

For Release  
on Delivery  
Expected at  
9:30 a.m. EST  
Wednesday  
April 12, 1989

BASE REALIGNMENTS AND CLOSURES

STATEMENT OF  
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NATIONAL SECURITY AND INTERNATIONAL  
AFFAIRS DIVISION

BEFORE THE  
SUBCOMMITTEE ON READINESS, SUSTAINABILITY,  
AND SUPPORT  
COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE



045144/138402

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our ongoing evaluation of the methodology, findings, and recommendations of the Defense Secretary's Commission on Base Realignment and Closure. We are doing this work at the request of the Chairmen and Ranking Minority Members of the House and Senate Committees on Armed Services.

We initially selected a sample of bases for our analysis--that is, the eight bases that represent almost 85 percent of the Commission's estimated savings and one Navy base, so we would have coverage across all military departments. These installations are Pease Air Force Base, New Hampshire; Fort Dix, New Jersey; Fort Sheridan, Illinois; Chanute Air Force Base, Illinois; the Presidio of San Francisco, California; George Air Force Base, California; Mather Air Force Base, California; Norton Air Force Base, California; and the Hunters Point Naval Station, California.

To more fully assess the Commission's methodology, we recently added the following bases to our analysis: Lexington Army Depot, Kentucky; Jefferson Proving Ground, Indiana; Fort Meade, Maryland; Fort Holabird, Maryland; Fort Devens, Massachusetts; and Fort Huachuca, Arizona. Since our work on these recommended closures and realignments has just started, we will not be addressing realignment and closure issues at these bases in our testimony today.

To date we have performed work at the Department of Defense (DOD), the Commission, all bases in our original sample and other selected bases, some major military commands, and some federal and local government agencies. We still have additional work to do; therefore, we can provide only preliminary observations today.

Before presenting our observations, let me briefly describe the Commission's process. It used a two-phased approach to evaluate bases for realignment and closure. The phase I analyses grouped

bases into a number of categories then focused on determining the military value of bases within each category and each base's capacity to absorb additional missions and forces. The Commission obtained a great deal of pertinent information from the military services. We were told by Commission staff that the Commission then worked with the services to identify and rank bases warranting further review. The phase II analyses focused on assessing the cost and savings of base realignment and closure options. These phases are discussed in attachment I.

#### PRELIMINARY OBSERVATIONS ON THE COMMISSION'S WORK

The Commission and its staff have accomplished difficult and complex work in a limited time frame. Further, its approach seems generally consistent with its charter. We do, however, have some preliminary observations on the Commission's work. These relate to (1) the appropriateness of military value evaluations and the accuracy of the data used, (2) savings being dependent on personnel reductions, (3) the soundness of the model used to project costs and savings, (4) the exclusion of certain costs from the analyses, and (5) the completeness and accuracy of some base-specific data.

#### Evaluation of Military Value Appropriate But More Validation of Data Needed

The Commission's emphasis on military value as the basic criterion for assessing the base structure is appropriate and represents an important contribution as to how base closure decisions are approached. We believe this approach allows for a realistic and in-depth analysis of the military base structure. For example, considering a base's missions and functions is a more useful approach than merely costing out closure of bases that have appeared on prior closure lists. Also, the Commission's efforts to enhance mission efficiency by realigning similar forces

at a base has the potential to enhance readiness and provide for better command, control, and mobilization for future contingencies.

We have reviewed two categories of bases--Army training centers and Air Force technical training bases--to test the Commission's phase I process. We found that in the analysis of Army training centers, which includes Fort Dix, erroneous data were used. These errors affected the relative ranking of bases. Had accurate data been used, Fort Dix would have ranked first of eight bases in the category rather than seventh. In the case of Air Force technical training bases, which includes Chanute Air Force Base, we identified errors in the data used as well as weaknesses in the methodology. We have not yet determined the effect of these errors and weaknesses on Chanute's ranking relative to the other bases in the category. These issues are discussed in detail in attachment II.

#### Savings Highly Dependent on Personnel Reductions

The Commission estimated that its base realignment and closure recommendations, when implemented, should lead to an annual savings of \$694 million. It is important to recognize that much of these estimated savings result from large reductions in military and civilian personnel at closing bases. For example, the Commission estimated that closing the five Air Force bases included in our sample would result in annual savings of approximately \$381 million. About \$320 million (84 percent) of these savings result from reductions of about 9,600 personnel. Overall, the Commission estimated that its recommendations would result in eliminating 7,748 civilian and 12,889 military positions.

