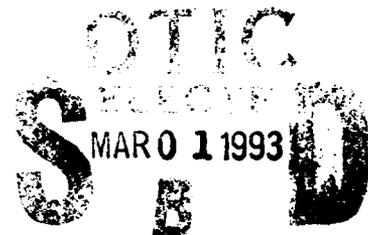


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NAVAL POSTGRADUATE SCHOOL Monterey, California

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THESIS

**THE UNITED STATES GOVERNMENT WITHDRAWAL
AND SUBSEQUENT CLOSURE OF THE UNITED STATES
NAVAL COMPLEX AT SUBIC BAY, REPUBLIC OF THE
PHILIPPINES:
A MANAGEMENT CASE STUDY**

by

LT Larry J. Steckler, USN

December, 1992

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Professor Kenneth Euske
Professor Sterling Sessions

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OF THE UNITED STATES NAVAL COMPLEX AT SUBIC BAY, REPUBLIC OF THE
PHILIPPINES:
A MANAGEMENT CASE STUDY**

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Submitted in partial fulfillment
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ABSTRACT

There are numerous examples of corporate and public management case studies in use at various institutions of higher learning. Few military specific examples of published case studies are available from which to compare and contrast management principles used in the United States Navy to those employed in the corporate and public sectors. This thesis uses data from the recently completed withdrawal and closure of the United States Naval Complex at Subic Bay, Republic of the Philippines, to develop a Navy example of a management case study for use at the graduate teaching level. The focus of the case is to illustrate the issues in the development and operation of a large scale control system that has limited life and purpose. Specifically, the case focuses on events occurring from late calendar year 1991 through the beginning of calendar year 1992 and demonstrates the evolution of management controls by the Commander-in-Chief United States Pacific Fleet to implement strategies for the eventual closure of the Subic Bay Naval Complex.

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I. INTRODUCTION

This thesis discusses the issues faced by the Commander-in-Chief U.S. Pacific Fleet (CINCPACFLT) staff in the Subic/Cubi base closure process from the middle of calendar year 1991 through the beginning of calendar year 1992, and attempts to capture the strategic planning process used to support the closure process. In this chapter, I provide an overview of some of the forces and identify several key players which had significant impact on the development of CINCPACFLT's withdrawal plan. In the second chapter, I provide summaries of key interviews the researcher conducted in gathering data to support analysis of the closure process. In the third chapter, I provide a teaching note which identifies a format which could be used by an instructor to facilitate a management case constructed from analysis of the base closure process. Lastly, in the final chapter, I will provide a management case study which attempts to identify a vision and extrapolate strategy used to develop supporting management control systems to conduct the withdrawal and close the bases.

Many external forces affected the CINCPACFLT staff's decision making process from above, (e.g., Chief of Naval Operations (CNO)/United States Commander in Chief Pacific (USCINCPAC)), and below (e.g., Commander United States Naval

Forces Philippines (COMUSNAVPHIL staff)), the chain of command. A brief description of the relationships and responsibilities among the individual staffs is provided below.

The senior officer on site in the Philippines, Rear Admiral (RADM) Mercer, wore three hats in administering U.S. interests at Subic Bay and Cubi Point: Commander United States Navy Forces Philippines, Commander United States Facility Subic, and United States Commander in Chief Representative Philippines. In the first two roles RADM Mercer had reporting responsibilities to the Commander in Chief United States Pacific Fleet (CINCPACFLT). Consequently, the CINCPACFLT staff worked very closely with RADM Mercer's staff in coordinating and working various Philippine and Western Pacific issues.

Admiral Kelly as CINCPACFLT was responsible for developing and implementing the withdrawal and closure plans for Subic Bay and Cubi Point. Operationally, CINCPACFLT and his staff had to satisfy USCINCPAC objectives to implement closure plans within prescribed laws and treaties. Administratively, CINCPACFLT reported to the CNO to ensure needs of the Navy infrastructure were satisfied in this massive withdrawal effort. The overall plan was briefed up the chain of command to USCINCPAC and the Secretary of Defense, who approved the plans for execution in February 1992.

II. FACTUAL DATABASE

A. RESEARCH INTERVIEW SUMMARIES

The majority of the interviews were conducted face to face during the month of June 1992. Officers were selected for the interview process because of their expertise with Philippine issues and/or because of the nature of their involvement with the Philippine Working Group (PWG). Additional and follow-up interviews were completed from July through December 1992. The interview summaries which follow were condensed from recorded tape and are written in first person form. Not all of the interviews resulted in written interview summaries. A number of the interviews provided background information for the researcher and were not summarized. Most of the factual text was written using the words of the interviewees. A complete listing of persons interviewed is provided as Appendix A. The sample questionnaire used to collect interview information is included as Appendix B.

- 1. Interviews with CAPT E. Fessler, Negotiation Representative to CINCPACREP PHIL, Jul 86 - Jun 90; Presently Commanding Officer Naval Investigative Service Area Command Pacific**

In the late 1980's the United States government tried very aggressively to re-negotiate the United States - Republic

of the Philippines Military Bases Agreement of 1947 (MBA). However, the outcome of a successful treaty negotiation was in doubt as evidenced by the extensive negative press the negotiations and base issues received in the local media from 1986 onward. In March 1989, DOD began seriously considering the distinct possibility of a full or partial closure of United States facilities in the Philippines.

By Joint Chiefs of staff (JCS) direction, a secret level joint committee was formed by USCINCPACREP Philippines to develop a closure plan for the possible closure of the United States facilities at Clark Air Base, the Naval complex at Subic Bay and Cubi Point, the government housing facilities at San Miguel and the communications station at Santa Rita. This plan became known as the Facilities Closure Plan (FCP) and served as the principal basis for withdrawal plans which were actually implemented.

There was a one year time-phased period for completion of the closure process built in as a basic assumption in the plan to satisfy a worst case scenario should the Philippine government demand complete withdrawal. Of primary concern in FCP planning was the deteriorating security environment in the Philippines which was no longer considered supportive of U.S. interests and forces. There were pressures from political terrorist activities as well as intrusions to facility security by individuals in search of illegal economic gain. Previous experience in the turnover of U.S. facilities to the

Government of the Philippines (i.e., Clark Air Force Base following the Mount Pinatubo eruption and Sangley Point in Manila Harbor (circa 1968-69)) demonstrated the need to maintain strong incentives to ensure adequate security policies and procedures be kept in place during the turnover process. Logistics planning was another area studied in great depth within the formulation stages of the FCP. Considerable effort was expended to determine if there were assets available to support removal of U.S. property, as defined in the 1988 amendment to the MBA, out of the Philippines. A basic assumption was made that most "removable" property would be moved. There was effort expended to make detailed lists of both removable and non-removable property to get a handle on the magnitude of future effort which might be required.

The planning effort was complicated by the political sensitivity and classification of the process, but nevertheless went forward aggressively. Navy planners engaged in the FCP process strongly suspected their efforts would eventually result in some lesser degree of U.S. presence in the Philippines.

2. Interviews with MAJ Craig Huddleston, Plans and Policy Assistant for Marine Corp Matters/Southeast Asia Plans Officer/Lead Member of the Philippine Working Group During the Planning Phase

My primary responsibilities were to develop the current version of the Philippine withdrawal plan now being implemented using baseline documents, such as the Facilities Closure Plan (FCP), and other CINCPACFLT staff inputs from many different action officer codes. Development of the withdrawal plan was predicated upon actions by the Philippine government in determining whether the Basing Agreement would be ratified by the Philippine Senate. Upon rejection of the renegotiated Basing Agreement by the GOP, we began looking in great detail at the various withdrawal options in removing our forces. The Philippine government did not initially mandate the withdrawal be accomplished in one year. We looked at various options for developing the timeline from six months out to three years. President Aquino basically made the decision for us on 27 December 1991 by canceling the military bases agreement after the Philippine Senate rejected the negotiated proposal before it for ratification. The rejection by the Senate automatically implemented a one year time limit for drawdown and withdrawal.

A key issue for us was that the preliminary planning was accomplished under an umbrella of secrecy so as not to

influence the Philippine Government during the basing-rights negotiations. This umbrella of secrecy was detrimental to the planning process and created much confusion during early formulation of the current plan. Many areas of expertise captured at the subordinate (implementation) level could not be brought to bear on the planning process for fear of giving away perceived vital information in the government negotiations.

Another issue was trying to determine what type of withdrawal was to be conducted (partial or full). If a full withdrawal was required much of the property at Subic/Cubi was infrastructure and would be difficult to move. Many of the people, and positions they filled, were evaluated non-essential if the U.S. military left the Philippines. Necessary or vital positions could be moved to other U.S. interests in the Western Pacific. During the planning phase in the summer of 1991 we discovered we could do away with 4100 personnel billets with little impact on readiness. These billet reductions fit nicely into the Pacific Fleet's downsizing program for reducing the overall force structure in the Pacific. Hence, the withdrawal, as it became known, was actually a partial withdrawal in that U.S. interests such as people, ammunition, and some equipment would be removed, but certain infrastructures were to be left behind and closed (such as the naval magazine and the ship repair facility).

The staffing of the withdrawal and closure issues were generally accomplished through the Philippine Working Group (PWG) established internally within the Commander-in-Chief U.S. Pacific Fleet (CINCPACFLT) staff. There were other members of the staff who did impact the process but were not members of the PWG. The PWG had been established prior to the Mount Pinatubo evacuations when it became evident that continued presence of U.S. forces might not be feasible under current international agreements. The PWG was a management mechanism utilized by senior staff officers to work Philippine issues in early 1991.

As mentioned earlier, December 1991 marked the Government of the Philippines (GOP) cancellation of the treaty for basing U.S. forces on Philippine soil. CINCPACFLT immediately requested Chief of Naval Operations (CNO)/United States Commander-in-Chief Pacific (USCINCPAC) approval to implement the closure and withdrawal plan as currently planned for the Naval Base at Subic Bay. The initial approved date to complete the process was 16 December 1992, however, the latest revised estimates approved are for closure completion by 24 November 1992. January 1992 marked the shift from the planning phase to the execution phase of the withdrawal plan. The shift to the execution phase saw the administration and management of the plan provisions shift to RADM Holian, Deputy Chief of Staff for Resources and Logistics for CINCPACFLT. CDR D. Matthews (comptroller representative) assumed PWG chair

responsibilities for RADM Holian's organization. RADM Holian could have chosen any number of capable persons within the staff to assume PWG chair responsibilities. Speculation as to why a comptroller representative was chosen centers on the perceived need for a capable respected officer, who could cover all the bases for drawdown execution, and present a competent case for a near certain GAO audit which is projected to follow upon completion of the withdrawal process.

3. Interviews with CDR Danny Matthews, Operational Systems Development Branch for the Pacific Fleet Comptroller/Lead Member of the Philippine Working Group During Evolution Execution

My involvement in the Philippine withdrawal process was to act as the coordinator for the Philippine Working Group (PWG) during the implementation phase of the withdrawal and closure process. As such, I coordinated information flows and was considered the resident expert. Additionally, I was responsible to the chain of command to ensure the staff and the PWG carried out directions from higher authority in the formulation and execution of the Philippine withdrawal and facility closure plans. I got the job because I was a competent available body (my billet was excess to the fleet comptroller) and could chair the PWG for the withdrawal evolution through to its completion.

The management strategy to conduct this evolution was developed through a manpower intensive planning and coordination process between PWG members and members of RADM Mercer's staff in the Philippines. The strategy culminated in the development of a comprehensive plan for the withdrawal that included mechanisms for removing U.S. personnel, disestablishing or moving individual commands, moving U.S. property (including ammunition) out of the Philippines, reducing the number of foreign national employees through a reduction in force program (RIF), disposing of excess property through appropriate channels, and turning over selected equipment to the Philippine government as provided for through international agreement and U.S. law.

A contingency withdrawal plan had been developed in the late 1980's and was completed in 1990. This plan was known as the Facilities Closure Plan (FCP) and provided the PWG a good foundation from which to start development of the current withdrawal plan. Missing links in the FCP included timeliness and specifics about how personnel and command issues would be handled. The primary effort in developing the FCP was documenting what equipment was in the Philippines, and what would be reasonable cost estimates to remove the equipment. As it turned out, the FCP significantly overstated the withdrawal costs probably because other mechanisms for disposing of equipment which are being used were not initially considered. Much of the documented equipment will be sold in

the Philippines through DRMO Subic Bay or turned over to the Armed Forces of the Philippines under section 519 of the Foreign Assistance Act. The FCP was a good place to start in planning for the implementation of base withdrawal and closure.

Once the withdrawal and closure plan had been approved for execution, I (as PWG coordinator) became the timeline manager by continuously reviewing current and future issues to determine if we were meeting our goals. The situation reporting system (SITREPS) via the Navy message system was used to track events and extraordinary items and issues. The SITREPS flowed up the chain of command from COMUSNAVPHIL staff to CINCPACFLT. CINCPACFLT made official status reports to higher authority reflecting relevant statistics and plan status. SITREPS received from COMUSNAVPHIL were addressed or routed to appropriate commands and/or staff codes for action and information.

The PWG was one of several management mechanisms which was relied on from time to time to make short fused command recommendations and decisions. When an emergent issue required attention, a PWG issues meeting was called where cognizant staff members would be available at one place at one time to hear the issues, work the problems, make recommendations and/or decisions. However, after the withdrawal process procedures were implemented and sustained, most new or evolving issues were generally handled in a

routine staff environment where the Assistant Chiefs of Staff (ACOS's) worked individual issues by distilling them to the appropriate action officer experts for staffing. A Philippine Withdrawal Coordination Group (PWCG) made up of seven members from the PWG and chaired by me, acted as the steering group for channeling various issues to the appropriate staff management mechanisms for action. This group was also used to provide flag officer decision support when immediate issues and questions required nearly immediate responses.

Approximately every two weeks an update brief was given by PWG members to ADM Kelly (CINCPACFLT), DCOS's, ACOS's and interested parties on the staff to bring everybody up to speed on the big picture on drawdown proceedings. The brief proved to be a valuable feedback mechanism from which top management could provide direct feedback on upper management perceptions to individuals or group representatives in attendance.

There were occasional disconnects between the staffs (FLEET versus NAVPHIL), mainly because the people closest to the issues were in the Philippines and they tried to accomplish movements of people and equipment more quickly than the plan allowed. This created coordination problems, but ways were found to address these problems, mainly by providing NAVPHIL any and all support needed in their execution of the withdrawal plan.

A coordinated lessons learned package is being developed and stored for future reference. Overall, I'm very pleased with the progress of the withdrawal and look forward to a favorable completion of the process ahead of the initially approved schedule. There is concerted effort to ensure the U.S. military leaves the Philippines under a favorable light. The region is still strategically important to our interests in the Pacific.

