ANALYSIS OF BRAC 95 CLOSURE RECOMMENDATION FOR NSWC, LOUISVILLE

I. Summary of BRAC 95 Scenario Data Call Process: Directed Changes, Higher Echelon Command (HEC) Changes, COBRA Model exclusions, and the "Bidding War" between NSWC, Crane and NSY Norfolk for NSWC, Louisville work, which resulted in **artificially low closure costs** for NSWC, Louisville and **INSUFFICIENT** BRAC funds to relocate the existing depot capabilities to the Gaining Activities.

ATTACHMENTS:

1. Chronology of Events for Scenarios 012/013, 012A/013A, 028, and 092.
2. Cost Change Profile Summaries for Scenarios 012, 012A, 028, and 092 showing the Higher Echelon Change Reductions and the "bidding war".
3. SECNAVNOTE 11000, BASE CLOSURE AND REALIGNMENT of 8 Dec 93, with annotated Substantial Deviations to the process.
4. Public Law 101-510 Appendix A, PROVISIONS OF LAW RELATING TO BASE CLOSURES AND REALIGNMENTS, with annotated Substantial Deviations to the process.
5. BSAT guidance from BSEC, of 1 Dec 94, concerning PRODUCTIVITY LOSS CALCULATIONS and CONTRACTING OUT OF WORK
6. DON Memorandum of 8 Jun 1993 from C.P. Nemfakos to the Honorable James Courter Recommending that NSWC, Louisville Remain Open in BRAC 93.

II. Analysis/Summary of BRAC 95 Closure Recommendations, Base Structure Evaluation Committee Minutes, and BRAC Commission Hearings Transcript. The closure statements and closure objectives from the "Closure Recommendations" and the "Commission Hearings" are contradictary to, and inconsistent with, the BSEC meeting minutes and the final results, of closing NSWC, Louisville.

ATTACHMENTS:

7. Review Comments on DON BRAC 95 CLOSURE/REALIGNMENT RECOMMENDATIONS dated March 95.
8. Agenda from Community Briefing of 28 Feb 95 with attached News Release and letter from Mike Ward, Member of Congress, to the Honorable John M. Deutch.
9. Letters from Kentucky and Indiana Senators and Congressmen to the Honorable Charles Bowsher (GAO) concerning Alterations to Scenario Data Call Responses and Requests for Information. Also a letter to the Honorable John H. Dalton requesting a copy of Naval Audit Service Job Order 95-0044 and the NAVSEA Inspector General Report.
10. Analysis/Comments on Base Structure Analysis Team MEMORANDA for the Base Structure Evaluation Committee (summarizing BSAT/BSEC MEMORANDA of 15 Nov 94 to 13 Jan 95 with **page excerpted from 13 Jan 95**

ANALYSIS OF BRAC 95 CLOSURE RECOMMENDATION FOR NSWC, LOUISVILLE (con't)

Deliberations concerning Secretary Dalton's questioning of C.P. Nemfakos on closing NSWC, Louisville).

11. Analysis/Comments on Joint Cross-Service Group for Depot Maintenance (JCSG-DM) BRAC 95 Alternatives.
12. Point Paper on Plating Capabilities of Watervliet Army Arsenal and on Gun Barrels, a Vital Military Requirement
13. Summary of BSAT COBRA Model Analyses, JCSG-DM Analyses, and Exclusions from the COBRA Model Analyses
14. Annotated Comments on Defense Base Closure and Realignment Commission Open Meeting Proceedings of 6 March 95
15. Preliminary Briefing Materials

III. Suggested Considerations for BRAC 95 Commission:

(1) Remove NSWC, Louisville from the Technical Centers Installation Category by redirecting the BRAC 91 decision, which, as part of a consolidation under the Naval Surface Warfare Center, realigned Naval Ordnance Station (NOS) Louisville, KY, as a subordinate organization to Naval Weapons Support Center, (NSWC) Crane, IN.

(2) Remove NSWC, Louisville from the DON BRAC 95 Closure List and REALIGN NSWC, Louisville into the Industrial Support Installation Category as a DON/DoD Joint Service Depot and realign similar depot workload into NSWC, Louisville from closed/open activities. This will reduce excess capacity, consolidate and co-locate "SEA SYSTEMS" commodity workload with existing Gun Weapon Systems (11.b) commodity workload. Since NSWC, Louisville has the highest Functional Value score (61.5) of **all depots** performing 11.b commodity workload this would satisfy the DoD Deputy Secretary's May 4, 1994 MEMORANDUM which sought to establish more efficient depots as well as designate a joint depot.

Best Optimizational Model Runs

Alternatives	#1	#2	#3	#4	#5	#6
Maximize	Min Sites	Min Sites	Min XCap	Min XCap	Mil. Value	Func. Value
Maximize	Func. Value	Mil. Value	Func. Value	Mil. Value	Func. Value	
Optimizational Run	BEST	BEST	BEST	BEST	BEST	BEST
ANAD						
CCAD	D	D	D	D	D	
LEAD	X	X	X	X	X	
RRAD	X	X	X	X	X	A
TOAD						
ALC OG						
ALC OK						
ALC SA	X	X	X	X	X	
ALC SC			X			
ALC WR						
AMARC	D	D	D	D	D	D
MCLB A						
MCLB B						A
NAD CH						
NAD JX	X	X	X	X	X	
NAD NI						
NSY LB			P			
NSY NF						
NSY PH	X	X	P	X	X	A
NSY PM	X	X	P	X	X	A
NSY PS						
NSWC CR	X	X	X	X	X	
NSWC LO			X			
NUWC KP	X	X	P	X	X	A
Model's Closure Total	10	10	8	10	10	2
DAT's Closure Total	8	8	8	8	8	6
Capacity of Closures (MDLHs)	30.5	30.5	34.5-36.8	30.5	30.5	18.1
Product Lines Remaining	146	146	134-137	146	146	110
Average Military Value	2.56	2.56	2.68-2.80	2.56	2.56	2.5
X = Potential Closures						
D = Deleted by DAT.						
A = Added by DAT.						
P = ??						

ENCL (1)

DEPOT MAINT ANALYSIS

COMMODITY														
11-Sea Systems	NADEP CH	NADEP JX	NADEP NI	NSWC CR	NSWC LOU	NUWC KP	NSY LB	NSY NOR	NSY PH	NSY PM	NSY PS	MCLB A	MCLB B	Capacity
FY96 Capacity														Totals
11a-Ships				X			X	X	X	X	X		X	
FY96 Total Core Capacity DLHs Programmed (DC 14, Table13.1a)				3942			2426409	6293532	2322044	2978930	8214896		5000	22244753
FY96 Total Capacity DLHs Programmed (DC 14, Table 3.1b)				16840			2609055	7459570	2505689	3582456	9698480		7000	25879090
% Total Core Capacity				0.0%			10.9%	28.3%	10.4%	13.4%	36.9%		0%	99.9%
Total Functional Value (FV)				38.0			51.0	53.3	50.5	52.5	57.5		53.0	
11b-Weapons Systems				X	X	X	X	X	X					
FY96 Total Core Capacity DLHs Programmed (DC 14, Table13.1a)				300248	1193563	825379	263471	135656	129198					2847515
FY96 Total Capacity DLHs Programmed (DC 14, Table 3.1b)				357122	1246951	953320	283279	160790	139416					3140878
% Total Core Capacity				10.5%	41.9%	29.0%	9.3%	4.8%	4.5%					100.0%
Total Functional Value (FV)				53.5	61.5	58.5	54.5	53.0	53.0					
11c-Ship Support								X	X	X	X			
FY96 Total Core Capacity DLHs Programmed (DC 14, Table13.1a)								851873	107457	9083	459865			1428278
FY96 Total Capacity DLHs Programmed (DC 14, Table 3.1b)								931712	115956	16472	544600			1608740
% Total Core Capacity								59.6%	7.5%	0.6%	32.2%			99.9%
Total Functional Value (FV)								65.0	53.0	47.0	58.0			
11d-Shipyard Support							X	X	X	X	X			
FY96 Total Core Capacity DLHs Programmed (DC 14, Table13.1a)							431092	493600	191326	86020	447964			1650002
FY96 Total Capacity DLHs Programmed (DC 14, Table 3.1b)							475896	636536	206458	91184	536700			1946774
% Total Core Capacity							26.1%	29.9%	11.6%	5.2%	27.1%			99.9%
Total Functional Value (FV)							56.5	54.0	48.0	49.0	49.0			
11e-Ship Design Services														
FY96 Total Core Capacity DLHs Programmed (DC 14, Table13.1a)														
FY96 Total Capacity DLHs Programmed (DC 14, Table 3.1b)														
% Total Core Capacity														
Total Functional Value (FV)														
11 Sea Systems (Core Capacity)	0	0	0	304190	1193563	825379	3120972	7774661	2750025	3074033	9122725	0	5000	28170548
11 Sea Systems (Capacity)	0	0	0	373962	1246951	953320	3368230	9188608	2967519	3690112	10779780	0	7000	32575482
% Total Core Capacity	0.0%	0.0%	0.0%	1.1%	4.2%	2.9%	11.1%	27.6%	9.8%	10.9%	32.4%	0.0%	0.0%	100.0%

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ENCL (2)

Commodity 11.b Site Capacity

	MCLB A	MCLB B	NADEP CH	NADEP JX	NADEP NI	NSY LB	NSY NOR	NSY PH	NSY PM	NSY PS	NSWC CR	NSWC LOU	NUWC KP	
11.b-Weapons Systems Commodity														Core Totals
FY99 Core Capability DLHs from JCSG-DM Database as of 11/22/94						263471	135656	129198			300234	1228240	733969	2790768
FY99 Max Potential (Total) Capacity DLHs from JCSG-DM Database as of 11/22/94						358846	275397	323096			1168261	2479750	1141096	5746446
Site % of FY99 Core Capacity						9.4%	4.9%	4.6%			10.8%	44.0%	26.3%	
Site % of FY99 Max Potential Capacity						6.2%	4.8%	5.6%			20.3%	43.2%	19.9%	
NSWC, Louisville Site % of FY99 Core (Less 11.b Weapon Systems (Underwater) at NUWC, KP).												**59.7%**		
DM-1 Workload: Minimize Sites/Maximizing Military Value run dated 11/22/94						358846	5084	0			0	2426838	0	2790768
DM-1 Workload Shifts: Minimize Sites/Maximizing Military Value run dated 11/22/94						95375	-130572	-129198			-300234	1198598	-733969	0
Site % of DM-1 Workload						12.9%	0.2%	0.0%			0.0%	87.0%	0.0%	
DM-2 Workload: Minimize Excess Capacity run dated 11/22/94						358846	122565	0			1168261	0	1141096	2790768
DM-2 Workload Shifts: Minimize Excess Capacity run dated 11/22/94						95375	-13091	-129198			868027	-1228240	407127	0
Site % of DM-2 Workload						12.9%	4.4%	0.0%			41.9%	0.0%	40.9%	

ENCL (3)

REPRODUCED AT GOVERNMENT EXPENSE

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BRAC 95

Depot Maintenance Joint Cross-Service Group Meeting

November 21, 1994

Minutes

The DUSD (Logistics) chaired this seventeenth meeting of the Depot Maintenance Joint Cross-Service Group. A list of principal attendees and the slides used during the meeting are attached.

The Chair began the meeting by reporting that the Data Analysis Team had completed optimization model runs which factored military value and functional value for both minimizing sites and minimizing excess capacity. The Chair also discussed the potential of revisiting previous BRAC decisions if installations such as Letterkenny were proposed as alternatives for Service consideration since this installation was the subject of a BRAC recommendation in a previous round. A General Counsel opinion would be requested to clarify this issue.

The Data Analysis Team then provided a presentation using the attached slides. A detailed discussion of the proposed alternatives ensued with the full group agreeing with the Data Analysis Team's proposals. Additional discussion items included the extent to which excess capacity was being eliminated by the potential alternatives. There was also some discussion concerning the impact of these alternatives on wartime surge requirements. It was determined that while there would be "chokepoints," the impact would be mitigated by additional shifts. In any case, closures and realignments were difficult decisions important to allowing the Department to afford necessary requirements.

The discussion then centered on the next steps to be taken. The Chair requested each Service come back with a "quick-look" analysis of each alternative with a more detailed analysis, including COBRA runs, to follow.

The meeting then concluded.

Approved: James R. Klugh
Chairman

ENCL (4)

BRAC 95

Depot Maintenance Joint Cross-Service Group Meeting

November 21, 1994

Key Attendees

Mr. Klugh, Chairman, DUSD Logistics
Mr. Orsini, Army
VADM Earner, Navy
RADM Oliver, Navy
RADM Taylor, Navy
LtGEN Brabham, USMC
Mr. Orr, Air Force
BG Burch, DLA

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COST CHANGE PROFILES, WITH KNOWN HEC's

The profiles show **certified** closure costs of $484.563M for scenario 028 and $521.862M for scenario 012/013. Through Directed Changes, HECs, and the "Bidding War" these costs were eventually reduced to $249.904M and $232.920M, respectively. These costs do not include the cost of relocating personnel and tonnage. These costs are still considerably higher than the $178.4M shown in the BRAC 95 Closure Recommendations for the **"combined"** Scenario 028Z, NSWC, Louisville/NAWC, Indianapolis closure cost, and, the ROI is much higher than the 4 years shown in the Recommendations.

ATT (2)

DEPARTMENT OF NAVY BRAC 95 CLOSURE/REALIGNMENT RECOMMENDATIONS (BRIEFING BOOK GIVEN TO COMMANDING OFFICERS) DATED MARCH 95

REVIEW COMMENTS

From the analysis of the Department of the Navy, Analyses & Recommendations (Volume IV), it is stated that the basis for NSWC, Louisville being recommended for closure was strictly Cobra costs and the Navy's intent to move industrial workload out of the Technical Centers (reported that almost 50% of NSWC, Louisville's workload is Depot Maintenance).

1. In Tab B, BRIEF, of the Recommendations, NSWC, Louisville Closure numbers are **combined** with NAWC, Indianapolis Closure numbers. NSWC, Louisville and NAWC, Indianapolis are in **different** Warfare Centers, **different** Hardware Systems Commands, **different** Economic Impact Regions, and their closures would result in **different** economic impacts in their respective communities. The combining of these two Activities in the Recommendations report makes it impossible to determine the actual closure numbers for NSWC, Louisville. This is in VIOLATION of the intent of SECNAVNOTE 11000, Public Law 101-510 and the BRAC-95 process wherein each Activity recommended for closure or realignment must be considered on a "site specific" basis, and, "all Activities must be treated equally."

2. Due to the **combining** of NSWC, Louisville and NAWC, Indianapolis in Tab B, Brief, and Attachment X of the Recommendations, the COBRA data (Cost / Save / ROI Yr. / SS Savings / 20 Yr. Savings) for NSWC, Louisville is **inaccurate** and does not reflect "certified data" from NSWC, Louisville. This is in VIOLATION of SECNAVNOTE 11000, Public Law 101-510 and the BRAC-95 process wherein each Activity recommended for closure or realignment must be considered on the "Use of Only Certified Data" for each Activity. **Combined** Activity data was neither requested by the BSAT nor submitted by NSWC, Louisville. In addition, NSWC, Louisville closure numbers are **not consistent** with "certified data" submitted.

3. The DON Analyses & Recommendations, Volume IV, shows an excess capacity of 27 percent (page X-5) in the Technical Centers / Laboratories Installation Category. A Military Value Analysis was then conducted (page X-5) and subsequently a Configuration Analysis (pages X-6 to X-9). Since excess capacity existed in the Technical Centers / Laboratories category, and having the Military Value index of each Activity, the Configuration Analysis model developed the "BEST" solution. It should be noted that "Total Capacity" included only "technical workyears performed by a technical person." The "BEST" solution is shown in column (1) of Attachment (1). IT DOES NOT INCLUDE NSWC, LOUISVILLE.

ATT (7)

4. Variations of the Configuration Analysis model were run and the "2nd BEST" and "3rd BEST" solutions are shown in columns (2) and (3) of Attachment (1), respectively. NSWC, LOUISVILLE WAS STILL NOT RECOMMENDED FOR CLOSURE.

5. Sensitivity Analyses were also conducted (page X-8). Increasing the functional requirements by 10% resulted in the recommended closures shown in column (4) of Attachment (1). Decreasing the functional requirements by 10% resulted in the recommended Closures shown in Column (5). Decreasing the functional requirements by 20% resulted in the recommended Closures shown in column (6). NOTE THAT NSWC, LOUISVILLE IS NOT INCLUDED IN ANY OF THESE LISTS.

6. The BSEC focused on the Configuration Analysis model "BEST" solution, sites that reported low technical workyears, and sites that were major Detachments of the Technical Centers (page X-9). COBRA scenario data calls were sent to the Activities listed in Column (1) of Attachment (1), and others, BUT NSWC, LOUISVILLE WAS NOT INCLUDED IN THE LIST, NOR IS NSWC, LOUISVILLE A DETACHMENT OF NSWC, CRANE.

7. Pages X-8 and X-9 address the Joint Cross-Service Group (JCSG) data calls on Depot Maintenance. The movement of NUWC, Keyport, NSWC, Crane and NSWC, Louisville depot workload to other Naval Activities, was evaluated. Since these three Technical Centers had reported "significant depot maintenance workload" in the "SEA SYSTEMS" category , they were included in DON scenarios examining Naval Shipyards.

   "SINCE ALMOST HALF OF NSWC, LOUISVILLE'S WORKLOAD IS DEPOT MAINTENANCE, AND IN LIGHT OF THE CONFIGURATION MODEL RESULTS WHICH SUGGESTED CLOSURE OF NSWC, CRANE, THE BSEC CONFIRMED THAT CLOSURE OF NSWC, LOUISVILLE WAS PROPERLY INCLUDED IN THE COBRA SCENARIO DATA CALLS." (page X-10).

   NSWC, Crane and NUWC, Keyport were not closed due to "uniqueness" and/or "high one-time closure costs." NSWC, Louisville is also a "unique" Activity with "high one-time closure costs" but these points were **arbitrarily dismissed**. Much of the depot workload is also not going to the Shipyards since the CIWS depot overhaul workload is going to NSWC, Crane. The remainder of NSWC, Louisville workload is "unique" and will be a "high one-time cost" to relocate it at NSY Norfolk. The final closure list is shown in column (7) of Attachment (1).

8. Page 27 of the Analyses and Recommendations states: "Close the Naval Surface Warfare Center, Crane Division Detachment, Louisville, Kentucky. Relocate appropriate functions, personnel, equipment, and support to other naval activities, primarily the Naval Shipyard, Norfolk, Virginia; the Naval Surface Warfare Center Port Hueneme, California; and the Naval Surface Warfare Center, Crane, Indiana.

9. NSWC, Louisville should be removed from the Base Closure List because:

   a. The Cobra cost / ROI data is artificially low as a result of the data being manipulated by Higher Echelon Commands.

   b. Navy's intent to move industrial workload out of the Technical Centers has not been achieved since NSWC, Crane is the recipient of most of the industrial workload at NSWC, Louisville.

   c. Though NSWC, Louisville may have been appropriately considered under the JCSG Depot Maintenance alternatives, the Navy erred in not recognizing that the work performed at NSWC, Louisville was "unique" and was NOT A DUPLICATION of shipboard systems depot workload, but a unique subset of "SHIP / SEA SYSTEMS" (i.e., Naval Gun Weapon Systems) workload. It would be more appropriate to move the other Activitie's smaller amounts of depot workload into NSWC, Louisville and co-locate it with the NSWC, Louisville workload, which was one of the objectives of the Joint Cross-Service Group.

   d. The "main" reason NSWC, Crane was not recommended for Closure was that their costs were too high. The principle reason NSWC, Louisville was recommended was that inaccurate data was used to **artificially** reduce their costs. This was facilitated by the "**bidding war**" between NSWC, Crane (Technical Center) and NSY Norfolk (Shipyard).

			CONFIGURATION ANALYSIS				SENSITIVITY ANALYSIS				
			(1)	(2)	(3)		(4)	(5)	(6)	(7)	
	ACTIVITY		Best	2nd	3rd		+10%	-10%	-20%	FINAL	
*	NAWC, Indianapolis		x	x	x		x	x	x	x	
*	NAWC, Lakehurst		x	x	x		x	x	x	x	
*	NSWC, Crane		x	x	x		x	x	x		
*	NSWC, Annapolis		x	x	x		x	x	x	x	
*	NSWC, Indian Head		x	x	x		x	x	x		
*	NSWC, Crane DET, Sullivan Lake		x		x		x	x	x		
*	NUWC, New London		x	x	x		x	x	x	x	
*	NWAD, Corona		x	x	x		x	x	x		
*	EOD, Tech Center		x	x	x		x	x	x		
*	AEGIS, Moorestown		x	x				x	x		
*	NCCOSC, Warminster		x	x	x			x	x	x	
*	NISE, Norfolk		x	x	x		x	x	x	x	
*	NISE, San Diego		x	x	x		x	x	x	x	
	NISE, Pearl Harbor		x	x	x		x	x	x		
*	NAVMASSO		x	x	x		x	x	x	x	
*	NRL, USRL, Orlando		x	x	x			x	x	x	
*	NPRDC, San Diego		x	x	x		x	x	x	x	
	OPTEVFOR		x	x	x		x	x	x		
*	NMRI		x	x	x			x	x	x	
	NAMRL		x	x	x			x	x	x	
*	NBDL, New Orleans		x	x	x					x	
*	AEGIS, Wallops				x		x				
*	NAWC, Warminster						x	x	x	x	
	NSWC, Carderock, DET, Bayview						x				
	NCTRF						x	x			
	NHRC, San Diego						x		x	x	
	SUBMED						x	x	x		
	NDRI						x				
	NSWC, Philadelphia							x	x		
	NSLC, Mechanicsburg							x	x		
*	NSWC, White Oak									x	
*	NAWC, Oreland									x	

			CONFIGURATION ANALYSIS				SENSITIVITY ANALYSIS				
			(1)	(2)	(3)		(4)	(5)	(6)	(7)	
	ACTIVITY		Best	2nd	3rd		+10%	-10%	-20%	FINAL	
*	NAESU, Philadelphia									x	
*	NATSF, Philadelphia									x	
*	NUWC, Keyport										
*	NSWC, Louisville									x	
*	NHRC, San Diego									x	
	* Recieved COBRA Scenario Data Call										
	Total Capacity Reduction		27.10%	27.10%	27.00%		26.30%	30.60%	30.70%		
	Excess Capacity Retained		17.10%	17.20%	17.20%		18.40%	11.50%	11.30%		
	Avg. Military Value (overall 23.4%)		26.80%	26.20%	26.70%		27.00%	27.70%	28.10%		ATT (1)

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SECNAVNOTE 11000; SUBSTANTIAL DEVIATIONS TO THE PROCESS

Page 3- The "combining" of the NSWC, Louisville/NAWC, Indianapolis COBRA model analysis (028Z) does not "ensure a fair and complete evaluation of all Navy and Marine Corps installations."

Page 6- Industrial excess capacity was identified in the Technical Centers. Moving the depot workload from two Technical Centers (NSWC, Louisville and NAWC, Indianapolis) to a third Technical Center (NSWC, Crane) does not resolve the excess capacity issue.

Encl (2), Page 1, Para 3.a.- The only "certifications" executed by NSWC, Louisville BRAC team members were for the initial submissions. Once the "Directed" reductions, "unjustified Higher Echelon Changes", and the "Bidding War" developed, only the Commanding Officer certified follow-on submittals.

Encl (2), Page 1, Para 3.b.- Higher Echelon Changes were "not justified", there were no annotations placed on the change pages to differentiate them from NSWC, Louisville pages, and NSWC, Louisville was only advised of the "changes" **after the fact**. For example, TRS/Industrial Process Documentation costs were reduced from $82M to $18M by NSWC, Crane, Higher Echelon Change, **with no written justification**. Later, the BSEC "excluded" the $18M from the COBRA model analysis. On 27 Jan 95 NSWC, Crane and the NSWC prepared justification documentation for the Higher Echelon Changes, after the Naval Audit Service "assist investigation" had begun.

ATT (3)

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D C 20350-1000

Canc frp: Sep 95

SECNAVNOTE 11000
BSAT/JC
08 December 1993

SECNAV NOTICE 11000

From: Secretary of the Navy

Subj: BASE CLOSURE AND REALIGNMENT

Ref: (a) SECNAV Memorandum of 08 December 93; Subj: COMPLIANCE WITH DEFENSE BASE CLOSURE AND REALIGNMENT ACT OF 1990

Encl: (1) Plan of Action and Milestones for BRAC-95
(2) Department of the Navy Policy and Procedures for Certification of BRAC-95 Information

1. Purpose. To establish procedures for the Department of the Navy to support Department of Defense implementation of the Defense Base Closure and Realignment Act of 1990.

2. Cancellation. SECNAVNOTE 11000 of 22 April 1992 (Canc frp: Feb 93)

3. Background. The Defense Base Closure and Realignment Act of 1990 (P.L. 101-510, as amended by P.L. 102-190 dated 5 December 1991 and P.L. 102-484 dated 23 October 1992) (the Act) established a fair process that will result in the timely closure and realignment of military installations. Under this procedure, on 12 April 1991 and 12 March 1993, the Secretary of Defense transmitted to the Congressional oversight committees and the Defense Base Closure and Realignment Commission (the Commission) a list of military installations recommended for closure or realignment. In accordance with the Act, the same procedure will be employed during 1995 for closure or realignment of additional military installations. The mechanisms set forth in this notice are intended to ensure that the Secretary of the Navy can make sound and timely recommendations to the Secretary of Defense in compliance with the Act. This notice reflects and builds on the experience gained within the Department on the Navy during the 1993 base closure and realignment process, particularly in view of the validation of that process by both the General Accounting Office and the Commission after extensive review.

4. Discussion. The overall process of the Navy 1995 base realignment and closure (BRAC-95) will be under the oversight and guidance of the Under Secretary of the Navy. The Under Secretary will rely upon a Base Structure Evaluation Committee for the analyses and deliberations required to satisfy the mandates of the Act. Supported by the Chair and Vice Chair of the Base Structure Evaluation Committee, and once he is satisfied that the recommendations for closure and realignment comport with statute, regulation and policy, the Under Secretary will present such recommendations to a committee of the Executive Steering Group, the Vice Chief of Naval Operations and the Assistant Commandant of the Marine Corps, which shall be advised by the General Counsel.

a. In general. To ensure a credible and comprehensive review of Department of the Navy installations and facilities, one that is conducted scrupulously in accordance with the Base Closure and Realignment Act, Department of Defense and Department of the Navy policy, there are hereby established:

(1) A Department of the Navy Base Structure Evaluation Committee (BSEC); and

(2) A Base Structure Analysis Team (BSAT).

In addition, the positions of an Executive Director of the BSAT; to the extent necessary, up to two Associate Directors of the BSAT; and a Recorder for the BSEC are created.

b. Organization. Under the authority of the Under Secretary, the base closure effort will be comprised of several base closure-unique entities and other standing Department of the Navy organizations.

(1) The BSEC will have 8 members:

(a) The Assistant Secretary of the Navy (Installations and Environment), ASN(I&E), who will be Chair;

(b) The Executive Director of the BSAT, who will be the Vice Chair. This Executive Director will be a senior Department of the Navy career civilian selected by the Under Secretary;

(c) Two Navy Flag officers and two Marine Corps General officers who will be recommended by the Chief of Naval Operations and the Commandant of the Marine Corps, respectively, to the Under Secretary, or in his absence the Secretary of the Navy, for his approval;

(d) Two individuals of Flag, General officers or Senior Executive Service rank, one of whom will be recommended by the Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN(RD&A)) and one of whom will be recommended by the ASN(I&E) to the Under Secretary, or in his absence the Secretary of the Navy, for his approval;

(e) In addition to these members of the BSEC, a Navy or Marine Corps Judge Advocate will serve as the permanent Recorder for the sessions of the Base Structure Evaluation Committee and will participate fully in the activities of the Base Structure Analysis Team.

The Navy and Marine Corps Flag/General officers should have experience in logistics, planning, requirements, and/or operations.

(2) The BSAT will consist of:

(a) The Executive Director of the BSAT, who will serve as Vice Chair of the BSEC;

(b) Up to two Associate Directors of the BSAT, who will be recommended for appointment to the Under Secretary by the Executive Director, if he determines a need for such named individuals; and,

(c) Other individuals assigned to support BRAC-95 efforts.

The Vice Chief of Naval Operations, the Assistant Commandant of the Marine Corps and the President of the Center for Naval Analyses will propose individuals for the BSAT to the Executive Director of the BSAT. The Executive Director will recommend the team composition to the Under Secretary, or in his absence the Secretary of the Navy, for his approval.

(3) The Office of General Counsel and the Naval Audit Service will also provide support to the Base Closure process as delineated below.

The Base Structure Evaluation Committee and the Base Structure Analysis Team will perform their functions in accordance with the Plan of Action and Milestones set out in enclosure (1).

c. Responsibilities. Under the guidance and direction of the Under Secretary of the Navy, the following Department of the Navy entities will execute the responsibilities delineated below.

(1) Base Structure Evaluation Committee. The BSEC is responsible for:

(a) Conducting analyses and developing recommendations for closure and realignment of Department of the Navy military installations for approval by the Secretary of the Navy;

(b) Ensuring that a fair and complete evaluation of all Navy and Marine Corps installations is conducted in accordance with the Act;

Not Fair or Complete when combine with NAWC, INDY

(c) Ensuring that the process utilized, the conduct of the deliberations, and the preparation of the report containing recommendations are timely, thorough, and in compliance with the Act, guidance from the Secretary of Defense, and this notice; and that the procedures used can be appropriately reviewed and analyzed by the Comptroller General as provided by the Act;

(d) Ensuring that operational factors of concern to the operational Commanders in Chief are considered;

(e) Providing base closure and realignment recommendations to the Under Secretary of the Navy for review not later than 30 December 1994;

(f) Supporting the presentation of the base closure and realignment recommendations by the Under Secretary;

(g) Providing direction, guidance, and oversight to the Base Structure Analysis Team;

(h) Protecting the integrity of the process by ensuring that all data, considerations, and evaluations are treated as sensitive and internal to the process.

(i) Designating Departmental representation to Interservice Base Closure Groups.

The Chair of the BSEC may call into being special panels of the BSEC to consider unique issues dealing with, for example, interservice considerations.

(2) Base Structure Analysis Team. The BSAT, under the direction, guidance, and oversight of the Base Structure Evaluation Committee, will include analysts and supporting staff from throughout the Department of the Navy and from the Center for Naval Analyses. The individuals assigned to the Base Structure Analysis Team shall represent a broad spectrum of expertise and capability, with emphasis on senior officers with operational experience, and shall include public affairs and legislative affairs capability. One Navy or Marine Corps Judge Advocate will be assigned to the Base Structure Analysis Team to serve as the permanent Recorder for the sessions of the Base Structure Evaluation Committee. The Base Structure Analysis Team members will be drawn from throughout the Department of the Navy, and will be assigned to the Base Structure Analysis Team for the duration of BRAC-95, which, for planning purposes, will conclude on 30 September 1995.

The Base Structure Analysis Team is responsible for:

(a) Responding to the guidance and direction of the Base Structure Evaluation Committee in collecting data and performing analysis as necessary;

(b) Developing analytical methodologies and techniques for consideration by the Base Structure Evaluation Committee;

(c) Working with external organizations, to include the Secretary of Defense base closure staff, the Commission staff, the General Accounting Office, and Congressional staff, on day-to-day issues; and

(d) Controlling the development of the data base and associated documentation.

(e) Protecting the integrity of the process by ensuring that all data, considerations, and evaluations are treated as sensitive and internal to the process.

Throughout the process, the BSAT will provide staff support as requested by the Under Secretary and other senior Department of the Navy officials in the Base Closure process.

(3) Office of General Counsel, Department of the Navy. The General Counsel or his designee is responsible for ensuring that senior-level legal advice and counsel on all aspects of the closure and realignment process is present and available to the Base Structure Evaluation Committee and the Base Structure Analysis Team. The General Counsel or his designee shall be present for Base Structure Evaluation Committee deliberations. All procedures for implementing this directive shall be submitted to the General Counsel of the Department of the Navy for review and approval.

(4) Naval Audit Service. The Naval Audit Service will discharge two independent responsibilities during BRAC-95. First, a Senior Executive Service auditor from the Naval Audit Service will be assigned full-time to and be in residence with the Base Structure Analysis Team. This individual will review the activities of the Base Structure Evaluation Committee and the Base Structure Analysis Team to determine whether they comply with the approved internal control plan; will periodically advise the Chair, Base Structure Evaluation Committee or the Executive Director, Base Structure Analysis Team on the results of that ongoing review; and will serve as the Base Structure Evaluation Committee's principal point of contact with the Naval Audit Service and the General Accounting Office. To carry out this responsibility, this auditor will attend Base Structure Evaluation Committee deliberations. Second, the Naval Audit Service also will have a field audit responsibility that includes verification of the accuracy of standard data bases and audit of both the manner and the quality of responses from Department of the Navy personnel to the Base Structure Evaluation Committee requests for data, with particular emphasis on compliance with the certification policy and procedures set out in enclosure (2).

d. Conduct of the Process. Rigorous standards for data compilation and analysis are essential for full compliance with the Act.

(1) The Base Structure Data Base. The Base Structure Data Base will contain all relevant data and information pertaining to all Department of the Navy military installations subject to the Act. It will include the information required by the Base Structure Evaluation Committee to evaluate installations on the basis of the final selection criteria and the force structure plan. Only information and data certified in accordance with enclosure (2) will be maintained in the Base Structure Data Base. In particular, for all Department of the Navy installations required to be considered under the Act, the Base Structure Data Base will contain a description of the Department of the Navy's existing domestic shore infrastructure by base categories and subcategories and all of the data and information required to enable the Base Structure Evaluation Committee to conduct analyses, to evaluate installations within each category/subcategory, and to develop recommendations for base closure and realignment.

The Base Structure Data Base shall be fully documented and endorsed by the Base Structure Evaluation Committee as the sole and authoritative Department of the Navy data base for making base closure and realignment recommendations. No changes to the Base Structure Data Base, other than necessary technical corrections and, at the request of the Base Structure Evaluation Committee, additional data necessary to evaluate options identified by the Base Structure Evaluation Committee, will be allowed once the Base Structure Evaluation Committee commences deliberations, in order to assure that the final selection criteria for base closures and realignments are applied in a consistent and equitable manner. The Base Structure Data Base shall not include recommendations or conclusions pertaining to the closure or realignment of specific bases.

(2) Evaluation by the Base Structure Evaluation Committee. The Base Structure Evaluation Committee will use the Base Structure Data Base as the baseline for its evaluation

of Department of the Navy military installations, as a result of which recommendations for closure and realignment will be developed. The Base Structure Evaluation Committee will apply the final selection criteria for selecting bases for closure or realignment provided by the Secretary of Defense in accordance with Section 2903 of the Act, considering all Department of the Navy military installations subject to the Act on an equal footing. The Base Structure Evaluation Committee's recommendations shall be based on the final Force Structure Plan provided by the Secretary of Defense as also required by that Section.

moving depot work from Pax. & Indy to Crane does not reduce excess capacity in Tech centers

Specifically, the Base Structure Evaluation Committee will:

(a) Endorse the Base Structure Data Base;

(b) By base category/subcategory, identify projected future excess capacity that could be eliminated and produce savings, and determine which, if any, are to be eliminated from further study for closure or realignment at any step of the procedures as a result of capacity, cost, or impact on critical mission, reconstitution, Fleet operations, support or readiness;

(c) Within each base category/subcategory which the Base Structure Evaluation Committee determines has sufficient excess capacity to merit further review, evaluate all installations and activities subject to the Act under the military value criteria;

(d) Develop feasible options for closures and realignments, a cost/benefit analysis for each option, and an impact analysis for each option;

(e) As it performs the tasks noted in (b), (c), and (d) above, solicit comments from the major owners/operators of Navy and Marine Corps installations on impacts on Fleet operations, support and readiness;

(f) As it performs the tasks noted in (b), (c), (d), and (e) above, on a recurring basis, at least monthly, discuss progress with the Secretary, the Under Secretary, the Assistant Secretaries of the Navy and the General Counsel, with a particular view to ensuring conformance with Departmental policy;

(g) Develop recommendations for closure and realignment of specific installations and activities; and

(h) Provide that support necessary so that the Under Secretary of the Navy, in conjunction with the Chair and Vice Chair of the BSEC, can present recommendations for review and approval. In the process of presenting these recommendations, the views of the major owners/operators will be articulated. The report of recommendations shall include a detailed summary of the selection process that resulted in the recommendation for each affected installation and a justification for each recommendation.

The Under Secretary of the Navy will be responsible for providing the necessary funding for the BRAC-95 process.

5. Relationship to Other Department of the Navy Initiatives and Studies. The procedures set forth in this notice constitute the only valid process to develop specific recommendations for closure and realignment of Department of the Navy installations subject to the Act. Planning efforts outside the established base closure process must adhere to the guidance set forth in reference (a) and may be submitted to the Base Structure Evaluation Committee. The Base Structure Evaluation Committee then will determine whether such efforts are relevant for use in the development of analytical methodologies, data collection, or the Base Structure Data Base. These efforts may not be incorporated into the Base Structure Data Base, as they represent uncertified data.

6. Other Force Level Planning. All actions which meet the Act's definition of a closure or realignment must be approved under the Act. However, this does not obviate or alter the need to also comply with existing Department of the Navy requirements or procedures relating to the establishment or disestablishment of shore activities. Any proposed changes to which the Act would not be applicable, including certain force level or force level related planning decisions (e.g., decommissionings/draw-downs for Navy and Marine Corps operating forces) shall be supported with sufficient documentation.

7. Reports. The reporting requirement contained in this notice is exempt from reports control by SECNAVINST 5214.2B.

8. Cancellation Contingency. This notice is cancelled upon completion of BRAC-95, which, for record purposes, will be 30 September 1995.

John H. Dalton
Secretary of the Navy

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(See next page)

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PLAN OF ACTION AND MILESTONES FOR BRAC-95

[All dates are "not later than" dates.]

13 Nov 93	Start initial assignment of individuals to Base Structure Evaluation Committee and Base Structure Analysis Team.
15 Nov 93	Start the turnover process from the BRAC-93 Base Structure Evaluation Committee/Base Structure Analysis Team to the BRAC-95 Base Structure Evaluation Committee/Base Structure Analysis Team.
29 Nov 93	Complete a list of Navy and Marine Corps installations and activities to be considered in BRAC-95. Issue a "general information" data call to all such installations and activities.
10 Jan 94	Responses to "general information" Data Call are due.
17 Jan 94	BSEC identify to the Under Secretary of the Navy those major issues of DoN policy requiring addressal and delineation, and those joint issues that need to be addressed and proposed mechanisms for their addressal.
15 Mar 94	Owners/operators and base commanders to Washington, DC to meet with the Under Secretary, Vice Chief of Naval Operations, Assistant Commandant of the Marine Corps and Base Structure Evaluation Committee/Base Structure Analysis Team to be briefed on base closure process, Secretary of Defense policy, Department of the Navy perspective and approach, to maximize understanding by those affected by the process.
22 Mar 94	ASN(I&E) presents to the BSEC policy imperatives relating to Navy and Marine Corps installations and the Department of the Navy Environmental Program. ASN(FM) will participate to ensure that appropriate financial policies are addressed.
23 Mar 94	ASN(M&RA) presents to the BSEC military and civilian manpower and reserve policy imperatives. ASN(FM) will participate to ensure that appropriate financial policies are addressed.
24 Mar 94	ASN(RD&A) presents to the BSEC policy imperatives in research, development and acquisition. ASN(FM) will participate to ensure that appropriate financial policies are addressed.

31 Mar 94	Complete base visits to "above threshold" BRAC-95 installations. Develop a detailed plan of action and milestones and standard operating procedures for BRAC-95. Identify individual installation and major owners/ operators points of contact. Develop analytical techniques. Draft the Data Calls required to elicit information for analysis and evaluation.
1 Apr 94	Provide draft Data Calls, reflecting policy imperatives articulated by the ASNs, to major owners/operators points of contact for review and to maximize understanding.
15 Apr 94	Points of contact provide Base Structure Analysis Team with written comments, concerns, and problems based on this review.
3 May 94	Owners/operators, interested base commanders and points of contact to Washington, DC to meet with Base Structure Evaluation Committee/Base Structure Analysis Team to discuss concerns/problems.
10 May 94	BSEC briefs ASN(I&E) and ASN(FM) on the BRAC-95 analytic approach and how it addressed the policy imperatives presented in March 1994, as well as the implications of the evaluation process in satisfying those imperatives.
11 May 94	BSEC briefs ASN(M&RA) and ASN(FM) on the BRAC-95 analytic approach and how it addressed the policy imperatives presented in March 1994, as well as the implications of the evaluation process in satisfying those imperatives.
12 May 94	BSEC briefs ASN(RD&A) and ASN(FM) on the BRAC-95 analytic approach and how it addressed the policy imperatives presented in March 1994, as well as the implications of the evaluation process in satisfying those imperatives.
16 May 94	Issue final Data Calls with clarification as necessary.
14 June 94	Naval Facilities Engineering Command, Engineering Field Divisions, and installation Facilities representatives to Washington, DC to meet with Base Structure Evaluation Committee/Base Structure Analysis Team to be advised on issues relating to the base closure process, Secretary of Defense policy, Department of the Navy perspective and approach, to ensure there is a clear understanding of their role in the process.
1 Aug 94	Data Calls responses are due.
1 Sep 94	Base Structure Analysis Team/Base Structure Evaluation Committee analysis/evaluation and deliberations commence.

16 Sep 94	Commence issuing COBRA scenario Data Calls with 7-day response requirement.
15 Nov 94	ASNs briefed on proposals under consideration and provide comments on conformance with policy imperatives..
1 Dec 94	Vice Chief of Naval Operations/Assistant Commandant of the Marine Corps and major owners/operators briefed on proposals under consideration and provide comments on readiness/operational impacts.
30 Dec 94	Provide base closure and realignment recommendations to the Under Secretary.
6 Jan 95	Executive Steering Group, Vice Chief of Naval Operations, and Assistant Commandant of the Marine Corps review Base Structure Evaluation Committee findings and recommendations, and recommend disposition to the Secretary of the Navy.
18 Jan 95	Secretary of the Navy decision on BSEC recommendations. Commence writing report. Deliver the Base Structure Data Base to printer for reproduction.
3 Feb 95	Final report to printer for reproduction.
15 Feb 95	Report due to Secretary of Defense. Base Structure Data Base ready for delivery to Base Closure and Realignment Commission contemporaneous with delivery of Secretary of Defense's report. Minutes/deliberative reports completed, printed and ready for delivery to Commission contemporaneous with delivery of Secretary of Defense's report.
15 Mar 95- 30 Sep 95	Respond to requirements for analyses and requests for additional data (e.g., from the Defense Base Closure and Realignment Commission, members of Congress, General Accounting Office, the media, and local communities).

SECNAVNOTE 11000
08 December 1993

DEPARTMENT OF THE NAVY POLICY AND PROCEDURES FOR CERTIFICATION OF BRAC-95 INFORMATION

1. **Purpose.** Under the Defense Base Closure and Realignment Act of 1990, as amended, the Secretary of the Navy is required to certify that information provided to the Secretary of Defense concerning the realignment or closure of a military installation "is accurate and complete to the best of his knowledge and belief." As a basis for the certification by the Secretary of the Navy, individuals who provide information as part of the 1995 base realignment and closure (BRAC-95) process will be required to certify as to the accuracy and completeness of such information. The purpose of this notice is to establish this BRAC-95 certification policy and procedure.

2. **Requirement.** Every officer or employee of the Department of the Navy, uniformed and civilian, who provides information for use in the BRAC-95 process shall be required to provide therewith a signed certification as follows:

> "I certify that the information contained herein is accurate and complete to the best of my knowledge and belief."

The signing of such a certification shall constitute a representation that the certifying official has reviewed the information and either (1) personally vouches for its accuracy and completeness or (2) has possession of, and is relying upon, a certification executed by a competent subordinate.

In accordance with these procedures, absent certification from the point of origin of data through the chain of command, no information provided for use in the BRAC-95 process shall become part of the Base Structure Data Base (BSDB) or be relied upon by the Base Structure Evaluation Committee (BSEC) for analysis or evaluation.

3. **Procedures.** When information is forwarded to the next higher level of the chain of command, the transmittal document will contain a certification signed by the individual transmitting such information. Each succeeding level of the chain of command shall maintain a copy of the information transmitted and any certifications received from subordinates.

a. **Activities Generating Information.** A certification will be executed both by the individual responsible for generating the information and by the head of the organization in which such individual is employed (e.g., a commanding officer of a Navy or Marine Corps activity). Records shall be retained to show the source of the information provided in all certified responses.

no certs after 1st submit.

b. To the extent a higher echelon believes different data are more responsive to a particular data call, such data can be revised after receipt from the subordinate activity and prior to forwarding the final response to the BSEC. Any revisions to certified data must be supported with official documentation retained by the echelon making such revisions. Records retained to document a revised data call response must as a minimum include a copy of the data call

Higher Echelon changes were done by NSWC, done without justification, or any annotation to the pages until 27 Jan 95 when an Audit was being conducted.

submitted as certified by a lower echelon activity with revisions clearly noted. A copy of the revised data call, annotating any changes made, shall be sent to the originator of the data, so that subordinates have a complete record of the final certified package.

c. **Major Claimants.** A certification will be executed by the commander of a major claimant for information provided by the claimant.

d. **Headquarters.** A certification will be executed by any Assistant Chief of Naval Operations (ACNO), Deputy Chief of Naval Operations (DCNO), or Deputy Chief of Staff (DC/S) whose office provides information for use in the BRAC-95 process.

e. **Base Structure Analysis Team (BSAT).** The Executive Director, BSAT will execute a certification with regard to the BSDB.

f. **BSEC.** All members of the BSEC will execute a certification with regard to information provided to the Secretary of the Navy.

4. **Naval Audit Service.** The Naval Audit Service will conduct periodic audits to verify whether the Department of the Navy is in substantial compliance with this certification process.

5. **Guidance.** Questions concerning this certification requirement should be directed to the Office of the Assistant General Counsel (Installations and Environment) at (703) 602-2252 (DSN 332-2252) (fax number 703-602-3551).

Document Separator

PUBLIC LAW 101-510 APPENDIX A; DEVIATIONS TO THE PROCESS

Page A-7- The "combining" of the NSWC, Louisville/NAWC, Indianapolis COBRA model analysis (028Z) does not "result in a recommendation for each installation, including a justification for each recommendation," since the independent analyses for each site have not been provided, as requested by Commissioner Cox in the 7 March Hearings.

Page A-8, Para (3)(B)- C.P. Nemfakos, in BSEC meeting minutes of 13 Jan 95 said that the closure of NSWC, Louisville has been a "long-term plan to close Louisville that began in 1991 to take depot work out of the Technical Centers." He also said that "there is a good chance that some work may migrate to the private sector."

Page A-8, Para (3)(C)- The Law states that "all information used by the Secretary to prepare the recommendations under this subsection be available to Congress (including any committee or member of Congress)." Requests for information by BRAC Commissioners and by the Kentucky Congressional delegation have gone unanswered. (COBRA model analysis for NSWC, Lou/NAWC, Indy; NAVSEA IG report).

ATT (4)

Appendix A

Public Law 101-510, as amended

PROVISIONS OF LAW RELATING TO BASE CLOSURES AND REALIGNMENTS

(as amended through P.L. 103-464)

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1. NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1991

(P.L. 101-510, approved Nov. 5, 1990, 10 U.S.C. 2687 note)

TITLE XXIX - DEFENSE BASE CLOSURES AND REALIGNMENTS

PART A—DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

SEC. 2901. SHORT TITLE AND PURPOSE

(a) SHORT TITLE.—This part may be cited as the "Defense Base Closure and Realignment Act of 1990".

(b) PURPOSE.—The purpose of this part is to provide a fair process that will result in the timely closure and realignment of military installations inside the United States.

SEC. 2902. THE COMMISSION

(a) ESTABLISHMENT.—There is established an independent commission to be known as the "Defense Base Closure and Realignment Commission".

(b) DUTIES.—The Commission shall carry out the duties specified for it in this part.

(c) APPOINTMENT.—(1)(A) The Commission shall be composed of eight members appointed by the President, by and with the advise and consent of the Senate.

(B) The President shall transmit to the Senate the nominations for appointment to the Commission—

(i) by no later than January 3, 1991, in the case of members of the Commission whose terms will expire at the end of the first session of the 102nd Congress;

(ii) by no later than January 25, 1993, in the case of members of the Commission whose terms will expire at the end of the first session of the 103rd Congress; and

(iii) by no later than January 3, 1995, in the case of members of the Commission whose terms will expire at the end of the first session of the 104th Congress.

(C) If the President does not transmit to Congress the nominations for appointment to the Commission on or before the date specified for 1993 in clause (ii) of subparagraph (B) or for 1995 in clause (iii) of such subparagraph, the process by which military installations may be selected for closure or realignment under this part with respect to that year shall be terminated.

(2) In selecting individuals for nominations for appointments to the Commission, the President should consult with—

(A) the Speaker of the House of Representatives concerning the appointment of two members;

(B) the majority leader of the Senate concerning the appointment of two members;

(C) the minority leader of the House of Representatives concerning the appointment of one member; and

(D) the minority leader of the Senate concerning the appointment of one member.

(3) At the time the President nominates individuals for appointment to the Commission for each session of Congress referred to in paragraph (1)(B), the President shall designate one such individual who shall serve as Chairman of the Commission.

(d) TERMS.—(1) Except as provided in paragraph (2), each member of the Commission shall serve until the adjournment of Congress sine die for the session during which the member was appointed to the Commission.

(2) The Chairman of the Commission shall serve until the confirmation of a successor.

(e) MEETINGS.—(1) The Commission shall meet only during calendar years 1991, 1993, and 1995.

(2)(A) Each meeting of the Commission, other than meetings in which classified information is to be discussed, shall be open to the public.

(B) All the proceedings, information, and deliberations of the Commission shall be open, upon request, to the following:

(i) The Chairman and the ranking minority party member of the Subcommittee on Readiness, Sustainability, and Support of the Committee on Armed Services of the Senate, or such other members of the Subcommittee designated by such Chairman or ranking minority party member.

(ii) The Chairman and the ranking minority party member of the Subcommittee on Military Installations and Facilities of the Committee on Armed Services of the House of Representatives, or such other members of the Subcommittee designated by such Chairman or ranking minority party member.

(iii) The Chairmen and ranking minority party members of the Subcommittees on Military Construction of the Committees on Appropriations of the Senate and of the House of Representatives, or such other members of the Subcommittees designated by such Chairmen or ranking minority party members.

(f) VACANCIES.—A vacancy in the Commission shall be filled in the same manner as the original appointment, but the individual appointed to fill the vacancy shall serve only for the unexpired portion of the term for which the individual's predecessor was appointed.

(g) PAY AND TRAVEL EXPENSES.—(1)(A) Each member, other than the Chairman, shall be paid at a rate equal to the daily equivalent of the minimum annual rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties vested in the Commission.

(B) The Chairman shall be paid for each day referred to in subparagraph (A) at a rate equal to the daily equivalent of the minimum annual rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(2) Members shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(h) DIRECTOR OF STAFF.—(1) The Commission shall, without regard to section 5311(b) of title 5, United States Code, appoint a Director who has not served on active duty in the Armed Forces or as a civilian employee of the Department of Defense during the one-year period preceding the date of such appointment.

(2) The Director shall be paid at the rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(i) STAFF.—(1) Subject to paragraphs (2) and (3), the Director, with the approval of the Commission, may appoint and fix the pay of additional personnel.

(2) The Director may make such appointments without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and any personnel so appointed may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule.

(3)(A) Not more than one-third of the personnel employed by or detailed to the Commission may be on detail from the Department of Defense.

(B)(i) Not more than one-fifth of the professional analysts of the Commission staff may be persons detailed from the Department of Defense to the Commission.

(ii) No person detailed from the Department of Defense to the Commission may be assigned as the lead professional analyst with respect to a military department or defense agency.

(C) A person may not be detailed from the Department of Defense to the Commission if, within 12 months before the detail is to begin, that person participated personally and substantially in any matter within the Department of Defense concerning the preparation of recommendations for closures or realignments of military installations.

(D) No member of the Armed Forces, and no officer or employee of the Department of Defense, may—

(i) prepare any report concerning the effectiveness, fitness, or efficiency of the performance on the staff of the Commission of any person detailed

from the Department of Defense to that staff;

(ii) review the preparation of such a report; or

(iii) approve or disapprove such a report; and

(4) Upon request of the Director, the head of any Federal department or agency may detail any of the personnel of that department or agency to the Commission to assist the Commission in carrying out its duties under this part.

(5) The Comptroller General of the United States shall provide assistance, including the detailing of employees, to the Commission in accordance with an agreement entered into with the Commission.

(6) The following restrictions relating to the personnel of the Commission shall apply during 1992 and 1994:

(A) There may not be more than 15 persons on the staff at any one time.

(B) The staff may perform only such functions as are necessary to prepare for the transition to new membership on the Commission in the following year.

(C) No member of the Armed Forces and no employee of the Department of Defense may serve on the staff.

(j) OTHER AUTHORITY.—(1) The Commission may procure by contract, to the extent funds are available, the temporary or intermittent services of experts or consultants pursuant to section 3109 of title 5, United States Code.

(2) The Commission may lease space and acquire personal property to the extent funds are available.

(k) FUNDING.—(1) There are authorized to be appropriated to the Commission such funds as are necessary to carry out its duties under this part. Such funds shall remain available until expended.

(2) If no funds are appropriated to the Commission by the end of the second session of the 101st Congress, the Secretary of Defense may transfer, for fiscal year 1991, to the Commission funds from the Department of Defense Base Closure Account established by section 207 of Public Law 100-526. Such funds shall remain available until expended.

(l) TERMINATION.—The Commission shall terminate on December 31, 1995.

(m) PROHIBITION AGAINST RESTRICTING COMMUNICATIONS.—Section 1034 of title 10, United States Code, shall apply with respect to communications with the Commission.

SEC. 2903. PROCEDURE FOR MAKING RECOMMENDATIONS FOR BASE CLOSURES AND REALIGNMENTS

(a) FORCE-STRUCTURE PLAN.—(1) As part of the budget justification documents submitted to Congress in support of the budget for the Department of Defense for each of the fiscal years 1992, 1994, and 1996, the Secretary shall include a force-structure plan for the Armed Forces based on an assessment by the Secretary of the probable threats to the national security during the six-year period beginning with the fiscal year for which the budget request is made and of the anticipated levels of funding that will be available for national defense purposes during such period.

(2) Such plan shall include, without any reference (directly or indirectly) to military installations inside the United States that may be closed or realigned under such plan—

(A) a description of the assessment referred to in paragraph (1);

(B) a description (i) of the anticipated force structure during and at the end of such period for each military department (with specifications of the number and type of units in the active and reserve forces of each such department), and (ii) of the units that will need to be forward based (with a justification thereof) during and at the end of each such period; and

(C) a description of the anticipated implementation of such force-structure plan.

(3) The Secretary shall also transmit a copy of each such force-structure plan to the Commission.

(b) SELECTION CRITERIA.—(1) The Secretary shall, by no later than December 31, 1990, publish in the Federal Register and transmit to the congressional defense committees the criteria proposed to be used by the Department of Defense in making recommendations for the closure or realignment of military installations inside the United States under this part. The Secretary shall provide an opportunity for public comment on the proposed criteria for a period of at least 30 days and shall include notice of that opportunity in the publication required under the preceding sentence.

(2)(A) The Secretary shall, by no later than February 15, 1991, publish in the Federal Register and transmit to the congressional defense committees the final criteria to be used in making recommendations for the closure or realignment of military installations inside the United States under this part. Except as provided in subparagraph (B), such criteria shall be the final criteria to be used, making such recommendations unless disapproved by a joint resolution of Congress enacted on or before March 15, 1991.

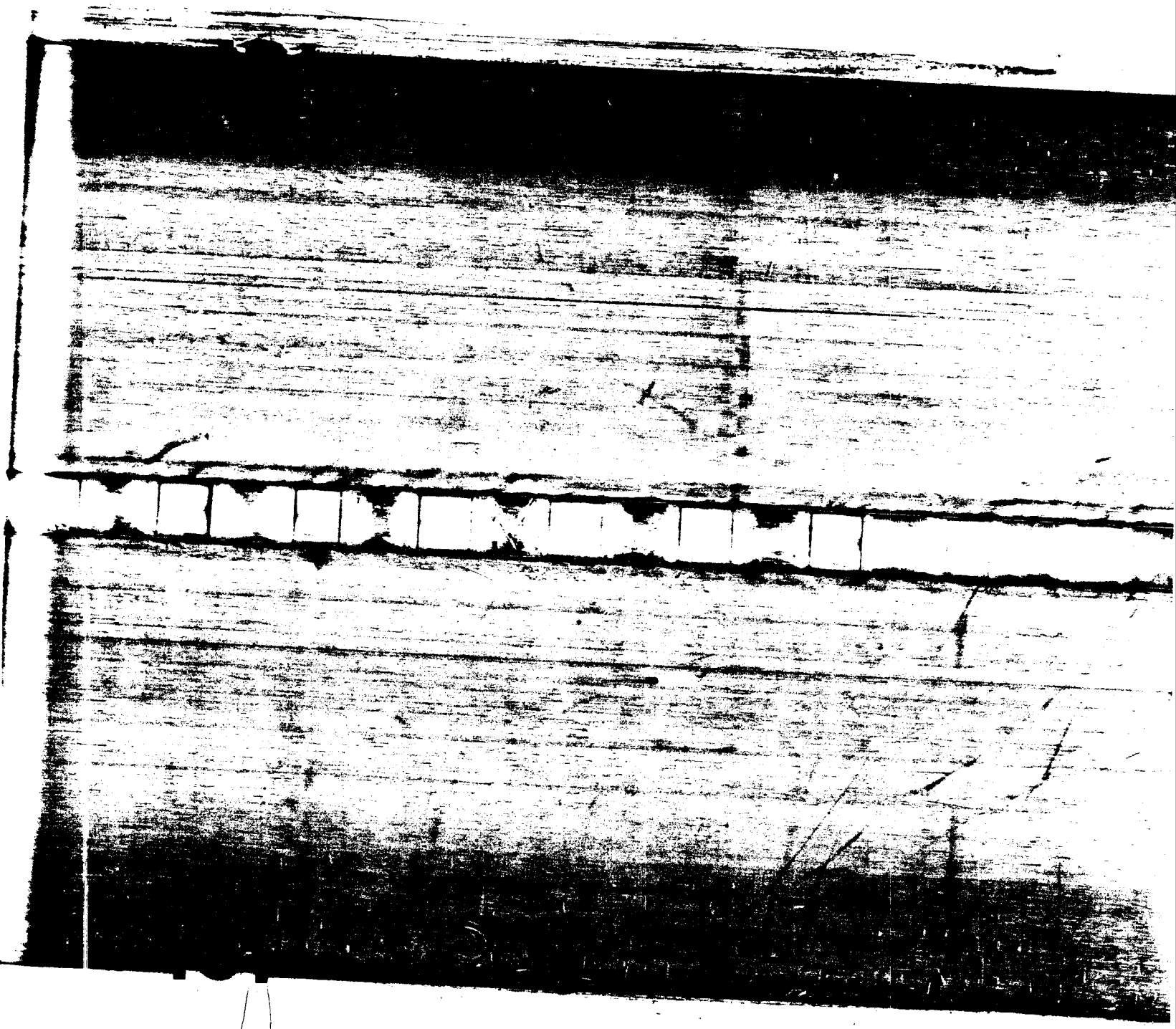
(B) The Secretary may amend such criteria, but such amendments may not become effective until they have been published in the Federal Register, opened to public comment for at least 30 days, and then transmitted to the congressional defense committees in final form by no later than January 15 of the year concerned. Such amended criteria shall be the final criteria to be used, along with the force-structure plan referred to in subsection (a), in making such recommendations unless disapproved by a joint resolution of Congress enacted on or before February 15 of the year concerned.

(c) DOD RECOMMENDATIONS.—(1) The Secretary may, by no later than April 15, 1991, March 15, 1993 and March 1, 1995, publish in the Federal Register and transmit to the congressional defense committees and to the Commission a list of the military installations inside the United States that the Secretary recommends for closure or realignment on the basis of the force-structure plan and the final criteria referred to in subsection (b)(2) that are applicable to the year concerned.

(2) The Secretary shall include, with the list of recommendations published and transmitted pursuant to paragraph (1), a summary of the selection process that resulted in the recommendation for each installation, including a justification for each recommendation. The Secretary shall transmit the matters referred to in the preceding sentence not later than 7 days after the date of the transmittal to the congressional defense committees and the Commission of the list referred to in paragraph (1).

Louisville & Indy were combined.

(3)(A) In considering military installations for closure or realignment, the Secretary shall consider all military installations inside the United States equally without regard to whether the installation has been previously considered or



proposed for closure or realignment by the Department.

(B) In considering military installations for closure or realignment, the Secretary may not take into account for any purpose any advance conversion planning undertaken by an affected community with respect to the anticipated closure or realignment of an installation.

(C) For purposes of subparagraph (B), in the case of a community anticipating the economic effects of a closure or realignment of a military installation, advance conversion planning—

(i) shall include community adjustment and economic diversification planning undertaken by the community before an anticipated selection of a military installation in or near the community for closure or realignment; and

(ii) may include the development of contingency redevelopment plans, plans for economic development and diversification, and plans for the joint use (including civilian and military use, public and private use, civilian dual use, and civilian shared use) of the property or facilities of the installation after the anticipated closure or realignment.

(4) In addition to making all information used by the Secretary to prepare the recommendations under this subsection available to Congress (including any committee or member of Congress), the Secretary shall also make such information available to the Commission and the Comptroller General of the United States.

