

BRAC 2005 Infrastructure Steering Group (ISG)

Meeting Minutes of December 12, 2003

The Deputy Under Secretary of Defense (Installations and Environment), Mr. Raymond F. DuBois chaired this meeting for Mr. Wynne. The list of attendees is attached.

Mr. DuBois opened the meeting and asked Mr. Peter Potochney, the Director of the OSD BRAC Office, to lead the discussion on a number of issues to be reviewed by the ISG. Mr. Potochney used the attached slides to facilitate the discussion. Mr. Potochney reviewed the overall BRAC schedule with the ISG (slide 3). The ISG agreed to the schedule as presented. After a brief discussion, the ISG agreed that if possible, the draft selection criteria should be released on a schedule that gives the public an additional week to comment. Mr. Potochney stated that comments made by the Army during the coordination process concerning the science and technology, acquisition, test and evaluation infrastructure and intellectual capital would be addressed during implementation of the criteria.

Mr. Potochney stated that the existing language on BRAC funding in the preliminary draft of the Strategic Policy Guidance would need to be revised to accurately reflect how BRAC funding will be allocated. He stated that Mr. Wynne's staff is working with the Under Secretary for Policy staff to correct the BRAC language.

Mr. Potochney updated the ISG on the status of the first data call. He commended the Data Standardization team for its hard work in revising and streamlining the capacity data call questions submitted by the JCSGs and the Military Departments. Due to the volume of the questions, Mr. Potochney proposed that the ISG members empower the BRAC Deputy Assistant Secretaries to coordinate on the questions for the ISG. The ISG members agreed.

Mr. Potochney then provided an update on the JCSGs, stating that all except the Technical JCSG have completed their final Capacity Analysis Reports. He also stated that, as directed by the ISG, the Intelligence JCSG is working to clarify and resolve the classification issues raised at the previous ISG meeting. Mr. Potochney said a subsequent ISG meeting would deliberate on the Intelligence JCSG's approach.

The ISG then discussed the coordination and availability of meeting minutes. The ISG agreed that draft minutes of the meetings would be circulated to the ISG members for comment before signature by the Chair.

The ISG next discussed the communication plan for the release of the data call to the field, reviewing three options presented in slide 5: Reactive Stance, Semi ProActive

Stance and Proactive Stance. The ISG agreed that the need to keep the public and Congress generally informed about the BRAC process must be carefully balanced with need to control data call questions and answers that are part of the pre-decisional deliberative process. The ISG agreed to be proactive directing that staff directors for the Chairman and Ranking members of the following six congressional committees should be notified when the data call is provided to the field: Senate and House Armed Services Committees, Senate and House Defense Appropriation Subcommittees, Senate and House Military Construction Appropriation Subcommittees. The ISG also decided that a short press release be issued concurrent with the release of the data call to the field. Both the press release and the information conveyed to the staff directors will also highlight the publication of the draft selection criteria in the Federal Register for public comment. The ISG also agreed that there is need to develop guidance for installation staff on how to respond when a local community provides information about the merits of the installation and the local community.

Mr. Potochney then turned the meeting over to Dr. Craig College, Deputy Assistant Secretary Of The Army (Infrastructure Analysis). Dr. College briefed the ISG on the Cost of Base Realignment Actions (COBRA) tool using the attached slides. The ISG discussed the following recommendations related to the presentation:

- Crediting salary savings from reductions in military positions
- Unit facilities at the gaining base should meet the minimum requirements of the relocating unit
- COBRA should include costs and savings from facilities revitalization at closed, realigned and receiving sites
- COBRA should credit savings for 100% of authorized positions
- COBRA should include compliance, pollution prevention, and conservation costs. Restoration costs will be addressed as part of selection criteria 8.

At the end of the briefing, the ISG concluded that while there was consensus on some of the recommendations, a paper should be developed to present additional details. Therefore, the ISG requested that the COBRA Joint Process Action Team produce a white paper on the recommendations to facilitate further ISG deliberations.

After the COBRA briefing, the Acting Chair reviewed the actions of the meeting and the role of the Education and Training JCSG in Graduate Flight Training that was discussed at the prior meeting. The Acting Chair stated that the Education and Training JCSG chair would present the pros and cons of assigning graduate flight training analysis

to the Education and Training JCSG vice the Military Departments. He requested that each ISG member work with their representative who is on the Education and Training JCSG to ensure the presentation accurately represents the diversity of views on this issue.

