

tal permits that would be unobtainable if sought today. As the Navy has learned from its experience on Vieques, Puerto Rico; Kahoolawe, Hawaii; the Air Force in the Philippines and Okinawa; and the Army at the National Training Center, Calif., military land is a precious commodity that is not easily replaced. The nation's security could well depend on its timely availability in peace and war.

What is often overlooked is that the value of military land can be significantly enhanced through the preservation of a skilled workforce, the establishment of business development centers and extension services, the creation of foreign export processing zones, the operation of high-technology incubators, and partnering with local academic institutions to provide opportunities for continuing education.

Moreover, the ARMS model can be supplemented by a host of arrangements, already authorized in law, to boost commercial opportunity and command flexibility. These include such mechanisms as: CRADAs, leases authorized under 10 U.S.C. 2667, enhanced leases, and joint ventures.

The success of ARMS rests largely on its ability to stimulate private sector investment on the government facilities

where it operates. Banks are willing to extend financing to companies based upon their overall credit worthiness, promised access to government plant and capital equipment, and in some cases, the backing of an ARMS loan guarantee, which can run to 85 percent of the borrowed amount.

So far, the ARMS model has been extensively tested at 10 Army ammunition plants. Of these, six have achieved full self-sufficiency, operating at no cost to the Federal Government and generating revenue in excess of their overhead expenses. This is the first time in modern U.S. history that Department of Defense facilities have operated effectively off-budget.

In addition to six reviews conducted by PwC, the results of the ARMS program have been amply documented in numerous independent evaluations by the Army Audit Agency (AAA), the U.S. General Accounting Office (GAO), Pacific National Northwest Laboratory (PNNL), the U.S. Army Cost and Economic Analysis Center, and the defense committees of Congress.

What ARMS continues to demonstrate is that with a little imagination and a clear commitment from the Pentagon leadership to realize the full commercial potential of its installations, many

can serve once again as bastions of military readiness while providing local communities and the nation with new opportunities for economic growth and renewal. Stated another PwC ARMS evaluation:

What is needed now is for the Department of Defense to embrace the full range of public-private partnership strategies to make military infrastructure not just affordable, but profitable as well.

Our analysis concludes that the ARMS Initiative, if applied correctly on a long-term basis, could reduce the excessive costs of defense downsizing faced by the government in the wake of a reduced threat to national security. Remediation expenditures could be planned and budgeted to achieve a far less negative impact on the DoD's annual budget. Streams of tenant revenue could be more effectively managed if ARMS continued operation ... At a minimum, renewal of the program's mandate and increased funding will guarantee nothing less than a continuance of the remarkable momentum established by ARMS in its historic infancy, with confidence in its ability to deliver future benefits to all of its stakeholders.

Editor's Note: The author welcomes questions or comments on this article. Contact him at fishnet@pipeline.com.

WYNNE ANNOUNCES AT&L ORGANIZATIONAL CHANGES

In a Sept. 18 memorandum to OUSD(AT&L) Principal Staff Assistants and the Director, Defense Threat Reduction Agency, Michael Wynne, Principal Deputy Under Secretary of Defense (AT&L) announced the following senior leadership changes:

- Deidre Lee, formerly the Director, Defense Procurement, is now assigned as the Director, Defense Procurement and Acquisition Policy.
- Donna Richbourg, formerly the Director, Acquisition Initiatives, is now assigned as Principal Deputy to the Director, Defense Procurement and Acquisition Policy. She is also dual-hatted as the Director for Acquisition Workforce Management and Training.