

GAO

Supplement to a Report to the Congress
and the Chairman, Defense Base Closure
and Realignment Commission

May 1993

MILITARY BASES

Letters and Requests
Received on Proposed
Closures and
Realignments





**United States
General Accounting Office
Washington, D.C. 20548**

**Comptroller General
of the United States**

B-253062

May 25, 1993

To the President of the Senate and the
Speaker of the House of Representatives

The Honorable James Courter
Chairman, Defense Base Closure and
Realignment Commission


This is a supplement to our report entitled Military Bases: Analysis of
DOD's Recommendations and Selection Process for Closures and
Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

Many interested parties, including Members of Congress, local government officials, and private citizens, have sent us correspondence on base closures. Several of these letters were from multiple requesters and included attachments of data, analyses, and/or evaluations. Additionally, some were delivered as part of a briefing or explanatory presentation.

In some instances, the letters and material provided useful leads. In other cases, the materials add support to issues we were actively pursuing. We were not able to follow up on many of the issues or points because of the limited time available to us. However, we believe that the letters and materials may be helpful to the Commission as it considers the proposed closures and realignments. Consequently, we are providing all of the letters and materials to the Commission for consideration. Appendix I contains copies of the letters and some of the materials we received.

We are sending copies of this report to the Chairmen, Senate and House Committees on Armed Services and Subcommittees on Defense, Senate and House Committees on Appropriations; individual Members of Congress; and the Secretaries of Defense, the Army, the Navy, and the Air Force. We will also make copies available to others on request.

This supplement was prepared under the direction of Donna M. Heivilin, Director, Defense Management and NASA Issues, who may be reached on (202) 512-8412 if you or your staff have any questions.

for 
Charles A. Bowsher
Comptroller General
of the United States

Contents

Letter	1
Appendix I	6
Letters and Other Material Received on Proposed Base Closures and Realignment	6
Letter from a private citizen, dated March 13, 1993, regarding the proposed realignment of the Defense Contract Management District Mid-Atlantic in South Philadelphia	6
Letter from the Honorable Ernest F. Hollings, Member of Congress, dated March 15, 1993, regarding the methodology, analytical data, and rationale provided by the Navy to support its base closure and realignment recommendations	9
Letters from the Honorable Sherwood Boehlert, Member of Congress, dated March 23, 1993, regarding cost estimates for base closure and realignment recommendations made by the Air Force	10
Letter from Paul S. Nahm, Base Closure Defense Committee, dated March 24, 1993, regarding the Naval Air Station and Naval Aviation Depot, Alameda, California	14
Letter from Don Perata, Chair, Alameda County Economic Development Advisory Board, dated March 25, 1993, regarding the recommended closure of the Naval Air Station and related facilities in Alameda, California	18
Letter from the Honorable Dianne Feinstein, Member of Congress, dated March 26, 1993, regarding the Navy's analyses pertaining to four bases in California	20
Letter from the Honorable Robert A. Borski, Member of Congress, dated March 31, 1993, regarding the Naval Supply Systems Command's report on the consolidation of the Aviation Supply Office and the Ships Parts Control Center	21
Letter from the Honorable Cliff Stearns, Member of Congress, dated April 1, 1993, regarding the Navy's review of Naval Air Station Cecil Field	22
Letter from Fred Meurer, City Manager, City of Monterey, dated April 2, 1993, regarding the Defense Language Institute at the Presidio of Monterey	26
Letter from Ross Haines, NADEP NORVA Association, dated April 2, 1993, regarding the Department of Defense's recommendation to close NADEP Norfolk	28
Letter from V. Daniel R. Guide, Jr., Ph.D., Assistant Professor of Operations Management, Old Dominion University, dated April 5, 1993, regarding depot capacity, inventory, and lead time	29

Letter from a private citizen, dated April 6, 1993, regarding the proposed closure of the Naval Aviation Depot and Naval Air Station in Alameda, California	31
Letter from a private citizen, dated April 6, 1993, regarding the Naval Aviation Depot and Naval Air Station in Alameda, California	36
Letter from the Honorable Jim Saxton, Member of Congress, dated April 6, 1993, regarding the Air Force's plan to use Plattsburgh as a Mobile Regional Contingency Center	38
Letter from the Honorable Carl Levin, the Honorable Donald W. Riegle, Jr., and the Honorable Nick Smith, Members of Congress, dated April 9, 1993, regarding base closures and realignments recommended by the Defense Logistics Agency	39
Letter from Thomas F.X. Needles, Director, Washington Office, State of Ohio, dated April 13, 1993, regarding the realignment of Air National Guard units	41
Letter from the Honorable George J. Mitchell, Member of Congress, dated April 14, 1993, regarding the Portsmouth Naval Shipyard	45
Letter from the Honorable James P. Moran, Member of Congress, dated, April 15, 1993, and letter from Julian W. Fore, Arthur Andersen & Co., dated April 13, 1993, regarding the Department of Defense's recommendation to realign a portion of the naval commands presently located within the National Capital Region	46
Letter from David R. Mosen, Commissioner, Department of Aviation, City of Chicago, dated April 15, 1993, regarding the Department of Defense's recommendation to close and relocate the military installation at O'Hare International Airport	52
Letter from the Honorable Owen B. Pickett and the Honorable Norman Sisisky, Members of Congress, dated April 20, 1993, regarding the criteria used to disestablish the Norfolk Logistics Systems Business Activity	54

Letters and Other Material Received on Proposed Base Closures and Realignment

13 March 1993

General Accounting Office
441 G St. N. W.
Washington, DC 20548

Dear Comptroller General,

I now work for the Defense Contract Management District Mid-Atlantic (DCMDM) in South Philadelphia. Yesterday, it was announced that our facility was being realigned as a part of the new round of base closures.

I feel angry and betrayed. I'm writing to ask for your support in reversing or modifying the total Philadelphia recommended closures/realignments.

My facility is a District Headquarters for Defense contract administration. Our eastern boundaries cover the states from New Jersey south through the end of Virginia at the North Carolina line. Our western boundaries are from Detroit south to the end of West Virginia. We are the headquarters for the second largest number of contracts and dollars within the current five contract administration Districts. No other existing District office can claim the diversity of contract types, contractors, commodities, and major weapon systems programs. Whatever DoD buys or whatever item is made in the USA, we administer a contract for it somewhere in the Mid-Atlantic District. For example, we administer contracts for tanks, tracked vehicles, trucks, postal vans, helicopters, guidance systems, radars, clothing and textiles, medical supplies, air defense systems, jamming devices, radios, speciality machined goods, studies, think-tank proposals, state of the art technologies, electronic components, aircraft engines, missile guidance systems, warheads, torpedoes - just to name a few. The two offices slated to assume our work don't have even half that range of products and services. We deal with the Fortunes 500 companies like Martin Marietta, General Dynamics, GE, Boeing, IBM, ITT, Westinghouse as well as small and medium sized companies. Our District has always administered the greatest number of cost contracts and has resolved the greatest number of cost accounting standards issues.

I recount these facts and figures to give you a sense of the diverse working knowledge that the DCMDM staff has acquired to be mission successful. About four years, our geography and scope of responsibility quadrupled. We assimilated that increased workload without significant staff increases. In the Philadelphia District staff office, we have always met the challenge of doing more with less without risking quality. We have a proven record of successfully resolving complicated issues to best serve the Government's interest. We have been a driving force behind many successful DLA initiatives. More than half of the DCMDM staff has participated in and conducted projects for our headquarters office in Cameron Station, VA since they lacked the depth of understanding and required technical expertise to do the job.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

Page 2 of 3

Our proposed closure is not only an economic loss to the Philadelphia area; but, a loss to the quality and professionalism of government and the Department of Defense. No existing contract administration headquarters can successfully execute oversight responsibilities and lend the needed degree of technical guidance with the span of control which is being proposed by this base closure, particularly with the void of technical knowledge and expertise of the agency headquarters staff at Cameron Station, VA. Further, what is saved in manpower will be lost in travel costs and bad decision making.

There must be a way to reduce needless functions and still retain the current 5 District boundaries. I have several streamlining ideas which are probably too numerous to outline here. I'm willing to elaborate upon request. My ideas include such items as the elimination of the total quality management (TQM) initiatives, all internal monthly reporting systems, the program status database (PSD) system. (By the way, the PSD system is an electronic system to report status on a very limited number (less than 150) programs to OSD. So far, it has cost the agency over \$1 million in a software development contract and another \$1 million in agency wide resources to support prototyping of the system. After a year and half, the system still doesn't work and it does not provide the detail nor accuracy of the paper system which it has replaced. Another \$1 million follow on contract is being contemplated to correct the problems with the current software version.)

I understand that our future was allied with that of our "landlord", Defense Personnel Support Center (DPSC). DPSC's functions as well as the functions of the Defense Industrial Supply Center (DISC) and Aviation Supply Office (ASO) are being moved to New Cumberland and Mechanicsburg, PA. Obviously, those jobs are critical to the national defense. It is just plain stupid, to recreate an organization in a totally different location. No amount of savings will ever justify the collective experience and technical knowledge which is being lost with those planned moves. Moves and consolidation of critical functions just don't improve or retain the quality of those functions. This is a lesson which should have been learned with the consolidation of the DLA finance offices at the Defense Finance and Accounting Center (DFAS) in Columbus, Ohio. DFAS has been paying more prompt payment interest in a typical month than the total prompt payment interest paid annually by all those finance offices whose functions DFAS assumed. Let's not repeat the DFAS debacle. I don't believe the Harrisburg area has several thousand people with the procurement expertise to fill the jobs being moved there. Further, I can't believe the Harrisburg metropolitan area is more depressed than the Philadelphia metropolitan area. In addition to the proposed closure or downsizing of the Navy Yard, Mc Guire Air Force Base, Fort Dix, Willow Grove, DPSC, DCMDM, DISC, and ASO, Philadelphia has been losing private sector jobs at an alarming pace like GE, Campbell's, Mrs. Paul's, Whitman Chocolates. In case you did not recall, Philadelphia is teetering on the edge of bankruptcy. This move might push us over the edge.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

Page 3 of 3

I believe that economies could be achieved without losing 9000 jobs in Philadelphia. Further, those economies could be extended nationwide and worldwide if we simply eliminate needless functions. Let's eliminate the frills and all the effort to support the Government bureaucracy. We don't need TQM and fancy computer systems to award and administer defense contracts. Although it is a nice benefit, we don't need to pay 100% of after hours college and graduate courses. We don't need to attend expensive executive seminars. We don't need extensive public affairs staffs and agency human interest magazines. Nor do we need to prepare extensive formal briefings for the executive staff on a regular basis. We don't need duplicate reports, multiple layered management chains, management vision statements, and tactical plans. What we need is to eliminate the Military in the critical DLA decision making processes (since they are never forced to live with the consequences of their bad decisions) and make civilian managers accountable for their actions.

I know this letter is running rather long but I needed to outline the facts fully so you could understand my point of view. I'm willing to provide further details as need. I thank you for your time and I hope you can do something to reverse the base closure decision.

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

ERNEST F. HOLLINGS
SOUTH CAROLINA

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OFFICE OF TECHNOLOGY ASSESSMENT

NATIONAL OCEAN POLICY STUDY

March 15, 1993

Mr. Charles A. Bowsher
Comptroller General
441 G Street, NW
Room 025
Washington D.C., 20548

Dear Mr. Bowsher:

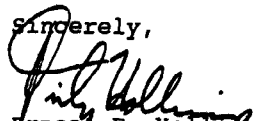
As you and your staff begin what I know will be a thorough review of the FY 93 proposals for Base Closure, I request that you pay particular attention to the methodology, analytical data, and rationale provided by the Navy to support their recommendations. According to my understanding of the process, the Navy is required to conduct comparative analysis among type installations, which should support their final recommendations. It is my belief that the Navy cannot establish a clear, objective case for a number of their recommendations.