4. Interview with: LTCOL J. Hudack, Fleet Logistics Program/FMF Liaison; CDR T. Luzinski, Security Assistance/FMS Plans

This office became heavily involved in planning for the withdrawal process in November of 1991. Negotiations for continued U.S. presence were ongoing. However, the status of treaty approval was uncertain as the process was being subjected to continual changing political winds.

Once the decision to withdraw was made we turned our efforts to carrying out the plans within various constraints. Our biggest issue was the one year time period constraint to implement the withdrawal and complete the facility shutdown. An area of concern was how to close or move 90 plus commands, many of which were stovepipes (outside CINCPACFLT claimancy) within the constraints of time, money, personnel (including dependents), volume of cargo and bi-polar country politics.

The initial plan to implement drawdown and closure was known as the Facilities Closure Plan (FCP), which had been developed some five years earlier. The FCP attempted to attach useful estimates to data points within the known constraints, but in reality no one really knew the magnitude or the scope of what was necessary to get us out of the Philippines in one year.

As it turned out, the estimates in the FCP for the volume of cargo that needed to be moved had been greatly over-estimated for several reasons: 1) The FCP assumed that most of the property at the facilities would require removal which turned out not to be the case. Much of the property was to be left behind and turned over to the Philippine government or sold on the open market. 2) No cost estimates had been done to determine whether or not it was economically feasible to remove and ship the material. A deeper analysis indicated much of the material's salvage value was less than the costs which would be incurred to move and ship the material back to the United States.

The FCP estimates were useful, but there was an immediate need to develop a current Transportation Requirement Plan. A World Wide Military Command and Control system was deployed to Subic in December 1991 to help with this planning effort.

The material to be left behind was to be disposed of in one of two ways. First, the government of the Philippines

(GOP) was presented "The First Right to Acquire" to purchase the material outright. If GOP declined to purchase, the material was to be turned over to the Defense Reutilization and Marketing Office (DRMO) for disposal on the local economy. The second method to dispose of the material was discarded by CINCPACFLT staffers early in the planning process because of time constraints. However, the "519" Program, as it's affectionately known, eventually became one of the prime disposal vehicles during the withdrawal process.

Section 519 of the Foreign Assistance Act permits the transfer of excess non-lethal defense articles to friendly foreign governments to help modernize their defense capabilities. In April 1991, the State Department, citing our longstanding relationship with the Philippines as a Mutual Defense Treaty ally, instructed the American Embassy in Manila to be as forthcoming as possible with respect to transfer of such articles to the Armed Forces of the Philippines (AFP) under section 519. In late April, the American embassy delivered a diplomatic notice advising the GOP it had the right to obtain outright title to excess equipment valued at approximately 34 Million dollars for 4.1 Million dollars or to permit the AFP to acquire the material for use under section 519. In July, after the Defense Security Assistance Agency completed required notification to congress of the intention to transfer this equipment, the AFP began screening and selecting equipment for its use under section 519. Material

which was not selected by the AFP was then offered for sale to the Subic Bay Metropolitan Authority.

5. Interview with CDR P. J. Battin, International Law Attorney

This office is primarily concerned with ensuring that CINCPACFLT as the primary agent for the U.S. government, complies with the statutory and fiscal authority granted during the withdrawal and closure process at Subic Bay and Cubi Point. The basis for this authority extends from public law. Examples include Article 519 of the Foreign Assistance Act and the Arms Export Control Act.

Foremost in our efforts was what to do with all the government property at Naval Station Subic and Naval Air Station Cubi Point. More specifically was how to conduct a "hot" turnover of Cubi Point, a minimum IFR capable airfield, to the Philippine Government. Midway through the closure process, the Armed Forces of the Philippines (AFP) and the United States government decided that the turnover of a minimum IFR capable airfield at Cubi Point was a suitable course of action because of perceived benefits to both parties. The primary question to be answered was how to legally turn over all the associated assets. Several alternatives were considered: (1) Foreign Military Sales (FMS); (2) A lease arrangement; (3) By international agreement.

FMS became the avenue by which we structured the mechanisms for the turnover of Cubi Point. The AFP was to have a viable presence at Cubi Point after the pullout by U.S. forces and hence would firmly anchor the legal basis for the turnover of the facilities at Cubi Point.

Another issue that has a legal basis and required an innovative solution is what to do about the U.S. personnel who may be on legal hold come November 24, 1992. There were as many as 40 personnel who were accused of some crime under the Philippine criminal code and have been placed on legal hold in the Philippines during the withdrawal process. The U.S. government has a responsibility to the GOP under terms of the Military Bases Agreement (MBA) to make these personnel available for court proceedings. Following the closure of Subic, those service members remaining on international legal hold will be temporarily transferred to COMNAVFORJAPAN. Should a court hearing be called on an international legal case, that person, accompanied by a U.S. Navy Judge Advocate General, and represented in the Republic of the Philippines (RP) by a Filipino attorney, will return to the court for the proceeding. Following the expiration of the basing agreement on 31 December 1992, the appropriate representative within the RP Department of Justice will be notified by our State Department that service members will no longer be returned.

6. Interview with CDR Clay Ching, Head Facilities Planning and Real Estate Department; CDR Ed Eng, Deputy Head Public Works Support Department, Special Assistant For Ecology

The major issues for our offices dealt with the planning and moving of functions and personnel at Subic/Cubi Point that were not being moved back to CONUS and were not being disestablished. We looked to see if other Western Pacific locations could handle these additional functions and personnel. In some cases new facilities were required to support these movements to Guam and Singapore. Examples of commands/functions which were moved include air squadron VRC-50 and logistics support ships to Guam, and logistics support staff to Singapore.

We also looked at the environmental hazards at the existing facilities at Subic/Cubi Point. The policy determination was made, in accordance with existing treaties, to remove any existing hazardous material, but not to engage in any massive cleanups of existing contamination of facilities the U.S. was vacating. A conscious effort is being made to document the environmental status of the facilities to address any future issues once the drawdown and closure is complete. Overall, most of us feel our environmental record in the Philippines is very good as compared to the host country record.

We found the PWG was an excellent mechanism by which to share information and to point the herd, so to speak, in addressing the complex issues associated with drawdown, withdrawal and closure. Many times we were able to get early looks and ideas on how to address facility planning issues from the information being shared at PWG meetings. Early in planning process we found the security classification of the negotiations and contingent withdrawal planning to be a major stumbling block in trying to accomplish efficient facilities planning. Much of the information we needed was located at other commands and we were not privy to the classified initial planning effort.

The large number of the commands involved and multitude of claimancies contributed to a slow, sometimes disjointed, planning and execution process. CINCPACFLT filled in very well in making coordinated decisions. Where coordination was not always feasible an "unless otherwise directed" approach was used to make and implement decisions which contributed to a more manageable coordinated evolution.

7. Interview with LT Steve Manning, Fleet Law Enforcement/Physical Security

This office is heavily involved in the security planning for the five phase drawdown of the United States facility at Subic Bay in the Republic of the Philippines. Additionally, this office is responsible to ensure the

Commander, United States Facility at Subic carries out the approved security plan for withdrawal and closure by conducting on site security assessment visits. The persons responsible for the conduct of actual site security include Navy, Marine Corps, and Philippine National security personnel. U.S. forces are also charged with oversight responsibility for security arrangements to the Navy housing facility at San Miguel. This responsibility provided a unique challenge in that the facilities at San Miguel are not contiguous to the Subic facilities, although many of the Navy personnel housed at San Miguel were assigned to duties at Subic Bay. This security requirement (both for the San Miguel facility and for the personnel transiting between San Miguel and Subic Bay) continued until sometime after the Mount Pinatubo eruption, at which time all U.S. personnel were moved onto Subic and the San Miguel facilities were turned over to the Philippine government.

Once the decision to withdraw was made, a three phase security plan was developed to ensure security continuity during the withdrawal process. This plan was a coordinated plan between many different agencies responsible for security at Subic and was given to the Commanding Officer (C.O.) of the Marine Barracks to administer. The three phase plan evolved into a five phase plan by adding greater detail to the initial phases of the overall plan.

To a large degree, the centralization of security command and control to the C.O. of the Marine Barracks and the phased security plans contributed to a very stable evolution in maintaining area security. The primary threats to Subic security are the economic intruder and from groups that are against American presence in the Philippines. These threats have resulted in the establishment of a multi-layered security net which includes gate guards, perimeter patrols and counter insurgency forces, all capable of defending the facility should it be attacked.

The majority of the security forces will remain intact throughout the withdrawal process. The only security organization that was formally disbanded was the 500-man Auxiliary Security Force (ASF) that augmented the full-time U.S. facility security forces. The ASF manpower is provided by tenant commands. Many of these commands have started to lose people to the drawdown and can no longer afford to support the ASF. The first big cut in the size of the security forces will occur when the Naval Station and housing areas are turned over to the GOP, greatly reducing the land area requiring U.S. security protection. U.S. security forces will remain at Naval Air Station Cubi Point (This will mark the end of Phase III of the security withdrawal plan).

Many of the Navy and Marine security forces will not begin leaving until Phase IV. Many dependents will leave before their sponsors. Who leaves is a function of tenant

command desires and when each command intends to close up shop. Everyone in Subic has been assigned the label "essential" or "non-essential," with the non-essential personnel being the first to go. The overall goal is to have all U.S. personnel out by 24 November 1992. Law enforcement and Marine Corp security personnel are scheduled to be the last U.S. personnel to leave the facilities in the Philippines.

The security portion of this withdrawal plan has gone very smoothly. The only criticism I can offer is that the initial information flow was not as smooth as it should have been. Given the complexity of the task at hand, more effort should have been made to make the periodic Situation Reports actually reflect the status of events. Several times major security issues were discovered back-channel (unofficially), with no mention whatsoever in official channels of any problems at hand. The breakdown in needed information flow makes the coordination aspects of the withdrawal that much more difficult.

**8. Interview with Mr. B. Posnecker, Western Pacific
Activities Officer**

The major issues for my organization in the withdrawal process were a function of the process stages. Early on, most of the effort went into planning for withdrawal from the Ship Repair Facility (SRF) Subic under three possible scenarios, to

include: a full, partial, and leave everything behind option. Consideration was also given to which Ship Maintenance Facilities in the Western Pacific were to be strengthened to fill the void left by the closure of Subic. The multitude of options, plus the classification of the entire process (political sensitivity of on-going negotiations), really contributed to a complicated and often frustrating effort.

As events progressed, and the determination was made to conduct a full withdrawal during a one year time horizon, the major issue became the disposal of the minor property and industrial Plant Equipment (IPE) that was considered to be excess. Options considered were to turnover the equipment via procedures at DRMO (unbolting and removing for salvage) or to turnover the IPE in place. The complexity of the logistics for moving the IPE and political issues (519 program) drove the decision to leave the excess IPE not screened to AFP/GOP in place for turnover to DRMO.

Our major personnel issue was when to put the Philippine Nationals, who were working for the industrial activity, into the Reduction in Force program (RIF). There were political sensitivities surrounding this aspect because many of these people had been working for the U.S. government for a number of years and it was unclear as to what type of benefits were going to be conveyed to these people. The final solution was to develop a combination of retirement packages and severance pays.

Other issues which were important, but of lesser significance were: (1) when to stop ship repair work (including emergent work) to divert that manpower to the closure of the facilities and to begin the RIF plan; and (2) when to remove major assets such as barges and floating drydocks for minimum impact to the operating repair facility yet meet the requirements for time phasing in the withdrawal plan. All of these evolutions, planned to be implemented and completed within the one year time constraints, are in progress and on schedule.

Lessons learned which could have helped smooth the process include: 1) Declassify plan provisions earlier to help in the coordination process (hard to do when politics are involved). 2) Make policy decisions earlier (mechanism for disposal of some equipment has yet to be decided, mainly because of politics). 3) Anticipate the unexpected. Environmental concerns in transferring the AFDM-8 (debris and organisms in floating drydock ballast tanks) to Pearl Harbor were unexpected, and for a short period of time this office dedicated a large amount of effort to satisfy these concerns. 4) Put headquarters staff liaison on site to help with the coordination process while allowing the facility managers to concentrate on the tasks at hand. Overall, considering the magnitude of the process, the entire evolution has gone well and has been a valuable learning experience. Many of the lessons learned should be beneficial should other U.S.

facilities at foreign locations be closed due to changing force structure.

9. Interview with CDR Marvin Dodge, Military Sealift Command Liaison Officer to Pacific Fleet; Commanding Officer Military Sealift Command TAGOS Unit Pacific Military Sealift Command (MSC) was losing a major overseas operating facility because of the Philippine withdrawal and the closure of the facilities at Subic Bay. MSC's major role in this issue was devising a strategy to move MSC assets to other locations to ensure a satisfactory level of service was sustained to operating forces in the Western Pacific (WESTPAC).

Moving the MSC ships was a relatively painless process because most of these ships operated with professional mariner crews and were at sea or in friendly WESTPAC ports during much of their operating lives. The only time these ships came to Subic was for logistical purposes for maintenance and supplies. Many of the support functions associated with MSC ship assets are the responsibilities of other organizations; they were not MSC's responsibility for withdrawal, except for the desire that a like capability be established elsewhere in WESTPAC for MSC use. Many of these organizations are being transferred to facilities at Guam/Yokosuka or are being established in Singapore.

MSC did play a large role in moving people and equipment out of the Philippines. Initially, there was concern there might be a shortage of MSC assets to accomplish the withdrawal. However, where there were shortages, MSC was able to contract "out of house" for services to accomplish drawdown operations.

A relatively significant issue for MSC was the shipment of outbound hazardous waste. MSC's position was that if the subject waste was properly documented (i.e., was properly packaged, and had an approved ultimate destination), MSC would ship the material.

The Philippine withdrawal provided an excellent opportunity for MSC to take a hard look at the organization with the overall goal of making MSC more cost efficient in the era of declining budgets. Wherever possible, MSC has consolidated operations with only minimal impact on customers. MSC is continuing to look at remaining operations for viability with any new capabilities being cost validated before implementation. This internal look would have come eventually, but the Philippine withdrawal has just helped speed things up.

10. Interview with CAPT Don Edgerton, Commander Defense Logistics Agency Pacific and Defense Reutilization and Marketing Region Pacific (DRMO)

This office dealt with the issues surrounding the disposal of excess personal property. We attempted to identify what property we were taking with us, what property we were leaving behind, and how we would dispose of the property left behind. All real property would revert to the GOP as per previous agreement on 24 November 1992.

Early inventories of some equipment had been conducted in the mid-1980's under planning conducted internal to the Facilities Closure Plan. The Naval Hospital and Ship Repair Facility had good inventories, but other organizations at Subic Bay needed a crash program to document and do data entry on equipment not yet properly identified. All equipment not slated for removal on these inventories automatically went on the excess property list. Naval Supply Depot (NSD) had a special problem in generating excess property lists. NSD was required to query Western Pacific depot managers to fill any of their respective inventory shortages, and also query local supply managers to fill inventory needs before excess property lists could be generated. As per previous agreement, the excess property lists were presented to the GOP for "First Right of Refusal" to purchase the items on the lists. When

GOP declined to purchase these items they were turned into DRMO for disposal.

