

MILITARY LEASE EXTENSION ISSUE

After the last PAG meeting, John Weigant requested a current copy of the military lease at PDX and the relevant documents have been provided to him. Please let me know if you would like copies, as well.

In light of the Governor's 1/11 letter on this issue and Bill Wyatt's 1/16 response, John also requested that the Forecasting Subcommittee consider a forecast of military operations at its 2/13 meeting. (Please see his emails below, as well as a response e-mail from Lt. Col. Stuart Mathew.) He believes the subcommittee may want to draft a recommendation to the PAG for its consideration during its 2/19 meeting, which the PAG could reject, amend, or approve for transmittal to the Port Commission at its 3/12 meeting on this topic.

As with any PAG member request that would or could affect the PAG agenda (here, the possibility of a subcommittee recommendation on the military lease issue), I discussed the request with the PAG Coordinating Committee. The Coordinating Committee is made up of the chair, vice chair, active subcommittee chairs, project managers, and me. The Coordinating Committee thinks the initial decision to make or not make a recommendation, regardless of its content, is that of the PAG - not a subcommittee.

In the interest of keeping to the PAG focused on its primary charge and moving forward on the forecast, the Coordinating Committee has proposed that this discussion occur as part of the Project Sideboard discussion on the Military (sideboard #2). To help frame the conversation, there will be a brief presentation on the advantages and disadvantages of a military lease extension. To prepare for this presentation, I will meet with John Weigant and Lt. Col. Stuart Mathew (and perhaps others) before the 2/19 PAG meeting to develop advantages and disadvantages slides on the following questions for the PAG's discussion and consideration:

- 1) Should the PAG recommend to the Port Commission at its 3/12 meeting that the military lease be extended?
- 2) Should the PAG recommend to the Port Commission at its 3/12 meeting that the military lease NOT be extended?
- 3) Should the PAG recommend to the Port Commission at its 3/12 meeting that the Port Commission not make a final decision on the military lease extension until the PAG has had an opportunity to provide its input later in the master planning process?

As agreed by the Coordinating Committee, I will present the above referenced slides and facilitate the conversation. The presentation and discussion will be limited to 5 minutes on each question. The PAG would then have the opportunity to vote.

We will then conclude the discussion of this topic with a PAG vote on the staff's recommendation on the Military Project Sideboard # 2.

If you have any questions or concerns about this approach, please let me know as soon as possible.

Sam Imperati

1/22/08 John Weigant's E-mail

I'm pleased with Bill Wyatt's letter responding to Gov Kulongoski. Because I think there are policy implications, I think PAG should give some advice to the Commission on the matter, who would in turn inform the Governor. That probably means putting it on the agenda of one of the subcommittees, either sustainability or forecasting. Both meet a week prior to the PAG meeting, and could probably work out a draft recommendation for PAG support. Wyatt suggests a joint ORANG/USAF study to evaluate the two options on the table. I think an alternate approach would be to establish a military subcommittee to focus on the issue for the near term, which would not require commissioning a study at this time. One of Wyatt's assumptions seems to be that the third runway is the only option, not recognizing other options that might serve the military even better, and cheaper. If another option surfaces, the military should have the benefit of studying it.

This is an issue of immediate relevance, with only one meeting available to formulate a policy recommendation to the Commission. As such, I think it trumps the sideboards issues, and deserves major agenda time at the PAG meeting. (One of the sideboards is the military.)

In my opinion, the request to extend the lease is premature, until the land use plan is complete. It's all related to the third runway, which will not be finalized in planning until the land use plan is adopted. I can also see this as a ploy to reinforce the status quo, before alternatives have been proposed and studied. Recognizing the military's 25-year requirement before capital improvements, we need to know what is in the pipeline for capital improvements and whether a brief delay in extending the term has any consequence whatever. Therefore, I'd like to see a capital improvement plan for the Airbase for the next 5 years. If nothing significant is planned in the near future, I see no need to extend the lease past 2029 at this time.

