

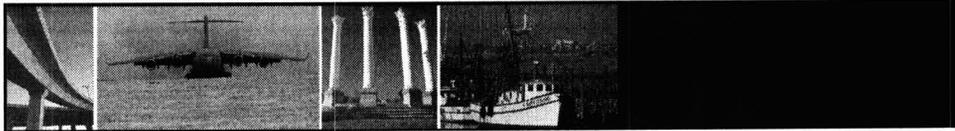


**Charleston Region,  
South Carolina**

Presentation to:  
**BRAC Commission**  
June 28, 2005



**R. Keith Summey**  
Mayor, City of North Charleston



## 2005 BRAC Recommendations

<u>Action</u>	<u># Jobs</u>
• Close DFAS Charleston	-368
• Realign NWS Charleston	-250
• Close NAVFAC Southern Division	-492
• SPAWAR Charleston	<u>-49</u>
	-1,159



## NAVFAC Southern Division Charleston South Carolina

Presented to the  
BRAC  
Commission  
By:  
CAPT William Lewis  
CEC USN (Ret.)





## DoD Decision is Flawed

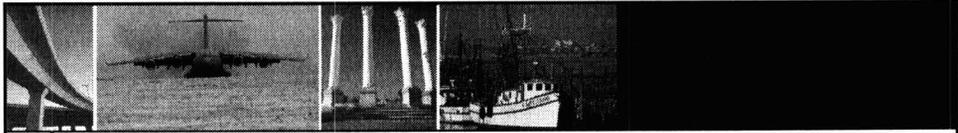
- Other BRAC recommendations not considered
- Unique geographic dispersal of SouthDiv region
- Flawed analysis by combining SouthDiv with EFA Northeast and Crane Center to show cost savings
- Personnel savings are through Transformation, not BRAC
- Collocation does not equal Military Value



## DoD Matrix Scoring Statements

	Weight
<b>Effectiveness of Operations</b>	
Relative Proximity to supported customers organizations or subsidiary organizations managed	11.92
Significant mission-related functions	9.67
Assessment of current location's statutory status	5.09
Number of customers and/or subsidiary organizations currently served	5.28
Customers and/or subsidiary organizations currently supported beyond 100 miles	3.02
Service provided to customers outside DoN	2.28
Singular focus on regional management mission	3.02
	<b>40.25</b>
<b>Efficiency of Operations</b>	
Proximity to regional headquarters and fleet commands	10.30
Proximity to Naval force concentration	13.05
Proximity to significant non-DoD regional organizations	2.38
Share overhead support functions	3.34
Ratio of workload managed to overhead staff	4.68
	<b>33.75</b>

35% Location ?????



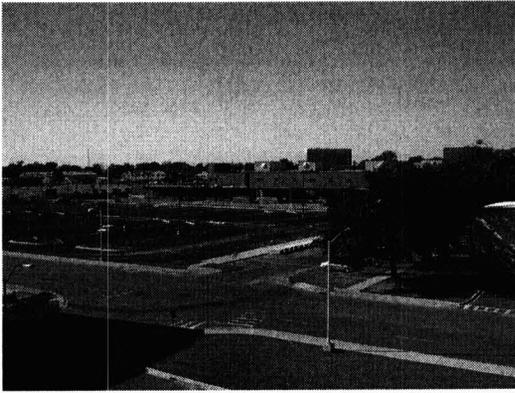
## DoD Rank of Military Value

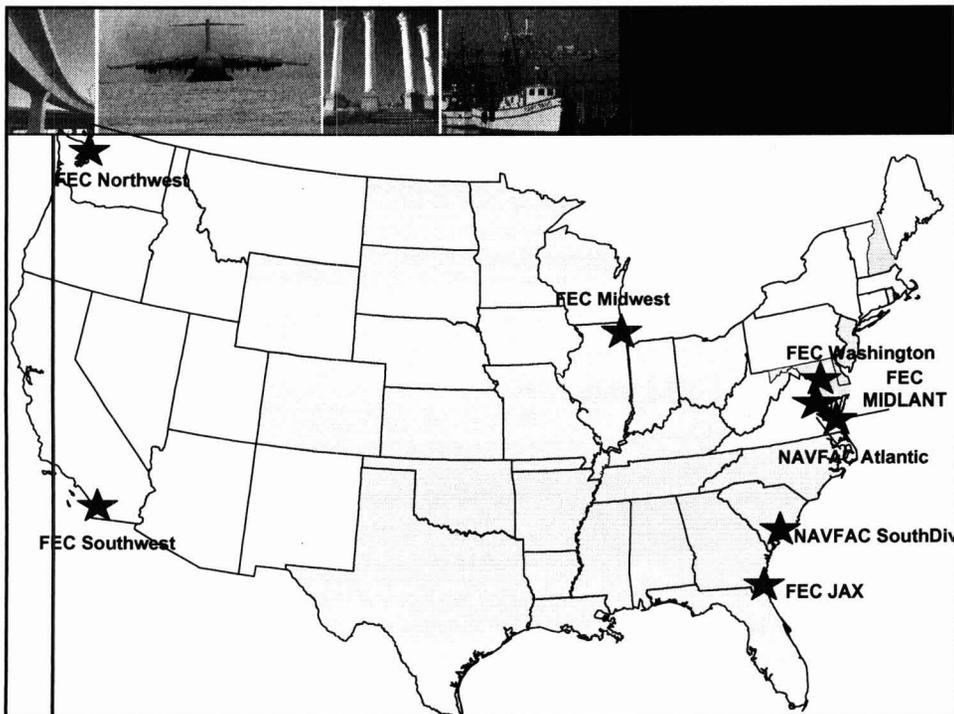
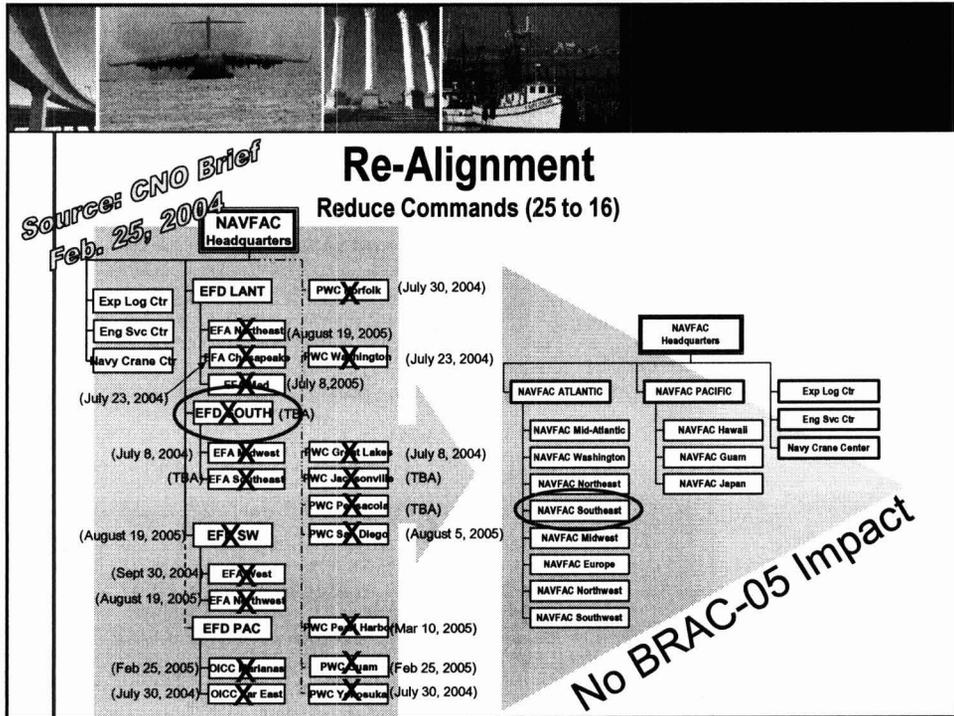
Ranking	DoN Installation	MilVal Score
1	NAVFAC EFD Southwest – San Diego	85.1
2	NAVFAC EFD Atlantic – Norfolk	84.7
3	NAVFAC EFA Chesapeake – Washington	79.4
4	NAVFAC EFD Pacific – Pearl Harbor	76.1
5	NAVFAC EFA Southeast – Jacksonville	62.2
6	NAVFAC EFA – Great Lakes	62.0
7	NAVFAC EFD South – Charleston	59.1
8	NAVFAC EFA Northwest - Poulbo	58.8
9	NAVFAC EFA Northeast – Philadelphia	58.6
10	NAVFAC OICC GU	51.9
11	NAVFAC EFA West – San Bruno	45.2