In the case of Naval Shipyards, following the clearly established evaluation requirements, the Navy should be able to present data which shows the Charleston Shipyard less efficient and less valuable than the 7 Shipyards remaining in the Navy inventory. I flatly do not believe that to be the case, and my belief is based on more than parochial opinion. I assert that a one-on-one comparison between the Charleston Shipyard and other comparable shipyards left unaffected in this proposal, will show Charleston's efficiency and economic benefit to the taxpayer to be superior. The supporting data provided to me by the Navy does not make a clear case for their recommendations for Shipyards nor for Naval Stations.

Accordingly, I request that in addition to the overall review you will provide to the Congress, you provide directly to me a summary of your findings concerning the validity of the Navy's justification for its proposals regarding both Shipyards and Naval Stations.

With warmest personal regards, I am

Sincerely,


Ernest F. Hollings

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

SHERWOOD BOEHLERT
22nd District, New York

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U.S. DELEGATION, NORTH ATLANTIC ASSEMBLY
CHAIRMAN, NORTHEAST AGRICULTURE Caucus
NORTHEAST-MIDWEST CONGRESSIONAL COALITION



Congress of the United States
House of Representatives

Washington, DC 20515-3223

March 23, 1992

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Mr. Robert Meyers
General Accounting Office
441 G Street, N.W., Room 5100
Washington, D.C. 20548

Dear Bob:

In 1991 the Pentagon submitted the following cost-to-close figures to the Base Closure Commission.

Plattsburgh--\$27 million
Barksdale----\$198.5 million
Griffiss-----\$220.1 million

McGuire--No cost to close since air mobility bases were exempt.

In 1993, the Pentagon submitted the following cost-to-close figures to the Base Closure Commission.

Plattsburgh--\$114 million
Barksdale----\$567 million
Griffiss-----\$416 million
McGuire-----\$300 million

Please note that the jump in the Plattsburgh figure is over 4 times. The jump in the Barksdale figure is 3 times. Finally, the figure for Griffiss isn't even doubled. The two bases above with the biggest jumps in cost-to-close are the ones the Pentagon has picked to keep open. What makes me suspicious of the Pentagon numbers for 1993 is the fact that in 1991 the low cost-to-close and immediate payback possibilities made these same bases, Barksdale and Plattsburgh, prime targets for closure. Of further interest is the fact that the bases with the biggest jumps in cost-to-close have flying missions, the cheapest things to move. Griffiss AFB, has bombers, tankers, the Rome Lab, the 485th EIG, and NORAD. Except for the flying mission at Griffiss, the remaining facilities are extremely expensive to close. If the Barksdale cost-to-close jumps 3 times, Plattsburgh 4 times, then in essence, the cost-to-close Griffiss should have multiplied at least six fold.

I'm asking the General Accounting Office (GAO) to take a close look at the Pentagon's 1993 cost-to-close figures of the four bases. Something is amiss.

In the Pentagon announcement, the runway at Griffiss is closed and Plattsburgh is named the mobility base of the East. As you know, Griffiss takes care of the deployment of Fort Drum personnel and equipment under the SIOP. If Plattsburgh is to be the mobility base in the East, the extension of the runway at Fort Drum, from 5,000 to 10,000 feet to accommodate airlift aircraft for future deployments, becomes necessary, since Fort Drum personnel and equipment can't go to Plattsburgh (reaction time). The cost of the extension then becomes a part of the cost-to-establish Plattsburgh, as the mobility base. General Carl Franklin, of the Pentagon Base Closure, agreed.

*THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

Page Two
Mr. Robert Meyers, GAO

General Franklin told us at the March 15, 1993 briefing, Griffiss AFB, that the cost of extending the runway at Fort Drum was \$23 million. I find that figure to be unbelievably low. Especially in view of the fact that the Fort Drum runway also needs to be strengthened to handle heavy airlift aircraft. Incidentally, General Hall, New York State National Guard, stated that the Guard cannot come over to Griffiss AFB and set up control tower facilities in the time frame required in the SIOF for deployment of Fort Drum units.

I'm asking the GAO to determine the real cost to extend and strengthen the runway at Fort Drum to include taxiway, lighting, etc. required for FAA certification. We are informed that the cost is more like \$67 million.

I believe that the Air Force is grossly underestimating the cost it will incur in deploying the Army's 10th Mountain Division swiftly in the event of a national emergency, once Griffiss AFB is closed. Transporting that division is an Air Force mission performed at Griffiss, and in my view the readiness operations and maintenance costs of moving the division quickly have not been made a part of the costs-to-close Griffiss.

In the Pentagon announcement the Air Force proposes to move the 485th Engineering Installations Group from Griffiss AFB, to Hill AFB, Ogden, Utah. As you may know, the 485th EIG is responsible for the engineering and installation of communications equipment throughout the Northern U.S., Canada, Europe, and the Near East. They accomplish 49.5% of the E&I communications equipment of the Air Force. Fifty percent of their workload is overseas. The 485th, at Griffiss, is close to the Pentagon and Andrews AFB, who are two of their prime customers and housed with the Rome Laboratory, the super lab for (C3I). When General Franklin was asked how the move of the 485th EIG to Hill AFB saves the Pentagon money, his response was that the savings to the Pentagon is in the O&M costs of closing the Griffiss runway, removing all support personnel, and fencing in the Rome Laboratory.

It is difficult for me to see how the Air Force is saving money by moving the 485th EIG to Utah. It will now take the engineers at least two days more of travel time, TDY expense, and travel expense, just to get to the same job sites as before. Furthermore, part of the Pentagon announcement has the 1849th Electronics Installation Squadron moving from McClellan AFB to Hill AFB, Utah to consolidate with the 485th EIG. Now that McClellan AFB has been taken off the DOD closure list, this consolidation package has been disrupted.

Can the GAO determine how much more the move and operation (annual basis) of the 485th EIG from Griffiss AFB to Hill AFB will cost the DOD?

Attached is a copy of General Franklin's chart on "Costs to Establish". It is not a cost/benefit analysis; it is a cost analysis. However, even the cost numbers fail to show any relationship to the 1993 Base Closure Report to the Commission (for example the closure cost of Plattsburgh is stated as \$25.8 million not \$114 million. It is interesting to note that the number of \$25.8 million is closer to that used in the 1991 closure study of \$27 million and casts into doubt the basis for the new Plattsburgh closure number.

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

Page Three
Mr. Robert Meyers, GAO

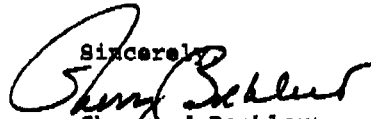
This table doesn't surprise anyone. If, for example, you review the Air Force's methodology for comparison, as presented by General Franklin, it states as one of its criteria: "compare costs of keeping and developing each base to satisfy mission". This, as opposed to comparing costs and benefits. It is possible that major OMB requirements have been violated.

I would like to know if this table or chart forwarded to the Base Closure Commission and the GAO. Does this chart analysis comply with OMB Circular A-94? Can I access the GAO as you audit this financial data? Have base closure requirements been violated?

Finally let me say that I hope that the GAO would analyze the Air Force preference for one base, one mission, one boss, which is the policy driving the closure decisions. The Air Force recently preferred multiple mission bases, such as Griffiss, as the Navy and Army still do, where operations and maintenance costs can be spread over many functions. Griffiss has been a multiple mission base, and what had been one of its chief strengths has now become a major liability, in the eyes of some people within the Air Force, because of the new preference.

With warmest regards,

Sincerely,



Sherybod Boehlert
Member of Congress

SB:pm
enc.

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

SHERWOOD BOEHLERT
230 DISTRICT, NEW YORK

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March 23, 1993

Mr. Robert Meyers
General Accounting Office
441 G Street, N.W., Room 5100
Washington, D.C. 20548

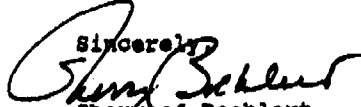
Dear Bob:

I apologize for leaving out one important issue in my earlier correspondence to you today, but I want to bring an important matter to your attention that is contained in the Department of the Air Force Analyses and Recommendations, Volume V.

Please note on page 17, Geographically Key/Mission Essential Exclusions, Kirtland AFB, New Mexico: Supports several irreplaceable research and testing facilities essential to DOD, DOE, and other governmental agencies (Phillips Lab). On page 18, Wright-Patterson AFB, Ohio: Unique combination of organizations and facilities supporting aerospace research, development, and acquisition and Headquarters AFMC (Wright Lab). On page 23, Category/Subcategory Exclusions, Subtitle Industrial/Technical Support Category--Product Center and Laboratory Subcategory: Brooks AFB, Texas, human engineering research (Armstrong Lab).

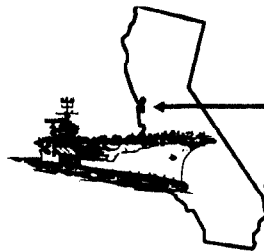
Three of the four Air Force bases containing the Air Force super labs were excluded from closure/realignment consideration because of the importance of their research activities. Rome Lab, the C3I research and testing facility of the Air Force, did not receive the same treatment. Why? The Air Force, after an exhaustive study, consolidated all of its research activities into 4 super labs with an announcement on November 27, 1990. Rome Lab, Griffiss AFB, is the C3I super lab.

With warmest regards,

Sincerely,

Sherwood Boehlert
Member of Congress

SB:pm

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



BCDC

Base Closure Defense Committee

Alameda Naval Complex P.O. Box 1704 Alameda, CA 94501

March 24, 1993

Charles A. Bowsher, Comptroller General
U.S. General Accounting Office (GAO)
Washington, D.C. 20548

Subject: Comments on 1993 Navy Base Closure Selection Process
- Naval Air Station and Naval Aviation Depot, Alameda

Enclosures: (1) Military Value Matrix for Naval Aviation Depots
(2) Naval Air Systems Command memo AIR 4221A/1091
dated 19 Feb 1991

The following information is provided for GAO's consideration and investigation of the 1993 base closure process. Our organization has worked closely with Alameda County (Calif.) officials over the past three years to articulate the compelling case for retaining the Alameda naval complex. We welcome GAO's involvement in the process and stand ready to assist in any way we can.

1. PROBLEMS WITH OBTAINING DATA.

Attempts to obtain information from the Navy using the contact listed in the Navy's report have been unsuccessful. We were told to request data via the Freedom of Information Act. Thus, the ready availability of closure data is in itself a process problem that needs to be addressed. By the time that interested parties obtain the information needed, the GAO process is over, the Commission hearings are over, and the bases are closed!

We have reviewed the official Navy closure report to the Commission, Analyses and Recommendations (Volume IV) (March 1993). This report, though claiming to be a comprehensive study, fails to provide the specific "matrices" and methods of analysis used to determine the military value of an installation. We were able to obtain enclosure (1), which we believe is the military value matrix used for evaluating Naval Aviation Depots (NADEPs), through other channels. As discussed later on, this matrix contains either outright errors or inappropriate weightings which (1) unfairly lowered NADEP Alameda's military value; and (2) artificially inflated the value of other NADEPs.

2. HISTORICAL BIAS AGAINST ALAMEDA

"Instructions received indicate that Alameda reports are to be done in favor of closure."

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

The preceding statement, contained in an internal Navy memo (enclosure 2) during the previous closure round (1991), shows the bias against NAS/NADEP Alameda that has existed for some years within certain parts of the Navy establishment.

The exposure of this memo coupled with the lack of documentation or justification on the part of the Navy in 1991, helped result in NAS/NADEP Alameda being removed from the 1991 list submitted to the Closure Commission. This year's list of Bay Area navy bases is nothing but a rerun of the 1990 closure attempt and the aborted 1991 attempt - re-packaged in a new "comprehensive study" wrapping for 1993.

