
The Department of the Navy Selection Process and Recommendations

The Navy followed the common analytical framework established by the Office of the Secretary of Defense (OSD) for reviewing its functions and facilities. The Navy's process produced 21 base closure and realignment recommendations, which cover 63 active and reserve installations. The Navy projects that its recommendations would realize about \$7.7 billion in net present value savings over a 20-year period. Payback periods—the time required for savings to offset closure costs—range from immediate to 15 years and average 3.5 years. At the same time, there are limitations associated with the projected savings related to the lack of planned reductions in military personnel end-strength associated with the savings. Some of the Navy's recommendations may warrant additional attention from the BRAC Commission based on projected force structure changes, decisions to realign versus close some bases, and extended payback periods. The Naval Audit Service, which performed audits of the data, concluded that the data were sufficiently reliable for use during the BRAC process.

Organization and Focus

The Navy established an organization to conduct the closure and realignment analysis similar to the one it used in the 1995 round. The Secretary of the Navy established a group of senior military officers and civilian executives, the Infrastructure Evaluation Group (IEG), chaired by the Assistant Secretary of the Navy (Installations and Environment) to conduct the process, and a related team, the Infrastructure Analysis Team, to support the IEG. The Secretary subsequently established a second senior-level group, the Department of the Navy Analysis Group, chaired by the Special Assistant to the Secretary of the Navy for BRAC, that was subordinate to the IEG, and he directed it to conduct the Navy's analysis for Navy-unique functions.¹ Another associated group, the Functional Advisory Board, consisted of the Navy and Marine Corps principal members of the seven joint cross-service groups and was responsible for ensuring that the Navy leadership was informed of matters relevant to those groups and for articulating the Navy's position on common business-oriented support functions for Navy leaders.

The Navy established numerous goals for BRAC, organized around such considerations as (1) facilitating recruitment and training, (2) providing quality of life, (3) matching force structure to national defense strategy,

¹ At OSD, the Infrastructure Steering Group (ISG) and the Infrastructure Executive Council (IEC) provided overall coordination and direction to the DOD-wide process.

(4) adequately equipping the force, (5) ensuring access to an optimally integrated logistical and industrial infrastructure, and (6) maintaining secure and optimally located installations for mission accomplishment (including homeland defense). With these and other considerations in mind, the Navy established numerous objectives corresponding to DOD's BRAC principles, examples include:

- Optimize access to critical maritime training facilities.
- Accommodate the 20-year force structure plan.
- Facilitate active/reserve integration and synchronization.
- Leverage opportunities for joint basing and training.
- Enable further installation management regional alignment.
- Optimize regional management structure for recruiting districts and reserve readiness command.
- Minimize use of long-term leased administrative space.
- Provide flexible research, development, test, and evaluation infrastructure to adapt to Navy transformational mission changes and joint operations.
- Consolidate aircraft basing to minimize sites while maintaining ability to meet operational requirements.
- Rely on private-sector support services where cost-effective and feasible.
- Retain sufficient organic capability to effectively support maritime-unique operation concepts.
- Align Navy infrastructure to efficiently and effectively support Fleet Response Plan and Sea-basing concepts.
- Realign assets to maximize use of capacity in fleet concentration areas while maintaining fleet dispersal and viable antiterrorism/force protection capability.

Framework for Analysis

In executing its BRAC process, the Navy sought to eliminate excess capacity and reconfigure its current infrastructure so that operational capacity maximized warfighting capability and efficiency. The IEG approved four major areas for analyses: operations, education and training, headquarters and support activities, and other activities. These major areas were then further divided into functions to ensure that installations performing comparable functions were compared with one another and to allow identification of total capacity and military value for an entire category of installations.

The Navy's BRAC process included a review of 889 reporting activities—765 Navy and 124 Marine Corps—of which 673 were active component and 216 reserve component activities (reserve centers, reserve forces headquarters, reserve recruiting areas, and reserve personnel centers). As with previous BRAC rounds, capacity and military value analysis provided the starting point for the Navy's BRAC process. The Naval Audit Service served an important role in ensuring the accuracy of data used in these analyses through extensive audits of data gathered at various locations.

Capacity Analysis

For its capacity analysis, the Navy universe was defined at the activity or function level, and a capacity data call was distributed to the 889 reporting activities. Capacity analysis for each activity consisted of comparing the current Department of the Navy base structure to the future force structure requirements to determine whether excess base structure capacity existed within the Department of the Navy. Current force requirements were based on the existing force structure, and future force requirements were derived from the 20-year force structure plan.

