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COMMITTEES:
ARMED SERVICES

HOUSE PERMANENT SELECT
COMMITTEE ON INTELLIGENCE

INTERNATIONAL RELATIONS

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Congress of the United States
House of Representatives
Washington, DC 20515-4601

June 27, 2005

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The Honorable Anthony Principi
Chairman, Defense Base Realignment and Closure Commission
2521 S. Clark St. Suite 600
Arlington, Virginia 22202-3909

Dear Secretary Principi:

I am writing to request that the Base Realignment and Closure Commission examine the Department of Defense recommendations for Naval Weapons Station, Yorktown, Virginia. As you may know, there are two recommendations involving Naval Weapons Station Yorktown (NWSY). First, NWSY is to relocate all Weapons and Armaments Research, Development & Acquisition and Test & Evaluation to the Naval Surface Warfare Center in Indian Head, MD. The second realignment recommendation involves the Space Warfare (SPAWAR) Systems Center Charleston, Yorktown Detachment relocating to Naval Station Norfolk. The recommendations can be found in Volume XII, Technical Joint Cross Service Group Analyses and Recommendations.

Additionally, there is a significant overall discrepancy between the count of affected employees at Yorktown and the overall number published with the DoD BRAC reports. The BRAC report lists a total of 179 workers that are recommended for relocation, while officials at Naval Weapons Station Yorktown only find 87 employees affected. I have requested an official comment from the Department of the Navy and have been informed that this is a simple mathematical error, but I nonetheless believe that it should be brought to your attention.

Along with the seemingly incorrect estimation of the number of affected employees at NWSY, the certified cost data from both the losing and receiving activities were severely cut by the Technical Joint Cross-Service Group. Due to the cost reductions, it would seem that a reduction in capability is unavoidable. For example, the cost of transitioning technical documents for weapons systems was reduced to 25% of its certified cost. Additionally, the cost to move or dispose of hazardous, explosive, and classified materials was reduced to 25% of its certified cost. Finally, the costs associated with temporary equipment storage and office renovation are not included in the estimates for the realignment actions. Given these cost estimates, I believe the above information warrants further review.

While the associated costs of the realignment actions are underestimated, the provided savings data seems to be inflated. For example, a recurring savings of \$75,500 per year was erroneously doubled to \$151,000 per year and a savings of \$400,000 per year for elimination of 2 contractors (\$200,000 per contractor per year) is shown even though Yorktown's actual average

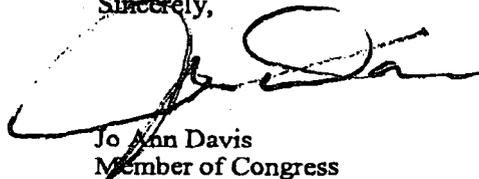
contractor cost per person is about \$50,000 per year. This error overstates the annual savings by \$300,000. Also, equipment disassembly and removal cost of \$1,038,000 was deleted with the justification being "No Closure." Another part of the data shows 142 tons of equipment being shipped to Indian Head and all of it being decontaminated. The equipment must be disassembled and removed if it is to be decontaminated and shipped or slated for disposal. Finally, the \$1,800,000 cost to procure and install explosive press equipment was deleted without explanation, even though a pressed explosive facility MILCON is included in the recommendation. The cost to move existing press equipment as an alternate was also not included. This would result in a building with no equipment.

In closing, I would like to bring to your attention two reports which may be of value during your deliberations. In 1989, my predecessor, Rep. Bateman, requested a GAO study on the feasibility of transferring the Naval Explosives Development Engineering Command (NEDED) from NWSY to Indian Head, MD. While NEDED evolved into NSWC Indian Head Yorktown Detachment, the GAO recognized that Navy savings estimates were inflated by over \$3 million. Also, Naval Sea Systems Command conducted an economic analysis of the transfer of the Yorktown Detachment (Code 930) to Indian Head, MD. This study found a negative Net Present Value (NPV) of \$22,456,097 and recommended that the project should not proceed. Both the GAO and NAVSEA studies suggest that costs are underestimated and savings are inflated by the proposed realignment actions, and I believe these reports would be useful in your analysis.