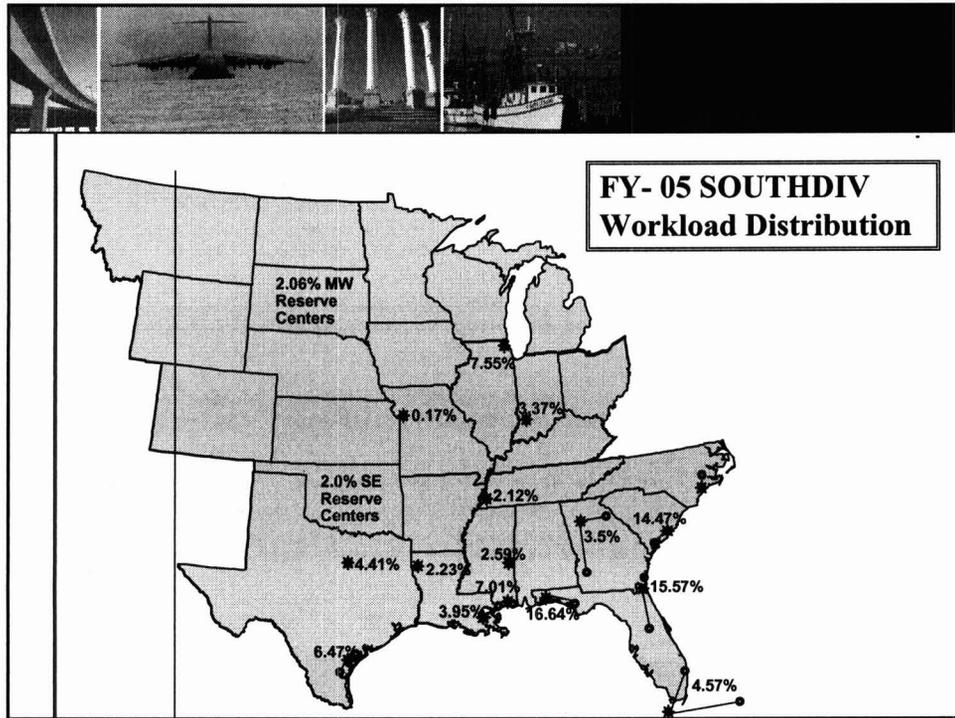
**Nonsense!**



## DFAS Charleston







## BRAC Recommendation

**“Close Naval Facilities Engineering Field Division South leased space in Charleston, SC.** Consolidate Naval Facilities Engineering Field Division South, Charleston SC with with Naval Facilities Engineering Field Activity Southeast, Jacksonville, FL, at Naval Air Station Jacksonville FL, Naval Facilities Midwest, Great Lakes, IL, at Naval Station Great Lakes, IL; and Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk VA.

**Close Naval Facilities Engineering Field Activity Northeast leased space in Lester, PA.** Consolidate Naval Facilities Engineering Field Activity Northeast, Philadelphia, PA, with Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA and relocate Navy Crane Center Lester, PA to Norfolk Naval Shipyard, Norfolk, VA.”

**Payback:** The total estimated one-time cost to the Department of Defense to implement this recommendation is \$37.9 M. The net of all costs and savings during the implementation period is a cost of \$9.1M. Annual recurring savings to the Department after implementation are \$9.3M with a payback expected in four years. The net present value of the costs and savings to the Department over 20 years is a savings of \$81.8M.

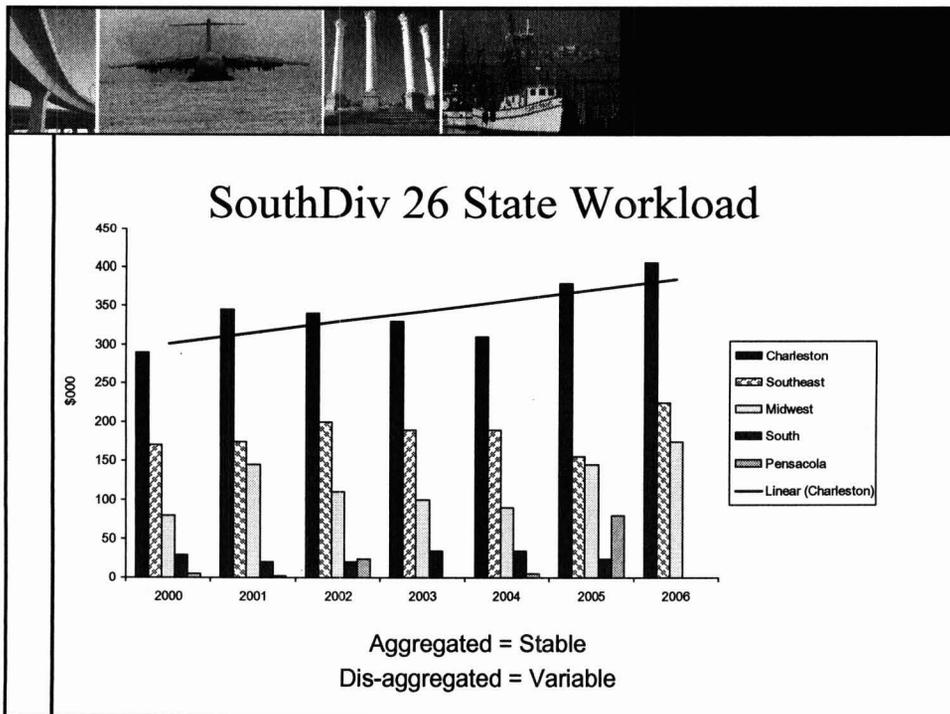
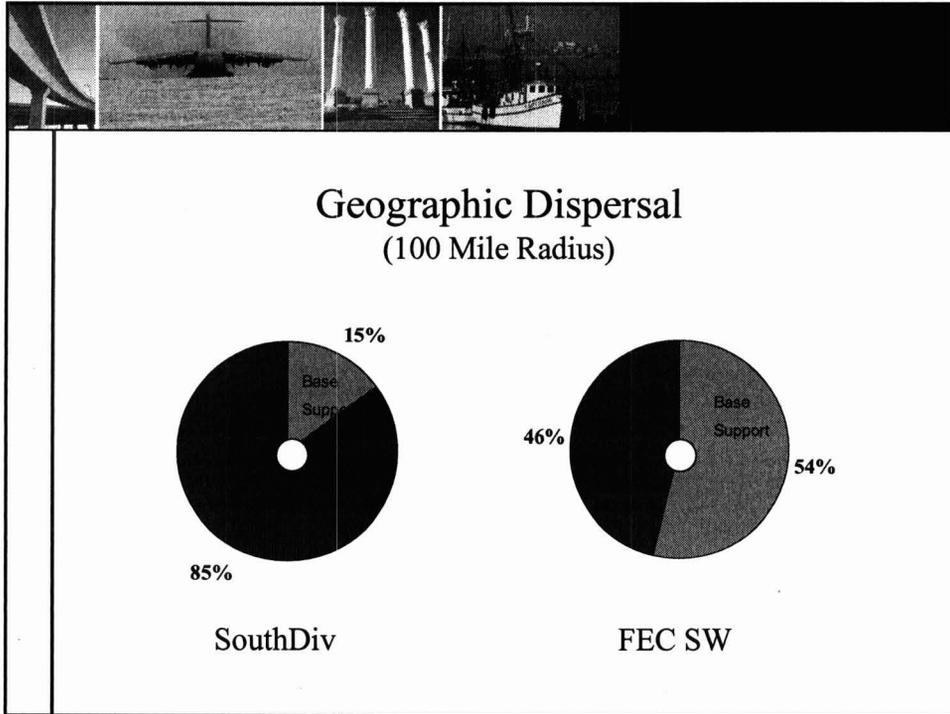


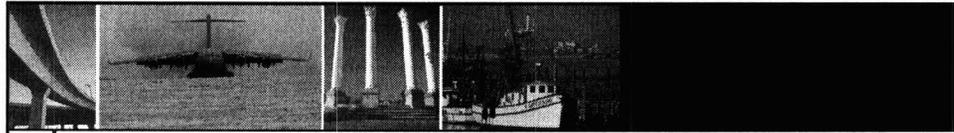
## BRAC Recommendation Flawed *(Generates No Recurring Annual Savings)*

- DFAS Facility Not Considered
  - Annual Cost = \$1/Year
- One time relocation and personnel transfer cost = \$40 Million
- Transformation Decision; Not BRAC



We need to ask the  
\$49 Million Question.