(5)(A) Each person referred to in subparagraph (B), when submitting information to the Secretary of Defense or the Commission concerning the closure or realignment of a military installation, shall certify that such information is accurate and complete to the best of that person's knowledge and belief.

(B) Subparagraph (A) applies to the following persons:

(i) The Secretaries of the military departments.

(ii) The heads of the Defense Agencies.

(iii) Each person who is in a position the duties of which include personal and substantial involvement in the preparation and submission of information and recommendations concerning the closure or realignment of military installations, as designated in regulations which the Secretary of Defense shall prescribe, regulations which the Secretary of each military department shall prescribe for personnel within that military department, or regulations which the head of each Defense Agency shall prescribe for personnel within that Defense Agency.

(6) Any information provided to the Commission by a person described in paragraph (5)(B) shall also be submitted to the Senate and the House of Representatives to be made available to the Members of the House concerned in accordance with the rules of that House. The information shall be submitted to the Senate and the House of Representatives within 24 hours after the submission of the information to the Commission.

(d) REVIEW AND RECOMMENDATIONS BY THE COMMISSION.—(1) After receiving the recommendations from the Secretary pursuant to subsection (c) for any year, the Commission shall conduct public hearings on the recommendations. All testimony before the Commission at a public hearing conducted under this paragraph shall be presented under oath.

(2)(A) The Commission shall, by no later than July 1 of each year in which the Secretary transmits recommendations to it pursuant to subsection (c), transmit to the President a report containing the Commission's findings and conclusions based on

C. Newfat stated on 13 Jan to BSEC that the closure has been a long-range plan from 91 & 93

Mike Ward can't get IG report, COBRA analysis for Fox, without Fridy

Fox team did not certify follow-on scenario data.

Mike Ward can't get data.

a review and analysis of the recommendations made by the Secretary, together with the Commission's recommendations for closures and realignments of military installations inside the United States.

(B) Subject to subparagraph (C), in making its recommendations, the Commission may make changes in any of the recommendations made by the Secretary if the Commission determines that the Secretary deviated substantially from the force-structure plan and final criteria referred to in subsection (c)(1) in making recommendations.

(C) In the case of a change described in subparagraph (D) in the recommendations made by the Secretary, the Commission may make the change only if the Commission—

(i) makes the determination required by subparagraph (B);

(ii) determines that the change is consistent with the force-structure plan and final criteria referred to in subsection (c)(1);

(iii) publishes a notice of the proposed change in the Federal Register not less than 45 days before transmitting its recommendations to the President pursuant to paragraph (2); and

(iv) conducts public hearings on the proposed change.

(D) Subparagraph (C) shall apply to a change by the Commission in the Secretary's recommendations that would—

(i) add a military installation to the list of military installations recommended by the Secretary for closure;

(ii) add a military installation to the list of military installations recommended by the Secretary for realignment; or

(iii) increase the extent of a realignment of a particular military installation recommended by the Secretary.

(3) The Commission shall explain and justify in its report submitted to the President pursuant to paragraph (2) any recommendation made by the Commission that is different from the recommendations made by the Secretary pursuant to subsection (c). The Commission shall transmit a copy of such report to the congressional defense committees on the same date on which it transmits its recommendations to the President under paragraph (2).

(4) After July 1 of each year in which the Commission transmits recommendations to the President under this subsection, the Commission shall promptly provide, upon request, to any Member of Congress information used by the Commission in making its recommendations.

(5) The Comptroller General of the United States shall—

(A) assist the Commission, to the extent requested, in the Commission's review and analysis of the recommendations made by the Secretary pursuant to subsection (C); and

(B) by no later than April 15 of each year in which the Secretary makes such recommendations, transmit to the Congress and to the Commission a report containing a detailed analysis of the Secretary's recommendations and selection process.

(e) REVIEW BY THE PRESIDENT.—(1) The President shall, by no later than July 15 of each year in which the Commission makes recommendations under subsection (d), transmit to the Commission and to the Congress a report containing the President's approval or disapproval of the Commission's recommendations.

(2) If the President approves all the recommendations of the Commission, the

President shall transmit a copy of such recommendations to the Congress, together with a certification of such approval.

(3) If the President disapproves the recommendations of the Commission, in whole or in part, the President shall transmit to the Commission and the Congress the reasons for that disapproval. The Commission shall then transmit to the President, by no later than August 15 of the year concerned, a revised list of recommendations for the closure and realignment of military installations.

(4) If the President approves all of the revised recommendations of the Commission transmitted to the President under paragraph (3), the President shall transmit a copy of such revised recommendations to the Congress, together with a certification of such approval.

(5) If the President does not transmit to the Congress an approval and certification described in paragraph (2) or (4) by September 1 of any year in which the Commission has transmitted recommendations to the President under this part, the process by which military installations may be selected for closure or realignment under this part with respect to that year shall be terminated.

SEC. 2904. CLOSURE AND REALIGNMENT OF MILITARY INSTALLATIONS

(a) IN GENERAL.—Subject to subsection (b), the Secretary shall—

(1) close all military installations recommended for closure by the Commission in each report transmitted to the Congress by the President pursuant to section 2903(e);

(2) realign all military installations recommended for realignment by such Commission in each such report;

(3) initiate all such closures and realignments no late than two years after the date on which the President transmits a report to the Congress pursuant to section 2903(e) containing the recommendations for such closures or realignments; and

(4) complete all such closures and realignments no later than the end of the six-year period beginning on the date on which the President transmits the report pursuant to section 2903(e) containing the recommendations for such closures or realignments.

(b) CONGRESSIONAL DISAPPROVAL.—(1) The Secretary may not carry out any closure or realignment recommended by the Commission in a report transmitted from the President pursuant to section 2903(e) if a joint resolution is enacted, in accordance with the provisions of section 2908, disapproving such recommendations of the Commission before the earlier of—

(A) the end of the 45-day period beginning on the date on which the President transmits such report; or

(B) the adjournment of Congress sine die for the session during which such report is transmitted.

(2) For purposes of paragraph (1) of this subsection and subsections (a) and (c) of section 2908, the days on which either House of Congress is not in session because of adjournment of more than three days to a day certain shall be excluded in the computation of a period.

Document Separator

Info : Joe Bohn
Also — Joe, You have several E-Mail Messages Bob Matthews

From: c01.smtp."Pate Marvin L@hq.navsea.navy.mil"
To: c02.CRAKMAIL(TJX759),c03.ESD(RJM526),c01.smtp("cbe...
Date: Thursday, December 1, 1994 11:03 am
Subject: BSAT REQUESTS/GUIDANCE FROM BSEC

Received: from hq.navsea.navy.mil (hq.navsea.navy.mil [140.100.1.10]) by relay.navsea.navy.mil (8.6.9/1.9) with SMTP id MAA19913; Thu, 1 Dec 1994 12:09:55 -0500
Received: from cc:Mail by hq.navsea.navy.mil
id AA786312363; Thu, 01 Dec 94 11:03:37 EST
Encoding: 39 Text

This info just received from SEA-09X. Please take into consideration
in your responses.

Marvin Pate

Forward Header

Subject: BSAT REQUESTS/GUIDANCE FROM BSEC
Author: Logan_Jim at Olm
Date: 12/1/94 9:40 AM

1. This morning CDR Samuels from the BSAT Lab/Tech center team called to check status of questions and pass on some comments/guidance from the BSEC. Two recurring topics are dicussed during BSAT briefings to the BSEC on NAVSEA responses to scenario data calls.

Productivity Loss Calculations: The BSEC will allow costs for productivity losses if totals or estimates are accompanied by the algorithm or formula used. Otherwise productivity losses will not be considered an allowable cost. Simply using a percentage of manyears to calculate productivity losses will not be sufficient.

← $36M of productivity losses were excluded by BSEC in the $240M.

Contracting Out Work: When a respondent eliminates billets, the BSEC will not allow adding contractor manyers to continue the same level of effort. Respondents are advised to justify contracting out work to compensate for eliminated billets only when the function is critical. However, the BSEC guidance is that billets needed to accomplish critical functions should ont be eliminated. Theobjective is to reduce cost to the Navy.

V/R

Judith Atkins

In the closure of NSWC, Louisville several core functions are planned to move to other Activities, then be contracted out.

ATT (5)

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

LT-D37-F28
BSAT/DB
8 June 1993

The Honorable James Courter
Chairman, Defense Base Closure
and Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, VA 22209

Attn: Matthew P. Behrman
Director of Staff

RE: Close Naval Surface Weapons Center (NSWC) Louisville and transfer all work to Government-Owned, Contractor-Operated (GOCO) facilities.

Dear Chairman Courter:

The Defense Base Closure and Realignment Commission has requested COBRA output reports for a scenario which closes NSWC Louisville and transfers all work to GOCO facilities. We are providing COBRA output reports and, as appropriate, economic and environmental impact data as attachments to this letter.

The COBRA model costs associated with closing NSWC Louisville and transferring all functions to GOCO facilities are $125.3 million. The model projects a net steady state cost of over $53 million a year, resulting from this scenario. Consequently, the 20 Year Net Present Value equals a cost of $623.3 million. These projections do not support a Commission recommendation to close NSWC Louisville, and are not in the best interests of the Department of the Navy.

BRAC 93 "cost" was to GOCO Louisville, not close and move the functions to other Activities. For BRAC 95, lower costs are shown to relocate the functions.

Sincerely,

C. P. Nemfakos
Acting Chairman
Base Evaluation Committee

Attachments

ATT (6)

Document Separator

AGENDA
NAVAL ORDNANCE STATION, LOUISVILLE SUPPORT MEETING
NAVAL AND MARINE CORPS RESERVE CENTER
5401 SOUTHSIDE DRIVE, LOUISVILLE, KY 40214

TUESDAY, FEBRUARY 28, 1995
7:00 P.M.

Welcome	--	Jerry Gratton Executive Director Naval Ordnance Station, Louisville
Remarks	--	Congressman Mike Ward
Introductions Of Officials and Community Leaders for Remarks	--	Congressman Mike Ward

Congressman Ron Mazzoli
Chairman, Naval Ordnance Community Task Force

Mayor Jerry Abramson

County Judge/Executive Dave Armstrong

Aldermanic President Bebe Melton

Jefferson County Legislative Delegation
Chairman, Representative Leonard Gray

State Senator Dan Seum, 38th District

State Representative Perry Clark, 37th District

Alderman Dan Johnson, Seventh Ward

Mr. Robert Gayle
President, Louisville Area Chamber of Commerce

Employee Representatives (Remarks)	--	Mr. Bernie Austin President Federal Managers Association
	--	Mr. Larry Craig President Machinists Local Lodge 830
Recognition of Other Officials	--	Congressman Mike Ward

QUESTIONS AND COMMENTS FROM AUDIENCE

ATT (8)

Congress of the United States
House of Representatives
Washington, D.C. 20515-1703

Mike Ward
Member of Congress
Third District Kentucky

Charles B. Mattingly
Chief of Staff

February 27, 1995

BY FACSIMILE
703-697-7080

The Honorable John M. Deutch
Deputy Secretary
Department of Defense
The Pentagon
Washington, D. C. 20301

Dear Secretary Deutch:

I am advised that the Secretary of Defense will apparently recommend that the Naval Ordnance Station, Louisville be closed and that the Phalanx work be moved to Crane, Indiana.

There is no justification -- economically or militarily -- for moving this work to Indiana, approximately 100 miles from where it is now done. This will only cost the Department of the Navy millions of dollars. The sensible solution is to go forward with the Louisville and Jefferson County community proposal. This proposal would permit the Phalanx work to be performed in the modern, state-of-the-art building where it is now done by skilled and experienced personnel. Other buildings at Naval Ordnance Station could be turned over to the City of Louisville for operation as a light industrial park.

No logic can support spending millions of dollars to move equipment and personnel to Indiana, plus additional millions in construction and training costs. I trust that by the time final recommendations are made by Secretary Perry, or final decisions taken by the Defense Base Closure Commission, that the logic of our community proposal, and the illogic of the reported plan, will become evident.

Thank you for your attention to my concerns.

Sincerely,

Mike Ward/cbm

Mike Ward
Member of Congress

MW:cbm

1032 Longworth Building
Washington, D.C. 20515-1703
(202) 225-5401
internet: mward2@hr.house.gov

Committee on National Security
Committee on Science

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(502) 582-5129

NEWS RELEASE
WENDELL H. FORD of KENTUCKY
UNITED STATES SENATE

173-A Russell Senate Office Building
Washington, D.C. - 202/224-4343

FOR IMMEDIATE RELEASE
February 28, 1995

PENTAGON TO WORK WITH DELEGATION ON REALIGNMENT PROPOSAL FOR NOSL

WASHINGTON-- After a series of discussions with members of the Kentucky Congressional delegation, Pentagon officials have said they would work with the group regarding their realignment proposal for the Naval Ordnance Station Louisville (NOSL).

U.S. Senators Wendell Ford (D-KY) and Mitch McConnell (R-KY), and Representative Mike Ward (D-KY) said the offer to work with the delegation was "especially good news for keeping at least a portion of the facility open in Louisville."

"No one wanted to see the Naval Ordnance Station placed on the closure list and we've been fighting tooth and nail for its survival," the members said. "This pledge to work with us on a plan is crucial to the installation's future."

According to Pentagon officials, the Defense Department used what is known as a "Comparison of Base Realignment Action" (COBRA) -- which is a cost-evaluation model -- in their decisions on the closure list. This type of analysis does not take into account local communities' proposals for the various local installations. However, after reviewing Louisville's proposal presented by the Kentucky delegation, the officials said they would work with those concerned about the installation's future.

###

Contacts:

Mark L. Day (Ford) 202-224-1156

Mildred Cooper (McConnell) 202-224-2541

Christian Patterson (Ward) 202-225-5401
Charles Mattingly (Ward) 502-582-5129

CONGRESSMAN

MIKE WARD

THIRD DISTRICT — (KENTUCKY)

NEWS RELEASE

1032 Longworth Building • Washington, D.C. 20515 • Contact: Christian Patterson
(202) 225-5401

For Immediate Release:
March 9, 1995

For Further Information:
Charles Mattingly, 502-582-5129

Kentuckiana Congressional Delegation Questions Data Which Led To Naval Ordnance Closure Decision

The Louisville/Southern Indiana Congressional Delegation has taken another major step in the battle to save the Naval Ordnance Station, Louisville.

Kentucky's two United States Senators, along with area Congressmen Lee Hamilton, Ron Lewis and Mike Ward, have written the head of the General Accounting Office -- a Congressional watchdog agency -- to question the handling of data which led the Department of the Navy to recommend the closure of Naval Ordnance Station. The Congressional delegation also launched a Congressional inquiry with the Secretary of the Navy, seeking information regarding the Navy's decision-making process.

"We have serious concerns about the handling of this data," said Third District Congressman Mike Ward. "We know the Naval Audit Service, acting at the request of the Inspector General of the Navy Sea Systems Command (NAVSEA), has examined the handling of the so-called 'data call responses' with regard to Naval Ordnance. We will dig until we get to the bottom of this situation."

Congressman Ward continued, "My colleagues and I are seriously concerned that our financial data was combined with that of the Naval Air Warfare Center, Indianapolis. There was no justification for combining the Louisville facility's numbers with those of the Indianapolis facility. These facilities are not administratively linked, and are not even part of the same branch of the Navy. There appears to be no comparable case of combining the cost and savings figures of two facilities to justify a closure and we think this is totally at odds with the policy of permitting each facility to stand or fall on its own merits."

(Copies of the Congressional letters follow.)

REPRODUCED AT GOVERNMENT EXPENSE

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

9:00 a.m.

345 Cannon House Office Building
Washington, D.C.

Monday, March 6, 1995

Copies of this transcript may be obtained from:

DIVERSIFIED REPORTING SERVICES, INC.
918 16th Street NW, Suite 803
Washington, DC 20006
(202) 296-2929

COMMISSIONERS PRESENT:

Senator Alan J. Dixon, Chairman
Mr. Alton W. Cornella
Ms. Rebecca G. Cox
General J.B. Davis, USAF (Ret.)
Mr. S. Lee Kling
Rear Admiral Benjamin Montoya, USN (Ret.)
Major General Josue Robles, USA (Ret.)
Mrs. Wendi Louise Steele

PANEL I:

The Honorable John H. Dalton
Secretary of the Navy
Admiral Jeremy M. Boorda
Chief of Naval Operations
General Carl E. Mundy Jr.
Marine Corps Commandant
The Honorable Robert B. Pirie Jr.
Assistant Secretary of the Navy for
Installations and Environment
Mr. Charles Nemfakos
PANEL II:

* * * * * *

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7/12 Force

P R O C E E D I N G S

(9:[illegible] a.m.)

CHAIRMAN DIXON: Ladies and gentlemen, this second hearing of the Defense Base Closure and Realignment Commission will please come to order. I'm delighted, ladies and gentlemen, to welcome my fellow base closure commissioners, who were confirmed, I'm glad to say, by the Senate, last Thursday.

I wonder, as I introduce them, if they would please rise so you can see who they are.

In alphabetical order, Mr. Al Cornella is a businessman in Rapid City, South Dakota, and a Navy veteran with service in Vietnam.

Ms. Rebecca Cox is a vice president of Continental Airlines and was a distinguished member of the Base Closure Commission in 1993.

General J.B. Davis retired from the Air Force as a four-star general after a distinguished 35-year career.

S. Lee Kling is a distinguished businessman in St. Louis, where he heads his own merchant banking firm.

Benjamin Montoya, retired from the Navy as a rear admiral, is now president of Public Service Company of New of

New Mexico. Benjamin Montoya. I put you in the wrong state for a minute there, Admiral.

Joe Robles, General Joe Robles, retired from the Army as a two-star general, is now controller of USAA, Inc. in San Antonio, Texas.

Mrs. Wendi Steele is a former U.S. Senate staff member, a former Bush Administration official, and a former distinguished Base Closure Commission staff member.

Now, would the seven of you please rise and raise your right hands?

(Commissioners sworn.)

CHAIRMAN DIXON: Congratulations to you all.

Ladies and gentlemen, this morning we begin the first of four hearings the Commission will hold today and tomorrow here in our Capital City. At the first three hearings, we'll hear from and question the secretaries of the military departments and their chiefs of staff about the recommendations of the Secretary of Defense to close or realign bases in their branch of the service.

At the fourth hearing, tomorrow afternoon, we will hear from the heads of defense agencies affected by closure and realignment recommendations.

This morning we are, of course, pleased to have with us the Honorable John H. Dalton, Secretary of the Navy; Admiral Jeremy M. Boorda, the Chief of Naval Operations; General Carl E. Mundy Jr., the Commandant of the Marine Corps; and the Honorable Robert B. Pirie Jr., the Assistant Secretary of the Navy for Installations and Environment.

First, let me say that, in 1993, as part of the National Defense Authorization Act for fiscal year '94, the Base Closure and Realignment Act was amended to require that all testimony before the Commission at a public hearing be presented under oath.

As a result, all of the witnesses who appear before the Commission this year must be sworn in before testifying.

Mr. Nemfakos, are you going to testify, as well, my friend?

MR. NEMFAKOS: That's largely dependent on you.

CHAIRMAN DIXON: But you may participate. So would you be kind enough to rise and raise your right hand, along with the other four distinguished gentlemen?

(Witnesses sworn.)

CHAIRMAN DIXON: I thank you all. Secretary Dalton, would you please proceed?

ATT (14)

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"Let's Louisville's case"

Duplication is not the issue with Louisville

Page 7

1 SECRETARY DALTON: Yes, sir, Mr. Chairman. I would
2 like to submit a full statement to the Commission for the
3 record, but would like to present a shorter statement at this
4 time.
5 CHAIRMAN DIXON: Mr. Secretary, your full statement
6 will be reproduced in the record and carefully analyzed by
7 staff, and we thank you for your consideration in giving us a
8 shorter one. Thank you.
9 SECRETARY DALTON: Chairman Dixon, members of the
10 Commission, it is indeed an honor for me to provide an
11 overview of the Department of the Navy's recommendations for
12 base closure and realignment. These recommendations are the
13 result of a rigorous analytical process that builds upon the
14 BRAC '93 process, which was validated in the last round by
15 both the General Accounting Office and the Base Closure and
16 Realignment Commission after extensive review.
17 Mr. Chairman, our primary goal for BRAC '95 was to
18 reduce the Department of the Navy's share infrastructure to
19 the minimum required to sustain Navy and Marine Corps forces
20 through the year 2001.
21 Additionally, we are striving to design a more
22 streamlined and responsive support structure capable of

Page 8

1 maintaining a forward deployed expeditionary force. This is
2 an absolutely critical requirement. Our visibility
3 throughout the world must be reflective of a potent force
4 that is able to demonstrate our resolve wherever it is
5 deployed.
6 With our transition and operational focus to a
7 from-the-sea fighting force, we must also undertake right-
8 sizing of our infrastructure support so it is able to sustain
9 Naval forces in the broad spectrum of responses now and into
10 the foreseeable future. While we recognize that the
11 resources freed up by this process are vital to future
12 readiness, we are also mindful of our obligation to preserve
13 readiness today, as well.
14 Mr. Chairman, you highlighted the fact that, as
15 this is the last round of base closure authorized under the
16 Defense Base Closure and Realignment Act of 1990, you were
17 interested in a process for future base closure. There are
18 two questions that need to be asked:
19 First, how soon should we begin this process?
20 I believe, after a suitable period to implement and
21 assess prior base closure decision, we may once again need to
22 streamline the open process allowed by the Base Closure Act

Page 9

1 to re-orient our infrastructure. Without that process, we
2 have a very limited ability to effect such changes on our
3 own.
4 The second question, I believe, is this: is there
5 a better way to do this work in the future?
6 From the Department of the Navy's perspective, the
7 Base Closure Act has worked well. I think, Mr. Chairman, you
8 and your former colleagues in the Senate and House Armed
9 Services Committees accomplished a remarkable achievement
10 with this legislation. If it is possible to duplicate it for
11 future rounds of base closure, it has our endorsement.
12 However, because this is the last scheduled round
13 of closures, we have proceeded as if this were our final
14 chance to bring the size of our infrastructure into balance
15 with our declining force structure. We have faced a very
16 different challenge in this round of base closure.
17 Nevertheless, we have arrived at a set of
18 recommendations which, when taken with the decisions made in
19 previous base closure rounds, result in a Navy and Marine
20 Corps infrastructure able to support the kind of fast-paced,
21 flexible, worldwide operations that Naval forces will be
22 conducting well into the next century.

Page 10

1 Four principle themes are evident in our process
2 and recommendations:
3 First, we must retain the ability to pursue or
4 sustain essential technological effort;
5 Next, we must provide appropriate maintenance
6 support to fleet assets;
7 Third, our operational home ports must be
8 structured to provide the necessary degree of flexible
9 responsiveness;
10 Finally, we must position forces, training, and
11 support functions to support the total force concept.
12 With BRAC '95, we have eliminated unnecessary
13 duplication in our facilities without adversely impacting our
14 recent quality of life achievements. The savings we generate
15 from this process are absolutely critical to
16 recapitalization, which is the linchpin of our future
17 readiness.
18 These bases and installations also are the places
19 where our men and women live. Therefore, it is important
20 that what we retain contribute to overall morale and, thus,
21 operational readiness, by providing acceptable housing and
22 sufficient social, recreational, religious, and other support

Page 11

1 for sailors, Marines, and their families.
2 With these objectives in mind, I charged the under
3 secretary of the Navy, Mr. Richard Danzig, to assemble a Base
4 Structure Evaluation Committee to accomplish the analysis
5 required to satisfy the mandates of the act. This committee
6 was chaired by the Assistant Secretary of the Navy for
7 Installations and Environment, Mr. Robert Pirie.
8 The committee was supported by the Base Structure
9 Analysis Team whose responsibility was to collect data and
10 perform analysis as directed by the Evaluation Committee.
11 The Naval Audit Service worked in conjunction with the
12 analysis team to ensure that the standards of integrity which
13 the public has every right to expect were strictly followed.
14 These auditors reviewed and validated the data
15 gathering and evaluation process from top to bottom,
16 employing over 250 auditors from coast to coast, and in
17 Washington.
18 To ensure that the process was responsive to the
19 Navy and Marine Corps leadership, the Evaluation Committee
20 held a number of deliberative sessions with the fleet
21 commanders in chief and other major commanders to apprise
22 them of the progress of the process and to discuss potential

Page 12

1 impacts on fleet operations, support, and readiness. Prior
2 to making my final decisions, I also met with the Chief of
3 Naval Operations and the Commandant of the Marine Corps
4 several times to seek their advice: as well.
5 The efforts of the Department of Defense joint
6 cross-service groups complemented our process. We formally
7 considered their suggested alternatives, and many of our
8 recommendations include these suggestions. The joint cross-
9 service process did give us a broader sense of what was
10 possible and confirmed the validity of our evaluation
11 process.
12 I am confident that the Commission recognizes the
13 enormous task involved in reviewing over 800 activities in
14 five categories and in fully considering all mechanisms to
15 reduce excess capacity. The consistent theme, in looking at
16 that large universe of activities, was to ensure that we
17 could satisfy our goal of having a shore infrastructure that
18 had the full range of capability to support our Navy and
19 Marine Corps team.
20 Clearly, some excess capacity remains but, where it
21 remains, it has been identified as peculiar to a particular
22 type of installation or is being retained to protect future

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flexibility.

Now, Mr. Chairman, I'd like to discuss each of our five major categories of activities, in light of the philosophic framework I've just described. The approach taken in this final round was profoundly affected by the 1993 base closure round which, as you recall, my department completely closed two major ship home ports and two major aviation bases.

Our decisions this time were carefully constructed to ensure that our forces had sufficient capacity remaining at operational bases to ensure the flexible response to changing operational requirements that have become so vital to the Naval forces' ability to go in harm's way, as well as to perform emerging new peacetime missions.

Much of the remaining ship home-porting capacity is located in our fleet concentrations on the Atlantic and Pacific coasts. While our aggressive operating tempo would allow some additional closures, I did not think it prudent to further reduce our stateside infrastructure beyond the actions taken in the round of 1993.

The changing shape of our Pacific fleet and the changing nature of Pacific deployment patterns allowed us to

redo our Western Pacific presence in Guam while retaining the necessary wharves, infrastructure, and equipment to allow continued access.

For Naval aviation, the previous round of closures was cost-effective, but had significant startup costs at existing bases for the transfer of assets. With the continued reduction of Naval aviation assets, our analysis this time considered realignment of prior BRAC movements in order to minimize future expenditure of scarce resources.

Better use of facilities at existing bases through co-location of like air frames and grouping of common missions resulted in significant cost savings. Reassigning carrier-based anti-submarine warfare assets to Naval Air Station Jacksonville builds a synergy of anti-submarine warfare platforms and allows single-siting all F-14 and Navy Atlantic Fleet strike fighter tactical aviation in existing capacity at Naval Air Station Oceana. Pacific Fleet carrier support aviation is redirected to North Island.

The combination of these redirects saves military construction for new capacity at Marine Corps Air Station Cherry Point and Naval Air Station Lemoore, equivalent to the value of an entire Naval air station. The shift in location

Co-location of functions at NSWC, Louisville should provide similar results. Synergy is the key.

and reduction in maritime patrol operations allows the closure of Naval Air Station Adak.

The vital asset at Naval Air Station Key West is irreplaceable training air space, so I've recommended realigning it to a Naval air facility to release unneeded excess infrastructure not associated with the operational that raining mission.

When considering reserve aviation infrastructure, we focused on the fleet commanders' desire to have the best possible aviation capability in the Northeast Region. The best way to meet fleet operational needs, total force requirements, and reduce excess capacity was to close Naval Air Station South Weymouth and move reserve assets to Naval Air Station Brunswick, Maine. This supports integration of regular and reserve forces, preserves demographics, and gives us the most capable base north of Norfolk to support fleet operations.

Depot maintenance is a cornerstone of fleet readiness and of forward presence and power projection sustainment. Our ability to provide the required depot support for our operational forces is critical to ensuring the nation's ability to continue meeting the high operational

Some general industrial capability exist at Norfolk but most of the unique Gun Weapon Systems overhaul facilities are not at Norfolk & will need to be

tempo associated with contingency operations. Our BRAC '95 analysis focused on eliminating excess capacity while ensuring that the right combination of capability and capacity remained to meet fleet operational requirements.

The Navy Department's depot capabilities are the most diverse in the Department of Defense and span aviation, surface ships, submarines, and ground combat weapons systems. While excess capacity was fragmented across a large number of diverse categories, significant reductions overall will be achieved through our BRAC '95 recommendations.

The smaller force structure, with little relief from operational requirements, dictates a highly responsive, robust industrial management capability at major fleet concentrations. The Department must safeguard a level of nuclear ship repair capability and the ability to meet both scheduled and emergent depot maintenance requirements to support fleet assets forward deployed around the world.

Our BRAC '95 depot maintenance recommendations are a continuation of the efforts that began in 1991 and include the closure of ship repair facility at Guam and our last remaining non-nuclear shipyard at Long Beach. The decreased ship depot maintenance requirements associated with a smaller

Industrial workload was moved from 2 tech centers to another tech center (CRANE)

force and changing deployment patterns enable the closure of these activities, while meeting fleet requirements to support unified commanders' taskings.

Additional excess capacity was eliminated through consolidations, divestiture of facilities, and the incorporation of technical center industrial workload into remaining depot activities. These actions, along with previous closures, equate to a reduction of 50 percent of our aviation depots, 64 percent of our shipyards and ship repair facilities, and 64 percent of the depot maintenance functions that were previously located at our technical center activities.

The magnitude of these reductions clearly demonstrates the Department's firm commitment to right-size to levels commensurate with future requirements.

We applied a great deal of emphasis and energy to the review of our array of technical centers. Our efforts were focused on right-sizing to the appropriate minimum set of sites that would give significant overhead cost reductions while at the same time ensuring that we could pursue essential technologies and develop war-fighting systems capability well into the 21st century.

Note - Numbers of Gun Weapon Systems will remain high as new DDG's will have Guns.

We tried to match our infrastructure reductions with the changes in numbers and use of our operational forces. Our emphasis was to minimize the amount of top-line money going into the cost of operating and maintaining a large infrastructure and to focus our limited resources on the development, acquisition, and operation of war-fighting systems.

The result is a list of recommendations that we feel will significantly improve technical support to the fleet while reducing overhead cost and duplication. We moved depot and industrial functions from the technical centers and return these efforts to the Navy industrial activities or made the decision to depend on the private sector.

An example of this industrial consolidation is our recommended closure of the Naval Surface Warfare Center Crane Detachment, Louisville, Kentucky. This action consolidates ships' weapons systems -- primarily guns and associated equipment -- with the general industrial workload at Norfolk Naval Shipyard, which already has many of the required facilities.

This functional workload distribution also offers an opportunity [illegible] servicing large gun barrel plating

Not true. Significant part of Louisville's workload & industrial workload is moved to another Tech center actually NSWC, Crane.

Note - JCSG-OM analysis shows that Louisville not only does most of the work but also has the highest Functional Value of the six activities who perform it. 11.6 was 11.6 Weapon Systems Commodity

functions to the Army Watervliet Arsenal in New York. Likewise, the closure of the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana moved similar type of workload into Naval Surface Warfare Center, Crane, Indiana; Naval Air Warfare Center, Weapons Division, China Lake; California; and the Aircraft Center of Excellence at Patuxent River, Maryland.

By these consolidations, we also realized both a reduction in excess capacity and major reductions in cost.

Obviously, Mr. Chairman, the closures were difficult decisions; but the reduction of excess capacity, the relocations of functional workload to activities performing similar work, and the economies that will be gained in the management of these similar functions demanded our consideration.

Our recommendations both reduce our technical infrastructure and result in significant savings to the taxpayer and the Department of Defense without impeding our ability to provide the forward presence, power projection, and war-fighting responsibilities for which we are responsible.

Operational educational flexibility was the key to

the Department's examination of existing capacity within the training establishment. To support the smaller force levels dictated by the force structure for 2001, it might appear that we could dramatically shrink our capacity.

However, we were concerned that our training activities be able to support fleet operational requirements and allow sailors and marines to be trained in their home ports. Accordingly, we eliminated excess aviation training capacity by closing and realigning two training air stations to take advantage of the full air space and ground support synergies at the West Florida and South Texas complexes.

We also realigned schoolhouse training activities to be more responsive either to the fleet or to follow-on training opportunities. The result of these actions are centralized, economically based training center complexes which serve fleet, sailors, and Marines.

Our recommendations result in educational institutions, fleet training centers, and training air stations which provide personnel-oriented, family supportive training complexes that meet requirements for today and the future.

In the "personnel support - other" category, the

Department evaluated the changes that were necessary to reflect force downsizing and closures. The focus in Reserve centers was to retain an infrastructure that supports the Reserve force that is robust, demographically sound, and supports fleet readiness.

For Administrative activities, we pursued further streamlining to eliminate excess and support the President's National Performance Review. Reduction of management layers continues and further refines the process begun by the Department in BRAC '93.

Our recommendations resize the Reserve infrastructure by closing 11 Reserve centers. These closures, in conjunction with BRAC '93 recommendations, maintain a presence in each state, maintain a demographically sound Reserve establishment, and are supportive of the fleet Reserve recruiting and readiness.

Six actions are recommended for administrative activities, which reflect a concerted effort to balance the need to reduce infrastructure against that of supporting force readiness.

The redirect of Space and Naval Warfare Command Headquarters to San Diego is an example of the effort to

create a synergy between the Navy's Headquarters Commands and the fleet. The redirect consolidates a command activity with its technical activity in an area of fleet concentration. It co-locates those providing the requirement with those having the requirement and eliminates one entire management layer.

This action will allow translation of fleet requirements into a product that functions in the operational environment with minimal delays.

With these recommendations, I am happy to report that our BRAC '95 goals have been achieved. They reflect the closure or realignment of 62 Department of the Navy activities. Annual savings will exceed $600 million per year with a net present value of savings of $8.5 billion over 20 years.

These actions should be viewed in conjunction with the significant actions undertaken by the Department during BRAC '93 where our actions result in an annual savings of $1.4 billion and net present value of savings of $9.7 billion over 20 years.

While this round of base closure evaluation was underway, the Department of the Navy continued the process of

Note - COBRA numbers used for Louisville are "low"

implementing the prior three rounds of BRAC decisions. For fiscal years 1996 and 1997, we have requested over $3 billion to execute our base closure program.

Ninety-eight Navy and Marine Corps bases were identified for closure in the previous three rounds. Thirty-eight other bases were selected for realignment. Of the original 98 bases, 49 have been closed and 11 others have been realigned.

We would like to be further along on implementing these decisions, but we have been hampered by less than adequate funding. These resource limitations have restricted our ability to close facilities in a timely manner and have delayed our expected savings. These delays not only jeopardize force modernization, they also delay return of these facilities to productive civilian use.

With our BRAC '95 recommendations, Mr. Chairman, the Department of the Navy also anticipates considerable savings once the actions are realized. Obviously, if the implementation process is delayed or full funding is not received, the savings we have projected will not be realized.

We already expect and we are basing our Department budget projections on the realization of $1.9 billion per

The costs to close Louisville are low so looks like NAVY is about to do it again.

year in savings from earlier BRAC rounds. It is, therefore, absolutely vital that we stay the course. We must make these suggested cuts in excess infrastructure. Our future readiness depends on it.

The base realignment and closure process, and you and your colleagues had the foresight to envision when you gave us these tools, have come a long way from those early days of 1998, which I know you remember well, Mr. Chairman. I can fully assure you that our process of selection has been as accurate, fair, responsible, and responsive as we could possibly make it.

As in previous rounds, Mr. Chairman, this is a very painful process. We are saying goodbye to trusted friends and dedicated communities. They have nurtured and adopted our bases. They have fed and housed our troops. They have entertained and counseled our families during those long absences for which our maritime forces are well known. They were always there to welcome us home and to honor those who gave all they had to give.

Because of this longstanding relationship, I believe the efforts of your committee are critical in ensuring the [illegible] of these communities that the correct

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1 decisions have been made.
2 Throughout the [illegible] we are seeing the successful
3 re-utilization of our Navy and Marine Corps installations.
4 Local leaders are implementing plans to diversify the use of
5 land and facilities closed and realigned under previous BRAC
6 actions. We are confident that, with the President's five-
7 part Community Reinvestment Program, we can work together
8 with communities to create new jobs. You can be confident
9 that we will do everything we can to work with those affected
10 to revitalize our communities.
11 Mr. Chairman, I'll be happy to respond to your
12 questions along with the other members of my panel. Thank
13 you very much.
14 CHAIRMAN DIXON: I thank you, Mr. Secretary. We're
15 delighted to have with us Admiral Jeremy Boorda, the Chief of
16 Naval Operations. Admiral Boorda, thank you for being with
17 us this morning.
18 ADMIRAL BOORDA: I'm glad to be here this morning.
19 I don't have an opening statement. I'd like to reserve the
20 time to answer your questions.
21 CHAIRMAN DIXON: We thank you for that, Admiral.
22 Thank you very much.

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1 General Carl E. Mundy Jr., the Commandant of the
2 Marine Corps. Thank you for being with us, General Mundy.
3 GENERAL MUNDY: It's a privilege to be here, Mr.
4 Chairman.
5 CHAIRMAN DIXON: Thank you, sir.
6 GENERAL MUNDY: I have no opening statement and I'm
7 prepared to respond to your questions.
8 CHAIRMAN DIXON: That's very kind of you. Thank
9 you, General.
10 We have with us the Honorable Robert B. Pirie Jr.,
11 Assistant Secretary of the Navy for Installations and
12 Environment.
13 MR. PIRIE: Thank you, Mr. Chairman. Like my
14 colleagues, I am honored to be here. I have a long statement
15 regarding the process, and an illustrative example to submit
16 for the record. With your permission, I will run as rapidly
17 as I can through the illustrative slides, to give you some
18 flavor of how the Navy went about preparing its
19 recommendations.
20 CHAIRMAN DIXON: Thank you. Your statement will be
21 reproduced in the record in full, and if you would care to
22 show your slides now, we would be delighted to have it, Mr.

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1 Secretary.
2 Could you talk into the microphone a little bit
3 more directly? I think it would be helpful to the audience.
4 Thank you. You're very kind.
5 MR. PIRIE: Thanks, Mr. Chairman.
6 The point of this slide -- and it simply reiterates
7 what the Secretary said in his testimony -- is that there are
8 no numerical goals at which we were aiming in this round. We
9 were simply attempting to develop the structure that with
10 support our Naval forces and operations for the 21st century.
11 Next slide, please.
12 This is, as you saw before on the map, a list of
13 the major closures and, as you will see, we leaned heavily on
14 technical centers, research and development activities, and
15 the like.
16 Next slide, please.
17 No denying the budgetary pressures which impel us
18 to look for savings in the infrastructure. The yellow line
19 shows you the budget in constant dollars. The blue bar is
20 the numbers of installations. As you notice, the number of
21 installations that we project is fairly closely correlated
22 with the personnel wh[illegible]

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1 Next slide, please.
2 The Secretary of the Navy established formally an
3 organization which consisted of the Under Secretary and
4 overall charge, a Base Structure Evaluation Committee, or
5 BSEC, to make recommendations to him, and a Base Structure
6 Analysis Team, or BSAT, to do analyses and to support the
7 deliberations of the BSEC.
8 You will note that the Office of General Counsel
9 and the Navy Audit Service were intimately involved in this
10 process from beginning to end.
11 Next slide, please.
12 This is our BSEC. The point of this slide is that
13 these are fairly senior individuals who represent long
14 service in the government and have a good deal of experience
15 in the matters which came before it.
16 Next slide, please.
17 The BSAT, which numbered up to 50 people in full
18 cry, was also a very solid, professional organization and
19 consisted of such individuals as the former director of the
20 Navy Labs, the former commander with oversight of the Navy
21 aviation repair depots, a commanding officer of a Naval air
22 station, and a commanding officer of a Naval aircraft

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1 carrier.
2 Next slide, please.
3 The point of this is not just to call attention to
4 the complexity of the process but to underscore the point
5 that the Secretary of the Navy made that, throughout the
6 process, the commanders in chiefs and their representatives,
7 the systems commanders, their representatives, the assistant
8 secretaries of the Navy, were involved, and this was a highly
9 intricate process.
10 Also, you will note a point that I want to make is
11 that military value computations occupy a slot somewhere in
12 the middle of the process, not the end of the process, simply
13 a way of beginning it.
14 Next slide, please.
15 At the beginning of the process, the BSEC solicited
16 and received from the owners and operators, the commanders in
17 chief, assistant commanders, policy imperatives -- things
18 that they thought were essential characteristics to retain in
19 the base structure. Those were boiled down into 37 principle
20 policy imperatives with themes, as you see, as depicted
21 there.
22 Next slide, please.

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1 As the Secretary said, we broke down some over 800
2 installations into five major categories and 27 sub-
3 categories, for the purposes of comparison in deciding which
4 should be compared to which.
5 Next slide, please.
6 Data calls were developed, first, to determine
7 whether we had, indeed, excess capacity in the various
8 categories and subcategories, and secondly, to determine
9 military value.
10 We recognize that the process of determining a
11 single number which captures all of the many complex aspects
12 of an installation to rank it in terms of military value is
13 an exceedingly difficult intellectual and analytical task.
14 The military value data calls provided the underpinnings
15 which resulted in the aggregation of literally thousands of
16 different kinds of questions you might ask about the
17 characteristics of the installation, the purpose of producing
18 a single number for a ranking.
19 Next slide, please.
20 These are the kind of things we looked at in
21 capacity analysis. Each of the 27 sub-categories was
22 analyzed to make a determination of excess capacity, for

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purposes of deciding whether to proceed further with analysis of military value for those installations.

Next slide, please.

We have discovered, in the course of capacity analysis, that we had a good deal of excess capacity in the Department. The point that I want to make here is that the excess capacity is not evenly and smoothly distributed. It's lumpy.

Often, one finds that you're faced with choosing either to retain some excess capacity or, if you go the next step, you run into a deficit of capacity.

Next slide, please.

In the case of the shipyards, which is the illustrative example that I'd like to talk about, our capacity analysis indicated that we had substantial excess capacity in the categories listed here.

Next slide, please.

The findings of excess capacity led us, in the case of 19 of our 27 sub-categories, to proceed to analysis of military value. In the case of military value, as I said before, it is a very difficult process of taking a lot of yes-no questions, assigning to them weights and scores, and

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coming up with a single relative measure of the value of the installation.

Next slide.

This just illustrates further the military analysis process. Questions were developed which cover all of the areas and they were grouped into subject areas. You can see some of the kinds of questions and some of the subject areas for Naval shipyards illustrated there on the left. The numbers in the columns on the left-hand side refer to specific locations in the data calls for purposes of reference.

The Base Structure Evaluation Committee approved each of the questions that was assigned and, of course, their segmentation into categories and the like. The questions were then banded and you see on the left there -- by the way, these are not all the questions, by any means. This is simply illustrative.

But the questions were then banded, as part of a two-stage process of scoring a question. On the left, you see assignment to bands of relative importance.

Next slide.

Having decided on the questions and the importance

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bands, the next stage of the process involved assigning military value criteria weights. If you'll notice the columns labeled R, F, M, and C, those refer to the four criteria of military value:

Criterion 1, readiness and strategic value; Criterion 2, facilities; Criterion 3, mobilization potential; and Criterion 4, cost and manpower.

The BSEC decided, with respect to Naval shipyards, which of those criteria was more important, and assigned the weights that you see to them there.

Next slide, please.

And, having decided the weights, the questions were then scored within bands. For example, Band 1 ran from 10 to 7. Each one was assigned a particular score indicating its importance and a decision was made whether the question was relevant to the military value criterion that you see.

Having done all that work, a simple mathematical calculation assigned a number to each question. For example, if a Naval shipyard can answer the question that it drydocks a CVN or CV, it gets 1.94 points toward a cumulative military value score.

You'll note that there was judgment involved in

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deciding what questions to ask. There's judgment involved in scoring and weighting the questions. But, to this point, we have not referred to any particular installations. This is done without sort of peeking ahead to what the answer might be, and we don't plug in the particular installations until this is done and the BSEC is satisfied that these scores are not in violation of common sense.

Next slide, please.

Finally, the yes-no answers from the particular installations are plugged in and scores are derived from them. As you can see, in this particular example, the drydocks and cost and manpower factors and production workload yield different scores for the different installations. Once again, these are just illustrative.

Next slide, please.

Finally, the accumulation of all this leads to a single military value score for each installation. You'll notice here that the two major shipyards -- Norfolk and Puget Sound -- have scores well up into the 50s. The ship repair facility in Guam is considerably lower at 24; Pearl Harbor, 44.7; and Long Beach and Portsmouth are quite close but you'll note that Portsmouth Naval Shipyard is two tenths of a

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point lower than Long Beach in military value.

Next slide, please.

Now, military value is not the end of the process, by any means, nor do we simply do a simple cut by military value. The criterion for the Base Structure Evaluation Committee is not to maximize military value. It is to reduce excess capacity consistent with retaining average military value at least as high as going in and, therefore, a more sophisticated and powerful analytical tool is required to meet that criterion.

That tool is depicted here in the slide that says "Configuration Analysis." It comes up with an optimum solution that minimizes excess capacity while maintaining average military value.

Next slide, please.

It sounds, up to this point, as if there are a lot of black boxes here. There's the military value matrix; there's the configuration analysis linear programming model. But, in fact a considerable amount of professional judgment is exercised by the Base Structure Evaluation Committee as the process then develops, because we're talking about simply the beginning of the deliberative process.

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Next slide, please.

The configuration analysis gives us the basis on which to develop what are called scenarios. That is, if there's a configuration analysis that suggests a set of bases to be closed, the BSEC then reviews a number of options for closure and develops scenarios that specify how the closures are to be implemented.

Next slide, please.

The scenarios, of course, set the stage for the analysis of return on investment by use of the DOD COBRA -- cost of base realignment action model.

Next slide, please.

In the case of the shipyards, the configuration model rules were that we would minimize excess capacity and maintain average military value. Those were standard rules for all --

CHAIRMAN DIXON: May I interrupt you for a minute, Mr. Secretary?

MR. PIRIE: Yes.

CHAIRMAN DIXON: My friend, the slide flipper, the one that you just took down on the left, I want to return to. Please save it.

Note - application of this tool did not identify Louisville as candidate for closure.

Note - Louisville not identified by NAVY for Scenario. Okay considered under JCSG-04.

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1 Proceed, Mr. Secretary.
2 MR. PIRIE: As I was going to say, the standard
3 rules for configuration models are to minimize excess
4 capacity and maintain average military value. For shipyards,
5 additionally, the rules are that nuclear work can be
6 accomplished only at nuclear yards and nuclear capacity can
7 be used to do both nuclear and non-nuclear work.
8 The configuration analysis produced an optimum
9 solution set that said close Portsmouth, Long Beach, and
10 Guam. You'll note that then reduced us to an excess capacity
11 there in the second column from the right of 1 percent,
12 fairly close, essentially zero.
13 Having done the configuration analysis, the BSEC
14 then proceeds to the selection of a closure scenario, and the
15 scenario data calls produce the cost of closure.
16 In the case of the shipyards, the BSEC decided that
17 1 percent was not an adequate margin of safety for excess
18 capacity in shipyards. The BSEC was mindful that we had
19 closed two nuclear shipyards in the '93 round, that the
20 Portsmouth facility represented a unique facilitized
21 capability to repair, refuel 688-class submarines, and the
22 decision was made to close Long Beach and the SRF Guam, but

What % ??

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1 to retain Portsmouth open.
2 In addition, the BSEC decided that the docks and
3 piers retained in the '91 closure of the Philadelphia
4 shipyard as mobilization and surge assets could be released
5 and that there was considerable industrial depot type work
6 being done at technical centers, particular Keyport, that
7 could be reassigned to the shipyard sector, which would
8 further reduce excess capacity in shipyards.
9 Next slide, please.
10 Economic impact analysis is the next criterion
11 required by the Secretary of Defense in the analysis of
12 closure actions. We looked at each of our closure actions
13 with respect to the economic impact. Here, you will see a
14 display relating to Long Beach.
15 Generally, we found that economic impact was not
16 overwhelming in any particular metropolitan statistical area.
17 Next slide, please.
18 Similarly, the impact on local communities,
19 particularly gaining communities, was analyzed to ensure that
20 that did not create difficult situations. Here, we have the
21 rackup for San Diego, which gained a considerable number of
22 activities, both puts and takes and, as you can see, the

Note - Review of NAVY's analysis numbers retain Louisville until "low" numbers are inputed into COBRA Model.

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1 judgment by the BSEC was made that this was not a significant
2 infrastructure impact to the community.
3 Next slide, please.
4 Environmental impact analysis was done of each of
5 the closure actions in the categories that you see there, and
6 no significant environmental impacts were identified for any
7 scenario.
8 Next slide, please.
9 We, throughout these actions, eliminated
10 substantial excess capacity, and this is just an exemplary
11 slide.
12 Next slide, please.
13 There are the numbers of actions and the
14 anticipated savings.
15 Mr. Chairman, in conclusion, let me add a plea
16 that, in your recommendations as you find them, we have found
17 in the implementation process that flexibility with respect
18 to the options of military commanders to assign forces to the
19 regions that they think best meet the imperatives that they
20 face is very useful, so that specificity of language does not
21 always serve that purpose.
22 To step back and take off my BSEC base closure hat

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1 and put on my installations a[illegible] environment hat for one
2 moment, when you have [illegible] it will be
3 responsibility to assist comm[illegible] to re-utilize the
4 properties that we will turn over to them.
5 Sensitivity toward wording the recommendations in
6 ways that allow us maximum flexibility to deal with the
7 communities and turn over the property in forms that best
8 suit their re-utilization needs would be very, very helpful.
9 Thank you, Mr. Chairman.
10 CHAIRMAN DIXON: I certainly thank you for your
11 remarks, Mr. Secretary, and the very useful charts, which are
12 helpful to us.
13 Mr. Charles Nemfakos has been around the process
14 long time. I'm personally acquainted with Mr. Nemfakos. Is
15 there anything you'd like to add, before we go to the line
16 questioning?
17 MR. NEMFAKOS: No, sir.
18 CHAIRMAN DIXON: We thank you for being here.
19 If my friend over there would put back on the
20 screen -- let me say to the witnesses that the Chair had the
21 obligation to ask all the questions last week because the
22 Senate had not yet confirmed my colleagues, so I'm not going

Page

1 to ask very many questions today. My colleagues will do the
2 questioning.
3 They have asked me to begin with a certain type of
4 general question for each of the witnesses but, even before
5 get to that, because of the striking obviousness of this, I
6 am compelled to ask you, Mr. Secretary, that when one looks
7 at this, one sees that, albeit by a very small amount, but at
8 least clearly on your chart, Portsmouth, at 37.8, is even
9 lower than Long Beach at 38.
10 If one talks, as we do here, about doing this on
11 the numbers, how do we justify closing Long Beach and leaving
12 open Portsmouth?
13 MR. PIRIE: As I attempted to point out, Mr.
14 Chairman, the military value ranking is not the end of the
15 process, indeed not even the beginning of the deliberative
16 process. It is simply one way of assigning measures to the
17 things.
18 Our objective here is to reduce excess capacity,
19 it's not to maximize military value. It is the configuration
20 analysis that identifies -- Mike, put up the configuration
21 analysis slide.
22 The configuration analysis slide identifies the

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1 opportunities for closure, which are then evaluated in
2 scenarios which establish the conditions under which they
3 would be closed, the receiving installations, and so forth.
4 and they are then analyzed for return on investment.
5 You can see, Long Beach is identified in all of the
6 analytical runs in the configuration model. The primary,
7 secondary, and tertiary runs are done in the following way
8 that the optimal solution is derived in the primary. Then
9 the model is told it can't use that solution, find another
10 one, the most optimal after that; and then the tertiary, in a
11 similar way.
12 Long Beach was identified in all three of the
13 configuration model runs. It is not a nuclear shipyard. It
14 is confined to strictly non-nuclear work. So it was chosen
15 before Portsmouth on the basis of being non-nuclear, of
16 having shown up in the runs of the configuration model in all
17 three of the runs, and simply as an asset that, if you're
18 weighing it, Long Beach against Portsmouth, Portsmouth was
19 more desirable, nuclear capability, and to be retained.
20 MR. NEMFAKOS: Mr. Chairman, just to amplify a
21 little bit, as Mr. Pirie suggested earlier, because of both
22 nature of the types of activi[illegible] being placed at

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1 Navy activities, the geographical necessity of coast and
2 coast arrangements, we determined, in the '93 round of
3 closure, that a simple racking and stacking mechanism would
4 not do justice to our ability to both evaluate the activities
5 and get rid of excess capacity.
6 The technique that we used in the '93 round of base
7 closure that was reviewed by the GAO and confirmed as
8 appropriate and that we have used again this time is a
9 technique that looks at the military value, because that is
10 the key ingredient, and then ensures that our average
11 military value for all activities of a sub-category remains
12 at least as good when we get through closing activities as it
13 was before.
14 So, more directly answering your question on why
15 Long Beach, why not Portsmouth, the answer is that, while the
16 Long Beach activity has, because of the nature of the kind of
17 work and that kind of thing, in terms of accumulating scores,
18 on a one-for-one basis, a .2 differential.
19 When one looks at our approach across all
20 activities, the average military value of our Naval shipyards
21 goes up over where it was in the start of this process and,
22 therefore, we have satisfied, we believe, the need to weigh

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1 military value. The military value for the subcategory
2 shipyards is better when we get through with this process
3 than it was going in.
4 ADMIRAL BOORDA: Mr. Chairman, if I might, may I
5 just add to Mr. Nemfakos' comments? In a very simple-minded,
6 sailor's way, let me simply say these are apples and oranges.
7 One is on the East Coast, one is on the West Coast; one
8 repairs surface ships, non-nuclear, the other does primarily
9 submarine nuclear work with heavy emphasis on refueling.
10 These are not the same things.
11 CHAIRMAN DIXON: Well, the Chair appreciates the
12 simplicity of your response and I thank you for it. A man
13 from Kankakee, Illinois, can easily put these things in
14 perspective, and we appreciate that, Admiral.
15 Now that we are down at the more simplistic level,
16 it will probably amaze everybody to understand that the Chair
17 did know that one was on the East Coast and one was on the
18 West Coast.
19 (Laughter.)
20 CHAIRMAN DIXON: I was up to that speed.
21 SECRETARY DALTON: If I might just add one other
22 thing, if I could, Mr. Chairman?

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1 CHAIRMAN DIXON: Mr. Secretary.
2 SECRETARY DALTON: That is, Portsmouth Naval
3 Shipyard was considered for closure. It is the only yard
4 which currently supports all our SSN688 class submarines.
5 where we do refueling, defueling. And we had closed two
6 nuclear shipyards in the BRAC '93 round of closure in
7 Charleston and Mare Island, and those considerations were
8 part of our decision-making, as well.
9 CHAIRMAN DIXON: I thank you, Mr. Secretary.
10 The obvious point of this, and I'll not belabor it,
11 because we'll return to it many times and our staff will be
12 visiting with you many times about it, and I do understand
13 what you're saying about the distinction between the two
14 places, because if you laid them down side by side, they
15 don't do exactly the same kind of thing for you and we
16 understand that.
17 But, obviously, the concern that we would have is
18 that a great many of us have been saying right along we're
19 not going to do a lot of add-ons to the detriment of the
20 country. So, quite obviously, when we lay these down side by
21 side and we look at the hard numbers and do the analytical
22 evaluation that's required doing that, obviously, when

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1 look at the numbers there, it's hard to justify, I would say
2 just on the numbers, without an other considerations, closing
3 Long Beach and keeping Portsmouth open.
4 I'm sure that you will be prepared to visit at
5 length with our Naval team chief and others, and staff
6 people, to satisfy everybody that everyone can be comfortable
7 with the decision process here. Nobody questions the fact
8 that you have to apply common sense judgment calls after you
9 have all the numbers. We do understand.
10 Now, let me simply ask these questions, and then go
11 to my colleagues. My colleagues have asked me to do this of
12 each of you before we get into the process, because it is a
13 matter that has been raised sufficiently often that we need
14 to do it in the course of getting to the ultimate facts here.
15 I'll start with you, Mr. Secretary, because you
16 were the first witness.
17 Mr. Secretary, did the Office of the Secretary of
18 Defense remove or add any installation closures or
19 realignments from your recommendations to the Secretary?
20 SECRETARY DALTON: No, sir.
21 CHAIRMAN DIXON: Mr. Secretary, did anyone in the
22 Administration instruct you not to place any specific

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1 installations on your list to the Secretary of recommended
2 closures and realignments?
3 SECRETARY DALTON: No, sir.
4 CHAIRMAN DIXON: Mr. Secretary, did the Office of
5 the Secretary of Defense instruct your service to place or
6 not to place any specific installations for closure or
7 realignment on your listed recommendations to the Secretary?
8 SECRETARY DALTON: No, sir.
9 CHAIRMAN DIXON: Mr. Secretary, did you or the
10 Office of the Secretary of Defense remove -- remove -- any
11 installations from the recommendations solely for reasons of
12 environmental or economic impact?
13 SECRETARY DALTON: No, sir.
14 CHAIRMAN DIXON: Now, in that connection, one is
15 compelled to ask further, in connection with the Navy's
16 statement in its book that -- where's the book? Thank you.
17 Mr. Secretary, Department of the Navy Analysis and
18 Recommendations, Volume 4, March 1995, Page 2. Staff is
19 concerned about this. Because of the large number of job
20 losses occurring in California and Guam, and DON decided
21 against recommending several closures that could otherwise
22 have been made, and so forth.

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1 Does that in any way stand at odds with your answer
2 to my question, sir? And please don't think we're picking on
3 you.
4 SECRETARY DALTON: No.
5 CHAIRMAN DIXON: We've got to have these things
6 analyzed, of course, and we need to ask them for the record.
7 SECRETARY DALTON: I don't think you're picking on
8 me at all. It's a very legitimate question.
9 In my response to your question, I thought you
10 asked did the Secretary or Office of the Secretary of Defense
11 ask me to remove anything from my list; and the answer to
12 that is no.
13 I decided to make some environmental impact --
14 excuse me -- economic impact decisions as it related to the
15 State of California and, in my final list, when I looked at
16 the overall impact of job loss of BRAC '93 and BRAC '95 --
17 and I'll be happy to present that for your consideration --
18 but when you combined what was being recommended for the
19 State of California with what had been done in BRAC '93, we
20 were looking at some 30,000 job loss in that state.
21 I asked our BSEC to go back and re-analyze, revisit
22 the State of California, and they came back to me and showed

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1 me the some $2 billion in savings over a 20-year period that
2 [illegible] realized from Long Beach. I decided to leave Long
3 [illegible]ch on the list of recommendations, but I decided, in my
4 recommendations to the Secretary of Defense, to remove some
5 other installations from that list, and I'll be happy to tell
6 you what they are, if you'd like to have those.
7 CHAIRMAN DIXON: First, may I intercede and say
8 that you are quite correct in suggesting that your answer was
9 perfectly accurate to my question and I thank you for
10 enlarging it by suggesting that it was your own individual
11 decision, not one brought to you either by the Administration
12 or someone in the Office of the Secretary of Defense, but
13 your own decision.
14 Is that what you're telling me, Mr. Secretary?
15 And, of course, the Chair has no problem with that. Would
16 you be kind enough to tell us, for the record, what that
17 decision was?
18 SECRETARY DALTON: Yes, sir. When I did review the
19 other installations involved, I decided not to recommend to
20 the Secretary that we close Naval Warfare Assessment Division
21 in Corona, California; the Supervisor of Shipbuilding,
22 Construction, and Repair in San Francisco; the Western

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1 Division Naval Facilities Engineering Command in San
2 Francisco; and the Fleet and Industrial Supply Center in
3 Oakland.
4 I made that decision after consulting with Mr.
5 Pirie, the Under Secretary of the Navy Mr. Danzig. I also
6 had discussions with Deputy Secretary Deutch and Assistant
7 Secretary Dr. Josh Gotbaum, that you visited with last week.
8 So I got input from a number of sources. The decision was
9 mine.
10 CHAIRMAN DIXON: I thank you very much, Mr.
11 Secretary. It's very helpful. And the staff people, of
12 course, will visit with you and your people about the
13 decisions that were made and we thank you for making it a
14 matter of record so that that can be evaluated. You're very
15 kind to do that.
16 Do any of the other four witnesses want to add to
17 what the Secretary has said in this regard?
18 (No response.)
19 CHAIRMAN DIXON: Then we'll pursue that later at
20 the staff level, and we thank you.
21 Now, then, if I may with you, Admiral Boorda, I
22 would ask you the same questions I've asked the Secretary

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1 and, without going into all of the detail, would your answers
2 be the same -- in other words, to try to establish here that
3 nobody influenced you either at the Secretary of Defense
4 level, the Administration level, or elsewhere, with respect
5 to these decisions.
6 ADMIRAL BOORDA: Yes, sir. My answers would all be
7 no. I had no discussions with anyone in the Office of the
8 Secretary of Defense. My recommendations were all to the
9 Secretary of the Navy and, in fact, I didn't discuss this
10 downstairs until we made our final recommendations.
11 CHAIRMAN DIXON: I thank you. General Mundy, would
12 that be your response, sir, under oath?
13 GENERAL MUNDY: It would, Mr. Chairman.
14 CHAIRMAN DIXON: I thank you, Commandant. Mr.
15 Secretary, would that be yours?
16 MR. PIRIE: Yes. My answer to all those questions
17 is no.
18 CHAIRMAN DIXON: And Mr. Nemfakos?
19 MR. NEMFAKOS: Yes, similar answer, Mr. Chairman.
20 CHAIRMAN DIXON: I thank you all. Now, we are
21 going to go to the question and answer period with my
22 [illegible] who will, in turn ask the questions as we go down

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1 the line.
2 We're going to start with Admiral Montoya, because
3 we believe that he would be in the beset position of any of
4 us in this panel to do a good job and, in recognition of his
5 distinguished career in the Navy, Commissioner Montoya is
6 going to begin our questioning this morning. Admiral
7 Montoya.
8 COMMISSIONER MONTOYA: Thank you, Mr. Chairman.
9 Secretary Dalton, gentlemen, good morning. I am delighted to
10 be among former shipmates and I think, in starting the
11 process, good friends.
12 (Laughter.)
13 COMMISSIONER MONTOYA: And, Admiral Boorda, I'm
14 delighted to personally congratulate you on becoming Chief of
15 Naval Operations. Mr. Chairman, this is a man I've known for
16 a long time, and he's a strong, strong man. The Navy is in
17 strong hands, but very soft hands -- a fine man.
18 CHAIRMAN DIXON: A Kankakee, Illinois man.
19 COMMISSIONER MONTOYA: Oh, is he?
20 CHAIRMAN DIXON: A Kankakee, Illinois man.
21 COMMISSIONER MONTOYA: Let me rephrase.
22 (Laughter.)