Although the savings from eliminated positions at the base level would be real, savings in the DOD budget would not actually occur unless there is a corresponding reduction in authorized personnel

ceilings. We think it is important that the Committees on Armed Services work with DOD to decide whether military strength should be reduced or positions should be reallocated to fill other needs.

Cost Model Conceptually  
Sound But Contains Errors

The Commission developed a cost model to evaluate and compare various base closure and realignment options. Each of the services developed a model based on the Commission's model. We are currently reviewing the Air Force and Army models. Our work will also include a verification of the standard factors (e.g., salaries and overhead) used in the models. Our initial evaluation of the Commission's cost model indicates that it is a reasonable method for comparing the costs and savings associated with realignment and closure options. However, the model does not use nor does it provide budget quality cost estimates.

The model provided the Commission with a consistent conceptual framework for its cost analyses and it was sufficiently flexible to accommodate differences among the services and types of bases. However, under the tight deadlines facing the Commission, the model was not carefully checked for errors in its formulas or omissions of data. We found a number of errors in the model's worksheets. For example, the Air Force version of the model overstates the construction costs at gaining bases in the first year and understates the cost in the following 4 years. Therefore the model overstates the cost to close some bases.

In the Army's version of the model, some costs were excluded. For example, costs for the support of reserve units remaining on selected bases and for family housing that will remain open were omitted. Including these costs will result in less savings than estimated.

In addition, model computations include a market value for resale of the bases. Available data suggest that for many bases, the Commission underestimated the fair market value of the installations. At the same time, it should be recognized that laws governing the disposal of surplus property allow the bases to be made available for other government or social purposes, in some cases at less than fair market value. Therefore, the amount of revenue DOD will realize is uncertain.

#### Analyses Excluded Certain Costs

The Commission's methodology excluded some potential closure or realignment costs. The Commission was required to consider the economic impact on the community where a base recommended for realignment or closure is located. However, the Commission decided not to consider certain DOD and other federal government costs associated with the socio-economic impact of the closures in calculating the savings that would result from realigning or closing a particular base, since it believed these costs would be minimal. Such costs include expenditures for welfare, unemployment compensation, community adjustment assistance, and mortgage assistance provided under the homeowners assistance program.

The only data we have concerning these costs relate to the homeowners assistance program. Officials from DOD's homeowners assistance program provided us with a rough estimate of \$129 million to operate the program for fiscal years 1989 through 1995. Given subsequent sales of homes, these officials estimate that the ultimate net loss to the government will be about \$35.8 million.

Other potential costs, such as the transfer of operating and maintenance costs to other Federal agencies, were not considered. For example, if the Presidio is closed, most of the land and buildings would be transferred to the National Park Service. The Park Service estimates that its annual Presidio operating and

maintenance costs will be about \$17 million. This is in addition to what the tenants occupying Presidio facilities will pay for their own operating and maintenance expenses.

Still other costs such as environmental cleanup costs were not considered. The Commission decided not to consider the cost of environmental cleanup in deciding how much savings would result from realigning or closing a particular base, because DOD is ultimately responsible for such cleanups. It did, however, consider environmental mitigation costs, such as costs to increase the capacity of water or sewage treatment systems at receiving bases.

Since publication of the Commission's report, DOD and the services have been working to more accurately specify the environmental impact and estimate costs for environmental cleanup of bases recommended for realignment or closure. Recently, the services provided the following environmental cleanup cost estimates for the bases totaling about \$674 million to the Office of the Deputy Assistant Secretary of Defense for Environment: about \$10.1 million for the Navy, \$115.15 million for the Air Force, and \$548.5 million for the Army. The Army's estimate does not include all of the costs associated with cleaning up the Army's Alabama Ammunition Plant and Jefferson Proving Ground to unrestricted use. If this were done, the Army's estimate would be \$814.3 million.

We were told that cleaning up the Jefferson Proving Ground for unrestricted use could cost \$250 million. However, Army officials said they only plan to restore a portion of the site for unrestricted use during the base closure time frame at a cost of \$57 million. The services characterized the estimates as current best guesses and subject to change. They added that many environmental studies and tests have yet to be performed or completed. The Army also noted that cleaning up lands for

completely unrestricted use might not be required in all cases and that holding portions of bases for later cleanup is an alternative.

