

Appendix F

Areas of Commission Special Interest

Introduction

The 1993 Defense Base Closure and Realignment Commission expressed several concerns in the "Issues for Further Consideration" chapter of its report. The Commission shared its concerns about several issues on which they had gained valuable insights through review of the Defense Secretary's closure and realignment recommendations. DoD carefully examined the 1993 Commission's concerns and the following discussion provides the results of that review.

Interservicing

The 1993 Commission highlighted interservicing, depot capacity and private sector capability as areas within depot maintenance that deserved particular attention. The Commission suggested completion of an exhaustive review of depot maintenance for BRAC 95, and strongly supported a joint organization responsible for assigning workload to DoD's depots.

In 1993, the Secretary of Defense directed DoD to complete a comprehensive study of the depot maintenance management structure. The study, entitled "Integrated Management of Department of Defense Depot Maintenance Activities" considered several alternatives for managing depots. These alternatives included a Joint Depot Maintenance Command, a Defense Depot Maintenance Agency, an Executive Service and an empowered Defense Depot Maintenance Council (DDMC). Of its alternatives, the study recommended an empowered DDMC. The Deputy Secretary of Defense subsequently approved that recommendation.

In 1994, Congress directed the Secretary of Defense to establish a Joint Government/Industry task force to study depot maintenance. Based upon an in-depth study, the task force endorsed DDMC oversight for workloading and interservicing within maintenance depots as the preferred method for management of DoD depot maintenance.

DoD believes that a large central depot maintenance organization, separate and apart from the Services, and responsible for all of DoD's organic and contract depot maintenance is not the best way to provide timely support for the warfighters. The maintenance structure in each of the Services is designed to reinforce and back-up the intermediate and organizational levels of maintenance. The Services must have the authority and resources to maintain peak readiness of their weapon systems and flexibility to meet the rapidly changing conditions

inherent in war. Good maintenance is at the very heart of weapon systems' readiness. To effectively achieve this, it is necessary to leave the management of maintenance depots in the hands of the Services. DoD should only provide DoD policy making and oversight authority.

For BRAC 95, the Deputy Secretary of Defense established five functional Joint Cross-Service Groups to enhance opportunities for cross-servicing and multi-service use of the remaining infrastructure. One of these groups, the Joint Cross-Service Group for Depot Maintenance (JCSG-DM) was chaired by the Deputy Under Secretary of Defense (Logistics) and included senior logisticians from each of the Services, Defense Logistics Agency (DLA) and the Joint Staff. The group conducted an in-depth analysis on a commodity/site basis, DoD-wide. As a result, the group was able to provide alternatives for closure, realignment and consolidation to the Military Departments for further analysis and use in the development of their recommendations. The DDMC will analyze the remaining interservicing candidates to determine the feasibility of implementing them after the BRAC 95 process ends.

Depot Capacity

The Commission recognized that excess DoD depot capacity would remain even after BRAC 93 reductions. It, therefore, recommended a moratorium on further depot construction until after the Secretary's Bottom-Up Review had determined capacity requirements.

DoD requires that each budget request for a depot maintenance construction project be fully considered for interservicing alternatives by the Joint Military Construction Review Board. This review prevents duplication of facilities within DoD Components. Since 1993, most of the military construction in the DoD maintenance depots has been environmental or necessary to implement BRAC 93 requirements.

Therefore, a moratorium would only have prevented necessary construction for environmental projects or projects to implement BRAC 93 recommendations. Our military construction in this area has not exacerbated the Department's over capacity in the depot maintenance area.

Private Sector Capability

The Commission also felt that the BRAC 93 recommendations did not address private sector capability.

In the memorandum issued by the Deputy Under Secretary of Defense (Logistics) on November 15, 1993, DoD established a definitive policy for maintaining only its "core" capabilities. For BRAC 95 analysis purposes, the Joint Cross-Service Group for Depot Maintenance directed the Military Departments to "size to core." Only core capabilities

should be maintained within the organic Defense depots to meet the readiness and sustainability requirements of weapon systems that support contingency scenarios directed by the Joint Chiefs of Staff and to minimize operational risks and guarantee required readiness. Core depot maintenance capabilities will comprise only the minimum facilities, equipment and skilled personnel necessary to ensure a ready and controlled source of required technical competence.

The remaining "above core" depot maintenance workloads will then be available for performance in the private sector. Within this policy, not all mission essential weapon systems, equipment or components would be maintained in DoD depots. When a Service Secretary determines that a sufficiently assured source of repair exists in the private sector to negate specific weapon system-related risk, that weapon system may be maintained by private industry. This policy also provided the methodology to size to core the Department's workload.