The history of the Navy's attempts to close NAS/NADEP Alameda since 1990 clearly shows an anti-Alameda bias. The 1993 Navy process is documented in its report (Vol. IV). However, what isn't shown in the report is that the same Navy captain that signed enclosure (2) was once again directly involved as the person who coordinated input of data into the Navy's COBRA model.

We do not claim that this individual on his own is responsible for the bias shown against Alameda. Rather, it is obvious that this is coming from much higher within the Navy's chain-of-command, and he was just following orders. However, it is certainly inappropriate that someone who was knowingly or unknowingly a part of a previous biased effort to close a facility is once again placed "in the loop!"

**3. METHODS OF ANALYSIS AND/OR DATA APPEARS TO HAVE BEEN
MANIPULATED**

Recent history, coupled with the Navy's admission that it used "military judgement" to select its closure candidates rather than an empirical evaluation of military value and future strategic needs, that causes us to look at the data and process with apprehension. Our review of the data indicates that **facilities were targeted first, and data "made to fit" later.**

For example on page two of the NADEP military value matrix (enclosure (1)), the first two questions of the Cost section are given a point value of 3.7 points each. These questions were not asked in any of the Data Calls requested of the NADEPs, nor is it clear of what specific value the information is to making a closure decision. What is clear is that the questions and the weighting assigned them give the NADEPs at Cherry Point and Jacksonville 7.4 points each out of the "66" and "65" points total each received in being rated the two top NADEPs on "military value."

It is also unclear as to why "Cost" criteria are given high

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

weights of 3.7 points, while under "Strategic Concerns" there are just three questions weighted at 1.68, 0.20, and 1.68 points respectively. Neither Jacksonville nor Cherry Point is co-located with a deepwater port, nor was the question even considered as a strategic concern.

NAS Alameda, the only certified nuclear carrier homeport on the west coast, somehow receives a lower military value rating than facilities that do not even exist (Everett, WA)!. There is obviously something wrong with a process that rates long-standing strengths such as deepwater ports, adjacent airfield facilities, and nuclear carrier capability as either excess or not of value militarily.

Additional examples are:

1. Alameda closure scenarios contained in the Navy's 1990 and 1991 closure efforts, are now re-introduced in the form of the POM outyear data used to drive 1993 decisions. For example, the NADEP military value matrix question No. 5a correctly gives NADEP Alameda credit for having missile repair capability. Question 5b however, does not give credit in the POM outyears.

POM outyear projections can slant military value analysis for any targeted facility by assuming capability dis-establishment at that site, reducing their workload and thereby diminishing military value. Question 5b had a value of 1.61 points, not given to Alameda.

2. In the Equipment and Facilities section, NADEP Alameda was not given credit for having "...special facilities, equipment, or skills to perform aircraft repairs" (question 4c); engine repairs (question 6c); component repairs (question 7c); or aircraft modifications (10c). These capabilities do indeed exist at NADEP Alameda, and the specific data call responses from NADEP Alameda provided many pages of documentation proving this. An additional 6.43 points should have been credited to NADEP Alameda for these questions.

4. NAVY'S DATA COLLECTION PROCESS WAS FLAWED

Those with the greatest technical knowledge about a facilities unique capabilities and value (the bases themselves) were routinely given just a few days to one week to answer a series of detailed "Data Calls." The data was sent (for Naval Aviation Depots) to Patuxent River MD for further analysis and input, and then on to the the Navy's BSEC.

a. As no information was ever sent back to the facilities being studied on exactly what was said about them, it is not clear as to whether data was either changed, omitted, or added to

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

present an incorrect picture about a facility's value.

b. The Navy's certification process does not guarantee a fair and impartial process. It instead guaranteed that those who would make the final decision would be the ones who "certified" the data.

c. Though we do not yet have concrete proof, we have been told that data certified at lower levels of the Navy process, was altered.

5. LACK OF CIVILIAN REVIEW

An assumption that was inherent in the base closing process was that there would always be a review of military recommendations by the proper civilian authority within both the Department of the Navy and DoD. However, this was not the case for the 1993 round of closures, and was a major factor in the targeting of the Bay Area's Navy facilities.

The change of administrations on January 21 coupled with a moved-up deadline of 22 February to DoD for individual service recommendations provided Navy admirals with the unique opportunity to target Bay Area bases without any civilian oversight to stop them. The Navy's list was submitted directly from Chief of Naval Operations Adm. Kelso to the Secretary of Defense. The "list" was then "leaked" to the New York Times in advance so that Secretary Aspin couldn't remove them without it appearing "political." He couldn't delay the list without risking having no closures take place by missing legal deadlines. Additionally, Secretary Aspin had little or no staff in place to help him review the list and was also in ill health.

Thus, facilities such as Alameda are in danger of being closed with the taxpayers facing a \$2 BILLION cost to build replacement facilities. Does anyone believe that it is politically "normal" to recommend the closure of all four bases in the district of the Chairman of the House Armed Services Committee? In 1995, the Clinton administration will have had time to place civilian oversight in place to prevent biased lists from being created.



PAUL S. NAHM

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



**Alameda County
Economic Development Advisory Board**

- Don Perata, Chairman
Alameda County Board of Supervisors
- Dennis C. Cuneo, Vice Chairman
New United Motor Mfg. Inc.
- Carl Anthony
Earth Impact Institute/Urban Habitat
11 C. Bimbo
- Daniel Boggan, Jr.
11 C. Bimbo
- James L. Brown
Building & Construction Trades Council
- Donna Burke
Pacific Bell
- Joseph W. Callahan
Callahan Property Company
- Edward R. Campbell
Alameda County Board of Supervisors
- Gay Fleck Cobb
Oakland Private Industry Council
- Ellen M. Corbett
San Leandro City Council
- Philip E. Coyte
Lawrence Livermore National Laboratory
- William T. Dahn
CH2M Hill
- Ignacio De La Fuente
Alameda County Central Labor Council
- Edwin O. De Silva
Oliver de Silva, Inc.
- Dr. Terry L. Dicianne
South County Community College District
- Frederick J. Doray
Bay Area Bioscience Center
- John Dufra
Fremont City Council
- Patricia A. Ford
SEIU, Local 616
- James T. Given
Essexor Hill
- Mayor Ethel M. Harris
City of Oakland
- Robert L. Harris
Pacific Gas & Electric
- Joji Hayashi
Japanese Professors Union
- Douglas J. Higgins
Bay Area Community
- Kenneth M. Jones
Sumner Medical Center
- Frank Keating
Mortenson National Bank
- William W. Lee
Economic Research Associates
- Douglas A. Linney
California League of Conservation Voters
- David Neamith
Santa Cal
- George D. O'Brien, Jr.
Kaiser Engineers
- Daniel M. Peebles
East Bay Penitentiary Council
- Kenneth B. Rawlings
City Sounemeyer Lodge
- Charles R. Roberts
Port of Oakland
- Lindsay J. Roberts
Union City Chamber of Commerce
- Larry E. Rose
Kraft General Foods
- August Scornmensch
Alameda County Superintendent of Schools
Gregory Group, Inc.
- James W. Stevens
City of Newark
- Mayor David W. Smith
City of Newark
- Mayor Peter Snyder
City of Oakland
- Arnold Steinman
Ion Systems
- Jodi Stewart
AT&T, Inc.
- Mayor Ben Tarver
City of Pleasanton
- Selma Taylor
East Bay Small Business Development Center
- Carolyn Wentz
Wentz Brothers
- Daniel I. Wilkowsky
Union Sanitary District Board
- Frank J. Wilson
GART General Manager
- Mayor E. William Withrow, Jr.
City of Alameda
- John Woodbury
Green Leaf Alliance

March 25, 1993

Mr. Charles A. Bowsher, Comptroller General
General Accounting Office
Washington, D.C. 20548

Dear Mr. Bowsher:

Subject: Comments on 1993 Navy Base Closure Selection Process

Enclosure (1) is provided by the Base Retention Committee of the Alameda County Economic Development Advisory Board (EDAB) for GAO's consideration in their analysis of the Navy's 1993 base closure process. For your information EDAB has been actively involved in base closure issues for several years and is a public/private organization comprised of business, labor, environmental and educational groups as well as Alameda County and all fourteen of its cities.

The enclosure, Shortcomings in the Navy's Analysis of Military Value and Cost Factors Among West Coast Carrier Facilities, itemizes several flaws in the methodology used by the Navy in reaching their recommendation to close NAS Alameda and related facilities. These include: a) the failure to compare the military value of a homeport for nuclear aircraft carriers on a uniform basis; b) inadequate accounting of costs; c) failure to adequately recognize the military value of facilities that do exist; d) giving credit for military value to facilities that don't exist; and, e) lack of an adequate cost comparison between the two West Coast facilities that are the focal point of the Navy's analysis.

Among the scoring discrepancies discovered in the Navy's evaluation of Alameda facilities is the fact that Alameda was given a score of 2 for being able to berth a nuclear aircraft carrier because it is a Naval Air Station, while Everett was given a score of 10 because it is being built as a Naval Station. No credit was given for Alameda's two (2) other licensed homeport berths for nuclear carriers.

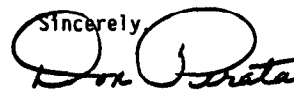
If the capability to homeport a nuclear carrier has intrinsic value, Alameda should be evaluated on an equal basis with all other facilities capable of homeporting nuclear carriers and should be given a score of 30 rather than a score of 2.

Steven C. Szalay, County Administrator - Bruce L. Kern, Director of Economic Development
1221 Oak Street, Suite 555, Oakland, CA 94612
Phone: 510-272-6984 Fax: 510-272-3784 or 272-5007

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

Charles A. Bowsher, page 2

This analysis is preliminary and we continue to refine our information. We will forward additional information as it becomes available. Should you have questions we would be pleased to provide whatever assistance we can. Thank you for your consideration of this matter.

Sincerely


Don PERATA
Chair EDAB

DP/RGS:0408c
cc: Senator Diane Feinstein
Senator Barbara Boxer
Congressman Ron Dellums
Copeland Hatfield and Lowery

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

DIANNE FEINSTEIN
C. CALIFORNIA

United States Senate

WASHINGTON, DC 20510-0504

March 26, 1993

The Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Bowsher:

Under the procedures of Title XXIX of National Defense Authorization Act, the General Accounting Office (GAO) plays a critical role in the defense base closure and realignment process. Pursuant to statute, the GAO is directed to monitor and review the analysis done by the Department of Defense (DoD) in its recommendations to the Defense Base Closure and Realignment Commission.

As you know, eight major naval installations have been recommended for closure in California, and an additional two bases (McClellan Air Force Base and the Presidio of Monterey) may also be considered for closure in the near future. As a result of DoD's base closure recommendations, over 100,000 jobs and \$4.4 billion in economic activity could be lost in California alone. Closures of these facilities will have a significant adverse impact on the surrounding communities and the entire region.

I have attached two memoranda that describe possible flaws in the Navy's reasoning process as it related to the recommendation to close four Alameda County installations. I urge you to carefully review this information, and suggest that a complete audit of the Navy's data collection and analysis may be warranted.

Thank you, in advance, for your prompt attention to this matter. If I may be of further assistance, please feel free to contact me or Robert Mestman of my staff at (202) 224-2743.