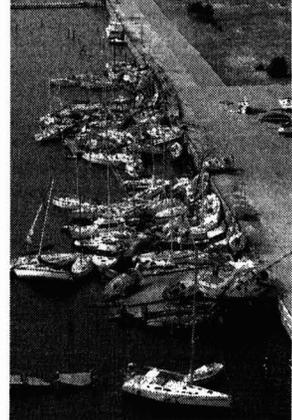


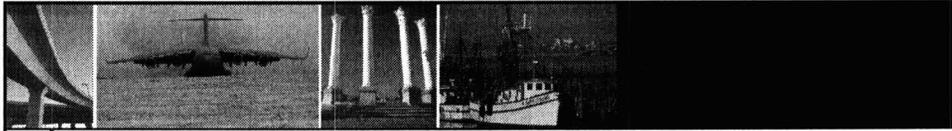


NAVFAC Assessment Performance Metrics		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
<b>Capital Improvements</b>					
Efficiency Indicators	Income WIP (ratio)	1	2	3	4
	Non-Income WIP (actual)	2	1	3	4
Cycle Time Indicators	DIP (Actual - %)	1	2	3	4
	MILCON/MCON/MCNR,FHN (% Comp)	4	2	1	3
Effectiveness Indicators	Defense (% Complete)	4	3	1	2
	AF Scorecard				
Environmental	DSGN Complete	1	2	3	n/a
	President's Budget Awards	1	2	n/a	3
	Schedule Growth ('04)	1	3	4	2
	Cost Growth ('04 - less \$)	1	3	2	4
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	2	4	3
	Cycle Time Indicators	Response Complete Remedy in Place	2	1	3
Effectiveness	Reimbursable Work	1	4	3	2
<b>Real Estate</b>					
Efficiency Indicator	Actions Performed (actual - %)	1	4	3	2
<b>Public Works</b>					
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund \$)	3	1	3	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund \$)	2	4	1	3
Cycle Time Indicators	Utilities Privatization (SSAD actual)	4	3	1	2
	<b>Comptroller/Resources</b>				
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	2	4	3
	Operating Efficiency - Indirect Hrs (-Training/Leave) (actual-target)	1	2	3	4
<b>Other</b>					
Effectiveness Indicators	NAVFAC Lost Time Case Rates (*tie)	2*	3	1	2*
		32	46	46	51
		1.68	2.42	2.42	2.68



## Hurricane Ivan Pensacola, FL



**NAVFAC Southern  
Division  
Response**



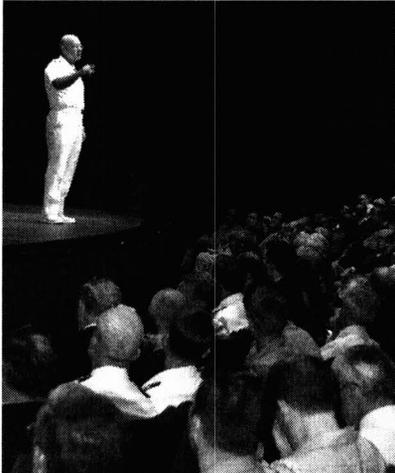
- \$47 Million Emergency Repairs
- 1,650 Contractor Personnel within 17 Days
- Airfield Operational within 10 Days
- Total Repairs = \$600 Million



**89 Days Later**



Sailors arrive at Chevalier Hall building on board Naval Air Station Pensacola, Fla., January 2005. The building was devastated with heavy damage from Hurricane Ivan in September 2004.

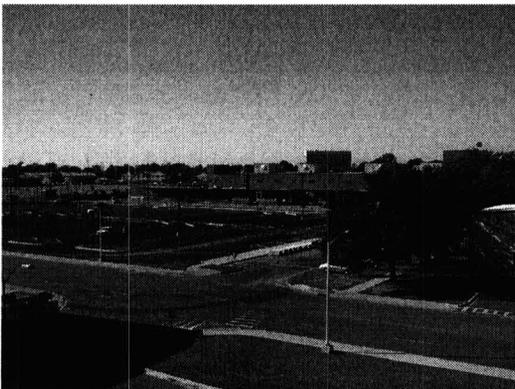


Why would you want to lose this intellectual capital?

CNO Presents Hurricane Ivan awards to 80 SOUTHDIVers.

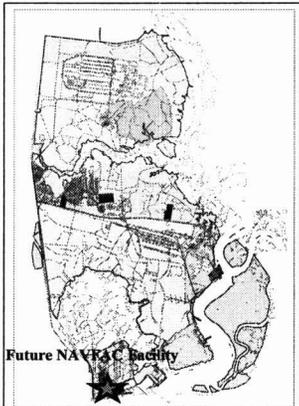


DFAS Building = \$1/Year





## Community Proposal



"A build-to-suit Class "A" office space meeting Navy requirements and specifications."

*BCD Council of Governments to SECNAV  
December 9, 2004*



## Remain at Eagle Drive Location





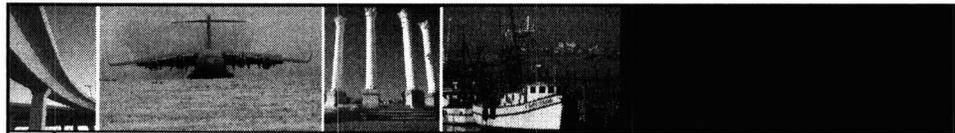
### Cost Comparison

	BRAC RECOMMENDATION	OPTION 1 DFAS	OPTION 2 COMMUNITY PROPOSAL	OPTION 3 CURRENT OFFICES
One-time relocation and personnel cost	\$39,676,130	\$990,000	\$990,000	\$0
Lease cost	\$0	\$13	\$14,301,582	\$20,369,070
Building support costs	\$6,938,289	\$6,938,289	\$6,938,289	\$0
Facilities Capital Cost	\$13,706,000	\$0	\$0	\$0
Ownership Residual Value	(\$3,404,710)	\$0	(\$3,404,710)	\$0
<b>Transformational Personnel Savings (62 FTE)</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>
<b>Total BRAC Cost Plus Transformational Savings</b>	<b>\$49,160,687</b>	<b>\$98,148,094</b>	<b>\$87,251,235</b>	<b>\$85,707,326</b>



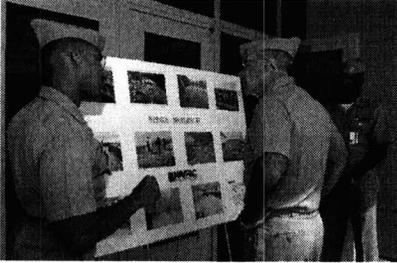
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Facilities Capital Cost	\$13,706,000	\$0	\$0	\$0
Ownership Residual Value	(\$3,404,710)	\$0	(\$3,404,710)	\$0
<b>Total Cost</b>	<b>\$56,915,709</b>	<b>\$7,928,302</b>	<b>\$18,825,161</b>	<b>\$20,369,070</b>
<b>Transformational Personnel Savings (62 FTE)</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>	<b>\$106,076,396</b>
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Total BRAC Cost Plus Transformational Savings	\$49,160,687	\$98,148,094	\$87,251,235	\$85,707,326
Savings Over BRAC Recommendation		\$48,987,407	\$38,090,548	\$36,546,639

“The outcome of BRAC is going to be determined based upon a very extensive analytical effort...”

“...In other words, I am not remotely interested in changes that don't produce money.”