By downsizing DoD's in-house maintenance capability to the minimum necessary, operational requirements may be met in the most cost effective manner through a mix of public and private industrial support.

Implementation of the Commission's Recommendations

The Commission reported that despite DoD assistance, environmental study and cleanup requirements have resulted in a slowdown in the disposal process, causing delays in reuse. The Commission also endorsed recommendations received from affected communities and some reuse groups that would establish a "reuse czar" to oversee property disposal and establish a "community friendly" disposal process. The Commission also suggested that the Army and Navy replicate the Air Force's Base Conversion Agency to facilitate and expedite disposal.

The Department has thoroughly revamped the way it disposes of its base closure property and the way it works with communities to foster economic conversion and reuse. The entire process, with all its changes, is outlined in Chapter Six of this report.

Leases

The Commission found that DoD spends a significant amount of operation and maintenance funds on leased space. Since downsizing should create excess capacity to eliminate much of this dependence, the Commission suggested that a separate category for leased facilities be established for BRAC 95. The Commission also found that DoD appeared to be paying premium rates to GSA for space that could be leased commercially in like areas at lower rates.

While DoD did not preclude establishing a leased space category, it could not mandate establishing one. Instead, DoD gave the Services and Agencies the latitude to categorize their activities in any way they deem appropriate. Without exception, each Service and the DLA established categories based upon mission. This is the only way that total excess capacity could be evaluated. DoD has, however, strived to consolidate onto government-owned space wherever possible. Each of the Services and the DLA have initiatives to relocate and consolidate their activities from leased space. However, it is important to evaluate the full cost of government ownership, including maintenance and repair, in any comparison with leased space options.

Defense Finance and Accounting Service

DoD has been planning for several years to consolidate nearly 300 Defense Finance and Accounting Service (DFAS) offices. In 1993, DoD invited communities to submit proposals to become consolidated DFAS facility locations. The primary criterion used, in the nationwide site selection process called the Opportunity for Economic Growth (OEG), was the extent to which local communities were willing to subsidize the cost of DFAS facilities and operations, thereby resulting in savings to DoD.

Prior to the release of his 1993 BRAC Report, the Secretary of Defense rejected the DFAS site selection process because he was not convinced that it was sound public policy. The OEG was viewed as an auction for public service jobs that did not consider important criteria, such as the disruption of service that could result from transferring DFAS facilities. Many viewed the process as an unfair effort to place the cost burden of providing for a strong national defense on local communities rather than sharing the costs across the nation. This was fundamentally inconsistent with the President's community reinvestment initiatives.

While the 1993 Commission accepted this decision, it recommended the Secretary of Defense consider the significant investment of time and resources that the top 20 contenders made in submitting proposals to become DFAS center locations.

As a result of the 1993 Commission's recommendation, a new DFAS site selection process began. The new process was based on cost to the government, maintenance of customer service, use of defense assets made redundant by the end of the Cold War, and a good labor supply. The review process began with a full consideration of the 20 communities that were under consideration during the final phase of the previous process.

On May 3, 1994, DoD announced the results of the DFAS consolidation site selection process. Twenty-five locations, including several that were considered during the previous process, were selected.

Medical Treatment Facilities

The 1993 Commission's Report recommended the Department of Defense improve health care operations and cost effectiveness, ensure that accessible health care is available to remaining beneficiaries at closure and realignment sites, take an active role in identifying medical facility consolidations or closures, and continue pursuing formalized sharing agreements with the Veterans Administration (VA) and private sector hospitals. The Commission made five specific recommendations: (1) consolidate resources across Military Departments and specified geographic areas; (2) close military treatment facilities that are not cost-effective; (3) move assets across Military Departments and into other Service facilities to increase capabilities; (4) create health care programs that operate on a competitive basis, and (5) upgrade substandard facilities that are still required.

In response to dynamic changes in health care delivery, DoD developed a comprehensive managed care program called TRICARE. TRICARE is a regional managed care program that brings together the health care delivery systems of the military services, as well as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The program is designed to improve beneficiary access, assure affordable and high quality care, provide choice and contain overall DoD costs.

Twelve TRICARE regions are identified across the United States. Each is administered by a Lead Agent responsible for planning and coordinating the regional delivery of health care in that area. Individual medical commanders retain complete command and control of their health care programs, and with assistance from the Lead Agent, can refer patients to other DoD and designated specialty referral centers. Lead Agents also oversee regional contracts with civilian managed care companies.