Approved:  2/11/04
Raymond F. DuBois
DUSD (Installations and Environment)
Acting Chairman, Infrastructure Steering Group

Attachments:

1. List of Attendees
2. Briefing slides entitled “BRAC 2005 Issues” dated December 12, 2003
3. Briefing slides entitled “Cost Of Base Realignment Actions Joint Process action Team” dated December 12, 2003.

Infrastructure Steering Group Meeting December 12, 2003

Attendees

Members:

- Mr. Raymond DuBois, Deputy Under Secretary of Defense (I&E)
- Hon. H.T. Johnson, Assistant Secretary of the Navy (I&E)
- Hon. Nelson Gibbs, Assistant Secretary of the Air Force (IE&L)

Alternates:

- Mr. Geoffrey Prosch, for Assistant Secretary of the Army (I&E) for the Hon. Mario Fiori, Assistant Secretary of the Army (Installations and Environment)
- Lieutenant General James Cartwright, Director, Force Structure, Resources and Assessment, Joint Staff for General Peter Pace, Vice Chairman, Joint Chiefs of Staff
- Lieutenant General Richard E. “Tex” Brown III, Deputy Chief of Staff for Personnel, for General Michael Mosley, Vice Chief of Staff of the Air Force
- Lieutenant General Richard L. Kelly, for General William Nyland, Assistant Commandant of the Marine Corps
- Vice Admiral Charles Moore, Deputy Chief of Naval Operations for Logistics, for Admiral William Mullen, Vice Chief of Naval Operations

Others:

- Dr. Craig College, Deputy Assistant of the Army (I&A)
- Ms. Anne Davis, Deputy Assistant Secretary of the Navy (I&A)
- Mr. Mike Aimone, Deputy Assistant Secretary of the Air Force (B&IA)
- Major General Gary W. Heckman, Assistant Deputy Chief of Staff of the Air Force for Plans and Programs
- Mr. Phil Grone, Principal Assistant Deputy Under Secretary (Installations and Environment)
- Mr. Pete Potochney, Director, OSD BRAC
- Mrs. Nicole Bayert, Associate General Counsel, Environment and Installations, DoD
- Mr. David Steensma, Assistant Deputy Inspector General for Auditing
- Ms. Deborah Culp, Program Director, Contract Management Directorate, Office of the Inspector General
- Mr. Andrew Porth, Assistant Director, OSD BRAC
- Commander John Lathroum, Force Integration Branch Officer, Forces Division, J-8
- Major Dave Smith, Office of the Deputy Assistant Secretary of Army for Infrastructure Analysis



