

Congress of the United States

Washington, DC 20510

March 26, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As outlined in Public Law 107-107 and included in the Draft Selection Criteria published in the Federal Register, the Department of Defense will include a consideration of the extent and timing of potential costs and savings associated with base closure or realignment. Policy Memorandum One - Transformation through Base Realignment and Closure (BRAC 2005) by the Under Secretary of Defense for Acquisition, Technology and Logistics specifies that cost analysis will be performed using an upgraded version of the Cost of Base Realignment Actions (COBRA) model. This model has been used in all previous BRAC rounds.

During the 1995 BRAC round, DoD modified over 40% of the COBRA analysis after the initial results were provided to the BRAC commission. The commission reported that "in general, the department had under-estimated the costs of executing realignment or closure actions and overestimated their projected savings."

It is imperative that the COBRA analysis performed for the 2005 BRAC round accurately reflect the true costs and savings. The COBRA evaluation must include the costs associated with the transfer of all positions needed to accomplish the workload, not only the direct workload. The analysis must also include an evaluation of the projected rates at the receiving base to account for the availability of the necessary facilities, the access to experienced, trained employees and the complexity of the work being realigned. Additionally, it is not sufficient to use a standard facility shutdown factor, since there are higher costs associated with the closure of a heavy industrial facility with many buildings on the National Register of Historical Places.

To support our further understanding of the BRAC cost analysis, we request the following information:

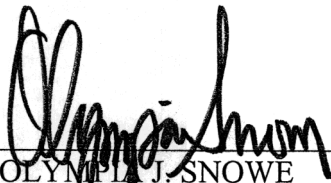
Model Upgrades. To support BRAC 2005 analysis the Army is tasked with upgrading the current COBRA model. Some upgrades are necessary to reflect changes to DoD policy, such as the change in reimbursement for off-base housing from Basic Allowance for Quarters and Variable Housing Allowance (BAQ/VHA) to Basic Allowance for Housing (BAH). Other upgrades may be desired to improve the fidelity of the model and more accurately capture the costs associated with realignment or closure. We request an

overview of all planned upgrades to the model, including changes to the model inputs and processing.

- Model Inputs. The COBRA model requires inputs of joint standard factors, service standard factors, base-specific factors, and scenario-specific factors. We request a complete list of all model input factors, along with a brief description and a designation of what type of factor the input parameter is. Additionally, we request a brief description of how each model input factor is developed and validated.
- Unique Base Determination. The COBRA model includes the capability to designate a base as "unique". For a base that is designated as unique, COBRA by-passes the standard computations for a variety of costs and uses direct costs as provided by the operator. Some of the standard computations which are by-passed by a unique designation include packing/unpacking costs, freight shipping costs, vehicle shipping costs, program planning costs, mothball costs, and caretaker costs. We request an explanation of how it is determined whether a base is designated as unique and how unique costs are determined and validated.

Thank you for your attention to this matter.


Sincerely,

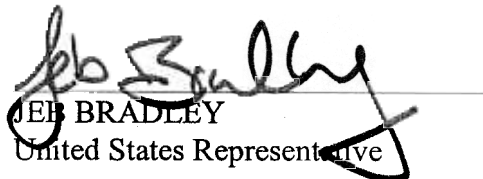

OLYMPIA J. SNOWE
United States Senator

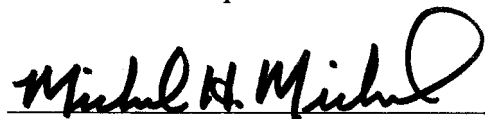

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