All Navy and Marine Corps bases were placed into one of four categories for capacity analysis: operations, headquarters and support activities, education and training, and other activities. Each category used a different metric to analyze capacity. Almost all of the Navy's bases were contained in the operations function category. In evaluating air operations activities the Navy used hangar modules,² while in evaluating surface/subsurface

² The hangar module is defined as the hangar space, line space, administrative space, and maintenance shop space required to house on aircraft squadron. There are two types of hangar modules used: Type I, which supports carrier-based fixed wing aircraft and helicopters, and Type II, which supports larger aircraft.

operations activities it used a cruiser-equivalent concept,³ the same measures that were used in BRAC 1995.⁴ In evaluating ground operations activities, the Navy used a battalion-equivalent concept that considered the amount of administrative space, covered storage space, and maintenance space required to support a generic Marine Corps battalion. In evaluating munitions storage and distribution, the Navy used throughput (loading and unloading) and short-term storage functions to conduct its analysis. The Navy identified excess capacity in all four categories, as shown in table 11.

Table 11: Excess Capacity Identified by the Navy, by Function

Function	Percentage of excess capacity
Aviation	19
Surface/subsurface	25
Ground	
• Administrative	0
• Storage	12
• Maintenance	11
Munitions storage and distribution (naval weapons stations)	24

Source: Department of the Navy.

In completing its capacity analysis, the Navy assumed that it would be necessary to home base all aircraft and ships at the same time. The Navy did not include additional infrastructure requirements to accommodate surge capability. According to Navy BRAC officials, the force structure—number of ships and aircraft—is finite in number, and additional ships or aircraft could not be quickly produced in the event of a contingency. The officials stated that their analysis also ensured that sufficient flexibility was

³ That concept is a single metric that considered berthing capacity for all Navy surface ships normalized to the Cruiser class of ship. They must have cold-iron, homeport capability and must meet shore power quality and quantity requirements, water and sewage requirements, and channel depth and height restrictions. For example, an aircraft carrier equals four cruiser equivalents.

⁴ The capacity analysis for surface/subsurface activities considered all naval activities that reported cruiser-equivalent berthing capability except for the Naval District of Washington, Naval Support Activity New Orleans, and the Nuclear Power Training Unit, Charleston. These activities were excluded because they have limited capability and viability to homeport naval vessels.

retained to handle surge represented by operational tempo changes or unanticipated operational requirements. For example, for surface/subsurface operations, the Navy concluded that there was sufficient berthing space available in nonoperational bases (shipyards and weapon stations) to meet surge or other unanticipated operational requirements.

Navy officials projected that their closure recommendations, if approved, would reduce excess capacity in aviation operations from 19 percent to 16 percent, in surface/subsurface operations from 25 percent to 17 percent, and in munitions storage and distribution⁵ operations from 24 percent to 16 percent, but they would not reduce excess ground operations capacity. The Navy did not recommend closing any ground operations facilities, citing cost considerations and noting that planned force structure changes would further increase its requirements.

Military Value Analysis

In completing its military value analysis, the Navy targeted military value questions to specific activities in order to rank installations in the four operational subgroups from highest to lowest in military value. Each of the four operational subgroups had overarching concepts by which military value scoring plans were then developed to measure and rank each installation. Military values were assigned to 35 Navy and Marine Corps installations under air operations, 29 surface/subsurface installations, and 11 ground operations installations. Table 12 shows how the Navy weighted military value criteria in its analyses of operational functions.

⁵ The analysis showed no excess capacity for munitions throughput and showed excess capacity for storage.