BRAC 2005 Issues

Briefing to the
Infrastructure Steering Group

December 12, 2003

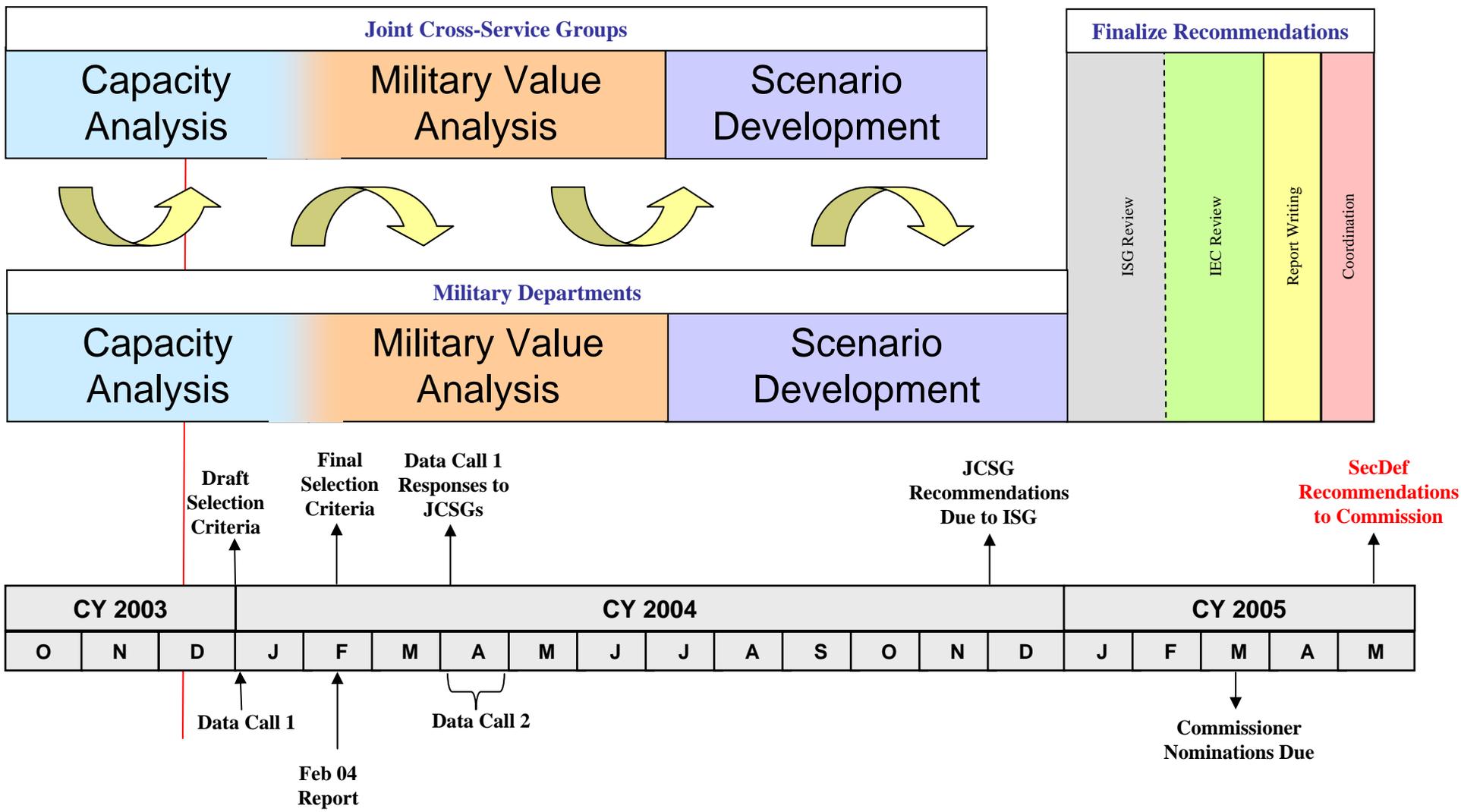


Purpose

- Process Overview
- JCSG Update
- Data Call Communication Plan
- Cost of Base Realignment Action Update



Process Overview





JCSG Update

- Final JCSG Capacity Analysis Reports
- Intel JCSG update regarding classification issue
 - Reviewing legal responsibilities and restrictions
 - Exploring alternatives
 - Proposed resolution of the issue will be forwarded to the ISG before the capacity data call commences



Data Call Communication Plan

- Option 1: Reactive Stance
 - Respond to queries by public and Congress through set of standard Qs and As.
- Option 2: Semi-proactive Stance
 - Provide advance calls to the Big 8 of pending release of first data call.
 - Develop set of Qs and As for general public inquiries.
- Option 3: Proactive Stance
 - Provide advance calls to the Big 8 of pending release of first data call.
 - Press release to notify public of release of data call



Cost of Base Realignment Actions (COBRA) Joint Process Action Team (JPAT)

ISG Brief

12 DEC 03

Transforming Through Base Realignment and Closure



Why COBRA?



“DoD components and the JCSGs must use the COBRA model to calculate costs, savings, and return on investment of proposed realignment and closure actions.”

“The Department of the Army will be the lead Service for this effort.”

Transformation Through Base Realignment and Closure (BRAC 2005)
Policy Memorandum One – Policy, Responsibilities, and Procedures



JPAT



- Mission: Provide auditable COBRA model for the Services and JCSGs for BRAC 2005 scenario analysis by January 2004.
- JPAT Members: OSD, Services, JCSGs, and DLA.
- Process: Review, refine, verify, and validate COBRA inputs, outputs, algorithms, operations and functionality.
- Principles: Establish Service consistency, eliminate national averages, utilize improved data collection, and integrate a decade of change.