The property turned into DRMO was disposed of in one of four ways: 1) Any DOD activity which wanted the items could obtain them through established salvage procedures. 2) Disposal could be through provisions of article 519 of the Foreign Assistance Act (non-lethal aid to modernize the Armed Forces of the Philippines (AFP)). 3) The property was disposed of through direct grant to various charitable organizations both inside and outside the Philippines. 4) Anything left was put up for sale and auctioned off to the highest bidder.

The one thing which could have helped DRMO in dealing with the volume of material to be handled during the withdrawal would have been to have more accurate equipment lists early in the planning phase. This one act could have positively impacted the overall withdrawal process. We are still making up equipment lists at some activities. One of the reasons given for not working on these lists sooner had to do with the secrecy surrounding the base closure negotiations. Little effort was paid to comprehensive inventories because it was felt at the time that these activities would tip the U.S. hand in dealing with the GOP.

11. Interview with Mr. Jim Shaw, Chief of Planning and Operations for the Defense Logistics Agency (DLA), Pacific

From DLA's perspective, putting together the FCP was difficult because the individual services tended to act on their own behalf in the development of the joint Facilities Closure Plan. This narrow focus made the FCP less robust than it could have been, which may be partially to blame for the disaster experienced by the Air Force during the emergency evacuation and subsequent closure of Clark Air Base following the Mount Pinatubo eruption. To my knowledge no withdrawal contingency plan was put into effect at Clark. When U.S. forces returned to the base and observed the destruction and looting, it was determined by the national powers to turn the base over to the GOP with no attempt by the U.S. to salvage anything with the exception of personal effects.

Another element lacking in the FCP was the absence of the application of established logistics procedures such as Military Standard Requisition and Issue Procedures (MILSTRIP). These procedures provide detailed guidance and contingency procedures on how to handle logistics issues during a base withdrawal. Why these procedures were not incorporated into the FCP is unknown since DLA made the players aware of their existence.

One thing the Navy has done which is helping this effort has been their willingness to get onboard with the proper documentation for all of the affected equipment. Not only is the paper trail well documented, but the historical records are well organized, and should be of very high quality so that future inquiries will be able to track any of the equipment from cradle to grave. This feature will be important when records are looked at by the Government Accounting Office, or if Congressional testimony is required to explain any of the equipment disposal decisions and subsequent action taken.

12. Interviews with CDR Mary Dimel, Pay/Personnel Administration, Support Program Manager; YNCM Gary Eisenbraun, Military/Pers/Civilian Advisor; DKCS Ricardo Francisco, Military Pay Advisor

Our job was to help coordinate the personnel transfer process all DOD personnel at Subic Bay and Cubi Point facilities, which included all facets of personnel administrative processing, pay and dependent issues.

Timing of the orders and subsequent movements of affected people and their households were significant milestones to ensure a smooth drawdown. Many of the tenant commands were reluctant to let their people go because of drawdown workloads. As the drawdown progressed, much of the anticipated workload was accomplished in the early phases of

the withdrawal. Consequently, commands began to attempt to move people earlier than planned. Additional support and planning was necessary to arrange increased Air Mobility Command (AMC) flights, process order modifications, and ensure fiscal year 1992 Permanent Change of Station funding was available to support the moves.

On January 1, 1992 duty in the Philippines became unaccompanied for newly arriving members and for members serving in the Philippines that did not already have dependents with them. Any dependents acquired after 1 Jan 1992 could not receive command sponsorship and hence would not be eligible for current government support or funded travel to their next duty station. This policy was enacted for planning purposes in trying to establish boundaries for determining the number of personnel moves necessary to complete the withdrawal process and stay within regulations.

Effective communication would be a cornerstone in successfully completing the withdrawal within the parameters of previous treaties and USCINCPAC/CNO guidance. Use of selected address information groups (AIG'S) for message traffic, Detailer team visits, and comprehensive policy messages were some of the communication mechanisms used to help coordinate the personnel issues during the withdrawal. We tried hard to make sure each individual's needs were met. Policy changes from higher authority were not always clear cut. Near constant communications were required with in-

country staff and other government representatives to resolve unique situations of individual service members.

The military retirees who choose to remain behind when the drawdown is complete will face a much different situation than they do now. All the social service support will be closed as well as administrative support to handle pay matters such as monthly annuity checks. Retired members are being urged to go on direct deposit so that they may receive their pay. However, there are no banks currently in the Philippines which accept direct deposit transfers from U.S. banks. Members are being advised to have their checks sent to a U.S. bank from which they can write checks for cash at banks in the Philippines. No matter how it's cut, the retirees remaining behind are facing a much different environment with no U.S. support structure.

13. Interview with CDR Forrest Kirk, Services and Base Development Officer, Lessons Learned Coordinator

This office deals with assembling the lessons learned from the Philippine withdrawal and closure of the associated bases. Two sets of lesson learned files will be kept: one for historical purposes at the DOD level, and one for the locally controlled base closures file. Both sets will be available to support further base closures in the continuing DOD drawdown.

Domestic base closures are similar to the structure of the Philippine withdrawal only in that both are base closures.

Subic/Cubi Point are being closed in one year, while domestic bases usually require a five to seven year phased withdrawal and closure period. The primary reasons for the longer drawdown periods for domestics stem from increased analysis requirements, such as economic assessments and environmental impacts, as well as other political considerations. The lessons learned from the Philippine withdrawal will be most useful if we ever need to plan for closing other overseas bases.

14. Interview with MS. Maureen Kleintop, Fleet Management/Civilian Personnel Director

This office was responsible for coordinating the removal of about 13,000 civilian personnel from the facilities at Cubi/Subic Point during the withdrawal process. The overall goals are to transfer about 800 DOD civilian personnel, and to return about 12,000 Philippine Nationals to the local economy through a Reduction in Force (RIF) program.

Early in the planning process, security of the withdrawal plans precluded discussions with in-country representatives. With the absence of these discussions the PWG was forced to do preplanning (i.e., "What are the things you have to think about to disestablish and withdraw?").

Once withdrawal was announced in December 1991, RIF planning went into high gear. All area Commanding Officers were asked for downsizing plans for their activities. Effort

at the headquarters level was oriented toward briefing preparation so that the CINC could brief the SECNAV and CNO. Constant coordination was maintained with other claimants because a number of the stovepipe organizations had significant numbers of personnel affected by this evolution.

There were many data points for the development of the RIF plan. These included severance pay, mid-year bonuses, end-year bonuses, and the annual October pay raise. Additionally, security played a role in the development of the RIF plan. Because of the fear of retribution from some of those affected by the RIF program, all of the U.S. citizens living off base were required to move on base before major RIF's could begin. This was a tremendous burden to all concerned because the Subic facilities were limited in the ability to care for additional people. Many of the U.S. citizens living on the economy were homesteaders and had to uproot their lives to fulfill this security requirement. Despite all the difficulties, the plan was well prepared and is being executed. We have experienced up to 500 RIF's a week since the plan was implemented.

DOD civilians have several options once they leave the Philippines. Many are retiring, while others are executing return rights granted by agreement prior to stationing in the Philippines. Others are going on to different occupations outside the federal government, while a few are executing agreements to stay overseas at other U.S. facilities. Many of

the affected people are finding that their jobs are winding down more quickly than envisioned and they are leaving the Philippines earlier than planned. All-in-all, when you look at the scope of what we have accomplished in such a short period of time, things are going pretty well.

**15. Interview with CAPT Gary Ikuma, Fleet Aviation
Material Readiness Officer**

This office dealt with the issues in withdrawing and turnover of Cubi Point Airfield to the GOP. This included the removal of non-excess equipment for use at other United States facilities.

During the withdrawal planning process, the Philippine government became interested in receiving Cubi Point as an operational airfield. This evolved into a "hot turnover" of an Instrument Flight Rule (IFR) airfield at Cubi Point. The "hot turnover" concept initially contradicted the equipment withdrawal guidelines and strategies. The GOP wanted a gratis turnover of much equipment that was non-excess. The U.S. government (embassy/State Department) felt that a "hot turnover" of the airfield, facilities and supporting equipment, would enhance the utility of the field through economic/military purposes, and serve to establish goodwill in the new relationships emerging between the two governments.

We prepared a plan for presentation to the GOP which identified costs and equipment deemed necessary to support an

IFR airfield. This included non-excess equipment and excess equipment which would be provided under section 519 of the Foreign Assistance Act. Initially, every piece of equipment identified in the plan was asked for by GOP including an old, difficult-to-maintain, ground control approach radar. We understood that the GOP would want to utilize Cubi Point for civilian purposes.

The initial turnover plan had three milestones to effect the turnover process: 1) Identify all the equipment and conduct a documented turnover. 2) Provide a training program to operate the equipment, some of which is totally unique to the U.S. military. 3) Provide parts support and manuals to support operations through some undetermined period of time. As stated earlier, a good deal of the equipment in question was not in excess to the U.S. Government, yet was necessary to accomplish the "hot turnover" process. The final planned course of action was the establishment of a Foreign Military Sales (FMS) case to enable the Armed Forces of the Philippines (AFP) to purchase non-excess equipment using FMS financial credits. Because of the scarcity of these funds, the AFP decided to purchase only a TACAN and a non-directional receiver for navigational aids (no radars), in addition to support equipment. They also purchased a logistics support package for this equipment. The value of the FMS case is 2.37 million dollars for the equipment and 2.26 million dollars for training, support, and spare parts. Additional equipment

obtained through Section 519 (excess equipment) completes the turnover package. The airfield will be a non-radar environment, (minimally) IFR-capable field. Although the equipment purchased under FMS will not be compensated for with additional funds for the Navy, the overall dollar value is relatively small and will have little if any impact on the U.S. Navy operations.

Early involvement by GOP, in clarifying their desires, would have been extremely useful in developing the "hot turnover" plan. Many elements of the plan were constructed without any GOP "subject matter experts" (i.e., decision makers on-site), until development of the FMS case. Many elements of the initial plan were constructed by making assumptions on GOP intentions and requirements. A decision on who the accepting agency for the Philippines would be to receive the airfield was not made until very late in the turnover process. Because of the ambiguous situation, many amendments and changes occurred and, consequently, the process was not smooth until the development of the FMS case. Although there are many lessons to be learned from this withdrawal and turnover, one may question how often the United States government turns over operational airfields to foreign governments. What we learned may never be used again.

16. Interview with CDR John Quinn, Fleet Environmental Officer

Much of the withdrawal planning was ongoing when this office was formed in January 1992. Up to this point, this office has been primarily responsible for ensuring the U.S. Government has met the fairly minimal environmental requirements that currently exist overseas. U.S. environmental laws do not apply overseas because of international comity. This basically means that we comply with the host country's environmental laws. We have made sure that environmental protection at our overseas bases is sufficient to protect human health. There have been examples of actions, although not illegal, that were not in accordance with U.S. standards.

The issue of environmental protection during the withdrawal is not so much present day pollution, but to what extent we will clean up the facilities before we leave them. The superfund laws of the 1980's had provisions which allowed the United States Government to allocate monies for the cleanup of old contamination sites. The United States military has many of these old contamination sites. DOD has developed an Installation Restoration (IR) program which can be used as the vehicle to facilitate cleanup of old contamination sites at United States bases. However, the IR program does not apply to overseas bases; therefore, the

environmental condition of the facilities as they now stand will pretty much be the environmental condition at formal turnover. The only exceptions to this policy will be to take those actions necessary to ensure the facilities are in an environmentally safe condition at turnover (e.g., removal of waste materials which are already contained in drums to ensure no environmental degradation caused by the withdrawal).

The real environmental issue is one of public relations, and how we explain to the general public our position in such a way as to leave behind a good impression of the United States Navy. The key element to all of this is that we are meeting all of the minimum requirements and are, in fact, doing more environmentally than GOP is asking us to do.

As a sidelight, DOD is developing an environmental guidance document known as "The Worldwide Baseline Standards," which will be used by all DOD activities in conducting their operations. The overall goal is to have all United States military activities comply with national requirements, and where local requirements are more stringent, to comply with those requirements as well. This new guidance will also apply to United States overseas facilities.

B. LITERATURE RESEARCH

Numerous documents, including point papers, DOD/Navy message traffic and DOD/Navy directives, were reviewed by the

researcher to enlarge the scope of the data base from which the case in Chapter IV is written. Factual elements in the case were taken from the interviews. However, the documents described provide good background and supplement the researchers knowledge gained through the interview process. The documents [in Appendices C through H], are grouped by functional area using the following labels: DATE/TYPE OF CORRESPONDENCE - SUBJECT/TITLE - AUTHOR/ORIGINATOR.

- Appendix C, includes a copy of a point paper which provides a statistical and literary overview of the accomplishments completed in the withdrawal process.
- Appendix D, identifies documents reviewed supporting facilities turnover.
- Appendix E, identifies documents reviewed supporting security planning.
- Appendix F, identifies documents reviewed supporting personnel planning.
- Appendix G, identifies documents reviewed supporting property disposal procedures.
- Appendix H, identifies documents reviewed supporting environmental issues.

III. TEACHING NOTE

SCOPE

In December 1991, the Philippine Senate rejected the Foreign Bases Treaty Agreement and forced the United States government to implement withdrawal and closure plans for the United States Naval Base at Subic Bay, Republic of the Philippines. This case illustrates the evolution of management controls by the Commander-in-Chief United States Pacific Fleet (CINCPACFLT) to implement planning strategies for the United States naval base closure.

The case focuses on events occurring from the middle of calendar year 1991 through the beginning of calendar year 1992. This time period provides a unique opportunity to study the shift from the strategic planning phase to the plan implementation phase. Several factors, including functional organizational structures and timing of events, contribute to the case and provide clarity in the study of the processes in use. The case captures an overlying vision statement by Admiral Kelly (CINCPACFLT), and tries to carry this vision via case content through to the evolution of multiple management control systems.

TEACHING THE CASE

CINCPACFLT, a large U.S. Navy headquarters staff employing Total Quality Management/Total Quality Leadership principles,

conducted the strategic planning and devised the subsequent management controls which were used by subordinates to implement the personnel withdrawal, equipment disposition, ammunition withdrawal and the facility/base closure plans. Specifically, readers could be asked to identify structures and impediments to management control systems that were founded in the strategic planning phase and used in plan implementation. Insights gained from identifying the origins of management control systems may help students gain a better perspective of how strategic planning contributes to overall plan effectiveness.

The instructor may ask students to identify Admiral Kelly's vision statement and extrapolate the vision through developed strategies to the subsequent management controls. Developing a timeline might be a useful technique to help students focus on the critical issues in developing the withdrawal plan.

