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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

March 4, 2005

INFO MEMO

TO: SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

FROM: MR. MICHAEL W. WYNNE, ACTING USD(AT&L)

SUBJECT: Base Realignment and Closure (BRAC) Update

Time Remaining: Effectively, there are only 65 days until you must provide your BRAC recommendations to the Commission and Congress and publish them in the Federal Register. This is a status report I intend to provide you weekly as we close our process down and transition to defending your recommendations. As this is our first cut, your feedback on format and content would be appreciated.

- While Monday, May 16th, is the statutory deadline, I expect we will want to release them at the end rather than beginning of the week so I am planning for a Friday, May 13th press conference at which you and the Chairman (by precedent of the previous rounds) release the list. That, coupled with my expectation that you will discuss your recommendations with senior interagency leadership before going public, effectively reduces the 73 calendar days now available to about 65.

Upcoming Required Actions:

- The President must nominate Commissioners by March 15th. Failure to meet this deadline terminates the BRAC process.
- The statute requires that you provide the Congress with a revised force structure plan, if necessary, by March 15th, which is 11 days from now. The Joint Staff is working this through the Chairman for your signature.
- In prior BRAC rounds Leg Affairs made advance calls to senior and impacted members of Congress. Additionally, the Department provided all members an embargoed advance copy of the list the night before its release.

Current Status of Candidate Recommendations:

- Major Closures (see Tab A): ~20 with work distributed to ~80 locations.
- Minor Closures: ~523 with work distributed to ~220 locations.
- Major Realignments: ~60 with work distributed to about ~320 locations.

20 year Net Present Value savings from all candidate recommendations received to date: $24,467M (see Tab B).

Process Issues:

- Recommendations yielding Negative Net Present Values: Currently, 139 or 39% of the 356 candidate recommendations now in play yield a negative Net Present Value. Many result from Army and Air Force strategies to rationalize Guard/Reserve facilities - costly efforts yielding synergistic benefits that do not translate into offsetting savings that can be booked in the BRAC process. Aside from those that are part of a larger strategy that may or may not provide offsetting benefits (monetary of synergistic), we are scrubbing all closely to isolate those that buy new capabilities to carefully evaluate their benefits before recommending your final approval.

- Entanglements of Global Posture Funding: Army will select the receiving locations for its forces returning from overseas in BRAC, producing significant costs that the BRAC rules prevent from being directly offset by the overseas savings (because the overseas portion of the equation are not subject to the Commission's authority). However, we will accommodate this by making "memo" entries. This is not problem for the other services.

- Financial Considerations: Navy used Net Present Value as a dominant criteria so 0% of their current recommendations have a negative payback. Have they missed anything? Army and Air Force used transformation as their dominant criteria. Has either gone too far? The chart at Tab C indicates BRAC wedge utilization.

Tab D explains major issues and significant actions of which you should be aware. Other attachments as stated.

Tab A

Registered Closure Scenarios

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Annotated to Indicate Withdrawals

(as of 4 Mar 05)

Army		Dept of the Navy		Air Force		JCSG Potential Closures
~~Ft Hamilton~~		NS Pascagoula	✓	Cannon AFB	✓	~~Fort Huachuca~~
Selfridge Army Activities	✓	NS Ingleside	✓	Grand Forks AFB	✓	Soldier System Center Natick
Pueblo Chem Depot	✓	NS Everett		~~Scott AFB~~		Walter Reed
Newport Chem Depot	✓	~~SUBASE San Diego~~		Ellsworth AFB	✓	~~*National Naval Med Ctr Bethesda*~~
Umatilla Chem Depot	✓	SUBASE New London	✓	~~Holloman AFB~~		~~NAS Meridian~~
Deseret Chem Depot	✓	NAS Atlanta	✓	Onizuka AFS	✓	~~NAS Corpus Christi~~
Ft Gillem	✓	~~NAS JRB Fort Worth~~		~~Los Angeles AFB~~		NAES Lakehurst
~~Ft Shafter~~		NAS Brunswick		~~Moody AFB~~		~~Presido of Monterey~~
Ft Monroe	✓	~~NAS Oceana~~		Pope AFB	✓	~~*MCLB Albany*~~
Ft McPherson	✓	~~MCRD San Diego~~		Rome Lab	✓	Brooks City Base
Watervliet Arsenal		~~MCAS Beaufort~~		Mesa AFRL	✓	
Rock Island Arsenal		NAS JRB Willow Grove		ANG / Reserve Stations (22 sites)		
~~Detroit Arsenal~~		~~CBC Gulfport~~				
~~Sierra Army Depot~~		NAS Whiting Field				
Hawthorne Army Depot	✓	MCSA Kansas				
~~Louisiana AAP~~		NSA New Orleans				
Lone Star AAP	✓	Naval Postgraduate School				
Mississippi AAP	✓	~~NDW DC (Potomac Annex)~~				
Kansas AAP	✓	~~Navy Supply Corps School~~				
River Bank AAP	✓	~~*NAV Shipyd Norfolk*~~				
Carlisle Barracks	✓	NAV Shipyd Portsmouth	✓ 6			
Red River Army Depot	✓ 6	NSA Corona				
Ft Monmouth	✓	NAS Point Mugu				
NG / Reserve Centers (~ 485 sites)		~~Arlington Service Center~~				
		~~NS Newport~~				
		MCLB Barstow	✓ 6			
		NWSC Crane				
		NSA Philadelphia		NSWC Indian Head		
		Reserve Centers (~ 80 sites)				