Although DOD is ultimately responsible for environmental cleanup costs, the potential for accelerating cleanup because of either alternate government use of the land or sale to commercial groups could be significant.

#### Completeness and Accuracy of Data

Our discussions with base personnel, major commands, and other government agencies indicated that the Commission may have made its recommendations for realignments and closures based on incomplete and inaccurate data. We have already discussed the accuracy of the phase I analysis for two bases and we have additional base specific observations. For example, one of the reasons why the Commission recommended George Air Force Base for closure was the increasing air traffic congestion in the vicinity of the base. However, according to base officials and representatives of the Federal Aviation Administration, there is no current air traffic congestion problem around George.

Our evaluation has confirmed that some of the data used by the Commission that had been questioned were, in fact, correct. For example, some of the reasons why the Commission recommended closing Norton Air Force Base were air traffic congestion and inadequate facilities. Our discussions with base officials and review of base records indicate that air traffic congestion is a problem at Norton because the base shares the same final approach as nearby Ontario Airport, resulting in very heavy air traffic in the area. Also, Norton does have a number of facilities that are substandard and outdated. I have included additional base specific information in attachment III.



Commission and DOD officials acknowledged that data and individual cost factors could vary. However, they emphasized that it was the Commission's goal to (1) apply military value as the primary criterion and determine if, in the categories examined, there was excess capacity, (2) perform a comparative analysis among bases in each category, and (3) recommend a list of bases for closure or realignment. This, they said, requires informed, subjective assessments. They also indicated the need to consider whether the list as a whole is reasonable, rather than discussing specific bases.

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In closing, I need to emphasize that the issues I have discussed and questions I have raised about the Commission's work are not intended at this point to imply disagreement with the Commission's overall conclusions. We have more work to do before we will be in a position to reach an overall assessment. Our aim today is simply to respond as fully as we can to this Subcommittee's request that we discuss what we have learned in our base closure work so far.

This concludes my prepared statement. We would be pleased to answer any questions.

PROCESS USED BY THE COMMISSION

The Commission used a two-phased approach to evaluate bases for realignment and closure. The phase I analyses focused on determining the military value of bases and excess capacity within a mission category. The phase II analyses focused on assessing the costs and savings of base realignment and closure options.

PHASE I ANALYSIS

Phase I sought to reduce the number of installations under consideration. The Commission considered the military value of an installation in terms of how well it met the mission-related needs of its units or activities. In this phase, the Commission provided the services with guidance and tasked them to

- identify all bases and assign each to a mission category, such as operating troops, administrative headquarters, and tactical air operations;
- identify physical attributes appropriate for evaluating the military value for each category, such as survivability or weather constraints;
- assign a weight to each attribute, reflecting the value of the attribute to the mission category;
- assess each base against its ability to meet the requirement associated with each attribute; and

- perform an analysis of the aggregate capacity by mission category and the capability of each base to absorb additional forces.

We were told that the Commission then worked with the services to rank and identify bases warranting further review in phase II.

The following is an illustration of the process. In the tactical air base category, considerable weight was attached to base location, training range proximity, and maneuverability. Other lower-weighted factors examined included access to low-level routes; weapon facilities; the availability and configuration of runways, airfield pavements, and buildings; the quality of facilities; and the availability of housing, medical, and recreational facilities. The Air Force rated the factors and applied the weights to develop an aggregate score for each base. The bases were then arrayed from high to low military value based on these aggregated scores. In the tactical air category, the Commission identified that 10 out of 19 bases had the capacity to absorb an additional squadron-size flying mission. One base, identified by the ranking as lowest in military value, was then recommended for phase II analysis.

#### PHASE II ANALYSIS

In phase II, the Commission asked the services for options for realigning affected activities. The Commission then analyzed potential closure and realignment options to determine the best alternative. For example, an analysis was performed to see which realignments could potentially increase military effectiveness. In addition, major socio-economic or adverse environmental impacts were examined. Finally, a "back-of-the-envelope" cost calculation

was done to ensure that the closure or realignment would pay back within 10 years.