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1 ADMIRAL BOORDA: And I thought I wasn't going to
2 like this hearing. I love it.
3 (Laughter.)
4 COMMISSIONER MONTOYA: Admiral, I'm going to ask,
5 probably, a series of questions as my time permits, around
6 the issue of excess capacity.
7 The first question I'm going to ask is really the
8 umbrella question. When I think of the number 600, I
9 remember how long it's been since I was in the Navy, when we
10 were talking about 600 ships in lots of home ports. In
11 reading the reports -- and correct me if I'm wrong -- I note
12 that a couple of years ago we were thinking about 425 ships
13 by the year 2000 and now we're talking about 344 ships, a
14 reduction of some 20 percent.
15 Yet, in this particular BRAC, I see no reduction in
16 the Naval stations or activities that deal with piers. I'm
17 wondering if you have something else in mind for the future
18 or does this BRAC bring you in balance regarding that
19 particular excess capacity item?
20 ADMIRAL BOORDA: It's going to be hard not to call
21 you "Ben." Mr. Commissioner, I'm happy with where we are.
22 We closed a lot in earlier BRACs and we closed Naval stations

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1 in earlier BRACs. Now, I think we have it about right. We
2 cannot give up any more waterfront, any more pie space, any
3 more installations, and still take care of the Navy today and
4 have a reasonable ability to surge should things go
5 differently in the future.
6 So I'm very satisfied with the Naval station lineup
7 that we would end up with here.
8 COMMISSIONER MONTOYA: So you see this thing pretty
9 much the same for the force structure you see out the next
10 five years?
11 ADMIRAL BOORDA: 346 is the number that we are
12 looking for. That is also the bottom up review number. This
13 lineup would satisfy that number.
14 COMMISSIONER MONTOYA: Secretary Pirie?
15 MR. PIRIE: May I support CNO on that, Admiral
16 Montoya? We looked at closure of some Naval station piers at
17 Little Creek, the sub base New London and the sub base San
18 Diego. In no case did the closure really make ultimate
19 sense.
20 It would have left us in a position where we would
21 have virtually no surge capacity. And you recognize that we
22 do not have pier space to park all the ships in the United

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1 States Navy. We count on substantial numbers of them being
2 constantly deployed. So we're about as tight in piers and
3 waterfront spaces as we think it's prudent to be.
4 COMMISSIONER MONTOYA: Good. Before I yield my
5 time, would you just identify the three or four other major
6 excess capacity areas, Secretary Pirie? I think you
7 mentioned 19 that you had identified, but I wanted to focus
8 on three or four that you have in your mind that you might
9 have to deal with in the future, such as depots.
10 MR. PIRIE: Well, we have substantial excess
11 capacity in the training air stations.
12 COMMISSIONER MONTOYA: In the what?
13 MR. PIRIE: Training air stations, Admiral Montoya.
14 I believe that, after these activities outlined in these
15 recommendations are executed, depot capacity is probably no
16 more excess -- well, we'll have to see how that parses out.
17 But, because of the fact that we moved depot work out of the
18 technical centers that were being closed and into the
19 shipyards, I would be surprised if we have very substantial
20 excess capacity even in shipyards.
21 Charlie, what do you think?
22 MR. NEMFAKOS: I think there is modest excess

Depot work was move from tech centers to another tech center.
NSWC, LOUISVILLE (GWS Depot) to CRANE & NAWC, INDY (ELECT. MFG) to NSWC, CRANE,

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1 capacity in both shipyards and aviation depots, Admiral
2 Montoya.
3 I think you will see -- as the staff goes through,
4 Mr. Chairman, the record, as you indicated -- you will see
5 that there were specific reasons for retaining that, either
6 reasons dealing with being able to support fleet
7 concentration in an area where that particular depot happened
8 to be the only major industrial activity -- Jacksonville is a
9 classic example of that -- or in the context of, for example,
10 the Naval Shipyard, Portsmouth, where capacity turns on as
11 simple a manner as do we perceive the submarine threat to be
12 such that, instead of defueling and laying up 688-class
13 submarines with a lot of life left to them, we make, for
14 national security reasons, the decision to refuel those
15 submarines; and that, then, drives capacity.
16 So there is a modest amount of excess capacity
17 remaining, but it's there for specific reasons and it is
18 covered in the record, sir.
19 COMMISSIONER MONTOYA: Thank you very much, Mr.
20 Chairman.
21 CHAIRMAN DIXON: Thank you, Admiral. We will now
22 have General Robles question.

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1 COMMISSIONER ROBLES: Again, I'm trying to get
2 situation here, because we're sharing a microphone. I
3 welcome all of you this morning and I'm delighted to be a
4 green-suit guy talking to my good friends and colleagues in
5 the Navy and finding out a little more about their
6 activities.
7 Secretary Dalton, we had testimony last week from
8 the Secretary of Defense and other senior Defense officials
9 that the size of the list of recommendations to this
0 Commission was limited by the Department of Defense's
1 management ability.
2 Basically, what they said was: "We've bitten off a
3 lot in the three previous rounds. The amount of closures
4 that are contained in this '94 report are about all we can
5 handle without breaking the force."
6 To what extent were these considerations extant in
7 your determinations of just how much you could handle on a
8 closure, as opposed to truly getting at the excess capacity
9 that exists in the Navy and maybe going a step farther?
0 SECRETARY DALTON: Mr. Commissioner, we went
1 through an exhaustive, comprehensive, but, I think, very
2 professional process that we've described to you this

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1 morning. And the recommendations that were made by the BSEC,
2 we went forward with to our final recommendations, with the
3 exceptions that I have mentioned previously.
4 We think that we are cutting out the excess
5 capacity that we need to in this round and we think that it's
6 important that this be completed and that we have the chance
7 to combine it with the previous rounds of BRAC, those
8 closures, and implement those, and feel like that we will
9 have demonstrated the substantial savings that we've
10 mentioned.
11 I think that it's a good job. I think it's
12 thorough. Everything that we came forward with as a result
13 of the process, we have put on the list, with the exception
14 of the economic impact situation that I referred to in
15 California.
16 So the process was one that was as outlined, and
17 that's what we utilized. I think it was thorough and
18 comprehensive and I'm proud of the work that Department of
19 the Navy did.
20 COMMISSIONER ROBLES: So your answer, bottom line,
21 is managerial considerations, biting off you could chew, was
22 not an issue with respect to the Navy submission?

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1 SECRETARY DALTON: No, sir. The submissions that
2 we have made are as they were presented to me by the
3 Assistant Secretary for Installations and Environment. I
4 might ask if he would like to elaborate further on that. Mr.
5 Pirie?
6 MR. PIRIE: No, I think we did as mandated. We
7 reduced excess capacity to the extent feasible, consistent
8 with the kinds of criteria that you saw relating to what we
9 want left for the Navy base structure for the early 21st
10 century.
11 COMMISSIONER ROBLES: As a related question,
12 harking back to my days as the budget director, you said, I
13 think, in your opening testimony, that a lot of your
14 recommendations were based on the fact that you expected full
15 funding or to get the adequate budgetary dollars necessary to
16 do this.
17 Where were you expecting this full funding to come
18 from -- from your budget requests going forward and hoping
19 that they would be approved or from some special account or
20 from some external source?
21 SECRETARY DALTON: From the budget requests that we
22 have going forward. As I indicated in my statement, we're

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1 asking for some $3 billion in fiscal year '96 and fiscal year
2 '97 with respect to having the funds to close these bases.
3 It's imperative that those funds come forward.
4 There have been situations in the past when this --
5 I think with respect to the earthquake in California, these
6 funds, some of these funds were diverted for that purpose,
7 and that kind of thing, whereas that certainly was a tragedy
8 and needed to be addressed, I would hope that these funds
9 will not be used for purposes other than for which they are
10 specified in the future, because the recapitalization of the
11 Navy Department in the future depends on our ability to have
12 the savings that would come from this base realignment and
13 closure process.
14 We are counting on it. We are depending on it. We
15 are making decisions expecting that to happen, and it's
16 important that we realize those savings.
17 COMMISSIONER ROBLES: As a follow-up, I got the
18 general impression last week that one of the considerations,
19 at the Department of Defense level anyway, was the fact that
20 it takes significant up front costs to execute any base
21 closure, and we all know that. I remember the days when the
22 O&M account was usually the bill-payer to find the funds to

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Note - Due to Navy's combining NAWC, NOW $1 NSWC, consider the ROI is unknown for consolidation

do this.

Do you believe that you are constrained in any way, shape, or form? Could you have done, would you have done more if you didn't have to pay the high up front costs?

SECRETARY DALTON: No, sir. The answer to your question is no. I feel good about the fact that over 60 percent of the scenarios that we have put forward in this year's round of BRAC closure will have an early, immediate return, and, in some cases, 35 of those 62 are immediate, others within a four-year period. There are a few outside that. But we are emphasizing savings that occur early in the process in this round of BRAC closure and I think we will realize that.

So we did not decide to go less far or not to go as far because we were constrained by that process.

COMMISSIONER ROBLES: The final question before I pass it to one of my colleagues: I notice that the Navy's list contained a considerable number of redirects, more so than any other service. I guess I'd be interested, and all of us would be interested, in what factors went into determining which redirects you would propose?

Is it a function of maybe some past recommendations

for closures were wrong or the environment has changed dramatically since the '93 round or the '91 round? Exactly what were the overriding considerations?

SECRETARY DALTON: Mr. Commissioner, there were significant changes that had taken place since the BRAC '93 decisions were made. At the time of BRAC '93, we were looking at a Marine Corps, for example, that was going to be the size of 159,000. The bottom up review ended up with a Marine Corps of 174,000. So that was a consideration with respect to the Marine Corps.

But the redirects, as far as the Navy is concerned, had to do, in large measure, with aviation. At the time, the A6 was a significant aircraft in the fleet. It is now almost phased out, will be phased out by '97. We have about one-third fewer of our maritime patrol aircraft inventory. We have about 50 percent of the F-14s inventory today than we had in '93. Additionally, the number of F-18 squadrons have been reduced from that time.

So our aviation community is smaller and that afforded us the opportunity to have some redirects, for example, with respect to what originally was planned in moving from Cecil Field to other places, and that allowed us

to make the decisions that we made with respect to Oceana and single-siting the F-14s at Oceana in one place.

I think it would be a question of what has happened to the Navy Department since then, economies that we could realize as a result of that, and also, in some cases, giving us the opportunity to coordinate training activity in one location, and also saving significant dollars with respect to avoiding military construction.

I think that our redirects afford us the opportunity to save approximately a billion dollars in avoiding military construction as a result of those redirects.

COMMISSIONER ROBLES: Thank you, Mr. Secretary. My time is up. I yield the floor to the Chairman.

CHAIRMAN DIXON: Thank you very much, Mr. Secretary. I'm now delighted to recognize, for the next round of questioning, Mrs. Wendi Steele, a former distinguished staff member of BRAC, who probably knows more about the process than any of us. Mrs. Steele.

COMMISSIONER STEELE: Thank you, Mr. Chairman. Mr. Secretary, going back to quote the Chairman read earlier, regarding California and Guam being excluded. I was

wondering, one, how the threshold was established and did you take into [illegible] cumulative economic impact or was it based on your recommendations for this round alone?

SECRETARY DALTON: It did include a cumulative economic impact, and we did not use any thresholds.

COMMISSIONER STEELE: Secondly, were bases added to this list as substitute for bases that you mentioned that were not put on this list?

SECRETARY DALTON: No.

COMMISSIONER STEELE: Thirdly, how many Navy jobs would have been lost if those facilities had been closed and what savings did the Navy sacrifice to keep these open?

SECRETARY DALTON: In the case of the savings, the four California activities not closed involved the loss of approximately 1,720 direct military and civilian jobs. The one-time cost associated with these four actions totaled approximately $107 million and the annual savings were approximately $45 million.

COMMISSIONER STEELE: Thank you. We haven't gotten into this very in-depth yet. I believe some of the other Commissioners plan to. But regarding depots and inter-servicing, are you concerned that the Air Force's decision to

downsize all five ALCs might result in an increased per-unit cost which would discourage the Navy from future increases in inter-servicing?

SECRETARY DALTON: We think the inter-servicing makes sense. I think the Navy Department does a fine job with inter-servicing and with what we do with respect to exporting work. I think Mr. Pirie, I'd like perhaps for him to elaborate further on that.

MR. PIRIE: The Air Force made its decisions based on its own considerations, and I'm not in a position to comment on those.

We, as the Secretary says, in fact lead all services in inter-servicing depot maintenance-type work, but we do it on a fairly hard-headed basis. That is, we inter-service where it is advantageous to us in cost so that if the costs of any particular options go up, then they'll compete less well with out-sourcing or doing it in our own facilities.

COMMISSIONER STEELE: Thank you. Switching to shipyards, does your statistic that closing three shipyards would leave 1 percent excess capacity remaining take into consideration private sector capabilities on the East Coast

Note - Mr. Pirie stated earlier that 1% was not enough excess cap. for SHIPYARDS.

and the West Coast?

SECRETARY DALTON: We expect some work -- where we can take advantage of private sector use, we plan to. We think that makes sense. With respect to the 1 percent, I really don't -- I will ask Mr. Pirie if he will --

MR. PIRIE: No. That is strictly inside the Navy calculation. We do not look at private sector capabilities when doing the BRAC analyses.

COMMISSIONER STEELE: It was reported that the President told a New Hampshire audience that Portsmouth Naval Shipyard would likely not be closed. Did the President's public commitment in late January remove Portsmouth from further consideration?

SECRETARY DALTON: No.

COMMISSIONER STEELE: I figured we covered that, but I just wanted to double check.

Mr. Chairman, you had mentioned earlier that if Members of Congress had questions, that we would ask them on their behalf. We the received some questions from Congressman Underwood which I would like to ask on his behalf.

CHAIRMAN DIXON: Please do.

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COMMISSIONER STEELE: M[illegible] by DOD's own figures, the potential impact fo[illegible] in direct job loss is 10 percent of all existing jobs on Guam, with the possibility of impacting 25 percent of the total jobs in the economy. This is an incredible price to pay, the Congressman says, which would be intolerable to any stateside community. How did this economic impact factor lead to your decision or affect it in any way?

MR. PIRIE: The job loss in Guam is major. However, it may very well be overstated by those figures. A substantial number of those jobs are from the maritime prepositioning ships and other kinds of assets that are not necessarily people located and working in Guam but simply there on a transient basis.

Compared with the savings to be achieved and the fact that we still retain a major presence on Guam -- over 1,000 people at the NAVCOM stay; we left the hospital open; and in recognition of the fact that this was a pretty hard hit, we also kept the public works center open on Guam, which is normally a follower activity to the other things closed. However, Public Works Center, Guam also does work for Anderson Air Force Base, so we decided to leave that there,

as well.

Bottom line, yes, Guam was hit very hard, but we believe that the process was fair and we think that 10 percent probably overstates the magnitude of the hit.

COMMISSIONER STEELE: This question is my own, not the Congressman's, but I understand in the past that the government of Guam has discouraged the Navy from expanding near the airport. Did that influence the Navy's decision at all, regarding Guam?

MR. PIRIE: No, the decision was based on the factors that you've seen.

COMMISSIONER STEELE: Okay. Mr. Chairman, I yield back my time.

CHAIRMAN DIXON: I thank the distinguished Commissioner for her questions. The next person to question will be Mr. Al Cornella. Mr. Cornella.

COMMISSIONER CORNELLA: Thank you, Mr. Chairman. Good morning, gentlemen. Secretary Dalton, I'll address all questions to you and you may redirect them as you wish.

SECRETARY DALTON: Thank you.

COMMISSIONER CORNELLA: Secretary Pirie and Deputy Secretary Deutch recently testified before this Commission

that in the cross-service area, significant excess capacity will exist after BRAC '95 and will provide future opportunity for reduction. The message that more needs to be done in joint cross-servicing came through loud and clear.

In light of these statements, along with the rather small success that the cross-service groups had in getting the services to adopt their alternatives, do you think inter-servicing can ever be a successful means to eliminate excess capacity?

SECRETARY DALTON: Mr. Commissioner, we looked at all of the joint service suggestions that were presented to us and incorporated about 20 of the joint service suggestions. The ones that we adopted were the ones that demonstrated a positive return without impacting readiness or the Department's Title 10 responsibilities.

COMMISSIONER CORNELLA: Thank you. It is our understanding --

MR. PIRIE: Excuse me.

COMMISSIONER CORNELLA: Yes.

MR. PIRIE: May I add to that?

COMMISSIONER CORNELLA: Yes.

MR. PIRIE: Because [illegible] downgrades

Readiness & Title 10 are issues with the Louisville closure

the joint cross-service groups and so forth. We adopted a fair number of joint cross-service group suggestions. The closure of Long Beach was suggested by the Joint Cross-Service Group on Depot Maintenance; the closure of Naval Air Warfare Center Indianapolis and Naval Surface Warfare Center in Louisville.

In many cases, the joint cross-service groups, in the opinion of the BSEC, didn't go far enough. They asked us to move various kinds of work out of those facilities and into other DOD facilities and sometimes other Navy facilities. But in our case, in many cases, we simply opted to close them.

COMMISSIONER CORNELLA: Secretary Dalton, we heard testimony last week from Secretary Perry that the size of the list of recommendations to this Commission was limited by the Department of Defense's management ability to implement BRAC actions when they are added to those of previous rounds.

In view of the size of the 1993 list, how, if at all, did these concerns affect the Navy's 1995 recommendations?

SECRETARY DALTON: Mr. Commissioner, I saw those comments in the press and actually spoke to Secretary Deutch

Note: NAWC, IND was not a depot under the JCSG-DM analysis.

about them, asking him about that comment, because I thought they were inconsistent with what the Navy Department did and, in fact, I think he said that it really didn't apply to us.

In other words, what we had presented to -- my recommendations to Secretary Deutch, Secretary Perry were outlined this morning in terms of the process that we used, and were not influenced by that.

COMMISSIONER CORNELLA: Thank you. When a base has multiple functions and, as such, could fall under more than one installation category, it is our understanding that the base was ranked by each of its functions. In these cases, how did the Navy evaluate the military value of the installation?

SECRETARY DALTON: I'll ask Mr. Pirie to respond to that.

MR. PIRIE: Well, in each case -- for example, if a NADEP is on a Naval air station, the Naval air station and then the NADEP got evaluated. And, in the military value analyses of each installation is a section that speaks to is this installation host to someone else and does it do support for other kinds of activities.

COMMISSIONER CORNELLA: Secretary Dalton, in the

analysis of bases affected by several recommendations, COBRA is examining effects of the aggregate. In such cases, is there a way to determine the impact of each individual recommendation?

SECRETARY DALTON: I think the COBRA analysis is one that I think Mr. Pirie could speak to better than I could.

MR. PIRIE: The answer is, yes, we can have the staff back out those numbers for you -- the ones that you would like, Ms. Cornella.

COMMISSIONER CORNELLA: Thank you.

MR. NEMFAKOS: Just to expand, though, some of the scenarios, the analysis is interwoven, because there are moves that are interdependent. So, while some of the aggregations, Commissioner Cornella, can be broken down, there are certain ones that may not be able to be broken down because there are moves that one depends on the other, and so you can't do the analysis of half the move.

COMMISSIONER CORNELLA: Thank you. Secretary Dalton, last week Secretary Gotbaum described the method used by the services to create a military value ranking for each base and a category which was used to determine closure or

When NSWC, Louisville was split-up in scenario 012 to form different sites the cost of the pieces were developed.

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1 realignment choices.
2 Are there any circumstances where the Navy closed
3 to realigned bases which ranked higher than those bases not
4 included on the Navy list and, if so, please explain the
5 reason for not following the military value rankings.
6 SECRETARY DALTON: Mr. Commissioner, I think the
7 example that we used earlier with respect to Portsmouth and
8 Long Beach was a case where the military value was some
9 2/10ths of 1 percent different, and so we did not adhere 100
10 percent to what those numbers showed with respect to the
11 final military value analysis, and I think the example we
12 discussed with respect to Long Beach and Portsmouth reflects
13 that.
14 COMMISSIONER CORNELLA: Are there any similar
15 circumstances?
16 SECRETARY DALTON: I don't know of any others. Do
17 you, Mr. Pirie?
18 MR. PIRIE: There are some, and we will supply a
19 complete list for the record, Commissioner Cornella.
20 COMMISSIONER CORNELLA: Thank you.
21 MR. PIRIE: But the rationale, I think, clearly
22 applies to all. It's not simply a matter of just turning the

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1 crank and getting a military value number, it's a matter of
2 determining, with respect to the excess capacity that you
3 want to eliminate, how do you achieve a configuration that
4 retains average military value across everything that you
5 keep most effectively.
6 COMMISSIONER CORNELLA: Thank you, Mr. Secretary.
7 Secretary Dalton, the Navy recommendations include a long
8 list of redirects, and I think that was addressed partially
9 by Commissioner Robles.
10 What is the value of the military construction
11 costs eliminated by the redirects and are these costs based
12 on the 1993 COBRA analysis or the more detailed assessments
13 performed during implementation planning?
14 SECRETARY DALTON: As I recall, the overall
15 military -- and I will provide the answer precisely for the
16 record -- it was approximately $1 billion dollars in military
17 construction avoidance that resulted, savings resulted from
18 those decisions. I'll ask Mr. Pirie to elaborate further.
19 MR. PIRIE: No, I think that that's right, it's
20 about $1 billion, and the numbers are budget numbers. That
21 is, those are numbers in the Navy's budget or program as it
22 has been published.

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1 COMMISSIONER CORNELLA: Thank you. Mr. Chairman, I
2 yield the remainder of my time.
3 CHAIRMAN DIXON: Thank you very much, Commissioner.
4 Before I recognize the next Commissioner, may I do one
5 follow-up with you, Mr. Secretary? Getting back to Admiral
6 Boorda's earlier statement about keeping it simple, this poor
7 old Southern Illinois lad sure appreciates it if you can keep
8 it simple.
9 When you get right down to it, are you simply
10 saying to us that, notwithstanding that small --
11 infinitesimally small -- fraction of a percentage point
12 difference between Portsmouth and Long Beach, it boils down
13 to the fact that it's a nuclear submarine Naval shipyard out
14 there in Portsmouth? Is that what you're saying? Or is it
15 more than that? We'd like to get it as simple as we can.
16 MR. PIRIE: To keep it simple, it boils down to the
17 fact that it is a different kind of shipyard than Long Beach.
18 It's a nuclear shipyard, facilitized for 688-class
19 submarines. We believe that the work at Long Beach can be
20 done in a wide variety of industrial facilities on the West
21 Coast, whereas the kind of work that Portsmouth does can be
22 done at very few facilities.

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1 CHAIRMAN DIXON: Okay. Before I yield to my
2 friend, Commissioner Cox, just to follow up, there are five
3 military and national security value criteria and three
4 others. Since Portsmouth and Long Beach are relatively tied
5 on the five military, do any of the other three values come
6 into this at all? Is that too convoluted a question?
7 MR. PIRIE: No, I understand what you mean. The
8 analysis of environmental impact, economic impact, community
9 impact wouldn't have made any difference to either one of
10 them.
11 CHAIRMAN DIXON: Okay. I thank you. I'm delighted
12 to recognize a distinguished Commissioner in past rounds, a
13 wonderful lady. One wonders why one would return. But we're
14 honored by her return -- Mrs. Rebecca Cox.
15 COMMISSIONER COX: Thank you, Mr. Chairman and tank
16 you all for testifying today. I want to commend the Navy,
17 because I am well aware of the aggressive nature of the 1993
18 recommendations as well, and any concern that perhaps the
19 Navy isn't going as far this time, and your concern over the
20 costs to close I'm painfully aware of.
21 I want to ask you just one more question about the
22 $3 billion, because I thought you made a very persuasive case

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1 that it is important to the future of the readiness of the
2 Navy that that money be appropriated and spent.
3 Was the $3 billion requested by the Administration,
4 has that gone all the way through the budget process? Has
5 the entire amount been requested?
6 SECRETARY DALTON: Yes, ma'am. It is part of our
7 budget request for this year's budget and fiscal '96 and even
8 though we haven't submitted '97 yet, it's penciled in in
9 terms of how we plan to go forward with respect to next year,
10 as well.
11 COMMISSIONER COX: Are you expecting -- at least
12 earlier in the Base Closure Commission process there was some
13 thought that there might be dollars coming into the Defense
14 Department for some of these moves. Are you counting on any
15 dollars from closures?
16 SECRETARY DALTON: Ultimately, we're counting on
17 significant dollars.
18 COMMISSIONER COX: I'm sorry, dollars coming in
19 from selling land, from selling equipment.
20 SECRETARY DALTON: No, ma'am.
21 COMMISSIONER COX: No. Okay. Thank you. Let me
22 also ask you, because I was on the 1993 Commission, there are

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1 a few things that are different this time, obviously, in many
2 cases, because of the force structure or other reasons. But
3 I'd just like to walk through them so that I understand where
4 those differences came.
5 For example, in 1993, the Commission, after a great
6 deal of consideration and working with the Navy, believed
7 that the Navy would require two strike training bases to
8 accommodate the current and future pilot training rate, and
9 further found that the military construction for the T-45s,
10 the Navy's new intermediate and advanced strike training
11 aircraft which was completed, I believe at Kingsville and had
12 begun at Meridian, required two sites to support future pilot
13 training and, therefore, we recommended that Meridian be
14 maintained.
15 I wonder if you can tell me, is the Navy planning
16 -- you've now recommended closing Meridian -- are you
17 planning to conduct strike training at any other location
18 other than Kingsville?
19 SECRETARY DALTON: No, ma'am. There is on longer a
20 need for a second strike training air station.
21 COMMISSIONER COX: I wonder if you could just
22 outline for me what are the changes that lead you to that

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1 conclusion?
2 SECRETARY DALTON: Madam Commissioner, I referred
3 to the smaller number of aircraft and the various types and
4 categories. We had an additional air wing to consider at the
5 time of BRAC '93 as compared to BRAC '95. So I think just
6 the smaller number and bringing our force structure down to
7 the 346 ships, the 11 active carrier groups and 10 air wings,
8 those considerations that were part of our bottom up review
9 process led us to those conclusions.
10 COMMISSIONER COX: It's a force structure change
11 that ultimately allowed that?
12 SECRETARY DALTON: Yes, ma'am.
13 COMMISSIONER COX: On the same question, sort of,
14 but a different example, have you changed the criteria you
15 use to decide the military value? Has that been a change
16 since 1993?
17 The reason I ask, for example, Long Beach that you
18 had up there, in 1993, military value ranked differently at
19 that point. It ranked significantly higher than Pearl Harbor
20 and Portsmouth, and now you all have ranked it slightly above
21 Portsmouth and well below Pearl Harbor. Did the military
22 value change or what else changed?

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1 SECRETARY DALTON: I'll ask Mr. Nemfakos to address
2 that, since he was involved in both rounds and I was not.
3 MR. NEMFAKOS: Commissioner Cox, as you will
4 recall, in the '93 round of base closure, we had, for
5 example, large elements of military value devoted to quality
6 of life issues. You will also recall that we were
7 criticized, both by the Commission as well as Members of
8 Congress, for particularizing elements of our military value
9 to the type of installation that we were dealing with.
10 So you will, in fact, see, throughout the military
11 value matrices our taking those criticisms to heart and
12 making the necessary changes.
13 With regard to the industrial activities, for
14 example, we have a much smaller and much tighter military
15 value approach to quality of life issues, since they are
16 predominantly civilian industrial activities.
17 So you will see, in fact, changes as a couple of
18 things happy -- one, the refinements attendant to the things
19 that were suggested to us where we could improve the process
20 but secondly, also, with regard to force structure changes,
21 where activities before had value because they supported a
22 certain element of that force structure, now that element is

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1 no longer there and, therefore, they don't get the attendant
2 values.
3 COMMISSIONER COX: To put it in the Chairman's
4 terms, to keep it simple, generally -- there are probably a
5 lot of changes but, generally, the weighting may be of the
6 quality of life and, of course, any changes in the force
7 structure would be the two major reasons?
8 SECRETARY DALTON: Yes, ma'am.
9 COMMISSIONER COX: Okay. Sort of along the same
10 category, looking at some of your redirects -- White Oak, for
11 example -- you all have requested this time that the Navy Sea
12 Systems Command move mostly to the Washington Navy Yard
13 instead of to the Naval Surface Warfare Center in White Oak.
14 I assume that this is a cost issue as much as anything.
15 Is the cost of renovating the Navy yards for the
16 Naval Sea Systems Command less than the cost to renovate the
17 existing facilities at White Oak?
18 SECRETARY DALTON: Mr. Pirie, would you respond?
19 MR. PIRIE: Yes, it is. There is substantial
20 savings involved in that and there are substantial savings in
21 closing the White Oak facility itself. So we win both ways.
22 COMMISSIONER COX: For that same reason, is there a

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1 difference -- as I recall, and I don't remember the actual
2 numbers, it was actually not that expe[illegible]
3 Oak in 1993 -- are the budget numbers differe[illegible] now
4 you're closer to what the real costs would be, and are you
5 seeing that in other areas, a lot of your costs to move
6 higher than you expected?
7 MR. PIRIE: I'll ask the former deputy director of
8 Navy budgets and accts on my left to answer the question.
9 MR. NEMFAKOS: Well, as General Robles can tell
10 you, budgets do change over time. But no. I think, with
11 regard to White Oak, and I think with regard, for example, to
12 the movement of the nuclear training programs to Charleston,
13 what you see is the reality of how much is it that you need
14 to keep and what does it cost you versus something else.
15 In the '93 round of base closure, it was our view,
16 looking at the technical centers as well as to the total
17 number of people that needed to be housed, that we needed to
18 keep the White Oak activities. We're now two years further
19 down the pike in the budget cycle. The top line has gone
20 down. The amount of money that we have to spend in the
21 technical centers themselves has dropped appreciably.
22 We have a different understanding, if you will,

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1 appreciation of how much work needs to be done on the
2 technical side. The numbers of people in the systems
3 commands has continued to go down. So, in terms of how much
4 space you need to have to house those people, that's
5 adjusted.
6 And then, in the context of the redirect, for
7 example, from New London, the schools from New London going
8 to Charleston, it's a reflection of what the Commission felt
9 was appropriate in terms of keeping the submarine berthing
10 capacity in New London. We've taken that into consideration
11 in our calculations. And as you do them, you need a
12 different configuration of space.
13 COMMISSIONER COX: Just again, to keep it simple,
14 so I understand it, because the force structure has changed
15 and what we're attempting to do is not different but perhaps
16 now being handled in a different manner, you really can't
17 compare the '93 numbers to move to the '95 numbers?
18 MR. NEMFAKOS: Yes, ma'am.
19 COMMISSIONER COX: Thank you very much.
20 CHAIRMAN DIXON: Thank you very much, Commissioner
21 Cox. We appreciate that. I'm pleased now to recognize
22 General J.B. Davis for a round of questioning. Commissioner

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1 Davis.
2 COMMISSIONER DAVIS: Thank you, Mr. Chairman. I'd
3 like to join my colleagues in welcoming you. This is my
4 first time on this side of the dais and I like it a lot
5 better over here.
6 (Laughter.)
7 COMMISSIONER DAVIS: Again, keeping it simple, for
8 a simple fighter pilot from Nebraska, I'd like to ask one
9 question and, Mr. Secretary, you can divert it to anybody you
10 want -- hopefully not back to me.
11 (Laughter.)
12 COMMISSIONER DAVIS: I know the services were very
13 concerned that, if we didn't have this round of base
14 closings, that some of the money in the out years had already
15 been eaten. I'd like to congratulate the Navy for stepping
16 up to the process, because you surely have.
17 SECRETARY DALTON: Thank you.
18 COMMISSIONER DAVIS: Given what you've done, will
19 you have to ask for additional appropriations to accomplish
20 your out year budgets or do you have sufficient?
21 SECRETARY DALTON: It's imperative that the cost
22 savings that we have requested in this roun[illegible] in

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1 addition to what will be realized from prior rounds of
2 closures, happen, and that we do realize the savings
3 these closures and, with that, we anticipate that we'll be
4 able to do the recapitalization and take care of our people
5 in the out years.
6 COMMISSIONER DAVIS: And you will have, clearly,
7 enough in your readiness account and your modernization
8 account?
9 SECRETARY DALTON: Yes, sir.
10 COMMISSIONER DAVIS: I thank you for that answer.
11 As I citizen who would like to be protected, I'm glad to hear
12 that.
13 I know the Navy and the Air Force has been talking
14 about integrating pilot training. That discussion has been
15 ongoing for years, and I think we're moving towards that. In
16 your decision, when you looked at Meridian Air Force Base,
17 was there any analysis done on combining training between
18 Meridian and Columbus Air Force Base, which are not too far
19 apart?
20 SECRETARY DALTON: General, the recommendation of
21 the closure of Meridian was probably the most painful for me,
22 personally, in that I've been there many times and was very

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1 impressed with what I have seen there, and it is a quality
2 facility. And, as I answered earlier, we did have to
3 recommend that it be closed based on the fact that we no
4 longer had the need for a second strike training air station.
5 However, because it is such a quality facility and
6 because joint training is a goal of working together with the
7 Air Force, in particular in our undergraduate pilot training,
8 we thought that it might, indeed, make sense to have Meridian
9 and Columbus working together with respect to that and we
10 requested that OSD consider that, along with the Air Force,
11 and made that as part of our recommendation to OSD in our
12 submission.
13 COMMISSIONER DAVIS: Thank you, sir. If I may turn
14 to depots, I know the Navy has, again, stepped up to the
15 process and closed depots. Considering the Navy's recent
16 decision to move the F-18 workload a bit, which has been
17 inter-serviced to the Air Force, back to the Navy, do you
18 have future plans for inter-servicing, and can you give us
19 some idea of why you moved the F-18 back? Was it lack of
20 timeliness, not cheaper to do it that way, et cetera?
21 SECRETARY DALTON: We believe in inter-servicing,
22 General Davis, where it can be achieved and where it is both

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1 cost-effective and from an operational point of view makes
2 sense and, as I think was pointed out by Mr. Pirie, we
3 probably do more inter-servicing work than anyone, and where
4 we can achieve cost effectiveness and meeting our operational
5 considerations, we will.
6 I might ask Admiral Boorda if he would like to
7 speak to the decision with respect to the F-18s.
8 ADMIRAL BOORDA: In my backup to prepare for today,
9 I had a figure of 26 percent of our work is done in other
10 services' facilities, and we are doing a lot of -- I don't
11 know the corresponding number of their work done in ours, but
12 I would assume it's probably pretty close. That's
13 significant.
14 We have downsized our depots to what I consider to
15 be the minimum now. We have one on each Coast and one Hilo
16 facility. You can't get a lot smaller than that.
17 With respect to the Air Force doing work on F-18s,
18 and that work going back to North Island, that was purely
19 economics. It is cheaper and the aircraft are returned to
20 service more quickly, and that decision was made just as it
21 would have been made between a public and private
22 competition. It was made on the numbers and what

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1 taxpayer the best deal for the money.
2 COMMISSIONER DAVIS: Thank you, sir. If I might
3 have just one more minute, if I may go back to pilot
4 training, assuming a crisis occurs and we have to build the
5 air wings back up again, do you have a surge capacity,
6 Admiral Boorda, in this process?
7 ADMIRAL BOORDA: Yes. We will still have some
8 excess capacity in the way we're going, but I would like to
9 reiterate, or rather associate myself with what the Secretary
10 said. If we could find a joint use of the entire Mississippi
11 complex, that would be a good thing to do and it would create
12 some opportunities in the area you're talking about.
13 COMMISSIONER DAVIS: I know we'll get the data
14 eventually but, in the test evaluation area, we'd like to
15 work with your staff to try to come up with the rationale of
16 why you did what you did, along with the other services.
17 SECRETARY DALTON: Yes, sir. We'll be happy to
18 work with you.
19 COMMISSIONER DAVIS: Thank you, sir. Mr. Chairman,
20 I yield back.
21 CHAIRMAN DIXON: I certainly thank you, General
22 Davis. And now we'll have questioning by a distinguished

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1 businessman from St. Louis, my friend S. Lee Kling.
2 COMMISSIONER KLING: Thank you, Mr. Chairman. Mr.
3 Secretary, you and I have known each other for a long time
4 and worked together for a long time.
5 SECRETARY DALTON: Indeed, we have.
6 COMMISSIONER KLING: I respect your good work. I
7 would like to also say thanks for the good job you and your
8 associates are doing.
9 SECRETARY DALTON: Thank you very much, sir. I
10 appreciate that.
11 COMMISSIONER KLING: You stated that clearly excess
12 capacity remains, but it has been identified as peculiar to a
13 particular type of installation or it is being retained to
14 protect future flexibility.
15 Would you provide us with a list of where this
16 excess capacity exists and how much at each location?
17 SECRETARY DALTON: Yes, sir, Mr. Commissioner;
18 we'll be happy to do that.
19 COMMISSIONER KLING: All right. We'd appreciate
20 that. Going back to just -- we've asked the question so many
21 times about the funding that you brought up, or the lack of
22 funding, I might say. How much funding -- what I don't

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1 understand is, you said that you were not able to close as
2 many locations as you would have liked to have closed by now.
3 How much additional dollars are you missing to be
4 able to complete the work of the past or what you're short at
5 this time?
6 SECRETARY DALTON: Mr. Kling, I don't have that
7 number at my fingertips. I'd be happy to provide that. The
8 one example I cited was one in which dollars were diverted
9 from the --
10 COMMISSIONER KLING: The earthquake?
11 SECRETARY DALTON: -- BRAC closure kitty, if you
12 will, and prevented us from having some additional dollars
13 spent to effect closures since then that would have otherwise
14 occurred. But I don't know the dollars. Mr. Pirie, are you
15 aware of what the dollar amount is?
16 MR. PIRIE: No. We have had to delay some projects
17 and delaying projects simply delays the savings that you
18 expect to realize from them. We can provide you a detailed
19 list of what cuts were and what projects they impacted.
20 COMMISSIONER KLING: Has your budget request going
21 forward included not only what you are suggesting in this
22 round but to take care of what is needed from the past?

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1 MR. PIRIE: Yes, sir.
2 COMMISSIONER KLING: Thank you. Touching on the
3 cross-servicing aspect a little, which I know is a tougher
4 animal to get into, how much consideration was given to
5 merging medical facilities and hospitals with the other
6 services in areas where there are duplicate facilities and
7 excess bed capacity?
8 SECRETARY DALTON: Mr. Pirie?
9 MR. PIRIE: That is an ongoing process outside of
10 BRAC. I'll let Mr. Nemfakos talk to it, in his inimitable
11 fashion, in a moment.
12 Generally, we regard hospitals as follower
13 activities. We need hospitals in areas of major fleet
14 concentrations, major troop concentrations, and so forth, and
15 we need hospitals in some areas where civilian capacity would
16 be overtaxed if we put all of our people into the civilian
17 market. So there has been a substantial amount of
18 consolidation and cross-servicing going on in the defense
19 hospital establishment, and we have been part of that.
20 SECRETARY DALTON: Charlie?
21 MR. NEMFAKOS: I'll try to keep it simple by taking
22 the Commission back to what the '93 Commission did with the

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1 proposed closure of the Naval hospital in Charleston, where
2 the Commission felt, because of the total number of military
3 personnel that were being serviced in that particular
4 catchment area, the hospital should remain open as opposed to
5 closed, even though Navy active duty personnel were leaving
6 in large numbers.
7 The joint cross-service group approach this time
8 was exactly that approach, Commissioner, was to look at the
9 total number of people in a catchment area that needed to be
10 serviced and then do the analysis of what needed to stay or
11 go on that basis.
12 ADMIRAL BOORDA: Excuse me. I might just add,
13 because Charlie used the Charleston hospital as an example,
14 we have in Charleston right now -- and this is a result of
15 what we did in '93 -- a Navy commanding officer of the
16 hospital and an Air Force executive officer. The idea that
17 the services are working together to not have too much
18 capacity and make the best of what we have, Charleston is a
19 real good example of how to do that right.
20 COMMISSIONER KLING: In this round, were there any
21 hospitals specifically that would be taken down due to the
22 fact that they could merge with, or cross-service with one of

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1 the other services?
2 MR. NEMFAKOS: In the analytical approach, there
3 were Navy facilities that were identified to be downsized,
4 Commissioner, not to close completely. When we looked at, in
5 our own internal analysis, at those recommendations, the fact
6 that, for example, we were bringing additional active duty
7 military personnel into Corpus Christi did not necessarily
8 lend itself to supporting that particular conclusion.
9 The fact that, in Beaufort, South Carolina, the
10 ability to provide our active duty members with necessary
11 support is limited did not allow us to reach that same
12 conclusion. That was the extent of the Navy's involvement in
13 that particular area.
14 SECRETARY DALTON: Commissioner Kling, I know that
15 22 hospitals were evaluated and over 100 clinics were
16 evaluated in this process, so it something that we evaluated
17 closely and, as Mr. Nemfakos indicated, there was some
18 downsizing, but there were no closures in this area.
19 COMMISSIONER KLING: Mr. Secretary, was that across
20 service lines or was that only within the Navy?
21 SECRETARY DALTON: That's within the Department of
22 the Navy.

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1 COMMISSIONER KLING: Yes. And that's what I was
2 really just trying to ask, though, across service lines is
3 that done. Because, as we know, in the country there are
4 major mergers of hospitals, saving millions and millions of
5 dollars. Anyway, that was just a subject.
6 You also made a statement, Mr. Secretary, that you
7 intended to maintain a presence -- I'm talking about the
8 Reserve units -- in every state, and I guess I can understand
9 the good will that that maintains from that standpoint.
10 However, would there be additional major savings involved by
11 coordinating more of the Reserve units cross-state and/or
12 also having them work in consideration with the regular
13 units?
14 SECRETARY DALTON: Commissioner Kling, we find that
15 it's important to have a presence in every state. We use
16 Reserves for many things, and Reserves play an active role in
17 the Navy Department in a lot of areas.
18 One of those areas, in this past year, for example,
19 was in the area of recruiting. We asked our Reservists to
20 assist in recruiting. We had a difficult year in recruiting
21 because many people think, because we're getting smaller,
22 that we're not hiring and, indeed, we are. We need to

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1 recruit 100,000 sailors and Marines this year and next year
2 and the year after that with respect to our Navy Department,
3 and Reserves help us in that area.
4 So it is important for us to have representation in
5 each are, and I'd like to ask the CNO to comment on that, as
6 well.
7 ADMIRAL BOORDA: Naval Reserves are primarily prior
8 service people, or people with very special skills that we
9 need. For example, Seabees, that Admiral Montoya is familiar
10 with, we might hire them right out of the construction, or
11 recruit them right out of the construction population.
12 Because it's basically a prior service outfit, you
13 should see, as your staff does, the analysis, the rationality
14 between the demographics and where we have our Reserve
15 centers. So we put our Reserve centers where there are
16 Reservists of the right skill levels and quality for us to
17 have in our force.
18 It works out that you want to have those pretty
19 much throughout the country, and having one in every state is
20 not a problem. Our people do, in fact, go across state lines
21 all the time, and you will see, when we move -- there's a
22 good example in this BRAC. The South Weymouth closure will

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1 move some aircraft into Brunswick, Maine. Sixty-four percent
2 of the people live within less than 150 miles from Brunswick,
3 and so we'll be drilling there.
4 COMMISSIONER KLING: Thank you, Admiral.
5 SECRETARY DALTON: The Commandant would like to add
6 to that,
7 GENERAL MUNDY: I would just add emphasis to the
8 demographics aspect, Commissioner. Indeed, it's nice to be
9 represented in a variety of locations.
10 But now, correspondingly, while we have some units
11 that would fit that description that Admiral Boorda just laid
12 out for you, a lot of ours involve younger people and it
13 simply is a matter of being able to have a community from
14 which you can recruit within about a 150-mile radius, young
15 people that are in school or whatnot, that can come in and be
16 located there.
17 So there is some skill association to it, but there
18 is also the idea of just the availability of recruits.
19 COMMISSIONER KLING: Thank you, Mr. Chairman.
20 CHAIRMAN DIXON: Thank you very much, Commissioner
21 Kling. Now, ladies and gentlemen, the Chair recognizes the
22 hour is 11 O'clock. We haven't had a break.

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1 Now, I recognize how important each of you
2 obviously is to his own service units and so forth, and how
3 valuable your time is. May we impose for one more quick
4 round, please? Are you comfortable without having a break?
5 I find that breaks tend to take longer than we
6 anticipate and, if no one minds too much, and you would
7 indulge the chair, I'm going to shorten the question period
8 for each of my Commissioners to six minutes and we'll have
9 one more quick round.
10 I will conclude with a sort of a short series of
11 questions that have been given me by others and we'll have
12 you out of here in time for lunch, and I greatly appreciate
13 your permitting us to impose upon your valuable time. If
14 that's all right with you, we'll go ahead, and Admiral
15 Montoya will again question.
16 COMMISSIONER MONTOYA: I want to ask some questions
17 about what I consider to be the wild card in this whole
18 process, and that's the environmental issues.
19 If there's one area where that wild card plays
20 differently depending on who's got the deck at any point in
21 time, because of the legal issues both at the leaving
22 activity or the receiving activity, the issues around permits

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1 and impact statements and so forth, and then the cost issue
2 -- as you know, this will come up everywhere we go.
3 People will use this as a reason not to move or as
4 a reason not to go someplace else or will even use it as a
5 reason -- use the costs associated with that as a reason not
6 to move.
7 General Mundy, where appropriate, would you also
8 respond to this, so that we can have it on the record, to
9 these questions where applicable?
10 DOD policy has a statement that says that unique
11 contamination problems requiring environmental restoration
12 will be considered as a potential limitation on near-term
13 community re-use. Were any installations eliminated from
14 closure because of unique contamination problems?
15 SECRETARY DALTON: Who are you addressing that to,
16 sir?
17 COMMISSIONER MONTOYA: Either one.
18 Were any bases eliminated from consideration
19 because of unique contamination problems?
20 MR. PIRIE: No, sir.
21 SECRETARY DALTON: No, sir, that were not. There
22 were none.

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1 COMMISSIONER MONTOYA: And you have none this year,
2 so, General, that wouldn't apply to you.
3 The issue -- the fast track cleanup program which
4 was adopted by DOD some 18 months ago, my note says, that to
5 speed up cleanup, to speed cleanup on closing bases -- does
6 fast track help the Navy or the Marine Corps clean up faster
7 than it would otherwise?
8 SECRETARY DALTON: Commissioner, Mr. Pirie's title
9 is Assistant Secretary of the Navy for Installations and
10 Environment. I think he's the appropriate person to answer
11 that question.
12 MR. PIRIE: Therefore, I get the question. The
13 answer is, fast-track cleanup is a good thing and we are
14 doing well with it.
15 It turns out that, in the re-use business, that
16 when communities have an incentive to get their hands on the
17 property quickly, that difficulties with environmental
18 assessments and cleanups tend to fade away and the discourse
19 becomes much more pragmatic than ideological, and we come to
20 agreements and move on with it.
21 In fact, we're learning from BRAC situations things
22 about fast track cleanup that are assisting us in our other

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1 installations.
2 COMMISSIONER MONTOYA: General Mundy, any
3 experience yet with this process at El Toro, which I think is
4 on the list from before?
5 GENERAL MUNDY: Well, the costs associated with the
6 environmental cleanup are included in the funds that are
7 provided to us. There is a cost to cleaning up the
8 environment. I don't have any specifics to offer, beyond
9 that fact, I think.
10 COMMISSIONER MONTOYA: And it's not costing any
11 more or any less? Do you feel that this -- when you speed up
12 something, certainly in construction you pay a premium. How
13 do you feel about fast-track insofar as impacting your costs?
14 Any experience yet?
15 MR. PIRIE: Not enough to talk about. We can
16 provide you with explicit examples of the fast-track cleanup
17 programs that we have already implemented. I do not have the
18 sense that getting on with it makes it any more expensive.
19 On the contrary, when people have an incentive to get on with
20 it in order to re-use the property and get something else
21 going, they find ways to make cleanup work.
22 COMMISSIONER MONTOYA: One last question. Your

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1 extensive redirect list, was any of that driven by
2 environmental considerations that you've discovered since
3 previous BRAC decisions?
4 MR. PIRIE: No, sir, none of them were. We had
5 some cases -- for example, Lemoore is a non-attainment area,n
6 we would have needed emission reduction offsets to move the
7 F-14s into Lemoore. We succeeded in obtaining those from the
8 Air Force, from Castle Air Force Base. That was, I think,
9 the only close call.
10 So, essentially, the answer is that no
11 environmental considerations affected the redirects.
12 COMMISSIONER MONTOYA: Thank you.
13 CHAIRMAN DIXON: Thank you, Admiral Montoya.
14 General Robles.
15 COMMISSIONER ROBLES: Mr. Secretary, you mentioned
16 previously that part of the rationale, or one of the
17 benefits, I would say, of the redirecting process between the
18 '93 round and '95 round were substantial savings, and I
19 assume those substantial savings impacted heavily on your
20 overall economics for the '95 round.
21 Now, the question I have is, did you take the other
22 side of this? Because obviously, when there were some

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1 recommendations in the '93 round, there were savings
2 attributed to those recommendations and, as you reverse those
3 or change those, you have to offset those savings with the
4 savings for this new round. How did all that work out?
5 SECRETARY DALTON: Yes, sir, Mr. Commissioner. We
6 evaluated the previous recommendations and realized that some
7 dollars, if not expended, were in the process of being
8 expended, and recognized that that would be the case, but the
9 overall savings from the redirects outweighed those
10 considerations.
11 COMMISSIONER ROBLES: The second question, cross-
12 servicing. We've talked a little bit about cross-servicing,
13 and it was interesting.
14 I remember, even when I was still back in the
15 Pentagon, that we had an extensive review group, cross-
16 service study group. They made a lot of recommendations.
17 Yet, it appears that not many of the recommendations were
18 adopted by this particular BRAC round.
19 And being pragmatic, and understanding inter-
20 service rivalry and a lot of other things, this is not along
21 that vein. I just have a specific question.
22 I know for many years we've been talking about

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1 rotary aviation training, and I understand that one of the
2 recommendations of the cross-service group was that the Naval
3 Air Station Whiting Field, Florida be closed and that all
4 rotary wing training go to Fort Rucker. Yet, that did not
5 come out in your final recommendations.
6 Any rationale for why that wasn't done?
7 SECRETARY DALTON: Yes, sir. And we did review
8 that recommendation and found that, in terms of our aviation
9 training is for helicopters, it is different than what is
10 done between Whiting and at Fort Rucker.
11 We are training aviators to fly over water, to land
12 on ships. It does take different qualifications and
13 different training and it was our judgment that it made sense
14 not to do cross-servicing here and not to do that on a joint
15 basis.
16 But I would defer to either Admiral Boorda or
17 General Mundy, if they'd like to elaborate further on that.
18 ADMIRAL BOORDA: Let me simply say that, for the
19 Navy part of it -- and we train our helicopter pilots
20 together -- we're training to a different requirement. Were
21 we to move together, we would have to recreate Whiting Field
22 at Rucker, and the cost would not make sense.

1 We have a very different expectation for our
2 helicopter pilots.
3 GENERAL MUNDY: We probably are the closest
4 together in the green suit sense. And certainly, as you
5 know, Commissioner, during the Vietnam War, we trained some
6 pilots up at Rucker and that's worked out. They turned out
7 great.
8 Fundamentally, the Naval aviator, be he a sailor or
9 a Marine or a she, for that matter, needs the additional, for
10 example, instrumentation training. We train about 30 more
11 hours in instrumentation training because of the over-water,
12 bad weather need for operating our force.
13 For the Marine Corps, looking ahead, one of the
14 things that will drive us is the need to continue to be able
15 to have a pilot that is trained with basic fixed wing skills
16 and then becomes a rotary wing pilot.
17 The reason for that is, as we transition, beginning
18 in a very few years, into the V-22 aircraft, that amounts to
19 an airplane that takes off like a helicopter but then has the
20 characteristics of a fixed wing aircraft in flight at about
21 250 or 275 knots at extended ranges. So it's fundamentally
22 important to us to be able to continue to bring them up the

1 fixed wing track and then transition into rotary wing.
2 COMMISSIONER ROBLES: I understand that, and I
3 understand the complexity. Do either one of you see --
4 either Admiral Boorda or General Mundy -- that maybe down the
5 road, at least for the very entry level rotary wing part of
6 it, there will be some commonality of training at a central
7 site and then, for the unique aspects of carrier landings and
8 over-water --
9 ADMIRAL BOORDA: General, only if it makes
10 financial and people sense -- financial sense, in the case of
11 not having to go through all the simulator things we have to
12 go through in the instrument training; and people sense in
13 that we don't move people back and forth from one place to
14 another to do something we can do in one place relatively
15 quickly.
16 So I mean, it has to be financially attractive and
17 it also has to treat our people properly, and so far it
18 doesn't meet either of those tests nor does it fulfill the
19 requirements that the two of us have talked about.
20 COMMISSIONER ROBLES: One final question. Last
21 week, when the SECDEF was here, he briefed the interesting
22 proposal by the Air Force that it makes economic sense to

1 downsize five depots instead of closing one or two depots.
2 If it's so good, why d[illegible] service, the Naval service,
3 take that on and why did you come at it from a different
4 approach -- you and the Army, by the way.
5 SECRETARY DALTON: We closed 50 percent of our
6 capacity with respect to depots in the last round. And, as
7 Admiral Boorda has pointed out, we now have a fixed wing
8 depot on the East Coast, we have one on the West Coast, and
9 we have one helicopter depot now. That's really down to what
10 we need. We didn't have any reason to close another depot.
11 It didn't make sense for us to close another depot.
12 In terms of our general approach, it appears to us
13 that we've had better experience when we wanted to realize a
14 savings to actually make a closure as opposed to a
15 downsizing, but I don't really know the background or don't
16 know the analysis that the Air Force did. I'm sure that, in
17 their analysis, it made more sense to take the approach that
18 they took.
19 COMMISSIONER ROBLES: Thank you.
20 CHAIRMAN DIXON: I thank you, General Robles. Mrs.
21 Steele, please.
22 COMMISSIONER STEELE: Thank you. Mr. Secretary, is

1 it the Navy policy to perform carrier refueling overhauls at
2 Newport News, rather than at a public shipyard? If so, did
3 this have any effect on the Navy's shipyard recommendations?
4 ADMIRAL BOORDA: No. It is the Navy policy to look
5 at that work as it comes up and do it in the most cost-
6 effective way.
7 COMMISSIONER STEELE: Several Navy recommendations
8 move industrial and technical missions at smaller facilities
9 to shipyards in aviation depots. Were any similar missions
10 considered for relocation to Long Beach Naval Shipyard, such
11 as missions currently being performed at Marine Corps
12 Logistics Base Barstow?
13 GENERAL MUNDY: No, Commissioner Steele. The
14 Marine Corps logistics bases are rather unique in the way
15 that they operate.
16 They are multi-commodity logistics centers and they
17 do not provide, really, a depot function in the classic sense
18 of what a depot does but, rather, they are a direct support
19 agency located on each coast to provide, within one day,
20 direct support capability or response to rapidly deploying
21 forces that are on the go all the time.
22 There was no specific function that we do there

1 that seemed -- you know, we certainly compete the work that's
2 done there, as do the other depots, but we didn't have
3 anything to transfer, if that was the nature of your
4 question.
5 COMMISSIONER STEELE: Thank you, General Mundy.
6 Secretary Dalton, based on our staff's preliminary review of
7 your information, it appears that nuclear shipyard capacity
8 is approximately 40 percent in excess of needs. Yet, as we
9 all know today, we're only recommending the closure of one
10 shipyard at this point with no nuclear capability.
11 Would you like to comment on their inquiry
12 regarding those numbers? I know we've sort of beaten this to
13 death, perhaps.
14 SECRETARY DALTON: Commissioner Steele, we'll be
15 happy to provide additional information in terms of our
16 excess capacity in each of the areas, as was previously
17 requested, and feel good about where we are with respect to
18 the shipyards that we have and feel like we need the ones we
19 have kept.
20 But if there's specific further questions with
21 respect to the amount of excess capacity in each area, we'll
22 be happy to respond to [illegible]

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1 COMMISSIONER STEELE: Thank you. Did the
2 Department measure private [illegible] capacity?
3 ADMIRAL BOORDA: No, we did not.
4 COMMISSIONER STEELE: The Navy's detailed analysis
5 states that Portsmouth Naval Shipyard was removed from
6 consideration due to the possibility that the Navy might need to
7 to refuel more 688 class submarines while awaiting delivery
8 of a replacement class of submarine.
9 Does this mean the Navy is contemplating the
10 extension of the lives of some LA-class attach subs?
11 ADMIRAL BOORDA: That could well happen. We are
12 looking at -- and to keep the unclassified nature of this
13 hearing, I won't go into a lot of the detail -- we are
14 looking at the capability of the 43 other nations that are
15 building submarines and are buying submarines.
16 We are looking at the capability of former
17 potential opponents and doing that in a way that does not
18 consider intent as the only threat criteria, because intent
19 can change almost overnight. Capability remains.
20 So the potential to want to refuel more 688s is
21 real. I hope the world stays in such a state that we don't
22 have to do more of than we plan, but I think it's a good

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1 capability right now for us to have as a hedge.
2 I would like to follow up on something the
3 Secretary said earlier, and back him up and say that, as we
4 finish, we're very comfortable with the shipyard alignment we
5 have now. Geography is a part of this. We joked about it
6 earlier.
7 But you'll see that we end up with two public yards
8 on each coast, all capable of doing nuclear work, and we have
9 capability to work submarines now and carriers on both
10 coasts, if we end up this way.
11 COMMISSIONER STEELE: Thank you, Admiral. Thank
12 you, Mr. Chairman..
13 CHAIRMAN DIXON: Thank you very much, Commissioner
14 Steele. Commissioner Cornella.
15 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
16 In visiting with senior military officers over the past
17 several years, the information I have received is that the
18 military would kind of like to put the closures behind them
19 and move on with the things that they need to do.
20 With that in mind, I'd address a question to
21 General Mundy and Admiral Boorda, and I understand you can
22 only address the Department of the Navy, but were the

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1 services prepared to offer up what was needed to make this
2 the last closure round?
3 ADMIRAL BOORDA: The answer is yes. And, in fact,
4 we worked closely with the Secretary and with the staff, his
5 staff, as they did this. As Mr. Pirie described, the fleet
6 commanders in chief, the owners, operators of the equipment
7 and the bases came in, and had a full say. And we need to
8 save money, just like everyone else.
9 GENERAL MUNDY: Certainly, Commissioner, as
10 Secretary Dalton mentioned to you, the Marine Corps is in a
11 relative stabilizing mode right now. After having been
12 headed down, we planed off. So the basic structure that we
13 have right now supports the size Marine Corps that we have
14 and the capabilities, training functions.
15 Indeed, we still remain short of not only family
16 housing across our array of bases but about 14,000 bachelor
17 housing sites. So we don't have a tremendous amount of
18 excess capacity.
19 COMMISSIONER CORNELLA: Thank you. Secretary
20 Dalton, last week Secretary Perry told us that one of the
21 primary considerations, naturally, was the up front costs of
22 closing the installations. Now, I understand you

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1 correctly earlier that the up front costs were not a problem
2 in compiling the Navy's list this round?
3 SECRETARY DALTON: You did understand me correctly,
4 Mr. Commissioner. We are realizing our savings this year,
5 initial, one-time savings and our closure costs are about the
6 same. We end up with slightly additional savings up front in
7 the first year this time around. So that did not affect our
8 going further.
9 What we submitted to you is what we think should be
10 closed and realigned and did not have a problem with that as
11 far as the Navy Department is concerned.
12 COMMISSIONER CORNELLA: I also thought I heard some
13 admissions of excess capacity yet remaining. If that is the
14 case, then I would ask why? Not given the problem of up
15 front closing costs, why weren't those installations closed?
16 SECRETARY DALTON: I think that it is important for
17 the flexibility considerations, the surge capacity that the
18 CNO spoke to earlier. We live in an uncertain world and we
19 don't think it makes sense to get down to zero excess
20 capacity in each area.
21 COMMISSIONER CORNELLA: Thank you. Secretary
22 Dalton, the analysis for supply centers indicated that the

Surge capacity at the NSWC, LOUISVILLE doesn't seem to have been important for NAVAL GUNNERY a must in LITTORAL WARFARE

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1 center in Oakland was not closed because of concern over
2 eliminating additional civilian jobs. Why wasn't a similar
3 consideration given to the supply center in Charleston
4 considering the larger impact or large civilian job loss in
5 that area?
6 SECRETARY DALTON: Mr. Pirie, would you like to
7 comment on that?
8 MR. PIRIE: Yes. Looking strictly at this round,
9 Charleston is a substantial net gainer of jobs, and I think
10 that's probably the fundamental answer to that. The supply
11 enters are follower activities to major fleet concentrations
12 and the major fleet concentration in Charleston is departing.
13 COMMISSIONER CORNELLA: Secretary Dalton, the Navy
14 ranked six Reserve air stations and, of the six, Naval Air
15 Station Atlanta was ranked the lowest. Naval Air Station
16 Atlanta is not, however, recommended for closure because it
17 is located in an area that is demographically rich for
18 Reserve recruitment.
19 As a result, Naval Air Station Weymouth,
20 Massachusetts, despite receiving a higher ranking than the
21 Atlanta air station, was recommended for closure. Would you
22 explain the method used by the Navy to determine the relative

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1 value of a Reserve installation's geographic location with
2 respect to Reserve recruiting?
3 SECRETARY DALTON; I'm going to ask Mr. Nemfakos or
4 Mr. Pirie to address that question, please.
5 MR. NEMFAKOS: Commissioner, with regard to the
6 Reserve air stations, when we looked at Reserve air stations,
7 as the staff will see in the record, the Reserve air station
8 that we looked to close was, in fact, Atlanta and only
9 Atlanta.
10 We determined not to close Atlanta because it is a
11 demographically rich area that can support the air reserves
12 there. As a matter of fact, in the final analysis, we
13 heavied up the number of assets that were in Atlanta and also
14 jointly based assets at Dobbins, with the Air Force, in order
15 to take advantage of that.
16 The closure of South Weymouth was not as a result
17 – the recommendation to close South Weymouth was not as a
18 result of an analysis of the Reserve air stations and taking
19 the one that had the lowest military value. Rather, it was
20 our intent to be able to support retaining Brunswick, which
21 is a much more capable active base which can also, then,
22 provide the necessary support for the Reserve assets at South

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Weymouth.

