

## Chapter 4

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# The Process

The Commission charter required the development of a process to determine which bases could be realigned or closed. That directive was consistent with a widely accepted presumption that the military base structure includes some number of installations that are unneeded or not fully utilized, the closure of which could provide savings of defense expenditures without adversely affecting military capabilities. The potential for closing bases hinges on the validity of this presumption, which is a judgment about the fit between the requirements of the military forces that use the base structure and its capacity. The number of bases to be closed depends largely upon the amount of excess capacity found in the system. For the purpose of the Commission's review, excess capacity, or the ability to absorb additional units, was defined in terms of land, facilities, operational environment (including airspace), and quality of life or community support factors, as appropriate.

In order to evaluate capacity in the context of military value, a determination was first made as to whether each installation was appropriately sized to support current or future requirements. Categories of installations with similar missions were then established to provide an evaluation of aggregate capacity. In this context, the Commission reviewed the Secretary of Defense's Overseas Basing Study of October 13, 1988. While there is no need to retain domestic capacity for the immediate return of overseas units, the Commission was sensitive to this contingency in its deliberations.

### Phase I

The first step in installation evaluation was to establish a complete inventory of installations and assign them to categories. In the case of large installations, or complexes of installations, where separate major mission requirements were clearly identifiable, areas dedicated to such separate missions were treated conceptually as independent installations for the purpose of analysis. This procedure was required for the review of many Navy base complexes where sea, air, depot, and other activities are carried out on contiguous or proximate sites. More than 2,300 separate installations, constituted from over 4,200 separate DoD-owned properties, were identified for review.

While installations are ordinarily under the control of the Military Service to which the tenant units belong, there are numerous instances where tenant units from one Service are located on an installation controlled by another. In addition, the Army, to a much greater extent than the other Services, acts as an executive agent in operating installations where activities of consolidated organizations such as the Defense Logistics Agency are located. For this reason, the inventory of Army installations is considerably larger than that of the other Services.

The initial measurements of military value and capacity were performed within categories of bases having similar missions in each Service. Five task forces were

used: air, ground, sea, training and administrative, and depot, along with a sixth task force, generally referred to as "all other." These staff task forces oversaw the collection of data from the Services regarding the installations within each category (see Appendix E). Analysis by category within each Service was employed as a starting point for installation evaluation because it permitted a relevant comparison of assets, environments, and attributes.

In order to establish whether the physical attributes of specific installations were appropriate for the accomplishment of currently assigned missions, an evaluation of installations was accomplished by measuring 21 mission-related physical attributes grouped into five overall factors (see Appendix F). Each of these attributes was represented by one or more physical units of measure relevant to the category of installations being evaluated. Within a category, the same units of measure were used.

The measurement of each attribute was characterized by one of three ratings: marginal for mission accomplishment, acceptable, and fully satisfactory. Each of these ratings was specifically defined for and consistently applied within each category of installations. To complete the evaluation of installations in each category, a level of significance was assigned to each of the 21 attributes and was applied consistently within the category.

The method used for this evaluation was based on a consistent set of criteria that was used to compare all installations within a category. In conjunction with the evaluation of capacity available throughout a category, the process offered a logical basis for judging possible opportunities for closure and realignment. The Commission

selected a number of installations for further detailed review based on capacity and military value.

For the "all other" task force, a tailored procedure was employed. This task force included such diverse categories of properties as research and development centers, communications and intelligence sites, special-operations bases, space-operations centers, medical facilities, laboratories, and Reserve-Component centers.

For this "all other" task force, a set of criteria was established by the Commission for each category. The criteria were consistent with the spirit of the evaluation process for the first five task forces, namely, military value and capacity. The Services developed the installation inventory for each category and applied the Commission's criteria. These analyses were checked for consistency and reasonableness by the Commission.