Sincerely,


Dianne Feinstein

DF:ram

Enclosures

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

ROBERT A. BORSKI
30 DISTRICT, PENNSYLVANIA

COMMITTEES:
PUBLIC WORKS AND
TRANSPORTATION
CHAIRMAN—SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT
FOREIGN AFFAIRS
SELECT COMMITTEE ON AGING

Congress of the United States
House of Representatives
Washington, DC 20515-3803

March 31, 1993

WASHINGTON OFFICE:
Room 2181
RAYBURN HOUSE OFFICE BLDG.
(202) 225-8251
FAX: (202) 225-4828

DISTRICT OFFICES:
7141 FRANKFORD AVE.
PHILADELPHIA, PA 19135
(215) 335-3355
FAX: (215) 333-4808

2830 MEMPHIS ST.
PHILADELPHIA, PA 19125
(215) 426-4810

Mr. Robert L. Meyer
Assistant Director for Logistics
General Accounting Office
Room 5102
Washington, DC 20548

Dear Mr. Meyer:

I am writing to request your review of the enclosed report by the Naval Supply Systems Command on the consolidation of the Aviation Supply Office and the Ships Parts Control Center.

As you know, on March 12, the Department of Defense (DOD) recommended the closure of the Aviation Supply Office (ASO), located in my congressional district in Philadelphia, and its relocation to the Ship Parts Control Center (SPCC) in Mechanicsburg, PA. The Department of the Navy claims that this consolidation would save \$102.8 million in reduced excess capacity costs over twenty years.

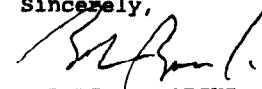
On August 28, 1992, the Naval Supply Systems Command (NAVSUP) was tasked by the Department of the Navy to study the merits of consolidating these two facilities. The report concludes that such consolidation does not make sense both from a readiness and business perspective.

I would greatly appreciate your full review of the data, analysis, and recommendations presented in this report. I believe that such a review is needed to determine whether the Navy accurately assessed the cost-effectiveness of this consolidation in its recommendation to DOD.

I would also like to request a meeting at your earliest convenience between you and my Legislative Director, Mark Vieth, to discuss these matters further.

Thank you for attention to these important matters. If you require any additional information, please call Mr. Vieth at (202) 225-8251.

Sincerely,



ROBERT A. BORSKI
Member of Congress

RAB/mdv
Enclosure

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Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

CLIFF STEARNS

5TH DISTRICT, FLORIDA

COMMITTEE:

ENERGY AND COMMERCE

SUBCOMMITTEE:

**BANKING, BUSINESS
COMMERCE, CONSUMER
PROTECTION, AND
COMPETITIVENESS**

ENERGY AND POWER

CHAIRMAN

**MILITARY PERSONNEL
TASK FORCE
HEALTH CARE POLICY
TASK FORCE**



**Congress of the United States
House of Representatives
Washington, DC 20515-0906**

April 1, 1993

REPLY TO:
 332 CANNON BUILDING
WASHINGTON, DC 20515-0906
(202) 225-6744
FAX (202) 225-3873

FLORIDA DISTRICT OFFICE
115 S.E. 28TH AVENUE
OCALA, FL 34471
(904) 381-8777
FAX (904) 381-8011
 1726 KINGSLAY AVE. SE
SUITE B
ORANGE PARK, FL 32073
(904) 288-3208
FAX (904) 288-3343
 111 S. 6TH STREET
LEESBURG, FL 34748
(904) 328-8285
FAX (904) 328-8430

Mr. Robert L. Meyer
Assistant Director of Logistics Issues
U.S. General Accounting Office
441 G Street N.W., Room 5102
Washington, DC 20548

Dear Mr. Meyer:

Thank you for meeting with me and my staff to discuss issues relating to the General Accounting Office review of the Department of the Navy base closure process. I appreciated the opportunity to discuss my concerns regarding the Navy's review of Naval Air Station Cecil Field.

According to Navy spokesmen, the desire to reduce maximum excess capacity throughout that service was the driving force behind the decision to recommend NAS Cecil Field for closure. This recommendation was made in spite of the fact that expensive military construction at receiving facilities would be necessary in order to accommodate units currently stationed at Cecil Field.

We are concerned that no cost analysis of capacity reduction alternatives was performed by the Navy, making it impossible to determine the most truly cost-effective closure strategy. For example, the Navy did not run cost determinations on the alternative of closing Naval Air Station Oceana, in spite of the fact that Oceana scored significantly lower under military value criteria.

Cecil Field possesses facilities for expansion and surge capacity that would be difficult to replicate elsewhere without incurring substantial additional costs to the taxpayer. The base also could easily accept new missions from alternative realignments without significant milcon costs.

While reduction of excess capacity is clearly a step in the process of reducing the cost of defense infrastructure, military value and cost-effectiveness should be the key determinants. A GAO review of the Navy's methodology in recommending the closure of Cecil Field could clarify the questions raised by their recommendation.

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**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

- 2 -

I have attached a list describing some of the specific concerns that have been raised regarding the proposed closure of Cecil Field. Thank you for your consideration of this request, and I look forward to hearing from you.

Sincerely,



Cliff Starns
Member of Congress

Enclosure
CS/tdb

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

APRIL 1, 1993

MEMORANDUM TO MR. ROBERT L. MEYER

FROM: REPRESENTATIVE CLIFF STEARNS

SUBJ: DEPARTMENT OF DEFENSE CLOSURE RECOMMENDATION
REGARDING NAVAL AIR STATION CECIL FIELD

Along with Jacksonville's Mayor's Commission on Base Realignment and Closure, I have reviewed the Department of Defense recommendations for closing Naval Air Station Cecil Field as part of the 1993 BRAC process. I would like to request that the GAO review the following points in the Navy's analysis:

o The Navy did not study alternative realignment options to determine the most cost-effective east coast configuration. In view of the requirement to spend hundreds of millions of dollars at receiving facilities to accommodate assets from Cecil Field, other options should have been explored. On the other hand, Cecil Field's existing capacity could absorb all east coast F/A 18's at a single location. No cost analysis of this option were conducted.

o Additionally, the Navy did not analyze the cost-effectiveness and military value results of closing Naval Air Station Oceana in spite of the fact that Oceana's military value was rated 10 points below Cecil Field and the severe civilian encroachment problems already existing at that location.

o In its analysis, the Navy assumes savings of \$56.7 million per year for closing Cecil Field. Officials of the Jacksonville's base closure commission have stated the annual operating budget for Cecil Field at \$10.3 million. This would result in a return on investment of more than 30 years, as opposed to the 6 years estimated by the Navy.

The factors included in the Jacksonville analysis were fixed costs related strictly to operating Cecil Field: civilian employees, utilities, facility maintenance and vehicle costs. The other costs of operation at Cecil would either be eliminated altogether or replicated elsewhere, resulting in no net savings related to closing Cecil.

o Comments regarding future civilian encroachment at Cecil Field are largely unfounded, particularly compared to already-existing problems at MCAS Cherry Point and NAS Oceana.

The Navy report recognizes, but the BRAC analysis does not adequately address, the environmental, noise, and operational impacts of the proposed realignment on eastern North Carolina. Quoting the Navy report:

"The proposed realignment of F-18 aircraft to MCAS Cherry Point will result in significant noise and other environmental impacts, will result in significantly higher levels of operations over eastern North Carolina, and may jeopardize the current special use airspace proposal for the Cherry 1 and Core MOAs. As a result, significant environmental and legal challenges to increased utilization of MCAS Cherry Point and related assets in North Carolina can be expected."

-- more --

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

-- 2 --

Also, existing encroachment of businesses and homes around NAS Oceana present a safety hazard to both pilots and people on the ground.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



Mayer
AN ALBERT
Councilmembers
THERESA CANEPA
DON EDGREN
DAVE POTTER
RUTH VREELAND
City Manager
FRED MEURER

April 2, 1993

Robert L. Meyer, Assistant Director
DMN
U.S. General Accounting Office
441 G Street, N.W.
Room 5100
Washington DC 20548

Sir:

Thank you again for speaking with me this morning regarding the Defense Language Institute at the Presidio of Monterey. I am attaching a Fact paper that I have put together as my briefing outline for a meeting scheduled at 3:00 Monday afternoon with the Commission staff and several Commissioners.

Part of my approach is to make the Commission and staff aware of the types of information available to the Secretary of Defense when he made his decision to pull the Presidio and DLI off of the list, as well as to provide them with specific information regarding the Army analysis that we believe to be very faulty.

The Army's proposal was developed without coordination with the General Officer Steering Committee (GOSC), a multi-service general officer group that sets policy direction for DLI, or coordination with the Defense Language Institute itself. As a result, the analysts at TRADOC and Department of Army Headquarters misinterpreted some of the fundamental student load data. This mistreatment of the Training Mission then ripples throughout the analysis in terms of skewing the costs in favor of contracting out and moving to Ft. Huachuca.

Additionally, we believe that the Army's analysis is based on the \$37 million proposal by University of Arizona which appears to be a number that is not supported by any analysis, just a statement from the University. Our concern after looking at their presentation, is that they do not understand the full scope of the mission.


**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

Additionally, major capital improvement costs have been left out of Army analysis. The University of Arizona did indicate a willingness to construct facilities, but not for free. Their \$37 million mark appears to only address a portion of the language training mission, not the construction costs and not the full range of language training support missions.

Our next issue is that the cost of the DLI mission in Monterey is grossly over inflated. The Army analysis charges DLI with the base operation costs of all Defense activities remaining on Ft. Ord after the 7th Division deactivates, even though DLI's mission needs at Ft. Ord are modest. Most of the proposed activities at Ft. Ord will support other Federal activities, such as the Navy Postgraduate School, the Defense Data Manpower Center, the retired community, et al. The community has argued from the beginning that the Army's requested enclave was far beyond the needs of the military.

In summary, we would appreciate it if your audit would focus on the appropriateness and completeness of the side by side comparison of costs of Ft. Huachuca as compared to the Presidio of Monterey, an analysis of the proposal from the University of Arizona for its adequacy as the basis of comparison with the Army costs, and an audit of the specific mission required facilities at DLI needs that will located at the Presidio or at Ft. Ord.

Sincerely,


Fred Meurer
City Manager

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

"AN INDUSTRIAL FAMILY"

NNA THE NADEP NORVA ASSOCIATION

C/O 1056 Saw Pen Point Trail, Virginia Beach, VA 23455

2 April 1993

Dear Ms. Heivilin,

On behalf of the 4,300 employees at NADEP Norfolk and as a follow-up to your recent visit to the NADEP, I am forwarding some information which you may find useful in your review of the Navy/DoD recommendation to close NADEP Norfolk.

Following the completion of the Defense Depot Maintenance Council's (DDMC) commodity study on engines, NADEP Norfolk prepared a "minority report" to capture the essence of our concern about the validity of the decision to move Norfolk's engine work to Oklahoma City ALC. After sharing our concerns with Congressman Pickett, the Congressman invited Mr. Mike Cocchiola, Executive Director for the Deputy Assistant Commander for Aviation Depots, and Mr. Dan Howard, Assistant Secretary of the Navy, to address some of the NADEP's employees most directly affected by the DDMC decision. Mr. Cocchiola and Mr. Howard explained that the decision to take Norfolk out of the engine business was part of the Navy's master plan which would establish our NADEP as the East Coast center for tactical tailhook aircraft repair and modification. This intent was documented in a series of high level Navy and DoD plans. Furthermore, Mr. Cocchiola and Mr. Howard convinced us that the lost engine work would be offset by new manufacturing work. Based on this information, the NADEP NORVA Association discontinued its challenge to the movement of our engine programs. Based upon recent events it appears that this decision was made prematurely. A copy of our "minority report" is hereby enclosed for your review and consideration.

In reviewing the BSEC/BSAT military value computer model/matrix it became clear that NADEP Norfolk was hurt by the absence of an engine program. As a result, we have prepared a series of questions relating to the decision to move our engine programs to Oklahoma City ALC and the impact of that decision on the military value of NADEP Norfolk. These questions are enclosed as an "Engine Program Point Paper."