So the tradeoff was made, essentially, in our process, not in the Reserve air station analysis but, rather, when we completed that analysis, then, as a mechanism of retaining Brunswick which, from the fleet commander's perspective, was a more prudent thing to do.

ADMIRAL BOORDA: Brunswick remains now the only base -- operating maritime patrol base -- which gives you the window into the North Atlantic in cooperation with Keflavik, Iceland. It was the operating nature of that base that led me to recommend what we did to the Secretary.

COMMISSIONER CORNELLA: Thank you. Mr. Chairman, that completes my questions.

CHAIRMAN DIXON: Thank you, Commissioner Cornella. Commissioner Cox.

COMMISSIONER COX: Thank you. Mr. Secretary -- and not meaning to beat a dead horse, because we've mentioned cross-servicing many times before -- I want to ask you, in a sense, a personal opinion.

Coming out of, I think, a sense of frustration that, in 1993, there was very little inter-servicing done, the Commission made a strong recommendation that the Defense

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Department seriously consider cross-servicing and, in fact a great deal of work apparently was done by the cross-service groups, very little of which appears to have ended up in the final recommendations.

The concern that I have about that not only is are we not moving but we're making decisions that we might not otherwise make if cross-servicing were going forward. For example, you, yourself, mentioned that it might make sense to cross-service with Meridian and Columbus.

Nonetheless, you all have gone forward and recommended closing Meridian. It may be that, were a serious effort taken, we wouldn't close Meridian, we would cross-service it and we'd be closing something in another services area, and the Navy gets harmed, in a sense the country gets harmed in a sense, by closing the wrong base should we go forward.

We haven't been able to cross-service, even in the context of the Base Closure Commission. Nonetheless, Secretary Perry has indicated that they're moving forward. Do you believe that there will be significant cross-servicing without the incentive of something like the Base Closure Commission or some further incentive other than the Defense

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Department simply moving forward to do that?

SECRETARY DALTON: Well, the answer is yes. We are committed to jointness, to cross-servicing. As we train, it's evident; as we do operations, it's evident; when we've involved in war-fighting; and I think it's evident in what we're doing from an administrative point of view and with respect to some of the out-servicing that exists. As was pointed out, I think we do more out-service work -- some 26 percent that the CNO mentioned earlier.

So we are committed to jointness. It's evident in our acquisition planning, things like the JAST -- the joint advanced strike technology. Those kinds of things I think are clear that we think jointness or cross-servicing makes sense.

Every alternative that was suggested that we consider with respect to joint servicing was, indeed, considered and considered seriously, and many of those -- I think some 20 of the alternatives -- were, in fact, implemented.

COMMISSIONER COX: I guess I'm not so much concerned about the Navy or even the Air Force or any of the services' individual commitment to cross-servicing. It's

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when it gets to a point where that service, you can't do it by yourself.

SECRETARY DALTON: I think we are doing it, though. I think I could give you some examples, like Tinker Air Force Base in Oklahoma, like Corpus Christi, and I'm sure the CNO and the Commandant could give you additional evidence of that. But I think we are seeing it, and apparently it was not apparent in our report.

Rob, would you like to speak further to that?

MR. PIRIE: I think what I'm hearing from you is a view which may reflect a bias of the legislative perspective, that without the BRAC to force us to do this, that we're not going to do it.

I would, in fact, take the contrary view. BRAC makes it harder, rather than easier to do inter-servicing. Doing these things in the context of BRAC, we've got an irreversible decision that's sudden, one-time, all or nothing, is a really tough thing for a service to face up to.

Now, we've got a process going on outside BRAC where we're looking at the aviation depots and where the Secretary has agreed with Secretary Widnall that when the process is over and we've got our final configuration

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service-to-service, we will then look at creating either one or two joint depots between the Navy and the Air Force.

I think that's the right way to do this kind of thing. Deciding how you're going to get your industrial work done is a managerial process that should not be done with these great big "bang, bang" mechanisms like BRAC.

COMMISSIONER COX: That's very helpful perspective. Thank you. A couple other questions on White Oak. You've recommended the complete closure of the Naval base that at White Oak.

Does that mean the Navy no longer needs the test facilities, including the wind tunnel, which I know we discussed at some length last time?

MR. PIRIE: The Navy does not need that test facility.

COMMISSIONER COX: The Navy does not? Do you anticipate that DOD or any other federal agency would take over those facilities?

MR. PIRIE: In accordance with the rules of disposal, if they wish to do so, they have first call on the facilities and it would be possible for them to put a fence around the part that they want.

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COMMISSIONER COX: To do that?

MR. PIRIE: We hope that they will work carefully and considerately with the community's re-use authority to make best use of the property as a whole.

COMMISSIONER COX: Right. Secretary Dalton, it appears the Navy ran a consolidate cost of base alignment COBRA on the Naval warfare center in Indianapolis and the Naval surface warfare center in Louisville. Were the closure decisions based on the combined COBRA and not on individual assessments?

SECRETARY DALTON: Yes, ma'am. The final decisions were based on COBRA analysis and the authorized information. We did, in fact, consider information that was provided to us by the Mayor of Indianapolis and I know that Mr. Pirie and Mr. Nemfakos read that recommendation. Our final decision, however, had to use the authorized information that was part of COBRA.

COMMISSIONER COX: You looked at it on a combined basis or did you look at them each individually?

MR. PIRIE: This is one of these cases that Mr Nemfakos was talking about where the decisions really interacted with each other so that they are very closely

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This doesn't make any sense at all.

It appears that re-use & privatization consideration have been ongoing for some time. Perhaps even before the analysis.

1 associated. And, since that's his idea, I'll let him explain
2 it.
3 COMMISSIONER COX: good.
4 MR. NEMFAKOS: I told my dog and my dog told his
5 tail. Commissioner Cox, as we looked at each of the
6 activities, we looked at costing of the activity itself and
7 so, proceeding further with the scenario in the Base
8 Structure Evaluation Committee, looked at individual
9 activities as we went through and as the staff will look in
10 the deliberative record, they'll see that.
11 However, when going to the final recommendation
12 that we sent forward, because there's work moving
13 interdependently, all the costs have been put together, but
14 we can break those apart for you.
15 COMMISSIONER COX: Would you be willing?
16 MR. NEMFAKOS: Yes, ma'am.
17 COMMISSIONER COX: That would be helpful. Did you
18 consider either the option of privatization in place or some
19 sort of private-public partnership, I know, was discussed in
20 1993. Did you all look at that issue?
21 MR. PIRIE: We had those proposals before us. It's
22 not because they didn't contain certified data and contained

1 cost estimates of uncertain lineage. The BSEC was not
2 authorized to take those into account. Mr. Nemfakos and I
3 looked at the possibilities.
4 There are attractive possibilities for re-use,
5 which is why I raised the point at the end of my testimony
6 that I hope that the Commission will be sensitive to
7 recommendations that give us the maximum flexibility to work
8 with the community re-use authorities to effectively re-use
9 the property for the benefit of the community.
10 COMMISSIONER COX: So, even in a public-private
11 type of partnership, you would see that happening through the
12 re-use process and that it could happen through the re-use
13 process?
14 MR. PIRIE: It could very definitely be part of the
15 re-use process. It can't be part of the BSEC analysis.
16 COMMISSIONER COX: Thank you. Mr. Chairman?
17 CHAIRMAN DIXON: Thank you very much, Commissioner
18 Cox. Commissioner Davis.
19 COMMISSIONER DAVIS: Secretary Dalton, in 1993, the
20 Commission closed – El Toro was closed and Cecil Field. And
21 again, you've covered this very well. But can you sort of
22 give us the philosophy of what changed, why you're sort of

1 reopening El Toro and re-opening Cecil Field? Or is that
2 incorrect?
3 SECRETARY DALTON: We are not reopening El toro nor
4 are we reopening Cecil Field.
5 COMMISSIONER DAVIS: All right, sir. If I may, I
6 asked you for the data. If I may ask you a philosophical
7 question, why didn't the Navy move some of its high-
8 performance aircraft testing – and you'll see the bias here
9 in a minute – to Edwards Air Force Base as recommended by
10 the joint cross-service group? Philosophical, sir. I'll get
11 the data later.
12 SECRETARY DALTON: Well, General, as I indicated
13 earlier, we considered every one of the cross-servicing
14 recommendations. Some we, in fact, acted on; others, we did
15 on. With respect to the specifics of that, I'll refer you to
16 Mr. Pirie or Mr. Nemfakos.
17 MR. NEMFAKOS: General, as you know, probably, in
18 the 91 round of base closure and then further consolidated in
19 the '93 round of base closure, the Navy went to a relatively
20 extraordinary length in consolidating both laboratory and
21 test and evaluation activities in certain locations. China
22 Lake, therefore, was one of the activities that became a

1 relatively large, conglomerate laboratory [illegible] activity.
2 As we looked at some of [illegible]
3 alternatives that dealt with moving piece[illegible] and, in
4 some cases, pieces of workload of less than [illegible] man years of
5 effort, they did not, in fact, result in a base closure in
6 the context of our being able to close down a base, get rid
7 of the infrastructure, stop taking care of things.
8 Those kinds of moves did not pay off financially.
9 So what you see before you in our recommendations are those
10 joint working group alternatives that fit within our overall
11 structure and paid off, because we were able to actually
12 close something down, get rid of the CO, get rid of the
13 guards, stop paying money to take care of buildings that now
14 had a little bit less work in them but still would have to be
15 maintained and taken care of.
16 So I think that's philosophically what you'll see
17 in the Department of the Navy's recommendation's, sir.
18 COMMISSIONER DAVIS: Thank you very much. That's
19 why I asked for the data, so we can have the staff look at
20 it.
21 But, on the other side of the coin, the Air Force
22 decided to close some things out at Eglin Air Force Base and

To date this has not been received.

1 move them to Nellis. One would ask, and I'm sure your data
2 will show, why didn't they consider China Lake? And I'll ask
3 them that question this afternoon.
4 But the question I have, really, for you all is,
5 can China Lake handle it if the Air Force was capable of
6 moving it there?
7 MR. NEMFAKOS: Well, sir, I think the issue is what
8 is it that's being moved. And that's always going to be a
9 problem when you're looking at moving workload around. So I
10 don't think anybody can give you an answer today on what
11 needs to be moved.
12 I would note that China Lake, I think, is probably
13 at less than half of the employment levels and throughput
14 that it was years ago which, of course, is pretty much the
15 case with most of our industrial activities. If you look at
16 our shipyards, we have, in fact, over the years, downsized in
17 place through RIFs and other mechanisms in order to match
18 workload.
19 So I think the real answer is, more work than is
20 currently going on has been done at places like China Lake.
21 The issue is what is the work that's to be moved.
22 COMMISSIONER DAVIS: Well, I assure you that that's

1 one of the things I want to look at very carefully, because
2 once you disestablish ranges and testing facilities, it's
3 very difficult to get them back in case of emergency.
4 ADMIRAL BOORDA: I might add that a lot of my
5 thought on this was not driven by the numbers but by the
6 irrevocable loss of air space where you can do things you
7 can't do anywhere else in this country; and I know you
8 understand that well.
9 COMMISSIONER DAVIS: Thank you. Thank you, Mr.
10 Chairman.
11 CHAIRMAN DIXON: Thank you very much, Commissioner
12 Davis. Commissioner Kling.
13 COMMISSIONER KLING: Thank you, Mr. Chairman. Just
14 two questions. Secretary Dalton, did the Navy review any of
15 the lease and sale offers made by building owners in Crystal
16 City and, if reviews were made of these offers, why were they
17 not accepted by the Navy?
18 SECRETARY DALTON: Commissioner Kling, yes, sir, we
19 did review presentations made to us with respect to Crystal
20 City and found that they were not in the Department of the
21 Navy's best interests and, therefore, did not change the
22 decisions that were made [illegible]

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COMMISSIONER KLING: Sounds like a good answer to me, Mr. Secretary.

Lastly, not to beat the subject to death again, but let me just ask this question. Following the recision in the fiscal year '94 funds for base closing activities, the Navy essentially borrowed funds from the Army and the Air Force and that was to meet its needs during fiscal year '94.

In fiscal year '95, will the Navy pay back the other services, number one? And the funds were not included in the fiscal year '95 appropriation, I don't believe. What impact will this payback requirement have on the Navy's ability to implement previous closures?

SECRETARY DALTON: Commissioner Kling, I will be delighted to once again give to Secretary Widnall and Secretary West the IOUs we've given them at prior times. No, sir, I don't know of any funds that are "owed" from us to the other services.

COMMISSIONER KLING: So there was none borrowed?

MR. PIRIE: The other services had substantial unobligated balances, and so the actual obligation authority was available, so it was simply a matter of shifting the obligation authority from one year to the other. So it

sounds like a loan, but it really wasn't. We just got to spend faster than they did.

And, incidentally, it gives me the opportunity to say that we have obligated every penny of the money the taxpayers are giving us to do this job.

COMMISSIONER KLING: So, just to finish it out, you will not be repaying the Army or the Air Force for these funds?

MR. PIRIE: No, we will be repaying them.

COMMISSIONER KLING: You will be repaying them?

MR. PIRIE: Yes. Yes.

COMMISSIONER KLING: And those funds, have they been appropriated now to repay?

MR. PIRIE: They are on our request, yes.

COMMISSIONER KLING: Thank you.

CHAIRMAN DIXON: Thank you very much, Commissioner Kling. I'm going to summarize with a few questions, gentlemen, and again, I express the deep appreciation of everybody on this panel for your forthright answers to all of our questions and your cooperation in staying here all this morning for these important questions to be asked.

I'm going to ask a question from Senator Wendell

Ford of Kentucky now. In doing that, let me make this observation. I said the other day, I'm going to ask questions as they come to me from Members of the Congress, Members of the House and Senate.

I had a letter of criticism from a distinguished Senator because I asked a question the other day on behalf of the delegation from New Mexico, the other Senator taking the position that I had now favored one side, I guess, over the other in respect to this.

I do not favor any side over the other. We'll make these decisions on the basis of what we think is right. But, quite frankly, we want to give an opportunity to Congressmen and Senators who have been affected by a closure to ask a tough question here. The whole object of this thing is not to embarrass you folks, but to ask the really tough questions, because we've got to find those tough answers.

Again, I'm not a volunteer for this job. I'm drafted. If anybody in the office, the country, or the world would prefer to take this job, they're welcome to it. But, until such time as I can get out of this mischief I'm in, I've got to ask these questions.

Now, Mr. Secretary, when I ask these of you, I ta-

[illegible] that you don't have all the statistical analysis [illegible] just ask you for a general response to these [illegible]ions from the distinguished minority whip, Senator Wendell Ford of Kentucky, and then later, if you'd supply other answers, and we will see to it that the written questions are sent to you as well.

Senator Ford asks of you, Mr. Secretary:

In regard to Naval surface warfare center in Louisville, Kentucky, would you comment on the data used by the Base Structure Evaluation Committee to make the decision to place that facility on the list? I've heard the data call information forwarded to the Department of the Navy Crane Division and NAVSEA indicated the cost of moving the phalanx work currently being done at Louisville to Crane, Indiana, would be less than officials originally determined.

I also understand the discrepancies in those figures were brought to the attention of the inspector general, who conducted and audit and verified that, indeed, the figures submitted were not correct and the cost of moving the work to Crane, Indiana, would be higher than the figures given to the Navy's Base Structure Evaluation Committee.

Please comment on this information and we would

request that a copy of the inspector general's audit be provided to this Commission.

And, on behalf of the distinguished whip, I do make that request. Could you answer that, Mr. Secretary?

SECRETARY DALTON: Yes, sir, Mr. Chairman. We'll be happy to provide that information to you. We did hear of some concern expressed in terms of how the work was done at Louisville. We had the Navy Audit Service review it, and are satisfied with their review, and will be happy to make that available to the Commission.

CHAIRMAN DIXON: And if you would, please supply all of that information. And I hasten to add, I do not side with the two distinguished Senators from Kentucky against the two distinguished Senators from Indiana. I ask the questions so that the file will be replete with all the facts so that, when these eight Commissioners ultimately make their decision, we will predicate it upon facts.

SECRETARY DALTON: Yes, sir. We'll be happy to provide that.

CHAIRMAN DIXON: And the Senator further asks – Senator Wendell Ford of Kentucky, the distinguished minority whip asks:

Also, in the case of Naval Surface Warfare Center Louisville, how do you evaluate and justify splintering the current work being done by the Louisville work force of engineers and machinists, those places being Norfolk, Virginia; Port Hueneme, California; and Crane, Indiana?

Was not it the determination of an early BRAC Commission to not close the Louisville facility in order to keep the Navy's five-inch gun work and now phalanx work consolidated and centrally located to ship ports on both coasts of the United States?

SECRETARY DALTON: Senator, I think that there are a number of cases in which decisions that we made in the BRAC '95 process were indeed different than previous BRAC decisions that were made, but I think the circumstances have changed.

In the case of this specific issue, we have many fewer ships than we had then, and there were other considerations that led us to the final decisions that we made.

CHAIRMAN DIXON: Thank you, Mr. Secretary. Incidentally, I see a distinguished Congressman in [illegible] perhaps there are others. I see an old friend of

Note - CWS Report numbers driven low as CRANE & Norfolk bid bidding on this work.

Copy of Audit Report is critical to substantiating or making a case to remove Louisville from Closure List before the Commission

Note - Synergy is at the essence of what NSWC Louisville provides the NAVY in Gun Weapon Systems

Louisville needs to be removed from Tech Centers & aligned with Industrial Support activities.

Note - Littoral environment has placed greater role for Gun Weapon Systems in the 21st Century.

Still need guns on both coasts. New DDG class being introduced has guns.

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1 mine the [illegible] distinguished senior Senator from Maryland, others
2 [illegible]
3 [illegible] advise everybody that in June, after
4 we've visited all the bases and after we've had all the
5 hearings around the country, the regional hearings, we'll be
6 back here in the city for three days with Members of the
7 Congress, to ask us all the hard questions and to develop
8 finally this data to their satisfaction, before we make our
9 decisions.
10 Now, Mr. Secretary, it's important that I ask you
11 this question. Incidentally, may I express to all of you
12 again our profound appreciation? You've been very patient,
13 given us more time than we're probably entitled to, but we
14 appreciate the fact that you're doing this and it's helpful
15 to us in servicing these problems and doing the right job as
16 you want to do it for the country.
17 Mr. Secretary, given the limitations on the base
18 closure process by current Title 10 restrictions and the fact
19 that excess capacity will more than likely remain -- excess
20 capacity will remain -- after this last and final round under
21 the current base closure law, are you prepared now to say
22 what method you would recommend for consideration in future

1 base closure efforts or would you like time to do that?
2 SECRETARY DALTON: Mr. Chairman, I think that the
3 base closure process is a good one and I think that the law
4 that was established in 1990 and amended at that time was one
5 in which we essentially can take the politics out of a
6 difficult decision with respect to base closure, in that the
7 Congress has to vote up or down on the whole package after it
8 being presented by the President.
9 So I think the process makes sense. We support the
10 process. In terms of when another round of closures should
11 take place, if at all, I think that we would like to have a
12 few years to assess where we are, to see, indeed, can we get
13 where we expect to be with respect to what has been done in
14 BRAC '95 and previous rounds of closure.
15 I would think some three or four years from now
16 would be an appropriate time to reconsider another round of
17 BRAC closures. We will know better where we stand then. The
18 closures of '88, '91, and '93 will have hopefully taken place
19 by that time and be consummated, and we will be close to
20 effecting the closures in the BRAC '95 process. In many
21 cases, they will be complete, as well.
22 I think that having the opportunity to assess the

1 situation then, and look at the Navy Department at that time
2 and see how our situation may have changed, I think that
3 would be the appropriate time to consider that.
4 With respect to your position and your offering
5 yourself or anyone else to take the job that you and your
6 fellow Commissioners have taken, I just want to tell you how
7 important the job is that you do and let you know how much we
8 in the Navy Department appreciate your public service and
9 congratulate you on your recent confirmation this past week.
10 We pledge the complete support of the Department of
11 the Navy to provide you whatever information you may need,
12 additional staff work, additional criteria or the results of
13 our studies, make those available to you to assist you in the
14 process.
15 CHAIRMAN DIXON: Thank you very much, Mr.
16 Secretary. I appreciate your remarks. I would appreciate it
17 very much if your shop would work with us in connection with
18 the work we are doing to recommend to the Congress what
19 should be done with respect to a review of this at a later
20 date. Again, I hasten to add, not with another round in
21 1997. Not I'm suggesting that. I'm pretty sure everybody's
22 [illegible]

1 At the same time, I'm pretty sure that most of us
2 recognize the fact that there will be some excess capacity
3 there. We haven't been able to deal with all of it in this
4 round. I don't think we ought to deal with all of it in this
5 round, and I have said that repeatedly, including when I
6 presented myself before the Armed Services Committee for
7 confirmation and then before the Senate.
8 So we will thank you for working with us, Mr.
9 Secretary, as you have been so very cooperative, along with
10 your colleagues this morning. We thank you all.
11 I want to say to you, Mr. Secretary, and to your
12 colleagues, we'll have some follow-up questions in writing,
13 some detailed questions, both from the staff here and from
14 the Commissioners and some Members of Congress. I hope
15 you'll get the answers back to us as soon as possible for our
16 review and analysis, because we're going right ahead with our
17 hearings this month.
18 We're going ahead, incidentally, this month,
19 towards the end of this month and throughout April, on the
20 visitations to all the bases that are affected by this round
21 and then we are going to have our regional hearings. Many of
22 those have been selected.

1 Can you excuse me for a minute?
2 (A discussion was held off the record.)
3 CHAIRMAN DIXON: I want to say that we've pretty
4 well generally discussed where we're going to have major
5 hearings around the country within a day's drive of affected
6 bases. But some people were here – Congressman **Doggett
7 and the Mayor of Austin this morning, and others – inviting
8 us to come to Austin.
9 I just want to say to everybody, we'll always look
10 at their invitations. Obviously, there's a limit to how many
11 of these hearings we can hold, simply by virtue of the
12 limited ability of the Commissioners to go to all these
13 places. And then we'll be back here to the Congress
14 them beat us up in June and then we'll get, in apt tim
15 the President of the United States, the revised list.
16 I'm pleased to announce now that we're in
17 adjournment until 1:30 this afternoon, in this room, where w
18 will hear testimony from the distinguished Secretary of
19 Air Force and other people involved in that process. T
20 you very much. This morning's hearing is adjourned.
21 (Whereupon, at 1:30 p.m., a luncheon recess was
22 taken.)

1 AFTERNOON SESSION
2 (1:30 p.m.)
3 CHAIRMAN DIXON: Good afternoon, ladies and
4 gentlemen, and welcome. This is the second of four hearings
5 today and tomorrow at which the Commission is hearing from
6 and questioning the secretaries of the military departments,
7 their chiefs of staff and the directors of defense agencies
8 regarding proposed base closures and realignments that affect
9 their service or agency.
10 We are pleased to have with us today the Honorable
11 Sheila Widnall, the Secretary of the Air Force; General
12 Ronald Fogleman, the Chief of Staff of the Air Force; General
13 Thomas Moorman, the Vice Chief of Staff of the Air Force;
14 Major General J.D. Blume Jr., the Special Assistant to the
15 Chief for Base Realignment and Transition.
16 Before we begin with Secretary Widnall's opening
17 statement, let me say that in 1993, as part of the National
18 Defense Authorization Act for Fiscal '94, the Base Closure
19 and Realignment Act was amended to require that all testimony
20 before the Commission at a public hearing be presented under
21 oath. As a result, all of the witnesses who appear before
22 the Commission this year must be sworn in before testifying.

Document Separator

JOINT CROSS-SERVICE GROUP FOR DEPOT MAINTENANCE (JCSG-DM) BRAC 95 ALTERNATIVES

1. The JCSG-DM completed a comprehensive review of the following six optimization models for realignment and closure alternatives utilizing certified data and military values provided by the Services.

Optimizational Models

#1- Minimize Sites/Maximize Functional Value
#2- Minimize Sites/Maximize Military Value
#3- Minimize Excess Capacity/Maximize Functional Value
#4- Minimize Excess Capacity/Maximize Military Value
#5- Maximize Military Value/Maximize Functional Value
#6- Maximize Functional Value

2. The "best" results for the six Optimizational Model runs resulted in four of them having identical closure recommendations (See enclosure (1)). **NSWC, Louisville was not included in any of the four optimum runs.**

3. In that these four (#1, #2, #4 and #5) "best" Optimizational Model runs have identical results, the JCSG-DM combined them into a single alternative DM-1 (Minimize Sites/Maximize Military Value). The "best" Optimizational Model run for #3 was designated by the JCSG-DM as the second alternative DM-2 (Minimize Excess Capacity). Finally, because the "best" Optimizational Model run for #6 provided the least reduction in sites and capacity the JCSG-DM decided to delete it from further consideration. On 22 November 1994, the JCSG-DM forwarded the two alternatives DM-1 and DM-2 to the Services for analysis.

4. The "best" of the six Optimizational Model runs resulted in NSWC, Louisville remaining open in five of the six alternatives (See enclosure (1)) with additional 11.b. Weapon Systems workload moving to NSWC, Louisville. Also, it should be noted that alternative #4 (Minimize Excess Capacity/Maximize Military Value) is one of these five alternatives but has lost it's capacity significance when grouped into DM-1(Minimize Sites/Maximize Military Value) alternative. ONLY ONCE was Louisville identified for closure, but that alternative, #3, was designated as DM-2.

5. Enclosure (2) is a spreadsheet of all "SEA SYSTEMS", commodity group 11 workload and shows where smaller amounts (percentages) of workload could be integrated into the larger amount of workload currently being executed at NSWC, Louisville.

ATT (11)

JOINT CROSS-SERVICE GROUP FOR DEPOT MAINTENANCE (JCSG-DM) BRAC 95 ALTERNATIVES (con't)

6. Enclosure (3) is a spreadsheet of all "SEA SYSTEMS (GUNWEAPONS SYSTEMS)" commodity group 11.b. workload. It shows that NSWC, Louisville has the largest amount of 11.b. workload. It should also be noted that the NSWC, Louisville workload is **UNIQUE** "Gun Weapon Systems" workload. The original objective of the JCSG-DM was to move smaller amounts of 11.b. workload into a co-located, centralized industrial depot facility. NSWC, Louisville is the ideal Activity to co-locate this workload.

7. Enclosure (4) is the JCSG-DM meeting minutes of 21 Nov 94. Page 9 of enclosure (4) shows the optimization model run results which shows that NSWC, Louisville should be the "**recipient**" of depot workload, and not be closed, avoiding the costs of relocating the existing depot capability.

Document Separator

COBRA MODEL DATA ANALYSIS FOR SCENARIO 028Z

1. Scenario 028Z data inputs per enclosures (1) & (2) are not representative of NSWC, Louisville's "**certified**" input. Scenario 028Z data inputs were not made by NSWC, Louisville.

2. Scenario 028Z combined the COBRA Model Data inputs for NSWC, Louisville with other activities (i.e. NAWC, Indy) as summarized from COBRA data input sheets.

3. Enclosure (1) tabulates the combined COBRA data inputs as shown. The total Net Costs/Savings for Scenario 028Z is $26.78M.

4. Enclosure (2) removes the COBRA data inputs for NAWC, Indy; Pax River; and China Lake from scenario 028Z. With these inputs removed the total Net Costs/Savings for Scenario 028Z change from $26.78M to $63.857M.

5. Due to the fact that the MILCON figures of Scenario 028Z for NSWC, Crane ($19.115M) and NSY, Norfolk ($17.734M) are significantly higher than the requirements submitted during the BRAC 95 process, it appears that both these figures contain other requirements not related to the workload moving from NSWC, Louisville. Thus the Total Net Costs/Savings figures would be higher.

6. Enclosure (3) is a summary of the COBRA Model results, as reported in the BSAT/BSEC meeting minutes from 8 Dec 94 to 29 Dec 94. Also included are the "NSWC, Louisville Closure Exclusions" as stated in the BSAT/BSEC meeting minutes. It is not known how these costs can be excluded since they are strictly due to the proposed closing of NSWC, Louisville. **Without closure these costs would not be incurred.**

ATT (13)

COBRA Scenarios 028Z

Option Package	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
ROI Year	2 Years									
NPV in 2015($K)	-639883									
One-Time Cost($K)	179966									

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total One-Time Cost($K)	179965	57652	36953	26919	582	1170	56059	0	630	0
Total One -Time Savings ($K)	14737	14727	10	0	0	0	0	0	0	0
Total Net One Time C/S ($K)	165228	42925	36943	26919	582	1170	56059	0	630	0
Construction Milcon	23901	-14700	0	19115	582	1170	17734	0	0	0
Fam Housing	0	0	0	0	0	0	0	0	0	0
OM&N										
Civ Retire/RIF	6973	4622	2351	0	0	0	0	0	0	0
Civ Moving	65715	39629	26086	0	0	0	0	0	0	0
Other	21688	13230	8458	0	0	0	0	0	0	0
Mil Personnel										
Mil Moving	190	143	47	0	0	0	0	0	0	0
Other										
HAP/RES	0	0	0	0	0	0	0	0	0	0
Environmental	100	0	0	100	0	0	0	0	0	0
Info Manage	0	0	0	0	0	0	0	0	0	0
One-Time Other	46663	4	0	7704	0	0	38325	0	630	0
Land	0	0	0	0	0	0	0	0	0	0
TOTAL ONE-TIME	165230	42928	36942	26919	582	1170	56059	0	630	0

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total Recurring Costs ($K)	22774	457	0	10497	2920	5052	2863	164	68	753
Total Recurring Savings ($K)	161178	90141	71037	0	0	0	0	0	0	0
Total Net Recurring C/S ($K)	-138404	-89684	-71037	10497	2920	5052	2863	164	68	753
Fam House OPS	0	0	0	0	0	0	0	0	0	0
OM&N										
RPMA	-7618	-1981	-6080	443	0	0	0	0	0	0
BOS	-27136	-41351	-6942	9921	2920	4850	2589	76	68	753
Unique Operations	0	0	0	0	0	0	0	0	0	0
Caretaker	0	0	0	0	0	0	0	0	0	0
Civ Salary	-102606	-45150	-57456	0	0	0	0	0	0	0
CHAMPUS	0	0	0	0	0	0	0	0	0	0
MIL PERSONEEL										
Mil Salary	-1152	-691	-461	0	0	0	0	0	0	0
House Allow	-26	-350	-99	133	0	202	0	88	0	0
Other										
Procurement	-650	-650	0	0	0	0	0	0	0	0
Mission	457	457	0	0	0	0	0	0	0	0
Misc Recur	281	-13	0	0	0	0	294	0	0	0
Unique Other	0	0	0	0	0	0	0	0	0	0
TOTAL RECURRING	-138450	-89729	-71038	10497	2920	5052	2863	164	68	753

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total Net Costs/Savings	26780	-46801	-34096	37416	3502	6222	58922	164	698	753

ENCL (1)

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COBRA Scenarios (M) 028Z

Option Package	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
ROI Year										
NPV in 2015($K)										
One-Time Cost($K)										

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total One-Time Cost($K)	120561		36953	26919			56059	0	630	0
Total One -Time Savings ($K)	10		10	0			0	0	0	0
Total Net One Time C/S ($K)	120551		36943	26919			56059	0	630	0
Construction Milcon	38849		0	19115 *			17734 *		0	0
Fam Housing	0		0	0			0	0	0	0
OM&N										
Civ Retire/RIF	2351		2351	0			0	0	0	0
Civ Moving	26086		26086	0			0	0	0	0
Other	8458		8458	0			0	0	0	0
Mil Personnel										
Mil Moving	47		47	0			0	0	0	0
Other										
HAP/RES	0		0	0			0	0	0	0
Environmental	100		0	100			0	0	0	0
Info Manage	0		0	0			0	0	0	0
One-Time Other	48659		0	7704			38325	0	830	0
Land	0		0	0			0	0	0	0
TOTAL ONE-TIME	120550		36942	26919			56059	0	830	0

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total Recurring Costs ($K)	14345		0	10497			2863	164	68	753
Total Recurring Savings ($K)	71037		71037	0			0	0	0	0
Total Net Recurring C/S ($K)	-56692		-71037	10497			2863	164	68	753
Fam House OPS	0		0	0			0	0	0	0
OM&N										
RPMA	-5637		-6080	443			0	0	0	0
BOS	6445		-6942	9921			2569	76	68	753
Unique Operations	0		0	0			0	0	0	0
Caretaker	0		0	0			0	0	0	0
Civ Salary	-57456		-57456	0			0	0	0	0
CHAMPUS	0		0	0			0	0	0	0
MIL PERSONNEL										
Mil Salary	-461		-461	0			0	0	0	0
House Allow	122		-99	133			0	88	0	0
Other										
Procurement	0		0	0			0	0	0	0
Mission	0		0	0			0	0	0	0
Misc Recur	294		0	0			294	0	0	0
Unique Other	0		0	0			0	0	0	0
TOTAL RECURRING	-56693		-71038	10497			2863	164	68	753

	028Z	NAWC, Indy	NSWC, Lou	NSWC, Cr	Pax River	China Lake	NSY, Norfolk	NTC Gr. Lks	Watervliet	NSWC, PH
Total Net Costs/Savings	63857		-34096	37416			58922	164	698	753

* Milcon figures for both NSWC, Crane and NSY, Norfolk are high, it appears that Milcon figures include NAWC, Indy requirements.

ENCL (2)

COBRA Net Cost Summary Lou.

Option Package	012/013 Cls Lou	012A CR/Depot	O92 Rlgn Lou	028Z Indy/Lou
ONE-TIME NET ($K)				
Construction Milcon	73002	29218	73002	0
Fam Housing	0	0	0	0
OM&N				
Civ Retir/RIF	2330	891	2330	2351
Civ Moving	27264	12902	27264	26086
Other	8455	3310	8455	8458
Mil Personnel				
Mil Moving	63	0	63	47
Other				
HAP/RES	0	0	0	0
Environmental	0	0	0	0
Info Manage	0	0	0	0
1-Time Other	15019	45778	15019	0
Land	0	0	0	0
TOTAL ONE-TIME	126133	92099	126133	36942
RECURRING NET ($K)				
Fam House OPS OM&N				
RPMA	-2119	-969	-2119	-6080
BOS	-763	4912	-763	-6942
Unique Operations	0	0	0	0
Caretaker	0	0	0	0
Civ Salary	-58440	-1750	-58440	-57456
CHAMPUS	0	0	0	0
MIL PERSONNEL				
Mil Salary	-461	0	-461	-461
House Allow	13	0	13	-99
Other				
Procurement	0	0	0	0
Mission	0	0	0	0
Misc Recur	0	0	0	0
Unique Other	0	0	0	0
TOTAL RECURRING	-61770	2193	-61770	-71038
TOTAL NET COST	64363	94292	64363	-34096

* Note: Final Scenario 028 became Crane/Indy Scenario vice Louisville.

REPRODUCED AT GOVERNMENT EXPENSE

BSAT/BSEC COBRA RESULTS

DATE	DESCRIPTION	COST	SAVE	ROI YR.	SS SAVINGS	20 YR SAVINGS	EXCLUDED
	NSWC Louisville Submittal 012A/013A	$291M		101+ Yrs.			
8 Dec 94 BSAT	NSWC Louisville Scenario 012/013	$126M		6 Yrs.			$240M (Personnel & Tonnage)
	NSWC Louisville Scenario 028	$118.1M		11 Yrs.			$240M
	NAWC Indianapolis Scenario 028 -	$127.2M		4 Yrs.			
	Combined NAWC & NSWC, Louisville	$124.2M		3 Yrs.			
13 Dec 94 BSAT	Combined NAWC IND/LOUI ALT 2AB with NSWC, Louisville's 012/013	$248.3		3 Yrs.			$240M Louisville _____ Indianapolis
14 Dec 94 BSAT	Combined NAWC IND/LOUI ALT 2AB with NSWC, Louisville's 012/013	$254.8M		3 Yrs.			$195.45M Louisville _____ Indianapolis
22 Dec 94 BSAT	Combined NAWC IND/LOUI ALT B (Scenario 012A)	$199.1M		2 Yrs.	$71.0M	$649.5M	$240M
29 Dec 94 BSAT	Combined NAWC IND/LOUI ALT B (Scenario 012A)	$199.2M	$52.0K	2 Yrs.	$71.0M	$649.5M	$240M
1 Mar 95 Final Analysis	Indianapolis/Louisville	$178.4M	$14.7M	2 Yrs.	$67.8M	$639.9M	

ENCL (3)

12 December 1994

NSWC LOUISVILLE CLOSURE EXCLUSIONS

ACTIVITY	AREA	ITEMS EXCLUDED	COST EXCLUDED	REASON
NSWC LOUISVILLE	Disp. of Personnel	8 Civilian positions to NSWC Dahlgren	-	Duplicate of S. & T functions at Dahlgren
NSWC LOUISVILLE	1 Time Unique	Dismantle/Inspect Supply Equipment	$0.364M	Memo Item 1.
NSWC LOUISVILLE	1 Time Unique	Maintenance of Buildings/Structures/Grounds	$0.954M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Utilities/Maintenance	$2.25M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Refuse, telephones, janitorial	$0.201M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Environmental Cost of Closure	$6.669M	DOD Policy
NSWC LOUISVILLE	1 Time Unique	Mk 45/75 functional engineering models for Port Hueneme	$3.0M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	CIWS overhaul/LLTM	$48.6M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	Orientation of new CIWS personnel	$4.5M	Memo: Item 7
SUBTOTAL			$66.5m	
NSWC LOUISVILLE	Net Mission Costs	Depot transitional costs to sustain fleet/workforce readiness	$45.37M	Memo: Item 8
NSWC LOUISVILLE	1 Time Moving	Equipment teardown/recalibration	$13.2M	Memo: Item 1
NSWC LOUISVILLE	1 Time Moving	Prod. Supp. ADP Teardown/recall	$0.24M	Memo: Item 1
SUBTOTAL			$13.4M	
NSWC LOUISVILLE Port Hueneme	Billets/Force Structure	30 Billets covered by BRAC 91		BRAC 91
NSWC LOUISVILLE NNSY	Mission Costs	Increase costs due to stabilized rate.	$29.12M	Inconsistent with NAVSEA certified data.
NSWC LOUISVILLE NNSY	1 Time Unique	Certification of production processes and personnel	$12.5M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	TRS development	$18M	Salaried employees. Not additional cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS upgrade; ovhl	$0.9M	Overhauling not a closure cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS certification test facilities/program	$0.75M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	Retrain NNSY workforce	$7.9M	Memo: Item 7
SUBTOTAL			$85.1M	
NSWC LOUISVILLE Dahlgren	Misc Recurring Costs	Miscellaneous Recurring Costs	$0.96M	No People/No Costs
TOTAL			$195.45	

~~Encl (12)~~

Cost Categories Not Allowed

- General work performed by govt employees
  - 1) disassembly of equipment/test stations including cataloging & inventory
  - 2) inventory of equipment & material
  - 3) depot certifications
  - 4) documentation reproduction & development
  - 5) transition/coordination/management teams
  - 6) cost of procurement
  - 7) on the job training costs
  - 8) productivity loss/disruption cost
  - 9) duplication of facilities

NSWC LOUISVILLE CLOSURE EXCLUSIONS

ACTIVITY	AREA	ITEMS EXCLUDED	COST EXCLUDED	REASON
NSWC LOUISVILLE	Disp. of Personnel	8 Civilian positions to NSWC Dahlgren		Duplicate of S. & T functions at Dahlgren
NSWC LOUISVILLE	1 Time Unique	Dismantle/Inspect Supply Equipment	$0.364M	Memo item 1.
NSWC LOUISVILLE	1 Time Unique	Maintenance of Buildings/Structures/Grounds	$0.954M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Utilities/Maintenance	$2.25M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Refuse, telephones, janitorial	$0.201M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Environmental Cost of Closure	$6.669M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Mk 45/75 functional engineering models for Port Hueneme	$3.0M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	CIWS overhaul/LLTM	$48.6M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	Orientation of new CIWS personnel	$4.5M	Memo: Item 7
SUBTOTAL			$66.5m	
NSWC LOUISVILLE	Net Mission Costs	Depot transitional costs to sustain fleet/workforce readiness	$45.37M	Memo: Item 8
NSWC LOUISVILLE	1 Time Moving	Equipment teardown/recalibration	$13.2M	Memo: Item 1
NSWC LOUISVILLE	1 Time Moving	Prod. Supp. ADP Teardown/recall	$0.24M	Memo: Item 1
SUBTOTAL			$13.4M	
NSWC LOUISVILLE	Billets/Force Structure	30 Billets covered by BRAC 91		BRAC 91
Port Hueneme				
NSWC LOUISVILLE	Mission Costs	Increase costs due to stabilized rate.	$29.12M	Inconsistent with NAVSEA certified data.
NNSY				
NSWC LOUISVILLE	1 Time Unique	Certification of production processes and personnel	$12.5M	Memo: Item 3
NNSY				
NSWC LOUISVILLE	1 Time Unique	Special Support Functions	$45M	Memo: 6/9
NNSY				
NSWC LOUISVILLE	1 Time Unique	TRS development	$18M	Salaried employees. Not additional cost
NNSY				
NSWC LOUISVILLE	1 Time Unique	CIWS upgrade; ovhl	$0.9M	Overhauling not a closure cost
NNSY				
NSWC LOUISVILLE	1 Time Unique	CIWS certification test facilities/program	$0.75M	Memo: Item 3
NNSY				
NSWC LOUISVILLE	1 Time Unique	Retain NNSY workforce	$7.9M	Memo: Item 7
NNSY				
SUBTOTAL			$85.1M	
NSWC LOUISVILLE	Misc Recurring Costs	Miscellaneous Recurring Costs	$0.95M	No People/No Costs
Dahlgren				
TOTAL			$240.4M	

~~Encl (3)~~

Cost Categories Not Allowed

- General work performed by govt employees
  - 1) disassembly of equipment/test stations including cataloging & inventory
  - 2) inventory of equipment & material
  - 3) depot certifications
  - 4) documentation reproduction & development
  - 5) transition/coordination/management teams
  - 6) cost of procurement
  - 7) on the job training costs
  - 8) productivity loss/disruption cost
  - 9) duplication of facilities

Document Separator

Naval Ordnance Station
Louisville, KY

NAVAL SURFACE WARFARE CENTER
CRANE DIVISION

Briefing to BRAC Commissioners
6 April 1995

Naval Ordnance Station
Louisville, KY

"Gunsmiths to the Navy"

NOW

and for the

21st Century

"Implementing the Navy's Vision of the Future"

Physical Resources (1995)

Land - 142 Acres

Buildings

- 92 Adjacent buildings
- 1.64 Million Square Feet
- NAVFAC Replacement Cost:
  $274 Million

Industrial Plant Equipment

- Replacement Value:
  $497 Million

Unique Equipment - Plating Shop, Heat Treat

- Replacement Value:
  $429 Million

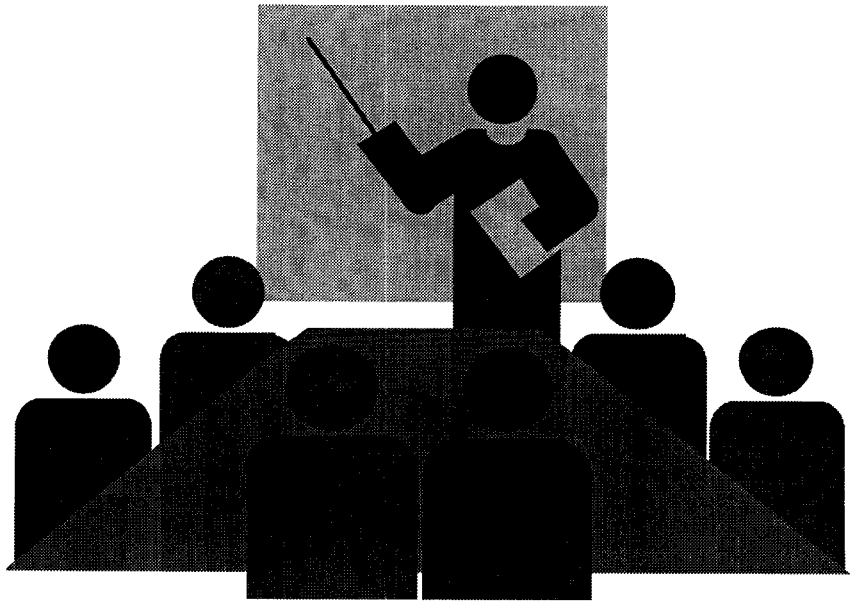
Total Replacement Cost
$1.2 Billion

Statistics (1995)

Annual Operating Budget - $196 Million

Personnel

- Civilian - 1,844 yr. ago, 2,100
- Military - 15
- Contractors - 78

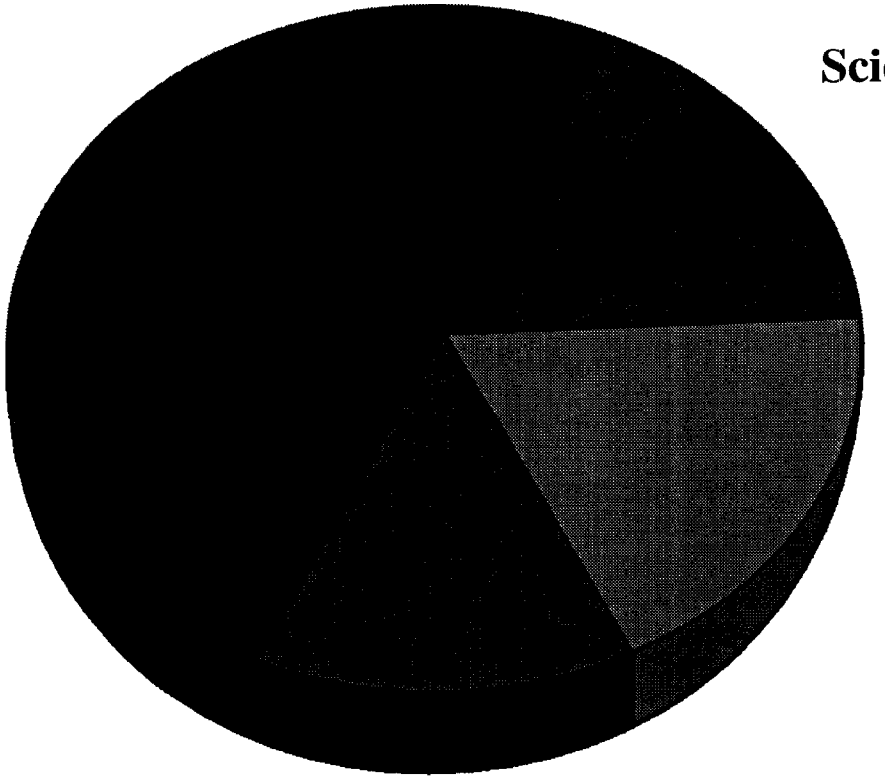


Payroll - $85 Million

Tenant Organizations

- Defense Finance Accounting Service
- Naval Criminal Investigative Service
- Defense Printing Service - Biggest w. 15-16 people
- Chief of Naval Education and Training
- Naval Facilities Engineering Command
- Personnel Support Detachment

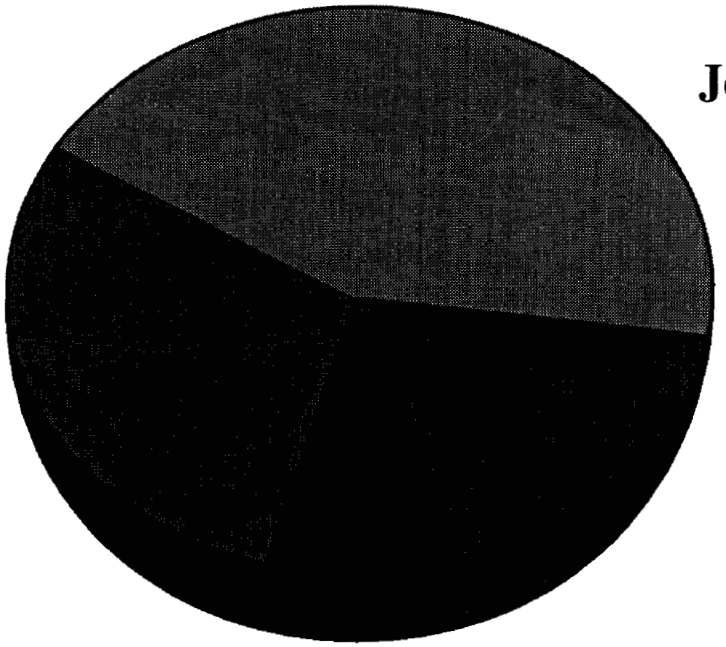
Human Resources (1995)



Total
Civilian Personnel: 1,844

* Balanced workforce enables full spectrum Weapon Systems support

Demographics (1995)



* Naval Ordnance Station Louisville provides Bi-State and Bi-Partisan representation and support

Naval Ordnance Station
Louisville, KY

What We Do

- Fleet Technical Support/ Logistics Support/Life-Cycle Mgmt.
  - Desert Storm Experience [illegible]
- Engineering - Gun Weapon Systems (<u>not</u> just guns)
  - R&D: Advanced Gun Systems/Naval Surface Fire Support
  - Original Design
  - System Improvements
  - Test Equipment Design/Development/Construction
  - In-Service Engineering
- Training for maint & ops
- Depot Overhaul
- Manufacturing
  - Prototyping
  - Remanufacturing – More difficult to re-manufacture (Class 'A' Overhaul) than to manufacture something
  - End item production

MRP?

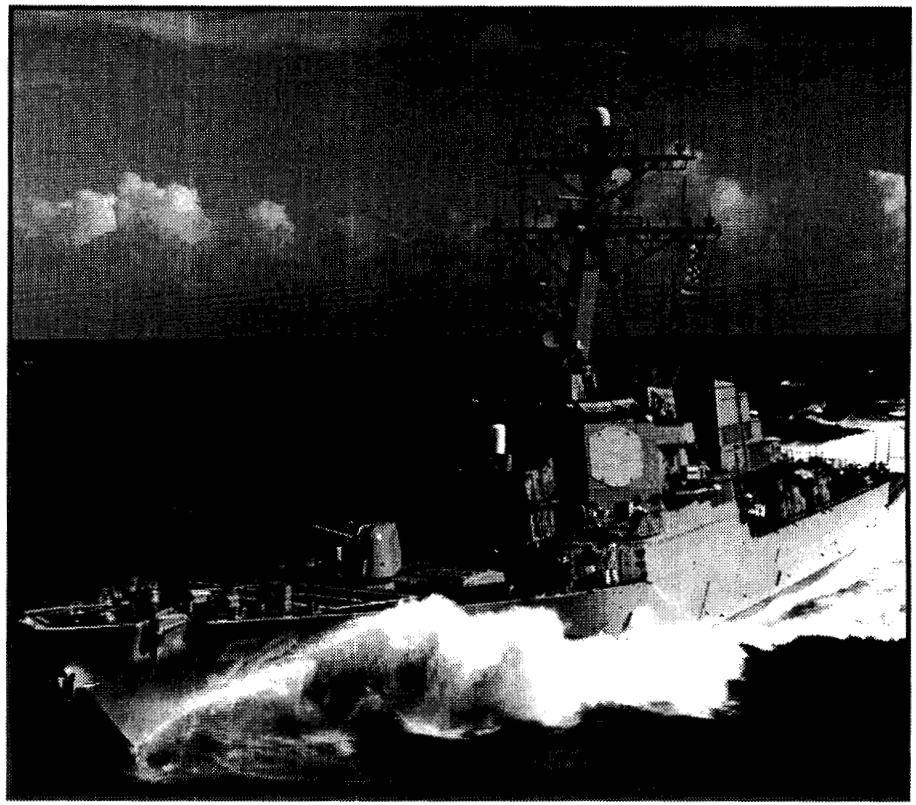
Naval Ordnance Station
Louisville, KY

Product Areas

Provide quality and responsive engineering, technical, industrial, material, and logistics support to the Fleet for:

- Ship Self Defense Systems and Subsystems
- Gun and Gun Fire Control Systems
- Surface Missile System Launchers
- Standard Missile Rocket Motor Casings
- Combat Subsystems, Equipments and Components
- Physical Security Systems
- Management and Distribution of Naval Drawings

have tried to farm out to pvt sector, no joy what happens in closing?



Joint Service

The Tri-Service In-Service Engineering Agent and Depot Overhaul Point for MK 19 Mod 3 40 MM Grenade Machine Gun

Manage, develop and provide Joint Close Quarters Combat Ranges (JCQCR) for the Navy and Army Special Operations Commands

Manufacturing/Repair Technology Testbed and Transfer Site

- Designated DoD and Navy development, prototype and transfer site

Electronic Data Technology Testbed and Transfer Site

- Designated DoD Beta Test Site for Joint Engineering Data Management Information Control Systems (JEDMICS)
- Creator, Editor and Publisher of FOCUS-IPDE (Integrated Product Data Environment) Magazine - a quarterly international publication
- Key Member of the International Standards Organization (ISO) developing the Standard for the Exchange of Product Model Data (STEP)

National Military Need

- Defense Planning Guidance Requirement to Project Power
  - Gain forcible entry from the sea
    >>Provide Naval Surface Fire Support as per Mission Need Statement
- Need
  - "As the Navy has shifted away from large caliber guns over the last few decades, the Navy's ability to provide fire support to forces ashore has gradually eroded."
  - Major General Myatt (N85)
  - Ronald Kiss (ASN/RDA)

SECRET

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

6 DEC 1994

Secret
This page is Unclassifed upon removal of enclosure (1)

MEMORANDUM FOR DISTRIBUTION

Subj: NAVAL SURFACE FIRE SUPPORT COEA

Encl: (1) CNA Report 210, Naval Surface Fire Support COEA Final Report (U), by Robert E. Sullivan et al., Secret/NOFORN, 31 March 1994

As the Navy has shifted away from large-caliber guns over the last few decades, the Navy's capability to provide fire support to forces ashore has gradually eroded. This trend has been exacerbated by the retirement of the last battleships and by the current emphasis on amphibious assault from over the horizon. Because of this trend, Congress directed that the Navy establish a naval surface fire support (NSFS) research and development program. As part of this program, it was directed that a cost and operational effectiveness analysis (COEA) be conducted. CNA was tasked to coordinate this effort. Other participants included NSWC Louisville, NSWC Dahlgren, NAWC China Lake, and various Navy and Marine commands.

Enclosure (1) is the final report of the NSFS COEA. In it, a wide variety of alternative gun and missile weapon systems are proposed and evaluated as solutions to our NSFS requirement. A number of weapon systems and combinations of weapon systems of comparable cost-effectiveness are presented as alternative solutions. The choice between these cost-effective alternatives must now be made based on operational and programmatic considerations.

