Armed Forces Journal
INTERNATIONAL

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INTERNATIONAL
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SEPTEMBER 2002 Industry & Technology

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Base Closure Alternative

Turning "Excess" Military Installations Into Broad Revenue Streams

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There are no quick fixes for the current Pentagon budget shortfall. However, one thing is certain-another round of base closures will most certainly exacerbate the money woes of the Department of Defense, delay environmental remediation efforts, and deny future generations the readiness benefits these installations have to offer.

Moreover, shutting down bases will deprive the armed forces of valuable, revenue-generating assets. If managed properly, they could be leveraged into a perpetual income stream for base commanders struggling to address the maintenance backlogs on their facilities with ever-diminishing resources.

This, at least, is the conclusion of a number of studies conducted over the past several years by PricewaterhouseCoopers (PwC), the US Army Cost and Economic Analysis Center, the General Accounting Office (GAO), the US Army Audit Agency (AAA), and the Pacific Northwest National Laboratory (PNNL). Each has closely examined the innovative facilities-management approach adopted by the Army's Operations Support Command (OSC) toward its 16 Government-owned, Contractor-operated (GOCO) ammunition plants, and pronounced it both sound and effective economic policy.

Enacted into law by Congress in 1992, the Armament Retooling and Manufacturing Support (ARMS) Initiative (P.L. 102-484) brings commercial businesses onto Army facilities, where their lease payments, purchases of services, and paid use of government utilities help to offset the cost of facility ownership. Under this plan, revenue generated through the private sector, not the taxpayer, is used to pay for the overhead of government installations.

ASSETS, NOT LIABILITIES

Since its creation, ARMS has brought more than 191 business tenants onto government ammunition plants, resulting in over $40.8 million in annual savings to the Army and a cumulative return, to date, of some $236 million. Army projections are for these savings to continue to accrue indefinitely.

What is needed is for the Secretary of Defense and his planning staff to recognize that US military installations are assets, not liabilities, with a value and a utility that in many cases transcends their original purposes. Of the 519 domestic military installations, the Secretary believes that approximately 25 percent are no longer needed by the military.

Instead of rushing to dispose of these so-called excess properties, the Department could be putting them to work, and in the process generate the revenue desperately needed for the recapitalization of military real estate. Doing this could save American taxpayers the tens-of-billions of dollars that otherwise would be lost if unwanted defense assets are simply consigned to the wrecker's ball or transferred to local reuse authorities.

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