRMAN EDWARDS: It would be very helpful just to give us a little more comfort as to what we think about these facilities.

All right.

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CHAIRMAN RIBICOFF: In other words, your thought is not to take action on it, but a statement to put in the report?

CHAIRMAN EDWARDS: To better support the statement.

GENERAL STARRY: Mr. Chairman, I don't know whether it's possible to do this, but there are three sets of costs in running these things. One is the number he cited, which is actually the base operating costs, which turns the lights on, runs the water, and keeps the establishment running.

The second is the R&D budget, which in the Army is parcelled out to these laboratories from the Laboratory Command. This is their basic research that keeps their benches open and tools running and so on.

Then they have a third set of costs or revenues which they go out and solicit from customers, as it were, all over the Army, in some cases other services. And it is work they do in-house and for which they are reimbursed, and the customer pays for that work.

What Secretary Hoffmann is asking for is, I suspect, that combination of R&D plus contract cost, work they're doing for someone else. Now, what they do here is they are given the base operating cost and the R&D cost by Labcom. When the R&D money goes down -- and that's what's going on now and that's what caused me to ask this

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question in the first place.

When the R&D money starts going down and the Commissions start asking why the laboratories stay the same, if you go across the board and look at the laboratory work budgets, which include the R&D money and the money they get from their unsuspecting customers out there, you will find that they are all going this way, they're all going up. And yet, if the R&D money is going down at something like -- well, it is less than half of what it was five years ago, for example, in the current budget -- they have made up the difference by going out and getting more customers and doing more development work.

Now, in a way that's smart management. They keep themselves at a steady state or a steady state growing. That is smart management.

But you have to ask if they're really performing their basic function, which is research. What they're in is 6.B and 4-minus moneys, and they're into things that some development command ought to be doing, and not things that the laboratories ought to be doing.

In the laboratories, they shine lights on rabbits, but they don't produce very good rain suits for the soldiers. And all things considered, I would rather have good rain suits and cold weather gear for the soldiers than I would know what irradiated rabbits think about being shined on.

MR. HOFFMANN: But maybe by definition that work which is contracted to them by other customers could as well be contracted to a national lab, one of the development commands, or off to the private sector.

MR. CABOT: How does the customer decide who to send his money to, at least to get some satisfaction that there is a certain element here, that they won't get new business if they don't satisfy the customer?

GENERAL STARRY: That's right. What they do is they go around, usually to the combat development people, and they sell their products. Sometimes it's something that they have in the laboratory under research. Sometimes it's a thing they're already producing that they want to modify.

MR. CABOT: Well, that's not a wholly bad process.

GENERAL STARRY: No, it isn't. I'm just saying that there are all those moneys involved.

MR. HOFFMANN: But they're not competing.

MR. CABOT: I got the feeling [redacted] wasn't getting much of any of that.

GENERAL STARRY: They don't produce anything that the customers see as being useful. The problem with the whole laboratory thing is there's no competition.

MR. MILNES: Mr. Chairman, could I ask an

1 indulgence at this point? And I say this at my peril, but
2 I think I have to say it. I know that in trying to get
3 these numbers from the various commands involved, that we
4 probably will be able to sort through that. But I don't
5 think in my own opinion -- and we've been doing this now for
6 several months -- that we will be able to draw any better
7 conclusion from the numbers that we get, nor will we be able
8 to say that, based upon the amount of contracting out, that
9 more should be contracted or less should be contracted out.
10 And we might even be saying that at our own peril, because
11 there are some people in the scientific community that feel
12 that that is exactly what's going wrong with the lab
13 system, that too much is being contracted out and in fact
14 we're losing our basic ability to do research.
15 And the only way you're going to develop the kind
16 of engineers and scientists really to do this kind of work
17 is you have to keep or maintain a certain percentage of
18 basic scientific work.
19 So I would really suggest, rather than go out and
20 get additional figures and numbers, that the kind of
21 statement that has been suggested I think we are on good
22 grounds to write without any additional input, because I
23 think we sense a frustration here, and understandably, and
24 we can put that in words.
25 CHAIRMAN EDWARDS: Why don't you just state that

the Commissioners expressed great frustration with what we view as the problem of the labs and urged the Secretary to put together a high level study team to look at these labs.

MR. MILNES: Yes, sir, that is what we can do.

GENERAL POE: And include redundancy. I think we have done that with the depots. You have to check with the Army, Navy, and Air Force before you do that, and they ought to have that same kind of thing.

t5 MR. MILNES: Mr. Chairman, one other thing, and I understand Mr. Cabot has some discussions about Watertown.