Another method to develop student thinking about the withdrawal process in the classroom, would be for the instructor to organize the data students develop from answering the questions at the end of the case, in a visual format for discussion and analysis in a seminar. Labels to organize the data might be presented as follows:

|-----VISION-----|

	<u>STRATEGY</u>	<u>CONTROLS</u>
	Planning/Implementation	Planning/Implementation
PURPOSE	<-----WHY----->	<-----WHY----->
GOALS	<-----HOW----->	<-----HOW----->
	(Steps or increments)	
OBJECTIVE	<-----WHAT----->	<-----WHAT----->
	(To achieve the strategic objective)	

|-----LINKAGE-----|

Examples of information which could be classified under the labels include, but are not limited to:

- **Vision** - Admiral Kelly's statement that "the most important thing the Pacific Fleet will accomplish in 1992," regarding the base closure process is a good example of the underlying vision propelling the Pacific Fleet base closure process.
- **Strategy** - Planning/Purpose -- Develop a systematic method of action to deal with the uncertainty surrounding the base negotiation process. This was done through multiple efforts to cover contingencies regardless of the base negotiation process. Elements of this process included diverse and varied input to the planning process through many different mechanisms including meetings, briefings, and a staff sub-organization (PWG).
 - Planning/Goal -- Follow events of the time closely and shift staff planning (only) to accommodate changes resulting from changes in the two governments' positions. Indicators included the stalled negotiation process and contradictory signals provided by the different branches of the Philippine Government.
 - Planning/Objective -- Develop a flexible response plan to maximize Pacific Fleet preparedness for potential withdrawal, regardless of base negotiation decision. The CINCPACFLT plan to develop this response would be independent of action taken by the Philippine government. This plan would meet the needs of the Navy and be consistent with strategic doctrine as defined by the joint commander in the Pacific (USCINCPAC).

- Implementation/Purpose -- Segment the overall scope of the withdrawal plan into manageable elements by which controls could be used to measure performance. These elements were the individual plans actually implemented. The SITREP messages were one of the primary management mechanisms used by CINCPACFLT by which oversight and control was exercised.

- Implementation/Goal -- Use an incremental approach during implementation of individual plans. Update implementation strategy and plans as events unfolded.

- Implementation/Objective -- Complete individual plan elements to satisfy performance and timing objectives of overall withdrawal plan.

- **Controls** - Planning controls included: Admiral Kelly, PWG lead members, PWG, PWCG, round table meetings, the strawman plan elements and associated feedback mechanisms (decision matrix, briefings, memos and point papers), and the provisions in the individual plans.

-- Purpose -- measure progress and completeness of developing plans (usually at the round table meetings or when a major decision point was reached).

-- Goal -- use control systems to match efficiencies (or lack of) of CINCPACFLT staff organization during a once-in-a-lifetime evolution.

-- Objective -- develop and use controls to enhance potential success of plan during actual implementation.

- Implementation controls included: The planning controls above and the briefs/SITREPS discussed at the end of the case.

-- Purpose -- measure progress and completeness of the implementation process (SITREPS and briefings).

-- Goal -- use control systems to match efficiencies between staffs and between individual plan elements.

-- Objective -- use controls to measure performance during implementation and to provide historical record of events as they unfolded.

Once the qualitative data are tabulated, students could discuss the significance of linkages between the phases. An example of linkage between concepts could be the transformation of the withdrawal and closure plan from the

planning phase to the implementation phase via the use of the PWG as a feedback mechanism. Used to accommodate new information which resulted in changes to the plan and strategy, the PWG was built into the management structure to ensure many of the staff officers responsible for the detailed strategic planning were also included in the implementation process. The PWG, as an oversight committee, operated beyond established staff procedure and protocol, and was used by senior staff officers to develop, coordinate, and administer elements of the closure and withdrawal plan. This could be a major point of discussion for the students, the need for and use of a new or independent organizational element to manage predictable but non-systematically recurring events. This structural feedback loop contributed to the dynamics of the ongoing processes by making resident corporate memory an available asset throughout the entire process.

WHY USE THIS CASE

This case might be used as a military example in providing a complimentary case for instructors using primarily corporate or public sector cases. The case could provide study and discussion material for comparing and contrasting non-financial related strategic planning and management control processes used in a military organization, to those controls which might be used by a large corporate staff undergoing a major subsidiary or divisional restructuring.

The following questions are the same questions as those that follow the case. Questions and sample answers are provided here to assist the facilitator in developing case concepts when teaching the case. If you would like a reproducible copy of the teaching case contact Professor K. J. Euske at the Naval Postgraduate School. His address is listed in the distribution list at the end of the thesis.

CASE QUESTIONS

1) How did the nature of the basing negotiations between the two governments affect the staff planning process?

The stop and start nature of the negotiation process combined with the political sensitivity surrounding the negotiations contributed to a somewhat sporadic effort in planning which was clouded by uncertainty. Many in-country experts closest to the withdrawal issues could not be brought into the planning process for practical purposes until execution commenced in late January 1992. The exclusion of this source of information was considered essential to limit the potential compromise of information which might be critical to the late stages of the negotiations. While the true scope of the impact on the withdrawal plans of not using the in-country experts may never be known, the case writer feels the withdrawal plans were probably less robust than they might have been, had all in-country resources been made available to staff planners. One impact which was readily

apparent was that equipment and property inventory lists were being developed well after withdrawal commenced. Decision makers in-country must have been hampered by this because decisions on disposal mechanisms could not go forward until the lists were complete.

The base negotiation process dragged on through much of the 1980's. Planning activity for a United States withdrawal tended to fluctuate with the level of uncertainty surrounding the negotiations at the time. Because of the long planning process and sporadic level of effort, many experts who had envisioned the initial elements of a potential withdrawal had moved on to other jobs or taken different positions within their respective staffs. These people, for the most part, were no longer available for guidance or providing background information. Time itself had made some provisions of the early plans obsolete. Evolving world events, such as the end of the cold war, contributed to previous strategic assumptions which were no longer valid in the withdrawal equations of the early 1990's.

2) What aspects of the organizational structure of CINCPACFLT staff support the transition from the strategic planning phase to plan implementation?

CINCPACFLT staff, as with many military staffs, is structured in such a way that strategic planning and the resulting plan implementation can take place within the staff

organization at the same geographical location. The Philippine withdrawal planning evolution and subsequent plan implementation was no exception. Before the PWG was established, Philippine planning and issues were handled in a routine environment by the staff element responsible for issues in their respective areas. Overlaying the PWG on the normal staff organization provided focal points within the staff which resulted in the creation of staff experts in the Philippine arena. These experts were given legitimate power to cut across a functional staff organization to carry out their respective charter including recommendations on issues as well as assignment of tasking to the staff. In the casewriter's opinion, this type of modification to the staff organization created flexibility; it allowed the decision makers to bring a focusing agent in as an asset to accomplish a very important evolution outside the typical responsibilities carried out routinely by the Pacific Fleet staff. The PWG sub-organization was created from within staff assets to give leverage to the Philippine effort; it provided a mechanism by which to focus critical planning skills without subverting the staff from administering their duties in the day-to-day running of the "greater Pacific Fleet."

3) What factors in the case hindered or helped the transition from planning to implementation? Why was CDR Matthews able to take over the administration of the withdrawal plan with so

little background in Philippine issues and so little time to review staff plans?

Related to question one, this question focuses on LTCOL Huddleston's efforts in developing the "Strawman Plan." Exhaustive effort went into developing the "Strawman Plan." Inputs included previously written plans, staff expert advice, currently available data, and feedback from the roundtable meetings and PWG. Additional input was obtained from type/fleet commanders (exhibit 2) after the "first cut" "Strawman Plan" was sent to these subordinates for their comments. This feedback, organized into a matrix decision analysis tool, was very effective in addressing issues and concerns in the fleet because the format removed emotion from the process, yet allowed unfiltered concerns and issues to be heard at the decision making level.

The capture of detail and the complexity of the "Strawman Plan" helped the transition to implementation. External influence through the matrix was reflected in provisions of the plan which, in the casewriter's opinion, added legitimacy to the plan elements, making the plan supportable. While RADM Mercer's staff in the Philippines did not fully participate in the initial planning process, there was input from the NAVPHIL staff once implementation began. Although timing problems arose, they were eventually overcome mostly through closer coordination between the two staffs. Bringing NAVPHIL staff into the withdrawal planning process sooner may have avoided

the need to solve the coordination problems during implementation.

Notwithstanding CDR Matthew's personal ability, there were many elements of the planning process which contributed to a smooth transition from planning to implementation. These elements included a well-defined staff charter with continued high visibility from above, access to the staff, access to plans, good communications inside and outside the staff, a good understanding of the staff organization, and leverage to keep Philippine issues in the foreground of staff efforts. There were many other issues outside the Philippine evolution competing for staff involvement, including the Navy's new forward strategy after the end of the cold war and the day-to-day running of the fleet, which might have detracted from the Philippine effort had CDR Matthews allowed this to happen.

4) Is there a connection between strategy and management controls presented in the case? Is there linkage among the vision, strategy and controls?

Linkage between strategy and management controls was previously discussed in the teaching note. An example of linkage between vision and controls could be the development of the briefs and SITREP message discussed at the end of the case. Both of these control systems provide valuable information and feedback to Admiral Kelly (and staffs).

The strategy was designed in support of the vision and contained many elements including information exchange, a defined course of action, establishing modes of feedback, providing for external input to resulting plans, and maintaining flexibility by using an incremental approach in evolving CINCPACFLT planning.

5) Address CDR Matthew's concerns in formulating the strategy to develop the SITREP and briefing which are discussed at the end of the case.

Not all control systems can be controlled or manipulated by a few individuals. In this case, CDR Matthews was given a great deal of responsibility and latitude in developing two control systems closely linked to feeding back information to decision makers. His concerns were mostly tied to efficient presentation of information. He was concerned about neither inadvertently screening out important information nor creating information clutter in designing both of these control systems. Although not discussed explicitly in the case, there would be a degree of risk (could ask students what CDR Matthews perceived risk was in developing these control systems as a way to explore question 5) in allowing staff briefers to present the overview of the Philippine briefings. While professional at presenting information, these briefers were by no means expert on Philippine issues. They may inadvertently present information inaccurately or at the very

least, less robustly than members of the PWG would. The CINC and other staff admirals probably received the greatest dose of Philippine information for future decision making at these briefs. It was important to ensure the information presented was of the highest quality.

All CINCPACFLT Situation Report messages on the Philippine withdrawal were released for transmission by Rear Admiral Robinson. For CDR Matthews, building the first SITREP would probably be the most difficult because the message had to address the issues, yet convey a positive or negative "tone" on the progress of the withdrawal. The issue of tone was important because moving in one direction or the other could affect the organizationally acceptable form of the message for seniors, at the expense of the message information content to subordinates. Could both of these concerns be satisfied simultaneously? The challenge would be to incorporate subordinate and CINCPACFLT staff SITREP information in such a way as to satisfy organizational expectations, while maximizing the value of this control system to the users of the SITREP information.

IV. MANAGEMENT CASE STUDY

The United States military found itself asking what kind of force structure would it need to meet the threats of the future. New thinking would be required in the areas of technology, weapons, personnel and facilities to support the military in its continuing global role during an era of declining defense budgets following the winning of the cold war and economic collapse of the Soviet Union.

The Philippine people after nearly 200 years of colonial rule (Spain and the United States) followed by the dictatorship of the "Marcos regime," seemed poised to fully implement the principals of democracy within the elements of a free market system. The U.S. military bases at Angela City and Subic Bay were the last vestiges of "neo-colonialism" remaining from an era which was very slow in dying.

These forces, different yet intertwined, would combine to change drastically the relationships experienced in the last 95 years between the United States military and the Philippine people.

IN FULL SWING

Commander Danny Matthews was sitting at his desk, on 10 February 1992, at Commander-in-Chief United States Pacific Fleet (CINCPACFLT; pronounced sink-pack-fleet) headquarters in Pearl Harbor, Hawaii reviewing the morning message traffic. After sifting through an inch of messages he culled a Situation Report (SITREP) message for critical reading and possible action, which described the progress of the United States Navy's withdrawal effort from the Philippines. Until then, the implementation process had proceeded relatively smoothly with few surprises. Commander Matthews considered this remarkable, given the scope of the project, since implementation of the withdrawal plans had moved from the planning stage to execution during the previous week.

Contingency planning at CINCPACFLT for a military withdrawal coincided with the treaty negotiations between the two governments for basing rights in the Philippines. These negotiations had been ongoing through much of the 1980's. The specific planning for executing a withdrawal had actually begun during the past summer when the possibility of at least a partial United States withdrawal moved much closer to reality. Commander Matthews found it hard to believe that so much had happened in the past six months.

One of the SITREP messages described a sharp increase in the backlog of visa and marriage applications awaiting processing. Since the United States' intent to withdraw had

been formally announced, many in-country service members made the decision to marry locally. All of these marriages would require completion of unanticipated quantities of paperwork before the new families could be transferred out of the Philippines. This issue, potentially could slow down the timetable in the Personnel Withdrawal Plan if new dependant processing did not keep pace with the plans to transfer individual members. CDR Matthews decided to contact the Fleet Manpower Division to obtain the latest information on the issue prior to the staff "morning message lineup," where important issues and concerns would be addressed with the department head, Rear Admiral (RADM) Holian. CDR Matthews had to determine whether the issue would warrant eventual inclusion in the CINCPACFLT SITREP message to be transmitted at the end of the week. Not only did such day-to-day issues require resolution, but frequent re-evaluation was required of the entire evolution within the context of Admiral Kelly's expectations and perceptions. In this case, either the Personnel Withdrawal Plan timetable might be modified or an administrative solution to accommodate the increased paperwork from the influx of new servicemember dependents might be required.

Admiral (ADM) Robert J. Kelly as Commander-in-Chief United States Pacific Fleet, was responsible for administering United States Navy interests in an area of responsibility above and below sea level which extended over more than one million

square miles of surface water, including most of the Pacific and Indian Oceans and adjacent coastlines. Closing the base at Subic Bay in the Republic of the Philippines would be a major evolution for Admiral Kelly and the Pacific Fleet.

The implications for closing the base at Subic Bay were serious because of the loss of a major strategic Pacific Fleet logistics facility and comprehensive training area for Navy and Marine forces. Many of the facilities at Subic Bay (including the live fire ranges) were unique and their loss would be missed. Some of the unusual functions performed at the Subic Bay facilities would be shifted to other bases in the Pacific. Organizations whose operations were similar to those being performed elsewhere in the Pacific would be disbanded to accomplish the Pacific Fleet drawdown objectives following the end of the cold war.