Thank you for your consideration of the above information. If you have any other questions, please contact me or Andrew Hicks of my staff at (202) 225-4261.

With kind regards, I remain

Sincerely,



Jo Ann Davis
Member of Congress

JAD:ah

DCN:11709

NSWC YORKTOWN
DETACHMENT

Farrington, Lester, CIV, WSO-BRAC

From: newmankk@cox.net
Sent: Monday, July 25, 2005 3:17 PM
To: LESTER.FARRINGTON@WSO.WHS.MIL
Subject: BRAC Recommendation to move NSWC Detachment from Yorktown, VA to Indian Head, MD

TECH 19

Dear Sir:

I heard that you visited Indian Head, MD on Friday. No doubt, you became aware that the Naval Sea Systems Command is trying to suppress the truth about the figures used to justify moving NSWC components from Yorktown, VA to Indian Head, MD.

The truth is that 83% of the certified figures required for moving the existing capability from Yorktown, VA to Indian Head, MD were disallowed or deleted. This transfers a financial burden of more than \$20 million to other Navy budgets.

The recommendation to physically move NSWC components from Yorktown, VA to Indian Head, MD is seriously flawed. Moreover, there now appears to be an attempt "cover-up" the mistakes and to penalize any "whistle-blower."

I can supply more information if you desire. But, I must do it as a citizen.

Farrington, Lester, CIV, WSO-BRAC

From: Kirk Newman [newmankk@cox.net]
Sent: Monday, July 25, 2005 5:53 PM
To: lester.farrington@wso.whs.mil
Subject: Problems with BRAC recommendation to move NSWC Yorktown components to Indian Head, MD
Attachments: _YorktownBraInfo.doc; BRAC 2005 Npv Calcs.xls; Yorktown Questions concerning DoD Justification Data (1).doc

Lester,

The NSWC Yorktown identified on pp 40-43 of Volume 12 of the Technical Cross-Service Group report, is actually a NSWC Indian Head Detachment consisting of two divisions. The Code 240 division is an explosive development pilot plant organization which has been part of the Indian Head command since 1988. The second division is Code 450. This division performs weapon surveillance work and has been under the Indian Head command for about 10 years.

Over the years, there have been no fewer than three reports that have evaluated the efficacy of physically moving the Code 240 division to Indian Head, MD. The latest report in 2000 indicated a NPV cost of about \$20 million.

The Code 450 division needs to perform its function where the fleet stores its weapons.

Now, it appears that this BRAC exercise has tried to manipulate figures and fabricate rationale to move these organizations. This is not right.

Please read the attachments. You will find that this recommendation to move the NSWC components at Yorktown to Indian Head, MD is not a good idea. Please remove the "NSWC Yorktown" organization off of the list. Thank you.

Furthermore, the creation of a **Naval Integrated Weapons and Armaments RDAT&E Center** at China Lake is not a good idea either. You should really investigate this recommendation too, because it needs to be rescinded.

DoD BRAC Justification Data

Volume 12 – Technical

Create a Naval Integrated Weapons and Armaments RDAT&E Center

Action: Realign Naval Surface Warfare Center, Yorktown, VA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation to Naval Surface Warfare Center Indian Head, MD.

1. This action does not maintain capability, which is one of the stated goals. The following capabilities were eliminated by the Technical Joint Cross-Service Group, even though they are important to Indian Head in performing the function of energetics center for the DoD:

- Melt cast explosive processing (still used for some joint service weapons programs, test charges, and inert charges)
- Explosive machining of large ordnance for surveillance and exploitation work
- Explosive washout to develop demil procedures and reclaim reject explosive loaded hardware
- Explosive storage magazine space needed to sustain operations and support foreign ordnance exploitation programs
- No facility was identified for the Yorktown Detachment's Weapon Quality Engineering function, which requires significant specialized equipment and space.
- A pressed explosive facility will be built in an attempt to maintain this capability, but no funds were included for moving existing press equipment or buying new equipment.