Admiral Vern Clark, Chief of Naval Operations  
*The New York Times*  
March 20, 2005

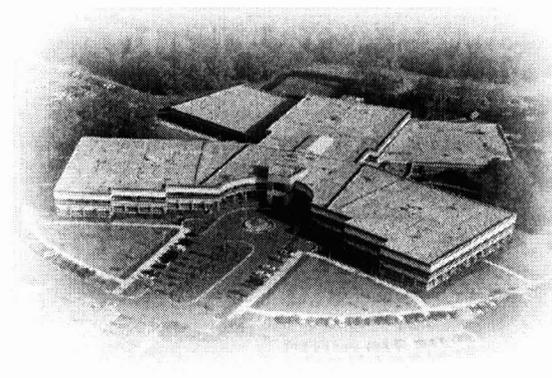


## SPAWAR Systems Center Charleston

A Joint Network Centric Enterprise

Presented to the  
BRAC Commission

By:  
CAPT James Hoffman  
USN (RET)



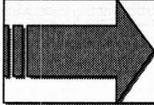
## Consolidate Maritime C4ISR RDT&E

- Move Maritime Information Systems (IS) to SSC San Diego
  - Naval Surface Warfare Center (NSWC) Dahlgren, VA
    - Lose 111 people to SSC SD
  - Naval Underwater Warfare Center (NUWC), Newport, RI
    - Lose 112 people to SSC SD



## Why Move Work to Charleston?

- Charleston is a Cost Effective Location
  - Civilian Labor Rates
  - Contractor Labor Rates
  - Cost Effective Operations...Additional Savings

 **>\$30M  
In Savings**



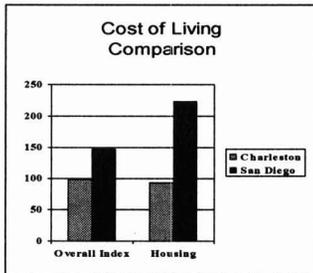
## Greater Mission Effectiveness

- Charleston Mission Highly Synergistic with NSWC and NUWC's IS Work
  - C4ISR & Combat Systems
  - Submarine Info Systems
  - Platform integration Activities
  - Joint and Multi-Service Programs



## Charleston = Cost Effectiveness

### Charleston's Cost of Living Makes Relocation Possible



Category	Charleston	San Diego
Overall Index	100	150
Housing	100	220

2400 Square Foot Home  
 Charleston = \$229,000  
 San Diego = \$597,000

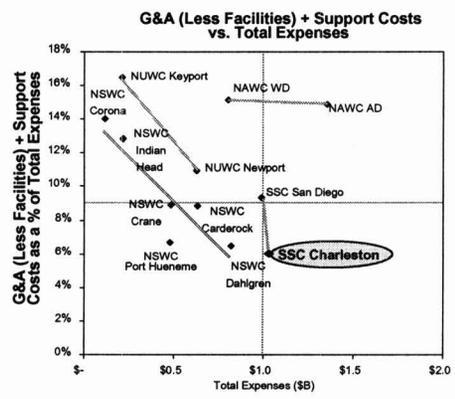
Source: ACCRA Cost of Living Index

*Preservation of Intellectual Capital*



## Charleston: Most Efficient Operations of All Navy Engineering and Warfare Centers

**G&A (Less Facilities) + Support Costs vs. Total Expenses**



Center	Total Expenses (\$B)	G&A (Less Facilities) + Support Costs (% of Total Expenses)
NUWC Keyport	~0.2	~16%
NSWC Corona	~0.2	~14%
NSWC Indian Head	~0.3	~12%
NSWC Crane	~0.4	~8%
NSWC Port Hueneme	~0.4	~6%
NSWC Dahlgren	~0.7	~5%
SSC Charleston	~0.8	~6%
NSWC Carderock	~0.8	~7%
SSC San Diego	~1.0	~9%
NUWC Newport	~0.8	~11%
NAWC WD	~1.2	~15%
NAWC AD	~1.5	~14%

Source: SECNAV Study Conducted by Booz Allen Hamilton



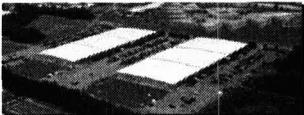
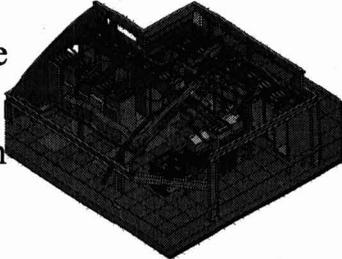
## Highly Synergistic with Navy Surface Weapons Center IS Work

- **C4ISR & Combat Systems**
  - Closer Coupling Reduces Time to Observe, Orient, Decide, and then Act
- **FORCEnet**
  - Relies on Close Coupling of Sensors, Shooters, and Command and Control Nodes (Complete C4ISR and Combat Systems) to Succeed
- **Interior Communications**
  - Voice and Data are the Tie Between C4ISR and Combat Systems
- **Global Information Grid – Bandwidth Expansion**
  - SSC Charleston is a Leader in GIG-BE Implementation & Testing



## A Leader in Sub C4ISR and Platform Integration – Logical Location for NUWC IS Work

- Lead for Common Submarine Radio Room Integration
- 90,000 SF System Integration Facility
- Multiple Turnkey Platform Integration Facilities

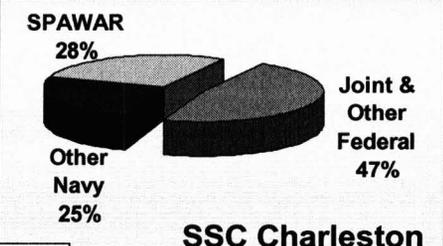




## A Major Joint System Provider

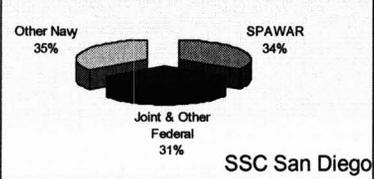
- A Major Joint and Transformation Hub with 47% of its Work Coming from Joint and Other Federal Customers
- Systems Developed for Multiple Services Leverage Common Software and Designs

**SSC Charleston**



Customer Category	Percentage
SPAWAR	28%
Other Navy	25%
Joint & Other Federal	47%

**SSC San Diego**



Customer Category	Percentage
Other Navy	35%
SPAWAR	34%
Joint & Other Federal	31%



## Joint War-fighter Engineering Facility

“The trip to SSC Charleston illustrated an engineering facility that has application across the complete Joint War-fighter environment with a significant amount of effort within other agencies outside of DoD. They are not just a Navy lab but could form the basis for a Joint War-fighter Engineering Facility...They have drawn on lessons learned and implementation experience that place them 18 to 24 months ahead of our other DoD initiatives.”

OSD-NII, March 29, 2005  
 OASD Networks and Information Integration

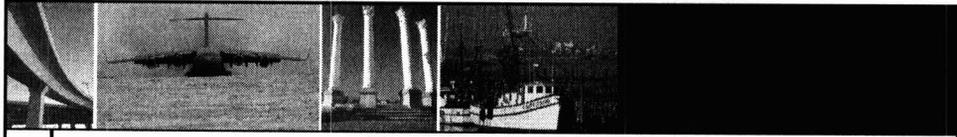


**Charleston is a Better Location to Move  
NSWC and NUWC IS Work**

- More Cost Effective... >\$30M Savings
- Preservation of Intellectual Capital
- Strong Synergy with Combat Systems IS Work
- Replacement of Submarine Radio Room Already in Execution at Charleston
- Major Opportunities for Increasing Joint System Developments
- Facilities and Infrastructure Already in Place



**Joseph P. Riley, Jr.  
Mayor, City of Charleston**



# Charleston Region South Carolina

A 21st Century Joint Transportation,  
Logistics, Engineering and Training Complex

Testimony of CAPT William Lewis, CEC, US Navy (Ret)  
Former Commander, NAVFAC, Southern Division  
June 28, 2005

**NAVFAC-Southern Division (Charleston)**

Slide 4

Gentlemen, thank you for the opportunity to testify today about an outstanding command, NAVFAC-Southern Division in Charleston. My name is Bill Lewis and I was privileged to serve as commander of NAVFAC-Southern Division from 1998 to 2000. I am currently Executive Director for Capital Improvement for the Charleston County School District.

While I have no current role with NAVFAC-Southern Division, my tenure as its former commander gives me the in-depth, yet arms-length perspective to raise important issues for the consideration by the Commission. I come before you because I believe that the BRAC recommendation to close NAVFAC-Southern Division in Charleston was improperly analyzed, will be very costly, counter to the objectives of BRAC, and would ultimately serve to undermine NAVFAC's ability to serve the Navy, Marine Corps, Air Force and DoD agencies in the central 26-states.