Major General J.M. Myatt (N85)
Oversight Board Co-Chairman

Ronald K. Kiss, Deputy ASN (Ships)
Oversight Board Co-Chairman

SECRET

* This page is unclassified

Public/Private/Academia Partnerships

Manufacturing Technology (MANTECH) Transfer Center

- Cooperative Research and Development Agreement (CRADA) with Innovative Productivity Incorporated (IPI), a consortium with local private industry and academia
- Electronic Data Interchange Technology Development and Transfer Site
- Best Manufacturing Practices Regional Center

Partnership with Hughes Aerospace Electronics Company for the Production Upgrade of Phalanx Close-In Weapon System (CIWS); Approved by ASN (RDA) on 17 March 1995

- New workshare concept
- Maintains public/private industrial base

University of Louisville

- Reverse Engineering and rapid prototyping
- Charter member, Selective Laser Sintering (SLS) machine Partnership

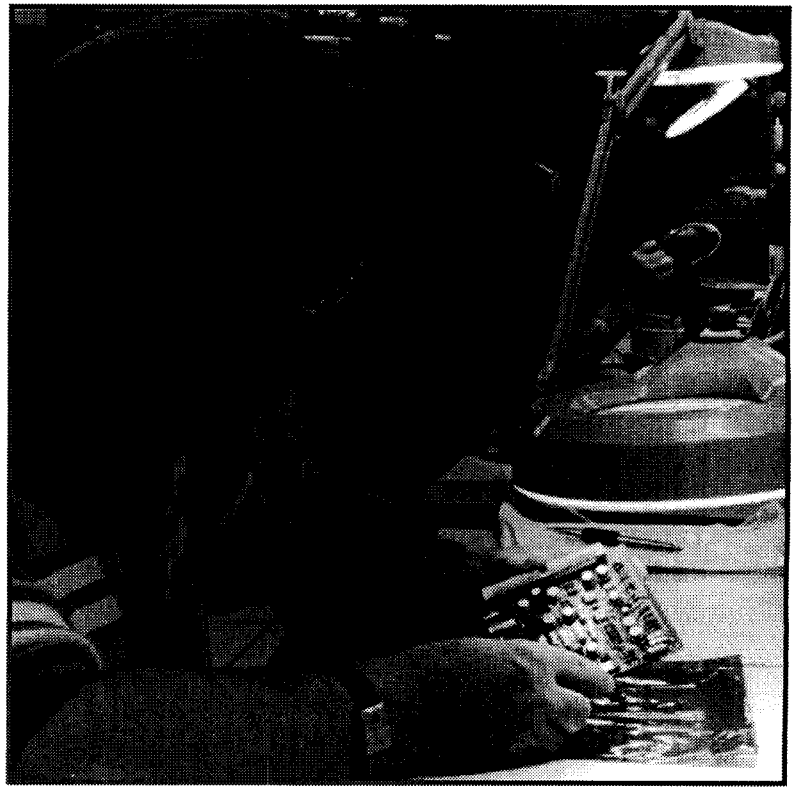
Engineering student Cooperative Program with local Universities

Desirable Characteristics of the Future Base

(Office of Technology Assessment, 1991)

- ✓ Limited, efficient peacetime engineering and production capabilities in key defense sectors
- ✓ Responsive production of ammunition, spares, and consumables for theater conflict
- ✓ Continuous design and prototyping capability
- ✓ Healthy, mobilizable civilian production capacity
- ✓ Robust maintenance and overhaul capability
- ✓ Ready access to civilian technology
- ✓ Advanced research & development capability
- ✓ Good integrated management

✓ *Indicates a Naval Ordnance Station Louisville characteristic*



Naval Ordnance Station
Louisville, KY

Foreign Military Sales

Training, Engineering, Depot Maintenance, Integrated Logistics Support, In-Country Technical Support

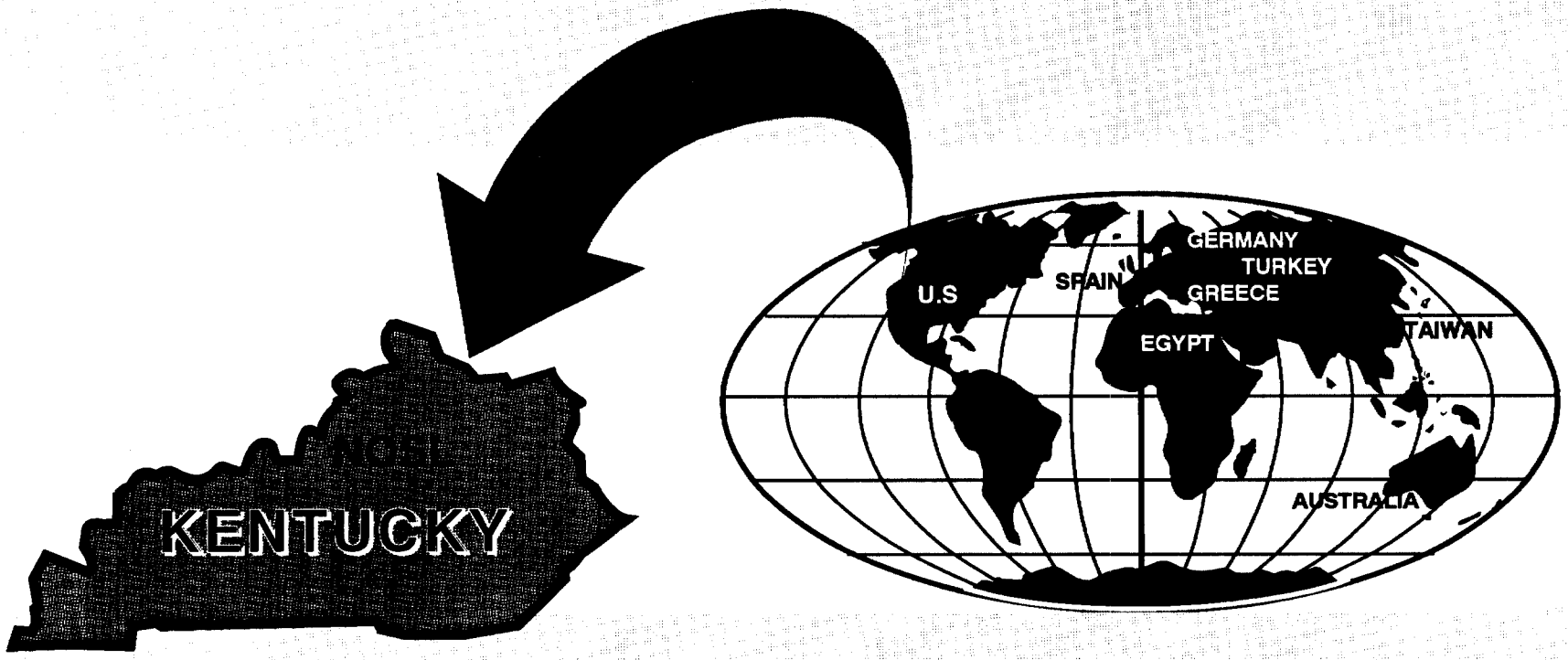
NATO	Others	
Italy	Australia	Egypt
Denmark	Israel	Spain
Greece	Japan	Korea
Canada	Pakistan	Chile
Netherlands	Portugal	Brazil
Turkey	Saudi Arabia	New Zealand
Germany	Taiwan	Malaysia
United Kingdom		
USA		

Mk75 ISEA on NATO Steering Committee

FOREIGN MILITARY SALES (FMS)
EQUIPMENTS CURRENTLY SUPPORTED BY NAVAL ORDNANCE STATION LOUISVILLE

EQUIPMENT	INDUSTRIAL SUPPORT					ENGINEERING SUPPORT				
	DEPOT O'HAUL	PIERSIDE GROOMING SUPPORT	PARTS MFG	ACCESS FEDERAL SUPPLY	ACCESS USED CARCASS	FIELD SERVICE SUPPORT	TRAINING SUPPORT	(ISEA) IN-SERV AGENCY	(ILSM) LOGISTICS MGRS	(D.A.) DESIGN AGENT
GUNS:										
MK 45 (5 INCH/54 CAL)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MK 75 (76MM/62 CAL)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MK 42 (5 INCH/54 CAL)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MK 15 CIWS	✓	✓	✓	✓		✓	✓	✓	✓	✓
MISSILES:										
MK 16 ASROC LAUNCHER	✓	✓	✓	✓	✓	✓				
TORPEDOES:										
MK 32 SVTT	✓	✓	✓	✓	✓	✓				
COUNTERMEASURES:										
MK 36 SRBOC	✓	✓	✓	✓		✓	✓	✓	✓	✓
FIRE CONTROL:										
MK 68 GFCS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

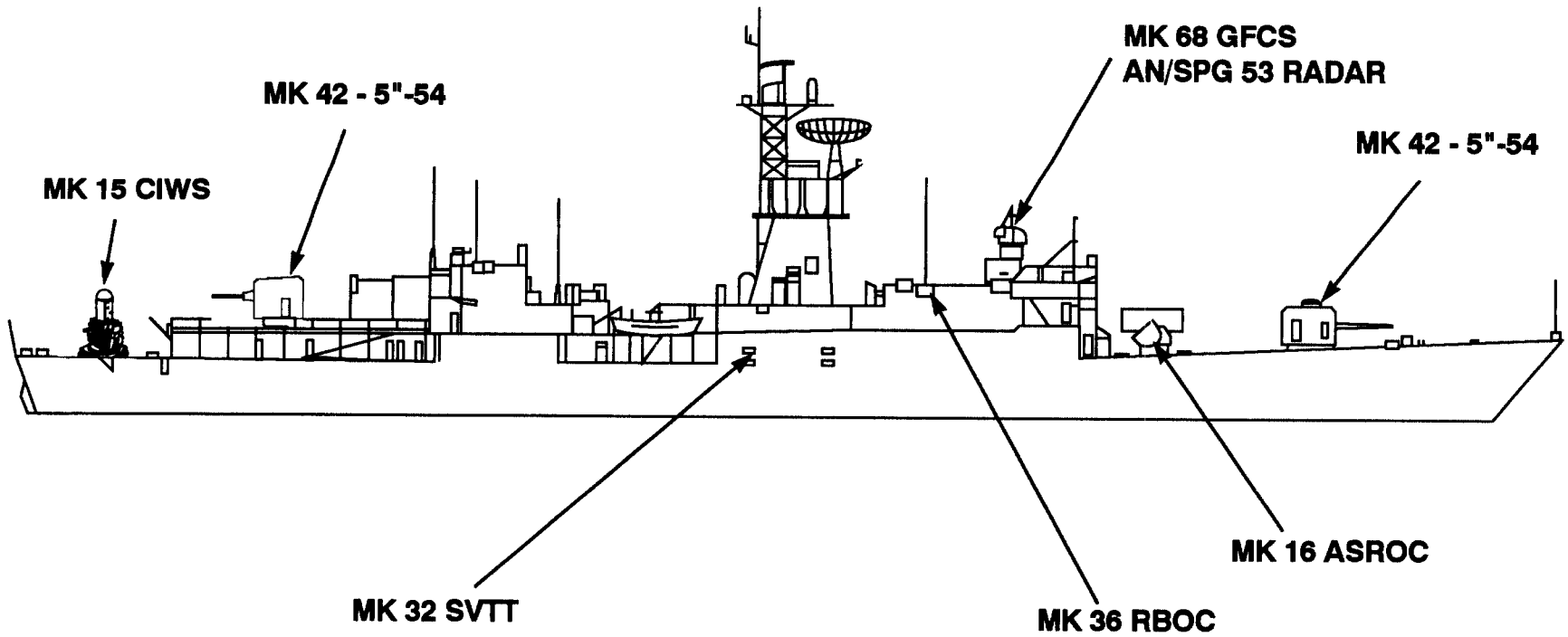
NAVAL ORDNANCE STATION
LOUISVILLE, KY



KNOX CLASS (FF1052) & ADAMS CLASS (DDG-2) SUPPORT OBLIGATIONS

NAVAL SURFACE WARFARE CENTER
CRANE DIVISION

KNOX CLASS (FF 1052)
ADAMS CLASS (DDG2)



NAVAL ORDNANCE STATION
LOUISVILLE, KY

* Letter from COMNAVSEA to Navy IPO

"(I) ASSURE YOU THAT THE SECURITY ASSISTANCE PROGRAM IS AN INTEGRAL PART OF NAVSEA'S MISSION AND WILL CONTINUE TO BE TREATED WITH EQUAL PRIORITY."

KENNETH C. MALLEY, 20 MAY 1992

* Letter from COMNAVSEA to all NAVSEA Offices

"THIS PROGRAM ENJOYS HIGH PRIORITY ALONG WITH OTHER NATIONAL PROGRAMS, CONTRIBUTES TO THE MUTUAL SUPPORT OF FREEDOM WITH OUR ALLIES, AND IS A POSITIVE FACTOR IN THE ECONOMIC (AND TAX SAVING) PROGRAMS OF OUR NATION.

PRIORITY OF SECURITY ASSISTANCE WORK IS TO BE CONSIDERED ALONG WITH THOSE NAVY PROGRAMS THAT ARE VITAL TO MILITARY OR NATIONAL OBJECTIVES."

P. M. HEKMAN, JR., 5 JULY 1989

IMPORTANCE OF THE SECURITY ASSISTANCE PROGRAM

NAVAL SURFACE WARFARE CENTER
CRANE DIVISION

Naval Ordnance Station
Louisville, KY

Products & Functions

Major Product Lines	NOS Functions
Close-In Weapon System	Depot, Production, Engineering, R&D, Software
Major Cal Guns	Depot, Engineering
Minor Cal Guns	Depot, Engineering
Missile Launchers	Depot
Gun Weapon Advance Tech.	Depot, Acquisition
Naval Surface Fire Support	R&D, Engineering
Gun Fire Control Systems	R&D, System Engineering, Production
Shipboard Physical Security	R&D, Engineering, Production
Rolling Airframe Missile	Depot, Automated Test Equipment for Germany
Over 1000 Product Lines	Production, Engineering, Depot

** Navy should not delegate core functions to industry

- Technical Direction Agent
- In-Service Engineering Agents
- All Acquisition Agents
- System Manager

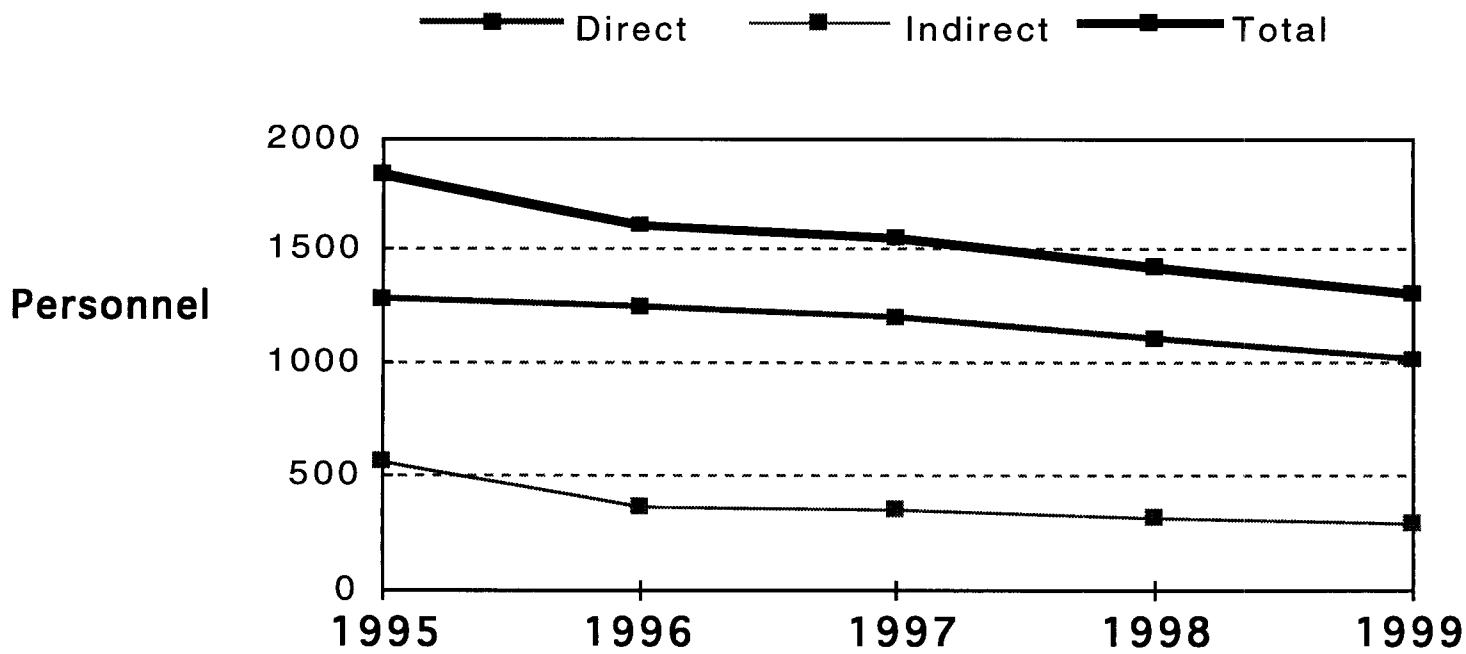
Submarine ball valves for past 20 yrs

Naval Ordnance Station
Louisville, KY

Workload

Personnel Projections

FY 1995 – FY 1999



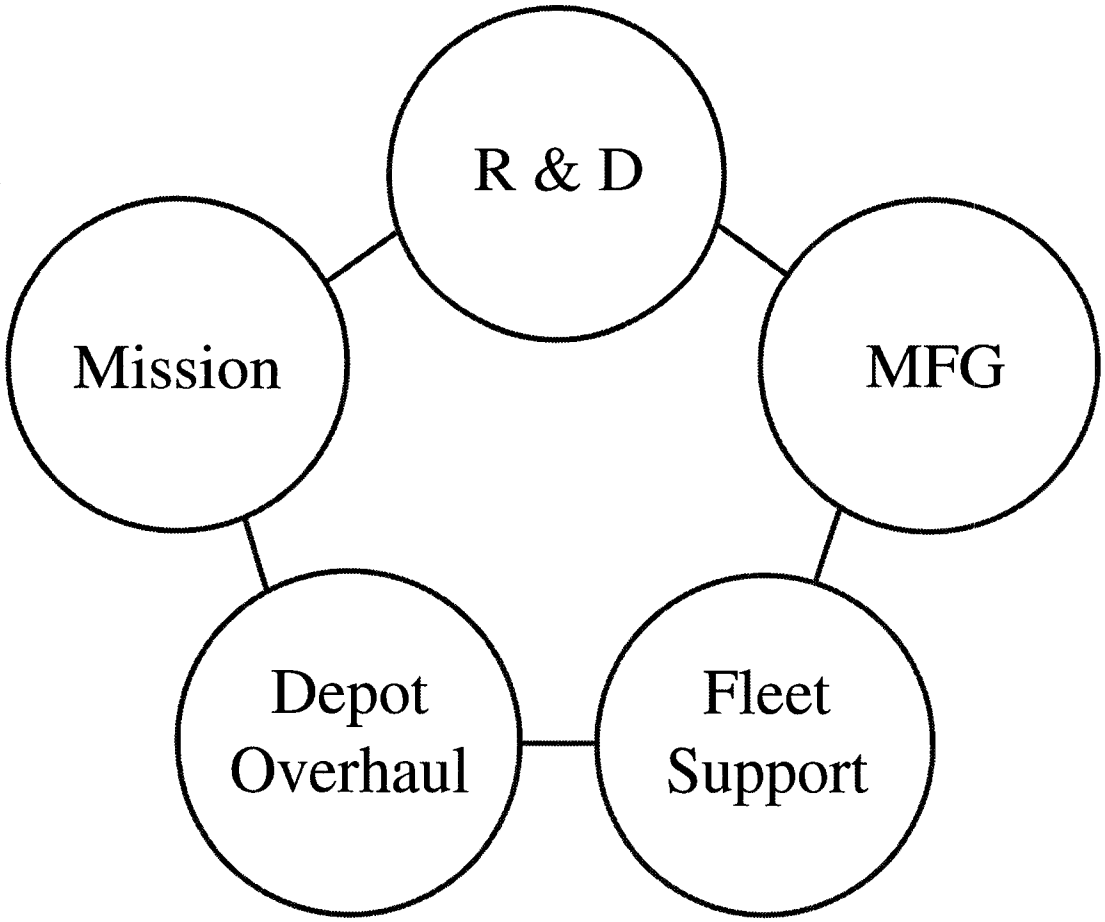
	1995	1996	1997	1998	1999
Direct	1274	1244	1201	1103	1012
Indirect	570	363	351	322	295
Total	1844	1607	1552	1425	1307

Source: Data from Dec '94 BRAC 95 scenario submittals (includes Force Structure Reductions)

Naval Ordnance Station
Louisville, KY

Functions

Louisville Provides Life Cycle Support

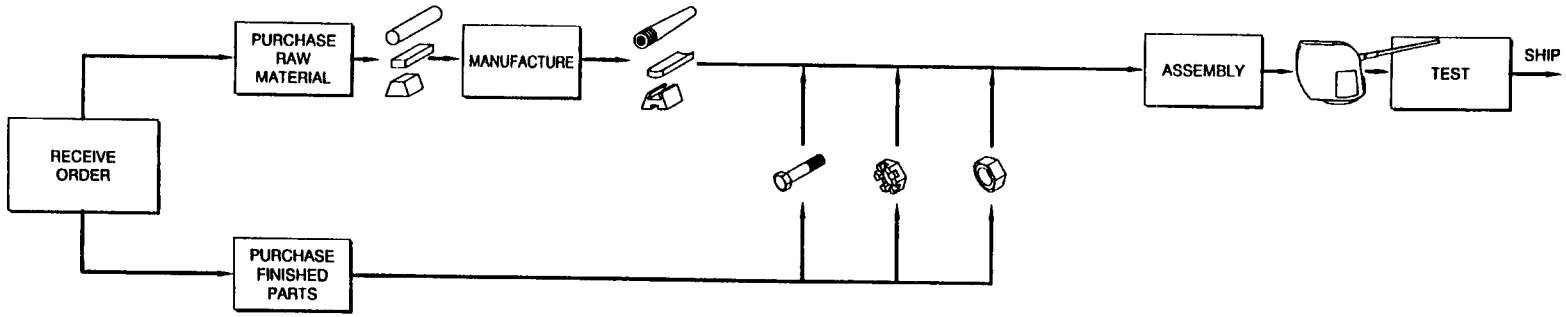


Cradle . . . **. . . to Grave**

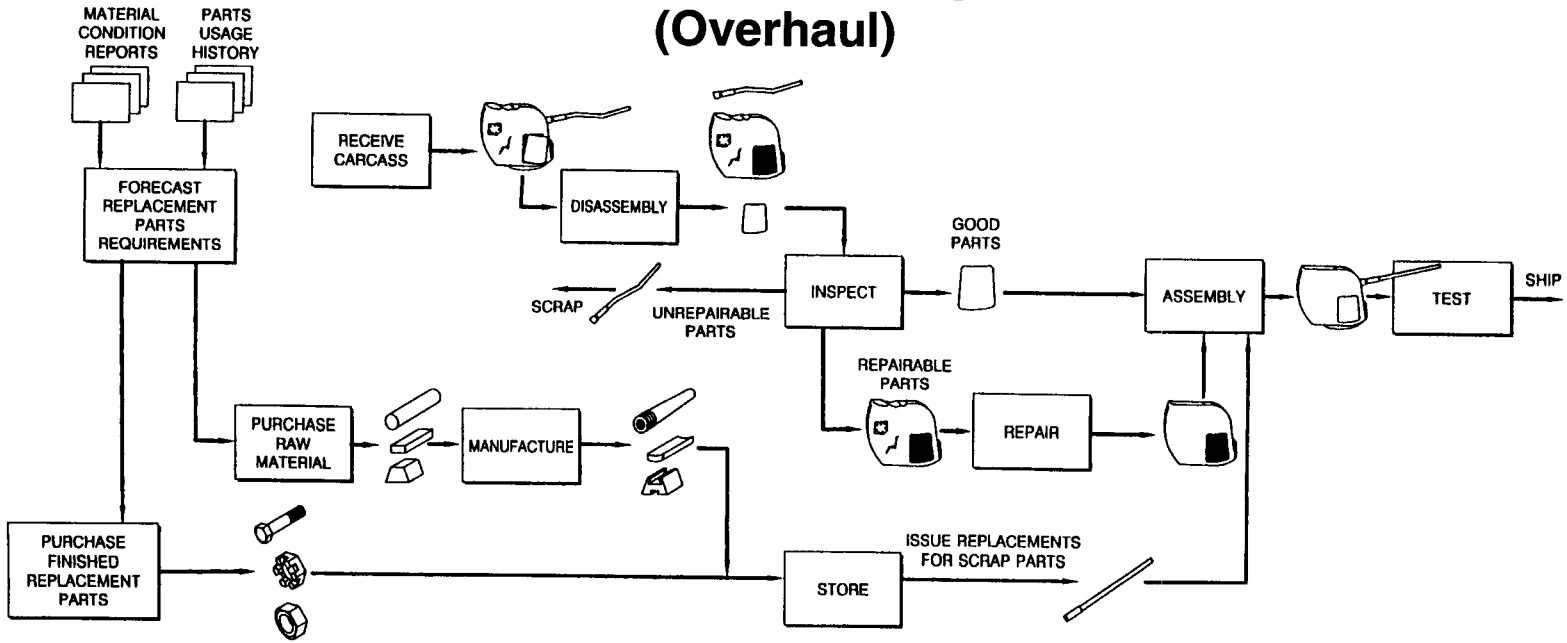
Naval Ordnance Station
Louisville, KY

Functions

Manufacturing



Remanufacturing (Overhaul)



Full Spectrum Capability

Development

- Detailed Product Design
  - Electronic-Mechanical-Chemical
- Prototype Manufacture
- Test & Analysis

Transition to Production

- Technical Data Package
- Low Rate Initial Production
- Process/Product Validation

Production/Acquisition Oversight

- Process Certification & Monitoring
- Product Certification
- Product Acceptance

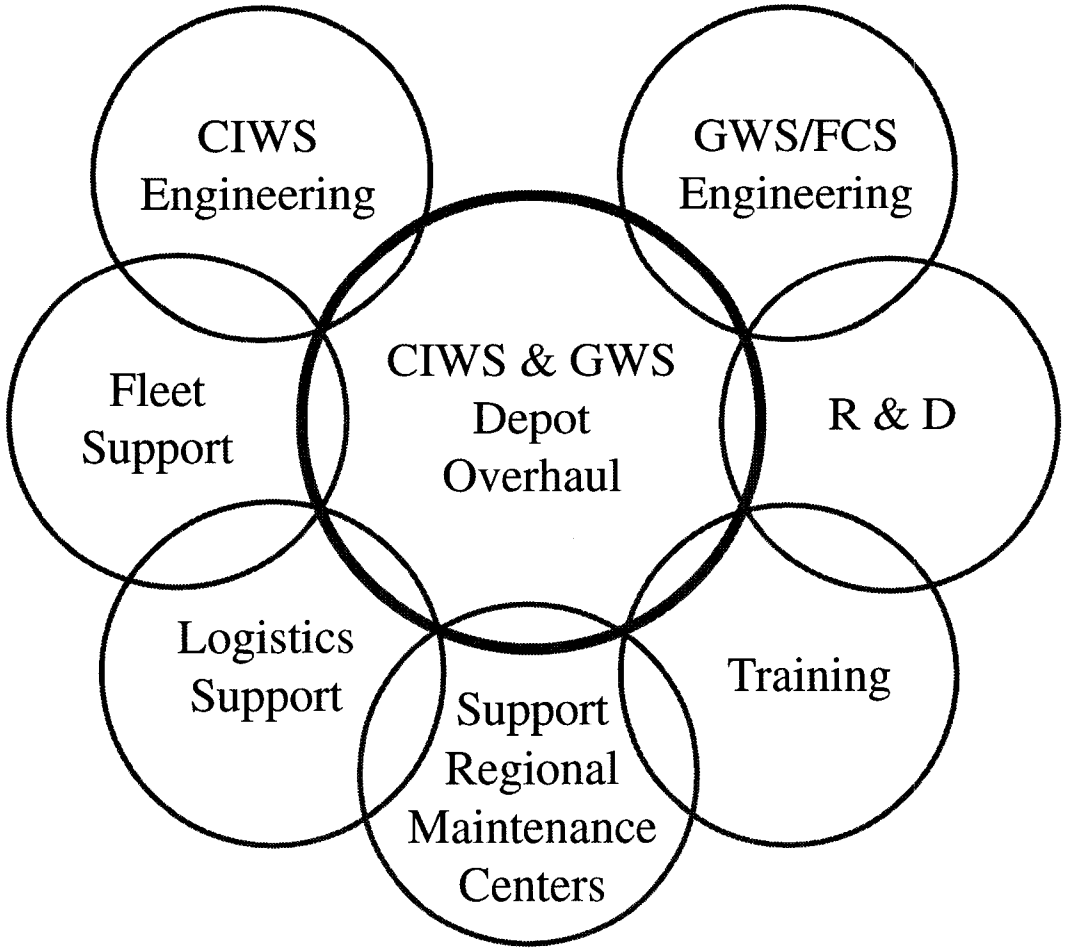
Product Maintenance

- Overhaul/Repair Depot
- Develop/Support Organizational and Intermediate Capability

Naval Ordnance Station
Louisville, KY

Functions

Co-Location



Transportation Access

Ideal central location provides rapid deployment capabilities of systems, equipment, material and technical personnel to Atlantic, Pacific and Gulf Coasts

Air:

- Less than 1 mile from Louisville's Standiford Field Airport
- 6th Largest air cargo airport in the world and 4th largest in the U.S.
- UPS primary national/international hub
- Full service airport for commercial, air cargo, military, general aviation, corporate, private and postal aircraft

Rail:

- Directly adjacent to CSX Regional Freight Yard which has a spur line into NSWC, Louisville with rail access through all major production buildings
- Served by five railroads (CSX, SOO Line, CONRAIL, Norfolk Southern and Paducah & Louisville)
- 25 rail miles from Ft. Knox

Transportation Access

Interstate:

- 3 major interstates within 5 miles of Naval Ordnance Station Louisville
  - I-64 East directly to Norfolk, VA
  - I-64 West with multiple West Coast connections
  - I-65 South directly to the Gulf Coast
  - I-71 and I-65 North to the Great Lakes Region

River:

- Primary route for major barge lines
- 2 major ports on the Ohio River within 5 miles of Naval Ordnance Station Louisville
  - One of the newest (state-of-the-art) river ports in the U.S.

Core Capabilities

Naval Gun Weapon Systems

Surface Missile Systems Launchers

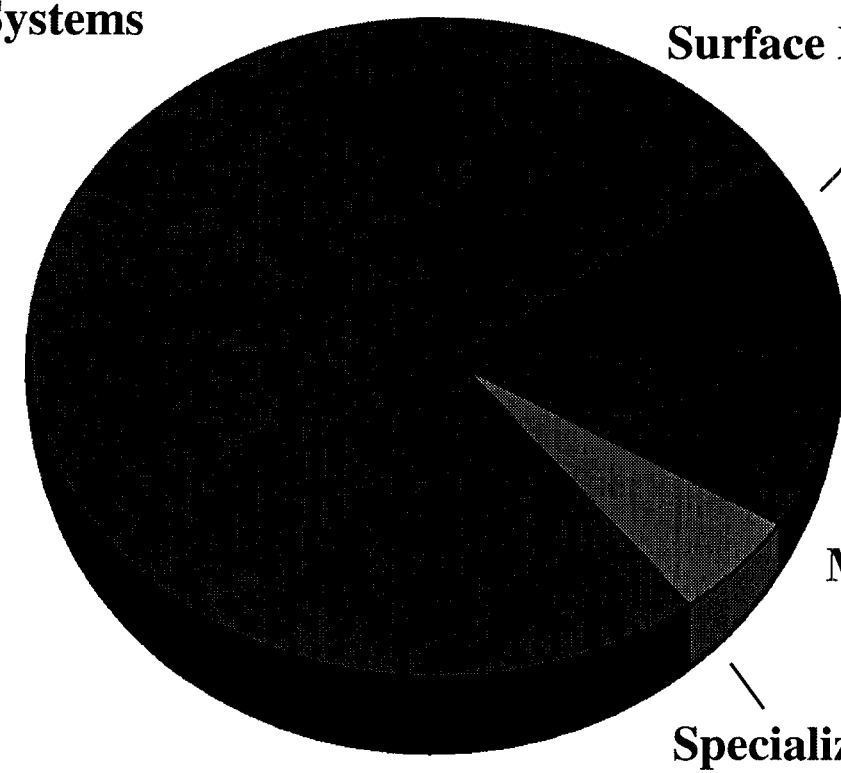
Shipboard Physical Security

Specialized Mechanical Technology and Manufacturing/ Repair Facility

Management and Distribution of Naval Drawings

Funding

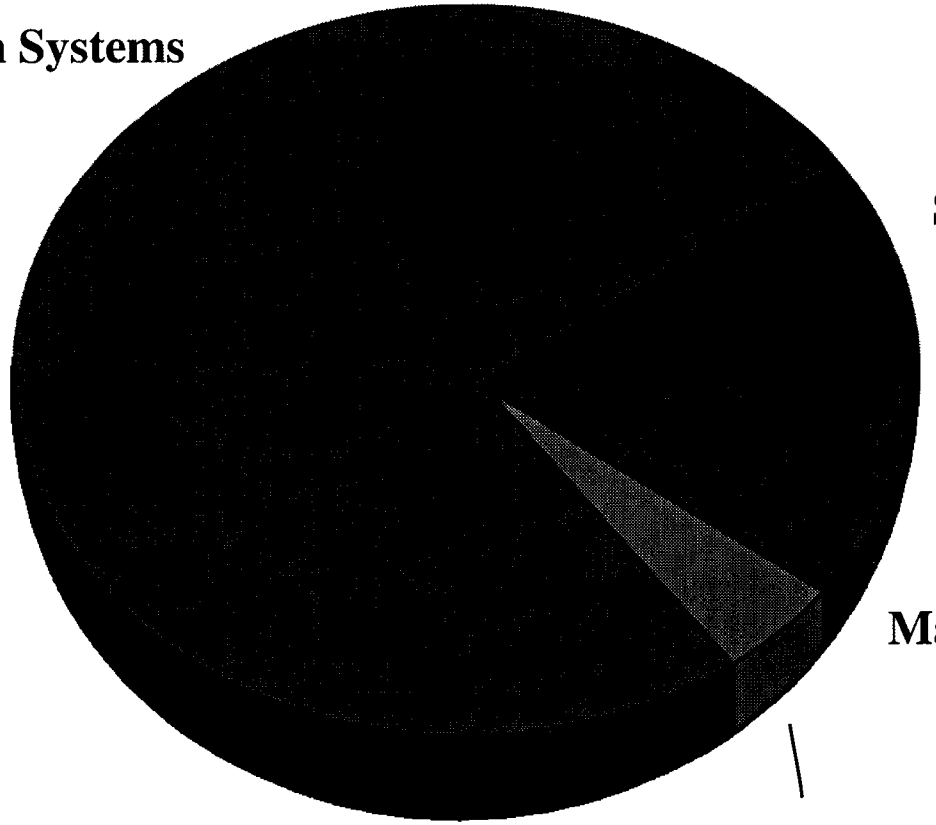
By Technical Capability



FY96 Projected Direct Funding: $176.6M

Workload

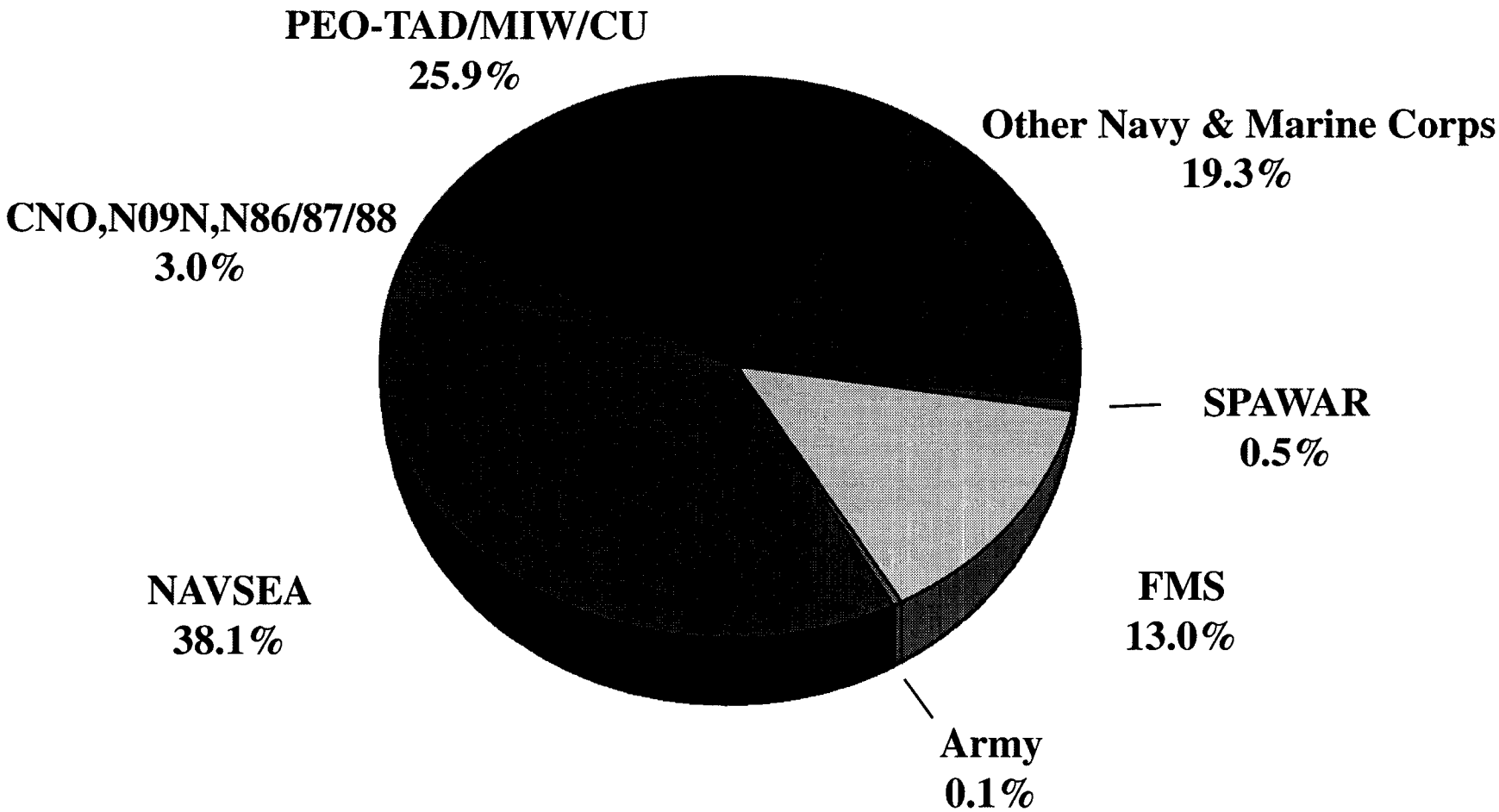
By Technical Capability



FY96 Projected Workload:
1,244 Direct Workyears

Workload

By Customer



FY96 Projected Workyears: 1,244

Summary

NOP Canton
Ohio
CLOSED

NOP Pocatello
Idaho
CLOSED

NOP Macon
Georgia
CLOSED

NOP York
Pennsylvania
CLOSED

Naval Ordnance Station Louisville

(Formerly NOP Louisville)

The Navy's only remaining "full service" gun weapon systems engineering/industrial capability

NOP Forest Park
Illinois
CLOSED

NOP Center Line
Michigan
CLOSED

Naval Gun Factory
Washington, D.C.
CLOSED

Naval Ordnance Station
Louisville, KY

Issues

FY93 BRAC Decision

"The COBRA model costs associated with closing Naval Ordnance Station Louisville and transferring all functions to GOCO facilities are $125.3 million. The model projects a net steady state *cost of over $53 million a year*, resulting from this scenario. Consequently, the 20 year Net Present Value equals *a cost of $623.3 million*. These projections do not support a Commission recommendation to close NSWC Louisville, and are not in the best interests of the Department of the Navy."

C. P. Nemfakos
Acting Chairman
Base Evaluation Committee

Naval Ordnance Station
Louisville, KY

Issues

BRAC '95 Closure Recommendations

1. Close NSWC Louisville
2. Move ships' gun systems depot workload to NSY Norfolk
3. Move gun plating workload to Watervliet Army Arsenal
4. Move systems integration engineering workload to NSWC Port Hueneme
5. Move remaining engineering workload and CIWS depot functions to NSWC Crane

Naval Ordnance Station
Louisville, KY

Issues

BRAC '95 Closure Recommendations

"The closure of this activity not only reduces excess capacity, but relocation of functional workload to activities performing similar work will result in additional efficiencies and economics in the management of those functions."

Department of Navy analyses
and recommendations (Vol IV)

Summary of COBRA Model Analysis:

NAWC, Indy – NSWC, Lou: (Combined)	One time cost -	$ 178.4M
	Save -	$ 14.7M
	ROI Years -	2 years
	Steady State Savings -	$ 67.8M
	20 yr. NPV Savings -	$ 639.9M

Base Closure budgeting is going on now.

Because there are no other NOSs, capability needs to be reconstituted elsewhere.

Naval Ordnance Station
Louisville, KY

Issues

UNIQUE to the DON

ONLY GWS & FCS Depot - Public or Private

ONLY CIWS Depot - Public or Private

ONLY Remaining Major Caliber Gun Barrel Facility

Naval Ordnance Station
Louisville, KY

Issues

UNIQUE Louisville Asset

- State-of-the-Art Plating Facility in DON
- Environmentally Compliant
- One of two remaining Major Caliber Gun Barrel Plating Facilities in the DoD

Naval Ordnance Station
Louisville, KY

Issues

UNIQUE Assets

- 26,086 sq ft Class A vault for storage/ retention of Navy drawings
- Gear Cell facility with capabilities up to a diameter of 120 inches
- Functional Gun Weapons Systems Test Stands

Document Separator

Implementing Navy's Vision of the Future

"...From the Sea"

Preparing the Naval Service for the 21st Century

The following quotes are taken from the White Paper prepared by the Secretary of the Navy (September 1992) which defines a combined strategic vision for the Navy and Marine Corps and outlines a shifting focus in providing the nation with naval expeditionary forces shaped for joint operations and in operating "forward from the sea":

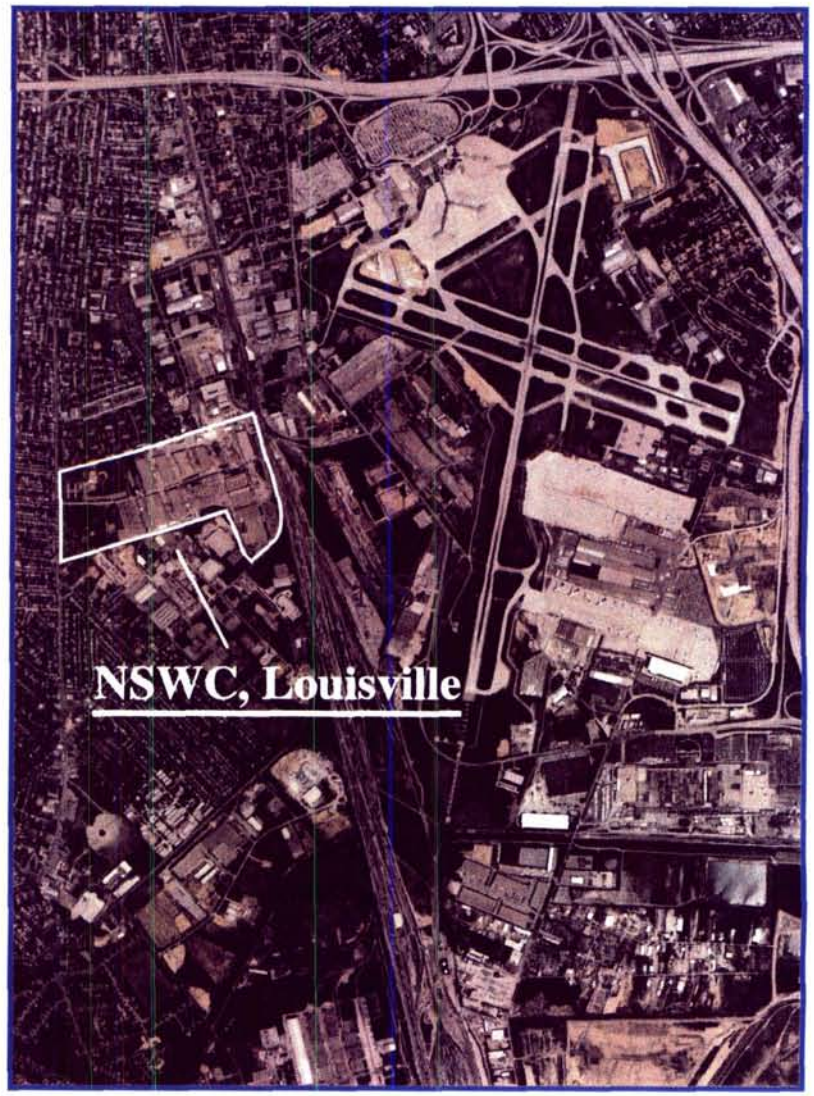
"...Operating forward means operating in the littoral or 'near land' areas of the world..."

"Focusing on the littoral area, the Navy and Marine Corps can seize and defend an adversary's port, naval base or coastal air base to allow the entry of heavy Army or Air Force forces. The success of modern military strategy depends on forces organized, trained and equipped for this division of combat labor..."

"...The shift in focus to littoral operations requires a corresponding shift of emphasis toward accelerating the adaptation of existing forces to counter littoral threats..."

"...Navy and Marine Corps equipment design, tactical training, logistics support, and task force structure will be optimized for taking and holding objectives on or near the enemy's coastline..."

This will place "increased emphasis on generation of high intensity power projection, support of force ashore, and weapons necessary to fulfill the mission."



Overview

Mission	3
Technical Capabilities	6
Teaming/Partnerships	21
Resources	24
Transportation	28
Summary	30

Desirable Characteristics of the Future Base

(Office of Technology Assessment, 1991)

- ✓ Limited, efficient peacetime engineering and production capabilities in key defense sectors
- ✓ Responsive production of ammunition, spares, and consumables for theater conflict
- ✓ Continuous design and prototyping capability
- ✓ Healthy, mobilizable civilian production capacity
- ✓ Robust maintenance and overhaul capability
- ✓ Ready access to civilian technology
- ✓ Advanced research & development capability
- ✓ Good integrated management

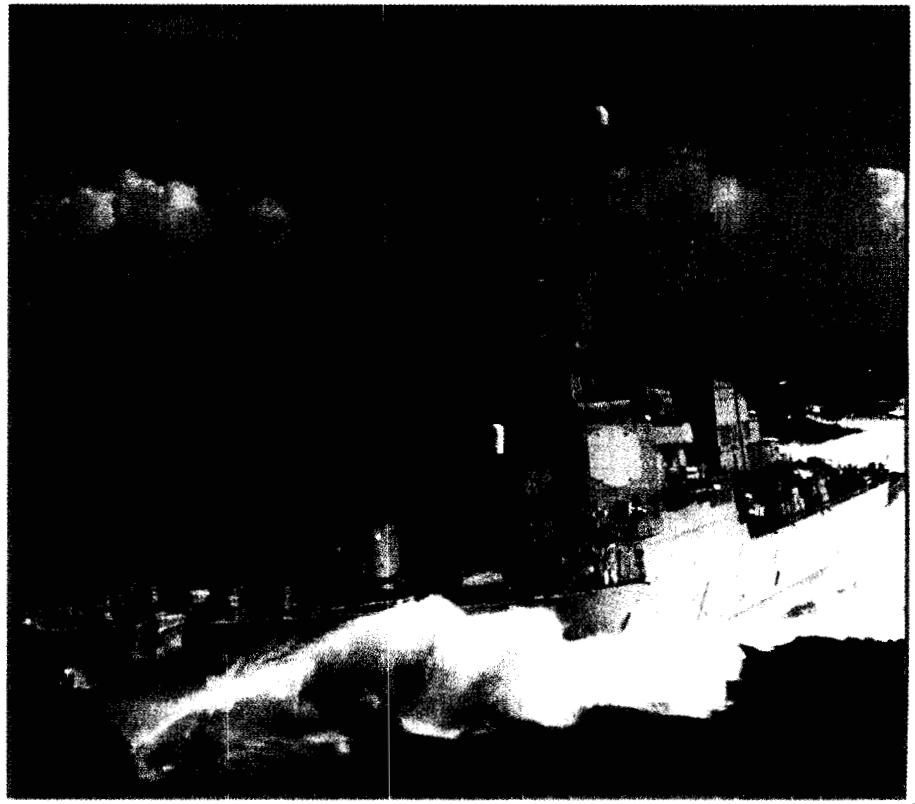
✓ *Indicates a NSWC, Louisville Characteristic*

NSWC, Louisville

Provide comprehensive engineering/industrial full spectrum life cycle support for all Naval Gun Weapon Systems.

Provide quality and responsive engineering, technical, industrial, material, and logistics support to the Fleet for:

- Ship Self Defense Systems and Subsystems
- Gun and Gun Fire Control Systems
- Surface Missile System Launchers
- Standard Missile Rocket Motor Casings
- Combat Subsystems, Equipments and Components
- Physical Security Systems
- Management and Distribution of Naval Drawings



Execute other responsibilities as assigned by higher authority.

Joint Service

The Tri-Service In-Service Engineering Agent and Depot Overhaul Point for MK 19 Mod 3 40 MM Grenade Machine Gun

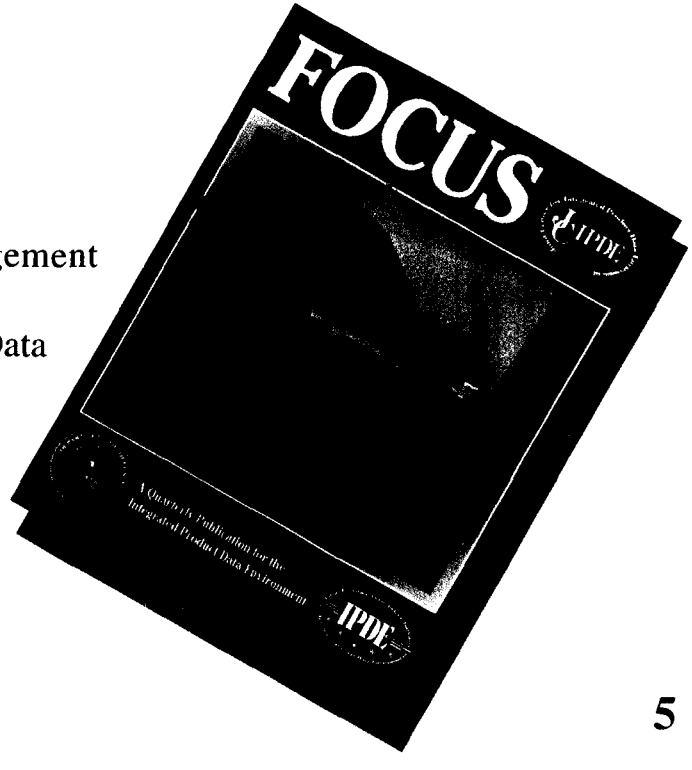
Manage, develop and provide Joint Close Quarters Combat Ranges (JCQCR) for the Navy and Army Special Operations Commands

Manufacturing/Repair Technology Testbed and Transfer Site

- Designated DoD and Navy development, prototype and transfer site

Electronic Data Technology Testbed and Transfer Site

- Designated DoD Beta Test Site for Joint Engineering Data Management Information Control Systems (JEDMICS)
- Creator, Editor and Publisher of FOCUS-IPDE (Integrated Product Data Environment) Magazine - a quarterly international publication
- Key Member of the International Standards Organization (ISO) developing the Standard for the Exchange of Product Model Data (STEP)



Technical Capability

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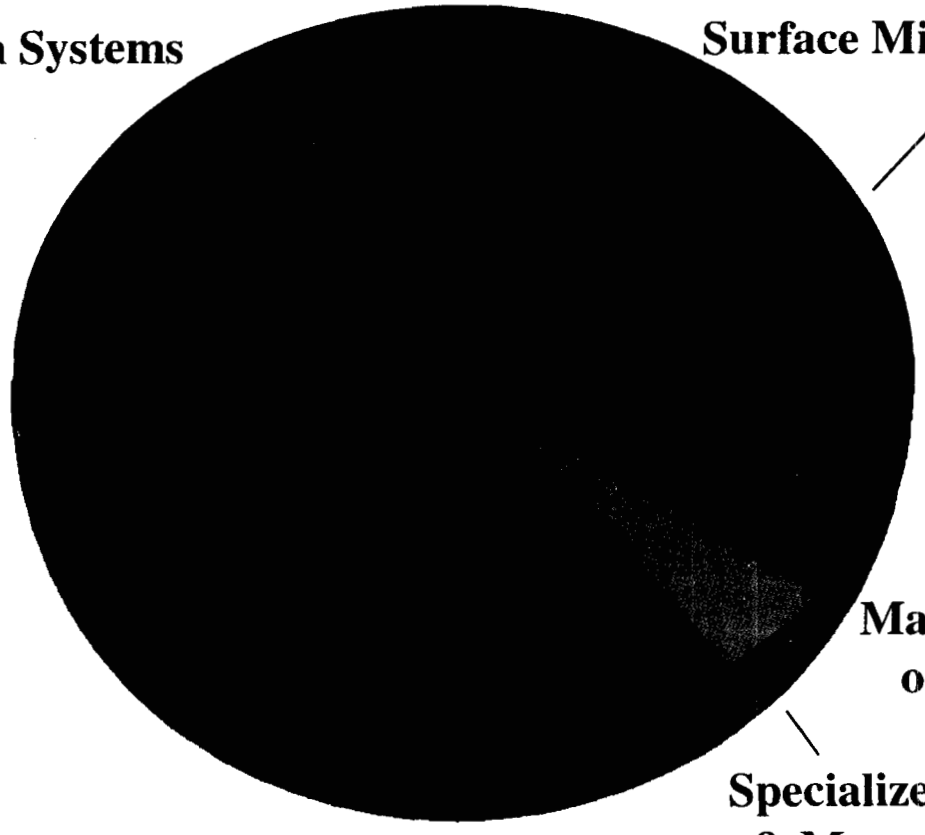
Workload

By Technical Capability

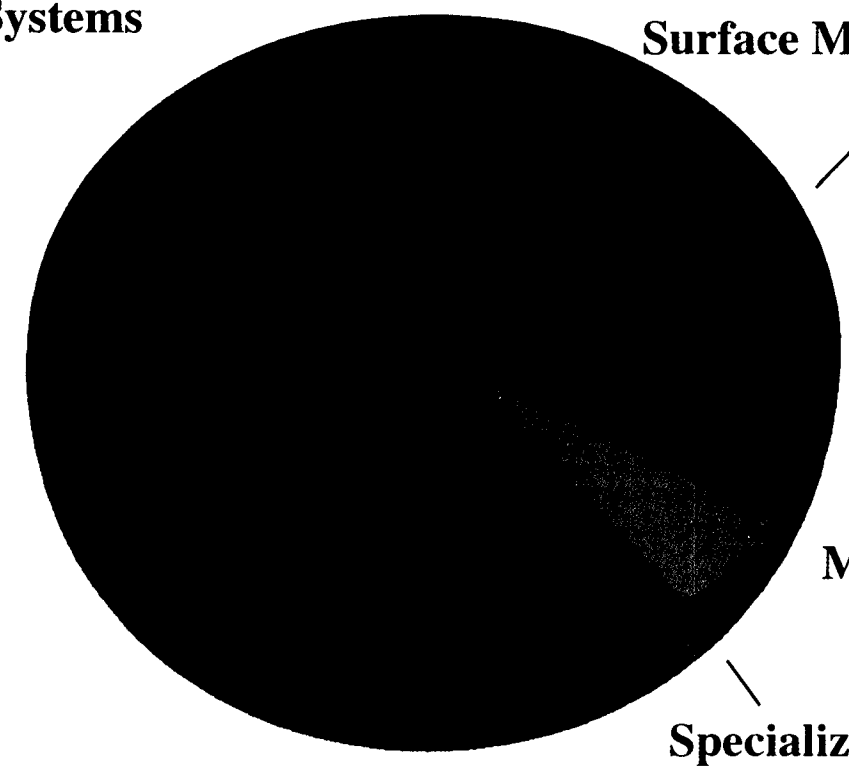


FY93 Workload: 1,463 Direct Workyears

(Note: FY94 (actuals) not complete/available at time of printing)

Funding

By Technical Capability



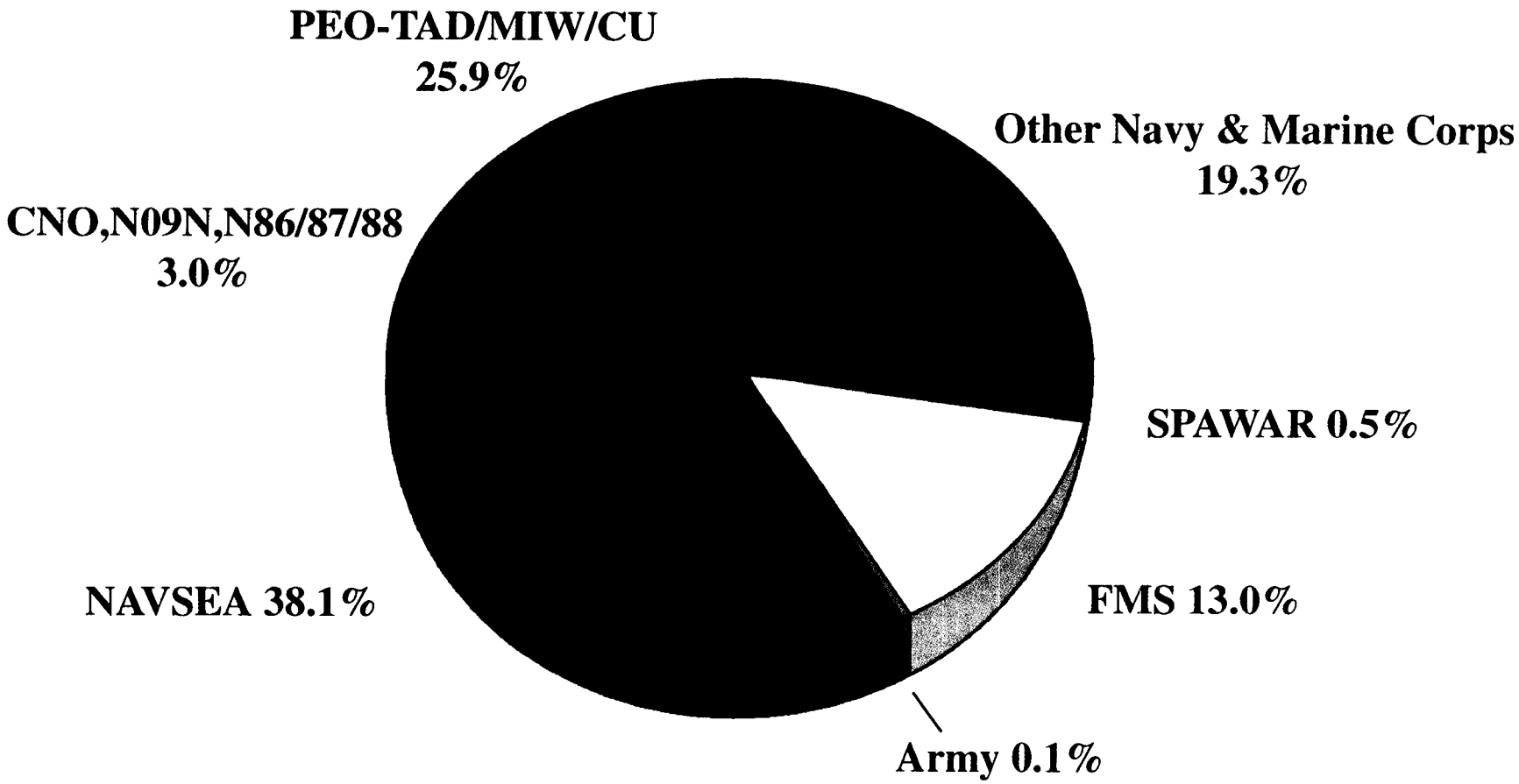
FY93 In-House Funding: $130.2M

FY93 Out-Source Funding: $60.9M

(Note: FY94 (actuals) not complete/available at time of printing)

Workload

By Customer



FY93 Direct Workyears: 1,463

(Note: FY94 (actuals) not complete/available at time of printing)

Naval Gun Weapon Systems (NGWS)

The only remaining engineering/industrial facility having both the capability and capacity to provide full-spectrum life cycle support for NGWS

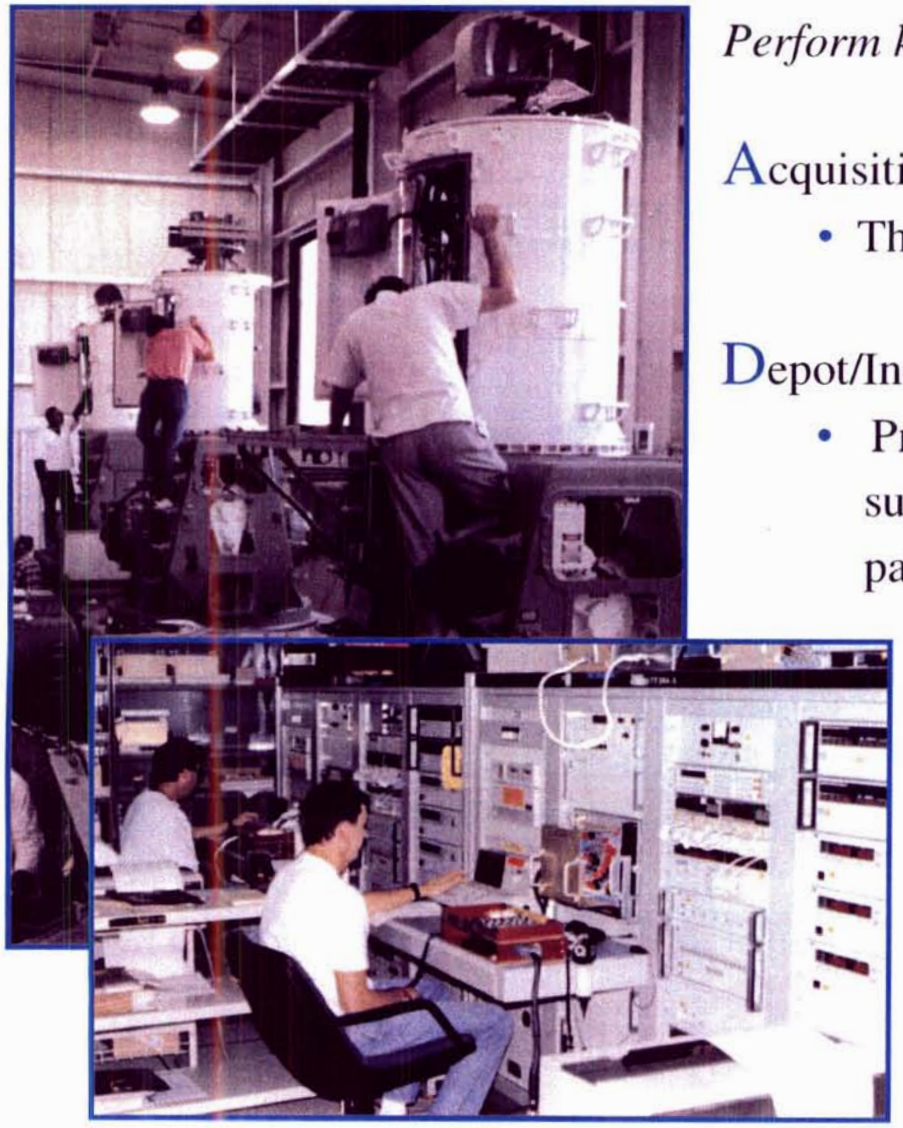
- The requirements for NGWS will endure as the Navy's mission transitions to Littoral Warfare
- All Surface Combatant and Combatant Support Ship Classes have NGWS which provide both offensive and defensive capabilities

"Forward...From The Sea" heightens Joint Mission requirements for NGWS support:

- Regional conflicts
- Forward presence
- Peace keeping missions

Perform inherently governmental functions supporting the Government's role to provide National Defense

Naval Gun Weapon Systems (NGWS)



Perform key DON Imperatives…

Acquisition/Contracting

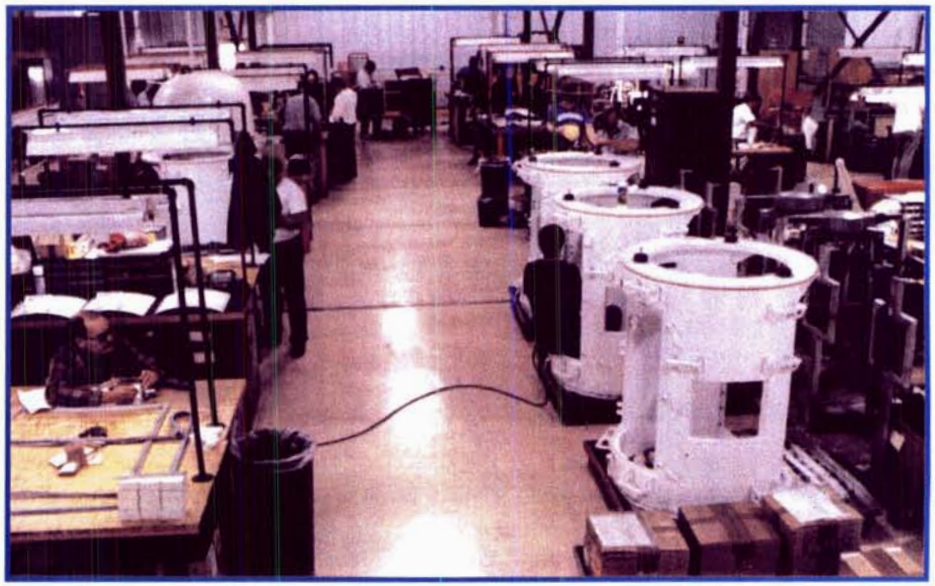
- The "smart buyer" for NGWS

Depot/Industrial/Maintenance/Engineering

- Provide three-tiered maintenance and technical support system with sufficient organic depot capability to:
  - Support a ready and sustainable force
  - Safely operate and meet surge and mobilization requirements
  - Selectively fabricate, modify or repair NGWS
  - Control access and disassembly of its Weapon Systems to assess In-Service industrial conditions
- Maintain repository of technical knowledge for NGWS (Navy's "corporate memory")

Naval Gun Weapon Systems (NGWS)

Perform key DON Imperatives (cont.)...