MR. CABOT: How much discussion did we have about Watertown before?

MR. MILNES: We had quite a bit before.

MR. CABOT: Was everybody happy about it? Because that is a lab, and I did go look at it and it's going to be controversial, but so be it.

CHAIRMAN EDWARDS: You'd better get in line.

MR. CABOT: We did rework the figures, because we had enough evidence to wonder whether we were getting the straight dope. But a lot of midnight oil was burned on that one.

MR. MILNES: I have nothing further.

MR. WINICK: We should thank the staff for that. The Army really did a lot of good work.

CHAIRMAN EDWARDS: Is there anything else on

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1 anything else?

2 MR. MILNES: Not from me, sir.

3 MR. BRYAN: We need to present to you the map that

4 is in progress and should be ready quickly.

5 CHAIRMAN EDWARDS: It's 4:15. And as you will

6 notice on the agenda, the next thing is the consideration

7 on deliberations by the Commission and a final vote on

8 base closure candidates. We have asked for a map of our

9 activities to kind of have a feel for what we've done and

10 where we have done it.

11 I think if you've got any last minute comments or

12 thoughts, then now would be a time to air those views.

13 Shortly before you get out of here, we will hand you the

14 draft, except chapter 6.

15 MR. BRYAN: What I would like to do is to divide

16 it into two segments, one chapters 1 through 5 and 7 through

17 9, and your bio to make sure we have it correct, make sure

18 the bio is correct, that we have spelled your name

19 correctly. And we're trying to put all the "n's" in

20 Mr. Hoffmann's name.

21 We also have the appendixes where the detailed

22 explanation of the recommendations is going to be. They are

23 a fairly standard format. We have minimized the numbers.

24 We have the realignments in there and we tried to keep them

25 fairly short and tried to minimize the excessive number of

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offhand comments, so we're not attacked on something we don't really need to say.

We have mentioned the socioeconomic impact and the environmental impact, and that will be the sensitive part. That will be what eventually will become appendix F of the report, which will be the detailed explanation. If you look at the presentation of appendix F, which is our recommendations in detail, and you have a problem, let us know.

They're all pretty much standard. Once you have read one or two, if you have a problem let us know.

GENERAL POE: Mr. Chairman, I do have one other thing and that is, since there is such a gradation between the services, since there is such a gradation in what has come up, for one reason or another, between the services, the Air Force has become more and more antsy about who gets what minimum funds are available to support the moves.

And they have been through the system before where you divide by three and you do various things like that, and they're very nervous about that, because the amount of money that's going to be available to start these moves is going to be probably less than half of that required by one service alone that makes a lot of moves.

And so there is this memorandum that the SecDef sent over here on the 25th of August, which says essentially

how the services would draw from the account. And I think something of that nature belongs as an understanding in the report.

I don't know what you think, Hayden.

MR. BRYAN: Let me just say -- and I guess Doug has been working on the details of this, but it is our belief right now that most of the funds for the realignments and closures will come out of appropriations.

GENERAL POE: I understand that.

MR. BRYAN: But we can make some reference to the fact that the type of expenditures that are made by a service should be in general proportion to their contribution to the effort.

GENERAL POE: I think that's very, very important, because there is a matter of good faith here with people that -- and I have to say, I don't want the Commission to get the idea that the Air Force closings, and I have been to a number of these places, were not done without a lot of heartache and heartburn and concern.

And Major Carl Spotts ran one of these places, and so forth and so on. And if we then find that they have to stand in line behind people that did not contribute, the credibility of what we have done is going to be very poor.

CHAIRMAN EDWARDS: Well, I think it could be written in a way where it is generally pro-rated according to the

heartburn.

MR. CABOT: Why don't you have them draft something up and have General Poe have a look at it?

GENERAL POE: Well, they have this one agreement from the Office of the Secretary of Defense that is pretty close.

MR. BRYAN: That's no problem.

GENERAL POE: You essentially have an account, depending upon how much you contribute, and you draw on that. And if you go over what you contributed, you pay for it yourself.

CHAIRMAN EDWARDS: Don't get heartburn over Fort Dix, which is sitting in the front of your folder. That was obviously done befoe we took the starry-eyed action.

GENERAL STARRY: What do you want us to do, mark these up and give it to you?

MR. BRYAN: No. I think if you just look and see if there is any major problem with it. The format is pretty much the same in all of them. If you have any problem, you can take the book home with you, and if you have any additional comments you can call the subcommittee tomorrow.