2. The certified cost data from both the losing and receiving activities were severely cut by the Technical Joint Cross-Service Group, often in an arbitrary manner. Due to the cost reductions, the receiving activity does not believe the relocation, even with greatly reduced capability, is possible with the funds allowed.

- Cost of transitioning technical documents for weapons systems was reduced to 25% of its certified cost.
- Cost to move or dispose of hazardous materials was reduced to 25% of its certified cost.
- Cost to move or dispose of explosive materials was reduced to 25% of its certified cost.
- Cost to move or dispose of classified material was reduced to 25% of its certified cost.
- Estimated facility MILCON costs are low based on past experience.
- Office renovation cost of \$500,000 was deleted without explanation.
- Temporary equipment storage cost of \$100,000 was deleted without explanation.

3. There are major errors and discrepancies in the data.

- A recurring savings of \$75,500 per year was erroneously doubled to \$151,000 per year
- A savings of \$400,000 per year for elimination of 2 contractors (\$200,000 per contractor per year) is shown even though Yorktown's actual average contractor

BRAC DATA (with errors)							
YEAR NUMBER	YEAR	LOSING COSTS	RECEIVING COSTS	TOTAL COSTS	SAVINGS	NET	ADJUSTMENT FACTOR
1	2006	\$ 47,000	\$ 322,000	\$ 369,000	\$ -	\$ 369,000	0.986287
2	2007	\$ 35,000	\$ 3,578,000	\$ 3,613,000	\$ -	\$ 3,613,000	0.959423
3	2008	\$ 3,102,000	\$ 250,000	\$ 3,352,000	\$ (307,000)	\$ 3,045,000	0.933291
4	2009	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.907871
5	2010	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.883143
6	2011	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.859088
7	2012	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.835689
8	2013	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.812927
9	2014	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.790785
10	2015	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.769246
11	2016	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.748294
12	2017	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.727913
13	2018	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.708086
14	2019	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.6888
15	2020	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.670039
16	2021	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.651789
17	2022	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.634036
18	2023	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.616766
19	2024	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.599967
20	2025	\$ -		\$ -	\$ (1,091,000)	\$ (1,091,000)	0.583626

Payback = 11 years; 2005 NPV = savings of \$6,952,273 over 20 yea

PV	NPV (2005)
363,940	363,940
3,466,395	3,830,335
2,841,871	6,672,206
(990,487)	5,681,719
(963,509)	4,718,210
(937,265)	3,780,945
(911,737)	2,869,208
(886,903)	1,982,305
(862,746)	1,119,559
(839,247)	280,311
(816,389)	(536,078)
(794,153)	(1,330,231)
(772,522)	(2,102,753)
(751,481)	(2,854,233)
(731,013)	(3,585,246)
(711,102)	(4,296,348)
(691,733)	(4,988,081)
(672,892)	(5,660,973)
(654,564)	(6,315,537)
(636,736)	(6,952,273)

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**QUESTIONS/COMMENTS CONCERNING DOD JUSTIFICATION DATA FOR
NSWC YORKTOWN RELOCATION TO NSWC INDIAN HEAD**