Let me begin by briefly summarizing the main points I will provide to you today as to why we believe the BRAC analysis is flawed.

Slide 5

**One.** Cost effective solutions in Charleston were not considered in the BRAC analysis, even though an additional savings of \$49M is available through exercise of an option now possible because of other BRAC actions.

Bullet

**Two.** The geographic dispersal of the commands that NAVFAC-Southern Divisions supports is unique. The engineering workload in the central 26-states is highly disaggregated. There is no location in this Area of Responsibility where there is a major workload concentration. This is unlike other locations where NAVFAC has established echelon 4-Facility Engineering Commands (FECs) to better support the Regional Commanders and bases in these Fleet Concentration Areas. And, an often over looked fact is that NAVFAC is a DoD Construction Agent. Its mission is not only to support the Navy, but its Marine Corps, Air Force, and DoD Agency clients in its area of responsibility.

Bullet

**Three.** The BRAC cost analysis of NAVFAC-Southern Division is overshadowed by the magnitude of the savings generated by NAVFAC closing two of its commands in

Bullet

Philadelphia, EFA Northeast and the Navy Crane Center. The BRAC cost analysis should have been conducted separately for Charleston and Philadelphia and not done together to drive NAVFAC's pre-decisional realignment.

**Four.** The personnel savings claimed in the BRAC scenario are not BRAC savings. They are savings that are already being realized in the NAVFAC Transformation through alignment and consolidation of management positions in the Jacksonville and Great Lakes and are not dependent on the relocation of the personnel from SOUTHERN Division.

**And Five.** The Military Value component in the BRAC analysis is heavily weighted by collocation. How can 35% of the military value of a command be attributed to location in today's highly network centric Navy? The assumption that collocation has greater importance to a command's military value than effective and efficient mission accomplishment is nonsense. This is counter to Southern Division's historical ability to delight its clients by successfully executing their workload and Southern Division's recent experience recent experience providing outstanding response to Pensacola after Hurricane Ivan. This flawed logic taken to its illogical conclusion would lead one to believe that a nuclear aircraft

Bullet

Bullet

Slide 6

Slide 7

carrier's military value would be greater tied to a pier than forward deployed in a battle group. NONSENSE!

It is in the DoD's best interest for NAVFAC-Southern Division's workforce to remain intact in Charleston. This command can now be moved into a \$1/year, Anti Terrorist Force Protection (ATFP) compliant facility that will become available through the recommended BRAC closure of DFAS-Charleston. This approach saves money and enhances performance excellence, compared with the BRAC recommendation of a costly and debilitating fragmentation of the command to Jacksonville, Great Lakes and Norfolk. Unfortunately, the BRAC analysts did not study this option in any of their scenarios. And, this option is clearly superior to the BRAC recommendation to close NAVFAC Southern Division.

Commissioner Hill and members of the BRAC staff have already seen the DFAS facility and actually have toured the building on their recent visit to Charleston.

Cost effective scenarios for continued presence in Charleston were not considered in the BRAC process, despite the opportunity to save more than \$49 million over the next twenty years. The cost savings claimed in the BRAC analysis are dominated by efficiency improvements

Slide 8

Slide 9

already underway in the NAVFAC Transformation process. These transformational savings are realized with NAVFAC Southern Division remaining in Charleston and should not have been included in the BRAC recommendation. In addition, the analysis is highly skewed by unrelated closure of NAVFAC activities in Philadelphia.

When integrated with the parallel BRAC recommendation to close DFAS-Charleston, substantial savings are available to the DoD by keeping NAVFAC's engineering capability intact to serve the central 26-states located in Charleston by simply moving Southern Division from its leased GSA facility to the DFAS facilities now becoming available for alternate government use.

Southern Division's engineering and construction workload is very dispersed over a 26 state area and a varied portfolio of products and services. Support to the Naval Region Southeast in Jacksonville is not a significant part of Southern Division's overall engineering workload. And, the workload to support Naval Region Midwest will decrease dramatically with the completion of the re-capitalization efforts for the Navy's Recruit Training Command at Great Lakes. This is a significantly different reality to the other

Slide 10

Fleet Concentration Areas where NAVFAC has created echelon IV Facility Engineering Commands.

Southern Division has established the engineering capabilities and corporate culture that gives it an unique ability to morph as the workload changes and respond effectively to shifting mission requirements to serve it clients with documented performance that has been rated through the use of metrics that measures its effectiveness and efficiency as NAVFAC's top performer. This slide shows that the greater Jacksonville area represents less than 15 percent of NAVFAC-Southern Division's mission. And, the Great Lakes workload will drop off significantly with the completion of the Recruit Training Command recapitalization program in 2007.

Slide 11

The BRAC recommendation to close Southern Division and relocate the engineering and acquisition professionals to the Facility Engineering Commands that have been recently commissioned in Jacksonville and Great Lakes will disaggregate the workload and fragment the workforce. This will result in two less capable and less flexible commands that will undercut current mission performance with little or no improvement in support to Regional Commanders.

Slide 12

This proposal is counter the management initiatives that large successful private sector Architect–Engineer firms and Engineering, Procurement and Construction firms have taken to improve their effectiveness and ability to compete in a highly competitive market. These firms have gone through a number of mergers and acquisitions to aggregate workload, build technical competency, decrease overhead and exploit technology to better serve their clients. This BRAC proposal would never have made it out of their corporate boardroom.

The cost savings used to justify the closure of NAVFAC-Southern Division is flawed. The analysis included personnel savings that have already been addressed in the NAVFAC Transformation process...not through BRAC. The decision to save 62 full time equivalent civilian positions is already underway and driven by transformation. This is a good move, but do not be head faked that this is a BRAC savings that can be used by the analysts to justify the closure of Southern Division.

In fact, the relocation of the main body of NAVFAC-Southern Division to Jacksonville has no recurring annual savings. When compared to keeping the main body in Charleston, the Southeast consolidation in Jacksonville is

negative \$49 million in constant 2005 dollars. In Charleston, we say: "That dog don't hunt." That conclusion is based on the resolution of the following anomalies in the DOD analysis:

**One.** Cost avoidance of current annual leased space can be achieved in Charleston through use of several options. Most notably, a parallel BRAC action – the proposed closure of DFAS now is a viable option that was not considered. Ideally sized facilities will be available for NAVFAC with minimal renovation and at a \$1/year lease cost that is the same that NAVFAC has for SOUTHWESTDIV in San Diego. The relocation to these spaces can be achieved years earlier than can the relocation to Jacksonville, reducing total lease costs. Savings in Charleston for leased space alone are estimated at \$20 million over 20 years.

Bullet

**Two.** Reassignment of personnel to Jacksonville, Great Lakes and Norfolk will be expensive, both in terms of the relocation costs of those that transfer from Charleston and the recruitment and training costs for those who chose to decline their transfer. Loss of intellectual capital will be substantial and the one-time cost is estimated at \$40 million.

Bullet

**Three.** Cost savings from the NAVFAC transformation can be applied in the analysis of all locations. Again, let me

Bullet

stress that these savings are a result of the NAVAFC transformation process - not this BRAC decision.

NAVFAC's operational effectiveness and efficiency to serve the commands in the central 26- states will be higher with NAVFAC-Southern Division's engineering and acquisition professionals remaining intact rather than fragmenting this expertise into three separate locations.

A strong, centralized engineering and acquisition workforce is the optimal configuration for dispersed and changing workload in its area of responsibility. The premise of the BRAC proposal is that NAVFAC can better serve the commands in the central 26-states with the engineering and acquisition workforce co-located with the Regional commanders is incorrect.

Chasing the Flag comes with a \$49 million price tag. It is not cost effective for taxpayers to pay the high cost to relocate these professionals to be co-located with the Regional Commanders.

Slide 14

And, there is minimal benefit to co-locating the engineering and acquisition personnel to 3-separate locations to serve the 2-Regional Commander in the central 26-states.

This is in contrast to Norfolk and San Diego where the local base support workload is half of their portfolio. To paraphrase the great American philosopher of common sense, Henry David Thoreau: 'Unmindful conformity is the hobgoblin of NAVFAC realignment.'