MR. CABOT: You don't want us to take the stuff in the folder?

MR. BRYAN: I think it would be helpful if we didn't have a lot of copies out running around the city.

GENERAL POE: What about those of us who are going to be able to come back tomorrow?

MR. BRYAN: That's fine.

MR. TRAIN: Aren't we meeting tomorrow?

CHAIRMAN EDWARDS: Well, if we can finish tonight on the vote, then you're finished. Then the subcommittee on the final drafting is going to work tomorrow, and we would be delighted to have any thoughts you have by tomorrow before you leave.

If you care to, mark up your chapters 1 through 5 and 7 through 9.

MR. CABOT: You say we're not having a regular tomorrow, the full Commission?

CHAIRMAN EDWARDS: As Abe and I see it, if we can finish deliberating tonight and vote tonight, then there won't be any need for anybody to come back.

CHAIRMAN RIBICOFF: I'm sort of worried about having any of this stuff get out before it's really submitted. I mean, if this stuff is loose around, it's dynamite. I don't even want to take it home with me. There's a great dilemma here.

Does anybody want to take this home with them?

MR. TRAIN: I thought the idea was we would not take that home.

MR. BRYAN: As I said, the format is the same for

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all. It is not a matter -- I mean, once you've read one you've read them all pretty much. It's the same basic information that's contained.

The real variety comes in the rest of the report, chapters 1 through 5 and 7 through 9.

CHAIRMAN EDWARDS: They can take that stuff home because that's the same kind of stuff you've been getting in the mail.

MR. CABOT: And you want to come back with our final ideas to the drafting committee tomorrow?

CHAIRMAN EDWARDS: If we could finish tomorrow, then if you have thoughts on 1 through 5 and 7 through 9 and you want to mark them up tonight and come back with them in the morning or send them over, great. If you want to come back tomorrow or stay here tonight and come back tomorrow and go through all of the information on the closures, feel free to do it.

As Hayden says, it's pretty standard supporting kinds of stuff. But we will go through it tomorrow. And then it needs to get on to the printer.

So does anybody have any? Are the maps ready?

MR. SMITH: Mr. Chairman, is there any way we could get a summary of where we are and what we've done that shows a list of bases and the annual savings? Because I think we need to look at that and deliberate on it

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before we wrap up here.

CHAIRMAN EDWARDS: Okay, put your map up.

(Viewgraph)

MR. HANSON: That is the geographical. The dots with circles around them were the two depots we couldn't totally close, and so they are major realignments which are going to have the same kind of impact on the community as a closure would, without being a total closure. And I have left off one small activity in Herndon of moving twelve people.

And if you recall, we still have the unfinished business of GSA properties, which would add to the list. But I don't have personnel impacts and employment impacts, just empty properties.

CHAIRMAN EDWARDS: Is anybody out of joint on the geographical spread?

MR. SMITH: I don't think you can tell from this the impact. I would think if we could do this and put red dots where you've got major impact and something else to give us an idea of the order of magnitude of the impact. The State of Illinois, for instance, is hurt badly by this. The State of California is going to be hurt badly by this. And I don't think we have taken that, that we understand that from looking at this.

CHAIRMAN RIBICOFF: Could I make a suggestion?

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1 Originally we were supposed to be here three days. I have
2 no problem coming back at 9:00 o'clock tomorrow morning and
3 give them a chance to put this in order. And I would rather
4 do that and then vote on your last thing, the final vote on
5 base closure candidates.
6 It will take us an hour or take us two hours, and
7 then we will do it right. We have done all this work. Let's
8 do it and finish it right. I don't want to take this back
9 to the hotel with me.
10 Then we come back, everybody get at a desk, and
11 mark up whatever you give us, and hand it to you. And then
12 you can do it right. Would anybody demur to that proposal?
13 MR. HOFFMANN: I think that makes sense.
14 CHAIRMAN RIBICOFF: Otherwise, we've got problems.
15 CHAIRMAN EDWARDS: But I have to tell you that,
16 and I have no problem with that and agree with it, but I
17 have to tell you, you don't come back here tomorrow now
18 with some notion about sending staff off to look at new
19 bases.
20 We have literally come to the end of the road on
21 this thing and we're into a final vote and mechanics, and
22 that's just the truth.
23 MR. HOFFMANN: I don't think we want to look at
24 any new ones, but we might want to follow up some that we
25 have looked at.

CHAIRMAN EDWARDS: Do you have that baseball bat?