Volume 12 – Technical

Create a Naval Integrated Weapons and Armaments RDT&E Center

GENERAL COMMENTS

1. One of the goals in BRAC was to maintain capability. With this plan, the Navy will lose melt cast explosive processing capability. Indian Head, as the joint service energetics center, will lose the capability to develop demil procedures for energetic materials and machine certain types of ordnance for surveillance and foreign weapon exploitation. There are no facilities identified for the weapons QE function. Loss of magazine space will further hinder operations and capability. Finally, although there is a desire to maintain explosive pressing capability, the severely reduced budget figures will require reductions in press capability to stay within this budget.
2. Many costs were reduced arbitrarily or eliminated in spite of certified cost figures agreed to by the losing and receiving activities. The move as planned is not possible with the funds budgeted.
3. There are discrepancies in the data, described in detail below, that indicate some numbers are wrong.
4. Using the erroneous BRAC data, this relocation has a payback of 11 years and a 2005 NPV of (\$6,952,273) over 20 years, which is a minimal savings and not very attractive in economic terms. Using original certified data, the payback is >>>>20 years and has a very large positive 2005 NPV over 20 years which means a net cost to the Navy – no savings. If only the obvious errors are corrected in the data and the TJCSG assumptions about loss of capability remain, the payback is still > 20 years and the 2005 NPV over 20 years is a net cost of over \$1,000,000 – again no savings.

TAB 2

Yorktown physical capacity lists 98,528 sq. ft. current capacity and only 8,654 sq. ft. as current usage. Where did this number come from? We are using most of our facilities and square footage on a weekly basis.

TAB 3

Page 1:

Data standards states that moves requiring lab space will move in 2009. Our move will require lab space (assuming industrial facilities are called lab space) but our move is shown in 2008.

MISCELLANEOUS RECURRING SAVING

Page 39:

A \$551k miscellaneous recurring saving is shown starting in 2009. We put in a miscellaneous recurring saving of \$75.5k. In DONBITS, we entered in \$151k for question DoD42627 because the savings occurred for two years and we were instructed to put the total cost ($\$75.5k \times 2 = \$151k$) in this spreadsheet. Therefore, the annual saving is only \$75.5k. The BRAC data is using \$151k per year instead. This is an error of \$75.5k savings per year.

The remaining \$400k savings is given as 2 contractors @\$200k per contractor per year. We will still need the same level of contract support after relocation. Even if we could afford to lose 2 contractors, our cost of 2 contractors is only \$100.5k per year. This is because we use administrative support contractors, not engineering support contractors. At a minimum, this annual savings should be reduced to \$100.5k per year.

Total recurring savings should be \$176k per year at most, not \$551k per year.

EQUIPMENT TO BE MOVED

Page 49:

The 103.5 tons of press equipment to be moved is deleted. We understand that the 2000 ton press will be moved, but the other presses will be replaced to prevent any downtime. Therefore, the weight of the 2000 ton press should be listed (~30 tons).

Melt cast, machining, and demil equipment are shown as moving, even though their receiving facilities were deleted. Will this equipment be put into storage? Is there space? There seems to be a disconnect between equipment to be moved and facilities to be built. Also, the cost for equipment disassembly and removal was deleted so how can it be moved?

ONE-TIME UNIQUE COSTS

Page 53:

Fuel tank storage closure at a cost of \$75k is shown to be deleted, but the cost is included in environmental non-MILCON costs (page 52).

Decon of explosive buildings was deleted. Is this in compliance with regulations? Won't the NWS be stuck with this cost in future years? Decon would not be required if there were no BRAC relocation.

Page 54:

Equipment disassembly and removal cost of \$1038k was deleted. There seems to be a disconnect here. Costs were included for equipment decon (\$453k) and page 49 shows that most equipment will be shipped (except PBX vertical planetary mixers and presses). Doesn't this mean the equipment must be disassembled and removed? Is the intent to leave the equipment in the buildings and walk away? Can this be done? If the intent is to dispose of this equipment, removal and disposal costs must be included.

Technical transition cost of \$447k was deleted. Does the program management cost (\$108k) attempt to capture this cost? It is much smaller than our estimate.

Transition of technical documents cost was cut to 25% of our submitted value (\$19.73k versus \$78.9k). What is the justification for this cut? The 25% is an arbitrary figure. All documents must be transferred as they are still under configuration control.

ONE-TIME MOVING COSTS

Page 58:

An assumption was made that only 25% of our hazardous materials, explosives, and classified material would be moved. The 25% is an arbitrary figure. We can not draw down to this level in 2-3 years. Our original cost had already assumed that a portion of materials and explosives would be drawn down or disposed of prior to the move. Disposal costs were included. By using only 25% of our original figure, there are no funds provided for disposing of the remaining 75%. Furthermore, these materials are needed to perform our mission.