A lot of issues might clarify if I knew what I was talking about. I can't understand creative lease options without understanding the lease itself. So, Chris, can you send me a copy of the current lease (electronically, if possible), plus any changes to it you're proposing?

I invite your attention to Linda Perry's forecast presentation at the PAG meeting, page 3, top bullet:

*Issue: Distinguish between policy driven decisions, operational matters, and assumptions that could affect forecasts

*Action: Acknowledge that policy is not made in the forecast process, but a range of forecast options facilitate subsequent policy discussions

*Potential Influence: Consider forecast assumptions and the development of forecast scenarios.

I agree entirely. But the military seems to want a policy decision, then drive the forecasts to it. That scenario cannot be justified by history or our estimates of the future. The military is a minor operations component of PDX, but a major noise component, especially SEL. Claiming a political decision is all we need to consider because the number of operations is too small to matter is wrong.

A great many things are beyond our control or understanding in forecasting, but we make the best estimates we can, evaluating the probabilities of various assumptions, and the costs and benefits. Every component of the forecasts needs this kind of treatment. So we need a data-

and assumption-driven forecast of the military first, with policy to follow, even if the policy is unsupported by forecasts.

Chris, I understand this puts you in an awkward place, serving two masters. Yes, the Governor is a top dog, and you would generally do what he says. But your more immediate task is to develop PDX policy that serves the region as best it can. If the PAG thinks this decision is premature, as Wyatt seems to imply, I think it is your higher responsibility to inform the Governor that there are other issues at play at this time, and no damage will occur from a short delay. Frankly, I don't see anyone in a position to advise the Governor that extending the military lease is a bad idea. At this point, only the PAG can be expected to have a balanced viewpoint.

Thanks. I look forward to an early copy of the lease agreement.
-- John Weigant, AIR Representative

1/24/08 John Weigant E-mail

I request an agenda change to consider a forecast of military operations at PDX at the next Forecast Committee meeting. Although this would normally come later in the planning cycle, Gov Kulongoski's letter to the Port Commission requesting extension of the Oregon Air National Guard (ORANG) lease is accelerating the need to consider the Airbase now.

References:

- *The proposed agenda, which does not mention the military
- *My letter to the committee for its first meeting, when I was overseas, that presented an 18-year history of military operations at PDX, with trend lines. I will update that shortly with final 2007 data.
- *Gov. Kulongoski's letter included in our January PAG meeting packet.
- *Bill Wyatt's response letter, included with Sam's attachments in his distribution of 1/21/07.
- *Linda Perry's PAG presentation, page 3, bullet 1, distinguishing between policy-driven decisions and forecasts.

History. The past two master plans (KPMG & P&D Aviation) did a political forecast of military operations (i.e., level), both of which failed to materialize. In both cases, a data-based trendline would have more accurately projected current patterns. I believe our job, in agreement with Linda Perry's point, is to produce the best forecast we can, clearly stating the assumptions behind it. The political process is on its own track, and it will eventually determine the outcome, but we should provide the best information we can, so policy makers can arrive at the best political decision.

Timeline. Now is when the forecast committee must address this, because the issue is being forced to a decision at the March 12 Commission meeting. If PAG makes a recommendation, it must consider it at its February meeting. Our committee meets just a week before PAG. Our committee should offer a recommendation to PAG, which can then adopt or modify it to present to the Commission.

Options now. I see several major options now:

*Do nothing, which I believe is a cop-out, but it's the path we are on now.

*Do a preliminary forecast of military operations now, to the best of our ability.

--A political forecast would likely project level operations, as it has in the past. It's not our job to produce political forecasts.

--An evidence-based forecast would likely project F-15 unit closure within 5 years. Our job is to consider the evidence, and the probabilities of different scenarios.

*Simply endorse Bill Wyatt's position that a decision now is premature, and that more study would be useful before the lease is actually extended.

--More evidence would help us decide about this option. Does the military have capital improvements planned for the immediate future, such that an immediate extension is needed?