Notes:
1. Yellow represents JCSG/MilDep cooperative effort.
2. Italics represent options, only one of which would be recommended
3. Strike through indicates deliberate decision to eliminate scenarios, or render it inactive
4. Expect a significant number of realignments in addition to these closures
5. ✓ indicates candidate recommendation submitted
6. Awaits Service enabling scenario

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Tab B

Candidate Recommendations – Cost and Savings ($M)

(As of 4 Mar 05)

	One-Time (Costs)	Net Implementation Savings/(Costs)	Annual Recurring Savings/(Costs)	NPV Savings/(Costs)
Army*	(8,444.4)	(7,184.6)	331.1	(3,838.2)
Navy	(1,009.1)	400.3	426.4	4,353.5
Air Force	(2,026.1)	(278.9)	614.0	5,422.3
JCSGs	(8,241.7)	(1,032.4)	2,100.2	18,529.0
E&T	(769.8)	(315.8)	93.8	565.8
H&SA	(2,904.4)	74.2	807.6	7,585.5
Industrial	(1,309.8)	352.2	559.4	5,534.8
Intelligence	0.0	0.0	0.0	0.0
Medical	(1,844.8)	(929.4)	302.8	1,938.1
S&S	(229.9)	276.2	154.2	1,682.5
Technical	(1,183.1)	(489.8)	182.4	1,222.3
Total	(19,721.2)	(8,095.7)	3,471.7	24,466.6

* The Army figures do not include $300M in one-time costs, $4.4B in net savings during the implementation period, $1.2B in annual recurring savings after the implementation period, and $15.6B in Net Present Value savings which will result from the overseas initiative that is not subject to the BRAC Commission.

Tab C

DoD Candidate Recommendations Costs/Savings Profile

(As of 4 Mar 05)

Tab D

Major Issues – Significant Actions

Title	Description	20 Yr Net Present Value
Walter Reed	Closes this facility to eliminate excess and concentrate resources on building a world-class joint medical center in this area. Bethesda & Belvoir pick up requirement. Eliminating this prominent facility is very emotional, but capacity/economics override.	$436M
Red River Army Depot	Closes this facility to eliminate excess capacity. Army opposes due to its current workload (working on the war). Capability and capacity exists elsewhere to meet these requirements.	$ 124M
Barstow Depot	Closes this facility to eliminate excess capacity. Marines opposes because it eliminates half of its (internal) bi-coastal support capability. Capacity exists elsewhere to meet their requirements.	$215M
Pilot Training	Realigns several locations to increase joint training. Closes one base and frees capacity at two others. Air Force opposes because of the transition risks and status quo benefits. New end state would foster jointness and realize efficiencies that status quo cannot offer.	$131M
Senior Service Colleges	Moves Colleges to Ft McNair (at the otherwise empty Lincoln Building being built there). Makes them colleges of National Defense University. Air Force is principal opponent with the other services and joint staff questioning the benefits of this joint approach. Education & Training Group sees extensive synergies for jointness, as well as savings.	$212M
Service Graduate Schools	Close the Navy's school at Monterey and the Air Force school at Wright Patterson by relying on the private sector. General support but working through questions on retaining some service-specific courses.	$378M
Portsmouth Naval Shipyard	Difficult decision, but supported by service.	$486M