MISCELLANEOUS RECURRING COSTS

Page 59:

Additional cost for travel to Yorktown was deleted, while cost savings for travel to Indian Head were left in. There will be a legitimate additional cost borne by Code 450 in travel to Yorktown to support AOC after their move. No justification was provided for deleting this recurring cost.

INDIAN HEAD ONE-TIME UNIQUE COSTS

Page 60:

The following one-time unique receiving activity costs are listed:

Office Renovation	\$ 500k
Equipment Procurement & Installation	\$1800k
Temporary Equipment Storage	\$ 100k
Transition Manager	\$ 45k

None of these are marked for deletion in the footnotes; however, the only on-time unique cost included in the various summary cost pages (e.g. page 79) is \$45k, presumably for the transition manager. If the first three items are deleted from the final cost figures, then how can the press capability be established and office space be made available? Other data already shows that Yorktown's presses will not be moved, so new presses must be procured. There is a major disconnect here.

Several costs are listed for Indian Head receiving Crane pyro work as follows:

Modification of existing facilities to receive pyro R&D equipment	\$250k
Pyro Equipment Installation	\$500k
Temporary Crane equipment storage	\$ 10k
Office Renovation for 13 people	\$250k

These costs are not shown as deleted; however, the costs are not included in the various summary cost pages (e.g. page 79). There is no other mention of this work moving from Crane to Indian Head.

Costs such as SOP modifications, Process Review Boards, and hazard analyses are missing.

MILCONs

Page 65:

An 8,000 sq. ft. new construction MILCON and a 6,400 sq. ft. rehab construction are listed. We understand the 8,000 sq. ft. facility to be the pressed explosive facility and the 6,400 sq. ft. facility to be a molding powder facility. How can the cost for these two facilities be \$3900k? Using Indian Head's estimating guidelines, the press facility alone should cost about \$12000k.

The 6,000 sq. ft. magazine MILCON was deleted. The erroneous draw down assumptions were discussed earlier. In addition, Yorktown is currently storing mines and weapons for numerous programs, including storing items for Indian Head. How can Indian Head accommodate all of these items and the RD&A materials needed by the Yorktown Detachment with existing magazines?

The 2,100 sq. ft. facility for machining equipment was deleted. The justification is erroneous. Although Indian Head possesses machining equipment, the equipment identified for moving is unique to Yorktown. It includes a hacksaw for sectioning large ordnance items for surveillance, and core/cavity drills for machining cores and fuze cavities in specific configurations. The workload may be low, but in an RDAT&E environment the capability is essential when needed.

The 12,000 sq. ft. facility for a melt cast facility was deleted. The justification states that the Navy has no need for melt cast explosive development. This statement is not true. The Navy is developing an IM bomb and is looking at several explosive candidates including new melt cast explosives. Several new melt cast explosives are not TNT based. The Air Force and Army continue to have high interest in melt cast explosives and there is also a strong push towards joint weapon systems. The Navy must maintain melt cast explosive capability to properly evaluate these materials for Navy applications. In addition, the Navy's current capability is used extensively to prepare test charges for NSWC Carderock, Aberdeen Proving Ground, NSWC Panama City, NSWC Crane and many other activities. This work has significantly increased in the past two years. Large melt cast production plants such as McAlester AAP are not well suited to loading these small specialty test charges with quick response times.

The 1,500 sq. ft. facility for explosive washout was deleted. This capability is important for a full spectrum energetics center to be able to develop demil processes and recover reject charges. Although China Lake is building such a facility, they possess no expertise in this process.

Why is the press facility recategorized from a 3161 facility to a 2262 ammunition production facility?

There is no facility listed for Code 450. They currently occupy 50,000 sq. ft.