Table 12: Navy Military Value Criteria Weights

Figures in percentages

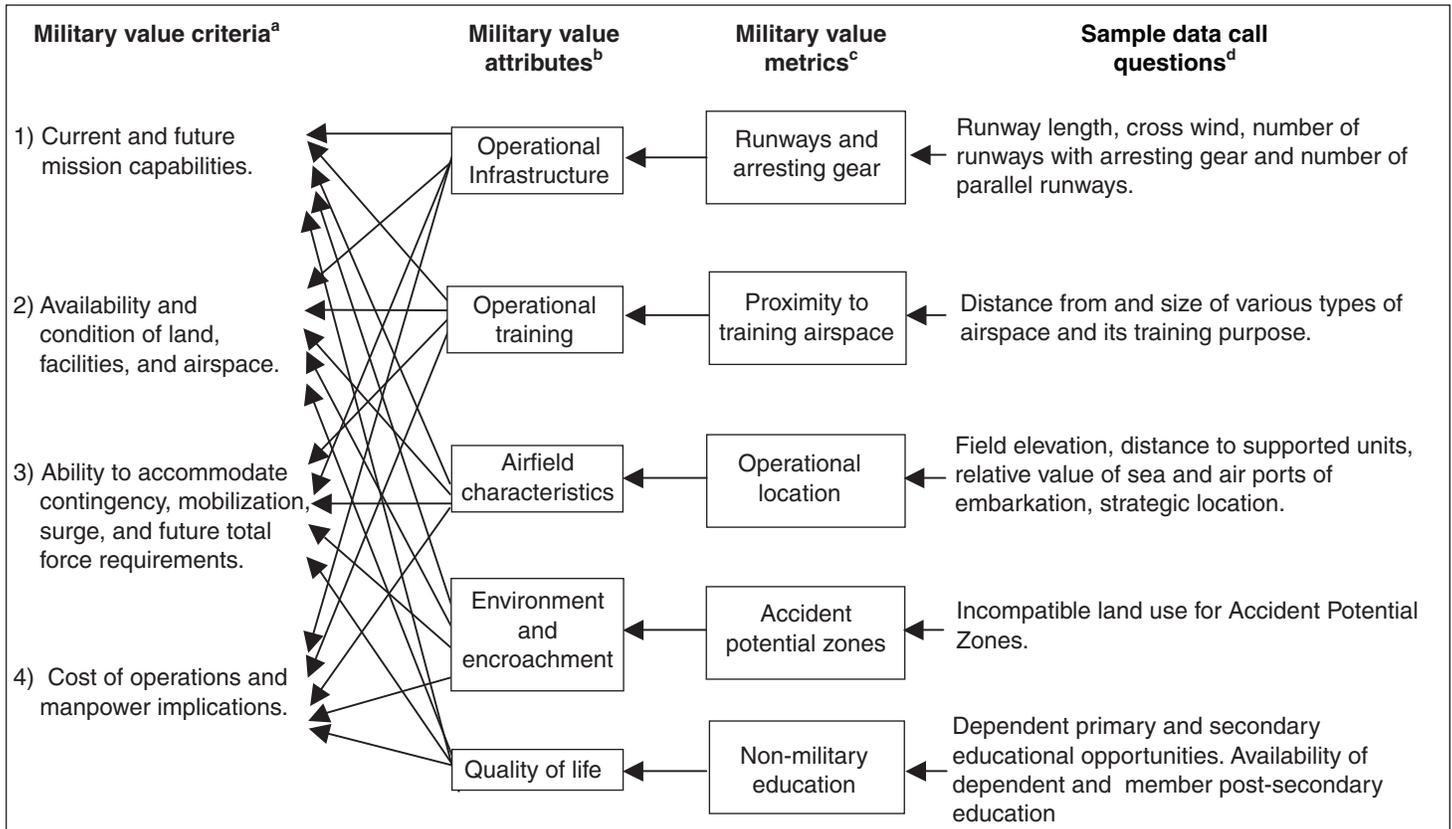
Military value criteria	
1. The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.	50
2. The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.	20
3. The ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.	15
4. The cost of operations and the manpower implications.	15
Total	100

Source: DOD and Department of the Navy.

Note: The system of weights provided a basis for assigning relative values to data collected and tabulated across each military value dimension.

Key factors considered in evaluating the military value of aviation operations activities included size and versatility of the facilities, proximity to training opportunities, and the strategic location of airfields. In considering surface/subsurface activities, key factors were the size and versatility of ship berthing, maintenance and support capabilities, and proximity to naval shipyards. Additional value was given for strategic nuclear submarine homeport capability and Nimitz-class nuclear powered berthing capability. Also considered was the proximity to training facilities, ranges, and operations areas as well as strategic location. Likewise, in considering ground operations activities, key factors were facilities and services, operational staff buildings, ordnance storage depots, and organic maintenance shops. Additional value was given for capability to receive and stage onward movement and integration of forces. Also considered was proximity to ranges, maneuver areas and training areas as well as proximity to aerial and seaports of debarkation. Key factors in the munitions storage and distribution operations activities were storage capability, throughput capability, strategic factors, environment and encroachment, and personnel support. Figure 10 illustrates how the Navy linked its analysis to the military value criteria for the naval aviation function.

Figure 10: Selected Attributes, Metrics, and Data Questions Used to Assess Military Value of Naval Aviation Operations



Source: GAO analysis of Navy data.

^aThe BRAC military value criteria are the first four BRAC selection criteria.

^bMilitary value attributes are characteristics of each criterion. The Navy used a total of five military value attributes.

^cMilitary value metrics are measures for the attributes. The Navy used a total of 31 military value metrics.

^dThe Navy used a total of 73 data call questions.

The same process was used to analyze military value with the other operational and functional areas.

Naval Audit Service's Role in the Process

The Naval Audit Service played an important role in ensuring that the data used in the Navy's analyses were certified. Through extensive audits of the capacity, military value, and scenario data collected from field activities,

the audit service notified the Navy of any data discrepancies for the purpose of follow-on corrective action.⁶ While the process of validating data was quite lengthy and challenging, the Naval Audit Service deemed the Navy data was sufficiently reliable for use in the BRAC process.