We have thoroughly reviewed the Navy's military value matrix and the scores assigned to Norfolk relative to the associated questions. Serious concerns have arisen relative to the way the information our NADEP provided in response to a series of data calls was evaluated. These concerns have been captured in a series of specific questions about the assessment of Norfolk's military value. These, too, are enclosed for your review and consideration.

Finally, a thorough review of the Navy's "Yellow Book" raises still further concerns about the validity of the BSEC/BSAT recommendation to close NADEP Norfolk. These concerns are captured in a paper simply titled "Point Paper" (dated 30 March 1993). This information is also enclosed for your review and consideration.

Very respectfully,

R.C. Haines
Ross Haines

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



OLD DOMINION UNIVERSITY

College of Business and Public Administration
Graduate School of Business and Public Administration
Norfolk, Virginia 23529-0219
804-683-3488

Mr. Bob Meyer
GAO Auditor
Base Closure and Alignment

5 April 1993

Dear Mr. Meyer:

Mr. Jerry Ghiselli, Naval Aviation Depot Alameda indicated you might be contacting me to discuss the relationships among capacity, inventory and lead time. I did my dissertation research on the benefits of adopting Synchronous Manufacturing/Theory of Constraints at Alameda Aviation Depot. I built two large scale simulation models based on the processes at the engine components division at Alameda. The results have provided me with some insights as the use of capacity and the effect of capacity utilization on lead time and inventory.

I believe that the use of higher levels of capacity, required by the closures of several depots, will drastically increase the lead time required to rework units. This increase in lead time will lead to an increase in the amount of spares required and, as a direct result, higher levels of expense in inventory. The relationship between work-in-process inventory is not a linear relationship. It appears that even relatively small increases in work-in-process lead to large increases in the lead time required for material to flow through a shop. I've experimented with increasing the utilization of capacity in the models I've built and the results indicate a very large increase in lead time. In addition, I've found that this increased utilization makes the depot environment much more complex and difficult to manage.

My work has shown that dramatic reductions in lead time required to rework units at a depot is possible by implementing Synchronous Manufacturing/Theory of Constraints. However, these improvements may well not be possible if capacity is tightly constrained at all depots. By attempting to balance capacity with demand the entire system becomes a capacity constrained resource.

The depot environment is different. The requirements on any firm in remanufacturing/repair operations are more demanding than a traditional job shop. The capacity measurements traditionally used will not provide useful results in this environment.

Old Dominion University is an affirmative action, equal opportunity institution.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

I will be glad to provide you with any further information. I can be contacted at the numbers below.

Sincerely,



V. Daniel R. Guide, Jr., Ph.D.
Assistant Professor of Operations Management
College of Business and Public Administration
Old Dominion University
Norfolk, VA 23529

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

April 6, 1993

Mr. Bob Meyer
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Meyer,

I am writing to you regarding the proposed closure of the Naval Aviation Depot and Naval Air Station in Alameda, California and the **process** of how the Navy arrived at its recommendations. I work at the Naval Aviation Depot, Alameda and my position is that of Chief Engineer and Technical Director. As an educated, trained and experienced engineer and engineering manager, I deal with **facts** when solving problems. It is from this factual sense that I provide the following for your consideration:

1. We responded to numerous data calls from our headquarters. All of these had very short response times. The data pages numbered into the hundreds.
2. It is apparent that the Navy Base Structure Evaluation Committee (BSEC) did not use the data to make their recommendations. Why do I say that?
 - a. Several questions appeared in the final report that were not part of any data call that we received. For example:

(1) Pg No. 10, Qst Ltr e under Production: "Is the amount of total annual depot level Aircraft Modification work greater than 10% of the DON total?"

Alameda received "0" for this and question 10d (15%), however Alameda is currently performing the Navy's largest aircraft modification program, the EP-3 ARIES II.

(2) Questions 4.c, 6.c, 7.c, and 10.c under Facilities and Equipment ask if the NADEP has "special facilities, equipment, or skills to perform" airframe repairs, engine repairs, component repairs, and aircraft modifications.

Alameda received "0" for all four of these 1.69 point value questions (10.c is 1.36) however NADEP Alameda is currently capable and is currently performing all these functions.

(3) Questions 13.c and 13.d under Cost: Is the actual overhead cost rate applied to direct labor less than \$36/hour and is the actual hourly direct labor cost less than \$23/hour?

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

Alameda received "0" on these 3.70 point value (each) questions however these questions were not in any of our data calls.

b. The Naval Air Station, Alameda is currently capable of homeporting several nuclear-powered aircraft carriers. The naval base at Everett, Washington is an incomplete facility and is currently **not** capable of homeporting a nuclear-powered aircraft carrier (CVN). The BSEC made two **erroneous** assumptions.

- (1) That Everett is a complete and useable facility. (the Navy has conservatively estimated that it will cost at least \$700M to complete Everett)
- (2) That all piers are equal. (The Navy's BSEC is apparently unaware of the unique Department of Energy requirements including shore power and support services that are required to properly berth a nuclear-powered aircraft carrier at a pier)
- (3) With regard to **strategic** location, it takes a CVN about one hour from NAS Alameda to reach open water outside San Francisco Bay and then about 16 hours to the training area off San Diego. From Everett, it takes 7-8 hours to reach open water followed by a day and a half to reach the San Diego training area. Being in the center of the west coast and near open waters, NAS Alameda is clearly located more strategically than Everett, Washington.

The BSEC concluded by giving Everett **more** points than Alameda for capability to berth nuclear-powered aircraft carriers. This was a major error. It would be interesting to trace the "certification" process of the Everett data.

It is clear to me that the BSEC was unable to reach a decision from the data collected. Instead of calculating "military value", the BSEC used their "military judgement" by taking a map of the United States of America and determining where they would like "things" to be, considering goals like consolidating all training, establishing master jet bases, and looking for major navy concentrations that could be entirely eliminated (these ended up being Charleston, SC and the San Francisco Bay Area). The BSEC then went into the data base and:

- (1) looked for capabilities that would justify the retention of the Naval Aviation Depot at Cherry Point, North Carolina and the Naval Aviation Depot at Jacksonville, Florida. The BSEC concluded that Cherry Point has unique "composite repair" capability and Jacksonville has unique "electro-optics" capability. The BSEC failed to recognize that other Naval Aviation Depots perform composite repairs and that the electro-optics equipment at Jacksonville could be easily relocated. The BSEC also concluded that movement of workload from Alameda, Pensacola and Norfolk would significantly increase the military value of the three remaining NADEPs.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

(2) used the data base to justify the cost savings of closing the "remaining" facilities.

The remainder of my comments relate to a significant part of the **process** that was overlooked by the BSEC and that is **unique** capabilities and the costs (dollars and loss of readiness) to move these capabilities to other Naval Aviation Depots.

The Naval Aviation Depot, Alameda has a number of **unique** programs and workloads that the Navy is not planning to eliminate. Therefore, these programs and workloads must be moved, at great expense, to other locations. The following is a brief list of these unique programs:

a. Of all six Naval Aviation Depots, Alameda has the **largest** component program. The work involves the depot-level repair of aviation components removed at the organization and intermediate maintenance levels and sent to the depot level (since the O&I levels are not capable to effect the repair). Alameda has unique capability for over 5,000 components, i.e, **capability** currently **does not** exist at the other five Naval Aviation Depots. To move this capability elsewhere would involve:

- relocation/re-installation of industrial plant equipment
- relocation of unique program support and test equipment
- development of new technical work orders at the gaining activity
- relocation of the material spares inventories
- hiring and training of personnel at the gaining activity or moving the NADEP Alameda personnel under Transfer of Function
- probable facility modification and/or MILCON

The above steps are involved in what we call **capability**. The development of **capability** is a very expensive process. The COBRA input, used by the Navy, did not consider the relocation costs for unique programs. For consolidation/realignment purposes, it would seem that a simple and effective approach would be to examine those Naval Aviation Depots which have the smallest number of unique programs/workloads, because this would translate to the lowest costs to move to another location. Previous navy studies have consistently shown that Naval Aviation Depot, Jacksonville is the lowest cost depot to close, simply because Jacksonville has the smallest (of all six NADEPs) number of unique programs.

b. Alameda is the only overhaul depot for the Navy's S-3 aircraft and T56 and TF-34 engines. All of the above comments about the costs of moving **capability** apply to these major programs. Alameda is also the sole depot for the Air Force TF-34 engine (A-10 aircraft). Again, COBRA did not consider the true costs to relocate these programs (and their **capability**).

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

c. Alameda is the Navy's Cognizant Field Activity (engineering and logistics center) for the P-3 and S-3 aircraft and the T56 and TF-34 engines. This engineering staff of several hundred performs the vital fleet support functions of in-service engineering, without which, many aircraft would be grounded as unsafe to fly. This cadre of engineers is the Navy's corporate knowledge and history for the above programs. Although most of the P-3 aircraft depot maintenance is now accomplished at Naval Aviation Depot, Jacksonville (a December 1990 decision implemented in 1992 under "single-siting" because Jacksonville had no unique aircraft depot maintenance program), the P-3 Cognizant Field Activity resides at Alameda. Repairs, maintenance instructions for all three levels of maintenance, and major modifications for the P-3 are designed by the Alameda engineers. Recently, my P-3 engineers developed a totally new maintenance concept for the P-3 aircraft. When implemented, the new Phased Depot Maintenance (PDM) will reduce the fleet-level maintenance hours, improve the overall material condition of the P-3, and make the aircraft more available for flight. Our headquarters, the Naval Air Systems Command, has enthusiastically embraced this new PDM concept. In fact, they have directed the other Naval Aviation Depots to review the PDM concepts for application to Navy/Marine aircraft for which they are Cognizant Field Activity.

It is doubtful that this highly experienced staff would relocate. Their aerospace/aeronautical skills are very marketable. The loss of this corporate knowledge and history would be a major negative impact to the readiness of the P-3 fleet. It would take many years for another Naval Aviation depot to replicate such a required and necessary staff of experienced engineers. This also applies to the S-3 aircraft and T56 and TF-34 Cognizant Field Activity engineering staff.

d. Naval Aviation Depot, Alameda competed with over twenty commercial aerospace companies and one U.S. Air Force Logistics Center (depot) for the task of paint stripping, corrosion treatment and repainting of the Air National Guard F-15 and F-16 aircraft. Naval Aviation Depot, Alameda **won** the competition and has been performing this work for two years. The major reason that the Air National Guard had to contract out this work was that most of the Air National Guard aircraft paint facilities around the United States were not in compliance with environmental regulations and were secured. Naval Aviation Depot, Alameda has aircraft paint stripping, corrosion control, and painting facilities that meet all San Francisco Bay Area, State of California, and Environmental Protection Agency (EPA) pollution abatement regulations. In fact, in June 1992, the EPA formally recognized the Naval Aviation Depot, Alameda for its leadership and accomplishments of reducing paint air emissions by more than 50%. In addition, Naval Aviation Depot, Alameda has a new, environmentally compliant plating facility. This plating facility is state-of-the-art and undoubtedly one of the finest in the United States. It would not make sense (common or fiscal) to abandon these expensive facilities or to endure the cost of building duplicate facilities elsewhere.

e. The Naval Aviation Depot, Alameda is also unique among the six Naval Aviation Depots in that it has a facility designed for the sole purpose of

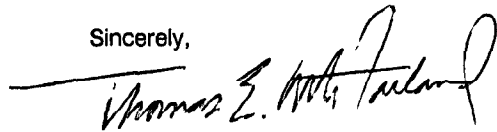
**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

repairing/modifying tactical missile guidance and control (G&C) sections. This missile G&C workload consists of SPARROW, PHOENIX, and SHRIKE. The Naval Aviation Depot, Alameda has also been selected as the depot for HARM and AMRAAM, with the latter selection conducted under competitive rules. In 1991, a Defense Depot Maintenance Council (DDMC) sponsored study, recommended that all Army, Air Force and Navy tactical missile G&C work be consolidated at Letterkenny Army Depot (LEAD) in Pennsylvania. To my staff of missile engineers, this recommendation made no sense because LEAD did not have the **capability** to perform the work, e.g. no trained people, no equipment, no facilities, etc. However, we were instructed to follow the decision and work with LEAD so they could gain **capability**. We have been doing that, however it is now two years since the recommendation. Following numerous Army, Navy, and Air Force meetings and the development of transition plans, nothing (people or equipment) has moved and no facilities have been modified/constructed at LEAD. In my opinion, many taxpayer dollars have been wasted because of a faulty study recommendation and the failure to recognize the true costs of developing or moving **capability**.