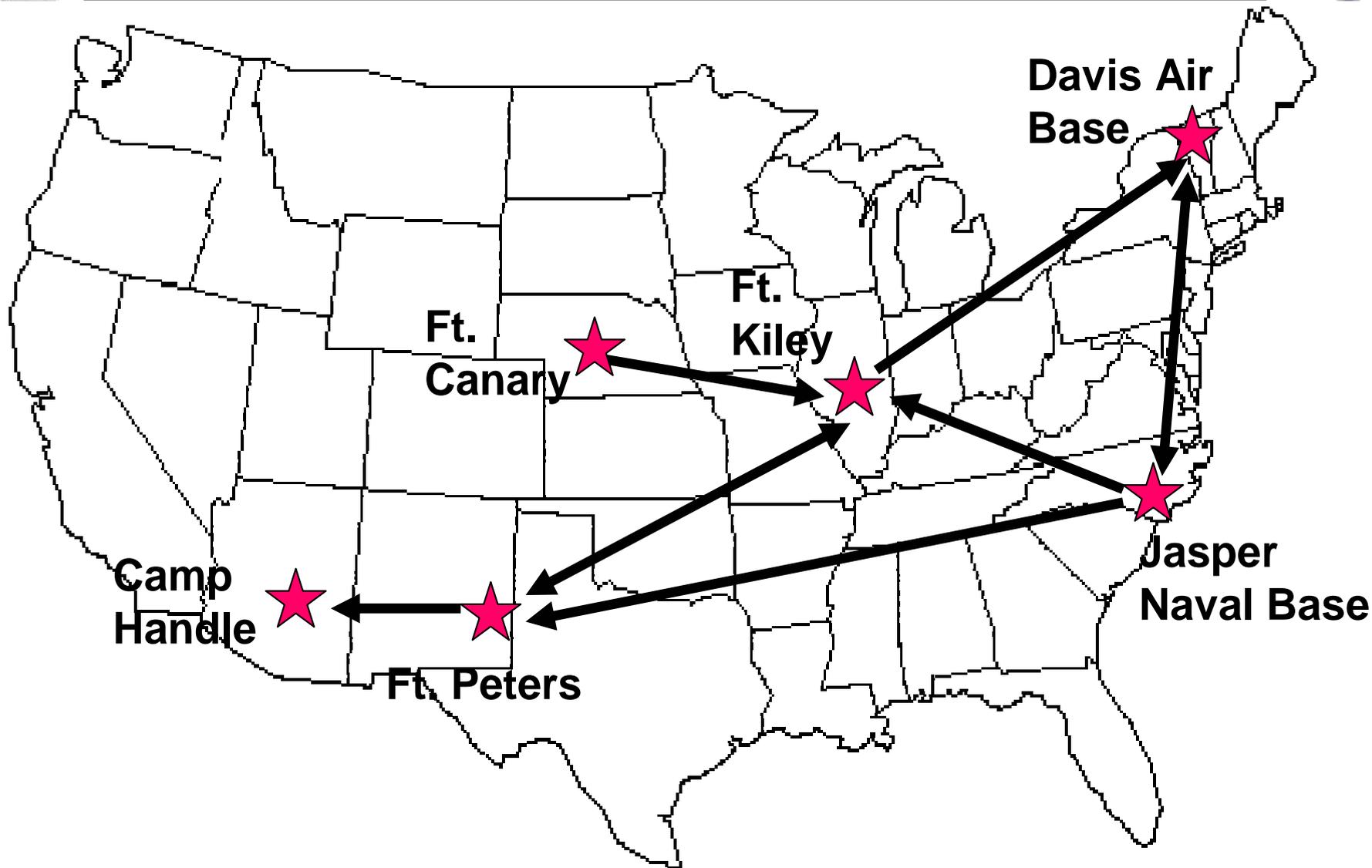
The COBRA Model



- Capabilities.
 - A joint model.
 - Estimates costs and savings of stationing actions.
 - Comparative, macro-level tool.
- Characteristics.
 - Not an optimizing or budgetary tool.
 - Models all actions in 6 years and assumes steady state thru 20 years.



A COBRA Scenario



Transforming Through Base Realignment and Closure



COBRA Outputs



- ***Net Present Value***
- ***Payback Year***
- ***Payback Period***
- Realignment Summary
- One-Time Cost Summary
- Recurring Cost Summary (e.g. S/RM, BOS)
- Military Construction Summary
- Personnel Summary



“Big Four” Cost Drivers



- Military Construction (MILCON).
 - e.g. \$164 a square foot to build a general admin building.
 - Reassigned unit facility requirements could increase BRAC costs.
- Personnel Salaries.
 - An average civilian position costs \$700K NPV over 20 years.
 - Positions represent savings and opportunities regardless of fill.
 - Military pay savings can be reallocated to Service priorities; GAO disagrees.
- Sustainment (S/RM).
 - Average annual sustainment requirement for a medium sized DoD installation is between \$10 and \$20 million.
 - GAO states that recapitalization savings could be significant.
- Base Operating Support (BOS).
 - Average medium sized DoD installation annual BOS expenditure is between \$50 and \$150 million.
 - Most environmental costs, except restoration, included.