Identification and Assessment of Alternative Scenarios and Selection of Recommendations

The Navy used results from the capacity and military value analyses as the inputs to its optimization model to help identify initial scenarios for realignment and closure.⁷ In some circumstances, such as closure of naval reserve centers, military judgment and transformation provided the basis for scenarios and later decisions. For example, Navy officials said it was necessary to retain naval reserve centers for naval air reservists near major airline hubs and activities in order to retain the demographic profile necessary to recruit and retain personnel for these units. The Navy identified 187 scenarios for consideration; 82 involved Navy and Marine Corps reserve centers. The scenarios were then further assessed through more detailed scenario analyses, cost and savings considerations, risk assessments, and the Navy's IEG deliberations, which resulted in 53 candidate recommendations being forwarded to DOD's IEC. After some consolidation and bundling, DOD approved 21 Department of the Navy recommendations and forwarded them to the BRAC Commission.

The Navy eliminated scenarios for strategic reasons, to maintain operational flexibility, and for cost considerations. For example, various scenarios proposing to close Submarine Base San Diego, California, were dropped because a closure would have eliminated the sole capability for berthing attack submarines on the West Coast. Likewise, scenarios proposing to close Naval Station Everett, Washington, were dropped because of the strategic importance of this seaport. Various proposals to close active naval air stations were dropped because of operational

⁶ The Naval Audit Service visited 214 sites, covering 45 data calls, and audited 8,338 questions.

⁷ A model developed by the Center for Naval Analysis, which was used in BRAC 1995 and updated for BRAC 2005. The model met operational requirements and policy considerations by incorporating "rules" or "constraints" for functions so that the model would not select an operationally infeasible solution. For example, if the East Coast naval bases had enough berthing capacity to handle all of the ships in the force structure plan, the model could place all the ships at those bases and suggest closure of all of the West Coast and Pacific bases, which would be unacceptable. Therefore, the surface/subsurface operations portion of the model included a constraint that at least 40 percent of the surface/subsurface ship be located on each coast.

concerns. For example, the Navy analyzed the potential to close Marine Corps Air Station Beaufort, South Carolina, and relocate its squadrons to Marine Corps Air Station Cherry Point, North Carolina. However, the Navy leadership concluded that Marine Corps Air Station Beaufort should be retained for future tactical aviation basing flexibility, especially in light of concerns about the continued viability of basing aviation units at Naval Air Station Oceana, Virginia. Due to increasing environmental and encroachment issues surrounding Naval Air Station Oceana, the Navy also analyzed various scenarios to close it. However, the analyses indicated a long payback period for achieving return on investment, high one-time costs, and operational issues at receiving sites. Therefore, the Navy determined that the closure of Naval Air Station Oceana was not feasible. Another complicating factor for basing of East Coast tactical aircraft is the Navy's attempt to purchase approximately 33,000 acres in eastern North Carolina to build a new outlying landing field to provide simulated aircraft carrier landings for aircraft stationed at Naval Air Station Oceana and Marine Corps Air Station Cherry Point. The purchase is currently being challenged in federal court over environmental concerns.

The Navy also did not pursue some scenarios because of cost considerations and extended payback periods. For example, Navy data showed a one-time cost of \$838 million to close Construction Battalion Center Gulfport, Mississippi, and relocate it to Camp Lejeune, North Carolina, and a one-time cost of \$643 million to close Marine Corps Recruit Depot San Diego, California, and relocate all recruit training to Parris Island, South Carolina. The Navy leadership determined that these costs did not justify closing either the Construction Battalion Center Gulfport or the Marine Corps Recruit Depot San Diego.

The Navy also considered alternatives to homeport an additional carrier strike group forward in the Pacific theater through the BRAC process to accommodate Integrated Global Presence and Basing Strategy decisions. The Navy analyzed moving a carrier to Pearl Harbor, Hawaii, and Guam, and found that other than cost, there was no clear BRAC preference for either the losing or the gaining base.⁸ The Navy leadership postponed any decision until the ongoing Quadrennial Defense Review is completed.

⁸ Costs associated with moving a carrier strike group to Pearl Harbor, Hawaii, were projected to be from \$2.6 to \$3.1 billion. Cost for moving it to Guam were projected to be from \$4 billion to \$6.6 billion.

The Navy worked closely with the joint cross-service groups as they developed recommendations that affected Navy installations. In some cases, a joint cross-service group recommendation or series of recommendations relocated a majority of the functions, workload, equipment, or personnel from a Department of the Navy installation, thereby enabling closure of the entire installation. Where the DAG determined that the aggregate of joint cross-service group actions were of such magnitude that it affected the “critical mass” of the installation, e.g., impact on the major mission, a substantial number of personnel, and/or a substantial amount of acreage, a Navy closure scenario was developed. The closure of Portsmouth Naval Shipyard, Maine is an example of such a closure. The ISG and IEC approved an industrial joint cross-service group recommendation to relocate the ship overhaul and repair function at Portsmouth Naval Shipyard to Norfolk Naval Shipyard, Puget Sound Naval Shipyard, and Pearl Harbor Naval Shipyard, and to relocate the Submarine Maintenance Engineering, Planning and Procurement Activity at Portsmouth Naval Shipyard to the Norfolk Naval Shipyard. This recommendation eliminated Portsmouth Naval Shipyard’s primary mission and moved or eliminated approximately 90 percent of its workforce. After conducting criteria 5-8 analyses, the Navy recommended closing Portsmouth Naval Shipyard in its entirety.