Readiness

- Maintain required critical and unique facilities/capabilities not available elsewhere

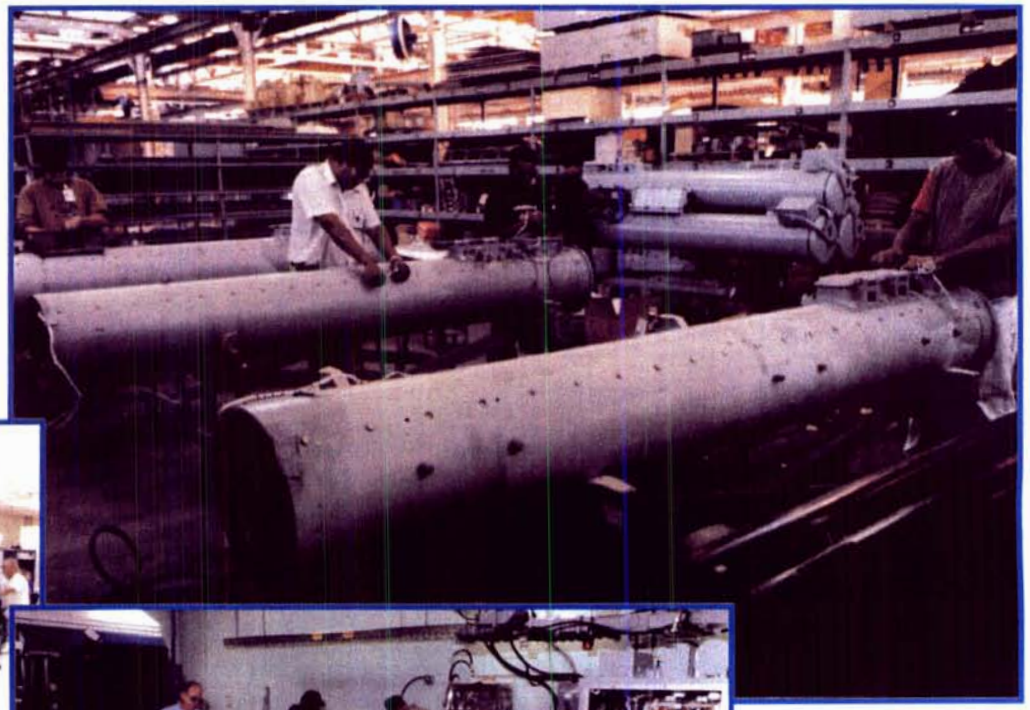
Provide T&E/Testing/Ranges

- Provide scientific development and mobilization base to maintain an in-house ability defining the technology, development and support of essential capabilities
- Provide consolidated "full spectrum" life cycle management capabilities

Surface Missile Systems Launchers

Provide life cycle support for Missile Launching and Missile Fire Control Equipment in the following areas:

- Project management
- Production and test engineering
- Industrial capabilities
  - Manufacture
  - Modification/Upgrade
  - Overhaul and Repair



Shipboard Physical Security (SPS)

NAVSEASYSCOM Program Manager for:

- Shipboard Physical Security Program
- Shipboard Nuclear Weapons Security Program

CNO Program Management of Secure Magazine Door Improvement Program

RDT&E of Physical Security Equipments for shipboard use

Life Cycle manager for logistics support and upgrades of fielded Shipboard Physical Security Equipments

Shipboard Physical Security (SPS)

Fleet Installation/Field Service for Physical Security Systems SHIPALTS/ORDALTS/ MACHALTS

Monitor industry progress on Physical Security Equipment

"Smart Buyer" for Physical Security Equipments

"Teamed" with NSWC, Crane; NSWC, CSS, Panama City and; NISE East, Charleston to develop/install Shipboard Physical Security systems/equipments

Operational Shipboard Mock-up of Physical Security Equipments for Research and Development, Test and Evaluation, training and Fleet Support

Specialized Mechanical Technology & Manufacturing/Repair Facility

Integral support to all other Technical Capabilities at this Site

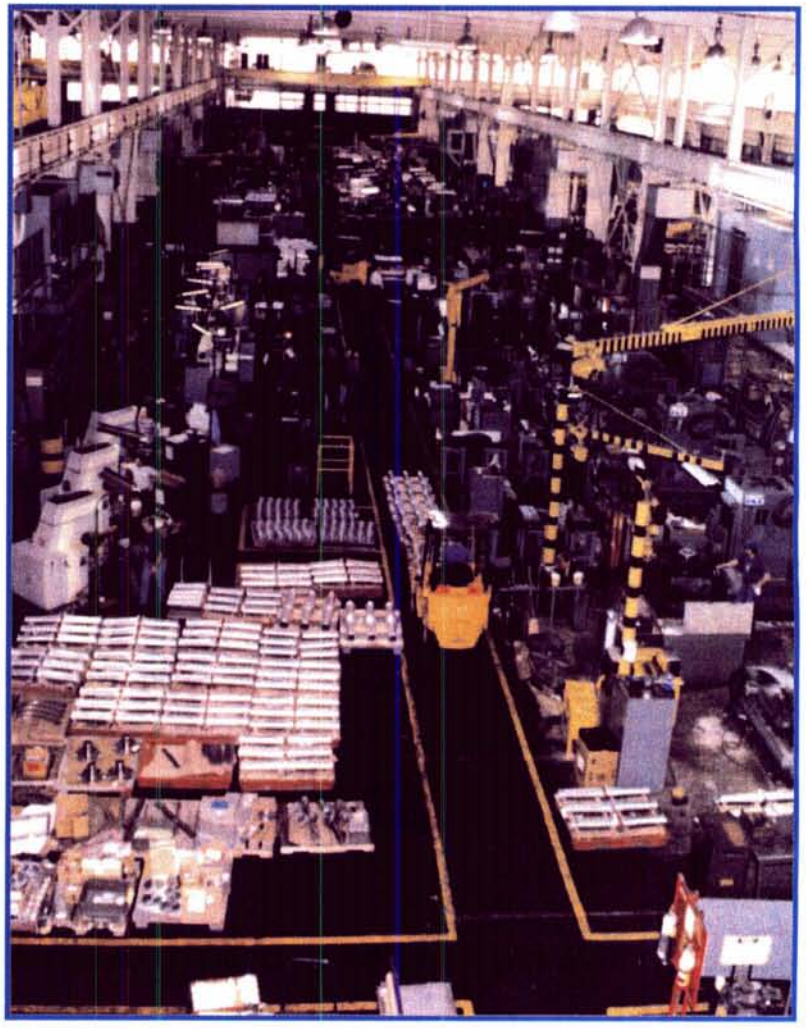
Perform inherently government functions:

- "Smart buyer"
- Leading DoD and Navy testbed for technology development and transfer
- Transition from development to production
- Rapid response manufacture for surge/mobilization requirements
- First article test and acceptance
- Product/process validation, failure and material analysis

Full life-cycle technical development and support of mechanical technologies

Concurrent RDT&E, engineering, prototyping and production

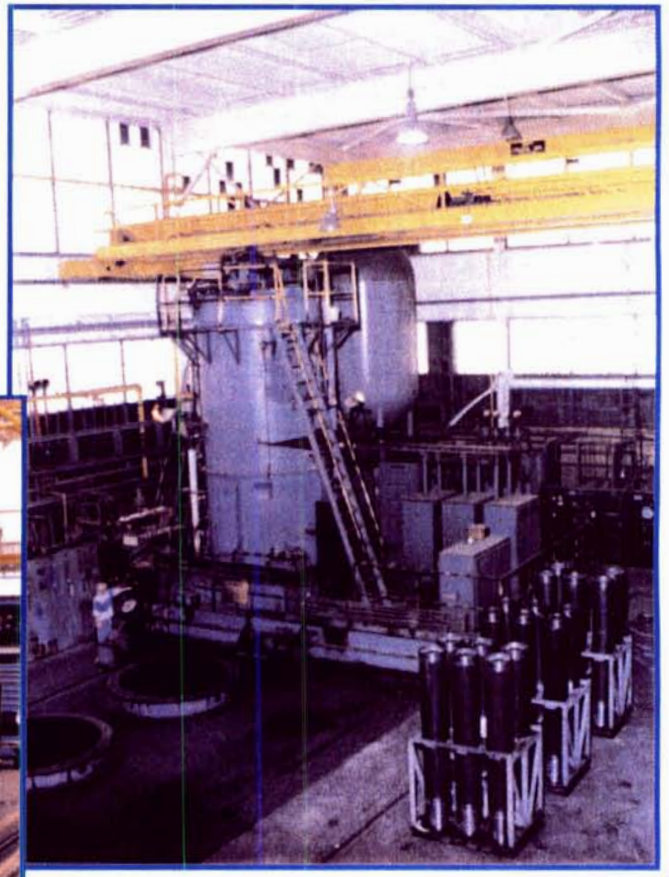
Only source for various Joint and Navy Mission critical items

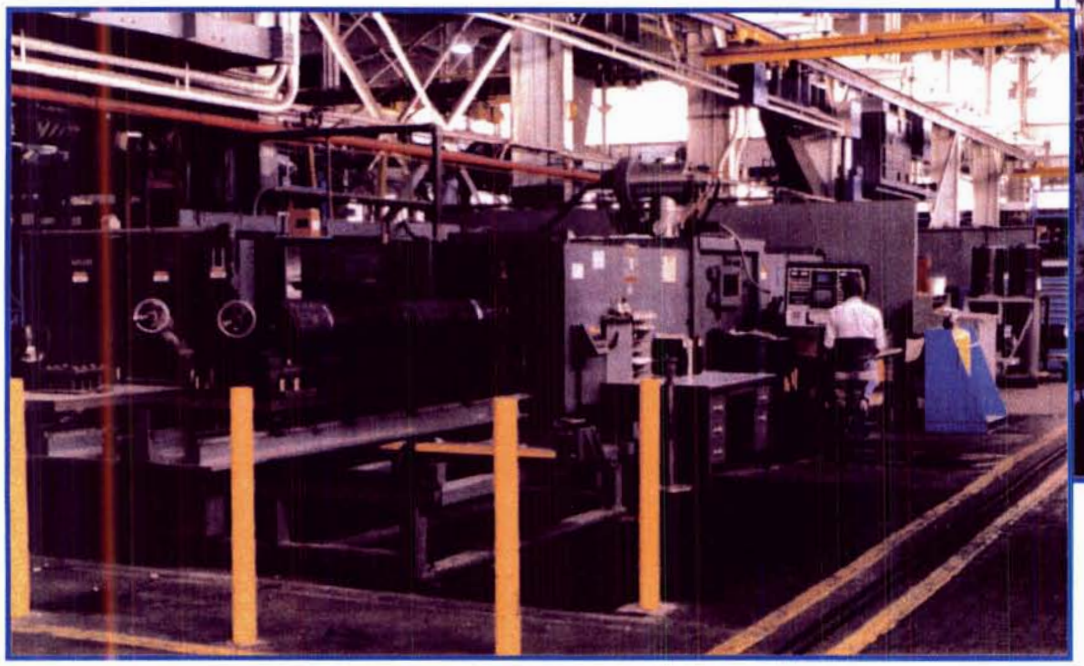


Specialized Mechanical Technology & Manufacturing/Repair Facility

The ONLY:

- Standard Missile rocket motor casing manufacturer
- DON Parts Digitization System (PARDS) and Product Data Exchange Specifications for Standard Data (PDES) generation & validation facility
- Viable gear manufacturer in DoD (1/4" to over 10' in diameter)





Specialized Mechanical Technology & Manufacturing/Repair Facility

The most state-of-the-art reverse engineering capability in DoD using PARDS with a Coordinate Measuring Machine for mechanical parts

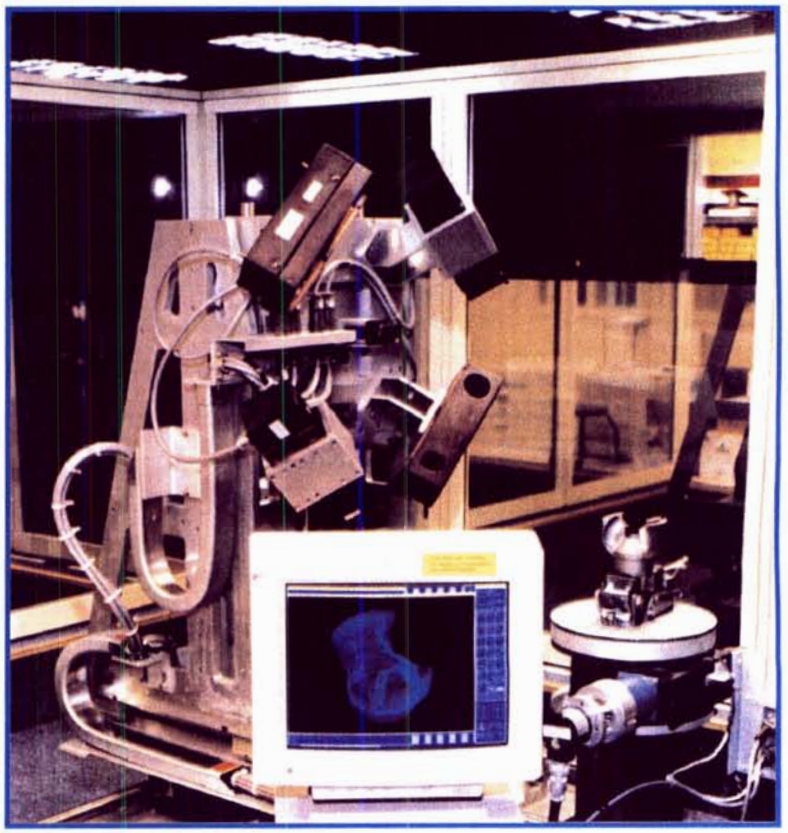
Environmentally compliant (state-of-the-art) 2 year old Plating & Industrial Wastewater Treatment Facility

MRP II Integrated Production Management System

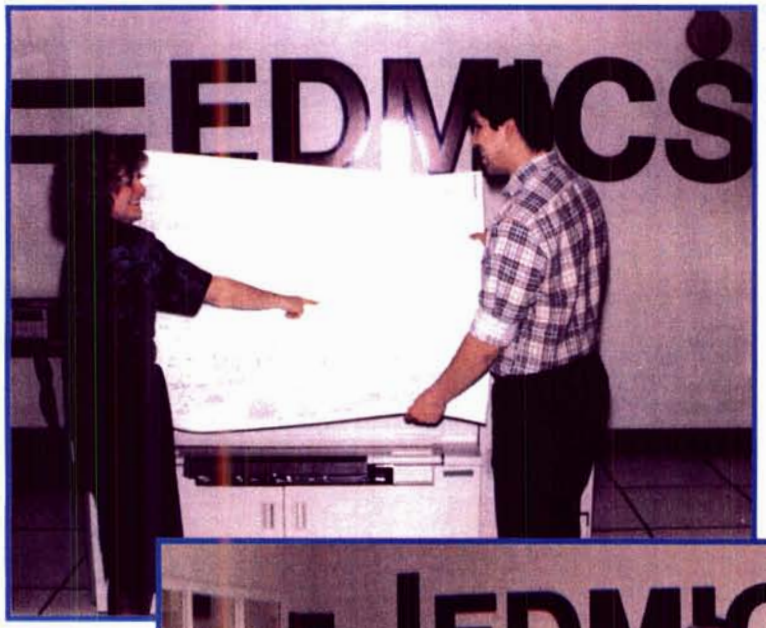
- Schedule and track overhauls for products with over 13 thousand parts

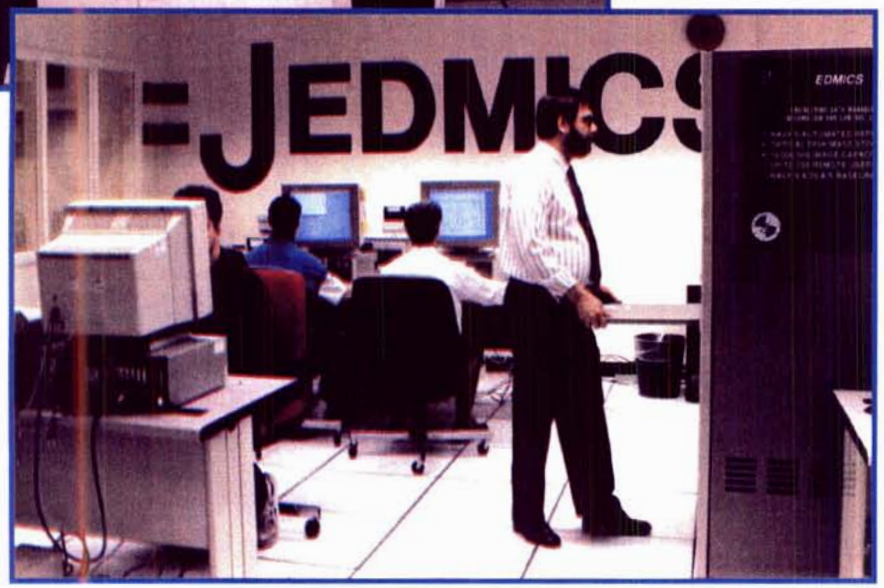
One of the Navy's largest users of CNC machines

Virtual Company participant



Management & Distribution of Naval Drawings





DoD Designated Master Drawing and Data Repository for Ordnance, Weapons and Combat Systems:

- Imaging Systems Test Analysis
- Engineering Data Management
- Automatic and On-Demand Distribution of Engineering Drawings
- Storage and Archival

DoD Designated Beta Test Site for JEDMICS

- Problem Resolution
- Site Preparation/System Installations

Navy Test Site/Technical Agent for Computer-Assisted Data Acquisition

DoD-Wide Data Asset Research and Order Transfer

Inter-Service Teaming

Products (Watertight Doors, Gears, Castings, Technical Data Packages (TDP) and Services (Reverse Engineering, Electronic Data Interchange (EDI))

- Puget Sound Naval Shipyard
- Tinker Air Force Base
- Kelly Air Force Base
- China Lake (NAWC)
- Keyport (NUWC)

Assault Amphibious Vehicle (AAV) Minerake Pathfinder design, development, prototype, technical support

- USMC

Highly Mobile Multi-Purpose Vehicle (HMMV) manufacturing support and vehicle modifications, quotes, drawings, TDP, rapid response helicopter parts

- Army

Inter-Service Teaming

Rapid response for manufacturing, fabricating, machining

- Tank Automotive Command (TACOM)

Computer Aided Design Conferencing (On-line changes to drawings)

- Defense Logistics Agency (Richmond)

Ranges for testing major gun systems

- Fort Knox

Liquid Propellant development for Advanced Gun Systems with the Army Program Manager

- Picatinny Arsenal

Public/Private/Academia Partnerships

Manufacturing Technology (MANTECH) Transfer Center

- Cooperative Research and Development Agreement (CRADA) with Innovative Productivity Incorporated (IPI), a consortium with local private industry and academia
- Electronic Data Interchange Technology Development and Transfer Site

Partnership with Hughes Aerospace Electronics Company for the Production Upgrade of Phalanx Close-In Weapon System (CIWS)

- New workshare concept
- Maintains public/private industrial base

University of Louisville

- Reverse Engineering and rapid prototyping
- Charter member, Selective Laser Sintering (SLS) machine Partnership

Engineering student Cooperative Program with local Universities

Physical Resources (1994)

Land - 142 Acres

Buildings

- 92 Adjacent buildings
- 1.64 Million Square Feet
- NAVFAC Replacement Cost:
  $274 Million

Industrial Plant Equipment

- Replacement Value:
  $497 Million

Unique Equipment

- Replacement Value:
  $429 Million

Total Replacement Cost
$1.2 Billion

Statistics (1994)

Annual Operating Budget - $196 Million

Personnel

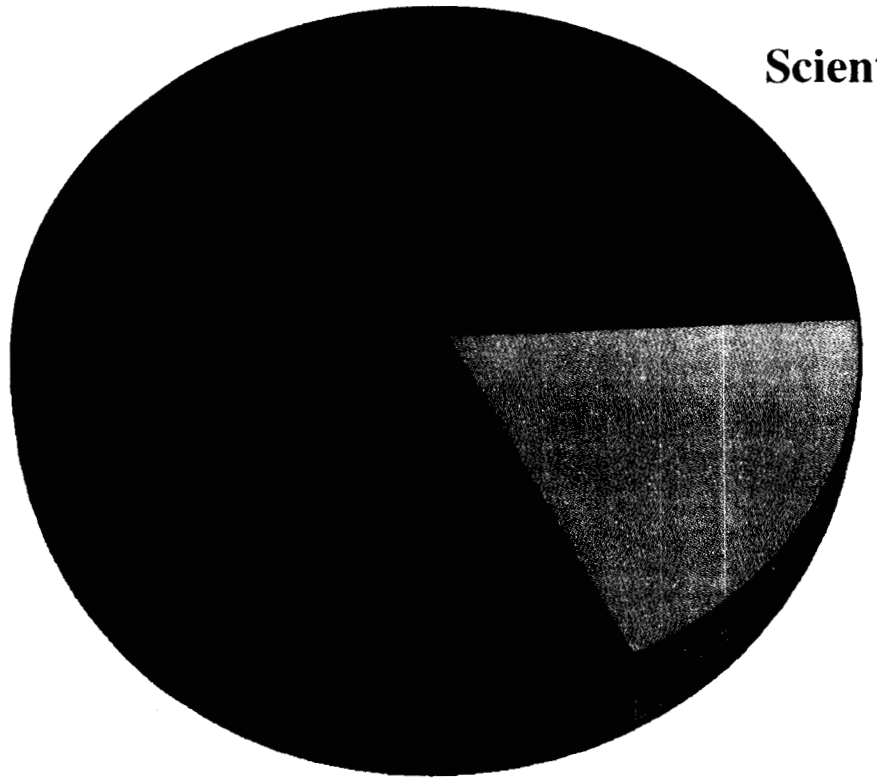
- Civilian - 1,988
- Military - 12
- Contractors - 78

Payroll - $85 Million

Tenant Organizations

- Defense Finance Accounting Service
- Naval Criminal Investigative Service
- Defense Printing Service

Human Resources (1994)

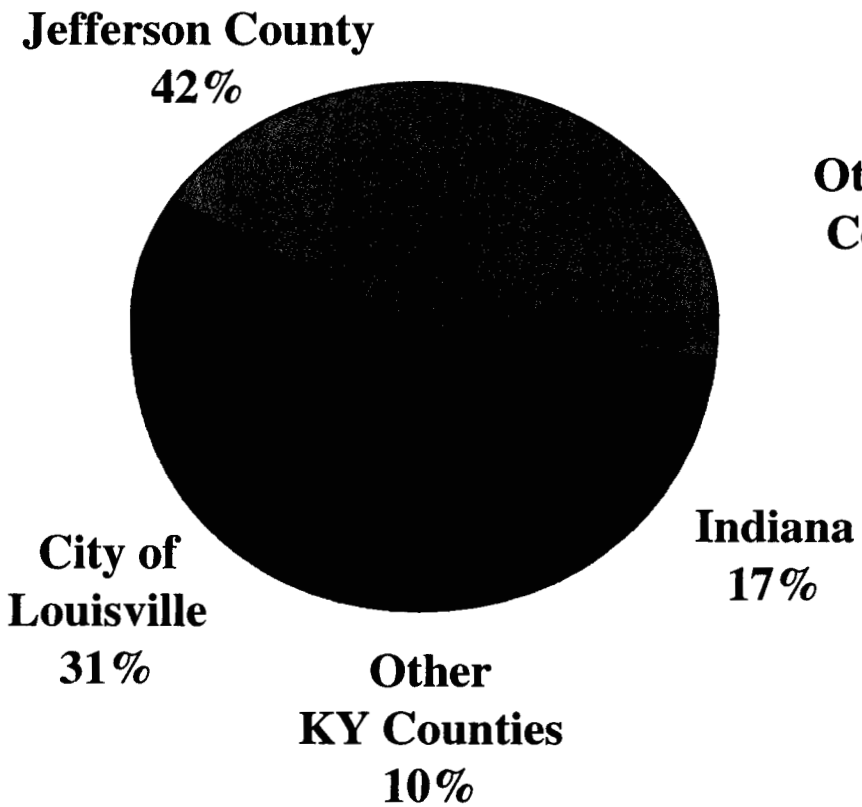


Total Civilian Personnel: 1,988

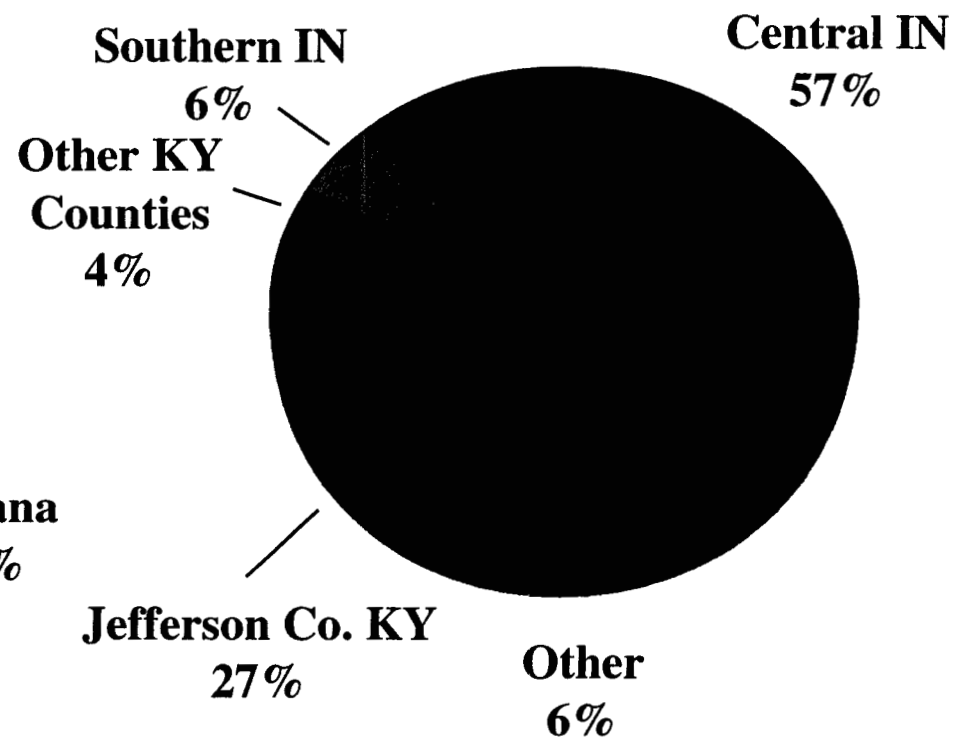
Balanced workforce enables full spectrum Weapon Systems support.

Demographics (1994)

Louisville Site



Crane Division



NSWC, Crane Division provides Bi-State and Bi-Partisan representation and support.

Transportation Access

Ideal central location provides rapid deployment capabilities of systems, equipment, material and technical personnel to Atlantic, Pacific and Gulf Coasts

Air:

- Less than 1 mile from Louisville's Standiford Field Airport
- 6th Largest air cargo airport in the world and 4th largest in the U.S.
- UPS primary national/international hub
- Full service airport for commercial, air cargo, military, general aviation, corporate, private and postal aircraft

Rail:

- Directly adjacent to CSX Regional Freight Yard which has a spur line into NSWC, Louisville with rail access through all major production buildings
- Served by five railroads (CSX, SOO Line, CONRAIL, Norfolk Southern and Paducah & Louisville)
- 25 rail miles from Ft. Knox

Transportation Access

Interstates:

- 3 major interstates within 5 miles of NSWC, Louisville
  - I-64 East directly to Norfolk, VA
  - I-64 West with multiple West Coast connections
  - I-65 South directly to the Gulf Coast
  - I-71 and I-65 North to the Great Lakes Region

River:

- Primary route for major barge lines
- 2 major River Ports on the Ohio River within 5 miles of NSWC, Louisville
  - One of the newest (state-of-the-art) major River Ports in the U.S.

Summary

NOP Canton
Ohio
CLOSED

NOP Pocatello
Idaho
CLOSED

NOP Macon
Georgia
CLOSED

NOP York
Pennsylvania
CLOSED

NSWC, Louisville

(Formerly NOP Louisville)

The Navy's only remaining "full service" gun weapon systems engineering/industrial capability

NOP Forest Park
Illinois
CLOSED

NOP Center Line
Michigan
CLOSED

Naval Gun Factory
Washington, D.C.
CLOSED

Conclusion

Requirements for Naval Gun Weapon Systems (NGWS) will endure.

- "Forward...From the Sea" heightens NGWS requirements

NSWC, Louisville is the Navy's corporate memory for NGWS.

NSWC, Louisville is the only remaining facility, public or private, providing full-spectrum engineering/industrial life cycle support for NGWS and other DoD systems.

NSWC, Louisville has <u>all</u> the Desirable Characteristics of the Future Base.

Document Separator

Data Analysis Team Status Report to Joint Cross-Service Group for Depot Maintenance November 21, 1994

Today's Briefing

- **Recommendations**
- **Optimization runs**
- **Alternatives**

Recommendations

- Data Analysis Team recommends the forwarding of two alternatives
  - Minimize sites #1
  - Minimize Excess Capacity #1
- Variants

JCSG-DM Guidance

- Unconstrained maximize military value
- Minimize sites (Constrained to 10 closures)
  - Functional value
  - Military value
- Minimize excess capacity
  - Functional value
  - Military value

Tri Department Group Advice

- Previous Minsites and Minexcap runs already reflect the influence of functional values
- Constrain the Milval run to show the influence of military value to Minsites/Minexcap
  - 10 site closure constraint
  - 28M/ 43M DLH capacity reduction

Optimization Runs *continued*

- Site Military values were provided to the Tri-Department BRAC Group on Nov 16
- Requested model runs in accordance with JCSG-DM guidance
- Received Nov 17

Results

- Four of the six "best" model runs have identical closure recommendations
  - Minsites (MV#1)
  - Minsites (FV#1)
  - Minexcap (MV#1)
  - Milval (#1)
- Minsites and Minexcap have the same number of recommended closures
- Minimize Excess capacity (FV#1) provides the greatest reductions of excess capacity and production lines
- Maximize Functional Value provides the least reduction in capacity and number of sites and warrants no further consideration

Adjustments to Model Runs

- Rigorous detailed analysis by DAT
- By Commodity by site review
  - Single sited where possible
  - Military judgment
  - Individual attention to notional depot workloads
- CCAD and AMARC retained

Comparison

		Closures		Cap of Closures	Lines	Avg Mil Val
		Model	DAT	(in Mil DLHs)	Remaining	
Min Sites						
FV	#1	10	8	30.5	146	2.56
MV	#1	10	8	30.5	146	2.56
Min Ex Cap						
FV	#1	8	8	34.5 - 36.8	134 - 137	2.68 - 2.80
MV	#1	10	8	30.5	146	2.56
Max Mil Val						
FV	#1	10	8	30.5	146	2.56
Max FV						
	#1	2	6	18.1	110	2.50

Summary of Potential Closures

	MIN SITES		MIN EXC CAP		MIL VAL	FUNC VAL
	F/V #1	M/V #1	F/V #1	M/V #1	F/V #1	#1
ANAD						
CCAD	D	D	D	D	D	
LEAD	X	X	X	X	X	
RRAD	X	X	X	X	X	A
TOAD						
OC-ALC						
OO-ALC						
SA-ALC	X	X	X	X	X	
SM-ALC			X			
W R-ALC						
AMARC	D	D	D	D	D	D
MCLB AL						
MCLB BA						A
NADEP CP						
NADEP JX	X	X	X	X	X	
NADEP NI						
NSY LB			P			
NSY NF						
NSY PH	X	X	P	X	X	A
NSY PM	X	X	P	X	X	A
NSY PS						
NW C CR	X	X		X	X	X
NW C LO			X			
NUW C KP	X	X	P	X	X	A
Model Total	10	10	8	10	10	2
DAT Total	8	8	8	8	8	6

Legend:

Recommendations

- Data Analysis Team recommends the forwarding of two alternatives
  - Minimize sites #1 / MU / FU
  - Minimize Excess Capacity #1
- Variants

Data Analysis Team Recommendations

- **Minimize Sites #1**
  - Identifies 8 potential closures
  - Reduces production lines by approximately 41 percent
- **Single sites (13)**

Command & Control Aircraft
Landing Gear Overhaul
Strategic Missiles
Self propelled ground vehicles
Radar
Other grnd gen'l purpose items
Tanks (Ground Combat Vehicles)
Satellite Control/Space Sensors
Blades and Vanes (Type 2)
Towed Combat Vehicles
Electronic Warfare
Small Arms/Personal Weapons
Ground generators

Data Analysis Team Recommendations

- Maximize Excess Capacity #1
  - Identifies 8 potential closures
  - Reduces production lines by approximately 45 to 46 percent
- Single sites(13)

Command & Control Aircraft
Landing Gear Overhaul
Strategic Missiles
Self propelled ground vehicles
Radio Communications
Ground generators
Munitions/Ordnance
Satellite Control/Space Sensors
Blades and Vanes (Type 2)
Towed Combat Vehicles
Electronic Warfare
Small Arms/Personal Weapons
Tanks (Ground Combat Vehicles)

Variants to be Forwarded

- Military Departments to investigate further consolidations of
  - Hydraulics/Pneumatics
  - Instruments
  - Aviation Ordnance
  - Tactical missile guidance and control depot maintenance in an enclave at Letterkenny Army Depot

Document Separator

MILCON Summary Report

Scenario:		CLOSE LOUISVILLE 012		
		NSWC CRANE, IN		
Construction				
Description	Type	New Rqmt	Rehab Rqmt	Cost
MK 45/75 SITE	SHPYD	0	3,500	0.6
TOTAL:				0.6

All Dollars shown in Millions

MILCON Summary Report

Scenario:		CLOSE LOUISVILLE 012		
Construction		NSY NORFOLK, VA		
Description	Type	New Rqmt	Rehab Rqmt	Cost
SHOP SPACE	SHPYD	300,000	0	58.2
HIGH BAY STORAGE	STORA	100,000	0	14.1
TOTAL				72.3

All Dollars shown in Millions

8 Dec 94

NSWC LOUISVILLE CLOSURE EXCLUSIONS

ACTIVITY	AREA	ITEMS EXCLUDED	COST EXCLUDED	REASON
NSWC LOUISVILLE	Disp. of Personnel	8 Civilian positions to NSWC Dahlgren	-	Duplicate of S. & T functions at Dahlgren
NSWC LOUISVILLE	1 Time Unique	Dismantle/Inspect Supply Equipment	$0.364M	Memo Item 1.
NSWC LOUISVILLE	1 Time Unique	Maintenance of Buildings/Structures/Grounds	$0.954M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Utilities/Maintenance	$2.25M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Refuse, telephones, janitorial	$0.201M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Environmental Cost of Closure	$6.669M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Mk 45/75 functional engineering models for Port Hueneme	$3.0M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	CIWS overhaul/LLTM	$48.6M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	Orientation of new CIWS personnel	$4.5M	Memo: Item 7
SUBTOTAL			$66.5m	
NSWC LOUISVILLE	Net Mission Costs	Depot transitional costs to sustain fleet/workforce readiness	$45.37M	Memo: Item 8
NSWC LOUISVILLE	1 Time Moving	Equipment teardown/recalibration	$13.2M	Memo: Item 1
NSWC LOUISVILLE	1 Time Moving	Prod. Supp. ADP Teardown/recall	$0.24M	Memo: Item 1
SUBTOTAL			$13.4M	
NSWC LOUISVILLE Port Hueneme	Billets/Force Structure	30 Billets covered by BRAC 91		BRAC 91
NSWC LOUISVILLE NNSY	Mission Costs	Increase costs due to stabilized rate.	$29.12M	Inconsistent with NAVSEA certified data.
NSWC LOUISVILLE NNSY	1 Time Unique	Certification of production processes and personnel	$12.5M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	Special Support Functions	$45M	Memo: 8/9
NSWC LOUISVILLE NNSY	1 Time Unique	TRS development	$18M	Salaried employees. Not additional cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS upgrade; ovhl	$0.9M	Overhauling not a closure cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS certification test facilities/program	$0.75M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	Retrain NNSY workforce	$7.9M	Memo: Item 7
SUBTOTAL			$85.1M	
NSWC LOUISVILLE Dahlgren	Misc Recurring Costs	Miscellaneous Recurring Costs	$0.96M	No People/No Costs
TOTAL			$240.4M	

Encl (3)

ROI Summary

Scenario	One-Time Costs	Steady-State Savings	ROI Years	20 Year NPV
NAWC IND ALT 1	127.2	-36.5	4 Years	-299.6

INDY TO LOUIS

ROI Summary

Scenario	One-Time Costs	Steady-State Savings	ROI Years	20 Year NPV
NAWC IND/LOUIS ALT A	114.8	-36.1	3 Years	-304.3

INDY TO CRANE

ROI Summary

Scenario	One-Time Costs	Steady-State Savings	ROI Years	20 Year NPV
NAWC IND/LOUI ALT2AB	124.2	-39.4	3 Years	-339.5

Notes: INDY TO CRANE
PAX
CLAKE

All Dollars shown in Millions

Encl (4)

Disposition of Billets/Positions

Scenario		Officers	Enlisted	Civilian	Students	Total
NAWC IND ALT 1	Eliminate	5	0	347		352
	Move	4	27	1,753	0	1,784

INDY TO LVILLE

Disposition of Billets/Positions

Scenario		Officers	Enlisted	Civilian	Students	Total
NAWC IND/LOUIS ALT A	Eliminate	6	0	347		353
	Move	3	27	1,672	0	1,702

INDY TO CRANE

Disposition of Billets/Positions

Scenario		Officers	Enlisted	Civilian	Students	Total
NAWC IND/LOUI ALT2AB	Eliminate	6	0	427		433
	Move	3	27	1,592	0	1,622

INDY TO CRANE
PAX
CLAKE

	LOUISVILLE	CRANE	CRANE A/B
PERSONNEL	1,769 to Louis	1,787 to Crane	1,162 to Crane
	15 to Great Lakes	15 to Great Lakes	365 to Pax
	872 Eliminated	954 Eliminated	80 to China lake
	242 F/S	242 F/S	15 to Great Lakes
			1,034 Eliminated
			242 F/S
EQUIPMENT	3,485 Tons to Louis	2,802 Tons to Crane	2,671 Tons to Crane
			90 Tons to Pax
			107 Tons to China Lake
1 TIME UNIQUE COST	$2,000,000	$1,900,000	$1,200,000
MILCON	245,692 SF Admin/RDT&E	207,185 SF Admin	Crane: 149,121 SF Admin
	$1,000,000 SCIF	$1,625,000 SCIF	Crane: $768,000 SCIF
			Pax: 64,413 SF Park, Admin, RDT&E
			PAX: $2,670,000 SCIF
			Pax: $375,000 Network

ROI Summary

Scenario	One-Time Costs	Steady-State Savings	ROI Years	20 Year NPV
nswclv	118.1	-12.3	11 Years	-35.8

All Dollars shown in Millions

Notes:

Encl (5)

Disposition of Billets/Positions

Scenario		Officers	Enlisted	Civilian	Students	Total
nswclv	Eliminate	4	0	123		127
	Move	0	11	1,184	0	1,195

LOUISVILLE MOVE TO CRANE

CURRENT 1.668M SQFT REDUCED TO 0.5M SQFT

LIGHT VEHICLES REDUCED FROM 30 TO 0

HEAVY VEHICLES/SPECIAL EQUIP REDUCED FROM 183 TO 41

1197 PIECES OF EQUIPMENT REDUCED TO 785

5 (OR 10) DEPOT LINES ELIMINATED - 18 LINES TAKEN TO CRANE

SUPPORT PERSONEL REDUCED FROM 293 TO 175 - 118 ELIMINATED

SUPPORT PEOPLE JUSTIFIED BY EACH FUNCTION

ADAMANT THAT WORKLOAD IS FLAT -- LITTLE TECHNICAL SYNERGY

1322 PEOPLE AT START-- 1195 MOVING-- 1190 TO CRANE

$160M PLUS $100M PLUS $209.5 M REDUCTIONS HAVE OCCURRED

MAJOR MOVES START IN FY 98 - COMPLETES IN FY 00

DEPOT LINES TRANSITIONED TO CRANE

DECOY LAUNCHING SYSTEMS

STANDARD MISSILE ROCKET MOTOR CASINGS

REVERSE ENGINEERING/MANUFACTURING/PROTOTYPE

VALVE BALL

MK 23 TARGET ACQUISITION SYSTEM

MK 32 SURFACE VESSEL TORPEDO TUBES

CABLE/HARNESS MANUFACTURING

ARMORED BOX LAUNCHERS

MK 17 AND MK 19 TURBINE PUMP EJECTION SYSTEM

LAUNCHER SUPPORT (MK 13 AND MK 26 TARTAR)

CIWS

MK 45 5" GUNS AND 2J/7H COMPONENTS

MK 75 76mm GUNS AND 2J/7H COMPONENTS

ROLLING AIRFRAME MISSILE GUIDED MISSILE LAUNCHER SYSTEM

MK 92 FIRE CONTROL SYSTEMS

NATO SEASPARROW GUIDED MISSILE LAUNCHER SYSTEM

TRI-SERVICE MK 19 MACHINE GUN

U. S. ARMY 60mm AND 81mm MORTARS

DEPOT LINES ELIMINATED

MK68 GUN FIRECONTROL SYSTEMS W/ SUBSYSTEMS

MK 56 GUN FIRE CONTROL SYSTEMS W/ SUBSYSTEMS

5" / 38 SINGLE AND TWIN MOUNTS

3" / 50 SINGLE AND TWIN MOUNTS

MK42 5" / 54 GUN MOUNT

MK 112 ASROC

MK 11 TARTAR

MK 10 TERRIER

MK 37 GUN FIRE CONTROL SYSTEM

MK 38 GUN FIRE CONTROL SYSTEM

FUNCTIONS NOT MOVED/REPLICATED AT CRANE

PLATING

ELIMINATED DEPOT LINES EQUIPMENT

CORROSION CONTROL

SMALL MACHINE SHOP

X-RAY FACILITIES

ENVIRONMENTAL TEST FACILITIES

METALLUGICAL TEST FACILITIES

ELECTRONIC MODULE TEST AND REPAIR FACILITIES

FAILURE/MATERIAL ANALYSIS

SUPPORT PERSONNEL LOUISVILLE TO CRANE

FUNCTION	CURRENT	RELOCATE TO CRANE
COMMAND	21	0
COMPTROLLER	11	7
ADMINISTRATION	62	20
HRO	27	18
SUPPLY MGT.	143	75
COMPUTER SUPT	48	15
INFO SYSTEMS	39	15
SAFETY	5	3
PHYS SECURITY	30	0
PUB WORKS	36	20
FIRE PROTECT.	4	0
MEDICAL	7	2
	---	---
	433	175

14 DEC 94

12 December 1994

NSWC LOUISVILLE CLOSURE EXCLUSIONS

ACTIVITY	AREA	ITEMS EXCLUDED	COST EXCLUDED	REASON
NSWC LOUISVILLE	Disp. of Personnel	8 Civilian positions to NSWC Dahlgren	-	Duplicate of S. & T functions at Dahlgren
NSWC LOUISVILLE	1 Time Unique	Dismantle/Inspect Supply Equipment	$0.364M	Memo Item 1.
NSWC LOUISVILLE	1 Time Unique	Maintenance of Buildings/Structures/Grounds	$0.954M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Utilities/Maintenance	$2.25M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Refuse, telephones, janitorial	$0.201M	Allowance in COBRA covers
NSWC LOUISVILLE	1 Time Unique	Environmental Cost of Closure	$6.669M	DOD Policy
NSWC LOUISVILLE	1 Time Unique	Mk 45/75 functional engineering models for Port Hueneme	$3.0M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	CIWS overhaul/LLTM	$48.6M	Overhauling not a closure cost.
NSWC LOUISVILLE	1 Time Unique	Orientation of new CIWS personnel	$4.5M	Memo: Item 7
SUBTOTAL			$66.5m	
NSWC LOUISVILLE	Net Mission Costs	Depot transitional costs to sustain fleet/workforce readiness	$45.37M	Memo: Item 8
NSWC LOUISVILLE	1 Time Moving	Equipment teardown/recalibration	$13.2M	Memo: Item 1
NSWC LOUISVILLE	1 Time Moving	Prod. Supp. ADP Teardown/recall	$0.24M	Memo: Item 1
SUBTOTAL			$13.4M	
NSWC LOUISVILLE Port Hueneme	Billets/Force Structure	30 Billets covered by BRAC 91		BRAC 91
NSWC LOUISVILLE NNSY	Mission Costs	Increase costs due to stabilized rate.	$29.12M	Inconsistent with NAVSEA certified data.
NSWC LOUISVILLE NNSY	1 Time Unique	Certification of production processes and personnel	$12.5M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	TRS development	$18M	Salaried employees. Not additional cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS upgrade; ovhl	$0.9M	Overhauling not a closure cost
NSWC LOUISVILLE NNSY	1 Time Unique	CIWS certification test facilities/program	$0.75M	Memo: Item 3
NSWC LOUISVILLE NNSY	1 Time Unique	Retrain NNSY workforce	$7.9M	Memo: Item 7
SUBTOTAL			$85.1M	
NSWC LOUISVILLE Dahlgren	Misc Recurring Costs	Miscellaneous Recurring Costs	$0.96M	No People/No Costs
TOTAL			$195.45	

Encl (12)

Cost Categories Not Allowed

- General work performed by govt employees
  - 1) disassembly of equipment/test stations including cataloging & inventory
  - 2) inventory of equipment & material
  - 3) depot certifications
  - 4) documentation reproduction & development
  - 5) transition/coordination/management teams
  - 6) cost of procurement
  - 7) on the job training costs
  - 8) productivity loss/disruption cost
  - 9) duplication of facilities

3/13/95

BASE STRUCTURE ANALYSIS TEAM
(MEMORANDA FOR THE BSEC)

ANALYSIS / COMMENTS:

1. MEMO of 15 NOV 1994 - The BSEC discussed the configuration model for BRAC-95. "Depot maintenance level work currently conducted at the Technical Centers should be moved to the shipyards to achieve greater productivity efficiencies while reducing excess capacity."

   The BSEC then decided to run COBRA scenario development data calls on the following: "Close Long Beach Naval Shipyard and Portsmouth Naval Shipyard, Close NSWC Louisville, as a result of the significant workload that would probably be removed to depot maintenance activities at shipyards."
   Also, in this MEMO is CAPT. Moeller's report on analysis of the Technical Centers. He "advised the BSEC that depot maintenance level work constituted 3% of total work at NUWC Keyport, 8.4% of total work at NSWC, Crane, and 45% of total work at NSWC, Louisville." "In view of the high percentage of depot maintenance level work done at NAWC Louisville, the BSEC confirmed their previous determination that closure of that activity should be included in the scenario development data calls."

   Comment: NSWC, LOUISVILLE WAS TARGETED FOR CLOSURE AS EARLY AS 15 NOV 1994, BASED ON HIGH PERCENTAGE OF DEPOT WORKLOAD. MOVING DEPOT WORKLOAD (CIWS) TO CRANE DOES NOT ELIMINATE THE WORKLOAD FROM THE TECHNICAL CENTER'S CAPACITY. SCENARIO DATA CALLS 012 AND 013 WERE RELEASED AS A RESULT OF THIS MEETING.

2. MEMO of 16 NOV 1994- Proposed Configuration Analysis model for the Technical Centers was presented. The BSAT proposal was accepted and is included as encl (5). The Technical Center Military Value Ranking is enclosure (9) of the MEMO and the Technical Center Military Value Matrix is enclosure (10).

   Comment: AT THIS POINT, NSWC, LOUISVILLE IS RANKED #17 OUT OF 64 TOTAL ACTIVITIES (NSWC CRANE IS #9, NAWC, INDIANAPOLIS IS #13, NAWC, LAKEHURST IS #15). THE TECHNICAL CENTER'S MILITARY VALUE MATRIX PROVIDES THE SUMMARY OF ALL ACTIVITIES NUMBERS.

3. MEMO OF 17 NOV 1994- The results of the Configuration Model Analysis and the Sensitivity Analyses for the Technical Centers were presented to the BSEC, including the BEST, 2nd BEST and 3rd BEST solutions to the analysis. (Refer to enclosure (6)).

   Comment: THE RESULTS PRESENTED IN THIS MEMO CLOSE NAWC, INDIANAPOLIS AND NSWC, CRANE, AND LEAVES NSWC, LOUISVILLE OPEN.

ATT (10)

THE RESULTS ARE NEARLY IDENTICAL TO THE FINAL BRAC-95 REPORT. IT APPEARS THAT THE CONFIGURATION / SENSITIVITY ANALYSES DIDN'T CHANGE FROM 17 NOV 1994 TO 1 MAR 1995, BUT THE CLOSURE DECISIONS DID CHANGE. MR. NEMFAKOS NOTED "THAT THE AMOUNT OF EXCESS CAPACITY AND NUMBER OF ACTIVITIES CLOSED BY THE MODEL SOLUTION REFLECTED THE LACK OF SIGNIFICANT TECHNICAL CENTER CLOSURES COMMENSURATE WITH OTHER DEPARTMENTAL INDICATORS DURING BRAC-93." HE ALSO NOTED THAT "THE ACTIVITIES HAVE GROWN OVER THE YEARS, ARE COMPLEX, AND WILL NOT BE EASY TO CLOSE." THE BSEC CONCLUDED THAT CLOSING NAWC INDIANAPOLIS, NAWC LAKEHURST, AND NSWC CRANE WOULD BE THE BEST SOLUTION FOR CLOSURES. NSWC, LOUISVILLE WAS ADDED TO THE LIST OF SCENARIOS DUE TO "THE POTENTIAL TO TAKE SHIPBOARD WORK OUT OF LOUISVILLE" AND "TO DETERMINE WHICH CLOSURE WOULD BE MOST COST EFFECTIVE."

4. MEMO of 28 NOV 1994- Depot Maintenance JCSG Alternatives were discussed. Two JCSG Alternatives were approved (DM-1 and DM-2 including some Shipyards, NSWC Crane, NUWC Keyport and NSWC Louisville due to depot maintenance workload. The T&E JCSG alternatives were also approved to look at NAWC Det Warminster, NAWC Indianapolis, NSWC Indian Head, NSWC Dahlgren, and NSWC Crane for transfer of work to other DON Activities.

5. MEMO of 30 NOV 1994- BSEC was briefed on changes to the Technical Center Military Value Matrix and Ranking (enclosures (12) and (13)).
Comment: WITH THIS REVISION NSWC LOUISVILLE IS STILL RANKED #17 OUT OF 64 TOTAL ACTIVITIES. (NSWC CRANE MOVED UP TO #7, NAWC INDIANAPOLIS MOVED UP TO #12 AND NAWC LAKEHURST MOVED UP TO #14.) (NSWC INDIAN HEAD AND NUWC DET NEW LONDON MOVED DOWN IN RANKING.) CHANGES RESULTED FROM DATA CLARIFICATIONS, CORRECTIONS, AND COMPLETION OF THE NAVAL AUDIT SERVICE REVIEW. NSWC LOUISVILLE WAS NEVER AUDITED.

6. MEMO of 8 DEC 1994 - The COBRA Analysis of Louisville was briefed for scenario numbers 012 and 013. "The scenario would have up-front costs of $126M with return on investment taking 6 years." (Refer to enclosure (2)). "The BSAT excluded $240M of up-front costs." (Refer to enclosure (3)). The BSEC also established 28% as a "reasonable number and directed that not more than 28% of the total forces moving can be support (overhead) functions."

Comment: THE COBRA MODEL CLOSURE NUMBERS IN ENCLOSURE (2) ARE THE ONLY ONES FOUND FOR NSWC LOUISVILLE ALONE, ALL LATER AND FINAL NUMBERS HAVE NSWC LOUISVILLE COMBINED WITH NAWC INDIANAPOLIS. THE NUMBERS ARE LOWER THAN COBRA MODEL INPUTS "CERTIFIED" BY NSWC LOUISVILLE. THE BSEC "EXCLUSIONS" IN ENCLOSURE (3) ARE NUMBERS THAT BSEC "ACCEPTED" AS REQUIRED", BUT ARE

"EXCLUDED" FOR ARBITRARY REASONS, I.E. IF BRAC CLOSES LOUISVILLE, BRAC MUST PAY THESE COSTS, NOT THE EQUIPMENT PROGRAM MANAGERS. THE BSEC ALSO CONCURRED WITH THE 18-MONTH TRANSITION TIME FOR CIWS BUT "EXCLUDED" THE ADVANCED OVERHAUL COSTS IN THE $240M.

ENCLOSURE (4) SHOWS THE "COMBINED" COSTS AND ROI FOR NSWC LOUISVILLE AND NAWC INDIANAPOLIS FOR SCENARIO 028. NSWC LOUISVILLE NUMBERS ARE $126M AND ROI OF 6 YEARS, NAWC INDIANAPOLIS IS SHOWN AS $127.2M AND 4 YEARS, BUT THE "COMBINED TOTAL IS $124.2M AND 3 YEARS.

ENCLOSURE (5) SHOWS NSWC LOUISVILLE'S NUMBERS FOR 028 AS $118.1M AND A ROI OF 11 YEARS. "THE BSEC APPROVED THE ANALYSES AS PRESENTED BUT DIRECTED THE BSAT TO COMBINE THE CLOSURE OF NAWC INDIANAPOLIS, ALTERNATIVE "NAWC IND/LOU1 ALT2AB" WITH THAT PORTION OF SCENARIO 012/013 SENDING NSWC LOUISVILLE'S SHIP/SEA SYSTEMS WORK TO THE SHIPYARDS." IT WAS ALSO NOTED THAT "EXCLUSIONS" FOR OTHER ACTIVITIES AVERAGED ONLY $27M.

7. MEMO of 13 DEC 94 - The BSEC was briefed on the "combined" COBRA analysis for "the closure of NAWC Indianapolis and NSWC Louisville with the movement of Ship/Sea Systems work from NSWC Louisville to the shipyards as directed by the BSEC on 8 DEC 1994."
   Comment: THE RESULTS IN ENCLOSURE (3) SHOW A ONE-TIME COST OF $248.3M AND A ROI OF 3 YEARS FOR THE COMBINED ACTIVITIES. THE BSEC CHALLENGED THE REQUIREMENT FOR 400,000 SQ. FT. AT NSY NORFOLK AND STATED THAT THE ANALYSIS EXCLUDED A $50M ONE-TIME UNIQUE COST FOR NSY NORFOLK (SPECIAL SUPPORT FUNCTIONS). THE BSEC REQUESTED EXPLANATION OF THE $50M.

8. MEMO of 14 DEC 94- BSAT presented COBRA analysis for "combined" NAWC Indianapolis and NSWC Louisville closure scenarios with SHIP/SEA SYSTEMS work going to NSY Norfolk.
   Comment: THIS VERSION STATES THAT "$50M SPECIAL SUPPORT FUNCTION COSTS HAVE BEEN PUT BACK INTO THE COBRA MODEL". RESULTS WERE: $254.8M OF UP-FRONT COSTS AND A ROI OF 3 YEARS. THE BSAT EXCLUDED $195.45M OF COSTS. THE BSEC APPROVED THE ANALYSIS.

9. MEMO of 15 Dec 94 - The BSEC was briefed on three alternatives of NSWC Crane CLOSE scenario 034. NSWC Crane's one-time costs were $495.2M, $458.8M and $242.9M with ROIs of NEVER, 100+ years and 7 years, respectively. "The BSEC decided not to further consider NSWC Crane for closure due to the high one-time costs relative to 20 year NPV.

Comments: IF THE ACCURATE, CERTIFIED DATA FROM NSWC, LOUISVILLE WAS USED, THE ONE-TIME COSTS WOULD BE $291M AND A ROI OF 101+ YEARS, WHICH IS LOWER THAN BRAC-91 OR BRAC-93 NUMBERS.

10. MEMO of 19 Dec 94 - The BSEC was briefed on the COBRA wrap-up of Technical Center Activities. The BSEC approved the COBRA analyses for NAESU, NATSF, NAWC Oreland, NUWC New London, NBDL New Orleans, NPRDC, NAVMASSO, NISE West San Diego, NAMRI, Warminster, NSWC White Oak, NWAD Corona, NSWC Annapolis, NISE East Norfolk, Indianapolis/Louisville, NHRC San Diego, and NAWC Lakehurst. "Those Activities will be analyzed for economic and environmental impact." The MEMO added that "The BSEC will not consider NSWC Indian head, NSWC Crane, NSWC Sullivan, AEGIS Wallops, and AEGIS Moorestown for closure any further."

    Comment: THE ROI OF 7 YEARS AND "HIGH CLOSURE COSTS" WERE MAJOR FACTORS IN DELETING NSWC INDIAN HEAD AND NSWC CRANE FROM THE CLOSURE LIST. THE ROI AND CLOSURE COST FOR NSWC LOUISVILLE IS NOT GIVEN, INSTEAD THE "COMBINED" COST AND ROI FOR NSWC LOUISVILLE AND NAWC INDIANAPOLIS IS USED. THE INDIVIDUAL NSWC LOUISVILLE CLOSURE COST OF $126M AND ROI OF 6 YEARS, PREVIOUSLY REPORTED ON 8 DEC 94 , WOULD HAVE ALSO EXCEEDED THE THRESHOLD NUMBERS TO KEEP NSWC LOUISVILLE OFF THE CLOSURE LIST. (NO ACTIVITY WITH OVER 4 YEARS ROI WAS INCLUDED ON THE FINAL CLOSURE LIST.)

11. MEMO of 22 DEC 94 - The BSAT briefed the results of the COBRA Analysis for the "combined scenario" which removes ship/sea systems work from NSWC, Louisville to NSY Norfolk and closes NAWC Indianapolis and NSWC, Louisville. (Refer to Enclosure (3)). This analysis addresses only the NSWC, Louisville portion, the NAWC Indianapolis portions remains as previously briefed. These options are analyzed: (1) the "NAWC IND/LOUI ALT 2AB" briefed on 14 Dec; (2) "ALT A" is identical to ALT 2AB except that NO NSWC, Crane depot workload is sent to NSY Norfolk; and (3) "ALT B" is identical to "ALT A" except that CIWS workload is transferred to NSWC, Crane vice NSY Norfolk and plating operations, in support of gun systems, that can't be accomplished at NSY Norfolk would be done at Watervliet Army Arsenal. (This was Scenario 012A on 16 Dec 94). The BSAT also makes the following (ERRONEOUS) assumptions: less New Construction at NSY Norfolk; delete $50M special support function costs; NSWC, Crane has existing "gun shop" space; eliminates the need for plating operation costs; "uses 15 workyears of plating work transferred but the real number is likely to be around 6"; locating CIWS system integration engineering to NSWC, Port Hueneme "should improve the package"; and "sending the CIWS work to NSWC, Crane lessens the regional economic impact". The BSEC approved "ALT B" at a one-time cost of $199.1M, steady state savings of $71M, 20 Year net present value of $649.5M and an ROI of 2 years.

    The BSEC was then briefed on the COBRA analysis for CLOSING NSWC, Louisville by the JCSG-DM scenario (scenario 092), which REALIGNS depot overhaul workload to NSY

Norfolk. (SCENARIO 092 WAS A REALIGN NSWC, LOUISVILLE, NOT A CLOSE NSWC, LOUISVILLE; COSTS WERE LOWER).

Comment: THE BSAT/BSEC DID NOT USE THE "CERTIFIED" DATA FROM NSWC, LOUISVILLE, NSY NORFOLK, NSWC, PORT HUENEME OR NSWC, DAHLGREN IN MAKING THEIR ASSUMPTIONS TO REDUCE COSTS. NSY NORFOLK AND NSWC, CRANE WILL REQUIRE SOME OF NSWC, LOUISVILLE'S SPECIAL SUPPORT FUNCITONS. GUN WEAPONS SYSTEMS AND CIWS DEPOT OVERHAUL FUNCTIONS ARE UNIQUE AT NSWC, LOUISVILLE. FACILITIZATION WILL BE REQUIRED AT BOTH ACTIVITIES. THERE ARE NOT SUFFICIENT FUNDS IN THE BRAC-95 CLOSE LOUISVILLE SCENARIO TO RELOCATE, RE-ESTABLISH THE GUN WEAPONS SYSTEMS DEPOT OR THE CIWS DEPOT AT THE GAINING ACTIVITIES. THE EQUIPMENT PROGRAM MANAGERS CANNOT BE EXPECTED TO FUND COSTS TO "RE-ESTABLISH" THESE CAPABILITIES AT OTHER ACTIVITIES AS A RESULT OF CLOSING LOUISVILLE. THESE UNIQUE CAPABILITIES EXIST AT NSWC, LOUISVILLE.

THE BSAT/BSEC BRIEFING ON JCSG-DM SCENARIO 092 WAS ERRONEOUS IN THAT THE SCENARIO REALIGNED NSWC, LOUISVILLE NOT CLOSING IT. 092 MOVED DEPOT WORKLOAD TO NSY NORFOLK BUT LEFT ENGINEERING AND OTHER SUPPORT FUNCTIONS IN PLACE. THE COBRA ANALYSIS COSTS SHOWN IN ENCLOSURE (5) ARE, THEREFORE, LOWER THAN A CLOSE SCENARIO COST.

THE ECONOMIC IMPACT DATA FOR THE LOUISVILLE METROPOLITAN AREA IS GIVEN IN ENCLOSURES (12) AND (13) OF THE MEMO.

12. MEMO of 29 Dec 94- The BSEC was briefed on the "COBRA Analysis Final Wrap-up" for DON Activities to be recommended for CLOSURE, including the Technical Centers analysis. The BSEC prepared its final CLOSURE listing for recommendation to the Secretary of the Navy. It included "NAWC Indianapolis and NSWC Louisville (scenario 028 as combined with that portion of scenario 012 moving ship/sea systems work from NSWC Louisville to shipyards)." Enclosure (10) of the MEMO lists 18 Technical Center "sites" for closure, however, #15 is the combined "Indy & Louisville."