(Laughter)

MR. SMITH: Really, before we quit let's look at what we've done. My sense is we've got a hugely unbalanced set of results here. We have worked the Air Force over and we're going to have $600 million savings out of the Air Force, and we're going to have no savings out of anybody else. We're going to not touch the Navy. We're going to touch the Army just peripherally. We picked up a few bucks with the Army, but we're not going to be at anything like anybody's expectation on either one-time savings or annual steady state savings.

We've got to go into that with our eyes open. We have done great damage to the State of Illinois. If we had followed through with Mr. Claytor's idea and closed the recruit depot in San Diego, you could have moved a whole lot of people into Great Lakes and made Great Lakes a recipient of people.

I think we need to take a look at that before we decide that what we have done is a work of art and something that we're ready to sign off on. At this point, my gut feeling is that this thing may be badly flawed, that what we have come up with is going to be something which won't stand the light of day.

I mean, why would anybody agree that the Air Force

has got to take 80 percent of the [illegible] of this thing? To me that is just unreasonable as hell.

I don't know, General Poe. You're going to be the guy taking most of the heat if that happens.

GENERAL POE: We will take it. There will be a great cynicism over there. That is why I'm so concerned about who gets the money up front. If then other people get money for some minor moves somewhere and the Air Force has all of a sudden got some units split in half and they don't have the money for the other, then I really will have trouble.

MR. CLAYTOR: Well, I think we ought to say that. I think we can say that. There's no reason why we can't. I think we ought to make it very clear.

CHAIRMAN RIBICOFF: We should go out of our way to praise the Air Force for their cooperation.

MR. CLAYTOR: They're the ones incurring the expense. They need the money.

MR. HOFFMANN: Well, I wouldn't go around praising the Air Force. The notion is going to arise with their Congressional delegations that maybe they were a little too cute on this thing.

I agree with the comment made that the people that get reduced are in an unfortunate position. This Fort Dix exercise is going to come back and hang itself around the

1 Army's neck in the finest albatross tradition, I can absolutely
2 assure you. There's no question about it.
3 MR. HANSON: Sir, in answer to your question, we
4 have rushed to put together a final list and would be
5 prepared to brief them, the numbers on the chart with only the
6 steady state savings.
7 CHAIRMAN EDWARDS: Well, let's take a look at it.
8 And if there is more that we need to take a look at, we can
9 ask for more.
10 (Viewgraph)
11 MR. HANSON: This is the closure candidates for the
12 major bases in the Army. These are Army major closures, in
13 other words not Task Force 6, are not on here. That's the sum,
14 the total on this page, of the total steady state savings of
15 $165 million.
16 CHAIRMAN EDWARDS: $165 million steady state savings
17 just Army?
18 MR. HANSON: Just Army, this one page.
19 CHAIRMAN EDWARDS: Is that all the Army?
20 MR. HANSON: No, sir.
21 (Viewgraph)
22 MR. HANSON: We can get most of the Army. On that
23 page there are the Task Force 6 smaller activities. That's
24 another $20 million in steady state savings. And there's
25 another $6 million in those two depots that couldn't totally

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1 close.

2 And so the total for the Army is $192 million.

3 CHAIRMAN RIBICOFF: You don't have Belvoir in

4 there.

5 MR. HANSON: The engineering proving ground is one

6 that we can't put into our all or none, because it's going

7 to require special legislation once the negotiations have

8 been completed with Fairfax County and other local

9 authorities. And so that is one of our addendum

10 recommendations.

11 However, we do have an estimate. We have

12 received an estimate that, if it worked out perfectly, the

13 savings would be $42 million in steady state. So if you

14 wanted to, we could say we made a recommendation that that

15 happen, even though it wasn't all or none.

16 CHAIRMAN RIBICOFF: I may be dumb. When they tell

17 me they're going to give up 800 acres and they say the

18 property is worth $200,000 an acre, where do you get $42

19 million?

20 MR. HANSON: The way the analysis ran was they

21 want to get out of leased space at no cost to them, and so

22 they take what they have, which is 820 acres worth $200,000

23 an acre, whatever they get for it, and they take it to a

24 private developer and they say: All right, I want three

25 million square feet of office space out of this up here in

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this corner somewhere; you can have the rest. Make hotels, condominiums, whatever you want to do with it. And he looks at it and he goes: No, I can't do three million; how about 2.8?

And it's a negotiation. But the key to the negotiation before that could even start with a private developer, they have to have zoning, proper zoning from Fairfax County.

