

**DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION**  
**2521 CLARK STREET, SUITE 600**  
**ARLINGTON, VIRGINIA 22202**  
**(703) 699-2950**

**MEMORANDUM OF MEETING**

**DATE:** 28 June, 2005

**TIME:** 1000-1100

**MEETING WITH:** New London CODEL and Representatives from the Connecticut Sub Realignment Coalition and General Dynamics-Electric Boat  
**SUBJECT:** Congressional and Community Inputs about the recommendation to close Submarine Base New London

**PARTICIPANTS:**

*Name/Title/Phone Number:*

**Gabe Stern /Connecticut Sub Realignment Coalition /202.224.8787**

**Hank Teskey /General Dynamics-Electric Boat /202.228.3533**

**Steven Karalekas/The Washington Group**

**Neal Orringer/Senator Dodd's Staff/202.224.2680**

**Eric Andersen /Senator Lieberman's Staff /202.225.5004**

*Commission Staff:*

**\*Hal Tickle Submarine Base New London Lead Analyst**

**Michael Kessler Navy Team Associate Analyst**

**MEETING SUMMARY:** The group recapped their review of the recommendation to close Submarine Base New London and the attendant process and analysis. While the approach appears sound, the group has differences in specific input data and subsequent impact on resultant costs and savings. Affected evaluation criteria are four through eight. Detailed information was presented to support that position. An overview, summary sheet and COBRA run documentation was provided to the Commission Staff. Their analyses are in progress; subsequent scenario COBRA run analyses, closure/environmental/remediation cost studies and economic impact studies will be forwarded as they are completed. The group was advised to submit both hard copy (for the Library) and soft copy (for the analyst) of each document. The sooner the documents can be submitted, the better for analysis; however, we will be receptive to fact-based, data-supported inputs at least until mid-July.

\* Denotes individual responsible for completing the memorandum

Library Routing Slip 2005 BRAC Commission Materials

Title of Item: Memorandum of Meeting  
 Installation or Community: Submarine Base New London  
 Source: BRAC Commission  
 Certified Material?  yes  no  
 Analyst / Provider: Hal Tickle Date Received: 6/29/05

# BRAAC Commission briefing

## COBRA Model Analysis

06/20/2005

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Library Requesting Sep 2005 BRAAC Commission Meeting  
Title of Item: Cobra Model Analysis  
Institution or Community: Sub Base New London - Community  
Source: AT Sub Readqmnt Position/General Dynamics - Electric Boat  
Certified Material? yes  
Analyst/Provider: Max Tickle Date Received: 6/28/05

# COBRA Model Analysis

## Overview

- One-time Military Construction costs underestimated by at least **\$110m**
- One-Time SUBBASE environmental costs underestimated by at least **\$27m**
- Recurring Personnel savings overstated by **\$84m/yr**
- One-time Moving costs understated by **\$31m**
- Recurring Other Unique costs underestimated by **\$42m/yr**
- Understated Discount Rate in NPV calculation overstates savings by **\$350m**

# COBRA Model Analysis

## One Time Costs

- Submarine School training facilities
  - Navy used a construction cost of \$211/sf
    - This is the cost to build a typical high school
  - Recent experience averaged \$325/sf
    - Due to higher structural & services requirements
      - 250 psf rated versus 100 psf rated
      - Compressed air, chilled water, IT services
      - High bay ceilings, security
  - Difference of \$114/sf times 415ksf = **\$47m**
    - This does not include site issues that exist at Kings Bay (may requiring deeper pilings/foundation)

# COBRA Model Analysis

## One Time Costs

- Kings Bay Pier Construction
  - Navy used a construction cost of \$1,998/sy
  - Norfolk pier estimated at \$4,387/sy
    - Consistent with military facility pricing guide
  - Difference of \$2,389 times 5,556sy = **\$13m**
- Refrigeration Plant at Kings Bay
  - Navy used construction cost of \$1,200 per ton
  - RS Means estimated cost for refrigeration is \$3,200 per ton
  - Difference \$2,000/ton times 10,000 = **\$20m**

# COBRA Model Analysis

## One Time Costs

- Kings Bay Soil Condition Costs
  - Per FEMA report, Kings Bay soil conditions require additional site work (piles/foundation)
  - Conservative estimate of additional cost 20% premium on large buildings only
    - Applied Instruction Bldg (\$56.8m x 20%=\$11.4m)
    - Flight Simulator Facility (\$32.6m x 20%=\$6.5m)
    - General Admin Bldg (\$10.1m x 20%=\$2.0m)
    - Enlisted Barracks (\$51.7m x 20%=\$10.3m)
  - Total Construction cost increase= **\$30m**