3. All of this capability and workload translates to **capacity**. The Navy's BSEC tried to look at capacity simply by looking at facility square footage by type of work. This is a very simplistic, ineffective approach. I have enclosed portions of minutes from a conference call. Page 6 talks to **capacity**.

4. Finally, I believe that the Navy only scratched the surface in analyzing the "technical centers" listed in Attachment K of the Department of Navy Analyzes and Recommendations (Volume IV) of March 1993. When you consider the hundreds of millions of dollars invested in the industrial NADEPs, it makes more sense to move the technical centers to the NADEPs than to close the NADEPs.

Sincerely,



Thomas E. McFarland

Enclosure:

4 pages of 3/26/93 conference call
minutes among NAVAIRSYSCOM and NADEP
Commanding Officers

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

6 April 1993

Honorable Charles Bowsher
Comptroller General of the United States
General Accounting Office
441 G St., NW
Washington, D.C. 20548

Dear Mr. Bowsher:

Now that the Department of Defense has published its 1993 list of base closures, I am compelled to inform you why the Naval Aviation Depot and Naval Air Station in Alameda, California should be removed from that list.

With premier corrosion control and component plating facilities amongst all depots and a long-standing, award-winning, dedicated commitment to producing the highest quality products for the Department of Defense, Naval Aviation Depot Alameda stands atop the list of defense industrial complexes.

Only Naval Aviation Depot Alameda performs overhaul of S-3 aircraft and related components. The S-3 is one of the most important support aircraft in Navy carrier air groups. Sustaining both P-3 and S-3 aircraft Cognizant Field Activity (CFA) responsibilities, Naval Aviation Depot Alameda retains nearly all corporate engineering and logistical knowledge for the two aircraft. Many P-3 and S-3 engineering and logistical staff indicate they are reluctant to pull up deep roots in the Bay Area and locate elsewhere if the programs move. This could detrimentally affect P-3 and S-3 aircraft programs.

Many aircraft component repair and overhaul programs are supported only at Naval Aviation Depot Alameda. Many, like the missile program, are performed here at less cost than can be performed elsewhere.

Naval Aviation Depot Jacksonville, Florida was spared from the 1993 list of base closures. However, upon examination of the Naval Aviation Depot corporate economic figures provided by our command, Naval Aviation Depot Jacksonville has had the highest labor cost of all depots for the last two fiscal quarters. Due to locational nature, Naval Aviation Depot Alameda has suffered in the past from high labor costs, but over the last several years we have taken great strides towards reducing our costs and bringing them more in line with the other depots. Such reductions have come through modernization of facilities, reducing overhead, and finding more efficient, cost effective ways to process workload.

The most recent base closure and realignment plan shows that of six original Navy depot level aviation repair facilities, two east coast repair facilities (Naval Aviation Depots Cherry Pt., NC and Jacksonville, FL) and one west coast repair facility (Naval Aviation Depot San Diego, CA) will remain. Considering the hundreds of millions of dollars it would cost to relocate Naval Aviation Depot Alameda programs and build new facilities elsewhere for those programs, the vulnerability the United States Navy will

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

experience having only one depot level aviation repair site on the west coast, and Naval Aviation Depot Alameda's impressive record on modifying, overhauling, and engineering A-6, S-3, and P-3 aircraft; T-56, J-52, and TF-34 aircraft engines; and the many other components that make Navy aircraft work, I have strong concern that closing Naval Aviation Depot Alameda is neither economically, strategically, nor politically fair to the Bay Area, the state of California, and our nation.

My concerns regarding Naval Air Station Alameda are simple and straight forward. The only way to replace the nuclear aircraft carrier home porting capability, not to mention finding new homes for all the conventional aircraft carriers and other ships homeported at Alameda, is for the Navy to build new facilities elsewhere. The most recent information I've obtained indicates these facilities would be constructed in San Diego, CA and Everett, WA.

Officials say completion of the yet inoperative Everett complex will cost \$500 million and construction of new facilities at San Diego will cost \$100-200 million. Judging from past experience, actual costs will probably far exceed these numbers.

Considering Naval Air Station Alameda already has all necessary home-porting facilities, has recently added a large tract of modern Navy housing to accommodate the increasingly large number of Navy families located in Alameda, and the fact that Alameda Navy families have recently indicated they are happy living in the Bay Area and are in no hurry to leave, I must exercise my right as a taxpayer to protest the idea of needlessly spending \$1+ billion on new Navy shipyard facilities, new Navy family housing, and other costs associated with closing the Alameda Naval complex.

If the Navy wants more modern facilities for its ships, why don't they just improve the facilities at Alameda? Why doesn't the Navy move the P-3 aircraft squadrons resident at the already closing NAS Moffett Field in Mountain View, CA to NAS Alameda where P-3 engineering, logistics, overhaul, repair, and modification facilities currently exist at the Naval Aviation Depot there? Closing Naval Aviation Depot Alameda and Naval Air Station Alameda won't eliminate the workload performed there. It will just be money spent elsewhere. The Bay Area is strategically one of the best locations the United States has to offer the United States Navy. Operation Desert Storm was a testament to that.

Please do all that you can to enlighten the Base Closure and Realignment Commission and other government policy makers on the issues I have brought forth herein. We must oppose the seemingly insensible idea of closing Naval Aviation Depot Alameda and Naval Air Station Alameda.



Ted E. Price
Aerospace Engineer

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

H. JAMES SAXTON
3D DISTRICT NEW JERSEY

COMMITTEES
HOUSE ARMED SERVICES
SUBCOMMITTEES
MILITARY ACQUISITION
MILITARY INSTALLATIONS
AND FACILITIES

DISTRICT OF COLUMBIA

JOINT ECONOMIC COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515-3003

COMMITTEES
MERCHANT MARINE AND FISHERIES

SUBCOMMITTEES
RANKING REPUBLICAN
ENVIRONMENTAL AND
NATURAL RESOURCES
OCEANOGRAPHY GREAT LAKES AND
OUTER CONTINENTAL SHELF

SELECT COMMITTEE ON AGING

SUBCOMMITTEES
HEALTH AND LONG
TERM CARE

HUMAN SERVICES
TASK FORCE ON SOCIAL
SECURITY AND WOMEN

April 6, 1993

Mr. Bob Meyer
U.S. General Accounting Office
441 G Street
Room 5102
Washington, D.C. 20548

Dear Mr. Meyer:

I was glad that you and Dave took time out of your busy schedules to meet with Steve Moffitt, Barry Rhoads and me.

I have enclosed several documents that state clearly the problems associated with transporting fuel to Plattsburgh during the Winter.

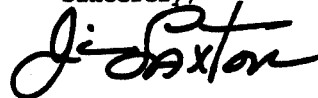
The Defense Logistics Agency believes that during normal operations there will be a 200 to 300 thousand barrel shortfall of JP-4 during the winter months of normal day to day operations.

No contingencies could be conducted out of Plattsburgh during the winter without its storage tanks being emptied. Therefore, there is no way the Air Force can turn this base into the Mobile Regional Contingency Center as it has planned.

I also believe that by calling General Gray or his staff at McGuire Air Force Base you will find that they have many serious concerns about carrying out the mission in the "north country."

I hope this information is helpful as you prepare your report. If you have any questions regarding the enclosed material, or the information we gave you at my office, please feel free to contact me.

Sincerely,



Jim Saxton
Member of Congress

REPLY TO

438 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3003
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100 HIGH ST., SUITE 301
MT. HOLLY, NJ 08060
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7 HADLEY AVE
TOWNS RIVER, N.J. 08763
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(609) 428-0520

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**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

United States Senate

WASHINGTON, DC 20510

April 9, 1993

Mr. Charles A. Bowsher
Comptroller General
General Accounting Office
441 G St. NW
Washington, DC 20548

Dear Mr. Bowsher:

We are writing to share our concerns about Defense Logistics Agency's recommendations to the Defense Base Closure and Realignment Commission to disestablish the Defense Logistics Services Center (DLSC) and to relocate the Defense Reutilization and Marketing Service (DRMS), both of which are currently located at the Federal Center in Battle Creek, Michigan.

We believe there are significant errors in the information and assumptions used by the Department of Defense in formulating these recommendations. The Defense Logistics Agency (DLA) did not use the accurate information provided by tenants of the Battle Creek Federal Center in calculating the costs of operations there. DLA has not provided supporting information for its assumptions about costs that would be incurred in Columbus, Ohio if its proposed realignments were implemented. Critical mission requirements and capabilities of the present site were not appropriately weighed by DLA. We believe a more complete and accurate assessment of all costs associated with moving DLSC and DRMS missions would have yielded a very different recommendation.

DLA's recommendations would have a devastating impact on the Battle Creek and Kalamazoo area economies and, if implemented, could result in additional loss of tenants and employees at the Federal Center. Because the analysis supporting DLA's recommendations is so inadequate, implementation might actually result in higher costs to the government and significant disruption in the essential missions of these agencies.

GAO's report on the 1991 BRAC recommendations cited "inaccurate data," "inadequate documentation of decision-making and deliberation," and "improper pre-selection of candidates for closure/realignment" as major problems. All of those factors should be investigated with respect to the DLA's 1993 BRAC recommendations.

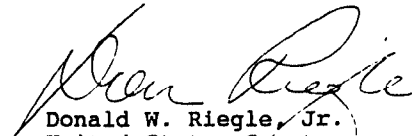
Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment


Mr. Charles A. Bowsher
April 9, 1993
Page Two

We formally request that you examine at least those issues outlined in the attached questions as you review the work that the Department of Defense has presented to the Base Closure and Realignment Commission.

Thank you for your attention to these concerns.

Sincerely,


Donald W. Riegle, Jr.
United States Senator


Carl Levin
United States Senator


Nick Smith
Member of Congress

enclosure

cc: The Honorable James A. Courter, Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments



STATE OF OHIO
WASHINGTON OFFICE

GEORGE V. VOINOVICH
GOVERNOR

MIKE DEWINE
LT. GOVERNOR

THOMAS F. X. NEEDLES
DIRECTOR

April 13, 1993

Ted —

As we discussed, the attached material was prepared by our National Guard and we believe it makes a very effective case on behalf of the 178th. I hope Mr. Conahan will review this information prior to his testimony next week.

Many thanks, Ted.

Tom

444 N. Capitol Street, N.W. • Suite 546 • Washington, D.C. 20001 • (202) 624-5844

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

INFORMATION PAPER ON AIR NATIONAL GUARD
REALIGNMENT AS LOOKED AT BY 1993
BASE CLOSURE EXECUTIVE GROUP (BCEG)

BACKGROUND: Due to high operational costs, Rickenbacker ANGB was identified for closure by the 1991 Base Realignment and Closure (BRAC) Commission.

The two Air National Guard (ANG) and one Air Force Reserve (AF RES) flying units located there were programmed to move to Wright Patterson Air Force Base.

Rickenbacker Airport was subsequently opened to commercial use which presented an option to moving the ANG units.