Then what happens is the developer takes and constructs three million square feet or whatever of office space for the Army, at no cost to the Army, in exchange for getting title, if you will, use of the rest of that property. In other words, the offices, three main office, wouldn't take 820 acres. It would take maybe a quarter of it or something like that.

And then they can move into this space, if you will, at only a minimal cost for the move and get out of $42 million in annual lease costs if it was three million square feet. That's the way the economics of the thing work.

Now, the key to it is, we can't under the legislation, the powers we have under our legislation, we can't make that happen. We can't insist that it happen, like we can telling the Army to move their First Army to Fort Devens. That happens and, as soon as we put that in ou

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final report, if the Secretary buys it and Congress buys it, it will happen.

We can't make Fairfax County do anything. So therefore the whole deal could fall apart if they don't zone it properly. So therefore it's a delicate negotiations type of thing which has to be set aside.

It's in our report, sir, but I haven't included it in the savings. It is in the recommendations, but it's just not included in the savings. Now, we could add it into the savings and just say we have great confidence this will occur, and we therefore threw $42 million more into our account.

It's going to be only making us in the press and the media look better.

CHAIRMAN EDWARDS: We may need that.

I think you could put it in there with an asterisk.

CHAIRMAN RIBICOFF: And explain it. I think you can explain the whole thing.

CHAIRMAN EDWARDS: Does anybody have any problem with that?

(No response)

CHAIRMAN EDWARDS: Is this all the Army?

MR. HANSON: No, sir. I have this one little one.

(Viewgraph)

MR. HANSON: That takes care of the rest of the

Army. And I have put the defense agencies on there because that is Army property.

GENERAL POE: That goes for Cameron, too, doesn't it?

MR. HANSON: Cameron is actually run by the Army.

CHAIRMAN EDWARDS: Let me just say to all of you all, and it doesn't need saying, but you never know who is going to pick up on something. In Alabama there are three facilities to be dealt with, two up here on the map and one is [redacted] that's giving up 1600 people to Devens. They are all in Bill Nichols' district, and he died this morning.

And I just want to mention that because if anybody hears any complaint that you picked on a district that way, we didn't do it that way. And you all know that, and I think it's important that, if it comes at you from some angle or another, that you don't get blindsided.

MR. HANSON: If I could add to that, there has been many complaints about the mechanicalness of our process. One thing the process clearly didn't do is put geography into it. It was blind to geography. It was blind to political districts.

CHAIRMAN EDWARDS: And that's the way it should be, as long as the map looks right.

(Laughter)

CHAIRMAN EDWARDS: We did not do it based upon geography, but it's going to be looked at on the Hill in that way.

MR. HANSON: Clearly, geography was a part of it. But it often worked against installations because they were too close to the submarines and the like.

GENERAL POE: When you talk geography, you're talking about the threat and weather and all of that.

(Viewgraph)

MR. HANSON: This is the sum for the Navy.

CHAIRMAN EDWARDS: What does that total?

MR. HANSON: That's $19.1 million.

The reason we have no figures for the hospital is, the hospital closure, is because it is no longer a viable hospital. It's unsafe, et cetera, et cetera, et cetera. It cannot be rehabbed, and so forth and so on. But for whatever reason, mostly political, it's never been closed.

However, at this stage of the game the OSD Health Affairs is not ready to say what the total Delaware Valley needs are going to be. One of the reasons was we couldn't tell them whether we were going to close Fort Dix. And therefore they're going to have to do more study.

So this is kind of one we're going to leave for the Secretary to figure out how to implement.

GENERAL POE: Could I complain about that? It's

1 costing a certain amount of money to run that damn place and
2 there are savings involved in closing it. I don't know why
3 we can't claim some savings on it.
4 MR. HANSON: In the interim, after they start
5 tearing it down, of course, some people will go to CHAMPUS
6 who might actually wind up costing more. It's one of those
7 issues where our recommendation is, if we make the
8 recommendation based on savings, then I think we're on shaky
9 ground.
10 If we make it based on this is not a viable
11 hospital and it needs to be shut down -- for whatever reason,
12 it couldn't be shut down before; it's been on numerous lists
13 -- that this is an opportunity we have to fix that problem,
14 anyway, if not fix the total problem.
15 GENERAL POE: Have they determined to tear it down?
16 MR. MILNES: Well, basically the Navy had stepped
17 away from putting any effort into the hospital. In other
18 words, they really staffed it at a minimal level and they
19 haven't put money in the program for rebuilding.
20 GENERAL POE: It has an O&M cost every year?
21 MR. MILNES: Yes, sir, I think it does. I think the
22 point we're making here is, if you try to couch this in terms
23 of the payback and savings, you will find any time we have to
24 replace a facility of that kind, of that nature, or augment
25 some other facility, to do it you're going to end up with lots

of costs associated with that realignment, and it's going to fall outside of the six year window.