Recommendations Approved by DOD

The Navy projects that its 21 recommendations will produce about \$754 million in net annual recurring savings and, after savings have offset implementation costs, a 20-year net present value savings of \$7.7 billion. Table 13 provides a summary of the financial aspects of the Navy’s recommendations.

**Appendix IV
The Department of the Navy Selection
Process and Recommendations**

Table 13: Financial Aspects of the Navy's Recommendations

Fiscal year 2005 constant dollars in millions

Recommended actions	DOD report page	One-time (costs)	Net implementation (costs) or savings^a	Net annual recurring savings	Payback period	20-year net present value^b
Close Submarine Base New London, CT	DON-10	(\$679.6)	(\$345.4)	\$192.8	3 years	\$1,576.4
Close Naval Shipyard Portsmouth, Kittery, ME	DON-23	(448.4)	21.4	128.6	4 years	1,262.4
Close Naval Air Station Atlanta, GA	DON-13	(43.0)	289.9	66.1	immediate	910.9
Close and realign Naval Station Ingleside, TX and Naval Air Station Corpus Christi, TX respectively	DON-26	(178.4)	100.0	75.6	2 years	822.2
Close and realign Naval Air Station Willow Grove, PA and Cambria Regional Airport, Johnstown, PA respectively	DON-21	(126.3)	134.7	60.6	2 years	710.5
Close Naval Station Pascagoula, MS	DON-20	(17.9)	220.0	47.4	immediate	665.7
Close Naval Support Activity New Orleans, LA	DON-15	(164.6)	(86.1)	36.5	3 years	276.4
Realign Naval Air Station Brunswick, ME	DON-18	(147.2)	(112.6)	34.9	4 years	238.8
Close Navy Reserve Centers	DON-37	(3.2)	87.1	16.1	immediate	236.6
Realign Marine Corps Logistics Base Barstow, CA	DON-6	(26.0)	56.5	18.4	immediate	230.6
Close Navy Recruiting Districts Indianapolis, IN; Omaha, NE; Buffalo, NY; Montgomery, AL; Kansas City, MO	DON-34	(2.4)	78.3	14.5	immediate	214.5
Close Naval Weapons Station, Seal Beach, Concord, CA	DON-9	(14.0)	43.2	16.4	1 year	199.7
Realign Navy Reserve Readiness Commands	DON-44	(2.6)	30.9	6.5	immediate	91.7
Close Naval Facilities Engineering Field Division/Activity	DON-28	(37.9)	(9.1)	9.3	4 years	81.8
Close Navy and Marine Corps Reserve Centers	DON-29	(62.4)	17.0	9.9	7 years (average)	76.8
Close Marine Corps Support Activity Kansas City, MO	DON-19	(23.3)	(8.0)	5.8	3 years	49.8
Close Navy Regions	DON-35	(3.2)	8.9	2.7	1 year	34.6
Close Navy Supply Corps School Athens, GA	DON-14	(23.8)	(13.6)	3.5	7 years	21.8

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Fiscal year 2005 constant dollars in millions

Recommended actions	DOD report page	One-time (costs)	Net implementation (costs) or savings^a	Net annual recurring savings	Payback period	20-year net present value^b
Realign Officer Training Command, Naval Air Station Pensacola, FL	DON-12	(3.6)	1.4	0.9	4 years	10.0
Realign Naval Station Newport, RI	DON-25	(11.8)	(8.3)	1.0	13 years	2.1
Close Naval Support Activity Corona, CA	DON-7	(80.2)	(65.5)	6.0	15 years	0.4
Total		(\$2,099.8)	\$440.7	\$753.5	3.5 avg.	\$7,713.7

Source: GAO analysis of DOD data.

^aThis represents net costs or savings within the 6-year implementation period required to implement BRAC recommendations.

^bDOD used a 2.8 percent discount rate to calculate net present value.

The Navy’s recommendations include 16 closures and 5 realignment actions, affecting 63 installations. Much of the projected annual recurring savings are based on military and civilian personnel reductions. The Navy has two recommendations with payback periods greater than 10 years—the realignment of Naval Station Newport, Rhode Island, and the closure of the Naval Support Activity Corona, California.