ANG units typically operate for very low costs on civilian airfields.

Cost studies showed that leaving the ANG units at Rickenbacker as tenants to the newly formed Rickenbacker Port Authority was more cost effective than moving the units to Wright Patterson AFB.

PROBLEM: After Rickenbacker became a civilian airfield, the Governor of Ohio proposed the option of leaving the ANG units at Rickenbacker as tenants.

For unknown reasons, but under the pretense of "excess capacity" at Wright Patterson AFB, the BCEG only explored two options:

1. Move Rickenbacker units to Wright Patterson AFB.
2. Move the Springfield ANG unit to Wright Patterson AFB.

In reality, cost analyses reflect that neither option is cost effective. The payback period in both cases is far beyond 20 years.

ANALYSIS: ANG units on civilian airfields are efficient operations and very inexpensive to operate. Thus, there is not much to be saved in operating costs if a unit is moved onto an active base.

Conversely, moving is expensive. Change always incurs construction costs which are expensive. Closing/activating facilities, and moving people and equipment are also expensive.

One of the eight criteria considered by the BRAC commission requires a return on investment (ROI) of 5 years or less.

Typical ANG cost models reflect ROI's of 20-100 years and up.

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments

ANG COSTS MODELS: This information was obtained from published minutes of 1993 Air Force BCEG meetings.

12 January 1993 -- General Sheppard, NGB/CF, presented a briefing on potential closure and realignment of ANG units.

Assumptions were that ANG units stay within states and move to active Air Force installations.

Since savings would be low (as discussed above), the ANG only evaluated potentially low costs moves. General Sheppard's slides reflected 31 ANG units as possible options.

After assessing each base, the ANG recommended three (3) potential options for further evaluation (Great Falls, MT; McEntire, SC; Lincoln, NE).

General Sheppard also proposed leaving ANG units in the cantonment area at Rickenbacker and the BCEG agreed that all components of this proposal be evaluated.

1 February 1993 -- General Sheppard briefed on ANG excursions developed for the ANG locations identified in the 12 January 1993 meeting.

The ANG developed three excursions moving Great Falls IAP to Malstrom AFB, however, none of them were sufficiently attractive to warrant further consideration.

The ANG prepared two excursions for moving McEntire to Shaw AFB, and they were clearly not effective.

The Lincoln to Offutt excursion appeared to be cost effective and the BCEG directed the ANG to perform a site survey on this excursion.

General Sheppard again recommended leaving the Rickenbacker units in the cantonment area and also stated the ANG would prefer keeping the Guard unit at Springfield. The costs comparison summary only reflected two options:

1. Rickenbacker units to Wright Patterson AFB.
2. Springfield unit to Wright Patterson AFB.

An additional excursion of moving Tucson to Davis Monthan AFB was also reviewed. This move would require \$60 million in construction and would never yield a payback.

9 February 1993 -- Lt Colonel Callaghan, AF/XOOR, briefed proposed redirection of moves previously directed by BRAC I and II.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

One proposal was for ANG units at Rickenbacker to remain in the cantonment area and the Springfield unit would move to Wright Patterson AFB.

10 February 1993 -- The BCEG reviewed estimates for moving the Springfield unit to Wright Patterson. Estimated costs were \$3 million for construction and \$1 million to relocate for a total of \$4 million. Recurring savings were estimated at approximately \$1 million per year.

SUMMARY:

The BCEG reviewed 31 ANG units (locations) for possible relocation to active Air Force bases (did not include Rickenbacker or Springfield).

Various excursions were examined for each proposed ANG move. The excursions looked at various combinations of unit aircraft conversions, and facilities used on the active base (new and/or excessed).

The least costly excursion of all options reviewed assumed:

1. The Guard would convert to KC-135 aircraft at "no cost to BRAC."
2. The Air Force would consolidate KC-135 units to make room for the Guard to minimize construction.

Even with no-cost/min-cost assumptions, the payback on this excursion was six years.

As a separate issue, the BCEG reviewed a redirect of the 1991 BRAC decision on Rickenbacker.

Due to "excess space" at Wright Patterson AFB, the BCEG reviewed Rickenbacker or Springfield to move to Wright Patterson AFB.

Springfield was an obvious less costly option since it was only one unit (Rickenbacker was two) and was much closer (15 miles vs. 65 miles).

FALLACIES:

After a review of 31 ANG units and several excursions for moving, none of the options presented a payback of less than six years. And, this option with a six year payback, assumed no cost to convert a unit from F-16 aircraft to KC-135 aircraft.

The BCEG erred in assuming that "excess space" at Wright Patterson AFB required either Springfield or Rickenbacker to move.

Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment

GEORGE J. MITCHELL
NAME

United States Senate

WASHINGTON, DC 20510-1902

April 14, 1993

The Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bowsher:

I am writing to express my strong opposition to any action by the General Accounting Office (GAO), in its report on the Defense Department's 1993 base closure and realignment recommendations, to single out Portsmouth Naval Shipyard as a possible substitute for either of the shipyards recommended for closure.

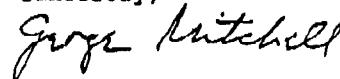
As you know, under the law the GAO must submit by April 15 a report containing a detailed analysis of the Defense Department's 1993 base closure recommendations and selection process. This must be a fair and balanced review that does not prejudice any particular facility not selected for closure by the Defense Department.

In order to comply with the base closure law, the Navy undertook an analysis of shipyards that was consistent with the approved force structure plan. As a result, it did not consider shipyard closure options that would cause a shortfall in the Navy's capacity to support the workload associated with that force structure. Consequently, it would be counter to the law's requirement for consistency with the force structure plan, and therefore inappropriate, for GAO to suggest possible substitutes to the Defense Department's closure recommendations that would not support the certified workload requirements.

In light of the above, I strongly urge you to ensure that Portsmouth Naval Shipyard is not singled out as a possible substitute for either of the shipyards recommended for closure. Such an action would unfairly prejudice the Commission's review of shipyards and could unduly influence its independent assessment of the Defense Department's recommendations.

I appreciate your immediate personal attention to this very important matter.

Sincerely,



George J. Mitchell

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

COMMITTEE
ON
APPROPRIATIONS
SUBCOMMITTEES:
COMMERCE, JUSTICE, STATE
AND JUDICIARY
LEGISLATIVE
VICE CHAIRMAN
SELECT COMMITTEE ON HUNGER

**Congress of the United States
House of Representatives
Washington, DC 20515-4608**

JAMES P. MORAN
8TH DISTRICT OF VIRGINIA

WASHINGTON OFFICE
430 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4608
(202) 225-4378

FEDERAL GOVERNMENT
SERVICE TASK FORCE
CO-CHAIRMAN

April 15, 1993

Mr. Charles Bowsher
Comptroller General of the United States
U.S. General Accounting Office
441 G Street, NW
Washington, D.C. 20548

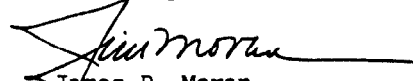
Dear Mr. Bowsher:

Attached is a copy of a report delivered to Mr. Robert Myer of the GAO by Julian W. Fore, Office Managing Partner of Arthur Anderson. The letter points out many deficiencies which his firm has found in analyzing the data provided by the Department of Defense in recommending closure or realignment of a large number of DoD activities in the National Capital Region.

Specifically, they have found that the Cost of Base Closing and Realignment Actions (COBRA) model does not accurately determine costs associated with such major cost categories such as mission, personnel, overhead, and construction.

Because the COBRA model is central to the analysis supporting these massive closures and realignments, I believe that this research by Arthur Anderson would be extremely useful as the GAO continues to analyze the Department of Defense's recommendations. If I can provide GAO with any further information, please contact me.

Sincerely,


James P. Moran

JPM/jjg

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co. SC

April 13, 1993

US General Accounting Office
441 G Street, NW
Washington, D.C. 20548

Attn: Mr. Robert Myer
Room 5102

Arthur Andersen & Co.

Suite 400
One Thomas Circle NW
Washington DC 20005-5805
202 833 5500
202 833 5515 Fax

Dear Mr. Myer:

As we discussed last week, Arthur Andersen is working on behalf of the Crystal City Consortium, the Office of Congressman Moran, and other interested parties to independently evaluate the analysis conducted by the Department of Defense ("DoD") which resulted in the recommendation to realign a significant portion of the naval commands presently located within the National Capital Region ("NCR"). In particular, our efforts have focused on an evaluation of the Cost of Base Closing and Realignment Actions ("COBRA") analysis as cost savings is reported to be the primary rationale for this realignment.

To date, we have completed the following tasks:

- Familiarized ourselves with the Navy and DoD base closure (and realignment) process and analytic framework.
- Re-created the NCR arithmetic conclusions from the COBRA analysis by loading inputs into the COBRA model. We received both the inputs and the model from the Defense Base Closure and Realignment Commission ("BCC").
- Copied, reviewed, and inventoried all relevant documents from the BCC Library ("BCCL") pertaining to the NCR. We have visited the BCCL several times to ensure we have accessed all available information. In addition, we reviewed other relevant background documents and reports, such as reports on the 1989 and 1991 base closure processes.
- Compared and verified the COBRA inputs with the "Certified Data Calls" obtained from the BCC and other information received from the Navy.
- Performed sensitivity analyses on the results of the COBRA analysis.

Our more general comments include the following:

- The COBRA computer model is a "black box" model. It is nearly impossible to penetrate it to understand its implicit calculations (i.e., the relationship between input and output is not always clear). It is not possible to verify the accuracy of the result, let alone unstated but potentially significant assumptions internal to the model.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO. SC

Mr. Robert Myer

- 2 -

April 13, 1993

- Documentation supporting the assumptions to the COBRA analysis is severely lacking. There are numerous "Certified Data Calls", but we found little documentation linking raw information from the data calls to the COBRA analysis (particularly inputs where analysis or judgment is required).
- COBRA was designed for closing or realigning entire military bases or major functions; it was not designed for realigning purely administrative commands; this, we believe, requires a different kind of analysis.
- As applied to the NCR, the COBRA analysis measures the impact of a potential realignment *and* a change the method of procuring space. In other words, in the case of the NCR, the COBRA analysis confuses a locational analysis with a lease versus own analysis. There is no ability to disaggregate the results to determine to what extent the locational analysis -- the realignment decision -- separately affects the end result. Moreover, we believe the COBRA model is not as suited to a "lease versus own" analysis.
- The GSA, as well as the Navy, have conducted indepth studies of housing alternatives in the NCR. The proposed realignment is inconsistent with much of that work. There is no reconciliation or explanation of what has come before. This is particularly germane in that basic assumptions -- such as the requirement of individual commands to be located proximate to the Pentagon -- are widely divergent.

What follows are more specific comments, focusing on four of the six major cost categories in the COBRA analysis: mission, personnel, overhead, and construction.

Mission

According to several DoD and BCC sources, "mission costs" include changes in operating costs not identified elsewhere in the model. Rent savings are often included in this category (or in overhead). However, we have not been able to trace prospective rental savings back to DoD-supplied lease cost estimates reportedly taken from Certified Data Calls. The black box nature of the COBRA model prohibits a property-by-property rental rate evaluation. As such, actual costs and market driven escalation rates cannot be traced. Further, the rental rate used in the COBRA analysis is GSA's standard level usage charge ("SLUC"), which bases charges on market lease rates and GSA overhead. These rates are often considerably higher than the actual rental rates charged by the landlord(s). Since this is primarily a transfer of costs between two federal government entities, it is, we believe, inappropriate to integrate this higher rate into the COBRA analysis which has the effect of distorting the results. These costs could approach a stabilized annual premium of between \$5.0 million and \$10.0 million over market rental rates.