The BSEC was also briefed on the final recommendations from JCSG-DM scenarios on Depot Maintenance. The results shown in enclosure (23) of the MEMO is that NSWC Louisville is shown for REALIGNMENT under scenario 092, however, it is noted that "A similar DON scenario that closed this activity was more cost effective."

Community Infrastructure Impacts, enclosure (25), shows NSY Norfolk "gaining" 230 jobs from the "Indy/Louisville closure = $17.7M." It also shows NSY Norfolk gaining "$0.0M New Construction and $20.1M Rehab." from the Indy/Louisville closure. Enclosure (25) also shows NSWC, Crane "gaining" 4 Military and 1,865 jobs from the "Indy/Louisville

closure." NSWC, Crane also receives "MILCON: $9.3M New Construction; $13.9M Rehab" broken down as follows:

From Corona:	$0.5M New; $4.4M Rehab
From Indy:	$8.8M New; $6.9M Rehab
From Louisville:	$0.0M New; $2.7M Rehab

Comment: THE FINAL COBRA ANALYSIS NUMBERS ARE STILL "COMBINED", WITH NO REAL "SITE SPECIFIC" ANLYSIS ON CLOSING NSWC, LOUISVILLE. THIS MEMO DOES NOT SEPARATE OUT THE CIWS DEPOT WORKLOAD BUT DOES MENTION INTERSERVICING WITH WATERVLIET ARESENAL. IN THE FINAL DON ANALYSES AND RECOMMENDATIONS (VOLUME IV) MARCH 95, IT IS STATED THAT THE JCSG-DM SCENARIOS WERE A MAJOR IMPACT IN DECIDING TO ADD NSWC, LOUISVILLE TO THE CLOSURE LIST. IN THIS BRIEFING PACKAGE THE JCSG-DM SAYS THAT THE "CLOSURE OF NSWC, LOUISVILLE WAS MORE COST EFFECTIVE UNDER A DIFFERENT SCENARIO".??

IN ENCLOSURE (25) OF THE MEMO, 1,865 JOBS ARE "GAINED". OVER 500 OF THOSE JOBS ARE FROM NSWC, LOUISVILLE AND THE CIWS WORKLOAD BEING TRANSFERRED IS TRULY UNIQUE FROM CRANE'S WORKLOAD. MILCON FOR "SIMILAR" INDIANAPOLIS ELECTRONIC WORK TOTALS $15.7M; MILCON FOR CORONA'S WORK IS $4.9M; BUT ONLY $2.7M IS LISTED FOR NSWC, LOUISVILLE'S WORKLOAD. IT WOULD BE INTERESTING TO SEE THE ANALYSIS FOR THIS BREAKDOWN OF MILCON SINCE IT DRIVES NSWC, LOUISVILLE'S "CLOSURE COST" DOWN.

13. MEMO of 10 Jan 95 - The BSEC was briefed on the COBRA model analysis for the "combined" NAWC Indianapolis/NSWC, Louisville Closure since the movement to NAWC Patuxent River appeared to be excessive. "This analysis addressed only the Indianapolis portion of the combined scenario, leaving Louisville's portion as previously briefed." Results shown in enclosure (3) of the MEMO, for Indianapolis, are: one-time costs of $83.5M; steady state savings of $39.5M; a ROI of 2 years and a 20 year NPV of $378.8M.

    Comment: THESE MAY BE THE TRUE PORTIONS FOR INDIANAPOLIS, OF THE "COMBINED" NUMBERS REPORTED IN THE BRAC-95 DON ANALYSES AND RECOMMENDATIONS (VOLUME IV) REPORT OF MARCH 95.

14. MEMO of 13 Jan 95 (0554) - The BSEC briefed SECNAV on the recommended DON closures for BRAC-95. Mr. Nemfakos gave the briefing and stated that "Each Activity is part of a sub-category of activities where excess capacity exists, and the payback is sufficient in the BSEC's opinion to warrant the Secretary's Consideration." Sixty-three activities were recommended for closure and total costs and savings are summarized in the enclosed slide copies. One of the criterion Mr. Nemfakos emphasized was "**with only two recommendations taking as long as 4 years to pay off**".

Mr. Nemfakos explained "that Technical Centers were one area that DON was unable to effectively reduce in prior rounds". Mr. Pirie stated that "many scenarios were considered with longer ROI periods (over 4 years); however, given their one-time costs and the uncertainty of available funding, the BSEC chose not to recommend those".

Also from this MEMO: "AT THE CONCLUSION OF THE BRIEF THE SECRETARY ASKED MR. NEMFAKOS TO REVIEW THE REASONS THE BSEC RECOMMENDED NSWC, LOUISVILLE FOR CLOSURE. MR. NEMFAKOS EXPLAINED THAT THE LOUISVILLE DETACHMENT SUPPORTED FLEET COMBAT SUBSYSTEMS (GUNS AND MISSILES). FROM A FINANCIAL POINT OF VIEW, CLOSURE OF LOUISVILLE WAS ATTRACTIVE. THIS RECOMMENDATION WOULD COMPLETE THE PROCESS STARTED IN 1991 TO TAKE DEPOT WORK OUT OF THE TECHNICAL CENTERS. SHIPBOARD WORK WOULD MOVE TO THE SHIPYARDS WHERE IT WOULD CONSUME EXCESS CAPACITY THERE AND WOULD BE CLOSE TO THE FLEET. IT ALSO ALLOWS FURTHER ECONOMIC LOADING OF NSWC, CRANE. THIS ACTION IS ALSO IN CONSONANCE WITH THE JCSG RECOMMENDATIONS AND HAS A JOINT ASPECT AS THE PLATING WORK WOULD BE DONE AT WATERVLIET. FINALLY, THERE IS A GOOD CHANCE THAT SOME WORK MAY MIGRATE TO THE PRIVATE SECTOR".

Comment: THE LAST PARAGRAPH SOUNDS LIKE A LONG-TERM PLAN (REALIGNMENT WITH CRANE IN BRAC-91 AND THE FMC CHALLENGE IN BRAC-93) TO TAKE DEPOT WORKLOAD OUT OF NSWC, LOUISVILLE AND CLOSE THE ACTIVITY. PUBLIC LAW 101-510 AND THE BRAC-95 PROCESS REQUIRES THAT EACH ACTIVITY BE TREATED FAIRLY AND EQUALLY FOR "SITE SPECIFICITY" FOR "EACH ROUND OF BASE CLOSURES".

(made up of Alaska, Washington, Oregon, California, and Hawaii) had the greatest job losses in BRAC-93 and under the BSEC's 1995 recommendations. Mr. Nemfakos briefed the number of jobs lost and the percent change in local employment in the areas that would be most affected by the BSEC's recommended actions. The losses at Cherry Point, NC, and Lemoore, CA, involve the redirect of BRAC-93 activities. Those activities have not yet moved to the BRAC-93 receiving sites so there would be no net change in the current base population. There were no anticipated infrastructure problems at the top receiving sites.

22. At the conclusion of the brief the Secretary asked Mr. Nemfakos to review the reasons the BSEC recommended NSWC Louisville for closure. Mr. Nemfakos explained that the Louisville Detachment supported fleet combat subsystems (guns and missiles). From a financial point of view, closure of Louisville was attractive. This recommendation would complete the process started in 1991 to take depot work out of the technical centers. Shipboard work would move to the shipyards where it would consume excess capacity there and would be close to the fleet. It also allows further economic loading of NSWC Crane. This action is also in consonance with the JCSG recommendations and has a joint aspect as the plating work would be done at Watervliet. Finally, there is a good chance that some work may migrate to the private sector.

23. Mr. Rostker expressed concern about moving NPRDC away from a fleet center.

24. General Hearney stated that the language used for the actual recommendations was critical since no further rounds of closure are scheduled. There will be no further opportunities for redirects. To the extent possible operational flexibility to move units must be maintained.

25. The Secretary expressed his appreciation for the hard work that had been done to produce the BSEC's recommendations. He concurred in the recommendations except as noted above for California locations. He expected to resolve the remaining issues within the next week. Mr. Nemfakos recapped those recommendations impacted by the Secretary's decision regarding California locations. The recommendations regarding SPAWAR and NADEP North Island were not affected as they result in a net increase in employment. The decision to close NSYD Long Beach was approved and the Secretary will advise whether SUPSHIP Long Beach will be recommended for closure. The recommendations regarding NWAD Corona, WESTDIV, and SUPSHIP San Francisco were disapproved. The recommendations regarding Lemoore are a net increase from the existing baseline and are approved. The Reserve Centers impact only a modest number of military, not civilian, personnel and were

ROI Summary

Scenario	One-Time Costs	Steady-State Savings	ROI Years	20 Year NPV
CLOSE LOUISVILLE 012	126.0	-16.6	6 Years	-110.8

All Dollars shown in Millions

Notes:

Encl (2)

Disposition of Billets/Positions

Scenario		Officers	Enlisted	Civilian	Students	Total
CLOSE LOUISVILLE 012	Eliminate	4	0	243		247
	Move	0	11	884	0	895

One-Time Costs Summary

Scenario	Const	Pers	Ovhd	Move	Other	Total Costs	Svgs	Net Costs
CLOSE LOUISVILLE 012	73.0	2.6	8.2	27.2	15.0	126.0	0.0	126.0

All Dollars shown in Millions

Notes:

Document Separator

BRAC 95 FACILITY IMPLEMENTATION PROPOSAL

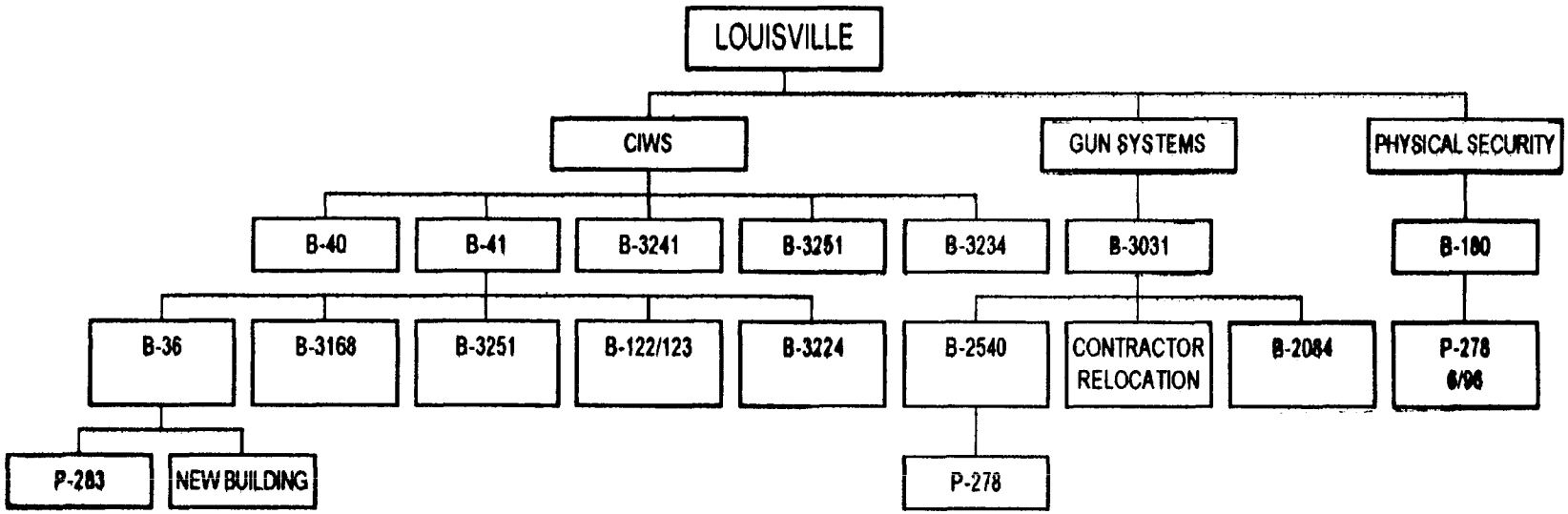
7 APRIL 95

AGENDA

- LOUISVILLE
  - GUN SYSTEMS ENGINEERING
  - PHYSICAL SECURITY
  - CIWS
- NAWC
  - INDUSTRIAL
  - ENGINEERING
  - ADMINISTRATIVE
- SUMMARY

LOUISVILLE PLAN

BUILDING CHART

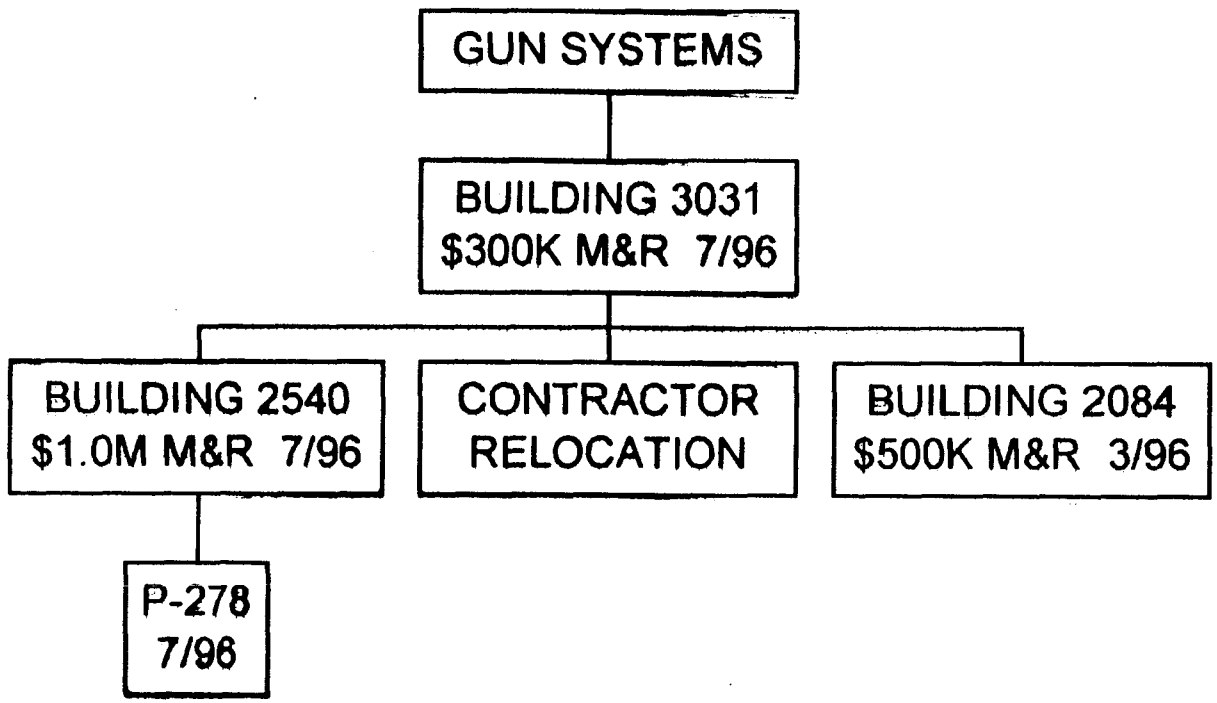


GUN SYSTEMS ENGINEERING REQUIREMENTS

■ OFFICE	125 PERSONS	18,750SF

GUN SYSTEMS PLAN

BUILDING FOR GUN SYSTEMS

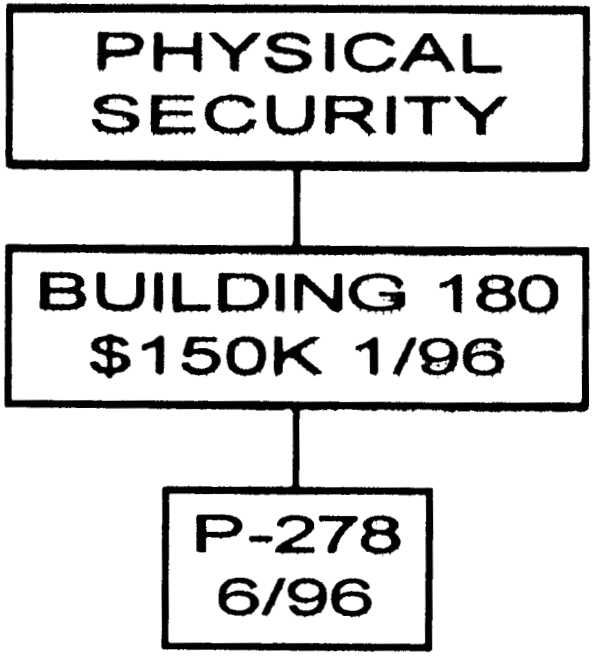


PHYSICAL SECURITY REQUIREMENTS

- CODE 304 MOCKUP 8,100SF

PHYSICAL SECURITY PLAN

PHYSICAL SECURITY BUILDINGS

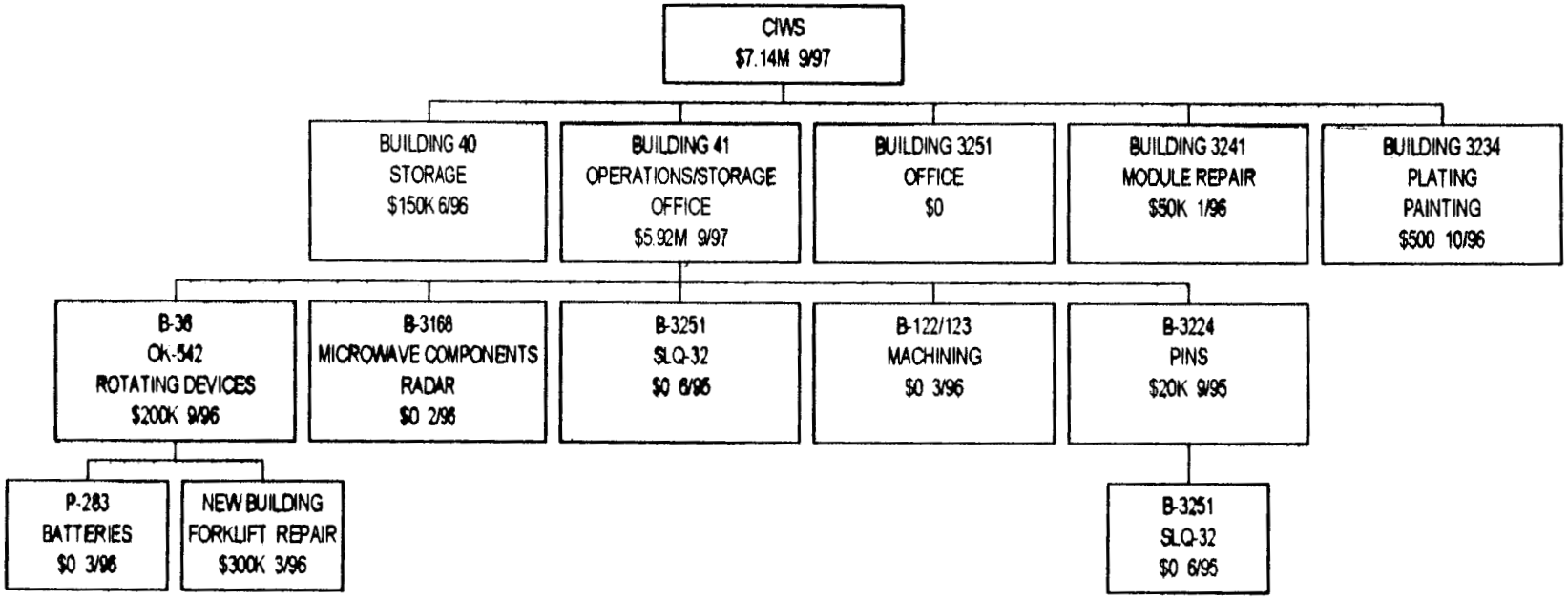


CIWS REQUIREMENTS

■ PRODUCTION	90,600SF
■ OFFICE	23,400SF
■ STORAGE	115,624SF

CIWS PLAN

BUILDINGS FOR CIWS



CIWS SUMMARY

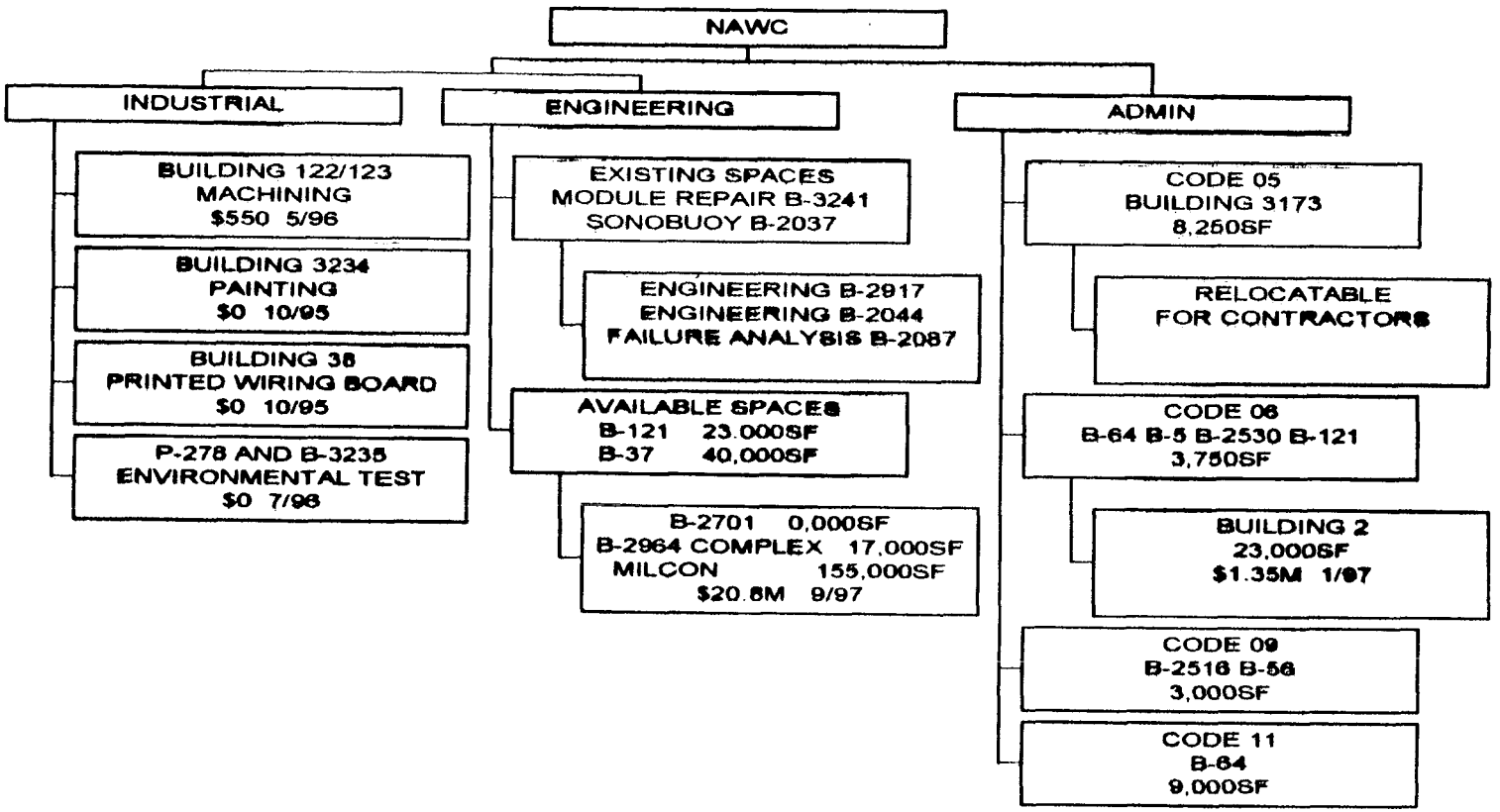
BUILDING	COSTS	COMPLETION
BUILDING 36	$ 200K	9/96
BUILDING 41	$5,920K	9/97
NEW FORKLIFT BLDG.	$ 300K	3/96
BUILDING 3234 PLATING/PAINTING	$ 500K	10/96
BUILDING 40 STORAGE	$ 150K	6/96
BUILDING 3224 PINS	$ 20K	9/95
BUILDING 3241 MODULE REPAIR	$ 50K	1/96
TOTAL COST	$7,140K	9/97

NAWC REQUIREMENTS

■ INDUSTRIAL	85,182SF
■ ENGINEERING	215,453SF
■ ADMINISTRATIVE	30,000SF
■ STORAGE	118,479SF

NAWC PLAN

BUILDINGS FOR NAWC



INDUSTRIAL SUMMARY

- ABSORB MACHINING FUNCTIONS IN B-122/123
- ABSORB PAINTING AND PLATING FUNCTIONS IN B-3234
- ABSORB ENVIRONMENTAL FUNCTIONS IN P-278
- ABSORB PRINTED WIRING BOARD FUNCTIONS IN B-38
- ABSORB CALIBRATION FUNCTIONS IN B-39

ENGINEERING SUMMARY

- CONSTRUCT MILCON
  - 155,000 SF
  - COST: $20,925,000
  - COMPLETION: 9/97

ABSORB PORTIONS OF NAWC'S ENGINEERING FUNCTIONS IN EXISTING OPERATIONS

- USE BUILDINGS 3241, 121, AND 37

ADMINISTRATIVE SUMMARY

- REHAB BUILDING 2
  - 23,000 SF
  - COST: $1,350,000
  - COMPLETION: 1/97

- INCLUDES:
  - * TRAINING
  - * LIBRARY
  - * EEO
  - * PHOTO LAB

- ABSORB REMAINING G&A

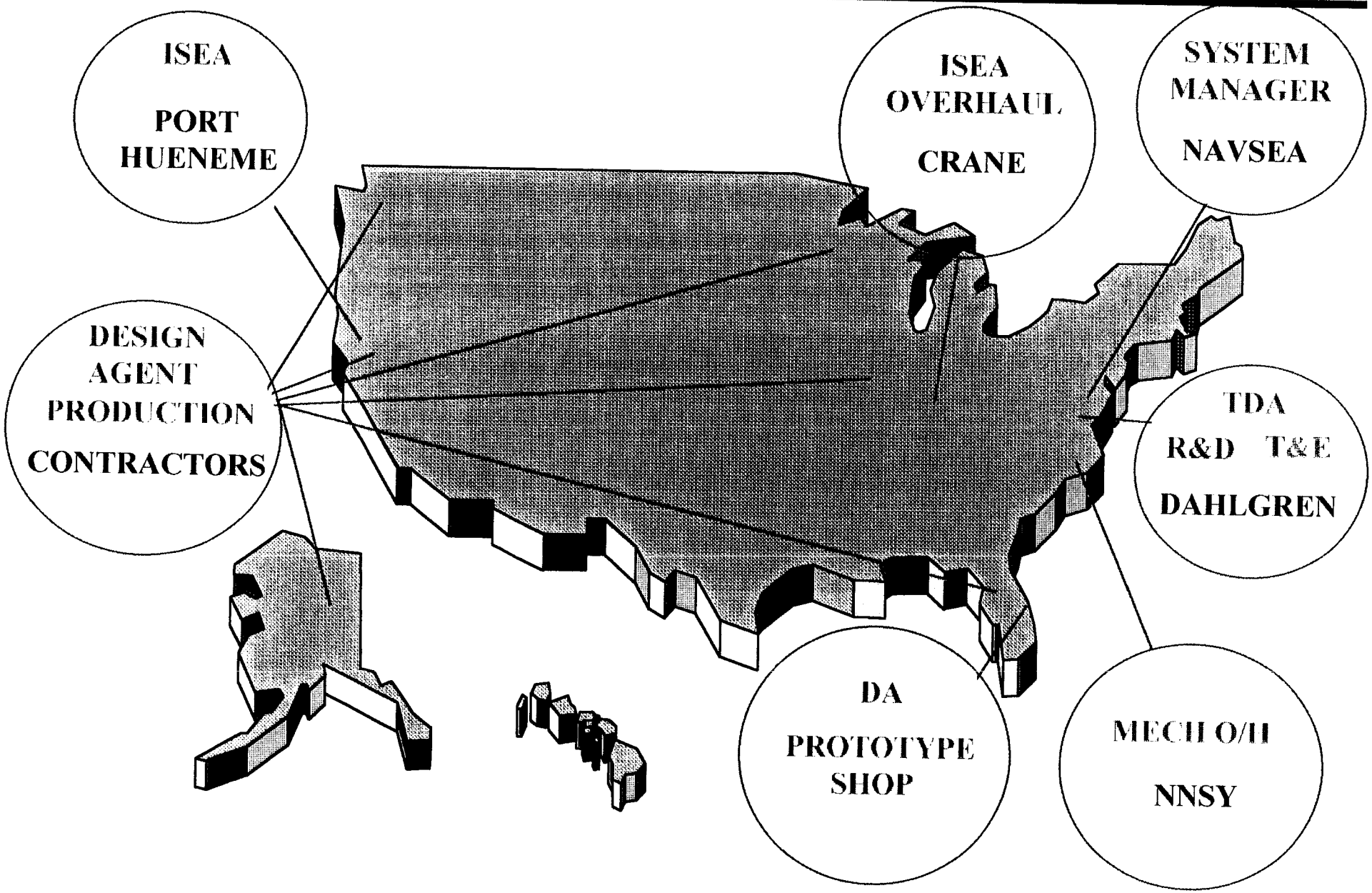
LOUISVILLE SPACE

FUNCTION	REQUIREMENT	SPACE	BUILDING
CIWS PROD/OFFICE	114,000	114,000	41 3241 3251
CIWS STORAGE	115,624	115,624	40
GUN SYS. ENG.	18,750	23,976	3031
PHYSICAL SEC.	8,100	7,589	180

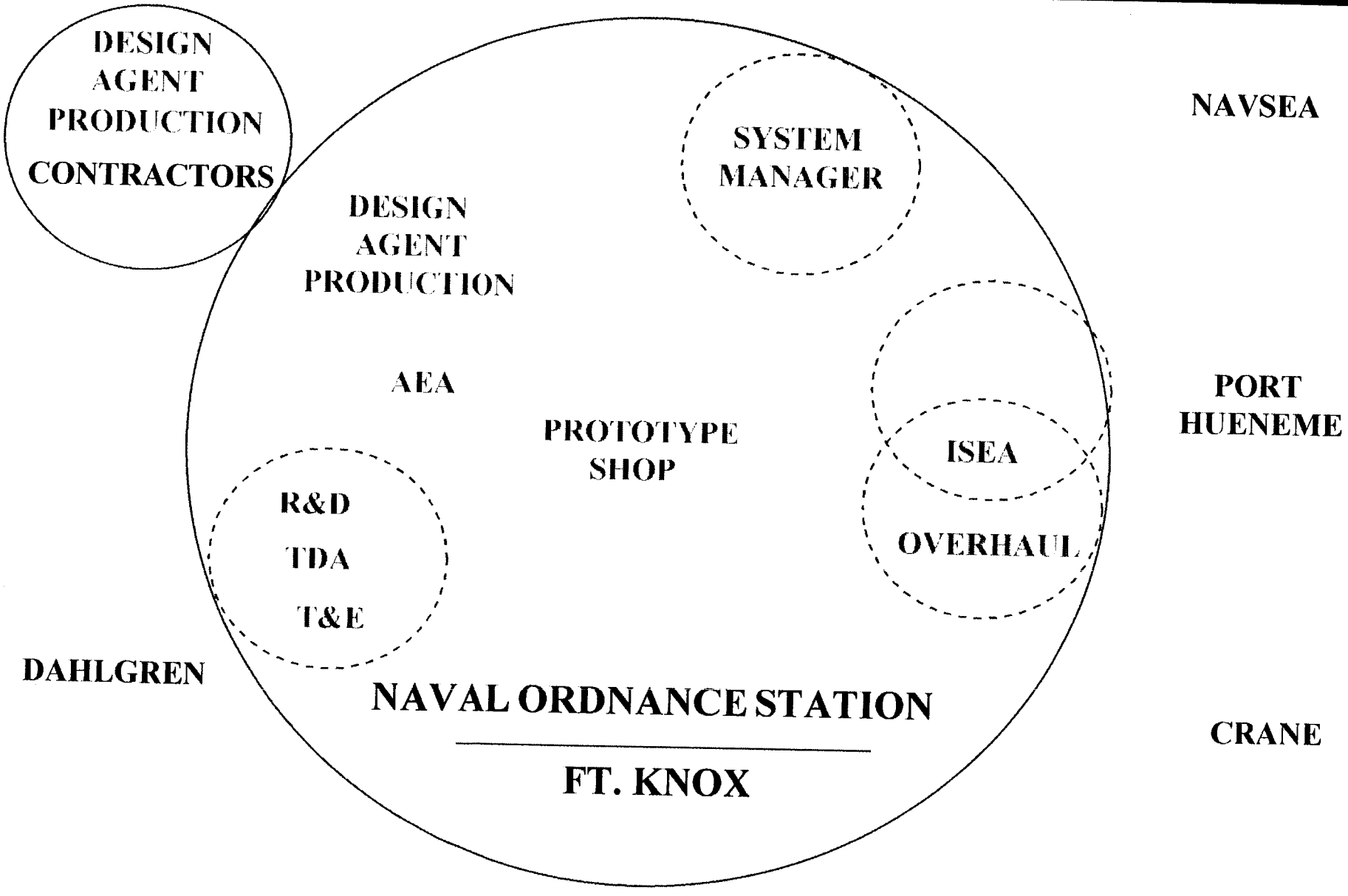
NAWC SPACE

FUNCTION	REQUIREMENT	SPACE	BUILDING
INDUSTRIAL	85,182	35,000	3234
		16,000	38
		17,000	2964 COM.
		19,790	39
		98,000	122/123
ENGINEERING	215,453	155,000	MILCON
		40,000	37
		23,000	121
ADMIN	30,000	23,000	2

BSAT PROPOSED NAVY GUN WORLD



THE SOLUTION



Document Separator

Congress of the United States
House of Representatives
Washington, D.C. 20515-1703

Mike Ward
Member of Congress
Third District Kentucky

March 7, 1995

Charles B. Martingly
Chief of Staff

The Honorable John H. Dalton
Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350-1000

Re: Congressional Inquiry regarding Investigative Report of the Naval Audit Service, Job Order 95-0044, for Inspector General (NAVSEA)

Dear Mr. Secretary:

We understand that the Naval Audit Service has prepared an investigative report pursuant to Job Order 95-0044 from the Inspector General (NAVSEA). We request an immediate copy of this investigative report (whether in a draft or final version) and of all supporting documentation.

We also request all pertinent information concerning the Inspector General (NAVSEA)'s report on this investigation. If a final or draft version of the Inspector General (NAVSEA) report has been prepared, whether or not it has been signed by the Inspector General, we request this document and all supporting papers.

Please provide all available documents to us by Friday, March 10, 1995. Thank you for your prompt response to this request.

Sincerely,

Wendell Ford

Mitch McConnell

Lee Hamilton

Ron Lewis

Mike Ward

1632 Longworth Building
Washington, D.C. 20515-1703
(202) 225-6401
internet: mward2@hr.house.gov

Committee on National Security
Committee on Science

Printed on Recycled Paper

Room 216, Federal Building
600 Dr. Martin Luther King, Jr. Place
Louisville, Kentucky 40202-2267
(502) 582-5129

NAVAL SURFACE WARFARE CENTER
CRANE DIVISION, LOUISVILLE

Computer Aided Manufacturing Support Branch

Major Functions:

- Generate NC and CNC machine tool programs and supporting documentation.
- Initiate design requirements for fixtures and tooling required for NC and CNC equipment.
- Initiate procurement of special cutting tools, fixtures, and miscellaneous requirements for CNC equipment.
- Provide assistance in the setup and trial run of new part programs.
- Provide support in quoting and planning new work.
- Provide continuous maintenance and updates of shop floor documentation.
- Maintain backup files of machine tool programs and related documentation.

Resources:

- Over 21,000 NC source programs and supporting documentation on file.
- Workload Management and Historical Database.
- Part Configuration Database.
- Special Cutting Tool Catalog Database.

Additional Capabilities:

- Electronic distribution of NC programs to shop floor via LAN (DNC Network).
- Extract and download manufacturing data from MRP System.
- Internet Communication.

- Transfer and conversions of organic drawing and model files using Initial Graphics Exchange Specifications (IGES).
- Transfer and conversion of drawing files using Drawing Interchange File (DXF) format.
- Generation of Dimensional Measuring Interface Specifications (DMIS).
- Solids and Surface modeling.
- Provide management information graphs and charts generated from historical database.

Hardware:

- Sun Micro Systems Server networked to four (4) client workstations.
- Sun Micro Systems 9 Track Tape Drive
- Two (2) Digital Equipment Corporation Workstations with External CDROM Disc Drive.
- Digital Equipment Corporation External Cartridge Tape Drive.
- Hewlett Packard Laser Jet III Plotter/Printer.
- Hewlett Packard Draftmaster Roll Plotter.
- Data Products High Speed Printer.
- Facit High Speed Tape Punch/Reader.

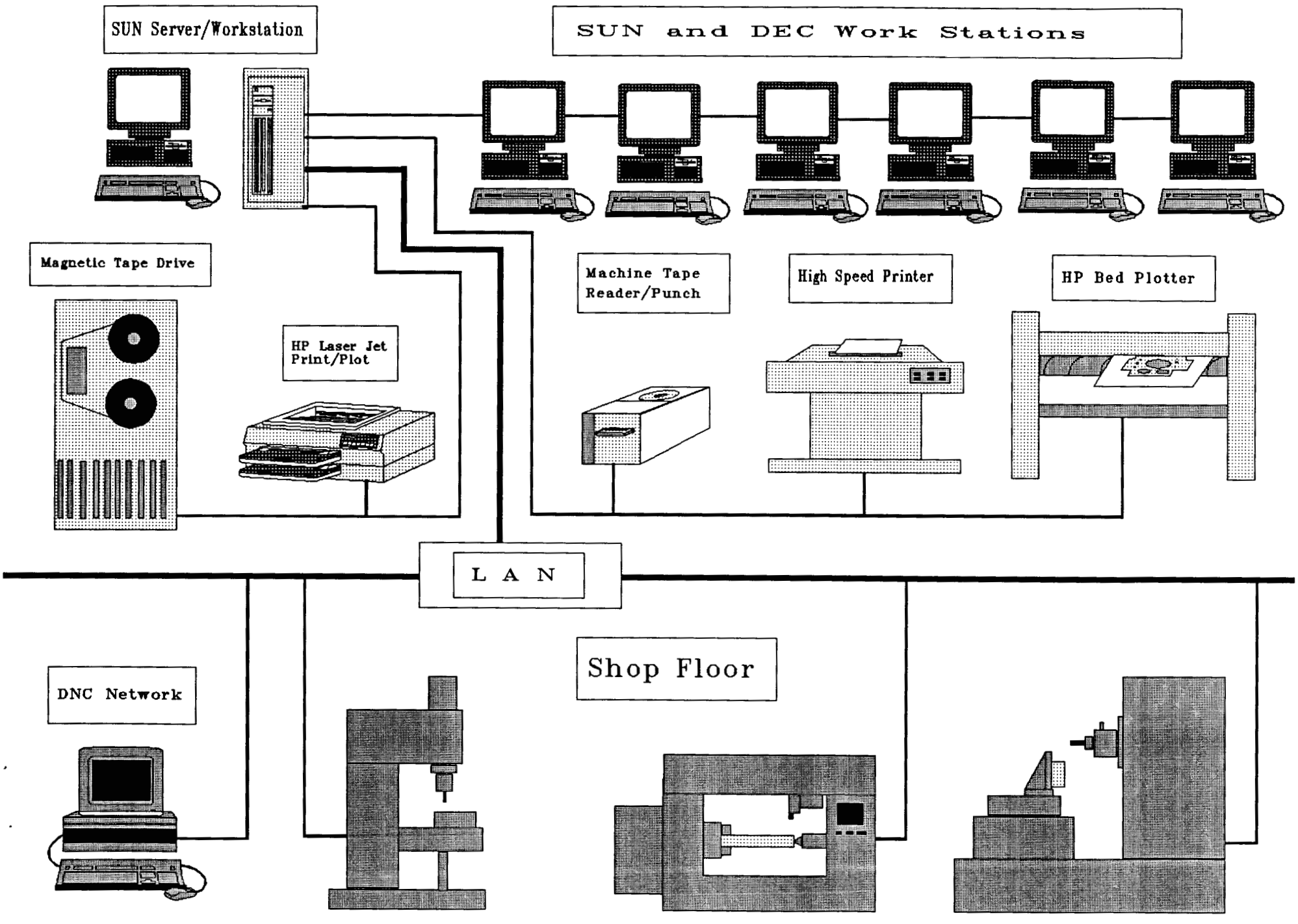
Software:

- SUN Unix Operating System.
- Applicon Inc. Bravo Drafting, Design and Manufacturing Software.
- DEC Ultrix Operating System.
- DEC DOS SoftPC Software.

General Information:

- Over 25 years of computer assist machine tool programming experience.
- Estimated value of 21,000 source programs on site is $8.5 million.
- In 1968 the Louisville site was the first customer to sign on with Manufacturing Data Systems Incorporated (MDSI), a new company providing computer time share service for programming NC machine tools. This company is now known as Applicon Inc., and is a world-wide organization supporting over 10,000 machine tools.
- Louisville site assisted MDSI in the development of a new machine tool programming language known as COMPACT II which became an industry standard and is still supported by Applicon Inc.
- Branch is supporting 37 different types of machines comprising a total of 60 machines.
- Five (5) Programmers supporting sixty (60) machine tools.
- Average time to create a new program and supporting documentation is approximately eight (8) hours.
- Approximately 50 percent of Branch workload involves updating programs and documentation due to engineering changes and shop workload managment.

NAVSURFWARCEN, LOUISVILLE COMPUTER AIDED MANUFACTURING SYSTEM CONFIGURATION



Computer Aided Manufacturing Support Branch

SAMPLE PROGRAM

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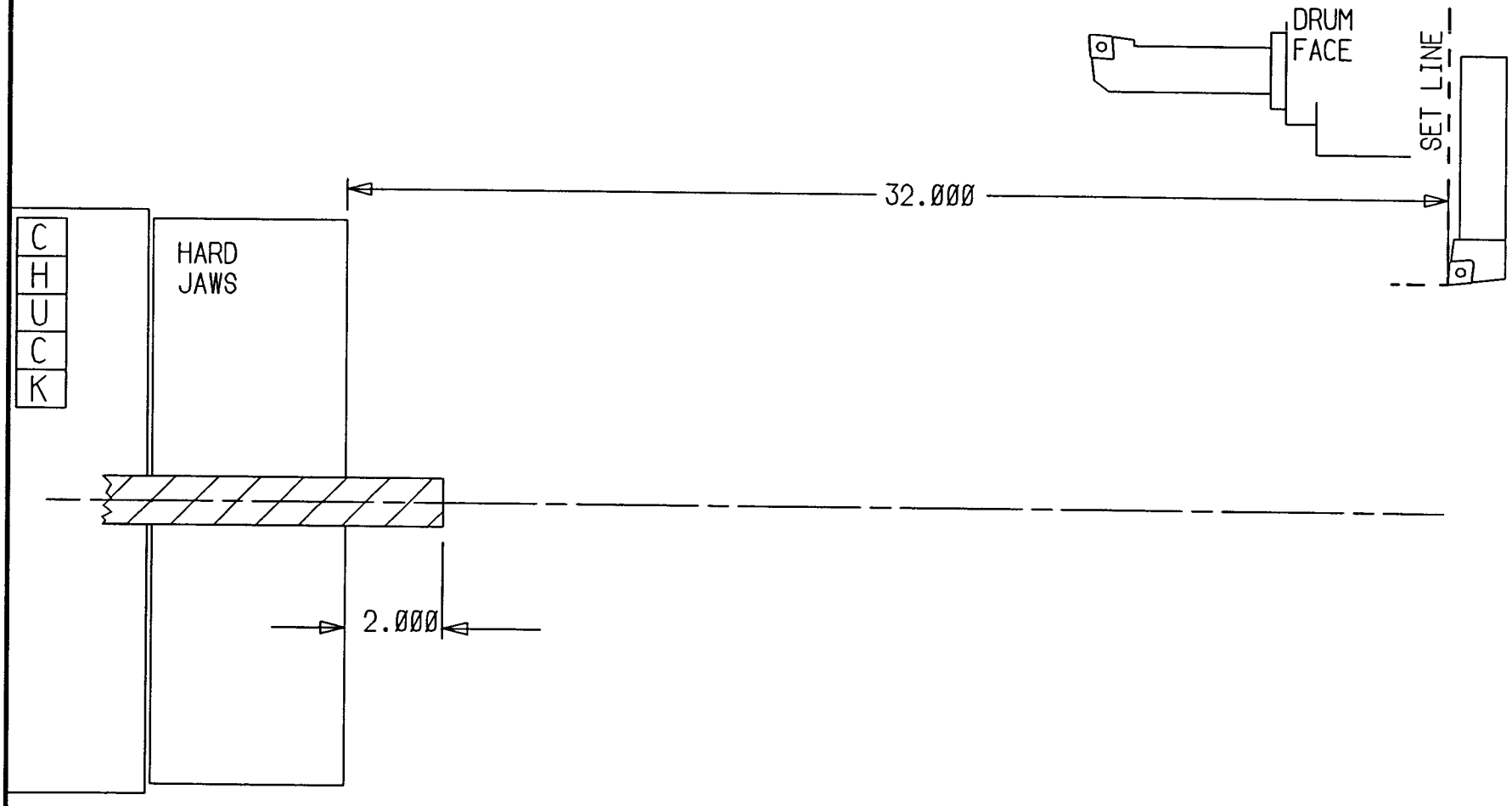
ARMY-130		BACKING PLATE	060	JCB	9/92



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ARMY-130		BACKING PLATE	060	JCB	2/92

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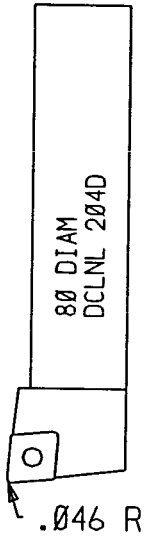

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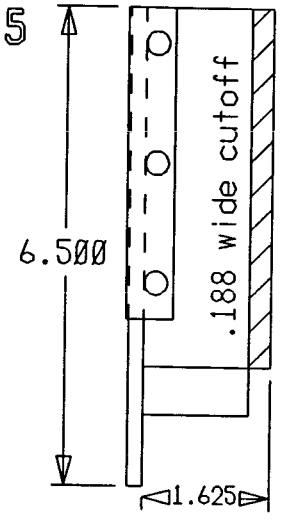

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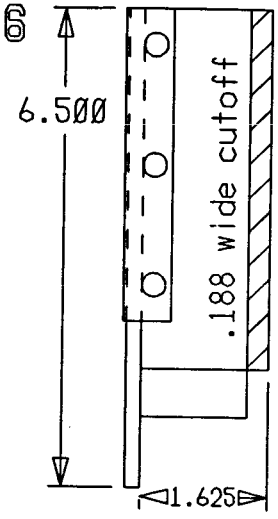

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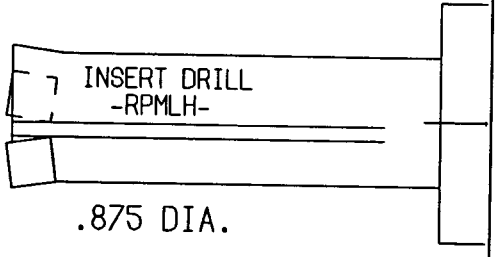

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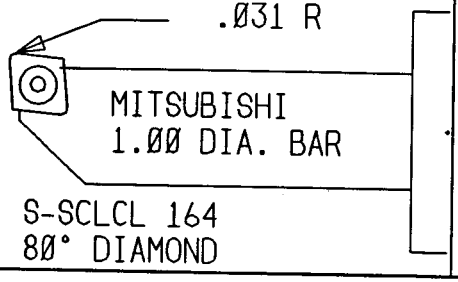

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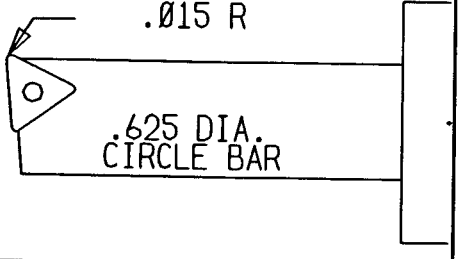