Issues Identified with Approved Recommendations

Time did not permit us to assess the operational impact of each recommendation, particularly individual recommendations that include multiple closure and realignment actions at multiple locations outside of a single geographic area. Nonetheless, we offer a number of broad-based observations about the proposed recommendations. These recommendations may warrant additional attention from the BRAC Commission based on issues associated with projected savings from military personnel reductions, force structure changes, decisions to realign versus close some bases, extended payback periods, and potential impact on the U.S. Coast Guard.

There remains uncertainty as to what the Navy’s future force structure will actually look like, particularly with battle force ships. While the Navy’s force structure plan that accompanies its BRAC report gives a range of 341 to 370 ships in the fleet in 2024, the Navy’s 30-year shipbuilding plan identifies a possible lower limit of 314 ships in 2024 (including all type surface ships and submarines). Additionally, the shipbuilding plan provides a fleet profile in the decade afterward (to the year 2035) with as few as 260

to 325 ships. This includes a decrease in aircraft carriers from the current 12 to 10 in 2035, as projected in the Navy's shipbuilding plan.

Military Personnel Reductions

Our analysis showed that about \$386 million, or about 51 percent, of the projected \$753.5 million in net annual recurring savings are based on savings from eliminating almost 4,000 active duty military personnel positions. A Navy official indicated that these reductions will help the Navy achieve the projected 21,000 active military personnel reductions already programmed between fiscal year 2006 and 2011. However, the Navy has already reduced the military personnel account to reflect the savings associated with the projected 21,000 end-strength reduction. While the projected almost 4,000 reductions associated with BRAC actions might help the Navy achieve their overall programmed end strength reductions, it will not generate any additional dollar savings that could be reallocated for other higher priority needs.

Projected Changes in Navy Force Structure

While the recommendations to close Submarine Base New London, Connecticut, and Portsmouth Naval Shipyard, Maine, project significant savings, both are based on projected decreases in the number of submarines in the future force structure. However, as mentioned earlier, there is uncertainty over the number of submarines and surface ships required for the future force.

Submarine Base New London

The proposed closure of Submarine Base New London is based on reducing existing excess capacity in the surface/subsurface category and planned reductions in the submarine force. Both the 25 percent excess capacity identified in the surface/subsurface infrastructure and the projected 21 percent reduction in the submarine force led the Navy to analyze various proposals to close submarine bases. As previously noted, the Navy's BRAC scenario analysis focused on East Coast submarine bases because attack submarines are single-sited on the West Coast. The Navy considered three alternatives: (1) moving all submarines at Naval Station Norfolk, Virginia, to New London, Connecticut; (2) moving all submarines at Submarine Base New London and the Submarine School New London to Naval Station Norfolk; and (3) moving submarines at Submarine Base New London to both Naval Station Norfolk and Submarine Base Kings Bay, Georgia, and moving the submarine school to Kings Bay or Naval Station Newport, Rhode Island. The Navy analysis showed that only the option to relocate submarines from New London to Norfolk and Kings Bay achieved a

reduction in capacity and savings resulting from a base closure. Navy officials noted that Submarine Base New London had a lower military value than both Norfolk and Kings Bay. As we also discuss in appendix XIV, this recommendation has the largest economic impact on any community in terms of the number of job losses (8,457 direct jobs and 7,351 indirect jobs). These direct and indirect job losses would result in a negative change of 9.4 percent in unemployment for the economic area around Submarine Base New London.

The majority of the projected savings would result from the elimination of about 80 percent of the civilian personnel positions at New London. Officials at New London we met with concurred with the projected number of civilian positions that could be eliminated based on coordination with both receiving locations—Kings Bay, Georgia, and Norfolk, Virginia, and on the number of personnel that would be needed to support the missions being relocated. However, a separate issue of concern relates to the proposed move of the Navy’s submarine school from New London to Kings Bay. In our discussions with officials at New London, we found while the Navy’s BRAC cost and savings analysis includes one-time costs to move the specialized equipment associated with the submarine school, the Navy analysis does not appear to have included an assessment of the time it would take to pack, move, and unpack the equipment, and the potential impact on the training pipeline and the certification of crews for submarines. In subsequent discussions with Navy headquarters officials, we were told that the submarine school would be the last activity to move from New London to ensure that facilities at Kings Bay are ready to start training. Furthermore, they noted that the implementation plan will ensure that the Navy will be able to perform crew certification and maintain the training pipeline. The BRAC Commission may want to assure itself that the Navy has developed a transition plan to satisfy the training and certification requirements until the receiving sites are able to perform this training, without unduly interrupting the training pipeline.