There is no productivity enhancement gained by breaking up Southern Division and locating it at Jacksonville or Great Lakes because of NAVFAC-Southern Division's disbursed mission. But, the DOD analysis gave greater military value to installations collocated with the Region.

The real synergy gained in Rear Admiral Loose's NAVFAC transformation creating geographic Facility Engineering Commands to support Regional Commanders is in the alignment of areas of responsibilities and the tailoring of the on-site workforce to support specific installations in these fleet concentration areas. The current NAVFAC plan for supporting the Navy addresses the facilities personnel that are already in place locally in Public Works and in the field construction offices at all Navy installations. That transformation is underway in Jacksonville and Great Lakes and is independent of the location of the NAVFAC engineering and acquisition work force.

In fact, dividing the engineering and acquisition workforce into three elements abandons substantial benefits of mission stability and destroys the technical “reach-back” capability. Today, NAVFAC-Southern Division is the powerful reach-back engine that supports its local offices that deliver the work at the local installation level providing two major benefits:

First, it eliminates the duplication of specialized expertise and decreases the overhead. Today, centralized technical resources are available to project managers whose projects are dispersed over a large area. Fragmenting the work force will create the need to duplicate some specialty expertise and grow the overhead.

Secondly, the larger geographic region allows the benefit of load leveling of the workload as projects start and are completed. Smaller geographic regions would expose FEC Southeast and FEC Midwest to large percentage swings in their workload at any point in time. This is highly inefficient.

The vast majority of the engineering and acquisition work is delivered to installations across the Southeast and Mid-west, separated by long distances from the Regional Commanders in Jacksonville and Great Lakes. The support provided to those installations from Charleston has been

Slide 16

excellent. Service excellence has been driven by the optimization of Southern Division's "reach back" capability rather than proximity to the Regional Commander. As of the March Operations Assessment of the four engineering divisions, NAVFAC-Southern Division was ranked the most effective in 11 of 19 assessed performance areas.

Slide 17

Over the years, workload has spiked at various locations within Southern Division's geographically dispersed areas of responsibility. Southern Division has distinguished itself building the Trident submarine base at Kings Bay, the Naval Air Training Command in Pensacola, Nuclear Power Training Command in Charleston, BUPERS headquarters in Millington and now the Recruit Training Command in Great Lakes. That work has been accomplished in an exceptional manner.

Another more recent example of operational excellence was NAVFAC-Southern Division over night response to support the recovery from Hurricane ravaged Pensacola. Their team awarded \$47 million worth of emergency repairs and had 1,650 contractor personnel on the ground within 17 days, had the airfield operational within 10 days, completed \$37 million of repairs to Chevalier Hall within 89 days, and

Slide 18

Slide 19

Slide 20

are on track to complete almost \$600 million worth of repairs within two years of the hurricane.

A particular concern that I have is that if the BRAC recommendation stands it is probable that over 50 percent of NAVFAC-Southern Division's professional engineering and acquisition staff will not relocate to Jacksonville, Norfolk and Great Lakes. The quality of life in Charleston is very high, the economy is robust and many career NAVFAC professionals will choose to remain in Charleston instead of moving. Aside from the cost of retirement and relocation the NAVFAC professionals who do not move will have to be replaced, and their replacements will have to be trained. It will be years before NAVFAC rebuilds the mission knowledge and technical expertise that might be lost if Southern Division closes. When NAVFAC moved the headquarters of its Engineering Field Division that serves the west coast from San Francisco to San Diego, decision makers made a grave mistake. Their hubris assumed the civilian workforce would move. But, the vast majority of them did not and it took NAVFAC over 8-years to recruit and train the personnel it needed at this the new command in San Diego before it was fully mission capable. This BRAC recommendation makes the same incorrect assumption and

Slide 21

would have the same negative impact on mission accomplishment.

On February 9, 2005, Federal Times reported that the DOD is seeking to hire more than 14,000 scientists and engineers due to increased departures from baby boomers and lower participation in technical programs at universities by US citizens (as opposed to foreign nationals). We must assure that any significant loss of technical capability is incurred only where there are clear and measurable benefits in military value.

Let me now briefly present you with three alternative options. Each will provide DoD with a greater cost savings than the current BRAC recommendation.

**The DFAS Building** – An attractive option in Charleston was omitted from the DOD analysis. With the recommended closure of the DFAS mission in Charleston, excellent facilities are available for NAVFAC. The facility has 78,000 square feet of space available to support the entire technical staff and their specialized engineering needs.

Slide 22

While this facility is not on federal property, the government holds a 50-year, \$1 per year lease on the facility that is assignable to any other federal entity. There are 46 years remaining on this lease with an option available for

another 50-year extension. The City of North Charleston owns the facility and has already agreed that should the DFAS decision be upheld, the lease can be transferred to NAVFAC.

This alternative would allow for the closure of current expensive lease space occupied by NAVFAC, saving \$20.0M and avoiding the capital cost of \$14 million for the new facilities that must be built in Jacksonville. This presents a very attractive alternative to the construction of a new engineering facility since the facilities assumed to house NAVFAC expansion in Jacksonville, Great Lakes and Norfolk in the DOD analysis is not available.

Additionally, the DFAS building is already ATRP compliant. However, we have developed a plan to improve the protection of the building, estimated at approximately \$150,000, which is included in our cost analysis. Converting the space to be suitable for engineering activities is estimated at just over one million dollars including communications systems.

An alternative to the DFAS option is a proposal to build a new engineering center next on the Naval Weapons Station that was presented to the Secretary of the Navy by

the community on December 9, 2004. The Berkeley-Charleston- Dorchester County of Governments has made an unsolicited proposal to build offices on government land for NAVFAC-Southern Division under lease back arrangements with the Navy. While the Navy could not consider that proposal as part of its BRAC recommendations, it remains an available option. The 20-year lease costs for this facility are estimated at \$14 million. This option represents a \$38 million savings over the recommended relocation in the BRAC scenario.

A third option not considered is for the NAVFAC Charleston to remain in their current location. Even this scenario would provide a cost savings of over \$37 million over the proposed BRAC recommendation.

Slide 24

The BRAC recommendation proposes spending \$57 million to save \$49 million. That makes no sense. The options to remain in Charleston require DoD to spend far less.

Slide 25

I have highlighted the transformational cost savings again since these have nothing to do with BRAC and these savings are the same for each scenario. This is BRAC 'funny money.'

Slide 26

The preferred option to keep NAVFAC Southern Division intact and move it to the DFAS facilities spends \$49 million less.

Slide 27

In conclusion, we encourage you to consider each of these scenarios and to examine carefully the cost of each compared to the actual cost of relocating NAVFAC to Jacksonville. In our analysis, the BRAC recommendation makes absolutely no sense. We are certain that if you look at the options, you will agree. The best option for the Department of Defense, the Navy and the commands NAVFAC Southern Division serve it to keep the engineering and acquisition workforce intact here in Charleston.

As Admiral Clark says it best: "I am not interested to see any proposal that does not produce money."

Slide 28

Gentlemen, neither do we!

Thank you for your time.

It is my pleasure to introduce Jim Hoffman.

Testimony of R. Keith Summey  
Mayor, City of North Charleston, SC  
June 28, 2005

**BRAC Recommendations Impacting Charleston SC**

Good afternoon. Mr. Chairman, thank you for the opportunity to testify today about the BRAC recommendations relating to the Charleston, South Carolina region. My name is Keith Summey, Mayor of the City of North Charleston.

I am here on behalf of the Charleston region, a region comprised of three counties and over 560,000 people.

First let me start by saying that our community supports the BRAC process and understands the process very well. I daresay the Charleston community probably understands BRAC as much as any other community in the United States because we have a wealth of BRAC experience. As you well know, in 1993 we were "BRAC'ed" and today we are held up as a model community for having experienced BRAC and lived to tell about it.

Unbeknownst to most people, even within the Navy leadership, is the fact that the Navy is still the single largest employers in the Charleston region.

But we also understand that our nation must make changes and re-tool and re-structure the Department of Defense as the world around us changes. And these decisions must be based on what is best for our nation's defense. But they also should make sense – both economically and operationally or else BRAC is unsuccessful.