The Secretary of Defense, in establishing the Commission, required it to consider the economic impact on the community in which a base it recommended for realignment or closure is located. To consider economic impact, the Commission held hearings to take testimony. It then decided that military value would be the primary factor in identifying bases as possible closure candidates. If two or more bases identified for closure were equal on all other factors, it would focus on a decision's impact on local employment and economic vitality. The Commission then gathered data on employment, unemployment, employment growth, and expected employment loss for communities in which bases being considered for realignment or closure are located. However, during the Commission's consideration of what bases to recommend for realignment or closure, no situation arose where the Commission decided two or more bases were equal. Thus, according to Commission representatives, economic impact was not a decisive factor in determining which bases to recommend for realignment or closure.

The Base Closure and Realignment Act exempted the Commission from the provisions of the National Environmental Policy Act. The Secretary of Defense, in establishing the Commission, however, required it to consider environmental impact in assessing bases for realignment or closure. To do this the Commission formed an environmental task group, held hearings to take testimony from environmental experts, and developed procedures requiring the military services to submit data on expected environmental impact at bases being considered for realignment or closure. According to Commission staff, the environmental impact data were used in phase II to screen bases to determine if environmental problems would

occur at receiving bases. According to Commission staff, they found no environmental problems that would prohibit transferring forces to receiving bases.

The remaining realignment and closure candidates were then more thoroughly reviewed using cost models. This more comprehensive analysis of costs and savings sought to identify whether costs would be paid back within 6 years of closure.

The primary model, known as the Cost of Base Realignment Actions (COBRA) model, was developed for the Commission by the Logistics Management Institute. The model consists of a Lotus spreadsheet that automates the cost and savings calculation for each proposed realignment plan. Each service used its own customized version of the model that allowed use of service-specific standard factors for average salaries and allowances, as well as service-specific formulas for calculating overhead and maintenance cost. Each realignment option was then analyzed using information specific to the proposed closing and gaining bases.

The model accounted for one-time costs from the closure or realignment, including moving expenses and new construction at the receiving bases, and allowed for one-time revenue if the land was sold. Additionally, the model computed the permanent annual savings from reducing military and civilian personnel levels and from any changes in base maintenance and overhead expenses resulting from the move. The final calculations of the COBRA model inflated 20 years of annual costs and savings by a constant 3 percent inflation rate and then discounted the cash flows using a 10 percent discount rate to reflect the closure actions' monetary impact in constant fiscal year 1988 dollars. Under the Commission's charter, one of the criteria the Commission used for recommending base closure or realignment was whether the cost

savings over a 6-year period would exceed the amount expended to close or realign a base.<sup>1</sup>

According to the Commission, efforts were made to review the reasonableness of data provided by the services. The Commission examined and refined the relative weighting of factors and measurements used in the military value analysis, as well as information pertaining to capacity, how moving forces would enhance missions, and cost model formulation. Base-specific data, obtained from DOD or major commands, was reviewed for reasonableness within the service headquarters and by Commission staff. Furthermore, Commission staff visited a limited number of bases to check the accuracy of data. However, to avoid premature disclosure of Commission recommendations, few of the bases targeted for closure were visited.

Our preliminary review indicates that the process provided a basis for comparing realignment and closure candidates. The Commission's final recommendations incorporated the judgment of the Commissioners.

We have identified differing evaluations of military value and cost/savings at the bases in our sample. Historically, it has been difficult to justify base closings because base-specific costs were inexact. In many cases, estimates were imprecise until actual planning for the closing began.

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<sup>1</sup>According to Office of the Secretary of Defense officials, the 6-year payback period was used because it represented the average payback period that was expected from the 22-base "illustrative" list that the Secretary of Defense identified in 1985. The Commission believes that payback within 6 years is not mandatory and that if current data now show a longer payback period for any one base, that would not preclude the Commission from identifying that base for closure or realignment.

OBSERVATIONS ON PHASE I ANALYSISArmy Training Centers - Fort Dix

The Army Training and Doctrine Command (TRADOC) was responsible for assessing military value for Army training centers. Several data sources were used by TRADOC to assess military value including data submitted by the bases. We found several problems with the accuracy of the data used by TRADOC to assess military value for Fort Dix and other bases in the same subcategory.