Portsmouth Naval Shipyard

The proposed closure of the Portsmouth Naval Shipyard assumes that the remaining three shipyards⁹ could perform all of the projected depot level maintenance workload based on planned reductions in the number of attack submarines and the Navy’s proposal to decommission an aircraft

⁹ The other shipyards that perform depot level ship refueling, modernization overhaul, and repair work are Norfolk, Pearl Harbor, and Puget Sound.

carrier.¹⁰ The Navy, with agreement from the Industrial Joint Cross-Service group, which initially had assessed depot functions, selected the Portsmouth Naval Shipyard for closure, despite Pearl Harbor Shipyard's having a slightly lower military value score, because it determined that Portsmouth was the only closure that would both eliminate excess capacity and satisfy the Combatant Commander's and Navy's strategic objective to place ship maintenance capabilities close to the fleet.

The Navy BRAC and Industrial Joint Cross-Service Groups analyzed scenarios closing each of the four shipyards, and determined that only the potential closure of Portsmouth or Pearl Harbor was feasible due to cost and capacity considerations. Initially, based on capacity data and the 20-year force structure plan submitted in March 2004, the Industrial Joint Cross-Service Group determined that there was sufficient excess capacity in the aggregate across the four shipyards to close either Pearl Harbor or Portsmouth. However, the group determined that there was insufficient excess capacity in certain commodities¹¹ in the remaining three shipyards to accept all the workload from the closing shipyard. As such, the group initially determined that no shipyard should be closed. However, based on changes in the DOD's 20-year force structure plan it submitted to Congress in March 2005—reductions in the number of submarines and the decommissioning of an aircraft carrier—the industrial group's analysis indicated that workload for all commodities at Portsmouth or Pearl Harbor could be accommodated by the remaining three shipyards. A Naval Sea Systems Command analysis of dry dock availability indicates that the three remaining Navy shipyards could handle the projected ship repair and overhauls in the future. However, the analysis indicates that within the next three years there would not be much, if any, room for unanticipated ship repairs. According to Navy officials, any unanticipated requirements would be addressed by a combination of delaying and re-prioritizing scheduled overhaul work, and authorizing additional overtime, which they noted is no different than how they manage these requirements in the current operating environment.

¹⁰ Legislation is currently pending in Congress that would not allow the Navy to decommission the U.S.S. John F. Kennedy. See H.R. 1815, 109th Congress, section 127 (2005).

¹¹ A commodity is a generic grouping of the types of depot and maintenance work associated with end items, weapons systems, or major processes, for example, cranes and rigging, electronics, forge, nuclear testing, or welding.

In selecting Portsmouth over Pearl Harbor for closure, the Navy noted that Pearl Harbor is in a fleet concentration area in the Pacific theater and is the homeport for many ships, while Portsmouth is not in a fleet concentration area or a homeport for any ships. In addition, closing Pearl Harbor would require the ships that are homeported there to transit back to the east coast, in some cases, for maintenance, which the Navy would essentially view as a deployment and, for quality of life reasons, would want to avoid if possible. Another strategic objective was to maintain dry docks for aircraft carriers on both coasts and in the central Pacific. Pearl Harbor has aircraft carrier dry-docking capability, but Portsmouth does not.

In our meeting with employees at the Portsmouth Naval Shipyard in June 2005, they raised questions about several issues regarding the cost and savings analysis developed to support the proposed action. First, they objected to the industrial group and the Navy disallowing about \$281 million in costs (\$205 million one-time and \$76 million recurring) that they believed would be incurred if the shipyard were to close. About \$52 million of the recurring costs are associated with sustainment of facilities and power plant from fiscal year 2008, when the base is projected to close, until 2011. While some of these costs are likely valid, overall they appear high in relation to the Navy's projected savings of about \$120 million over the same period from reduced base operating support and sustainment of facilities. The majority of the one-time costs are associated with closure of the buildings, historical preservation of buildings, and write-off of undepreciated assets of the working capital fund. While it is questionable whether all of these costs should be included, our analysis shows that if they are all included, the projected 20-year savings would decrease by \$192 million, or 15 percent.

Portsmouth employees were also concerned that the cost and savings analysis did not adequately capture the widely recognized efficiencies of their shipyard, which, if adopted, could translate into additional costs that the Navy would incur by shifting its workload to the remaining three Navy shipyards. The employees estimated that they perform submarine overhaul and depot maintenance work at about \$54 million per year less than the average of the other three shipyards, an efficiency which was not included in the Navy's analysis. Department of Navy officials recognized that the Portsmouth Naval shipyard is presently more efficient than the Puget Sound and Pearl Harbor shipyards, but noted that it is very difficult to quantify the impact of this efficiency. Navy officials noted that the scope of work performed is not always the same, depending on the condition of each submarine, and wages, especially in Pearl Harbor, are higher than in

Portsmouth. Navy officials told us they were reviewing the efficiency analysis developed by the Portsmouth Naval Shipyard; however, their analysis was not completed in time to be included in this report. The Commission may wish to consider the views of the shipyard employees and the results of the Navy’s review in their analysis of this recommendation.