In addition to the SITREP CDR Matthews was also thinking about the development of a briefing package to present bi-weekly withdrawal progress to the senior staff admiral, ADM Kelly, and other members of the CINCPACFLT staff. He was confident a briefing would be an acceptable way to determine Admiral Kelly's feelings and concerns about the progress of the withdrawal, but was not sure whether the brief should follow formal staff briefing procedures or if the uniqueness of this evolution warranted special handling.

CDR Matthews knew whatever else happened, it was important to address emerging issues head on and keep the withdrawal

schedule on track to meet the one year limit. The briefings would help convey the "big picture" on the drawdown progress to the staff and the SITREPS would help focus Pacific Fleet assets to resolve emerging problems. Someone (in-country or on this staff) would have to make sure any proposed changes to approved plans could be assimilated within the overall plan to ensure plan integrity and timeline continuity. Subic Bay was a big base. There was potential for many things to go wrong which could impact negatively a very tight withdrawal schedule.

THE BASE

The Naval Base at Subic Bay was a huge, sprawling facility, encompassing more than 23,000 acres of land and water, which served aircraft and ships of the United States Seventh Fleet. Some of the facilities at the base included a operational airfield, a ship repair facility, a fuel farm to support ship and base fueling needs, a hospital, a naval supply center, several deep draft piers to support the United States Navy's largest ships and submarines and all of the infrastructure necessary to support 23,000 permanent workers and residents. Base support was also occasionally extended to as many as 11,000 transient sailors and marines from visiting United States Navy ships.

PLANNING UNDER A CLOUD OF UNCERTAINTY

As previously stated, the negotiations between the Philippine and United States governments for long-term United

States military basing rights at Subic Bay in the Philippines had been ongoing through much of the 1980's. By the middle of 1991 the negotiation and treaty ratification process had become suspect because factions of the Philippine government, namely the Philippine Senate, were giving indications that the treaty might not be ratified as proposed. The possibility of at least a partial United States withdrawal became more likely with each passing day.

In the late summer of 1991, ADM Kelly chaired a roundtable meeting at staff headquarters in Pearl Harbor, Hawaii. The roundtable format was used when the CINC wanted access to a representative cross section of the fleet staff which numbered approximately 300 officers, 220 enlisted personnel and 160 civilians. The officers chosen to represent their organizations in the staff generally had expertise in the roundtable discussion topics and could present the "staff" position on the issue being discussed. Participants in the roundtable discussion group included the CINC's personal staff, the deputy CINC, deputy and assistant chiefs of staff (division heads), and the twenty-three standing members of the Philippine Working Group (PWG). The meeting was held to discuss the implications of continued U.S. Navy presence at Subic Bay Naval Base in the Philippines. Whatever the outcome of the negotiations, ADM Kelly was determined that the Pacific Fleet would be ready and able to effect any emerging strategy regarding the Navy's interests in the Pacific.

During the meeting, Admiral Kelly expressed his beliefs that should the base negotiations fail and end in treaty rejection, the subsequent base withdrawal and closure process "would be the single most important thing accomplished by the Pacific Fleet in 1992." He was adamant that the Pacific Fleet staff make whatever preparations were necessary to explore options and write a plan for withdrawal which, if required, could be implemented on extremely short notice.

THE STRATEGY

COMING UP TO SPEED

Lieutenant Colonel (LTCOL) Huddleston reported to CINCPACFLT staff on 18 July 1991 as the Assistant for Marine Corp matters in the Plans and Policy division (6 Div) (see Exhibit 1). He was also assigned to lead member the Philippine Working Group (PWG). LTCOL Huddleston, from his first day on staff, suspected Philippine issues had the potential to demand a large portion of his work day. He set out to immediately review written plans, files and other background sources to become knowledgeable of the Philippine situation. Initially, he concentrated on the base negotiation process and previously written and approved contingency plans, which were essentially "what if?" plans, should the negotiation process fail. He reviewed two sets of plans in depth. One was the Facilities Closure Plan (FCP) which was constructed in the mid-1980's and looked broadly at eight core

areas to be considered in a foreign base withdrawal and closure. The other plan was known as the 1989 Bases Relocation Plan, which was a plan to conduct withdrawal under conditions of political or military turmoil. He also interviewed staff officers to discuss current planning regarding facilities, personnel issues, and other security issues.

DEVELOPING THE PLAN

In late August 1991, analysis of the political undercurrents in the Philippines indicated that the negotiations may not yield a treaty acceptable to all the political powers involved. Given the prospect of at least a partial withdrawal, ADM Kelly ordered a "Strawman Plan" to outline what the course of action might be. The Strawman was to be very broad in nature with loosely defined goals, but incorporate "some" level of detail which could be used to facilitate current and future withdrawal planning. LTCOL Huddleston went to work using both the Facility Closure Plan and the Bases Relocation Plan as a foundation for Strawman.

LTCOL Huddleston also thought about using his in-country contacts on RADM Mercer's (COMUSNAVPHIL) staff, who operated the United States facilities at Subic Bay, to generate ideas and evaluate proposals for Strawman. The military and civilians on RADM Mercer's staff were closest to the issues and should have had the best feel for what might and might not work. The in-country staff would also be the primary agents

to conduct a withdrawal if the basing negotiations deteriorated. LTCOL Huddleston had to be careful how he proceeded, however, the CINCPACFLT staff had been given direction to minimize contact with in-country personnel because of the "politically secret" nature of the base negotiation process. This security step was considered necessary to assure an effective negotiation. The drawbacks to using minimal input from the in-country staff, who were five thousand miles away from the staff in Pearl Harbor, could be troublesome should these plans be implemented.

The almost daily changing political scene in the Philippines and the "closed door" nature of the negotiations greatly influenced the building of Strawman. The Facility Closure Plan (FCP), CINCPACFLT staff, and new data from sites outside the Philippines were the most useful sources for evolving a plan.

The Vote

The Philippine Senate rejected the negotiated bases treaty agreement on 17 September 1991. One plausible explanation for the treaty rejection was an attempt by elements of the Philippine government to extract a higher price from the United States for the basing concessions, thereby using the treaty and its potential ratification as a bargaining tool. In any case, the Military Bases Agreement (MBA), executed in 1988, provided that the bases would be maintained in the Philippines at least until 31 December 1991. Additionally,

the United States would have one year from 31 December 1991 to close the bases if terms for a new basing agreement could not be reached by that time. Concurrent with the Philippine Senate's rejection of the negotiated treaty the Philippine Constitution had also been re-written, which included a provision for immediate disestablishment of all foreign military bases on Philippine soil.

While the executive branch of the Philippine government acknowledged opposition to the treaty, outright treaty rejection by the Philippine Senate was largely unanticipated. The significance of the Philippine Senate vote created great confusion in determining the true scope of the wishes of the Philippine government. On the one hand, the Philippine President and many of the Philippine people supported the bases. Conversely, the Philippine congress was against the bases as indicated by the vote. However, there would be several more months of political wrangling before the true fate of the bases would be determined.

Adapting

LTCOL Huddleston knew the September vote would be a critical event and had planned Strawman accordingly. When the Philippine Senate rejected the treaty, CINCPACFLT staff, through LTCOL Huddleston's coordination efforts, already knew much of what they were up against if a full withdrawal was warranted. Strawman contained a rough time table with concepts and major functions outlined, and was considered a

good blueprint by staff planners for any future planning effort.

In late September 1991, the CINC called another roundtable meeting to discuss options and ramifications in dealing with the variables surrounding the rejection of the basing treaty. Various mission contingency and withdrawal options were discussed. The main thrust of the meeting was to determine the effects of the treaty rejection, and develop options to address those impacts.

Strawman was one of the options presented, and was chosen for continued staffing as it was the most likely overall course of action given the events of the time. By the end of September, ADM Kelly had approved the major elements of Strawman with some qualifications. Additional planning was required to ensure adequate base security during drawdown, member and dependent quality of life was maintained at the highest level possible during the drawdown and that future re-establishment of commands in the Philippines affected by the withdrawal be re-evaluated within the context of the overall Pacific Fleet force structure.¹ The PWG was called upon to

¹ Following the end of the cold war, many elements of the U.S. military were downsizing consistent with the reduced force structure required to support the new base force concept. For the Pacific Fleet, the timing of the Subic Bay withdrawal coincided with the review process to achieve the new force levels consistent with overall military strategic planning doctrine. Many of the tenant commands being dis-established in the Philippines would be not be re-established at other Western Pacific locations in order to meet the Pacific Fleet objectives under the base force concept.

investigate and resolve the issues associated with the Admiral's concerns.

The PWG was one of several management mechanisms which was relied on from time to time to conduct timely research and make recommendations and decisions. When an emergent issue required attention, a PWG issues meeting was called. The CINCPACFLT staff divisions each had at least one of their officers on the PWG. The strength of the PWG was in its membership with, area expert middle-grade, staff officers bringing diversity and competency to the issues, available at one place at one time to hear the issues, solve problems, and make recommendations and decisions. After the withdrawal plans were implemented most new or evolving issues were generally handled in a routine staff environment. A Philippine Withdrawal Coordination Group (PWCG) comprised of seven members from the PWG, and chaired by the leader of the PWG, acted as a steering group for channeling various issues to the appropriate staff division codes for action. The Assistant Chiefs of Staff (ACOS's) in these divisions worked individual issues by delegating them to the appropriate action officer experts. The PWCG was also used to provide senior officer decision support when issues and questions required immediate responses.

When Admiral Kelly's reservations were resolved, the Strawman was approved for transmission to subordinate organizations in the Pacific Fleet for their comments on the

plan's feasibility and completeness (Exhibit 2). Subordinate organization comments were consolidated and presented to Admiral Kelly in a matrix format: the rows were labeled with the individual issues and the columns with the individual organizations solicited. Entries in the matrix were "concur/not concur." The staff, through the PWG, also provided input recommendations to the issues in the matrix. Strawman, along with the matrix comments, was presented to Admiral Kelly at another roundtable meeting, where each issue was addressed item by item. Eighty percent of the plan was approved at this point, with more information needed to clear up the remaining points.

From this point, additional development of Strawman was iterative as new information was obtained and incorporated into the plan. Major points required Admiral Kelly's approval (sometimes in a roundtable format). Minor points were addressed in point papers which were circulated to various staff divisions for comment, concurrence and recommendations before reaching the appropriate senior officer for a decision. By the first week in December Strawman was considered complete by Admiral Kelly, but was not yet approved by authority above CINCPACFLT for execution.

FORMAL NOTIFICATION TO WITHDRAW

The United States military played a role in the Philippine military, economic, and political scene from when "Admiral Dewey sunk an antiquated Spanish armada at Manila Bay in May

1898," except for a brief occupation by Japanese forces in World War II.

The Philippine people were divided on whether the United States should have a continued military presence in their country. However, many of the country's influential elite felt trapped in the United States' shadow and believed the only way the Philippines could achieve true national independence was by severing any remaining colonial bonds binding the two countries. President Aquino attempted to revive the treaty debate within her government following the Philippine elections in the fall of 1991. However, these efforts failed to reverse the inertia of events following the Philippine Senate vote. By mid-December the effort by the Philippine executive branch to keep the bases in the Philippines was viewed as an overall failure. While the provisions in the revised Philippine constitution for early closure of the bases had failed, the United States' remaining hope for keeping the Philippine bases had been quashed. On 31 December 1991, the one year time clock, as dictated by the Mutual Defense Treaty (MDT), began ticking for the United States to remove its military presence from the Philippines. Initial projections indicated the Pacific Fleet would meet the one year time constraints contained in the MDT and would complete the processes before the 1992 Christmas Holidays.

IMPLEMENTATION

The Pacific Fleet Philippine Withdrawal Plan was prepared for implementation in January 1992. The plan was transmitted as a directive to organizations above and below the CINCPACFLT chain of command. To subordinates and stovepipe organizations the directive initiated withdrawal operations². For superiors the directive included provisions that, unless otherwise directed, execution of the withdrawal plan would begin immediately. In late January and early February, detailed briefings of the plan's provisions were given to United States Commander-in-Chief Pacific (USCINCPAC), Chief of Naval Operations (CNO) and the Secretary of the Navy (SECNAV) (Exhibit 2).

United States Commander-in-Chief Pacific is a joint command made up of elements of the Air Force, Army, Navy and Marines and is responsible to the Joint Chiefs of Staff (JCS) to carry out strategic and tactical doctrine consistent with United States' political and military goals in the Pacific, Indian and Southeast Asian theaters. CNO/SECNAV ensure all United States Naval forces meet readiness requirements to support JCS doctrine and own most of the infrastructure to support Naval forces worldwide. They all approved the Philippine withdrawal plan as briefed.

² A stovepipe is a command organization with physical interests in the Philippines, but is not fiscally or operationally responsible to CINCPACFLT.

SHIFT IN LEADERSHIP

With the plan in the initial stage of implementation, a need arose to shift day to day management of the plan to a division more concerned with current operations. Responsibility for executing the withdrawal plan within the CINCPACFLT staff shifted, on 3 February 1991, from the Plans and Policy Division under Rear Admiral Paulsen, to Resources and Logistics under Rear Admiral Holian (Exhibit 1). As RADM Holian's agent, the Fleet Comptroller, Captain Osterhoudt, assumed responsibility for executing the withdrawal plan. Other divisions on the staff had competent officers who could have assumed these duties (e.g., Logistics, Supply, Personnel).

Captain Osterhoudt recommended to RADM Holian that Commander Matthews take the lead in conducting the staff withdrawal effort. CDR Matthew's involvement in the Philippine withdrawal process began as a result of the decision to shift responsibility for withdrawal implementation to the Fleet Comptroller. Well-regarded by other staff members and senior officers, Commander Matthews was originally assigned as a special projects officer and problem troubleshooter for the Fleet Comptroller. Commander Matthews knew that spearheading the withdrawal effort would be a welcome challenge and would provide a relatively long-term focus to his duties. Along with the shift in responsibility for implementing the plan came a change in the lead membership

of the Philippine Working Group. LTCOL Huddleston would be replaced as chair of the PWG by Commander (CDR) Matthews.

THE STRATEGY FOR IMPLEMENTATION

During the last week in January 1991, LTCOL Huddleston's Division Head, CAPT Prather gave a brief to the CINCPACFLT staff outlining the details of the withdrawal and closure plan. The brief had two purposes: 1) Provide up-to-date information on Philippine issues to CINCPACFLT staff, and 2) Provide a dress rehearsal brief for the presentation that would be given to USCINCPAC/CNO/SECDEF (Exhibit 2) for their evaluation and approval of the plan's elements. CDR Danny Matthews formally assumed PWG chair and withdrawal plan implementation duties after attending the dry-run brief and spending one day in early February to review the Philippine files.