Transforming Through Base Realignment and Closure



JPAT Accomplishments



- ✓ Increased installation specific data (e.g. locality pay rates, freight rates).
- ✓ Added enclave cost calculations.
- ✓ Increased cooperation with auditors and GAO.
- ✓ Improved algorithms.
 - Sustainment requirements determined by the Facilities Sustainment Model (FSM).
 - BOS algorithm refined to capture the fixed cost of establishing an installation.
 - Use DoD Facilities Pricing Guide (FPG) to determine MILCON costs.
- ✓ Integrated privatization.



Policy Issue Recommendations



- Should COBRA credit salary savings from reductions in military positions?
 - Yes.
- Should a unit's facilities at the gaining base be similarly inadequate as at the losing base or meet minimum unit requirements?
 - Meet a reassigned unit's requirements.
- Should COBRA include costs/savings from facilities revitalization as costs/savings?
 - Yes.
- How should COBRA incorporate hiring lag?
 - Track authorized positions and assume 100% fill.
- What environmental costs should be included in COBRA?
 - Include compliance, pollution prevention, and conservation costs in COBRA; include restoration costs in criteria eight.



COBRA Way Ahead



- COBRA User's Manual 15 December
- COBRA User's Checklist 15 December
- COBRA Scenario Template 15 December
- Draft Final COBRA program 19 December
- Data call questions kick-off meeting 7 January
- COBRA testing 5-19 January
- Written products JPAT session January
- Data call question deadline 1 February
- Data call March
- **Final COBRA program** **March**
- COBRA training March



■ Recap

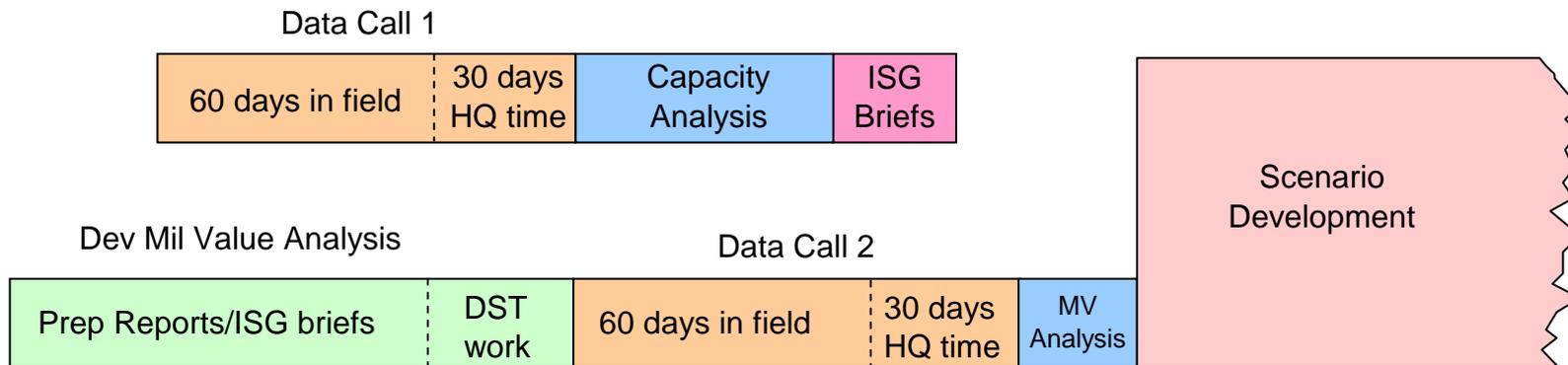
■ Next Steps/Work in Progress

- Finalize coordination of JCSG capacity reports
- BRAC funding allocation rules
- Overseas basing update
- Selection criteria implementation