The reason why the six year window is not applicable and that type of analysis is not applicable is in all of our other analyses the status quo wherever you were in the basing system was always a viable option and you had to decide whether you should move from where you were to somewhere else. You could do it if you could do it, if you could pay back within six years.

In this case what we're saying is it's unacceptable to stay where we are. That hospital has deteriorated to the point where it's unacceptable to leave it in that current situation.

GENERAL POE: Would they move were they not told to via this Commission action?

MR. MILNES: I don't think they would move, because of the political logjam every time the Navy has suggested, many different times, to close that base.

MR. CLAYTOR: We tried in '79 and '80 and we just plain couldn't do it.

MR. MILNES: But what the Navy hasn't done, for the same reasons, it's not programmed money to do anything with it.

MR. CLAYTOR: That's right, we haven't done anything about that.

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1 MR. HANSON: I think the most likely option, but
2 I don't think we would be able to predict it, is that they
3 will probably build some smaller facility on the same site
4 and let the bulk of the load go elsewhere. But that's just
5 very hard for us to predict.
6 Now, we might be able to allow that, much as we
7 have allowed something else, say, and the Commission expects
8 that once the plan is done, if a new clinic or et cetera is
9 needed on the site, that to the extent funds are available
10 that it should be paid for.
11 MR. MILNES: This gives the medical side an
12 opportunity to use the base closure and realignment account.
13 GENERAL POE: Why do we want to give those people
14 the opportunity to use base closure money when they're not
15 contributing anything?
16 MR. MILNES: Well, they would be contributing.
17 GENERAL POE: You've got to put something in the
18 bank to take out before you get a check out.
19 MR. MILNES: For example, if they sold that
20 property the estimate is that there would be $19 million
21 from the proceeds. And practically speaking, what doesn't
22 come off the proceeds of the property Health Affairs, who is
23 the master programmer for health requirements, would have t
24 dip into their own resources and come up with the money tha
25 would be earmarked in the base closure account, I think is

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the way all of this would go.

The services will be asked to foot the bill for their piece of it during the budgeting phase, and that money will be set aside and pulled out of their budgeting and set aside in the base closure budget. And that is how those moneys would be constructed.

GENERAL POE: That's what we were afraid of. If you take $800 million out of the Air Force budget and stop everything else in order to accomplish what you've been told to do, that's exactly what they're afraid of.

MR. MILNES: It would be up to the Secretary to decide how to spread that load around between the services.

GENERAL POE: I have got to tell you, I would withdraw every vote of mine to close any Air Force station if I thought that was the way it was going.

MR. MILNES: We don't have the control over it. But we can, as was commented earlier, make the point in the report that we would suggest to the Secretary how he might accomplish that budgeting drill.

MR. HANSON: I think the key is, the key issue here, is that this whole process, whether you look at it by service or from the Department, was supposed to be in essence somewhat self-financing. So therefore, to the extent you contributed to savings you ought to be able to take. In other words, you've got to pay money in order to save money.

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So it would seem to me silly to withhold MILCON money from a service whose -- and therefore deny them the opportunity to make savings, because that is just short-sighted.

GENERAL POE: Well, they're so worried about it that they've racked up what they have promised to do in the moves against the FYDP. They will take all the money that they expect to get for that type of activity. Nothing else in the Air Force will be done if it's not recognized that on down the line they're going to get some money.

This is a key point here, and when you balance it against the fact that they're 50, 60 percent of the savings, the bad faith issue is going to go right straight up like a flag on a flagpole.

MR. HANSON: And again, I don't see why the Commission should not make a strong statement on that.

CHAIRMAN EDWARDS: Done.

MR. CLAYTOR: Aren't you on the drafting committee? Do it.

CHAIRMAN EDWARDS: We see the fire in your eyes.