The strategy for implementing the United States Navy base closure was conceptually built around individual functional plans (e.g., facility closure, security, civilian/military/Filipino personnel, equipment/ammunition/property removal and disposal, and environmental closure). These individual plans began as elements of Strawman and had been refined over the months leading up to implementation. Rear Admiral Mercer's staff in the Philippines did not see these plans in detail until a few days prior to receipt of the implementing directive in January 1992, because of the security concerns surrounding the negotiations.

The Facility Closure Plan

Facilities turnover and the security plan were highly integrated within the overall withdrawal plan. CINCPACFLT staff provided oversight and coordination for the CINC, while Rear Admiral Mercer's staff was responsible for physical accomplishment of the withdrawal effort. As selected portions of real estate were turned over to the Government of the Philippines (GOP), the remaining facilities would serve as support structures to conduct the next phase of the turnover. Once facility turnover commenced, entire areas of real estate would be relinquished and the security perimeter collapsed (Exhibits 3-6). The jungle adjacent to the Naval Facility was the first area turned over to the Government of the Philippines (GOP). Several housing areas, a communications center and the Naval Station were among the next areas turned over. This included most of the Naval Station infrastructure, the ship repair facility, the Public Works Center and many ship piers. Preceding the next perimeter collapse the hospital was turned over. Final facilities turnover would occur at the Cubi Point Naval Air Station to include the Naval Magazines, the Naval Supply Depot warehouse compound, fuel farm, airfield, infrastructure and remaining ship piers. The key element in relinquishing the facilities was coordinating the provisions of the security and other withdrawal plans with the Facilities Closure Plan.

Security Plan

The extent to which there might be local political and civil unrest as a result of the closures was unclear. If there were negative reactions resulting in violence, the phasing of the overall withdrawal plan might be interrupted and the base and its citizen populations threatened. Therefore, implementation of the security plan was considered essential before other elements of withdrawal could be implemented.

The security plan was integrated throughout all five phases of the withdrawal. The first phase included moving all off-base United States personnel onbase before suspected controversial elements of the withdrawal plan (e.g., the Reduction in Force Program for those Filipinos working on the base) were implemented. This action was considered very controversial because many of these Americans would be required to leave their homes off-base and move on-base almost a year before the final United States personnel would be required to leave the Philippines. Security concerns in the remaining phases dealt with the security of the facilities on the base and contingency planning (much of it classified) if previously undisclosed threats occurred. CDR Matthews stated, "The security plan in conjunction with the withdrawal plan supported a phased fall-back approach, turning over base real estate to the Philippine government in stages." A new United

States perimeter was established at each of the fall-back positions (Exhibit 3-6).

The Commanding Officer of the Marine Barracks at Subic Bay became the central command and control point for security. The most likely primary threats to Subic security were expected to be "economic intruders" (i.e., groups or individuals infiltrating and stealing base property) and groups opposed to American presence in the Philippines. These threats resulted in the establishment of a multi-layered security net which included gate guards, perimeter patrols and counter-insurgency forces, designed to protect personnel, facilities, and other government assets. Bringing all United States citizens living outside the base, onto the base, timing of the Filipino Reduction-in-Force program, centralizing command and control, phasing the fall-back, and re-enforcing a multi-layered security net were the key elements in the security plan.

The Personnel Withdrawal Plan

The Personnel Withdrawal Plan was logistically one of the more challenging aspects of the Philippine withdrawal process planning. Approximately 11,000 United States military, civilian and dependent personnel were scheduled to be relocated throughout the process. Timing of the individual personnel moves had to be coordinated with most of the other plans being implemented. Consideration had to be given to:

- Sequencing the removal of security personnel to support the required manning for the phased fall-back plans.
- Incremental removal of personnel from the Philippines within the constraints of the available air mobility command resources.
- The complexity of coordinating the activities of ninety-three separate commands being disestablished and twenty-seven of those commands relocated in other areas. Each command determined its respective minimum manning levels for each phase of the withdrawal.
- Removal of dependents, their vehicles and their associated household goods within the constraints of the Military Sealift Command capacity.
- Cargo shipments
- Ammunition redistribution
- Supply support redistribution
- Aviation maintenance support
- Pets were a special logistics problem because a quarantine period of four months was required for the forty pets going to Guam. Insufficient quarantine space was available on Guam to accommodate these pets. The solution was to transport these pets to Hawaii for quarantine and then ship them to Guam before the pets could be released to their owners. Pet sponsors had to be recruited in Hawaii to ensure pets were adequately cared for while their owners completed their tours and transfer requirements in the Philippines.

Most importantly, the plan had to be flexible enough to ensure the unique needs of the individuals were satisfied. On-site personnel, detailing teams and 800 phone numbers were just a few of the mechanisms implemented to provide access to information, and to help ease the transition of so many members transferring from one location over a relatively short period of time. The key elements for the personnel plan were

flexibility in the face of uncertainty, needs of the Navy, and compassion for the service members and families.

Releasing the Filipino Nationals

Of the 23,000 personnel affected by the drawdown, 12,000 were Philippine Nationals who would be left behind without the livelihood they had depended upon for many years. These people were mission essential to base operations and were highly integrated throughout many of the facilities and military commands (e.g., Ship Repair Facility and fuel farms). The Reduction in Force Program was the vehicle used to release the Filipinos. The plan was integrated with basing and labor union agreements which included provisions for severance pay, early retirement packages, and bonuses as financial tools to ease their transition from United States government employment. All of the workers were to be released by 30 September 1992. Mission essential personnel would be hired back on 1 October as temporary employees to ensure minimum manning would be maintained to support the late stages of the withdrawal.

The key guidelines were to meet the minimum manpower levels required to support withdrawal and to the maximum extent possible minimize the economic impact on loyal employees. The Reduction in Force Program was integrated into the security plan. The incremental release of workers and commencement of the Reduction in Force Program only after all

Americans were moved on base were specific aspects of this program designed to enhance security planning.

The Property, Ammunition and Equipment Shipment and Disposal Plans

These plans required the longest lead time of all the plans effected in the withdrawal process because of their complexity in scope. Obtaining detailed inventory lists was extremely manpower intensive and time consuming. Lists were still being generated after implementation commenced. These plans were re-written many times to reflect current inventory levels. Incomplete inventories did result from the changing political events and security conditions during the many months leading up to the commencement of withdrawal.

Property

The non-removable base property (including real property) would revert to the Philippine government, as provided for by a previous memorandum of agreement, when the United States forces withdrew³. Removable property disposition, of which equipment was a subset, would be determined by the United States. Classification of property was sometimes controversial (i.e., non-removable versus removable) between the two governments and contributed to the delay in generating accurate property and equipment lists.

³ Non-removable property as defined in the 1988 Memorandum of Agreement between the United States and the Philippines included buildings, structures physically attached to the ground and structures which would be damaged if moved.

Prolonged delays could have impacted the logistics planning necessary to support removal of the property or other disposition status.

Ammunition

The ammunition stocks in the Philippines were scheduled to be removed by Navy ammunition ships. These stocks would be sent to other Western Pacific locations to keep ammunition levels in-theater consistent with strategic planning doctrine. This was an extraordinary undertaking because the ammunition magazines held a large percentage of the strategic stockpile present in the Western Pacific.

Equipment

The disposition of equipment at Subic Bay was determined in several ways. First, detailed equipment lists were developed by on-site personnel and evaluated at the Naval Supply Center at Subic Bay, to determine the economic feasibility of shipping equipment to other United States locations for Department of Defense (DOD) use. If the equipment was uneconomical to ship or was not needed elsewhere, it was placed on the Excess Equipment List for disposal in the Philippines.

Excess Equipment Lists were presented to the GOP for "First Right to Acquire."⁴ The GOP could purchase all or as

⁴ The provision for "First Right to Acquire" of the equipment on the inventory lists was a provision under the Schultz/Manglopos 1988 Memorandum of Agreement, which provided the GOP a "first look" at these lists if the United States

little as none of the equipment on these lists. If GOP declined to purchase the items on these lists, the equipment was turned over to the Defense Re-utilization and Marketing Office (DRMO) for disposal.

DRMO could dispose of equipment in one of four ways:

- Any DOD activity which wanted the equipment could obtain it through established re-utilization procedures.
- Equipment could be transferred to the Philippine Armed Forces (AFP) through provisions of Article 519 of the Foreign Assistance Act (non-lethal aid to modernize the AFP). U.S. congressional approval would be required to transfer material under Art. 519.
- Equipment could be granted to various charitable organizations both inside and outside the Philippines.
- Remaining equipment could be auctioned to the highest bidder.

The key elements for these plans were completing unfinished equipment lists to determine disposition of the equipment, scheduling shipping to support removal of equipment, other material, ammunition, supply stocks and establishing disposal procedures for all assets not shipped.

The Environmental Plan

CINCPACFLT's legal division, through consultation with DOD legal experts, determined that United States environmental laws did not apply at Subic Bay because of the practice of International Comity (i.e., comply with the host country

Government ever withdrew from the military bases in the Philippines.

laws). However, DOD requirements and actual practice by the Navy in Subic Bay exceeded requirements of host country laws. Therefore, the resulting environmental plan ensured adequate environmental protection by not allowing degradation to occur during the withdrawal process, maintaining safety standards at the facilities during turnover, and protecting human health.

Hazardous waste at the facilities was to be packaged and shipped to United States for disposal in accordance with U.S. law. Over one million pounds of PCB's and 300 thousand pounds of other hazardous wastes stored throughout the facilities required packing, shipping, disposal and special handling. The key element was developing the environment plan through international provisions and United States law.

AT THE HELM

CDR Matthews had been at his new job directing the Philippine effort for about one week. Activity levels were increasing as implementation commenced. He thought the process was going smoothly, considering the massive scope of the project and the hectic planning process that occurred in the fall. He believed two upcoming events would require a great deal of his attention. First, he had to draft a CINCPACFLT version of a Situation Report Message (SITREP), which, when released for transmission, would be sent to the key commands implementing the withdrawal plan for action and information, and sent to senior commands throughout the Navy to provide information on withdrawal progress and emerging

issues. Second, he had to prepare the first flag level bi-weekly brief on the progress of the withdrawal.

THE SITREP

The SITREP was a specifically formatted Navy status report message used by commanders to report extraordinary events and/or give updates on complex operations. Incoming SITREPS from subordinates were already landing on CDR Matthews' desk. Many of the SITREPS identified items which required resolution at the CINCPACFLT level, and were good sources of information to compile the CINCPACFLT SITREP that would eventually be transmitted to higher authorities. CDR Matthews determined the subordinate SITREPS required wide dissemination among the staff for general information purposes and for giving a "heads up" for future tasking. CDR Matthews, in coordination with the PWCG, routed copies of the SITREPS as appropriate.

CDR Matthews wondered how he would track issues and CINCPACFLT action items raised on subordinate SITREPS (from the Philippines and other Pacific commands) and how action responsibilities should be assigned among the CINCPACFLT staff (via routine staff channels or continue with the PWG/PWCG charter) to handle the issues and action items. Keeping track of all the information himself could prove to be more than a full time job. One way to give the action items the appropriate level of visibility would be to create a "tickler file" which could be updated by the officer responsible for specific action items. The data in the file could contain the

specific item description, the due date for action and identify the officer specifically responsible for its completion. This file when updated could then be reviewed, if necessary, on a daily basis by Admiral Kelly. CDR Matthews believed involving himself in unresolved issues would be a good way to keep abreast of emerging developments and considered a routine telephone contact system might be a good way to contact staff and in-country experts to get the latest information available.

CDR Matthews was also concerned with the tone and the amount of information he would include in the initial draft of the CINCPACFLT SITREP. Did Admiral Kelly want to address all of the issues raised by the feeder inputs, or did he want to address outstanding issues which were left unresolved by the time the SITREP was constructed?

Classifications of the various types of information which might be included in the CINCPACFLT SITREP included: status reporting on cargo awaiting shipment; passenger movements by air and surface transportation; numbers of pets moved; status of excess material; DRMO disposal progress; numbers of military and DOD civilian personnel left in-country awaiting transportation; status of current level of withdrawal effort (in percentage terms) projected forward; financial statistics such as costs incurred to date, projected costs remaining and funding shortfalls; and legal issues such as lawsuits pending, visa/marriage applications outstanding and Foreign Military

Sales (FMS) of in-country material to date. A narrative section on major accomplishments to date and major problems left to overcome could also be appropriate. CDR Matthews was not sure of the exact nature of the CINCPACFLT SITREP, but knew he needed to draft a SITREP message and forward it up the chain of command to get a reading from the admirals on the structure of the message using information similar to that described previously.

BI-WEEKLY BRIEFINGS

Periodic staff briefings on various issues were a long standing CINCPACFLT method of conveying information to the CINC and other staff officers. Usually, once-a-week briefs were conducted in the fleet command center by staff briefers on the current status of world events in general and the Pacific Fleet specifically. Because of the special nature of the Philippine withdrawal process and because of the relatively long-term nature of the evolution (one year), CDR Matthews thought a more focused approach in doing the Philippine brief would be more appropriate. One way to achieve this level of focus would be to call on individual staff experts, rather than the professional staff briefers, to deliver their respective portion of the brief. This would make the best information available, close and personal, to the CINC. One drawback would be the increased coordination which would be required on a continuing basis to ensure a smooth flow of information and briefers.

CDR Matthews thought the fleet command center had inadequate seating to accommodate the number of potential officers conducting and attending the Philippine withdrawal briefs. However, only select components of the staff would be involved in the briefing process at any one time and he estimated the interested audience excluding staff admirals would be much smaller than the weekly briefings given in the command center. Other potential briefing sites included Intelligence division's "secure" conference room (more seating capacity but smaller visual displays) or the CINC's personal conference room (small seating area, limited capability for visual displays, but convenient for the admirals).

He wondered about who would coordinate and give the brief and considered placing the burden of the preparation on the PWG. He also saw the need to focus on the format and information content. CDR Matthews knew practice briefings would be a good mechanism to get the technicalities right, but wondered who would be best at tying all the various elements of the presentation together for the actual brief. Should one of staff briefers do it, or was he the best choice for the job?

There was so much to do and so little time.