The Army's phase I analysis included establishing physical attributes and assigning various weights to the attributes. Some of the attributes included site specificity (the base needs to be where it is), kinds and quantities of facilities, quality of facilities, and relationship to supported forces. Data on each base were then obtained and scored using a color code. Green was sufficient, yellow indicated problems, and red indicated serious problems. The Commission staff worked with the Army on the phase I analysis.

We reviewed the phase I analysis for Fort Dix and found problems with the accuracy of the data used and subsequent scoring of Fort Dix in the areas of (1) condition of facilities, and (2) amount of reserve training accomplished. Had correct data been used for these attributes, the relative ranking of Fort Dix would have changed significantly. Instead of ranking seventh in a category of eight bases, Fort Dix would have ranked first. TRADOC, Army headquarters, and Commission staff told us they nevertheless believe that placing Fort Dix in a semi-active status is a sound decision because Fort Dix is one of two bases in the category that does not have advanced specialized schools. Also, the other base,

Fort Jackson, has more land than Fort Dix, which the Commission believed provided greater flexibility to meet training needs. The Commission also believed that Fort Dix would be more likely to be hampered by future encroachment.

Air Force Technical Training  
Centers - Chanute Air Force Base

The Commission recommended the closure of Chanute Air Force Base (AFB) because it was rated lowest in military value in terms of availability and quality of facilities, which detracted from mission accomplishment. It was determined by the Commission that consolidating current training courses at other locations could provide improved training capability in a more cost-effective manner.

Key evaluation factors covered the availability of facilities in categories related to mission such as training, administrative, maintenance and warehousing, family and bachelor housing, and medical and dental facilities. According to officials from the Air Force's Air Training Command, requirements for these elements were computed based on available facilities and planned construction (expressed in square feet). This requirement was compared against available facilities. Thus, any category in which construction was planned resulted in a deficiency being identified and a low score in that category.

We have two concerns with the methodology. First, Chanute officials identified several projects that were to replace existing facilities. As replacement facilities rather than new facilities, they should not have been counted in requirements since this represents double-counting. Second, scoring did not account for the size of deficiencies. Thus, a deficiency of 3 percent was



treated the same as 20 percent. We believe it would have been more appropriate to ignore deficiencies smaller than, for example, 5 percent.

Commission and Air Force headquarters officials stated that even if corrected data for Chanute changed its ranking relative to other bases in the category, the base is still the most logical base closure candidate because the other bases have missions that would be more difficult to move.

BASE SPECIFIC OBSERVATIONS

This attachment discusses our base-specific observations. It contains revised projections of costs and savings. We expect that, as additional data become available, these projections will be refined further. I should also caution you that revised estimates of construction costs at receiving bases, as well as other base-level estimates of costs, may include "wish lists" of projects that will be eliminated as estimates are reviewed through the chain of command.

AIR FORCE BASESChanute Air Force Base

Data we obtained from the Air Training Command (ATC) and Chanute AFB indicate higher construction estimates for the receiving bases and fewer personnel transfers and terminations. Incorporating these data into a revised model shows a payback period of 5 years and annual savings of \$60.2 million. The Commission's estimates were a 3-year payback period and \$68.7 million in annual savings.

The Commission reported that the closure of Chanute AFB would have a moderate impact on local employment. However, a recently completed study by the University of Illinois has indicated large decreases in employment, sales, and income for the local area.

George AFB

The Commission identified several shortfalls at George AFB as reasons why the base should be closed. Distance to specialized training ranges was one of the problems mentioned by the Commission. The specialized training range that the Commission is

referring to is the Tonopah range, run by Nellis Air Force Base in Nevada. The range is over 150 nautical miles from George.

George officials believe that the time spent flying to the Tonopah range is not "a considerable waste of time and money", as noted by the Commission, but rather is used for a variety of training exercises and instrument checks to prepare for entry into the range. Air Force headquarters officials said that time over the range is more important than time spent flying to the range. Also, These officials stated that 150 miles exceeds the optimal distance and that the longer distance is responsible for the low military value of George. Our analysis of documents received from the base shows that 27 percent of the F-4 sorties that fly out of George go to the Tonopah range, while the majority go to a range adjacent to the base.