In the early 1990s the Charleston military complex was one ready for 20<sup>th</sup> century conflicts and the Cold War. Today, our military complex is a model of 21<sup>st</sup> century wartime support with Charleston Air Force Base and its C-17s, the Naval Weapons Station joint ordnance support with over 2,000 additional developable acres, the leading edge SPAWAR System Center, the Army's prepositioning Combat Equipment Group Afloat or CEG-A, the 841<sup>st</sup> Transportation Battalion which has loaded or unloaded over 140 ships for Operation Iraqi Freedom in Charleston, and over 20 other significant commands that operate in a joint base concept.

We have exercised our community responsibility to critically review the 2005 BRAC recommendations that affect our Charleston area commands and want to review our conclusions with you. We have reviewed the recommendations and underlying analysis with regard to the

Defense Finance and Accounting Service, the Naval Weapons Station, the Naval Facilities Engineering Command, Southern Division and the Space and Naval Warfare Systems Center, Charleston.

**First, the Defense Finance and Accounting Service, or DFAS.**

DoD has recommended that DFAS, Charleston be realigned as part of a national consolidation of DFAS centers and will result in a loss of 368 civilian jobs.

While the loss of hundreds of positions is always painful, we find no fault with the logic or conclusions that resulted in the recommendations and loss of these positions in Charleston.

However, we are concerned that the DFAS decision will impact people who have already been "BRAC'ed" once before. Many of the people who work at DFAS are former employees of Navy facilities closed with the '93 BRAC, including the Charleston Naval Shipyard. We trust you will take this into account as you make your decisions.

**Next, Naval Weapons Station-Charleston.**

DoD has recommended realigning Naval Weapons Station Charleston by relocating all installation management and support functions to Charleston Air Force Base. This

realignment will result in a loss of 250 positions, half military, half civilian. For a number of years we have articulated the Joint Transportation, Logistics, Engineering, and Training Complex Charleston. That vision is recognized by this realignment, but we have been unable fully understand the personnel losses from the available data. In concept we support the DOD recommendation for consolidating and streamlining Base Operation Support (or BOS) functions. However, we are concerned about the large loss with little or no gains at Charleston Air Force Base to take on the responsibility of 17,000 additional acres with over 40 tenant commands.

**Next is the Naval Facilities Engineering Command, or NAVFAC-Southern Division.**

We believe the analysis that underlies the recommended closure of NAVFAC-Southern Division is fundamentally flawed and the embedded facts and rationale misleading. As a community, we are prepared to counter the Navy's analysis and offer sound alternative solutions that will save millions of dollars to the taxpayer, while enhancing mission performance.

I have asked Bill Lewis, retired former commander of this NAVFAC-Southern Division to brief you on our conclusions. His testimony will follow mine.

**Finally, the SPAWAR System Center Charleston – or SPAWAR**

While we do not take specific exception to the direct impacts on SPAWAR Charleston, we have serious concerns about the inappropriate relocation of Maritime Information Systems missions from Virginia and Rhode Island to San Diego, in lieu of the more cost effective and better realignment of work by relocation to SPAWAR Charleston. We do not understand why a Charleston scenario was overlooked and not run by DOD and the Navy.

I have asked Jim Hoffman, retired former commander of SPAWAR Charleston to brief you on a scenario that should have been further explored in developing the BRAC recommendations in the interest of military value and savings to the American taxpayer.

In closing, I thank you for giving us the opportunity to present our findings and I trust that you will take our in-depth analysis and viable proposals into consideration. I would now like to turn the podium over to Mr. Bill Lewis.

Testimony of Joseph P. Riley, Jr.  
Mayor, City of Charleston, SC  
June 28, 2005

Gentlemen, my name is Joe Riley and I am the Mayor of the City of Charleston. I would like to draw our portion of the hearing to a close by summarizing the reasons we believe we have presented the justification needed for you to question the validity of DoD's recommendation to relocate NAVFAC Southern Division as well as enough data to run an alternative scenario of the moving of Information Technology positions from Dahlgren, Virginia and Newport, Rhode Island to SPAWAR San Diego.

As Mayor Summey said earlier, our community understands BRAC from our first-hand experience a decade ago. Yes, it is true that Charleston has recovered. Today our economy is diverse and thriving and partly so because of BRAC. BRAC not only took away jobs in our community, it has also brought them here.

An outcome of the decision to close the Charleston Naval Base and Shipyard in 1993 was a decision to consolidate several NAVELEX facilities along the East Coast to Charleston. Now named SPAWAR, the SPAWAR Charleston facility is the most efficient and cost effective such facility in the US Navy today. It has helped to

transform our own economy by providing highly skilled, highly technical and yes, high paying jobs to Charleston.

The impact is great to our community, but the more important thing for DoD is that SPAWAR Charleston is one of the most capable C4ISR activities in the entire US Government. It is located in technically advanced, state-of-the-art facilities with room for expansion. And most importantly, SPAWAR Charleston is known for its ability to harvest technology quickly and efficiently and get that technology to the warfighter as fast as possible.

Does it make sense to move talent and technology to a higher cost area when the synergy already exists in Charleston? We think not and encourage you to take a fresh look at the option we have presented this afternoon.

Second, the decision to relocate NAVFAC Southern Division from Charleston to Jacksonville is not just a substantial deviation from the BRAC criteria— it is total deviation. In today's operating environment where the world of work is virtual in scope – how can a decision that facilities need to be collocated with headquarters and near where the fleet is located make any sense whatsoever when one looks at where the work is located across many states?

NAVFAC has a set of metrics which it measures to track the performance of all of its engineering commands monthly— all of them, not just Southern Division. So why would DoD not look at NAVFAC's own set of performance metrics when evaluating the military value of each facility? Instead, they made up another set of measures of military value. A set of measures that ranks a facility as having a higher military value if it is located with headquarters. We hope your staff has had a chance to review the NAVFAC metrics since your earlier visit to Charleston.

America's large, private sector Engineering, Procurement and Construction firms comparable to NAVFAC – companies such as Bechtel, Parsons, Kellogg Brown Root, Fluor Daniel, and others, have large central engineering and technical staffs to serve their clients. They forward deploy limited liaison personnel to the customers' locations, but do not break up and realign their engineering talent to relocate to the geographic location of their clients. It would be too expensive and not allow them to build a competent technical cadre to be competitive in their sector. They do not move there reach-back engine to chase their corporate headquarters (Flag) or workload.

Does the Navy or Department of Defense have some new engineering management philosophy break through that CEOs of America's largest engineering firms have not yet discovered?

And why did DoD combine the Philadelphia and Charleston facilities for the cost savings estimates? When you remove Philadelphia, the recommendation to close Charleston costs DoD \$57 million. Staying in their current leased facility in Charleston saves DoD more money than relocating the Jacksonville and preserves the intellectual capital of their most productive engineering facilities command.

Just these facts alone should cause you to question the validity of the analysis as we did. Combine that with an option to locate into a protected DOD facility for one dollar per year and I am sure that you will ask for these additional scenarios to be examined.

In closing, I would like to remind you that Charleston is a military town. Today, we have over 27,000 active duty, reserve, National Guard and civilians employed in our community. Why has the military continued to expand in Charleston?

Because Charleston is a 21<sup>st</sup> Century Joint Transportation, Logistics, Engineering and Training Complex. One that leads and is already part of DoD's transformation and is well positioned to expand even further.

We are also a community where we embrace the military and understand that the men and women at our area military facilities are our Boy and Girl Scout Leaders, Little League coaches and Sunday school teachers. As such, they are the very fabric of our community and have been so for more than a century.

As a community, we are extremely proud of the significant contributions that all our local military commands and forces have made and continue to make in support of the global war on terrorism and our nation's defense. Charleston is a true model of joint use and a strategic inter-modal transportation hub.

Thank you very much for your time. We will be happy to answer any questions that you may have.

## **Testimony of Jim Hoffman**

June 28, 2005

### **SPAWAR Systems Center (Charleston)**

Gentlemen, thank you for the opportunity to testify today about the SPAWAR installation in Charleston. My name is Jim Hoffman and I served as commanding officer of SPAWAR Systems Center Charleston from July 1998 to October 2000. I currently work for Eagan, McAllister Associates, Inc.