Exhibit 1

**A partial organizational diagram for the staff of the
Commander-in-Chief, United States Pacific Fleet**

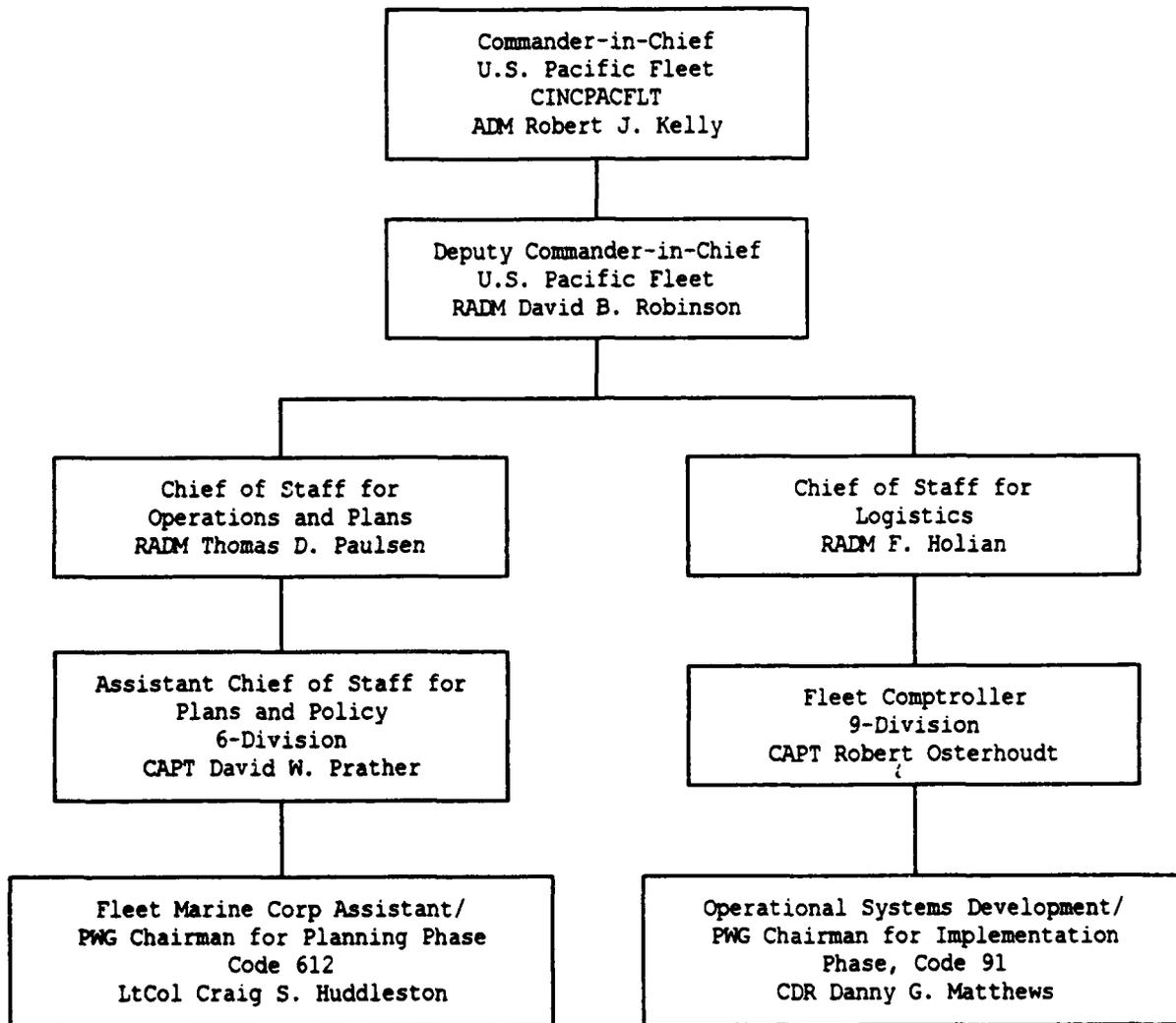
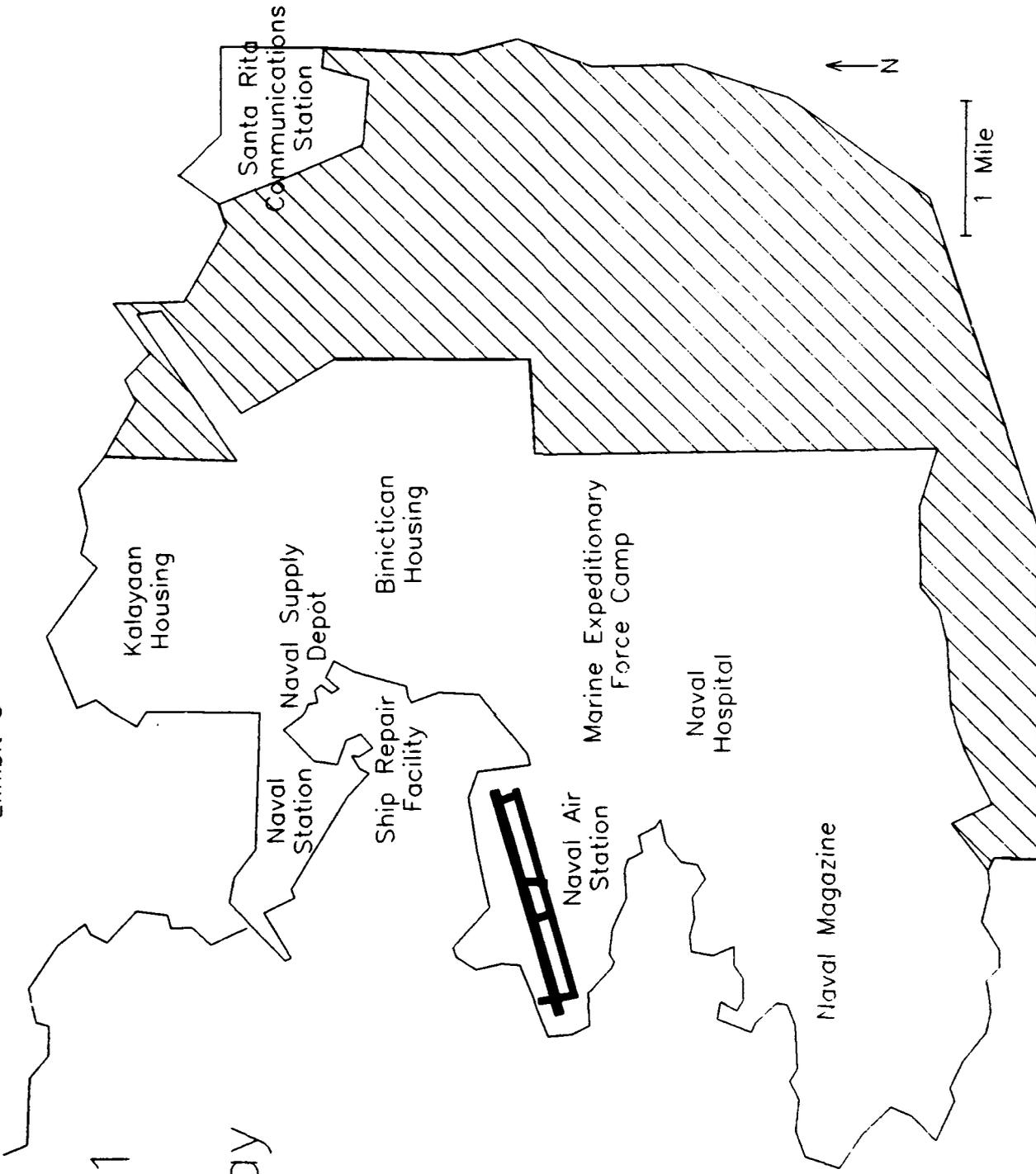