The Commission also stated that increasing air traffic congestion in the greater Los Angeles area constrained George AFB's flight operations. In particular, they stated that the air space is congested due to traffic between Los Angeles and Las Vegas. The air space manager at George AFB contends that commercial air traffic does not interfere with their flight operations, and that their flight operations do not constrain the commercial air traffic. A Federal Aviation Administration official in Palmdale, California and an Air Force liaison to the Federal Aviation Administration concurred with the air space manager that there are no current constraints put on either George AFB or commercial traffic by the two operating in the same general area. However, according to Air Force headquarters staff, increasing air traffic in the area could cause problems in the future.

The Commission noted several other deficiencies at George, including a shortage of facilities and an inadequate water supply system. After reviewing plans for base construction projects, we noted that several projects such as training and maintenance facilities planned for the next few years, indicate a shortage of these types of facilities at George. According to a George Civil Engineering Squadron official, the water supply system is presently inadequate. The system is scheduled for replacement. Also, the base provided us with documentation showing a deficiency of bachelor housing for 617 persons.

The Commission estimated \$36 million would be needed for construction at Mountain Home AFB to accommodate the missions from George AFB, while Mountain Home estimated \$101 million. Tactical Air Command officials estimated costs at \$82 million. However, there are no official estimates of military construction requirements as yet.

One of the concerns expressed by George officials is the amount of available family housing at Mountain Home and in the local community. They expressed an opinion that adequate housing in sufficient quantities may not be available to accommodate the increased number of families moving into the Mountain Home area. They were concerned that the lower grade enlisted personnel with families who are not eligible to live in base family housing may not be able to afford adequate rental housing within their allowances.

A Mountain Home official said that ranges and airspace will need to be expanded and upgraded to develop capability for supersonic flying, air-to-air and air-to-ground firings, and the dropping of live ordnance. Upgrades to the range at Mountain Home were planned prior to the proposed closure of George. The extent of

additions to support missions moving from George is unclear. However, Air Force headquarters officials have said they plan to expand the Mountain Home range to about 900 square miles, or about six times the size of the range currently used by George. Such expansion seems in line with the Commission's beliefs that larger ranges are needed to accommodate training requirements for newer aircraft. A Tactical Air Command official confirmed that additional land and air space is needed at Mountain Home to meet existing and projected requirements, including requirements associated with the closure of George Air Force Base. He stated that this expansion would involve withdrawing some land from the public domain.

A Tactical Air Command official said an Environmental Impact Statement will be required. According to the Bureau of Land Management, the environmental impact process was initiated on February 8, 1989, with the filing of a Notice of Intent. However, this notice did not include any mention of anticipated actions concerning range expansion.

The Commission stated that the costs of closing George would be paid back immediately and annual savings would be \$70.2 million. We are developing a revised estimate.

#### Mather Air Force Base

The cost estimates developed by the Commission show that \$153 million would be needed for military construction at Beale AFB to accommodate the movement of forces from Mather. However, Commission estimates do not cover construction at McClellan Air Force Base, which would also receive forces from Mather. These construction costs have been estimated at \$40 million.

The construction estimates for Beale, the receiving base for most of Mather's activities, are also subject to change. Air Training Command teams have visited Mather and Beale to survey needs and develop a more accurate estimate of construction requirements. Although we have not seen the results of this survey, we were told that the cost estimate has increased. For example, the team has found that the second runway may require purchasing 2,000 acres, rather than the 300 acres originally calculated, due to the location of hazardous wastes and waterfowl wetlands. Also, on-base dormitory space has been increased to house 500 student officers, rather than the 310 originally planned. However, the Air Force is still working on construction estimates and there are no official estimates available yet.

Closing the Mather Air Force Base hospital would also increase Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) costs. The Commission's cost model omitted eligible dependents in its calculation of increased CHAMPUS costs from closing Mather's hospital.

Personnel reductions at Mather include 500 hospital staff. However, since the release of the Commission's report, there has been a move to keep the hospital open. The Air Force has announced that a decision will be made by May 1. If Air Force personnel do staff the hospital or are distributed elsewhere in the force structure, projected savings would be lower.

We adjusted the Commission's estimate of cost savings for increases in construction and CHAMPUS costs. This changes the payback to 2 years (from 1 year) and reduces annual savings to \$66.0 million (from \$78.7 million).

Norton AFB

The Commission reported that "flight operations at Norton have become constrained because of increasing air traffic congestion in the Los Angeles area." Norton officials concurred that there is a great deal of air traffic in the area. Norton shares the same final approach as nearby Ontario Airport, resulting in very heavy air traffic in the area.