FREIGHT

Page 91:

A packing cost of \$2k and a freight cost of \$44k are listed. What do these numbers include? If they include our industrial equipment, then they cover 142 tons of equipment. This equates to \$14/ton for packing and \$310/ton for freight. These numbers are grossly underestimated. What formula was used for calculating equipment freight charges? Is packing and freight for our offices also included?

Farrington, Lester, CIV, WSO-BRAC

From: Zimet, Elihu [ZimetE@ndu.edu]
Sent: Monday, July 25, 2005 1:49 PM
To: lester.farrington@wso.whs.mil
Subject: BRAC S&T meeting

Les, I will try to set up a meeting with you Wednesday or Thursday of next week.

Eli

202-685-3586

Farrington, Lester, CIV, WSO-BRAC

From: Kirk Newman [newmankk@cox.net]
Sent: Monday, July 25, 2005 10:19 PM
To: lester.farrington@wso.whs.mil
Subject: Problems with BRAC recommendation to move NSWC Yorktown components to Indian Head, MD

The recommendation to "Realign Naval Surface Warfare Center, Yorktown, VA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation to Naval Surface Warfare Center Indian Head, MD," as stated in the Volume 12 report by the Technical Joint Cross-Service Group is seriously flawed and needs to be rescinded.

According to the DoD BRAC Justification Data that has recently been released to the public, several problems have been revealed.

- The Technical Joint Cross-Service Group has misrepresented the certified NAVSEASYS COM BRAC data, which was agreed to by the losing and receiving sites. The result is that the recommendation is not executable.
- The Technical Joint Cross-Service Group has made numerous errors in its version of the data. Using these plagued numbers, a net present value shows a payback of 11 years. The numerous errors and omissions either eliminate capability or transfer a substantial fiscal burden from BRAC funds to the Navy budget for the affected sites. Some examples include:
 - disallowing any press equipment to be moved or bought for the new press facility
 - disallowing the explosive molding powder equipment to be moved or bought
 - disallowing a melt cast facility
 - disallowing any new explosive storage capacity
 - omitting legitimate costs for disposition of vacated buildings at Yorktown
 - over-stating annual savings
- The certified NAVSEASYS COM BRAC data confirm results from previous economic studies concerning this move. An analysis using these certified data indicates a net present value cost of about \$20 million over 20 years to the DoD.

According to the BRAC 2005 Selection Criteria identified in a memo by OUSD (AT&L) Michael Wynne dated 4 Jan 05, this recommendation violates the rules.

- The name NSWC Yorktown is misleading, and does not properly identify that the two NSWC components at Yorktown have been part of NSWC Indian Head for many years. The military value of NSWC Indian Head is inclusive of these components and should never have been separated.
- The current and future mission of NSWC Indian Head for energetic materials and underwater weapons is compromised by this recommendation.
- This action would adversely affect mobilization capability currently being used to produce pressed explosive warheads for the warfighter engaged in GWOT.
- This action would adversely affect the ability to produce melt cast shock test charges that are routinely used to validate Navy ship hull designs.
- This action ignores the explosive storage capacity required for operational readiness.
- This action ignores the fiscal and legal responsibility for environmental restoration and compliance.
- This action ignores the fact that the weapons surveillance function is most efficiently performed at a site where the fleet stores its weapons.

According to the public law that establishes BRAC, your commission has the responsibility to ensure the integrity of the BRAC process. After a review of the issues involved with this specific recommendation, I am convinced that

this action is neither prudent nor ethical. NSWC Indian Head components at Yorktown are located and properly sited on a Navy base (WPNSTA Yorktown). The NSWC Indian Head components at Yorktown have facilities that are very capable of performing the mission for many years in the future. The NSWC Indian Head components at Yorktown are busy performing shift work in an effort to meet emerging requirements from operations in Afghanistan and Iraq. I sincerely believe that the NSWC Indian Head components at Yorktown should not be relocated to Indian Head, MD. Therefore, I request that this recommendation be removed from the BRAC Closure and Realignment list.