Uncertainty. We are in a period of huge uncertainty and change. Much of that will resolve itself in the next few months. A falling economy, a new administration, stock market decline, falling real estate values, huge tax cuts, huge demands on the Pentagon (Oregonian, 1/23, pg A9 listed another \$22.4 billion hardware acquisition for IED-resistant land vehicles), aging fighters, changing missions, changing priorities to domestic issues like highways, education, and health care, a falling dollar, a rise in the sustainability paradigm, global warming, limits to growth, and a host of other issues suggest that good forecasting will be very difficult, and must consider many issues. I would have preferred more time to build these issues into our forecasts, but the Governor's letter forces at least preliminary consideration of some of them into one of our smaller forecasts.

In addition, dealing with these issues in the context of the military will also be a starting point to apply them to passenger forecasts, where appropriate.-

-- John Weigant, AIR Representative

2/6/08 Stuart Mathew E-mail

Committee Chairs, members, and staff,

I'm not sure that I completely understand what role is being suggested for the PAG and forecast subcommittee in review/comment on the proposed lease extension. For lack of my clear understanding of a hypothesis, below is how I'd summarize and respond to the apparent issues and dialogue (in no particular order).

1. Further study of the military basing: In terms of further study, there is the previous Port Master Plan, a Regional Air Demand Task Force study, and a Military Siting Feasibility Study. Each of these have been more finely detailed into the future location of the military, either at Portland International Airport or in the regional area. The PAG process will also look at the military as part of the overall development of the airport and not take it on as a single issue. If more information is requested by the PAG, then the military feasibility siting analysis provides a considerable amount of applicable information on why the decision was reached to keep the military at Portland.

As Mr. Wyatt's memo pointed out, in the 2009 timeframe, there will likely be a couple of siting options for the military when the master plan update is at the proper place. The PAG will be intimately involved in this and many other siting issues at that time as advisors to the Port and City staff as well as the Port Commission.

2. Forecasting of military operations: Military operations are not driven by socio-economic factors. Flight operations are determined by the National Defense Strategy and policy decisions at the national level. I contend that we can not predict these decisions and their impact upon military flight operations as they are in the political realm. The Oregon Air National Guard believes that manned Air Sovereignty Alert (ASA), to protect and defend strategic assets and resources in the Northwest, will be a part of the National Defense Strategy and Homeland Defense for the future. As far as impact to a 3rd runway or expansion requirements at the airport, historical military operations on which the five years Airport Joint Use Agreement (AJUA) is based are approximately 6,500 (FY04/05 operations).

This is a small percentage of total Port of Portland operations. Another key factor to consider is that military operations, other than alert scrambles, can and are scheduled outside of peak commercial flight times. This provides more effective utilization of runway capacity. Therefore, forecasting military operations is not a wise use of valuable PAG time since the operations are not really forecastable.

3. Purpose of lease extension: The Oregon National Guard believes in the strategic importance of an Air Sovereignty Alert mission in Portland. There have been public statements by the elected officials of the State of Oregon about concern over the longevity of the F-15 and the need to move to a newer airframe. The Air Force has announced that the F22/F35 are a possible new airframe for the Oregon Air National Guard as part of our continuing Homeland Defense mission. For the Air Force to base these assets at a location, they need to ensure they have a base that as longevity to it.

Typically, as mentioned in Mr. Wyatt's memo, the threshold is 25 years. There hasn't been a bed down plan developed for either of these airframes at Portland that spells out any specific construction. I believe that if a new airframe is introduced at Portland, there will be construction required due to more secure systems and high-tech materials than a 1970's/80's vintage airframe. That construction is yet undefined. The Guard's interest is securing that basing longevity at the Portland International Airport to position the Guard to support the Homeland Defense component of the National Defense Strategy. The exact location of the base appears to be up in the air as part of the master plan update and as further mentioned in Mr. Wyatt's memo in referring to studying two siting options 2009. The PAG is involved in the master planning of the Port and as I mentioned above in paragraph 1, the PAG has a role in that discussion.