(Viewgraph)

MR. HANSON: Here are the Air Force closure candidates. And as we said before, that totals $468 million. Now, there's an asterisk down here, which is an important point I think the Commission needs to be aware of. In three

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1 of the cases, our closure was partially based on the fact
2 that there were planned force structure drawdowns at these
3 bases, and coupling that with the combination of things, either
4 poor location, poor facilities, et cetera, made them good
5 candidates for closure.
6 They were creating their own excess capacity in a
7 sense. Now, the key question is right now at $468 million,
8 that includes the personnel reductions associated with these
9 already planned force structure drawdowns. Now, the issue is
10 the Commission, of course, did not decide to draw the forces
11 down. The Air Force was already doing that.
12 However, it is a result of the overall impact that
13 we found, and we came and found the lay of the land to be
14 such and we have counted the savings. The issue turns on
15 whether or not Congress could block our closure candidates
16 if we didn't count the savings for these force structure
17 drawdowns.
18 Then the thought was the budget that's going up on
19 January 15th to the Congress will show these force structure
20 drawdowns. If our recommendations didn't count them as part
21 of the savings, those recommendations could be approved and
22 then Congress could come in and stop the drawdown. And we're
23 left with a what do we do now situation for implementation, or
24 the Secretary is left with what do we do now.
25 However, if our all or nothing recommendations

include the drawdowns that we found that the Air Force said are going on, then in essence we've gotten a vote for the drawdown and maybe foreclosed any future attempt to forestall it, plus it makes the number look higher.

So my recommendation is we use the higher number and maybe even note that it includes force structure drawdowns, to be honest and accurate, and then hopefully foreclose any shenanigans.

CHAIRMAN RIBICOFF: There should be nothing misleading. Whatever you do, just state it.

MR. HANSON: If you took the force structure drawdowns, it drops by about $60 million.

CHAIRMAN RIBICOFF: Just say that.

CHAIRMAN EDWARDS: Then don't give the Air Force so much credit. They were going to do this anyway.

(Laughter)

MR. HANSON: If I could, one last issue. If I could pass around the GSA property list, if you recall, we left that last two weeks ago with a decision to work the first page of a two-page list, send it to the services, and say, you've got two weeks to tell us any reasons why we should not close these facilities.

In four cases, the four listed at the top, the Army has come back and said GSA was incorrect, the guard or reserves are using this, and has given us statistics. This

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1 is not just a site used as a parking lot, it is more than
2 that. In the case of the parking lot one, there is an
3 evacuation hospital unit that uses it for medical
4 detachments, a signal battalion using it on an average of
5 two weekends each month, and the closest facility is 180
6 miles away, that kind of thing.
7 So our recommendation is don't mess with the
8 training at those areas, let that continue based upon the
9 Army's input to us, and go ahead and sell the rest of the
10 properties.
11 And that totals up to $18.4 million. We have one
12 problem which is highlighted in the middle there, which is
13 our Salton Sea test base. Right now it looks like it's
14 going to cost more to clean up than to sell. And if all
15 the cleanup costs are associated with contaminated storage
16 tanks, then that shouldn't be a problem because that's again
17 part of the ongoing cleanup system.
18 But I understand this was a firing range that
19 used to fire out into the sea, and therefore there might be
20 impact area type damage again, and therefore we might have
21 a mixed bag on that one.
22 But the rest of them, including we've got a reserve
23 center there worth $14 million, a Navy reserve center, I
24 might add --
25 GENERAL STARRY: These are all Army.

MR. HANSON: Well, the first four we would not sell. And we have Army, Navy, Army, Army, and then Navy: two Navy and four Army.

CHAIRMAN EDWARDS: I assume there is no objection to including these. Jim, it brings up a question, though. After seeing the charts that were up there, do you want another column or two? I think you mentioned sales price.

MR. SMITH: Well, I think one-time cost or savings is a key number. I mean, we're going to want to be able to say we've achieved one-time savings and one-time cost, whatever that is, at each installation, and we've got that number.

MR. HANSON: Yes, sir.

MR. SMITH: I think the other thing everybody is going to want to know is how many people are affected, how many people are leaving and how many people are coming.

MR. HANSON: Coming in, you mean a list of receivers also?

CHAIRMAN EDWARDS: Just so a plus or a minus employees for military and civilian.

MR. HANSON: For every base that we have touched, then?

GENERAL POE: Yes, I think that's very important, because you're going to get that many more votes on your side when the thing gets over on the Hill from the people who

are receivers.

CHAIRMAN EDWARDS: I think you need a master sheet with all of that kind of stuff on it. I mean, all of it may be in these pages.

MR. HANSON: We have tried to keep as many statistics out of the report as we can.

CHAIRMAN EDWARDS: It will give us a shot at looking at them. We may take a column out or something. But let's put all the columns in by the facilities.