The Department's actions to lessen any adverse medical impact at base realignment and closure sites include transition health care programs, managed care initiatives, retail pharmacy networks and meetings with beneficiaries. A retail pharmacy benefit is also included at each location where a provider network is developed. This program for CHAMPUS-eligible personnel will also be available to military Medicare-eligible beneficiaries residing within former BRAC catchment areas, when no other military medical pharmacy is present.

In addition, the Department has begun to test a mail-order pharmacy service in several states. As with the retail pharmacy benefit program, the mail-order pharmacy demonstration is also available to Medicare-eligible beneficiaries residing within former BRAC catchment areas, when no other military medical pharmacy is present.

DoD already shares thousands of services with the VA and has entered into numerous joint ventures. DoD is pursuing new opportunities with the VA while taking a sound management approach to furthering the VA/DoD Health Care Resources Sharing Program as the Military Health Services System (MHSS) moves into the TRICARE managed care arena. Individual sharing agreements are part of each of the comprehensive regional plans. Guidelines to military facility commanders will encourage the military services to evaluate the possibility and feasibility of using Federal capabilities, where and when it is mutually cost effective. Additionally, the Departments are in the process of signing a Memorandum of Understanding, implementing legislation that allows VA to establish a contractual health care provider relationship with DoD Managed Care contractors.

The Deputy Secretary's BRAC guidance memorandum of January 7, 1994, provided the authority for establishment of the Joint Cross-Service Group for Military Treatment Facilities (MTFs) and Graduate Medical Education (GME). The MTF and GME group developed criteria, data sources, and measurements consistent with the BRAC criteria. Through quantitative and qualitative analysis, DoD identified closure and consolidation alternatives for Service consideration. The alternatives would reduce excess capacity in the MHSS while ensuring required infrastructure for wartime missions. The Services evaluated the alternatives in consonance with their overall basing studies and analyses. The Assistant Secretary of Defense (Health Affairs) and the Services are also pursuing physical plant efficiencies through the DoD Planning, Programming, and Budgeting System process.

DoD has moved conscientiously toward bringing the Military Department's healthcare facilities into compliance with governing life and fire safety codes to ensure that appropriate, quality health care delivery is achieved in a safe and efficient setting. Revitalizing the physical plant resources supporting our health care delivery system is paramount in providing necessary, cost-effective, care to eligible beneficiaries while supporting the medical readiness mission.

Cumulative Economic Impact

The 1993 Commission made two key recommendations regarding cumulative economic impact. First, the Commission recommended that "the Secretary of Defense make clear that cumulative economic impact alone is an insufficient cause for removing a base with inadequate military value from consideration for closure or realignment. Economic impact should be given weight only when analyzing candidate bases with comparable, sufficient military value." Guidance issued by the Joint Cross-Service Group on Economic Impact specifically addressed this issue by directing DoD components to consider cumulative economic impact as part of the economic impact criterion and within the context of all eight final selection criteria. Second, the Commission recommended "clarifying and standardizing

geographic areas of measurement." The Joint Cross-Service Group on Economic Impact addressed this concern by establishing clearly defined rules for assigning installations to BRAC economic areas.

U.S. Army Corps of Engineers

Concerned that sufficient emphasis was not being placed on the Corps of Engineers reorganization, the Commission encouraged the Secretary of Defense to promptly approve a reorganization plan so that significant savings could be realized and unnecessary facilities closed.

In November 1993, President Clinton directed the Secretary of Defense to develop a new reorganization plan. The Secretary of the Army began this process with assistance from the Acting Assistant Secretary of the Army for Civil Works. To that end, the Secretary of the Army approved a new Civil Works Roles Matrix for the Corps of Engineers in October 1994. Several task forces are currently refining the details for implementing new roles for various office levels within the Corps of Engineers. At this time, planning is proceeding under the assumption that no division or district offices will close.

Classified Programs

The 1993 Commission was concerned that several bases recommended for closure in 1991 and 1993 conducted classified missions. While the Commission recognized that the merits of these programs were not issues for its cognizance, it felt that it was important to keep an audit trail of discussions conducted during the recommendation process and that the appropriate agencies and the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)) participate in the process.

It was important to DoD's BRAC 95 process to assess classified missions. In particular, the Test and Evaluation Joint Cross-Service Group reviewed facilities in their area of consideration and the Services' processes also took these kinds of programs into account. Additionally, a representative of the ASD (C3I) participated in BRAC 95 Steering Group meetings and the ASD(C3I) personally provided his formal coordination of the Military Department and Defense Agency recommendations before the Secretary of Defense approved them.