The Commission also noted that the utilities and most other facilities at Norton need a general upgrade to meet today's technological standards. They also said that "because of the poor quality of facilities, higher than normal expenditures are required for maintenance, repair, and periodic replacement." Base Civil Engineering officials agreed that the facilities are substandard and outdated, except for the water distribution system. The base's electrical distribution system is antiquated and is in constant need of repair and the base has a severe shortage of warehousing space. Norton is currently storing items in some unsuitable warehouses and surplus office furniture is stored outside, covered by tarps, as a result of the critical shortage of warehousing space.

The Commission also reported deficiencies in the quality of life at Norton. They said "the most prominent include a shortage of family housing units and inadequate medical, dental, and recreational facilities." Documentation provided to us by the base shows that there is a shortage of 1,059 family housing units at Norton. There is also a shortage of recreational facilities, as shown through the base's documentation. However, the documentation also shows that Norton has the required square footage of medical and dental facilities, contrary to the Commission's data.

We developed a revised estimate of savings that adjusts for model errors and changes in cost elements. The revised projection shows a payback of 2 years and \$75.5 million in annual savings. This compares with a Commission model estimate of a 3-year payback and \$77.8 million in annual savings. The shorter payback period in our projection results from corrections to the model. The original commission model double counted some construction costs.

Pease AFB

Our review of data at Pease AFB confirmed the Commission's findings of deficiencies in prelaunch survivability from sea-launched ballistic missiles and in the poor condition of facilities. We also confirmed that plans existed to transfer Pease's FB-111 aircraft to the Tactical Air Forces leaving the base without a major mission. In reviewing estimated costs and savings, we identified relatively minor adjustments. Between 45 to 90 positions out of 2,328 initially identified for elimination will instead be transferred to another location. Also, the land value of \$63.8 million may be understated, but the ultimate value depends on use.

We developed a revised estimate of savings that adjusts for model errors and changes in the cost elements. The revised projection shows a 1-year payback and \$88.9 million in annual savings. This compares with a Commission estimate of immediate payback and \$95.7 in annual savings.



ARMY BASESFort Dix

The Commission estimated that the realignment of Fort Dix to semi-active status and related moves will save \$84.5 million annually. Until recently, semi-active, as it pertains to Fort Dix, had not been defined. However, the Department of the Army recently clarified the term to mean that Fort Dix will be primarily postured to support reserve component work load and continue activities currently located at Fort Dix that were not recommended for relocation by the Commission.

Fort Dix officials have developed a proposed mission statement for Fort Dix as a semi-active base. However, the personnel requirements needed to support such a semi-active base have not yet been defined. Army officials advised us that the Army's Training and Doctrine Command will have the ultimate responsibility for determining numbers of personnel who will be needed to support Fort Dix's future missions. When defined, it may result in adjustments in the expected costs to maintain the base in semi-active status.

The future status of Fort Dix's Walson Hospital is being studied by the Army and the Army's Surgeon General is in the process of developing a recommendation for Walson. Military medical requirements for McGuire AFB, Lakehurst Naval Air Station and Fort Monmouth personnel which have been met by Walson Hospital will have to be evaluated if Walson closes. We understand that DOD is currently evaluating the military medical requirements for the Delaware Valley area. We expect the study to cover the requirements for these other bases.

We developed a revised estimate of savings for Fort Dix that reflects a 4-year payback and annual savings of \$65.7 million. This compares to the Commission's estimates of a 3-year payback and \$84.5 million in annual savings. We expect that the review of personnel terminations could change these savings estimates.

#### The Presidio of San Francisco

Several costs associated with the closure of the Presidio of San Francisco have been questioned. For example, the amount of additional CHAMPUS costs, if any, from the closing of the Presidio has to be determined. The Army's Health Services Command estimated \$23 million in increased CHAMPUS costs in the San Francisco bay area, assuming that retirees and their dependents currently serviced by Letterman Hospital would then be covered by CHAMPUS. An alternative estimate is that closing the Presidio would actually reduce CHAMPUS costs overall by about \$8 million because the medical personnel from Letterman Army Hospital would be distributed throughout the Army. This assumes that if medical personnel from Letterman are distributed to other military hospitals and clinics, they could be used to treat retired military and dependents who would otherwise be treated under CHAMPUS. Thus far, we have been unable to verify the accuracy of these figures.