## Phase II

The next phase was an evaluation of the potential for relocation of activities or units located on installations identified as potential closure or realignment candidates. The Commission's focus shifted from installations to the activities assigned to them. Suitable alternative locations had to be identified for each major activity or unit before proceeding with further consideration of closing an installation.

The first step was to identify all activities that needed to be relocated at each candidate installation (some activities could be eliminated as a result of a closure) and to develop options for their relocation based on specific Commission criteria. Activities with fewer than 50 civilian or 100 military personnel (the

threshold set by the Department of Defense for notification to the Congress) were identified but not analyzed for relocation. It was the Commission's view that sites for relocation of these smaller activities should be left to the discretion of the parent Services, but an estimate of the cost of relocating all activities was included in the Commission's cost-estimating model (see Appendix G).

In developing relocation options, potential receiving bases were listed in the order of their ability to enhance the mission of the activity being relocated, using designated mission-enhancement factors: consolidation of split functions; improvement in training, mobilization, and command and control; cost of operation; customer service; and improvement of quality of life.

Potential receiving bases for individual units or activities were not limited to a single category but could be chosen from any category as long as capacity to receive the activity was available or could be created by a simultaneous move.

The Commission selected the preferred relocation option for each activity based on mission enhancement. This best option was then checked for environmental or community support problems at the receiving base. The best relocation options for all activities to be relocated from a closed or realigned installation were then analyzed as a package, using the Commission's cost-estimating model. The model was used to determine the costs and savings for the package, which were then used in calculating the payback period--the time required to recoup the cost of the closure or realignment. The Commission followed the guideline in its charter in electing to use a maximum payback period of six years.

In determining the payback for a given installation, the Commission estimated costs and savings associated with the closure or realignment of the installation and the subsequent relocation of units and activities affected by the action. The cost of hazardous-waste cleanup was not included, since such cleanup is currently required by law regardless of the base-closure situation. Costs for social-impact programs such as food stamps, welfare, and unemployment compensation also were not included. The Commission believes these costs will be minimal. All calculations were adjusted to reflect a discount rate of ten percent and a three-percent inflation rate in order to account for differences in the timing of costs and savings. Military construction costs were estimated based on DoD standard construction costs for similar buildings. Consequently, the Commission's construction estimates should not be construed as a cap on these estimated costs.

The Commission valued property based on the estimated fair-market value of the land as raw or as undeveloped commercial, residential, or industrial property, as appropriate. Where it could be documented, the value of any existing improvement, such as a usable manufacturing plant, that would add significantly to the marketability of the property was included. This approach is based upon testimony and statements made in hearings during consideration of the Base Closure and Realignment Act, the practices prescribed by the Office of Management and Budget, and sound economic theory.

The Commission evaluated each potential closure or realignment in terms of environmental and socioeconomic considerations, including environmental mitigation at receiving bases and the

impact on local employment.

Throughout the process, the Commission investigated the possibilities for cross-Service realignments that would satisfy its military value, payback, environmental, and socioeconomic decision rules. The Commission also considered the impact on the Department's classified programs and warfighting capabilities.

Each step of the process was checked for completeness, reasonableness, and consistency by independent staff experts hired specifically for that purpose. The raw data were also sampled and tested for accuracy. The independent experts found the data to be reasonable, sound, and defensible.

The Military Services performed several important functions during the analysis. They collected raw data pertaining to the measures of physical attributes related to

installations. Each Service also provided the Commission with expert advice regarding current missions, development and evaluation of measures, and the levels of significance for physical attributes. With regard to those installations recommended for closure or realignment by the Commission, the Services identified activities to be relocated and nominated potential receiving bases for those activities, following Commission decision rules. They also provided cost-savings and real-estate data used in the Commission's model.

While the Commission depended heavily on the process described above, its final recommendations also reflect the individual judgments and deliberations of the Commissioners. There is no "magic formula" that will yield precise results. The process enabled the Commissioners to focus on the best opportunities; it did not replace subjective judgment.