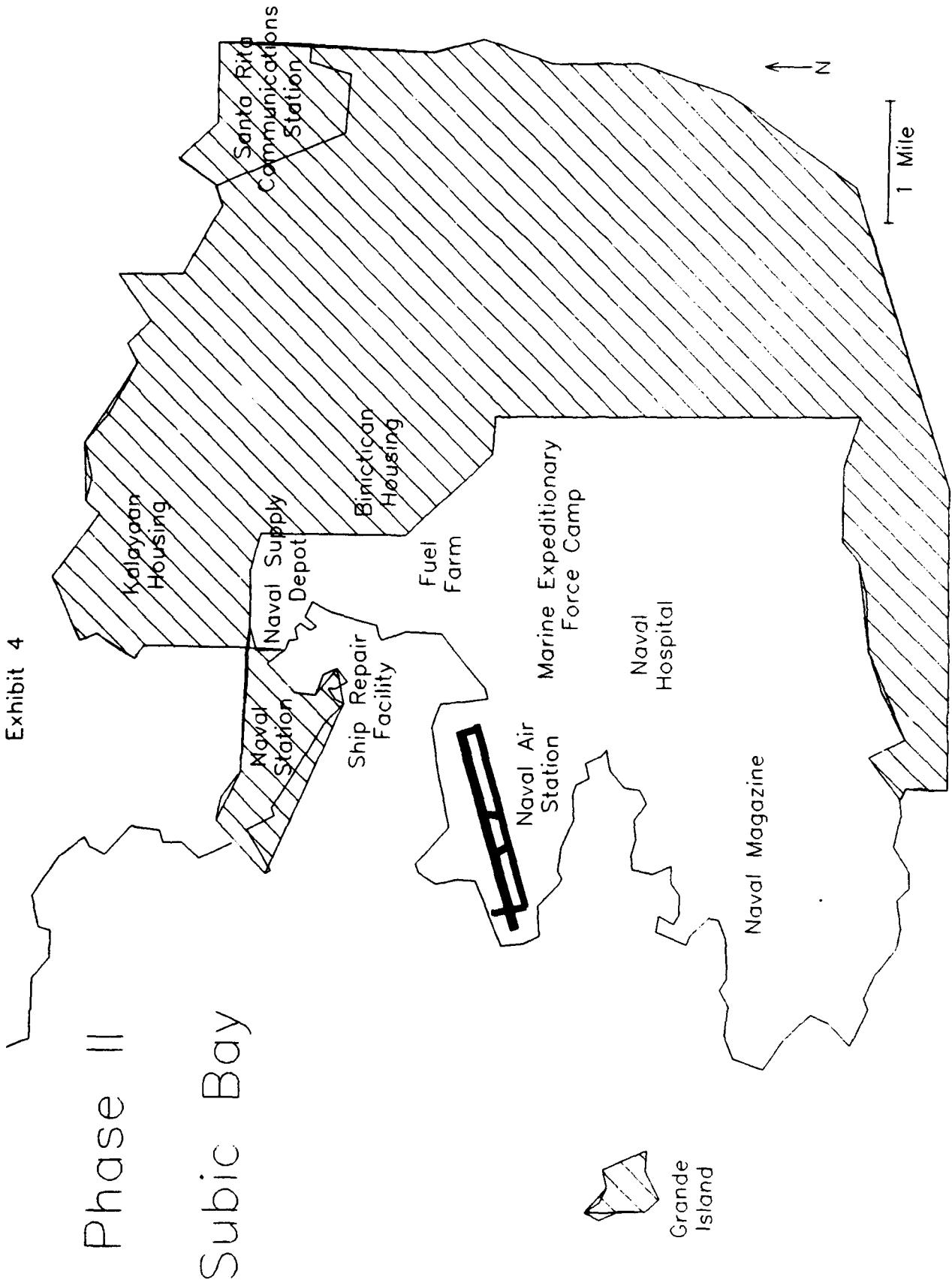
Exhibit 3

Phase 1 Subic Bay



Grande Island

Exhibit 4



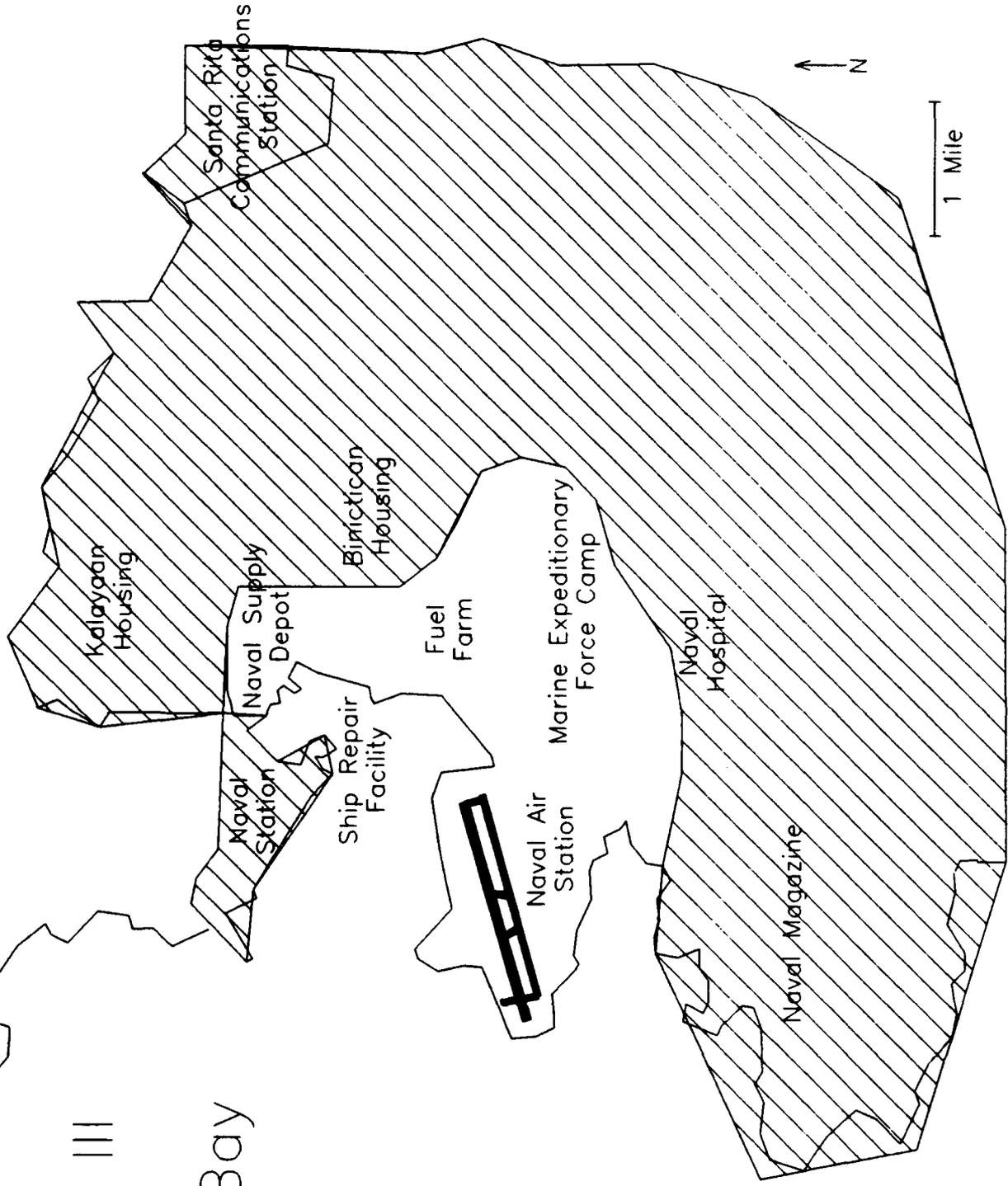
Phase II Subic Bay

Grande
Island

Exhibit 5

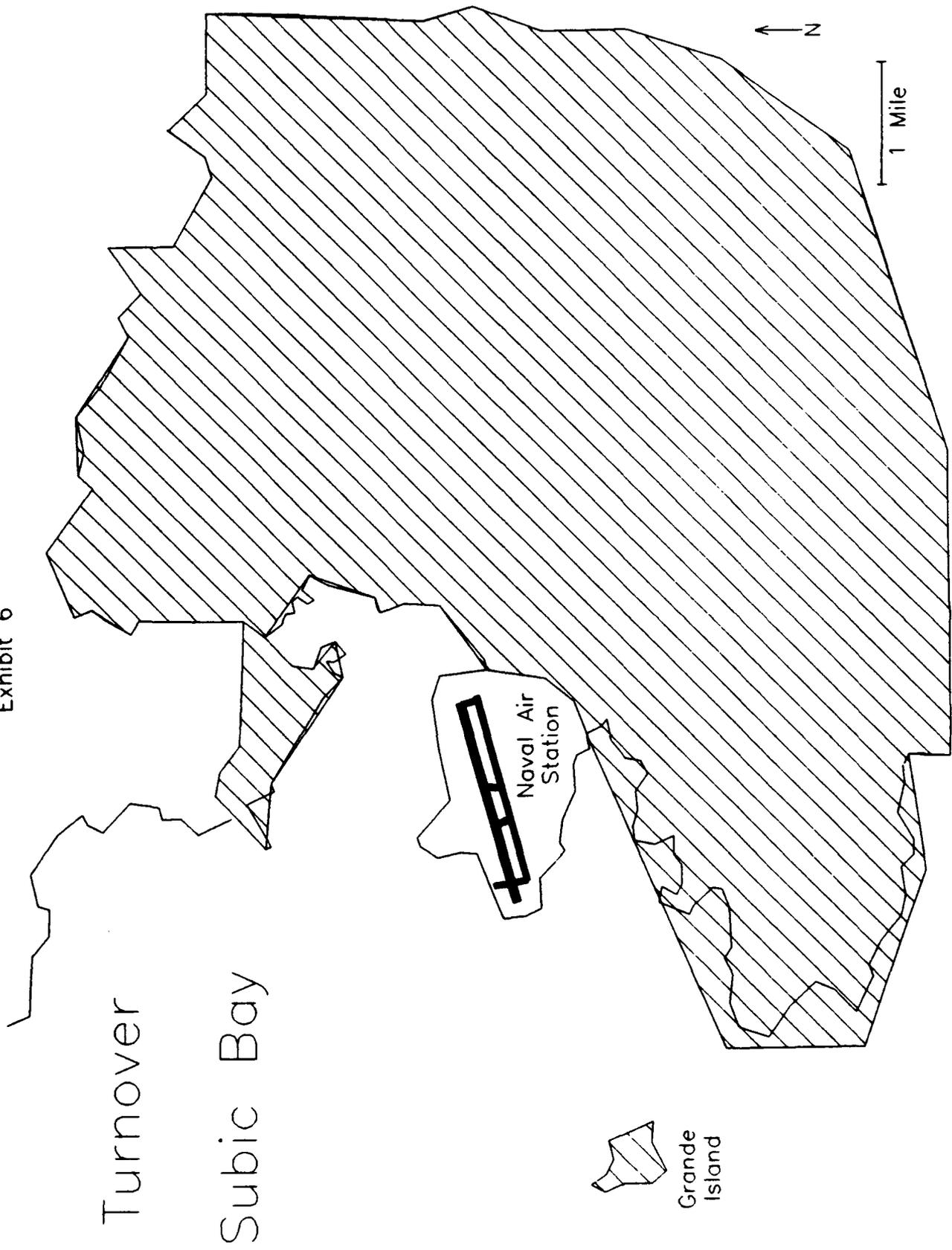
Phase III

Subic Bay



Grande Island

Exhibit 6



Turnover

Subic Bay

Naval Air Station

Grande Island

1 Mile

N

Exhibit 7

List of Acronyms

1. ACOS - Assistant Chief of Staff
2. ADM - Admiral
3. AFP - Armed Forces of the Philippines
4. CDR - Commander
5. CINC - Commander-in-Chief
6. CINCPACFLT - Commander in Chief United States Pacific Fleet
7. CNO - Chief of Naval Operations
8. DOD - Department of Defense
9. DRMO - Defense Reutilization and Marketing Office
10. FCP - Facilities Closure Plan
11. FMS - Foreign Military Sales
12. GOP - Government of the Philippines
13. JCS - Joint Chiefs of Staff
14. LTCOL - Lieutenant Colonel
15. MBA - Military Bases Agreement
16. PWCG - Philippine Withdrawal Coordination Group
17. PWG - Philippine Working Group
18. RADM - Rear Admiral
19. SECNAV - Secretary of the Navy
20. SITREP - Situation Report
21. USCINCPAC - United States Commander in Chief, Pacific

CASE QUESTIONS

- 1) How did the nature of the basing negotiations between the two governments affect the staff planning process?

- 2) What aspects of the organizational structure of CINCPACFLT staff, supported the transition from the strategic planning phase to plan implementation?

- 3) What factors in the case hindered or helped the transition from planning to implementation? Why was CDR Matthews able to take over the administration of the withdrawal plan with so little background in Philippine issues and so little time to review staff plans?

- 4) Is there a connection between strategy and management controls presented in the case? Is there linkage among the vision, strategy and controls?

- 5) Address CDR Matthews' concerns in formulating the strategy to develop the SITREP and briefing which are discussed at the end of the case.

APPENDIX A

INTERVIEWS CONDUCTED

<u>RANK/NAME</u>	<u>POSITION</u>
1. CDR P. J. Battin	International Law Attorney for CINCPACFLT staff, PWG member
2. CDR Clay Ching	Head for Facilities Planning and Real Estate Department for CINCPACFLT Staff
3. CAPT Robert Cyboron	Current Operations Officer for CINCPACFLT Staff
4. CDR Mary Dimel	Pay/Personnel Administration Support Program Manager for CINCPACFLT Staff
5. CDR Marvin Dodge	Military Sealift Command Liaison Officer to the Pacific Fleet, Commanding Officer Military Sealift Command Tagos Unit Pacific, PWG Member
6. CAPT Don Edgerton	Commander Defense Logistics Agency Pacific and Defense Reutilization and Marketing Region Pacific, PWG Member

7. YNCM Gary Eisenbraun Military/Civilian personnel
adviser for CINCPACFLT staff
8. CDR Ed Eng Deputy Head Public Works Support
Department/Special Assistant for
the Ecology for CINCPACFLT Staff,
PWG Member
9. CAPT E. Fessler Negotiation Representative to
USCINCPACREP PHIL, Jul 86-Jan 90;
Commanding Officer Naval
Investigative Service Area
Command Pacific, PWG Member
10. DKCS Ricardo Francisco Military Pay Advisor for
CINCPACFLT Staff
11. RADM F. Holian Deputy Chief of Staff for
Resources and Logistics for
CINCPACFLT
12. LTCOL C. Huddleston Plans and Policy Assistant for
Marine Corp matters/Southeast
Asia Plans Officer for
CINCPACFLT Staff, Lead Member
PWG During Planning
13. LTCOL J. Huddack Fleet Logistics Program/FMF
liaison for CINCPACFLT Staff
14. CAPT Gary Ikuma Fleet Aviation Engineering and
Maintenance Officer for
CINCPACFLT Staff, PWG Member

15. CDR Forrest Kirk Services and Base Development
Officer, Lessons Learned
Coordinator for CINCPACFLT Staff,
PWG Member
16. Ms. Maureen Kleintop Fleet Management/Civilian
Personnel Director for
CINCPACFLT Staff, PWG Member
17. CDR Anthony Luzinski Security Assistance/FMS Plans for
CINCPACFLT Staff
18. LT Steve Manning Fleet Law Enforcement/Physical
Security for CINCPACFLT Staff,
PWG Member
19. CDR Danny Matthews Operational Systems Development
Branch for CINCPACFLT Comptroller,
Lead Member PWG for Execution
20. Mr. Dan Morris Mapping/Charting/GEODESY Officer
for CINCPACFLT Staff, PWG Member
21. Mr. Bill Posnecker Western Pacific Activities
Officer for CINCPACFLT Staff
22. CDR John Quinn Fleet Environmental Officer for
CINCPACFLT Staff
23. LT Ken Ross Assistant Public Affairs Officer
for Operations for CINCPACFLT
Staff, PWG Member

24. Mr. Jim Shaw

Chief of Planning and Operations
for the Defense Logistics Agency
Pacific, PWG Member

25. CDR Charlsie Slagel

Fleet Intelligence
Coordination Officer for
CINCPACFLT Staff, PWG Member

APPENDIX B

INTERVIEW QUESTIONS

The thrust of the interviews will be concentrated on determining facts by illustrating relationships between strategic planning (processes to uncover new ideas or threats), and management controls (controls on individual tasks, optimum decision making, cause and effect).

The researcher believes this research effort and the resulting written case is a terrific example to illustrate the relationships defined above, because the withdrawal and closure of the Naval Complex at Subic Bay can be considered a one time event for which no predetermined pattern or system exists. Listed below are the questions which the researcher believes were pertinent to the fact finding phase of the research effort.

- 1) What was the scope of your involvement in the withdrawal process?

- 2) From your perspective what are/were the major issues for withdrawal and closure in your area of responsibility?

3) What were the planning factors considered in determining the time line for the withdrawal and closure in your area of responsibility?

4) What were the lateral relationships (within the staff) that were established to help accomplish the objectives in your area of responsibility? How did these relationships help in the planning and control process? How did these relationships develop? How were they managed?

5) Did subordinates (outside the staff) participate in the planning/control processes? If so, what was the scope of their participation?

6) If you had to redo the entire process, what parts of the planning and controls would you do differently? Why?

7) What is the most significant thing you learned from the entire evolution?

APPENDIX C

OVERVIEW OF WITHDRAWAL ACCOMPLISHMENTS

The following facts were taken from a 1 October 1992 point paper written for CINCPACFLT staff by CDR D. Matthews.

BACKGROUND

In December 1991, the Philippine Senate mandated the United States military depart the Republic of the Philippines by 31 December 1992. Withdrawal was completed 24 November 1992.

DISCUSSION

The withdrawal plan in conjunction with the security plan supports the phased fallback approach turning over real estate to the GOP in stages.

The Naval Station, Kalayaan and Binictican Housing, Grande Island, and Mount Santa Rita were the first parcels of real estate turned over on 30 September 1992.

The Naval Magazine and Naval Hospital were the next facilities turned over.

The Marine Expeditionary Force camp, Naval Supply Depot Warehouse Compound, Fuel Pier, and Fuel Farm were the next facilities turned over.

Naval Air Station, Cubi Point was the final facility turned over on 24 November 1992.

Recovered more than eight million dollars from the sale of U.S. government assets to third parties.

All remaining United States forces withdrew to amphibious ships on 24 November 1992.

Logistics requirements to support the withdrawal effort:

- Costs to withdraw: 208 million dollars in moveout costs, 265.3 Million dollars for military construction projects in Guam, 473.3 million dollars total cost.
- Decommission and disestablishment approximately ninety-three commands, relocate approximately twenty-seven commands.
- Relocate approximately 10,000 United States military, civilian and dependent personnel.
- Terminate employment for 13,000 Philippine Nationals using the Reduction in Force Program.
- The packing and shipment of approximately 450,000 measurement tons of cargo by roll-on/roll-off, break bulk and container shipping.
- The packing and shipping of approximately 1.5 million pounds of hazardous wastes and 800 thousand pounds of PCB's.
- The redistribution of 184 thousand mandays of ship maintenance work throughout the Pacific Rim.
- The redistribution of Cubi Point aviation maintenance work.
- The redistribution of 540 million dollars worth of supply support stock and workload.
- The redistribution of 92 thousand tons of ammunition stocks and associated maintenance.
- The development of new training facilities in the Western Pacific.

APPENDIX D

DOCUMENTS SUPPORTING FACILITIES TURNOVER

Documents reviewed during study of facilities turnover issues.

<u>DATE/CORRESPONDENCE</u>	<u>SUBJECT/TITLE</u>	<u>AUTHOR/ORIGINATOR</u>
131758ZJAN92 MSG	DOD Policy and Procedures for the Return to Host Governments of Overseas sites.	SECDEF
17Oct1988 MOA	1988 Memorandum of agreement on U.S. facilities in the Philippines.	Foreign Sec. R. S. Manglapus Sec. of State G. P. Schultz
Jan/Feb 92	Briefing package for USCINCPAC/CNO/SECNAV brief.	Various

APPENDIX E

DOCUMENTS SUPPORTING SECURITY PLANNING

Documents reviewed during study of security planning.

<u>DATE/CORRESPONDENCE</u>	<u>SUBJECT/TITLE</u>	<u>AUTHOR/ORIGINATOR</u>
15May92 Point Paper	Philippine Withdrawal Security Plan.	LCDR Radebaugh CINCPACFLT Staff

APPENDIX F

DOCUMENTS SUPPORTING PERSONNEL ISSUES

Documents reviewed during study of Personnel Issues.

<u>DATE/CORRESPONDENCE</u>	<u>SUBJECT/TITLE</u>	<u>AUTHOR/ORIGINATOR</u>
16Apr92 Point Paper	Philippine Withdrawal Personnel Interest Items.	YNCM Eisenbraun CINCPACFLT Staff
1991/92	Policy Guidelines for, Change of Permanent Duty Station, Change of Permanent Duty Station From Philippines to Singapore and Inactiva- tion of Naval Facilities in the Philippines.	Various

APPENDIX G

DOCUMENTS SUPPORTING PROPERTY DISPOSAL

Documents reviewed during study of Property Disposal procedures.

<u>DATE/CORRESPONDENCE</u>	<u>SUBJECT/TITLE</u>	<u>AUTHOR/ORIGINATOR</u>
29May92 Point Paper	Excess Property Process.	CAPT D. Edgerton USCINCPAC

APPENDIX H

DOCUMENTS SUPPORTING ENVIRONMENTAL ISSUES

Documents reviewed during study of Environmental issues.

<u>DATE/CORRESPONDENCE</u>	<u>SUBJECT/TITLE</u>	<u>AUTHOR/ORIGINATOR</u>
20Sep91 DOD Dir	DOD Policy for Establishing and Implementing Environmental Standards at Overseas Locations.	D. Atwood/DOD
01Nov91 DOD Dir	DOD Policy on Environmental Restoration Overseas.	D. Atwood/DOD
15Nov91 Point Paper	Navy Installations in Foreign Countries Pollution Control Requirements.	CDR R. Quinn CINCPACFLT
11Mar92 Point Paper	Documentation of Contamination in the Philippines.	CDR R. Quinn CINCPACFLT
29May92 Point Paper	Philippine Environmental Issues.	CDR R. Quinn CINCPACFLT
252036ZMay92 MSG	Tank Turnover	CINCPACFLT

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