Also, there is an ongoing study by the Assistant Secretary of Defense for Health Affairs of medical care for the San Francisco bay area that examines the future status of Letterman and other hospitals in the area. We have been told that the study, which is scheduled to be completed in September 1989, may be delayed. Whether the Commission's recommendation and the Assistant Secretary's would be compatible cannot yet be determined.

The status of reserve units that are currently located at the Presidio is undetermined. It is unclear whether the Commission intended for the reserve units to remain at the base or how the costs of supporting the reserves were treated in the cost model.

The key to savings from closing the Presidio is the decision on Letterman Hospital and Letterman Army Research Center, since they account for most of the base operating costs. It is estimated that Letterman Hospital needs about \$42 million in seismic upgrades to meet today's standards. However, the hospital is 20 years old and meets 1969 standards, as do many private hospitals in the bay area. The Research Center is newer and facilities would have to be built to house its mission elsewhere. Conversely, however, these facilities may be appropriate for use by a university, and the Park Service could make them available for lease. These are all important issues that need further analysis.

We developed a revised estimate of cost savings that assumes \$17 million in Interior Department costs for operating the Presidio and no land sales and adjusts for data errors. Our estimate also assumes that there are no increased CHAMPUS costs. The revised model shows a payback in 2 years and annual savings of \$50.2 million. The Commission estimated immediate payback and annual savings of \$74.1 million.

#### Fort Sheridan

The Commission estimated that the partial closure of Fort Sheridan will save \$40.8 million annually. Much of these savings arise from the projected elimination of 746 personnel. However, base officials estimate that only 172 personnel will be eliminated since personnel will be required to support the reserve components that remain on base and other reserve centers in the mid-west. U.S.

Army Forces Command officials indicated that the estimated elimination of 172 positions may be low. Using this new estimate of personnel eliminated and revised estimates of construction costs increases the payback period from 1 to 3 years and reduces annual savings to \$17.6 million annually (from \$40.8 million).

According to representatives of 4th U.S. Army and the U.S. Army Recruiting Command, realignment of their activities to Fort Benjamin Harrison, Indiana, would affect the efficiency of their operations. However, the Chief of Staff, 4th U.S. Army said that although the location of Fort Sheridan is well suited for the missions of 4th Army, the mission can be effectively accomplished elsewhere. Also, the Chief of Staff, U.S. Army Recruiting Command, stated the Command can be administered from Fort Benjamin Harrison.

NAVY BASESHunters Point

The Commission recommended that the Strategic Homeport Program for Hunters Point, which was estimated to cost \$85 million, not be executed. Since no construction had been initiated at Hunters Point, the Commission considered that the net cost of this realignment would be paid back immediately. The Commission expects annual savings to be about \$8.0 million.

The Commission considered Navy data indicating that the construction start was uncertain because no dredging permits or regional water quality permits had been obtained. The Commission believed both could be subject to extended litigation based on West Coast experience.

The initial recommendation from the Navy to the Commission was that the Navy be allowed to proceed with the homeporting plan at Hunters Point. However, the Commission and the Navy agreed that alternative homeporting plans

-- would be strategically acceptable,

-- would be cost effective by avoiding the cost of opening and maintaining Hunters Point as a fully operational part of the San Francisco Naval Station,

-- would not violate strategic imperatives,

-- would save needed operations and maintenance dollars, and

-- would probably provide more timely construction support for the fleet.

The Commission and the Navy agreed that relocating ships to Pearl Harbor and other places would (1) still be consistent with the objectives of the Strategic Homeporting Plan (provided Everett, Washington homeporting proceeds), (2) provide adequate force dispersal, (3) provide battle group integrity, and (4) locate more ships in proximity to Pacific operating areas.

A primary reason for the Commission decision to keep Hunters Point is its drydock for handling nuclear carriers. Commission officials said it would cost hundreds of millions of dollars to replace the drydock. Also, a new intermediate maintenance activity at Hunters Point supports active and reserve ships. The Secretary of the Navy stated that the Navy could accommodate the Commission's recommendations without adversely affecting the performance of the Navy's missions at sea.

In summary, we have found no data so far to suggest that the Commission's recommendation for Hunters Point was in error.