Measures of Merit

The Commission suggested that, overall, DoD tended to measure results rather than capacity. Specifically, they stated that facility capacity would be a better representation of assessing overall excess capacity within the DoD Depot system. The Commission suggested

that DoD use facility cost of performance or a similar measure because that would be more reflective of merit or productivity. The Commission said there were several instances of data errors submitted to the Commission and that to preclude this, base commanders and field respondents providing raw data and information to higher headquarters should be allowed to review the overall input in its final format before it is sent to the Commission.

In regard to measures of merit in the depot area, capacity was the most significant factor in the Department's analysis. Moreover, the Commission's suggestion that DoD use the cost of performance was not feasible because, in the depot area in particular, the diversity of work performed precluded this kind of comparison between most facilities. Cost accounting practices of the Military Departments were too diverse to make meaningful comparisons at the commodity level without further leveling. Therefore, the JCSG-DM depended on Military Department COBRA analysis as a cost feasibility test for the JCSG-DM developed alternatives.

Finally, in regard to data errors, DoD's certification process coupled with Military Department, DoD Inspector General and General Accounting Office auditors provides the process with a system that far exceeds any others in regard to the number of people responsible for checking data accuracy. Adding additional requirements for data accuracy would not provide additional accuracy and would only serve to slow the process.

Community Preference Consideration

The Commission highlighted the importance of following the Base Closure Act's requirement to give special consideration to any community's request to close or realign a facility. The Commission cited the case of the Borough of Marcus Hook, Pennsylvania. The residents of Marcus Hook petitioned the Army in both BRAC 91 and BRAC 93 to close a reserve center located in their community, to no avail. The Commission urged the Department to negotiate in good faith to transfer the Marcus Hook reserve center activities to the Philadelphia Navy Yard.

DoD, in fact, does place a strong emphasis on community preference requests for closures or realignments. However, in this instance, relocating this reserve center would not be cost effective. The most recent study conducted by the Army at the request of Congress, surveyed potential sites to re-station Detachment 1, 949th Transportation Company (Float Craft), currently located in Marcus Hook. The study encompassed eleven sites within a 100-mile radius of Marcus Hook, including two sites at the Philadelphia Naval Shipyard. Once again, the Marcus Hook location was found to be the most cost effective.

Environmental Cleanup Cost

The Commission stated that new laws require accelerated cleanup at closing bases. They also stated that there is a potential requirement for a level of environmental restoration at closing bases exceeding that which would be necessary if the bases were to remain open. The Commission cited these factors in requesting the Secretary of Defense to consider incremental environmental restoration costs in his recommendations to the 1995 Commission.

In BRAC 95, DoD considered environmental restoration consistent with prior rounds. That is, since the Department is legally bound to restore this property, it is not a factor in deciding to select any installation for closure or realignment.

Unexploded Ordnance at Fort Monroe, Virginia

The Commission expressed concern that unexploded ordnance impeded the closure of Fort Monroe as well as other Army facilities. Since 1993, the Army has conducted a comprehensive investigation of the extent and level of threat due to unexploded ordnance at Fort Monroe. New technology has provided significantly greater accuracy in locating and identifying subsurface objects that were previously considered to be potential unexploded ordnance. Using this new technology, the Army thoroughly surveyed 283 acres of Fort Monroe to locate and identify all potential hazards. The survey included the excavation of a sample of potential unexploded ordnance sites identified for further detailed examination. The sample resulted in the Army finding 581 "anomalies" which could be potential unexploded ordnance. These were selected for excavation and further investigation; seven anomalies were confirmed as unexploded ordnance -- all were cannon balls and none were live unexploded ordnance. Extrapolating data, the probable number of unexploded ordnance on Fort Monroe is 1,309. The Army has determined that the likelihood of encountering unexploded ordnance is minimal; hence, there is a minimal risk to the public health and environment if identified sites are left undisturbed by intrusive excavation activities associated with construction or land development. Hence, the reuse of Fort Monroe would be limited, should it be recommended for closure, given the estimated cost to safely remove all hazards to a ten foot depth is approximately \$20 million.

Rightsizing DoD - Service Initiatives

The Commission noted that initiatives of the individual Services to independently close, realign or transfer facilities that do not break the threshold of the Defense Base Closure and Realignment Act were proceeding and successful. The Commission applauded these efforts and charged the Secretary of Defense to continue to encourage the Services in their ongoing efforts in this area. The Department agrees completely and will strive to maintain only that infrastructure necessary for our defense.