Decisions to Realign Rather Than Close Some Bases

The Navy initially recommended the closure of Naval Air Station Brunswick, Maine, and Marine Corps Logistics Base Barstow, California. However, based on direction from the IEC, these closure recommendations were changed to realignments. As a result, the 20-year savings decreased by almost \$2 billion, as shown in table 14.

Table 14: Comparison of Alternatives to Closing and Realigning Naval Air Station Brunswick and Marine Corps Logistics Base Barstow

Dollars in millions

	Brunswick			Barstow		
	Closure	Realignment	Difference	Closure	Realignment	Difference
One-time (costs)	(\$192.9)	(\$147.2)	(\$45.7)	(\$316.6)	(\$26.0)	(\$290.6)
Net implementation (costs) or savings	\$73.4	(\$112.6)	(\$39.2)	(\$248.3)	(\$56.5)	(\$191.8)
Net annual recurring savings	\$92.7	\$34.9	\$57.8	\$141.9	\$18.4	\$123.5
Payback period	1 year	4 years		1 year	immediate	
20-year net present value savings	\$840.7	\$238.8	\$601.9	\$1,600.0	\$230.6	\$1,369.4

Source: GAO analysis of Navy data.

According to Navy BRAC officials, the senior Navy leadership was reluctant to give up the Navy’s remaining air station in the Northeast but found the potential savings significant enough to recommend closure of Brunswick. However, the judgment of the IEC changed the closure to a realignment to retain access to the strategic airfield in the Northeast. As a result, the base will become a naval air facility with an operational runway, but all aircraft and associated personnel, equipment, and support will be relocated to Naval Air Station Jacksonville, Florida, and the Aviation Intermediate Maintenance will be consolidated with Fleet Readiness Center Southeast Jacksonville, Florida. The Navy is maintaining its cold weather-oriented Survival, Evasion, Resistance, and Escape School, a Navy Reserve Center, and other small units at Brunswick. Navy officials

also stated that Brunswick would provide a base from which to carry out potential homeland defense missions should those missions not be able to be carried out from other military or civilian airfields in the Northeast.

The Industrial Joint Cross-Service Group had proposed to close the depot maintenance functions at Barstow because of its low military value and to increase opportunities for joint maintenance at Army depots doing similar work. However, the Marine Corps objected to the closure because that would eliminate its only West Coast ground vehicle depot maintenance presence and would increase repair cycle times for the Marine's West Coast equipment by increasing rail transit and customer turnaround time by 10 to 30 days. In response to the Marine Corps' concerns, the IEC directed the Industrial Joint Cross-Service Group to develop several alternative recommendations that would have closed Barstow but still realigned its workload to other West Coast activities. The Industrial Joint Cross-Service Group estimated that all of these options would result in higher net annual recurring and 20-year net present savings than would the realignment option. The Commission may want to assess DOD's rationale for changing the recommendation from a closure to realignment in light of the projected reductions in savings.

Extended Payback Periods

The Navy has two recommendations for which the payback period is greater than 10 years, much longer than typically associated with recommendations in the 1995 BRAC round, and the one-time costs are significantly greater than the projected 20-year savings by which BRAC rounds are typically measured. The Navy's proposal to realign Naval Station Newport by relocating the Navy Warfare Development Command to Naval Station Norfolk has a 13-year payback period and a projected one-time cost of about \$12 million, primarily to rehabilitate existing structures and move 111 personnel. According to Navy officials, this recommendation places the Navy Warfare Development Command closer to Fleet Forces Command and the Second Fleet Battle Lab it supports. Likewise, the Navy recommendation to close Naval Support Activity Corona has a payback period of 15 years, one-time cost of about \$80 million, and 20-year savings of about \$400,000. Navy data shows that the one-time cost is primarily to rehabilitate existing facilities and relocate personnel from Corona to Naval Air Station Point Mugu, California. Navy officials stated the closure had merit because the Corona facility was a single-function facility whose mission could be performed at other multifunction bases.

**Potential Impact on the U.S.
Coast Guard**

Several Navy recommendations to close bases could affect the U.S. Coast Guard. However, the Navy's cost and savings analysis did not consider any costs that could be incurred by the Coast Guard if the bases are closed. Navy officials recognized that the Coast Guard would be affected by several of its recommendations and considered the impact in its deliberations. However, they determined that it was unreasonable to include any cost estimates for the Coast Guard because the Navy could not assume the final disposition of the facility and how much, if any, of the facility the Coast Guard would opt to retain. Coast Guard officials stated that the Navy briefed them on their potential recommendations several months prior to the public announcement of the recommendations. The Coast Guard is in the process of developing potential basing alternatives, to include cost impacts, for each affected location. However, the Coast Guard had not completed these estimates in time for us to include them in our report.