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

ARTHUR
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- 3 -

April 13, 1993

Personnel

The recommendations set forth in *Base Realignment and Closing 1993* ("BRAC-93") assume defacto that significant personnel savings can be generated by realigning individual commands, and by implication that these savings can only be realized through a realignment. This results in a total present value savings of approximately \$475.0 million (discounted at 7.0 percent), or 80 percent of total BRAC-93 net savings for the NCR. There is no reason to expect that these same savings could not be realized at the current command locations through a re-organization of proximate functions. Our experience in private industry would suggest that "in place" personnel eliminations are entirely achievable.

We find no materials whatsoever to document this conclusion -- that is, that the personnel eliminations can only be achieved by a realignment. In response to a request from Congressman Moran, The Department of the Navy, Office of the Secretary, has indicated that the number of "positions identified as eliminated" came from individual Certified Data Calls. In search of the facts, we reviewed all data calls in the BCCL, including an inventory of data calls received from each command dated March 17, 1993. Only one of these Certified Data Calls related to the NCR, and it provided no support whatsoever for the number of "positions identified as eliminated". In the same correspondence from Congressman Moran, the question was asked, "Does the analysis consider to what extent these eliminations could be implemented in existing locations?" The response was "No". We are left to conclude that no support is available, that the case is not proven, and that cost savings attributable to personnel eliminations cannot be included as economic support for the NCR realignment.

Overhead

Although rental costs are reported to have been incorporated in mission costs, the volume of overhead savings for certain clusters (e.g., Cruicom, Patuxent River, and SPCC) suggest that rental costs may have also been incorporated in overhead. Therefore, our comments on mission costs also apply to overhead costs. Further, the actual components of overhead costs and savings are unclear. As such, the results cannot be verified.

Construction

The recommendations set forth in BRAC-93 assume that no capital improvements will be required for substantially all of the existing office space which will receive realigned personnel. A field inspection of the space anticipated to accommodate the BRAC-93 realigned personnel indicates that a significant amount of this space is

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co. SC

Mr. Robert Myer

- 4 -

April 13, 1993

substandard and does not meet current GSA standards. Such space will then require considerable investment prior to occupancy.

For example, approximately 740,000 rentable square feet of office space will be required to accommodate the personnel realigned to the White Oak Facility (3,799 personnel). The COBRA analysis provides for 110,000 rentable square feet of new construction and 80,000 rentable square feet of renovated space. No provisions are made for the 550,000 rentable square feet of remaining office space requirements. Our field inspection indicates that there are 200,000 rentable square feet of existing available space at the facility. This space does not conform with GSA fire safety standards, as it lacks sprinklers, and is reported to contain a considerable amount of asbestos. This space will require additional renovation to comply with Navy office space standards. Additionally, this space will require additional renovations to comply with Navy office space requirements. The remaining 350,000 rentable square feet of office space that will be required at the White Oak facility will require a combination of new construction and renovation. Our preliminary estimate (discounted at 7.0 percent) for these additional construction costs at the White Oak facility is between \$50.0 and \$70.0 million. Other receiving facilities have similar problems, though of lesser magnitude. We are forced to conclude that construction costs generally are substantially understated.

Beyond the aforementioned, there are items germane to the analysis of a large-scale relocation that were not given adequate consideration. First, the BRAC-93 evaluation of realignment costs did not consider other significant recurring costs, such as commutation costs, which will likely be incurred as a result of commands being relocated farther from the Pentagon and major Navy contractors, even when the efficiencies of collocation, such as at the Patuxent River facility, are considered. Based on surveys previously prepared by GSA and the Navy, our preliminary estimate of the additional cost of commuting to the Pentagon, major Navy contractors, and commercial airports, as well as between the new, more remote commands, may approach \$70.0 million (discounted at 7.0 percent). Moreover, the COBRA analysis did not incorporate the productivity losses which are normally attributable to a large-scale relocation. These costs, in our experience, can be quite significant.

Second, the BRAC-93 evaluation of the NCR includes the realignment of 1,607 personnel from Philadelphia to Mechanicsburg, Pennsylvania. Since neither of these facilities are within the NCR, and since the prospective savings of the realignment is \$78.0 million (discounted at 7.0 percent,) it obfuscates the savings inherent in the realignment of the SPCC cluster and the NCR commands under consideration.

Third, no credit was given for the Navy's ability to reasonably secure favorable lease rates in today's market. In fact, the manner in which rental rates are calculated (ignoring, for the moment, any GSA subleasing profit) could overstate actual rents today by \$3.00 to \$4.00 per

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

ARTHUR
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ARTHUR ANDERSEN & CO. SC

Mr. Robert Myer

- 5 -

April 13, 1993

rentable square foot. It has been our experience that major, high credit tenants typically seek and receive rental rate reductions in today's market in exchange for lease term extension.

Conclusion

There are very significant gaps in the analytic process starting with the collection of data to the conclusions derived from this data. The COBRA model introduces many items, such as the savings from personnel eliminations, which are confusing and potentially lead to erroneous results. The case for a realignment has simply not been made. Further, the up-front costs, represented by the total adjusted construction and moving costs may not be justified when one considers what could be a very long pay back. The basic presumption of this analysis -- that is a predetermined conclusion to realign selected commands from the NCR -- is flawed. In no way have the efficiencies and savings which could be achieved in-place been examined. If the real issue is a lease versus own decision, then the analysis and conclusions presented do not provide the basis for an informed, business-like decision.

* * * * *

I hope this brief summary of our findings is helpful as you finalize your evaluation. I will keep you up-to-date as our evaluation continues. We would welcome the opportunity to meet with you. Please contact me at your convenience if we can be helpful in any way.

Very truly yours,

ARTHUR ANDERSEN & CO.

by 

Julian W. Fore

cc Governor L. Douglas Wilder
Senator John W. Warner
Senator Charles S. Robb
Congressman James P. Moran
James B. Hunter III

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**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



City of Chicago
Richard M. Daley, Mayor

Department of Aviation

David R. Mosena
Commissioner

Suite 3000
20 North Clark Street
Chicago, Illinois 60602
(312) 744-6892
(312) 853-0478 (TT/TDD)
(312) 744-1399 (FAX)

April 15, 1993

Mr. Robert Meyer
Assistant Director
NSIAAD/DMN
General Accounting Office
44 G Street, N.W., Room 5102
Washington, DC 20548

Dear Mr. Meyer:

As you know, the Base Realignment & Closure Commission is now considering the Department of Defense's recommendation to close and relocate the military installation at O'Hare International Airport. Unlike the vast majority of base closures being considered by the Commission, this recommendation is in response to a proposal by the City of Chicago. As someone involved in evaluating whether the recommendation is in keeping with the intent of the closure legislation, I would like to bring certain pertinent facts about our proposal to your attention.

The Mayor of the City of Chicago made this proposal for two reasons, which I believe demonstrate its uniqueness as well as the responsible nature of the suggested action to the national interest as opposed to a parochial desire.

First, O'Hare is the busiest airport in the world and congestion and delay problems at O'Hare affect the entire national aviation system. The findings of the Chicago Delay Task Force, a jointly commissioned study by the City of Chicago, the Federal Aviation Commission and the airline tenants at O'Hare, determined that over 100,000 hours of delay are incurred annually at O'Hare, substantially more than any other airport in the United States. The direct operating costs associated with this magnitude of delay exceed \$188 million annually. The resolution of this problem is particularly critical today in light of the serious financial condition of the nation's airline industry. Operational improvements that can be implemented as a result of the proposed military relocation will play a key role in reducing delay problems at O'Hare and across the country.

Second, the Mayor is committed to aggressively identifying all opportunities to maximize economic development for Chicago. Since the City is the owner of the busiest airport in the world, we must utilize every opportunity for airport-related development in order to provide jobs for the people of the City and the region. The relocation of the existing military installations at O'Hare will permit us to accomplish this goal while at the same time providing an economic stimulus to the new military host community.



**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignment**

April 15, 1993
Page 2

The enclosed materials are intended to demonstrate how the City's proposal is consistent with the intent of base closure legislation and to address some of the specific concerns already raised by some members of the Commission.

The request by the City of Chicago that the military installation located at the world's busiest airport be closed and its current tenants relocated is exactly the type of community recommendation contemplated in Section 2924, of the Base Closure and Realignment Act. The Committee Report accompanying the bill states specifically that:

"...[in] the painful process of base closure, special consideration ought to be given to communities that actually want their local facility closed." (H.R. Rep. No. 101-665, p.388.)

Regarding the concerns raised by the Defense Finance and Accounting Services (DFAS) analogy, we understand the responsibility that you have to carefully consider the perception among some that our proposal could possibly create a nationwide bidding war for either the retention or closure of military bases. We do not believe that such an interpretation of our proposal is warranted (see attached discussion). Rather, we believe that, in addition to the specific statutory direction authorizing it, our proposal is consistent with the current federal policy of optimizing the use and coordination of our nation's military and civilian air transportation infrastructure. Furthermore, the Commission, unlike a federal, state or local purchasing agency, is not and cannot be, pursuant to its enabling legislation, guided in determining its recommendations to selecting the lowest or highest responsible bidder as the case may be. The Commission will make, as they have in the past, recommendations based upon the eight statutory selection criteria.

We believe that our request warrants the Commission's favorable consideration because it meets their eight criteria for review (see attached discussion) and will benefit all parties involved. Airfield, roadway and commercial development of the site will benefit not only the local economy but also enhance the efficient operation of the national air transportation system. The receiving location will benefit from the economic stimulus brought by the relocated units, and relocation will enable the military to enhance its operational readiness and potential for increased force structure.

I have also enclosed, for your information, an Executive Summary of our recently published economic impact study which I believe powerfully demonstrates the impact of commercial aviation activity at O'Hare International Airport -- 339,300 permanent jobs and more than \$13.5 billion personal income annually.

I hope you found this letter and its enclosures helpful. Should you desire further details, please do not hesitate to contact me at 312-744-6886.

Sincerely,



David R. Mosena, Commissioner

Enclosures

**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

OWEN PICKETT
2ND DISTRICT
VIRGINIA

COMMITTEES:
ARMED SERVICES
MERCHANT MARINE & FISHERIES

April 20, 1993

93-1255

The Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bowsher:

We are writing this letter to request the assistance of the GAO in evaluating the criteria used to disestablish the Norfolk Logistics Systems Business Activity (NLSBA) pursuant to the Base Closure and Realignment Acts (P.L. 100-526 and P.L. 100-510).

This afternoon, we received the enclosed document from the employees of the NLSBA. Based upon that communication and data we received earlier when touring the facility, we have serious reservations about the cost effectiveness of the recommendations of the Secretary of Defense.

We request that the GAO review the cost effectiveness of the OSD recommendations to the Base Closure and Realignment Commission regarding the NLSBA and military value matrices developed for that facility. We would greatly appreciate it if, as a part of that review, GAO personnel could schedule a site visit of the NLSBA.

Thank you very much for your assistance in this matter. If you have any questions, please be sure and let us know.

Owen B. Pickett
Member of Congress

Norman Sisisky
Member of Congress

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**Appendix I
Letters and Other Material Received on
Proposed Base Closures and Realignments**

19 April 1993

The Honorable Owen Pickett
2430 Rayburn Building
Washington, D.C. 20515

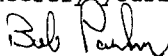
Dear Mr. Pickett:

On 17 April 1993, you met with a group of employees from the Information Processing Center located at the Norfolk Naval Base, Norfolk, Virginia.

In response to our discussion, we are submitting the following information under enclosure (1) dealing with the concerns that we have with the credited score we received on the MegaCenter selection list.

We are grateful for the support that you have given and will continue to give us.

Sincerely yours,



BOB PARKER

On behalf of the employees of the Information Processing Center

Encl:

(1) Background/Facility Credited Scores



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