GENERAL POE: It will help in places like California, too, Mr. Chairman, where the stuff stays in the state.

MR. HOFFMANN: It may be that DOD wants them to do that rather than us in the last analysis.

CHAIRMAN EDWARDS: We may decide not to use it or we may burn it, but let's look at it.

MR. HANSON: This would be including then any base that either added, received people, like Beale, which is not a closure candidate, or, as you mentioned, [redacted] which is losing people to Fort Dix?

CHAIRMAN EDWARDS: I think so.

GENERAL STARRY: A spread sheet for the total impact.

GENERAL POE: Somebody like [redacted] will say you've blind-sided them.

MR. CABOT: Can we also ask for a spread sheet which shows it by states or something?

As I would look at it, I mean, somebody is going to do that to us whether we do it for ourselves or not. I don't know, and I would think one of the things you would want to know as you look at a spread sheet like that is what does it mean in that state.

I mean, take California. We know we're hitting it very hard, but California has a lot of military. I don't know how you do that.

(Viewgraph)

MR. HANSON: The last column here, we have employment impact we're taking out of George. It might be 10,000, 12,000 people, but we're saying that the impact on employment in that region is less than one percent.

MR. CABOT: I don't think that's the only way to look at it. How much are we taking the defense establishment out of that state compared to other states in total dollars? And if it is a state that already has nearly nothing and you take what's left out, that's a bigger hit than a state that is really getting a lot of benefit from the military anyway.

GENERAL POE: This state business is important. The fact that Mountain Home is going to get a large number of F-4's, let's say, is going to be very important to the

guy at Mountain Home and it may make him on our side when this thing comes to push and shove.

MR. HANSON: Yes, sir. I don't think we have the dollar impact by state. We know the people adding, we know all the plusses and minusses on people. But the dollar impacts, like for instance we don't know what their salaries are, which is a big bulk of the dollars. Contracts is another piece of that.

And I think when an installation --

MR. CABOT: Maybe you could just do it by people then, but give us another figure to compare it against, how many military are there in all of the states, something like that.

MR. HANSON: We can do that, total DOD population by state and then the amount that it is decreased and the percent, if you will, it is. Instead of a percent impact on employment, it is defense impact on employment.

MR. CABOT: Maybe I'm the only one that sees it that way, but I can guess that somebody would want to quiz us on that.

MR. CRAIB: I think in California, even though we're closing a lot of bases, it might be three percent of the total military; and in Illinois, only a couple, but it could be ten percent.

MR. HANSON: Illinois, it will be a clearly bigger

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1 impact.

2 MR. CABOT: Well, how bad is it in Alabama?

3 CHAIRMAN EDWARDS: In numbers, it's probably not

4 that bad.

5 MR. HANSON: One of them was inactive, or two of

6 them.

7 CHAIRMAN EDWARDS: Any of these things you can

8 come up with in column form to do it. We may say to strike

9 some.

10 MR. CABOT: Just for the purpose of looking at it

11 tomorrow. Whether we put it in the report is something

12 else again.

13 CHAIRMAN EDWARDS: We can make that decision on

14 what column we want to put in the report. I think all we're

15 asking you for is stuff that you've already shown us in one

16 place or another. It's not something you have to go out and

17 look up.

18 MR. HANSON: No, sir, it's just a matter of getting

19 it on the spread sheet, and then the one-time savings. Land

20 value, we might as well put that on there.

21 CHAIRMAN EDWARDS: All that stuff you've used.

22 MR. HANSON: Could I make a suggestion, sir, and

23 just drop the 20 year net present value. We don't have any

24 negative net 20 year present values.

25 CHAIRMAN EDWARDS: I don't know what it means,

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1 anyway.

2 MR. SMITH: It's a hell of a nice big number to put

3 out there. I mean, what is it going to be, $3 or $4 billion?

4 MR. HANSON: I've never added it up.

5 MR. BRYAN: It's somewhere in that range.

6 CHAIRMAN EDWARDS: Well, give me a definition when

7 you do of what the net present value is.

8 MR. HANSON: Yes, sir. In fact, we did work some

9 on it and, because of discounting it, it didn't get as high

10 as it could.

11 MR. BRYAN: If you discount it, it never will.

12 MR. HANSON: It makes things comparable for

13 decisionmaking purposes.

14 CHAIRMAN EDWARDS: So if you all want to come back

15 tomorrow at 9:00, I guess we're done.

16 (Whereupon, at 5:00 p.m., the meeting was

VII 17 adjourned.)

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