4. Relocation cost: I will defer commenting on this cost issue in any detail. That is the purview of the negotiation process that the Port and the Air Force representatives engage in. I'd venture to say that potential relocation cost of the base is a major interest item to both the Air Force and the Port and minimizing the costs will be a factor in the negotiations.

5. 5th Generation Fighter basing: Any recommendation to base a new airframe or mission must adhere to the National Environmental Policy Act requirements. Through that public process, public input is solicited and impacts to any number of areas is studied. This is a separate issue outside of the PAG.

Bottom line:

I respectively recommend that the planning update process continue its course and not take on individual issues that are not in concert with the overall objective of a master plan update and potential revisions of City of Portland land use zoning considerations. I do not view the issue of a requested lease extension by the military as an issue that demands the dedicated attention of the forecast subcommittee or the PAG.

-- Lt. Col. Stuart Mathew

2/11/08 John Weigant E-mail

Coordinating Committee and added staff:

For the most part, I agree with the points made by Lt. Col. Mathew.

1. Further study of military basing. I agree that several studies exist, and Bill Wyatt has proposed another. These may proceed in due time, as needed, and there is plenty of time to perform them. The situation has changed somewhat from the past studies, in that the refueling wing was transferred by BRAC Commission.

2. Forecasting military operations. All plans involve a forecast of one sort or another. I believe we are responsible to make the best forecasts we can for all components—passengers, cargo, GA and military. “No change” is a forecast. That might mean either no change in numbers or no change in pattern. I agree entirely that military operations at PDX are determined at the national level, and are in the political realm. However, political trends can also be forecast, and substantial changes at the national level are likely within a year, well before completion of a Master Plan, and certainly before completion of a land use plan. The consultant is forecasting relatively stable military operations, as was done for the 1993 and 1997 master plans. In both prior cases the trend line was a better forecast. Our consultants are following the trend line very tightly for passenger forecasts, but not for military and GA. Why the difference? The current line, set by Federal action, shows the military will cease operations at PDX about 2012. Base closure will be a Federal decision, but locally we should anticipate it. I think it highly unlikely the next administration will expand the military more than the last one.

3. Purpose of lease extension. PDX is slated for F-22s if 384 are built. This year the final 20 of a 3-year procurement will be delivered, bringing the total to the 183 currently planned. All these are allocated, none to PDX. It takes nearly 3 years to build an F-22, and next year's Pentagon budget does not include more. When the Pentagon decides to budget for more, the Port will have three years to extend the lease. That won't happen this year, but more likely never. Portland's turn, if ever, is likely to be far in the future. If ORANG has no present plans for capital improvements that require a 25-year lease term, I see no advantage to the Port to bind itself for an additional 7 years *at this time*, past its current 2029 end date. (The government is bound only for 30 days.) Planning is all about investigating options. Fred Stovel has pointed out that inability to find someone to pay \$450 million to move the military might kill the terminal options under consideration. *An immediate lease extension gives no benefit to the Port, and could kill its current options.* Airport Futures will not be done until a land use plan is prepared, and approved by the City. An immediate extension ignores that the land use plan may need some flexibility, too. There will be plenty of time to extend the lease when both plans are more complete.

It's important to keep in mind that the master plan guides what goes on inside PDX, while the land use plan is more concerned with the impact outside PDX boundaries. Operationally, fighters have little impact inside PDX, but fighter noise has significant impact on the community, with the highest noise levels of any PDX aircraft. A lease extension now will bind both Port and City future flexibility.

The bottom line to me is that the future of the ORANG base is in question, through federal action, not ours. If the present lease term is restricting government plans *now*, the Port should consider it. With great uncertainty ahead, the Port should not bind itself and the City now unless there is something to gain. If any body has a responsibility to forecast the future of the military at PDX, that body is the Forecasting Subcommittee. It will be considering a military forecast anyway. A recommendation to PAG, based on its findings, to forward to the Port Commission at its March meeting, is perfectly appropriate.

-- John Weigant, AIR Representative