# COBRA Model Analysis

## One Time Costs

- Additional environmental costs at  
SUBBASE NLON \$27m
  - Per COBRA report \$9.9m
  - Per Connecticut Department of Environmental  
Protection \$37.1m

# COBRA Model Analysis

## Personnel

- \$169m of the \$192m net recurring savings was due to the elimination of 1,560 billets
  - Navy analysis eliminates
    - 136 officers @ \$124,972 = \$17m per year
    - 681 enlisted @ \$82,399 = \$56m per year
    - 743 Civilians @ \$59,959 = \$53m per year
  - Basic allowance for housing claims savings of \$43m per year
- We estimate billet reduction savings overstated by 50% or \$84m per year

# COBRA Model Analysis

## Personnel (Con't)

- Examples of overstated billet reduction include:
  - Today, 528 medical billets at SUBASE service 8,045 personnel, 62 are to be relocated to service 6,485 relocated personnel
  - Eliminated all billets (181) related to services normally variable with population size
    - Legal, welfare, educational, HR, brig, NCIS etc...
  - Of 197 security personnel at SUBASE, Norfolk requested 91 billets, Kings Bay 1 billet

# COBRA Model Analysis

## Moving

- One-time relocation costs
  - Navy did not include the cost of installing and testing equipment at the receiving facility.
    - Installation/testing training facility equipment \$16m.
  - Costs of Personnel relocation understated by \$15m
    - Cost to relocate 408 additional military personnel would be \$1.2m
    - Cost to relocate 370 additional civilians would be \$13.8m

# COBRA Model Analysis

## Other Unique Costs

- Contractor costs underestimated by \$42m/yr (438 billets replaced by 143)
  - 430 mission essential contractor billets at \$57 per hour eliminated (\$50m) at NSSF & NRMD
  - Kings Bay added 37 civilian billets at \$29 per hour (\$2m)
  - Norfolk NSY added 106 civilian billets at \$29 per hour (\$6m)

# COBRA Model Analysis

## Other Discrepancies

- Data calls selectively ignored
  - In DoN-0033 data call, Norfolk NSY identified a need for 162 civilian billets at \$85 per hour (\$28m) to replace contract labor
  - COBRA model used 106 billets at \$29 per hour (\$6m)
- Inconsistent Labor Rates Used
  - In DoN-0033 11 subs moving to Norfolk required 106 billets at \$29 per hour (\$6m per year) in COBRA model
  - In DoN-004, 11 subs moved to NLON required 240 contractors at \$57 per hour (\$27m per year) in COBRA model
- Inconsistent treatment of dry dock
  - In SUBASE NLON closure scenario (DoN-0033) relocation of drydock from Seattle to Norfolk cost \$39m
  - In Norfolk Subs to NLON scenario (DoN-004) new drydock required at a cost of \$93m
  - Moreover, COBRA did not consider 3 drydocks at EB

# COBRA Model Analysis

## Net Saving Summary (0605)

	Navy Analysis	Corrected for Facility & Contract Labor	Added Impact of 50% Fewer Billets
<b>One Time Costs</b>			
Training Facility	679,629	679,629	679,629
Pier		77,000	77,000
Refrigeration		13,000	13,000
Relocation of Personnel/Equipment		20,000	20,000
<b>Revised One time Costs</b>	<u>679,629</u>	<u>805,629</u>	<u>820,629</u>
<b>One Time Savings</b>	(15,005)	(15,005)	(15,005)
<b>Recurring Cost</b>			
Contractors at Norfolk/Kings Bay	1,300,315	1,300,315	1,300,315
<b>Revised Recurring Costs</b>	<u>1,300,315</u>	<u>1,986,315</u>	<u>1,986,315</u>
<b>Recurring Savings</b>	(4,318,347)	(4,318,347)	(4,318,347)
Civilian Salaries			397,443
Officers Salaries			131,719
Enlisted Salaries			434,348
Housing Allowance			347,862
<b>Revised Recurring Savings</b>	<u>(4,318,347)</u>	<u>(4,318,347)</u>	<u>(3,006,976)</u>
<b>Net Cost/(Savings)</b>	<u>(2,353,408)</u>	<u>(1,541,408)</u>	<u>(215,037)</u>
<b>Net Preset Value (at 2.8%)</b>	(1,576,664)	(979,022)	(53,032)
<b>Net Preset Value (at 4.25%)</b>	(1,226,956)	(725,384)	92,129