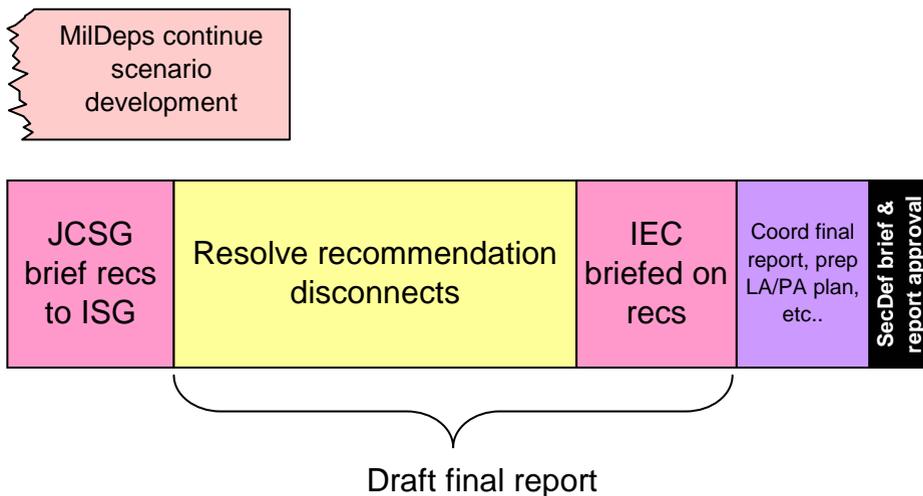


Expanded Timeline

Dec-03 Jan-04 Feb-04 Mar-04 Apr-04 May-04 Jun-04 Jul-04 Aug-04 Sep-04 Oct-04



Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05 May-05





2004 ISG Meeting Schedule

- 21-Nov-03
- 12-Dec-03
- 9-Jan-04
- 30-Jan-04
- 20-Feb-04 (2:30-4:00)
- 12-Mar-04
- 2-Apr-04
- 23-Apr-04
- 14-May-04
- 4-Jun-04
- 25-Jun-04
- 16-Jul-04
- 6-Aug-04
- 27-Aug-04
- 17-Sep-04
- 8-Oct-04
- 29-Oct-04
- 19-Nov-04
- 10-Dec-04

- Meetings are in Room 3D1019 from 10:30 – 11:30 am, except as noted above
- Additional meetings may be required in late Jan/Feb to review JCSG Military Value approaches



BRAC Funding

- Funding in previous BRAC rounds competed with weapon system/operational requirements
 - Funding limited BRAC recommendations
- DoD has programmed funding to pay for BRAC 2005 implementation in the first three years
 - Based on budgeted costs/savings reported in BRAC 93 and 95
 - Assumed a 20% reduction in infrastructure
 - Anticipated savings are critical toward funding implementation

FY 2004 President's Budget FYDP

(TY \$B)	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
Costs	\$4.7	\$7.6	\$7.2
Savings	\$1.7	\$2.2	\$4.9
Net (wedge)	\$3.0	\$5.4	\$2.3

Minimizes BRAC versus weapons systems tradeoffs



Graduate Flight Training Function

- ISG assigned graduate flight training function to Education and Training JCSG
- Navy indicates graduate flight training should be left to the individual Services
 - Graduate flight training must be collocated with operational assets to eliminate a training command mindset and effectively transition aviators into the operational community.
 - Requested the issue be raised to the IEC for resolution
- Navy subsequently requested (at 21 Nov ISG meeting) continued ISG discussion before raising issue to the IEC



Current E&T JCSG Study Focus: Graduate Flight Training Locations

	Army	Navy	USMC	Air Force
<u>Fixed Wing</u>				
F-15C	0	0	0	2
F-16	0	0	0	3
F-18	0	2	1	0
C-130	0	0	0	1
<u>Rotary Wing</u>				
H-60 Series	2	3	0	1

Original study effort reduced from 55 locations to the current 15. The JCSG will also examine JSF & other emerging system training sites.



Capacity Data Call Questions

	Pre-IRT	Post-IRT Post MILDEP Qs Only QRT	Post-QRT		Pre-IRT	Post-IRT
Army	308	203		E&T JCSG	333	134
Navy	225	166		H&SA JCSG	226	211
Air Force	173	110		Industrial JCSG	43	43
				Medical JCSG	20	28
Sub-total MILDEPs	706	479		S&S JCSG	50	54
				Technical JCSG	71	69
	Total Pre-IRT	Total Post-IRT	Total Post-QRT	Sub-total-JCSGs	743	539
TOTAL MILDEPs & JCSGs	1,449	1,018	TBD*			

* Database contains about 890 questions; known error being worked to eliminate problem of duplicate questions. Final tally should be below 800 questions.