Slide 29

SPAWAR Systems Center Charleston is approximately 1,400 employees housed in over 1.1 million square feet of state-of-the-art facilities on the Charleston Naval Weapons. The decision during the 1993 BRAC was to consolidate a number of facilities in Charleston and elsewhere on the East Coast into the SPAWAR Systems Center Charleston.

I am here today because we believe that the BRAC recommendation to relocate Maritime Information Systems work from Dahlgren, Virginia and Newport, Rhode Island to SPAWAR Systems Center should be to Charleston not San Diego. We believe the present DoD analysis is flawed. Under the proposed actions, 111 civilians from Dahlgren are slated to move to San Diego and 112 more are slated to

Slide 30

move from Newport to San Diego. Additionally, an estimated 50 contractors are slated to move over the same timeframe from these locations. By relocating this function to Charleston instead of San Diego, DoD could realize a savings of approximately \$29 million over the twenty-year timeframe as compared to moving these individuals to San Diego. The higher anticipated retention of relocated employees will result in additional one million dollars in savings.

Transferring this work to SPAWAR Systems Center – Charleston in lieu of San Diego would save an additional \$30 million over 20 years, would retain all of the consolidation benefits in SPAWAR site consolidation and would take advantage of the enormous synergy between the transferred scope and work already assigned to SPAWAR-Charleston. SPAWAR-Charleston is a demonstrated success of BRAC '93, when over \$60 Million was invested to build a modern C4ISR facility on the East Coast.

This approach not only saves money, it integrates the Maritime Information Systems with ongoing SPAWAR-Charleston activities in C4ISR and Combat Systems, Submarine Information Systems, Platform Integration and Joint and Interdepartmental Programs.

There are substantial cost benefits to the assignment of the Maritime Information Systems work to SPAWAR-Charleston.

First, Charleston's labor rates are five percent lower than the San Diego area according to the standard published locality pay differentials and Charleston is 30 percent less expensive than San Diego for the contractor workforce.

Slide 31

In terms of work execution, SPAWAR-Charleston is the most efficient of all the Navy engineering and warfare commands. Third, movement of personnel along the East Coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost effective relocation as compared to San Diego, whose cost of housing is 65 percent greater than Charleston. Experience in previous BRACs shows that few key personnel will elect to make cross-country moves. Moving to Charleston has greater potential to preserve intellectual capital.

SPAWAR Charleston's current missions are highly synergistic with the work being relocated from Dahlgren and Newport. Specifically, the Maritime Information Systems scope fits well with SPAWAR-Charleston's work in C4ISR and Combat Systems, Submarine Information Systems,

Slide 32

## Platform Integration Activities and other Joint and Interdepartmental Programs.

Relocation of this work to Charleston supports the reduction in the number of technical facilities engaged in Maritime Sensors, Electronic Warfare & Electronics and Information Systems from twelve to five. Cost savings for that consolidation would apply to relocation to either San Diego or to Charleston.

Movement of personnel along the East Coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost-effective relocation as compared to San Diego. With an average 2,400 square foot home costing \$597,000 in San Diego versus \$229,000 in Charleston, personnel are much more likely to move to Charleston than San Diego, thus preserving highly trained personnel on important military programs and saving money.

Slide 33

Our cost analysis does not consider savings achieved through SPAWAR-Charleston's more efficient cost structure as documented in the Secretary of the Navy study conducted by Booz Allen. This study illustrated that SPAWAR Charleston is the most efficient of all the Navy engineering and warfare commands.

Slide 34

In C4ISR and Combat Systems missions, SPAWAR Charleston is a major provider of systems for Navy applications. It has long been a desire to have a closer coupling between C4ISR systems and combat systems from a developmental and operational standpoint. In fact, FORCENet objectives can be more readily achieved through this closer coupling. SPAWAR-Charleston is the developer and implementer of the FORCENet Integrated Baseline and was the focus of the Navy's 2003 Strategic Studies Group FORCENet Engagement Pack concept. SPAWAR-Charleston is also the lead DoD activity providing engineering, acquisition and lifecycle support for shipboard interior communications systems. Charleston's facilities combine interior communication systems engineering capabilities with shipboard network laboratories to provide integrated data and voice interoperability solutions afloat that are used extensively in relaying information between C4ISR and combat systems. SPAWAR-Charleston is the only DoD activity providing engineering, lifecycle support and program management for shipboard wireless communication systems used for damage control, flight deck communications, at-sea replenishment, security, force protection small boat ops, weapons handling and interfacing with telephone systems.

SPAWAR-Charleston has been recognized by the Office of the Secretary of Defense as a leading organization for Global Information Grid – Bandwidth Expansion or GIG-BE engineering and test execution, described as years ahead of anyone else. GIG-BE is DoD's transformational backbone necessary for transferring information between sensors, shooters and command and control nodes. Movement of Dahlgren's information systems work to SPAWAR-Charleston provides many synergistic benefits in achieving the Navy's FORCENet concept and in the larger picture, DoD's transformational goals.

SPAWAR Charleston is the technical agent for many submarine information systems programs including Common Submarine Radio Room, VLF Submarine Communications, Submarine Single Messaging Solution and Submarine Mobile Training Team. SPAWAR-Charleston is also the only DoD facility supporting essential and critical projects for the Strategic Systems Program Office, including: submarine navigation, fire control, launcher and other components and systems. SPAWAR-Charleston fabricates, integrates, tests and provides lifecycle support for CSRR, the replacement for the Trident Integrated Radio Room, which is the predominant piece of the IST D&A work at Newport.

Slide 36

SPAWAR-Charleston's 90,000 square foot facility contains cable manufacturing, pre-integration, integration and rack refurbishment capabilities and unencroached communications connectivity, all necessary for CSRR integration and testing activities.

Platform Integration Activities also offer substantial synergy. SPAWAR-Charleston has the mission to design, develop, build, integrate, install and support Radio Communications Suites, Ship Signal Exploitation Space and Common Submarine Radio Room systems for new ship construction and retrofit programs. Newport's submarine radio room integration work fits well into SPAWAR-Charleston's currently operating facilities using proven techniques and procedures for rapid platform integration and testing.

Joint and Interdepartmental Programs are a significant area of focus for SPAWAR-Charleston. Out of a Total Obligational Authority of \$2.4 Billion in 2004, over 47 percent of SPAWAR Charleston's work efforts were for joint, other service and other federal agency customers. Many of the systems that are developed and fielded at SPAWAR-Charleston are born joint because of heavy leveraging of technologies, capabilities and subsystems across programs

Slide 37

for multiple customers. SPAWAR-Charleston is a Navy Working Capital Fund activity, operating much like a business, though not earning a profit. This business model, based on maximum reutilization of previous work, harvesting of technology and passing savings on to the customer has led to a better than three-fold increase in total obligation authority since BRAC 1993.

This greatly increased workload has occurred because customers want to bring their work to SPAWAR-Charleston and not because they have to. By moving this workload from Dahlgren and Newport to Charleston, even greater opportunities exist for leveraging, reutilization and economies of scale as future systems are developed with jointness in mind.

SPAWAR-Charleston, one of the five activities planned to perform Maritime C4ISR into the future, focuses on Information Systems Development and Acquisition as a primary mission. The predominance of the work performed at Newport and Dahlgren targeted by this action is in the Information Systems Development and Acquisition area, like in Charleston. SPAWAR-Charleston was ranked number 4 in military value out of 105 activities performing IST D&A. This activity was also ranked as the most efficient of all Navy

warfare and engineering centers by the Secretary of the Navy's efficiency study.

SPAWAR Charleston is not just a Navy lab, but is a significant National asset as confirmed in an email sent by Mr. Spanky Wells after a visit to SPAWAR Charleston.

Slide 38

Quoting part of the paragraph shown here, "They are not just a Navy lab, but could form the basis for a Joint, War-fighting Engineering Facility."

In summary, Charleston is not only leading in cost and efficiency, but also in implementation of joint information technology systems. Charleston is a better location than San Diego because of the strong synergy already in place and the major opportunities for increasing these joint system developments that Charleston offers.

Slide 39

The cost savings and efficiencies of relocating these jobs to Charleston versus San Diego was not a scenario considered by DoD prior to its BRAC recommendation. We encourage the Commission to look at this alternative scenario as a viable option.

It is now my pleasure to introduce the Honorable Joseph P. Riley, Mayor of Charleston, to conclude our testimony today.