N/C# 37

REMARKS

TOOL #5 ROUGHS BACK PROFILE AND FINISHES BACK PROFILE
AND TOOL #6 CUTS PART OFF TO LENGTH

N.O.S.L.
CAD/CAM GENERATED
BY CODE 9484

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LAYER,0,0,0,-1,1,24,11,-5,2,-6,-7,6,3,1,16,12,13,9,4,8,10,14,8
NLAYER(CONST),5,1,24,1
NLAYER(PB1),6,1
NLAYER(UCUT),7,1
NLAYER(PB2),11,1
DLN2,SLAYER2,D3.375
DLN3,SLAYER2,ZB2
TRMLN3,PT(2.0218ZB,1.0251XB),SLAYER2,F(LN2),TRIMTO
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DRAW,PEN1
DLN4,SLAYER2,D3.25
DLN5,SLAYER2,LN3/ZS.1
DLN6,SLAYER2,LN5/ZS.03
DLN7,SLAYER2,D3.093
DLN8,SLAYER5,D2.312
DLN9,SLAYER5,D1.312
DLN10,SLAYER2,D.969
DLN12,SLAYER2,LN5/ZS.469
DLN13,SLAYER2,LN12/ZL.297
DPT15,PLAYER1,LN9,LN13
DPT16,PLAYER1,LN6,LN3
DLN17,SLAYER2,PT15,PT16
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DCIR19,SLAYER2,.015R,TANELM(LN5,NRPT(1.8685ZB,3.0378D)),TANELM(LN7,NRPT(1.8868
ZB,3.0894D)),FILLET
DCIR20,SLAYER2,.01R,TANELM(LN7,NRPT(1.8885ZB,3.0927D)),TANELM(LN5,NRPT(1.8968Z
B,3.1527D)),FILLET
DCIR21,SLAYER2,.01R,TANELM(LN5,NRPT(1.8993ZB,3.2159D)),TANELM(LN4,NRPT(1.8613Z
B,3.2476D)),FILLET
TRMLN6,PT(1.8689ZB,1.3159XB),SLAYER2,F(LN17),TRIMTO
TRMLN17,PT(1.8289ZB,1.0508XB),SLAYER2,F(LN6),TRIMTO
TRMLN13,PT(1.7302ZB,.5639XB),SLAYER2,F(LN17),TRIMTO
TRMLN17,PT(1.7672ZB,.8043XB),SLAYER2,F(LN13),TRIMTO
DLN22,SLAYER2,D1.25
DLN23,SLAYER5,LN12/ZL.187
DLN24,SLAYER5,LN5/ZS.15
DPT25,PLAYER1,LN4,LN24
DPT26,PLAYER1,LN22,LN23
DLN27,SLAYER2,PT26,PT25
DCIR28,SLAYER2,.06R,TANELM(LN27,NRPT(1.7149ZB,2.7675D)),TANELM(LN4,NRPT(1.8165
ZB,3.2481D)),FILLET
DCIR29,SLAYER2,.06R,TANELM(LN22,NRPT(1.4893ZB,1.2572D)),TANELM(LN27,NRPT(1.656
3ZB,1.8119D)),FILLET
DLN30,SLAYER2,CHELM(LN22,NRPT(1.496ZB,1.251D),CCW45),BELM(LN12,NRPT(1.4343ZB,1
.103D),.03)
DCIR31,SLAYER2,.01R,TANELM(LN10,NRPT(1.5175ZB,.9858D)),TANELM(LN12,NRPT(1.4374
ZB,1.103D)),FILLET
DLN32,SLAYER2,LN12/ZS.250
TRMLN32,PT(1.2291ZB,.5448XB),SLAYER2,F(LN10),TRIMTO
TRMLN32,PT(1.2291ZB,.5574XB),SLAYER2,F(LN2),TRIMTO
DRAW,PEN7
DPB33,SLAYER6,LN5,NRPT(1.8997ZB,3.124D)
DPB33,LN7,NRPT(1.8873ZB,3.0922D)
```

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DPB33,CIR19,NRPT(1.877ZB,3.0858D)
DPB33,LN6,NRPT(1.8707ZB,3.0214D)
DPB33,LN17,NRPT(1.8276ZB,2.002D)
DPB33,LN13,NRPT(1.7332ZB,1.1717D)
DPB33,CIR18,NRPT(1.7236ZB,.9756D)
DPB33,LN10,NRPT(1.6975ZB,.967D)
DPB33,SLAYER5,LN36(LN32/ZL.03)
DPB33,LN34(D.875),SLAYER5
DPB33,NOMORE
TRMLN34,PT(1.8776ZB,.4441XB),SLAYER2,F(LN3),TRIMTO
TRMLN34,PT(1.4432ZB,.4315XB),SLAYER2,F(LN32),TRIMTO
DRAW,PEN4
DPB35,SLAYER7,LN5,NRPT(1.9088ZB,3.1982D)
DPB35,LN4,NRPT(1.8422ZB,3.2527D)
DPB35,CIR28,NRPT(1.7635ZB,3.2165D)
DPB35,LN27,NRPT(1.7242ZB,2.8471D)
DPB35,CIR29,NRPT(1.6ZB,1.2916D)
DPB35,LN22,NRPT(1.5033ZB,1.2553D)
DPB35,LN30,NRPT(1.4518ZB,1.2069D)
DPB35,LN36(D1.19)
DPB35,LN32,NRPT(1.2339ZB,1.8666D)
DPB35,LN2,NRPT(1.1158ZB,3.3859D)
DPB35,NOMORE,SLAYER24
DPB37,SLAYER24,LN5,NRPT(1.9009ZB,3.1648D)
DPB37,LN7,NRPT(1.888ZB,3.0911D)
DPB37,CIR19,NRPT(1.8762ZB,3.0852D)
DPB37,LN6,NRPT(1.8711ZB,3.013D)
DPB37,LN17,NRPT(1.7895ZB,1.7312D)
DPB37,LN13,NRPT(1.7467ZB,1.1204D)
DPB37,LN34,NRPT(1.5269ZB,.8634D)
DPB37,NOMORE
DRAW,PEN5
TRMLN38,PT(1.2594ZB,.4518XB),SLAYER6,F(LN10),TRIMTO
TRMLN34,PT(1.2096ZB,.4403XB),SLAYER2,F(LN38),TRIMTO
DRAW,PEN3
DVR1,.93
DVR1,#1-.1
DRAW,PEN2
DRAW,FRAME,PT(-1.9687ZA,-.2869XA),PT(3.8025ZA,2.1576XA)
DRAW,PEN6
$\\\NCG*TOOLBUF///
BASE,0ZA,0XA
DRAW,PEN4
CHKPT,TLAYER8
ATCHG,TOOL1,.047TLR,TLAYER9,IPR.012,FPM400,COOL/ON,TLSHP(80DIAML)
MOVEC,OFFLN3/ZL.1,OFFLN2/XL.1
CUT,OFFLN5/ZL.05
CUT,ONLN(XA)
MOVEC,Z.1
MOVEC,OFFLN2/XL.1
MOVEC,OFFLN5/ZL
CUT,ONLN(XA)
MOVEC,Z.05
MOVEC,OFFLN4/XL.03
CUT,OFFLN32/ZL,IPR.012
CUT,OFFLN2/XL.1
MOVEC,OFFLN5/ZL.1
MOVEC,OFFLN4/XL
CUT,OUTCIR21,OFFLN5/ZL,XL
OCON,CIR21,CCW,S(TANLN5),F(TANLN4)
CUT,OFFLN32/ZL
CUT,OFFLN2/XL.1
HOME,XF,COOL/OFF
```

```
ATCHG,TOOL12,OTLR,TLAYER10,IPR.006,RPMLH650,OSTOP,COOL/ON
MOVEB,OFFLN3/ZL1
MOVEB,OFFLN5/ZL.5,ONLN(XA)
MOVEB,ONLN5/ZL.1
BORE,ONLN32
MOVEB,OFFLN3/ZL1,IPM20
HOME,ZF,COOL/OFF
DRAW,PEN3
ATCHG,TOOL15,.031TLR,TLAYER12,IPR.01,FPM400,OSTOP,COOL/ON,RPMRH,TLSHP(BB30DIAM
L)
DRAW,PEN2
MOVEB,OFFLN3/ZL1
MOVEB,OFFLN34/XS,OFFLN3/ZL.1
BORE,NOX,BARSTK,XSTK(.015),ZSTK(.005),MAXDP.1,PB37
MOVEB,OFFLN3/ZL1,COOL/OFF
HOME,ZF
ATCHG,TOOL16,.015TLR,TLAYER13,IPR.004,FPM450,OSTOP,COOL/ON,TLSHP(CIRBAR)
DRAW,PEN5
MOVEB,OFFLN3/ZL1
MOVEB,OFFLN34/XS,OFFLN3/ZL
MOVEB,OFFLN10/XS.03,OFFLN13/ZL.05
BORE,OFFLN32/ZL.03
BORE,X-.02
MOVEB,OFFLN13/ZL.05
MOVEB,OFFLN10/XS.005
BORE,OFFLN32/ZL.03
BORE,OFFLN34/XS.01
MOVEB,OFFLN3/ZL
MOVEB,OFFLN7/XL.05
CUT,OFFLN5/ZL,OUTCIR20,XS
PROFIL,CIR20,NRPT(1.3992ZB,3.1035D)
PROFIL,LN7,NRPT(1.8878ZB,3.0925D)
BORE,OFFLN6/ZL
BORE,NOX,PB33,S(IND),CLEAR(.01)
MOVEB,OFFLN3/ZL1,COOL/OFF
HOME,ZF
DRAW,PEN6
ATCHG,TOOL5,GLX6.5,GLZ1.5,.188TLW,OTLCR,TLAYER14,IPR.003,FPM400,OSTOP,COOL/ON,
TLVEC135/CW,TLSHP(CUTOFF)
MOVEC,OFFLN3/ZL,OFFLN2/XL.1
INSRTS,SEQ(4,10,9999),N (MSG,TRAIL EDGE FLUSH,.100 OFF 3.25 DIA.)
MOVEC,OFFLN4/XL.1,OFFLN5/ZL-.188,OSTOP
MOVEC,OFFLN32/ZL.025,NOX,FPM500
DVR1,.93
<10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
DLN40,PT(LN22/XL#1,LN39),CW
DVR1,#1-.1
<11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
DOP10/11,TMS9
GRV,S(LN32),F(LN12),T(LN22/XL.03),B(LN36/XS.01)
MOVEC,OFFLN32/ZL.015
MOVEC,OFFLN4/XL.1,PARLN32
MOVEC,OFFLN4/XL,OUTCIR28,ZS,Z-.188
OCON,CIR28,CCW,S(TANLN4),F(TANLN27),Z-.188
ICON,CIR29,CW,S(TANLN27),F(TANLN22),Z-.188
CUT,OFFLN30/XL,PARLN22,Z-.188
CUT,OFFLN36/XL,OFFLN30/XL,Z-.188
MOVEC,OFFLN2/XL.1,COOL/OFF
HOME,XF
ATCHG,TOOL6,GLX6.5,GLZ1.5,.188TLW,OTLCR,TLAYER16,IPR.005,FPM400,TLVEC135/CW,CO
OL/ON,STOP,TLSHP(CUTOFF)
MOVEC,OFFLN5/ZL.1,OFFLN4/XL.2
INSRTS,SEQ(4,10,9999),N (MSG,TRAILING EDGE FLUSH, .100 OFF 3.250 DIA)
```

```
MOVEC,OFFLN4/XL.1,OFFLN5/ZL-.188,OSTOP
MOVEC,OFFLN2/XL.1,FPM400,COOL/ON
MOVEC,OFFLN12/ZS,Z-.188
MOVEC,OFFLN36/XL.1,IPM50
CUT,OFFLN10/XL.002
MOVEC,OFFLN2/XL.1,COOL/OFF
HOME,XF
DRAW,FRAME,PT(-1.9687ZA,-.2869XA),PT(3.8025ZA,2.1576XA)
END
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2>MACHIN,9400,73270
LINK # 27327, CINCIA61-I        VERSION 04-DEC-87

3>IDENT,ARMY-130,OPER060,REV-,JCB,3/19/92  NSN 2925-00-363-9373
10-JUN-92  10:32

4>INIT,REAR

5>SETUP,9.2X,32Z,CMOD(900,1,10),MOD(18,5,1,2),1600RPM,MAXRPM1000,RANGE2,&

6>CSS1/ON,ABS04,SEQ10/10,LIMIT(X-20/10,Z-1/32)

1>$\\\NCG*TOOLBUF///

2>BASE,OZA,OXA
BASE = X0 Z0

3>DRAW,PEN4

4>CHKPT,TLAYER3

5>ATCHG,TOOL1,.047TLR,TLAYER9,IPR.012,FPM400,COOL/ON,TLSHP(80DIAML)
 00010 G90
 N0020 G70
 N0030 G97 S0082 M42
 N0040 G00 X 9.2000
 N0050 Z 32.0000
 N0060 T0100 M06

6>MOVEC,OFFLN3/ZL.1,OFFLN2/XL.1
 N0070 X 1.7875 Z 2.1000 S0416 M13 V00

7>CUT,OFFLN5/ZL.05
 N0080 G95 F.0120
 N0090 G92 S1000
 N0100 G96 S0400 R 1.8345
 N0110 G01 Z 1.9500

8>CUT,ONLN(XA)
LN = X0 Z0 A0
 N0120 X-.0470

9>MOVEC,Z.1
 N0130 G00 Z 2.0500

10>MOVEC,OFFLN2/XL.1
 N0140 X 1.7875

11>MOVEC,OFFLN5/ZL
 N0150 Z 1.9000

12>CUT,ONLN(XA)
LN = X0 Z0 A0
 N0160 G01 X-.0470

13>MOVEC,Z.05
 N0170 G00 Z 1.9500

14>MOVEC,OFFLN4/XL.03
 N0180 X 1.6550
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15>CUT,OFFLN32/ZL,IPR.012
 N0190 G01 Z 1.1810

16>CUT,OFFLN2/XL.1
 N0200 X 1.7875

17>MOVEC,OFFLN5/ZL.1
 N0210 G00 Z 2.0000

18>MOVEC,OFFLN4/XL
 N0220 X 1.6250

19>CUT,OUTCIR21,OFFLN5/ZL,XL
 N0230 G01 X 1.5680 Z 1.9000

20>OCON,CIR21,CCW,S(TANLN5),F(TANLN4)
 N0240 G03 X 1.6250 Z 1.8430 I 1.5680 K 1.8430

21>CUT,OFFLN32/ZL
 N0250 G01 Z 1.1810

22>CUT,OFFLN2/XL.1
 N0260 X 1.7875

23>HOME,XF,COOL/OFF
 N0270 G00 X 9.2000
 N0280 Z 32.0000
 N0290 M09

24>ATCHG,TOOL12,OTLR,TLAYER10,IPR.006,RPMLH650,OSTOP,COOL/ON
 N0300 M01
 00310 G90
 N0320 G97 S0650 M42
 N0330 G00 Z 32.0000
 N0340 X 9.2000
 N0350 T1200 M06

25>MOVEB,OFFLN3/ZL1
 N0360 Z 25.0000 M14 V00

26>MOVEB,OFFLN5/ZL.5,ONLN(XA)
LN = X0 Z0 A0
 N0370 X-13.0000 Z 24.4000

27>MOVEB,ONLN5/ZL.1
 N0380 Z 24.0000

28>BORE,ONLN32
 N0390 G95 F.0060
 N0400 G01 Z 23.1810

29>MOVEB,OFFLN3/ZL1,IPM20
 N0410 G94 F20.0
 N0420 Z 25.0000

30>HOME,ZF,COOL/OFF
 N0430 G00 Z 32.0000
 N0440 X 9.2000
 N0450 M09

31>DRAW,PEN3

32>ATCHG,TOOL15,.031TLR,TLAYER12,IPR.01,FPM400,OSTOP,COOL/ON,RPMRH,TLSHP(B380D
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IAML)
 N0460 M01
 00470 G90
 N0480 G97 S0063 M42
 N0490 G00 Z 32.0000
 N0500 X 9.2000
 N0510 T1500 M06

33>DRAW,PEN2

34>MOVEB,OFFLN3/ZL1
 N0520 Z 25.0000 M13 V00

35>MOVEB,OFFLN34/XS,OFFLN3/ZL
 N0530 X-12.5625 Z 24.0000 S1000

36>BORE,NOX,BARSTK,XSTK(.015),ZSTK(.005),MAXDP.125,PB37
 N0540 X-12.4375 Z 23.9500
 N0550 G95 F.0100
 N0560 G92 S1000
 N0570 G96 S0400 R .5625
 N0580 G01 Z 23.7330
 N0590 X-12.5725
 N0600 G00 Z 23.9500
 N0610 X-12.3125
 N0620 G01 Z 23.7374
 N0630 X-12.3280 Z 23.7330
 N0640 X-12.4375
 N0650 G00 Z 23.9500
 N0660 X-12.1875
 N0670 G01 Z 23.7729
 N0680 X-12.3125 Z 23.7374
 N0690 G00 Z 23.9500
 N0700 X-12.0625
 N0710 G01 Z 23.8084
 N0720 X-12.1875 Z 23.7729
 N0730 G00 Z 23.9500
 N0740 X-11.9375
 N0750 G01 Z 23.8439
 N0760 X-12.0625 Z 23.8084
 N0770 G00 Z 23.9500
 N0780 X-11.8125
 N0790 G01 Z 23.8750
 N0800 X-11.8230
 N0810 G02 X-11.8328 Z 23.8736 I-11.8230 K 23.8390
 N0820 G01 X-11.9375 Z 23.8439
 N0830 G00 Z 23.9500
 N0840 X-11.6875
 N0850 G01 Z 23.8750
 N0860 X-11.8125
 N0870 G00 Z 23.9500
 N0880 X-11.5625
 N0890 G01 Z 23.8750
 N0900 X-11.6875
 N0910 G00 Z 23.9500
 N0920 X-11.4685
 N0930 G01 Z 23.8750
 N0940 X-11.5625
 N0950 G00 Z 24.0000

37>MOVEB,OFFLN3/ZL1,COOL/OFF
 N0960 Z 25.0000
 N0970 M09
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38>HOME,ZF
 N0980 Z 32.0000
 N0990 X 9.2000

39>ATCHG,TOOL16,.015TLR,TLAYER13,IPR.004,FPM450,OSTOP,COOL/ON,TLSHP(CIREAR)
 N1000 M01
 01010 G90
 N1020 G97 S0063 M42
 N1030 G00 Z 32.0000
 N1040 X 9.2000
 N1050 T1600 M06

40>DRAW,PEN5

41>MOVEB,OFFLN3/ZL1
 N1060 Z 25.0000 M13 V00

42>MOVEB,OFFLN34/XS,OFFLN3/ZL
 N1070 X-12.5625 Z 24.0000 S1000

43>MOVEB,OFFLN10/XS.03,OFFLN13/ZL.05
 N1080 X-12.5455 Z 23.7780

44>BORE,OFFLN32/ZL.03
 N1090 G95 F.0040
 N1100 G92 S1000
 N1110 G96 S0450 R .4395
 N1120 G01 Z 23.2110

45>BORE,X-.02
 N1130 X-12.5655

46>MOVEB,OFFLN13/ZL.05
 N1140 G00 Z 23.7780

47>MOVEB,OFFLN10/XS.005
 N1150 X-12.5205

48>BORE,OFFLN32/ZL.03
 N1160 G01 Z 23.2110

49>BORE,OFFLN34/XS.01
 N1170 X-12.5725

50>MOVEB,OFFLN3/ZL
 N1180 G00 Z 24.0000

51>MOVEB,OFFLN7/XL.05
 N1190 X-11.3735

52>CUT,OFFLN5/ZL,OUTCIR20,XS
 N1200 G01 X-11.4285 Z 23.9000

53>PROFIL,CIR20,NRPT(1.8992ZB,3.1035D)
PT = X1.5518 Z1.8992

54>PROFIL,LN7,NRPT(1.8878ZB,3.0925D)
PT = X1.5462 Z1.8878
 N1210 G02 X-11.4535 Z 23.8750 I-11.4285 K 23.8750

55>BORE,OFFLN6/ZL
 N1220 G01 Z 23.8700
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56>BORE,NOX,PB33,S(INO),CLEAR(.01)
 N1230 X-11.8290
 N1240 G02 X-11.8331 Z 23.3694 I-11.8290 K 23.8550
 N1250 G01 X-12.3311 Z 23.7280
 N1260 X-12.4905
 N1270 G02 X-12.5155 Z 23.7030 I-12.4905 K 23.7030
 N1280 G01 Z 23.2110
 N1290 X-12.5625
 N1300 G00 Z 23.3700

57>MOVEB,OFFLN3/ZL1,COOL/OFF
 N1310 Z 25.0000
 N1320 M09

58>HOME,ZF
 N1330 Z 32.0000
 N1340 X 9.2000

59>DRAW,PEN6

60>ATCHG,TOOL5,GLX6.5,GLZ1.5,.188TLW,OTLCR,TLAYER14,IPR.003,FPM400,OSTOP,COOL/
ON,TLVEC135/CW,TLSHP(CUTOFF)
 N1350 M01
 01360 G90
 N1370 G97 S0087 M42
 N1380 G00 X 9.2000
 N1390 Z 32.0000
 N1400 T0500 M06

61>MOVEC,OFFLN3/ZL,OFFLN2/XL.1
 N1410 X 2.2875 Z 2.0000 S0427 M13 V00

62>INSRTS,SEQ(4,10,9999),N (MSG,TRAIL EDGE FLUSH,.100 OFF 3.25 DIA.)

63>MOVEC,OFFLN4/XL.1,OFFLN5/ZL-.138,OSTOP
 N1430 X 2.2250 Z 1.7120 S0442
 N1440 M01

64>MOVEC,OFFLN32/ZL.025,NOX,FPM500
 01450 G90
 N1460 G97 S0553 M42
 N1470 G00 X 2.2250
 N1480 Z 1.7120
 N1490 T0500 M06
 N1500 Z 1.2060 M13 V00

65>DVR1,.93
VR1 = .93

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.555 Z1.7105
LN39 = X1.555 Z1.7105 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.555 Z1.7105
LN40 = X1.555 Z1.7105 A0

68>DVR1,#1-.1
VR1 = .83

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N1510 X 2.1650 Z 1.1810
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```
 N1520 G95 F.0030
 N1530 G92 S1000
 N1540 G96 S0500 R 1.6650
 N1550 G01 X 2.0550
 N1560 G00 X 2.1650
 N1570 Z 1.3502
 N1580 G01 X 2.0550
 N1590 G00 X 2.1650
 N1600 Z 1.5194
 N1610 G01 X 2.0550
 N1620 G00 X 2.1650
 N1630 Z 1.5225
 N1640 G01 X 2.0550
 N1650 G00 X 2.1650 Z 1.5125

70>DOP10/11,TMS9

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.455 Z1.6973
LN39 = X1.455 Z1.6973 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.455 Z1.6973
LN40 = X1.455 Z1.6973 A0

68>DVR1,#1-.1
VR1 = .73

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N1660 X 2.0650 Z 1.1810
 N1670 G01 X 1.9550
 N1680 G00 X 2.0650
 N1690 Z 1.3502
 N1700 G01 X 1.9550
 N1710 G00 X 2.0650
 N1720 Z 1.5093
 N1730 G01 X 1.9550
 N1740 G00 X 2.0650 Z 1.4993

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.355 Z1.6841
LN39 = X1.355 Z1.6841 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.355 Z1.6841
LN40 = X1.355 Z1.6841 A0

68>DVR1,#1-.1
VR1 = .63

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N1750 X 1.9650 Z 1.1810
 N1760 G01 X 1.8550
 N1770 G00 X 1.9650
 N1780 Z 1.3502
 N1790 G01 X 1.8550
 N1800 G00 X 1.9650
 N1810 Z 1.4961
 N1820 G01 X 1.8550
 N1830 G00 X 1.9650 Z 1.4861

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.255 Z1.6709
```

```
LN39 = X1.255 Z1.6709 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.255 Z1.6709
LN40 = X1.255 Z1.6709 A0

68>DVR1,#1-.1
VR1 = .53

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N1840 X 1.8650 Z 1.1810
 N1850 G01 X 1.7550
 N1860 G00 X 1.8650
 N1870 Z 1.3502
 N1880 G01 X 1.7550
 N1890 G00 X 1.8650
 N1900 Z 1.4329
 N1910 G01 X 1.7550
 N1920 G00 X 1.8650 Z 1.4729

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.155 Z1.6577
LN39 = X1.155 Z1.6577 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.155 Z1.6577
LN40 = X1.155 Z1.6577 A0

68>DVR1,#1-.1
VR1 = .43

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N1930 X 1.7650 Z 1.1810
 N1940 G01 X 1.6550
 N1950 G00 X 1.7650
 N1960 Z 1.3502
 N1970 G01 X 1.6550
 N1980 G00 X 1.7650
 N1990 Z 1.4697
 N2000 G01 X 1.6550
 N2010 G00 X 1.7650 Z 1.4597

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X1.055 Z1.6445
LN39 = X1.055 Z1.6445 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X1.055 Z1.6445
LN40 = X1.055 Z1.6445 A0

68>DVR1,#1-.1
VR1 = .33

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N2020 X 1.6650 Z 1.1810
 N2030 G01 X 1.5550
 N2040 G00 X 1.6650
 N2050 Z 1.3502
 N2060 G01 X 1.5550
 N2070 G00 X 1.6650
 N2080 Z 1.4565
 N2090 G01 X 1.5550
 N2100 G00 X 1.6650 Z 1.4465
```

```
66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X.955 Z1.6313
LN39 = X.955 Z1.6313 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X.955 Z1.6313
LN40 = X.955 Z1.6313 A0

68>DVR1,#1-.1
VR1 = .23

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N2110 X 1.5650 Z 1.1810
 N2120 G01 X 1.4550
 N2130 G00 X 1.5650
 N2140 Z 1.3502
 N2150 G01 X 1.4550
 N2160 G00 X 1.5650
 N2170 Z 1.4433
 N2180 G01 X 1.4550
 N2190 G00 X 1.5650 Z 1.4333

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X.855 Z1.6181
LN39 = X.855 Z1.6181 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X.855 Z1.6181
LN40 = X.855 Z1.6181 A0

68>DVR1,#1-.1
VR1 = .13

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N2200 X 1.4650 Z 1.1810
 N2210 G01 X 1.3550
 N2220 G00 X 1.4650
 N2230 Z 1.3502
 N2240 G01 X 1.3550
 N2250 G00 X 1.4650
 N2260 Z 1.4301
 N2270 G01 X 1.3550
 N2280 G00 X 1.4650 Z 1.4201

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X.755 Z1.6049
LN39 = X.755 Z1.6049 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X.755 Z1.6049
LN40 = X.755 Z1.6049 A0

68>DVR1,#1-.1
VR1 = .03

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N2290 X 1.3650 Z 1.1810
 N2300 G01 X 1.2550
 N2310 G00 X 1.3650
 N2320 Z 1.3502
 N2330 G01 X 1.2550
 N2340 G00 X 1.3650
```

```
 N2350 Z 1.4169
 N2360 G01 X 1.2550
 N2370 G00 X 1.3650 Z 1.4069

66><10>DLN39,PT(LN27/ZS.03,LN22/XL#1),90CW
PT = X.655 Z1.5917
LN39 = X.655 Z1.5917 A90

67>DLN40,PT(LN22/XL#1,LN39),CW
PT = X.655 Z1.5917
LN40 = X.655 Z1.5917 A0

68>DVR1,#1-.1
VR1 = -.07

69><11>GRV,S(LN32),F(LN39),T(LN40/XL.1),B(LN40)
 N2380 X 1.2650 Z 1.1810
 N2390 G01 X 1.1550
 N2400 G00 X 1.2650
 N2410 Z 1.3502
 N2420 G01 X 1.1550
 N2430 G00 X 1.2650
 N2440 Z 1.4037
 N2450 G01 X 1.1550
 N2460 G00 X 1.2650 Z 1.3937

71>GRV,S(LN32),F(LN12),T(LN22/XL.03),B(LN32/XS.01)
 N2470 X 1.1650 Z 1.1810
 N2480 G01 X 1.0850
 N2490 G00 X 1.1650
 N2500 Z 1.2430
 N2510 G01 X 1.0850
 N2520 G00 X 1.1650 Z 1.2330

72>MOVEC,OFFLN32/ZL.015
 N2530 Z 1.1960

73>MOVEC,OFFLN4/XL.1,PARLN32
 N2540 X 2.2250

74>MOVEC,OFFLN4/XL,OUTCIR28,ZS,Z-.188
 N2550 X 2.1250 Z 1.6146

75>OCON,CIR28,CCW,S(TANLN4),F(TANLN27),Z-.188
 N2560 G03 X 2.0729 Z 1.5551 I 2.0650 K 1.6146

76>ICON,CIR29,CW,S(TANLN27),F(TANLN22),Z-.188
 N2570 G01 X 1.1772 Z 1.4369
 N2580 G02 X 1.1250 Z 1.3774 I 1.1850 K 1.3774

77>CUT,OFFLN30/XL,PARLN22,Z-.188
 N2590 G01 Z 1.2730

78>CUT,OFFLN36/XL,OFFLN30/XL,Z-.188
 N2600 X 1.0950 Z 1.2430

79>MOVEC,OFFLN2/XL.1,COOL/OFF
 N2610 G00 X 2.2875
 N2620 M09

80>HOME,XF
 N2630 X 9.2000
 N2640 Z 32.0000
```

Tech Centers/Laboratories

- 65 activities considered
  - **19 Activities recommended for closure/realignment:**

Activity	Cost	Save	ROI Yr.	SS Savings	20 Yr Savings
NAESU	$2.5M	$4K	1 Yrs	$2.5M	$29.5M
NATSF	$5.7M	$2K	3 Yrs	$2.2M	$22.7M
NAWC Oreland	$50K	0	3 Yrs	$15K	$175K
NUWC New London	$23.4M	$5.3M	3 Yrs	$8.1M	$91.2M
NRL Orlando	$8.4M	0	3 Yrs	$2.8M	$30.1M
NBDL New Orleans	$0.6M	$3K	Immed.	$2.9M	$41.8M
NPRDC	$7.9M	$9K	4 Yrs.	$1.9M	$14.9M
NAVMASSO	$2.2M	0	1 Yr.	$2.7M	$34.9M
NISE West San Diego	$1.8M	0	Immed.	$4.3M	$60.0M
NAMRI	$3.4M	$38K	1 Yr..	$9.6M	$111.1M
Warminster	$8.4M	$5.6M	Immed.	$7.6M	$104.6M
NSWC White Oak	$2.9M	$2.5M	Immed.	$6.0M	$85.9M
NSWC Annapolis	$25.0M	0	1 Yr.	$14.5M	$175.1M
NISE East Norfolk	$4.6M	0	3 Yrs.	$2.1M	$20.4M
Indianapolis/Louisville	$178.4M	14.7M	2 Yrs.	$67.8M	$639.9M
NHRC San Diego	$6.2M	$0.7M	4 Yrs.	$1.4M	$11.4M
NAWC Lakehurst	$96.9M	$1.6M	3 Yrs.	$37.2M	$358.7M
Total	**$379.8M**	**$30.5M**		**$173.4M**	**$1.8B**

  - **Site technical workyears eliminated: 12,243**
  - **Site technical workyears remaining: 44,740**

```
81>ATCHG,TOOL6,GLX6.5,GLZ1.5,.188TLW,OTLCR,TLAYER16,IPR.005,FPM400,TLVEC135/CW
,COOL/ON,STOP,TLSHP(CUTOFF)
 N2650 M00
 02660 G90
 N2670 G97 S0087 M42
 N2680 G00 X 9.2000
 N2690 Z 32.0000
 N2700 T0600 M06

82>MOVEC,OFFLN5/ZL.1,OFFLN4/XL.2
 N2710 X 2.3250 Z 2.0000 S0418 M13 V00

83>INSRTS,SEQ(4,10,9999),N (MSG,TRAILING EDGE FLUSH, .100 OFF 3.250 DIA)

84>MOVEC,OFFLN4/XL.1,OFFLN5/ZL-.188,OSTOP
 N2730 X 2.2250 Z 1.7120 S0442
 N2740 M01

85>MOVEC,OFFLN2/XL.1,FPM400,COOL/ON
 02750 G90
 N2760 G97 S0427 M42
 N2770 G00 X 2.2250
 N2780 Z 1.7120
 N2790 T0600 M06
 N2800 X 2.2875 M13 V00

86>MOVEC,OFFLN12/ZS,Z-.188
 N2810 Z 1.2430

87>MOVEC,OFFLN36/XL.1,IPM50
 N2820 G94 F50.0
 N2830 G01 X 1.1950 S1000

88>CUT,OFFLN10/XL.002
 N2840 G95 F.0050
 N2850 G92 S1000
 N2860 G96 S0400 R .6950
 N2870 G01 X .9865

89>MOVEC,OFFLN2/XL.1,COOL/OFF
 N2880 G00 X 2.2875
 N2890 M09

90>HOME,XF
 N2900 X 9.2000
 N2910 Z 32.0000

91>DRAW,FRAME,PT(-1.9687ZA,-.2869XA),PT(3.8025ZA,2.1576XA)
PT = X2.1576 Z3.8025
PT = X-.2869 Z-1.9687

92>END
 N2920 M30
MACHINING TIME = 5.7 MINUTES
TAPE LENGTH = 38.5 FT  11.7 MTR
TAPE CHARACTERS = 4624
```

Congress of the United States
House of Representatives
Washington, D.C. 20515-1703

Mike Ward
Member of Congress
Third District Kentucky

Charles S. Mattingly
Chief of Staff

Norman
364-6926

OFFICE OF CONGRESSMAN MIKE WARD
FAX TRANSMITTAL

DATE: March 8, 1995

 # OF PAGES (INCLUDING COVER PAGE):

6

TO: Dottie Krause
Phone: 502-364-5554
Fax: 502-364-6268

FROM: Charlie Mattingly
Phone: 502-582-5129
Fax: 502-582-5897

ADDITIONAL INFORMATION:

-- These two letters have gone out today.

— Press release, approved by all signers, is going out today, 3/9/95

1022 Longworth Building
Washington, D.C. 20515-1703
(202) 225-3401
Internet: eward2@hr.house.gov

Committee on National Security
Committee on Science

Room 216, Federal Building
600 Dr. Martin Luther King, Jr. Place
Louisville, Kentucky 40202-2267
(502) 582-5129

Printed on Recycled Paper

ATT (9)

Congress of the United States
House of Representatives
Washington, D.C. 20515-1703

Mike Ward
Member of Congress
Third District Kentucky

March 7, 1995

Charles B. Manningly
Chief of Staff

The Honorable Charles Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, NW, Room 7125
Washington, D.C. 20548

Dear Mr. Bowsher:

We have received reports that the Naval Sea Systems Command (NAVSEA) Inspector General has requested the Naval Audit Service to investigate both the process and the accuracy of data submitted by, and for, the Naval Ordnance Station, Louisville in response to BRAC 95 scenario data calls. We are advised that this NAVSEA Inspector General investigation is assigned Case Number 1493C.

The investigation was apparently initiated following a complaint to the Inspector General regarding the handling of scenario data call responses pertaining to the Naval Ordnance Station, Louisville.

We request that your agency review this investigation, as well as all scenario data call responses submitted with regard to the Naval Ordnance Station, Louisville. We particularly request that you determine whether modifications to data responses, and the direction of scenario data call responses by higher authorities, were handled in accordance with appropriate policy guidance to assure the accuracy of certified data which was presented to the Secretary of the Navy and the Navy's Base Structures Evaluation Committee (BSEC).

The Department of the Navy BRAC 95 Analyses and Recommendations, dated March, 1995, indicates that the COBRA analysis produced a configuration model "best solution" which did not include closure of the Naval Ordnance Station, Louisville. We are concerned by reports that initial Naval Ordnance Station, Louisville scenario data call responses were altered, or in other cases directed by higher authorities, in ways which led to inaccurate data. This data may have substantially understated the cost to relocate work now performed at the Naval Ordnance Station.

In addition, the Individual Category COBRA Results reported in the March, 1995 Recommendations are considerably lower (more than 70 percent) and inconsistent with previously reported results from BRAC 91 and BRAC 93 studies.

1032 Longworth Building
Washington, D.C. 20515-1703
(202) 225-5401
internet: mward2@hr.house.gov

Committee on National Security
Committee on Science

Room 216, Federal Building
600 Dr. Martin Luther King, Jr. Place
Louisville, Kentucky 40202-2267
(502) 582-6129

The March, 1995 Recommendations apparently combine Naval Ordnance Station, Louisville cost calculations with those of NAWC, Indianapolis (see the attached data sheet regarding "Tech Centers/ Laboratories"). This appears inconsistent with Department of the Navy and BRAC policy that each facility be considered on a site-specific basis. We are concerned that this may have been done to make it more difficult to identify the cost of closing Naval Ordnance Station, Louisville.

Because of time constraints on the Defense Base Closure and Realignment Commission, we request that you act expeditiously to review this investigation, and to review the scenario data call responses regarding the Louisville facility and the handling of those responses by Department of the Navy officials as the data went through the chain of command. Please report your findings to us by April 1, 1995 or as soon thereafter as feasible.

Thank you for your prompt attention to this urgent matter.

Sincerely,

Wendell Ford

Mitch McConnell

Lee Hamilton

Ron Lewis

Mike Ward

Enclosure

Document Separator

CITY OF LOUISVILLE
JERRY E. ABRAMSON
MAYOR

JEFFERSON COUNTY
DAVID L. ARMSTRONG
COUNTY JUDGE/EXECUTIVE

April 12, 1995

The Honorable Alan Dixon
Chairman
Defense Base Closure and
Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, Virginia 22209

Dear Chairman Dixon and Honorable Members:

On behalf of the citizens of Louisville and Jefferson County, Kentucky, including the dedicated men and women who make up the workforce at Naval Ordnance Station Louisville (NOSL), we respectfully offer the following proposal to privatize NOSL as a better alternative to closing this critical defense installation.

With your agreement and support, privatization will:

-- Save the U.S. Navy in excess of $300 million.

-- Reduce the Navy's infrastructure.

-- Preserve NOSL's world-class gun systems capabilities.

-- Create a Naval Gun Center of Excellence.

As you will hear in our presentation today, we are asking the Commission to join in this effort to create a model for public-private partnering in the defense arena and for privatizing critical defense-related industrial capacity in Louisville.

As the Navy's last full-spectrum gun facility, NOSL has the unique assets, state-of-the-art facilities, a highly-trained and dedicated workforce to attract defense contractors and make privatization a reality.

We look forward to working with you, the Navy, the Congress and industry over the months ahead on this innovative proposal.

Sincerely,

Jerry E. Abramson
Mayor

David L. Armstrong
County Judge/Executive

NAVAL ORDNANCE STATION

LOUISVILLE, KENTUCKY

"Gunsmiths To The Navy"

NOW

AND FOR THE

21ST CENTURY

"Implementing The Navy's Vision Of The Future"

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

BRERETON C. JONES
GOVERNOR

THE CAPITOL
700 CAPITAL AVENUE
FRANKFORT 40601
(502) 564-2611

April 11, 1995

Chairman Alan J. Dixon
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Chairman Dixon:

We are very grateful to you and the entire Defense Base Closure and Realignment Commission for giving us the opportunity to present our proposal for preserving the jobs and the high-quality workmanship which currently exist at the Naval Ordnance Station in Louisville. While I cannot be with you today because of a long-standing commitment, I have discussed the situation thoroughly with our Lt. Governor, Paul Patton, and he is fully prepared to represent the state's position on my behalf.

I am honored to have had the opportunity to discuss our proposal with you and Commissioner Kling during your recent visit to Louisville. We certainly appreciate the difficult nature of your task. Your willingness to keep an open mind and consider all alternatives is very meaningful to the people of Kentucky and a credit to the dedication and professionalism of the Commission.

Let me assure you that our administration is in full support of the Louisville Plan. We stand ready to cooperate fully with the Navy and the local governments of the City of Louisville and Jefferson County to make privatization a reality.

What we are proposing offers a unique opportunity for everyone involved in the Naval Ordnance facility -- the U.S. Navy, the Department of Defense, the defense industry and, certainly, the Louisville community and its proven dedicated workforce.

I want to join with our very capable Kentucky team led by Congressman Mike Ward and Lt. Governor Paul Patton in asking that the Commission

accept the Louisville Plan as a better alternative to closing the Naval Ordnance Station. With the Commission's support, the Louisville Naval Ordnance Station can become a model for privatizing defense industrial capacity in support of our Armed Forces.

Sincerely,

Brereton C. Jones

/srb

Congress of the United States
Washington, DC 20515

April 12, 1995

The Defense Base Closure and Realignment Commission
Regional Hearing - April 12, 1995
Rosemont, Illinois

Dear Mr. Chairman and Commissioners:

We appreciate this opportunity to share our views concerning the Naval Ordnance Station, Louisville (NOSL). NOSL is the last facility of its type. It provides an **integrated, full-service gun systems expertise essential to the readiness of our forces.**

Chairman Dixon and Commissioner Kling visited Louisville last week. They saw first-hand the **unique combination of industrial, mechanical and engineering knowledge** which exists at Louisville. The wealth of experience, knowledge and expertise represented by the employees at Naval Ordnance has enabled NOSL to be inventive and effective in designing, manufacturing and overhauling Navy gun systems and related weaponry -- making NOSL the "gunsmith to the Navy" for over 50 years.

The Louisville proposal -- advanced by the community with encouragement and support from key Navy officials -- will maintain and strengthen the essential gun systems capability at NOSL. We strongly support this initiative and request your help to make NOSL the **Center of Excellence for Gun Systems and Gun Technology**, not only for the Navy but for the Department of Defense.

Thank you, again, for your consideration of the NOSL case pending before your Commission.

Sincerely,

WENDELL H. FORD

MITCH MCCONNELL

DAN COATS

SCOTTY BAESLER

RON LEWIS

ED WHITFIELD

LEE H. HAMILTON

MIKE WARD

PRINTED ON RECYCLED PAPER

DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

APR 11 1995

The Honorable Jerry E. Abramson
Mayor, City of Louisville
601 West Jefferson St.
Louisville, KY 40202

The Honorable David L. Armstrong
Jefferson County Judge/Executive
527 West Jefferson St.
Louisville, KY 40202

Dear Mayor Abramson and Judge Armstrong:

Having been briefed on your proposed Naval Gun Center of Excellence concept, I believe it has great potential for the nation. Many aspects of your proposal, when implemented, could enhance, through concepts attendant to centralization and public-private integration, our gun systems capabilities while lowering costs.

I applaud your efforts and will continue to closely follow your concept's evolution.

Sincerely,

Cheryl Kandaras

CHERYL KANDARAS
Acting

NAVAL ORDNANCE STATION LOUISVILLE
BRAC REGIONAL HEARING PRESENTATION
APRIL 12, 1995
ROSEMONT CIVIC CENTER, CHICAGO, ILLINOIS

TESTIMONY OF:
U.S. REPRESENTATIVE MIKE WARD
LIEUTENANT GOVERNOR PAUL PATTON
COUNTY JUDGE/EXECUTIVE DAVID ARMSTRONG
MAYOR JERRY ABRAMSON
FORMER U.S. REPRESENTATIVE RON MAZZOLI
MR. LARRY CRAIG

Congressman Ward

Good afternoon and thank you, Mr. Chairman and members of the Commission.

First, I want to make it clear to everyone that my preference is to keep Naval Ordnance Station Louisville open. It is a world-class facility, and in my view should not be on the closure list in the first place.

If it is the decision of the Commission not to remove NOSL from the closure list, we are convinced the following proposal is a better plan to achieve the objectives of the Base Closure and Realignment Commission in Louisville, without disrupting the most comprehensive gun repair, overhaul and maintenance facility in the nation.

Our community proposal... call it the Louisville Plan... with your agreement and support, will achieve the following:

- o Save the Navy in excess of $300 million, while reducing the Navy's infrastructure in Louisville to virtually zero.

- o Maintain the world-class Naval gun work now being done at Louisville, without disrupting its state-of-the-art operations and synergy.

- o Create a Naval Gun Center of Excellence that will become a model for our Armed Services and the defense industry as we prepare for the security threats of the next century.

The Louisville plan will bring in key defense contractors and retain only inherently governmental engineering work at Louisville. It will assure the affordability of retaining the defense infrastructure and state-of-the-art work now being done in Louisville on some of

the Navy's most critical weapons systems, while drastically reducing the Navy's costs and presence at the facility.

Now, before I introduce you to our team, let me say that we welcome your comments, concerns and observations about our plan. Please, do not hesitate to ask any questions or make any comments at any point in our presentation.

I am very pleased we have with us here today:

- Kentucky's Lieutenant Governor, Paul Patton, representing our Governor, Brereton Jones.
- Former United States Representative Romano Mazzoli, who represented our community in the Congress for a quarter century and is an expert on the Louisville Naval Ordinance Station and its potential. Congressman Mazzoli is here today as well representing the business community of our region as Vice Chair of the Board of the Louisville Area Chamber of Commerce.
- Jefferson County Judge/Executive David Armstrong, a former attorney general of our Commonwealth and an outstanding leader of our community;
- Louisville Mayor Jerry Abramson, one of our country's most progressive urban leaders and last year's president of the US Conference of Mayors;
- Mr. Larry Craig, President of Local Lodge 830 of the International Association of Machinists and Aerospace Workers, which represents some two-thirds of the workforce at Naval Ordnance Station.

Mr. Chairman, all of us here today are convinced that our proposal offers both a vision for the needs of the Navy and the Department of Defense in the 21st century, and a model for the preserving and enhancing the industrial might needed by the United States in its new and future role as the world's only superpower....

Now, ladies and gentlemen, let me introduce former Congressman Ron Mazzoli.

Congressman Mazzoli

I wish to thank you, Mr. Chairman, and this distinguished Commission for the opportunity to appear before your group on behalf of the Louisville Detachment of the Crane (Indiana) Division of the Naval Surface Warfare Center. This is the facility, Mr. Chairman, all of us who live in Louisville call Naval Ordnance Station.

And I do want to note again that I wear another hat today as well, representing the Board of Directors of our Chamber of Commerce, of which I am Vice Chair. I am very pleased to tell you that the Louisville Chamber of Commerce and the business community of our region not only stand behind our proposal. The Louisville Chamber has been in the forefront of our effort to protect the critical capabilities and dedicated public servants that have made Naval Ordnance such an exceptional part of the nation's defense backbone.

My own association with Naval Ordnance dates back before BRAC '93 -- when Naval Ordnance was on the table and taken off by the Commission -- even before BRAC '91 and BRAC '88.

My association with Naval Ordnance spans more than a generation, beginning with my election to Congress in 1971. As a native Louisvillian, I had always known of Naval Ordnance, but I had not seen the facility up close until Clarence Strawn -- my neighbor on Ardmore Drive then and my neighbor today in his 92nd year -- invited me to tour Naval Ordnance. I did so in 1971, and I did so almost annually until I retired from Congress in January, 1995.

Mr. Chairman and Members of the Commission, the story of my neighbor and friend, Clarence Strawn, is the story of Naval Ordnance Station; fidelity to Navy and nation; patriotic service to country; and, excellence in work product.

As I said in 1993 to Chairman Jim Courter, Naval Ordnance is the Best of the Breed. It is also the Last of the Breed. It needs to be kept open and its 1844 men and women employees need to be kept on the job. It has been Gunsmith to The Navy for the past 50 years. We want it to be Gunsmith to the Nation for the next 50 years.

Our plan will be amply described by others today. But, essentially our plan -- which began to take form at a meeting held at Naval Ordnance two days after BRAC '93 voted not to close us -- has evolved since then.

Our plan will rid the Navy of some of its excess overhead (its "stuff", as Vice Admiral George Sterner, Commander of the Naval Sea Systems Command, terms them); create a Center of Excellence for guns and gun weapon systems; result in public-private partnerships for defense procurement and maintenance; and lead to cross-service procurement and maintenance ("purpling") which the 1993 BRAC Commission urged the military branches to emphasize in developing our national defense capabilities for the next century.

But, for another moment, let me return to Clarence Strawn. Clarence came to Louisville in October 1941 from the Naval Gun Factory in Washington, D.C. He came to build Naval Ordnance Station -- one of seven built across the country and the only one left in the Fleet today.

He came to "light a candle," to bring knowledge and experience in gun manufacture and overhaul to Louisville. He came to help America win World War II. And, that's exactly what happened.

Naval Ordnance was also there at the ready when help was needed during the Korean War, the Vietnam War, and, most recently, in the liberation of Kuwait in the Persian Gulf War.

This is the point we all made in BRAC '93 at Louisville during the site visit, at Columbus during our Regional Hearing, and in Washington, D.C. when the Kentucky and Indiana Congressional Delegations testified before the Commission. This is the point we underscore again today.

Whenever in the past half century America has had to mobilize for war, Naval Ordnance has been there with the personnel and the prowess to do the job the nation needed done.

Mr. Chairman and Commissioners, Naval Ordnance Station is the Navy's only remaining full-service gun and gun weapons system facility.

As you well know, this installation has unique assets, some of which are not available anywhere else and some of which could not be moved at any cost, such as the gun barrel vertical plating tanks.

The station's unique heat-treating facilities also have pits in which the heating ovens are located which have to be rebuilt if the function were moved to another site.

Naval Ordnance, quite simply, has full spectrum capability to carry weapons work from design and prototyping, transition to production, in-service technical support and, finally, overhaul and repair.

The Station provides comprehensive engineering and industrial full spectrum support to:

-- Gun and gun fire control systems.

-- Surface missile system launchers.

-- Ship self-defense systems and sub-systems.

-- Shipboard physical security.

In addition, the Station provides general industrial support for refurbishing and/or manufacturing weapons system equipment and components.

My request to this Commission is that it amend the recommendations pertaining to Naval Ordnance by directing the Navy to cooperate with the State of Kentucky, the City of Louisville and the County of Jefferson in implementing our plan for a government-industry partnership which will continue the tradition of excellence in gunsmithing which Clarence Strawn and the thousands of civilian and uniformed personnel have created over the years on those 142 acres of Southside Drive in Louisville, Kentucky.

Congressman Ward

Before we proceed, let me add a few words regarding recent events at Naval Ordnance Station. As many of you may know, we have significant concerns about the conflicting numbers that have been used to calculate the cost of closing Naval Ordnance Station.

Frankly, we don't know precisely what it will cost to close that Naval Ordnance; to move the critical functions accomplished there to other installations; to re-equip, retrain, and move critical personnel and jobs.

But all of us here today know that, without question, it will cost literally millions and millions of taxpayer dollars.

Regardless of the precise cost, whether it is $103 million, as the Navy has estimated, or some $600 million, as Naval Ordnance has itself calculated, our plan to privatize the work done at Louisville will unquestionably save several hundred million dollars that would otherwise be spent to break apart and reassemble elsewhere, at far lower efficiency and effectiveness, the work now done in Louisville....

Mr. Chairman, our proposal has three key objectives:

- Number one, reduce the Navy's infrastructure;
- Number two, protect the gun weapon system expertise now resident at Louisville; and,
- Number three, protect the people at NOSL and the important contribution they make to our regional economy.

Specifically, we ask that the Commission recommend that the Naval Ordnance Station industrial complex become the centralized Navy source for gun systems as the nation's Naval Gun Center of Excellence. We propose that we do as a collaborative effort, teaming our community with the Navy and some of America's most capable defense contractors.

To achieve that objective, we believe the Commission must approve a recommendation that achieves at least the following:

- Transfers Naval Ordnance Station from Navy ownership to local government ownership.
- Leaves in place the workload for both the Navy gun weapon system replacement program, and the Phalanx product line.
- Retains the in-service engineering support as a Navy function at the Center.

Our plan has several key components:

1. The Navy would transfer ownership of the Naval Ordnance Station industrial complex to our local governments for conversion to a mixed industrial park.

2. The Commission would recommend that, first, the key NOSL work continue to be performed in Louisville by private defense contractors, and second, the Navy engineering presence remain at the new Louisville Center.

3. A major defense contractor — most likely United Defense L.P. — leases part of facility to perform gun systems and gun fire control systems overhaul and remanufacture.

4. A second major defense contractor — probably Hughes Missile Systems Company — leases part of the facility and perform Phalanx Close-In Weapons System (CIWS) manufacture, remanufacture, and overhaul.

5. A defense contractor — again, United Defense L.P. is the likely candidate — leases part of the facility to perform the industrial support functions.

6. Finally, the defense contractors offer first right of refusal for new jobs to displaced Naval Ordnance employees.

Mr. Chairman, I might add that in your packets are letters of intent from both United Defense and Hughes Missile Systems spelling out their strong interest in participating in this plan.

Obviously, we believe this proposal presents manifold advantages—a win-win-win, if you will. I've asked the leaders of our local governments, Jefferson County Judge/Executive David Armstrong and Louisville Mayor Jerry Abramson, to outline those advantages for you. First, Judge Armstrong.

Judge Armstrong

Mr. Chairman, members of the Commission, our proposal will keep intact proven capabilities in naval gun systems that is unmatched anywhere in America.
What the Navy now enjoys at Louisville is an installation with extremely unique facilities, equipment, and literally thousands of years of combined workforce expertise.
That combination can not be duplicated at other DON (Department of the Navy) or DOD (Department of Defense) installations without incurring tremendous relocation and preparation costs, both at Louisville and at the receiving locations.

With the continuing downward pressures on the defense budget, we understand the Navy's view that it can no longer afford to maintain Naval Ordnance Station as a wholly public, Navy-owned installation.

But while it may be too expensive to maintain the status quo at Louisville, it is also grossly expensive to move the defense industrial capacity that resides there.

Simply closing the installation and spreading its functions around the country not only is clearly cost-prohibitive. It would cause a severe, irretrievable loss of capability for the United States in these armament systems.

Our proposal, on the contrary, supports the Secretary of the Navy's BRAC recommendations, reducing the Navy's infrastructure by closing NOSL as a Navy installation. NOSL will be considered a "closure" for BRAC purposes under this proposal.

The plan, by retaining most of the current Navy workload at Louisville, minimizes Navy relocation costs that would otherwise be necessary under the current recommendation to relocate NOSL activities, workload, and facilities. And it optimizes Navy gun system capacity utilization, with Louisville becoming the most comprehensive and capable gun facility in the world.

It is very important to note that Louisville's gun system industrial capability exceeds that of existing manufacturers. As you may know, overhaul capability and processes are more complex and extensive than, and encompass those, of new manufacturing. In other words, it will be relatively simple to merge and integrate new manufacturing into Louisville's existing capabilities.

It maintains, centralizes, and focuses all Navy gun system capability, improving the depth and breadth of that capability. DOD and Navy gun system requirements for the foreseeable future are significantly less than the combination of public and private industrial capacity. Besides the best industrial capability, Louisville also has more than sufficient capacity for all foreseeable naval gun system requirements.

It creates a new, cost-effective way to perform Navy and other Department of Defense gun system repair, overhaul, and manufacturing, with what we and others who have reviewed the plan believe is very significant inter-servicing potential.

Finally, Mr. Chairman, our plan encourages public-private partnering in the defense sector, a key initiative of the Pentagon under President Clinton. It will produce an appropriate mix of public-private responsibilities in a partnership that could prove to be a model for other defense efforts as we strive to downsize while maintaining essential capability....

In short, this is a win-win. The Navy wins with an enhanced capability at lower cost. Defense contractors will gain a broader business base. And, as Mayor Abramson will describe, our community gains signficantly.

Mayor Abramson

Mr. Chairman, our community has for the past two years struggled to come up with a solution to the dilemma before us. Simply put, our challenge was to find a cost-effective framework in which Naval Ordnance Station's capabilities can continue to serve our nation, while at the same time reducing the Navy and Defense Department's industrial infrastructure and save the huge cost of relocating such a complex facility.

Of course, this plan offers some very significant advantages to our community. First and foremost, it minimizes disruption to the current NOSL workforce, since they would have first right of refusal for newly-privatized jobs at the installation.

And though we understand this proposal could cause some job losses, particularly in the short-term, our Naval Gun Center of Excellence proposal creates tremendous potential for eventually enlarging the scope of defense-related work conducted at the newly-created Naval Gun Center. Louisville's proven defense-skilled workforce, combined with our region's low-cost manufacturing environment and outstanding transportation infrastructure (NOSL is contiguous to an expanding Louisville International Airport and United Parcel Service's International Air Hub) should attract new defense-related manufacturing and remanufacturing to the Center.

Both Hughes and United Defense produce weapons and systems for other branches of the armed forces. Their presence in Louisville increases the likelihood of the Center eventually serving all branches of the armed forces and becoming a significant source of defense systems for sale to friendly foreign countries.

It creates a commercial defense anchor for the newly-privatized NOSL industrial park, while retaining significant infrastructure for attracting commercial non-defense industry and firms to the former NOSL site, which would in turn further reduce the overhead rates charged to the Navy, the defense contractors, and other tenants.

In summary, Mr. Chairman, the Louisville plan meets all of the key objectives of the Commission, in a cost-effective, innovative manner. The fine Kentuckians and Hoosiers of our community are excited about its potential and prospects.

We are ready, Mr. Chairman, to move quickly to make this proposal a reality.

Congressman Ward

Now Mr. Chairman, it is my pleasure to introduce the Lieutenant Governor of our Commonwealth, and former Secretary of the Kentucky Economic Development Cabinet, the Honorable Paul Patton.

Lieutenant Governor Patton

Mr. Chairman. Ladies and gentlemen of the Commission.

I am very honored to represent the Commonwealth of Kentucky and Governor Brereton Jones who, as you know, toured the Naval Ordnance Station last week with Senator Dixon but couldn't be with us here today because of a previous commitment in Kentucky.

I have delivered to you today his official letter of support for the Louisville Plan to privatize the Naval Ordnance Station. A copy of the Governor's letter along with my own comments are in the packet before you.

My message to you today is that the entire leadership of Kentucky enthusiastically supports the plan you have heard here today.

It is totally logical and doable to privatize the operations in Louisville rather than see those state-of-the-art facilities and the quality work being done there abandoned, dismantled and dispersed to other areas.

While I don't know the cost of closing the facility, either, as congressman Ward has said, I do know from my former work as head of the Kentucky Economic Development Cabinet that such closings are very, very expensive indeed. Beyond the expense, the U.S. Navy would lose a highly trained, highly efficient and highly motivated workforce if the Louisville operations were shut down or moved to other locations.

Every one of those jobs in Louisville is important to us. And while maintaining the status quo may not be viable, as it apparently is not, privatizing the operation would maintain the work, preserve the expertise we have built in Louisville, save perhaps hundreds of millions of dollars in closing and relocation costs and create a model defense-related industrial park that would be second to none in the world.

In closing, let me assure you that the Executive and Legislative leadership are committed to seeing that privatization of the Louisville Naval Ordnance facility is successful. We stand ready to work with you, the Navy, the Department of Defense and our good colleagues on this team today to make privatization work in Louisville.

Congressman Ward

Thank you, Governor Patton. Mr. Chairman, it is my pleasure to again introduce Mr. Larry Craig.

Larry Craig

Thank you, Congressman.

Ladies and gentlemen of the Commission, I am here representing the men and women of Local Lodge 830 of the International Association of Machinists and Aerospace Workers at the Naval Ordnance Station, Louisville.

I am proud to say that we are enthusiastic about the prospects of privatizing NOSL as an alternative to closing down the facility and transferring its operations elsewhere.

We recognize that in today's world true job security lies in the ability of a work force to remain highly efficient and productive. The Machinists Union is a progressive union, and this plan assures that the Navy will not lose the skills and abilities of a proven, professional work force in Louisville.

Congressman Ward

Thank you, Larry.

Finally, Mr. Chairman, we know that all of the difficult work you are doing, all of your hearings and site visits, and all of your patience—such as you have shown in hearing us here today—must ultimately produce decisions that meet with the approval of the President and the Congress.

I know that you have had a long day, and in closing, I would simply like to leave you with key thoughts about our effort to save the vital work and jobs at Naval Ordnance:

- First and foremost, our proposal satisfies the mandate of the Commission.
- It saves money and reduces infrastructure.
- It ensures continued world-class work on many of the Navy's most critical weapons systems.
- It eliminates the need to dismantle and disperse Naval Ordnance's proven, effective capabilities.
- Finally, It gives us the opportunity to prove to the Pentagon, the Congress, the President, and the nation that Louisville's Naval Gun Center of Excellence can be a model for others to follow.

With this proposal, Louisville can help achieve -- and I'm using the Pentagon's own words -- "the readiness and modernization we need within the budget we have."

Thank you, Mr. Chairman. We welcome your questions.

OBJECTIVES OF THE LOUISVILLE PLAN

1. Reduce Navy Infrastructure

2. Save the Navy over $300 million

3. Maintain Louisville's World Class Capabilities in Gun Systems

4. Create a Naval Gun Center of Excellence

5. Maintain the Exceptional Workforce at Naval Ordinance Station

THE LOUISVILLE PLAN

Key Elements

- Transfer NOSL property to local governments
- Privatize major gun work in place
- Enclave in-service weapons engineering

Results

- Bottom line reduction to Navy
- Preserve critical gun maintenance and overhaul capabilities
- Create a Gun Center of Excellence as a model for all branches

NOP
Canton, Ohio
CLOSED

NOP
Pocatello, Idaho
CLOSED

NOP
Macon, Georgia
CLOSED

NAVAL ORDNANCE STATION

LOUISVILLE, KENTUCKY

(Formerly NOP Louisville)

The Navy's <u>only</u> remaining
"full service" gun weapon systems
engineering/industrial capability

NOP
York, Pennsylvania
CLOSED

NOP
Forest Park, Illinois
CLOSED

NOP
Center Line, Michigan
CLOSED

NAVAL GUN FACTORY
Washington, D.C.
CLOSED

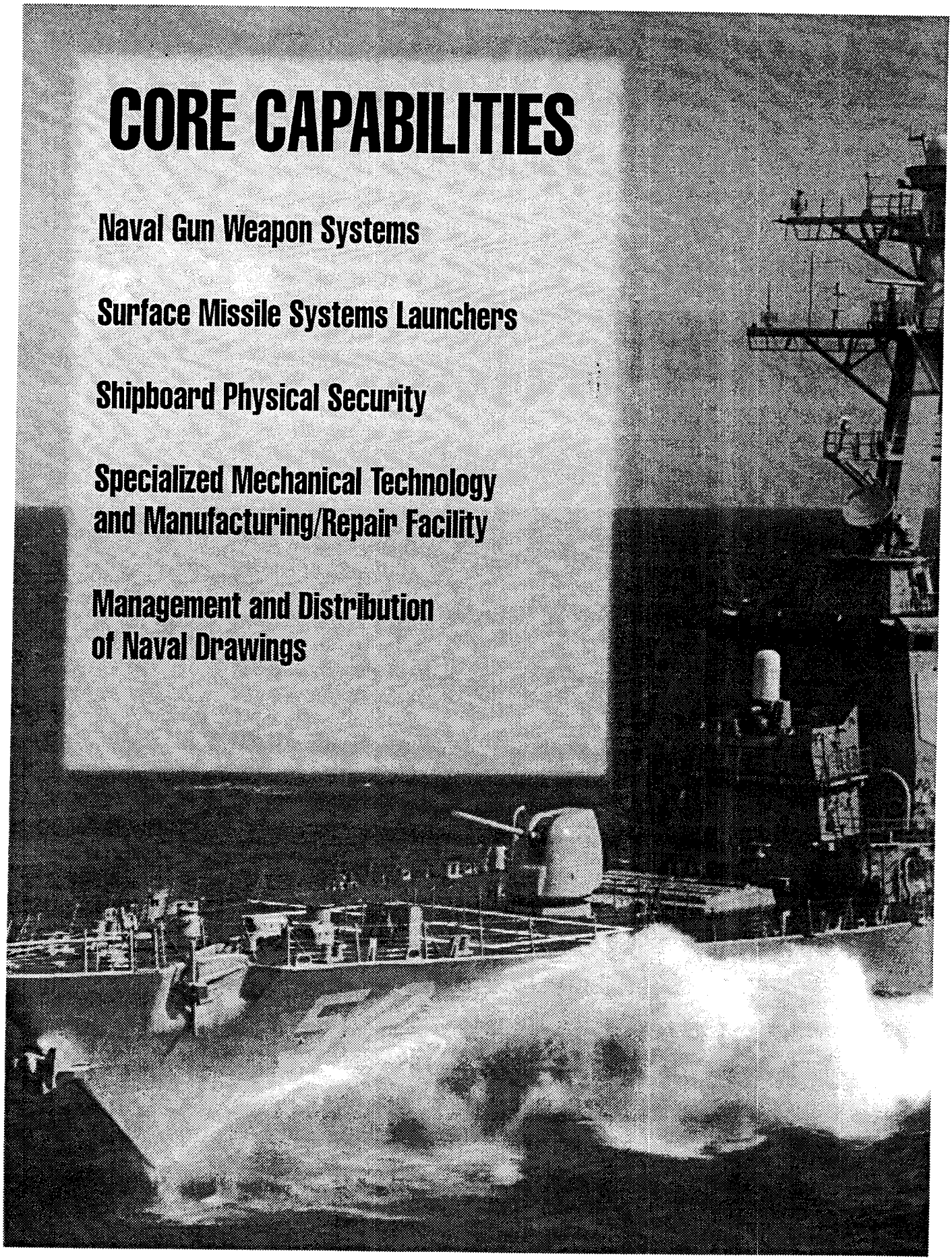
"...FROM THE SEA"

PREPARING THE NAVAL SERVICE FOR THE 21ST CENTURY

"... The shift in focus to littoral operations requires a corresponding shift of emphasis toward accelerating the adaption of existing forces to counter littoral threats..."

This will place "increased emphasis on generations of high intensity power projection, support of force ashore, and weapons necessary to fulfill the mission."

CORE CAPABILITIES



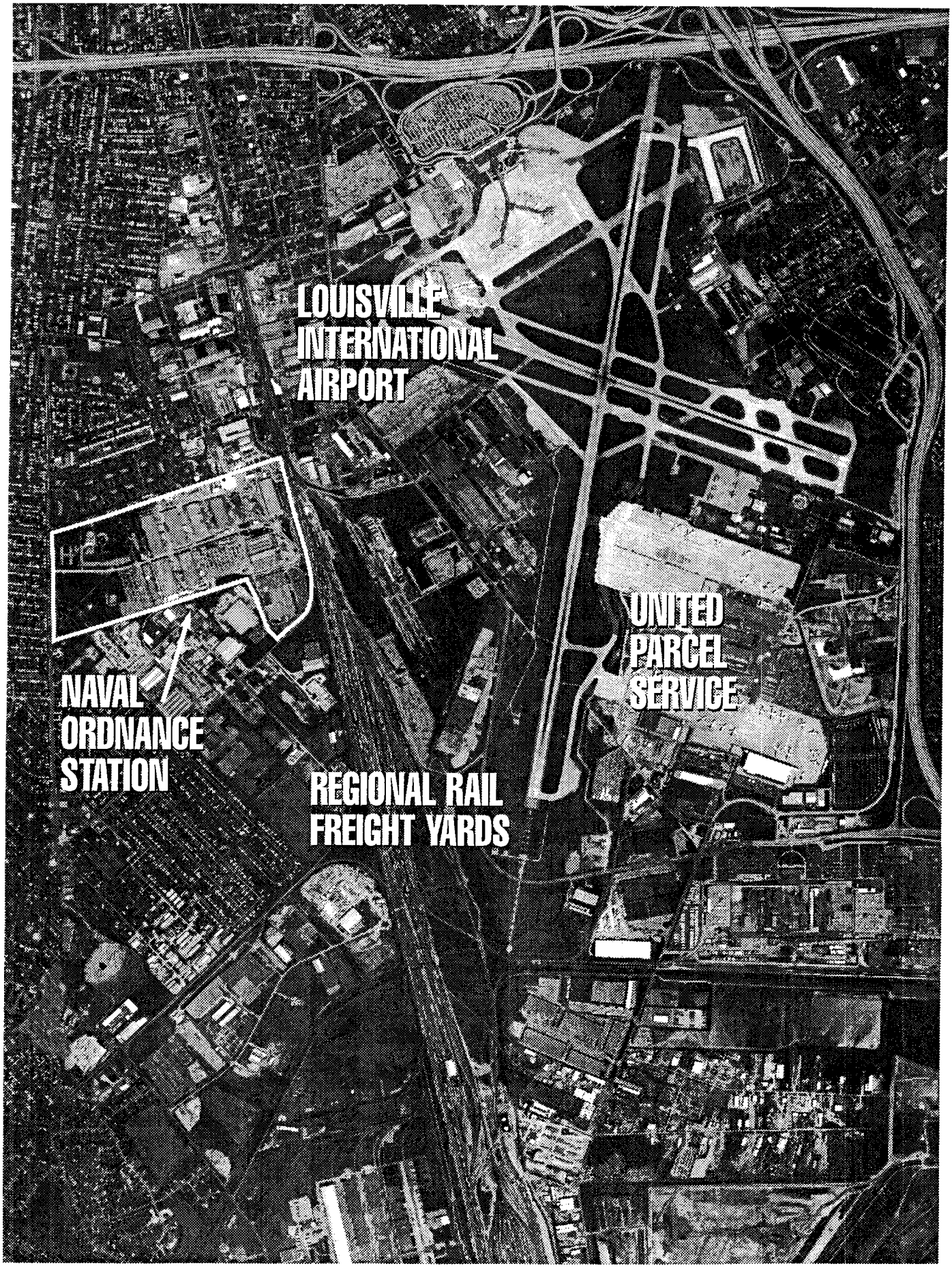
Naval Gun Weapon Systems

Surface Missile Systems Launchers

Shipboard Physical Security

Specialized Mechanical Technology and Manufacturing/Repair Facility

Management and Distribution of Naval Drawings


LOUISVILLE
INTERNATIONAL
AIRPORT
UNITED
PARCEL
SERVICE
NAVAL
ORDNANCE
STATION
REGIONAL RAIL
FREIGHT YARDS

PHYSICAL RESOURCES (1995)

Land - 142 Acres

Buildings

- 92 Adjacent Buildings
- 1.64 Million Square Feet
- Replacement Cost: $274 Million

Industrial Plant Equipment

- Replacement Value: $497 Million

Unique Equipment

- Replacement Value: $429 Million

Total Replacement Cost – $1.2 Billion

TRANSPORTATION ACCESS

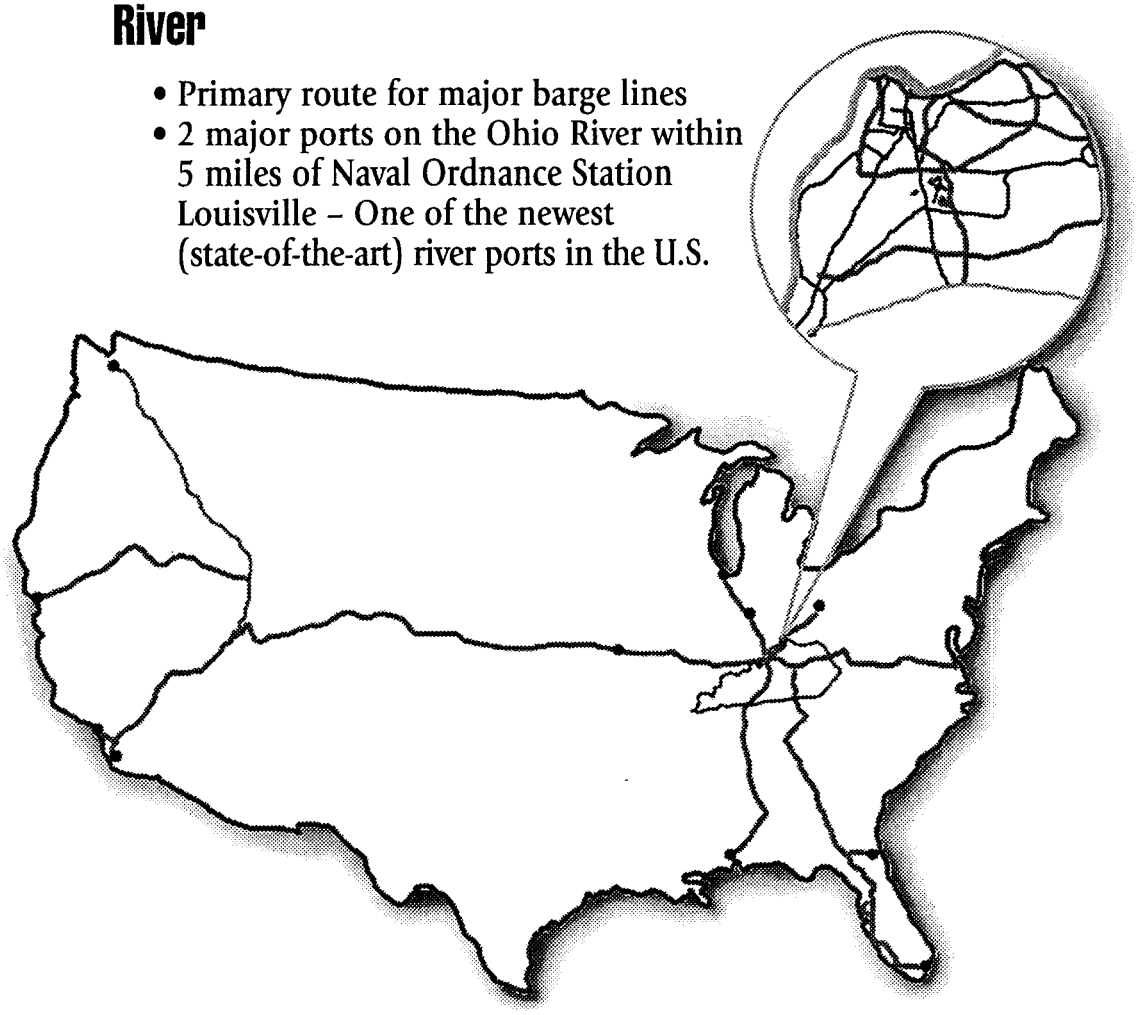
Interstate

- 3 major interstates within 5 miles of Naval Ordnance Station Louisville

  I-64 East directly to Norfolk, VA
  I-64 West with multiple West Coast connections
  I-65 South directly to the Gulf Coast
  I-71 and I-65 North to the Great Lakes region

River

- Primary route for major barge lines
- 2 major ports on the Ohio River within 5 miles of Naval Ordnance Station Louisville – One of the newest (state-of-the-art) river ports in the U.S.



TRANSPORTATION ACCESS

Air

- Less than 1 mile from Louisville's International Airport
- 6th largest air cargo airport in the world and 4th largest in the U.S.
- UPS primary national/international hub
- Full service airport for commercial, air cargo, military, general aviation, corporate, private and postal aircraft

Rail

- Directly adjacent to CSX Regional Freight Yard which has a spur line into Naval Ordnance Station Louisville with rail access through all major production buildings
- Served by five railroads (CSX, SOO Line, CONRAIL, Norfolk Southern and Paducah & Louisville)
- 25 rail miles from Ft. Knox

UNIQUE LOUISVILLE ASSETS

State-of-the-Art Plating Facility in DON

Complete Environmental Compliance

One of two remaining Major Caliber Gun Barrel Plating Facilities in the DOD

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

BRERETON C. JONES
GOVERNOR

THE CAPITOL
700 CAPITAL AVENUE
FRANKFORT 40601
(502) 564-2611

April 11, 1995

Chairman Alan J. Dixon
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Chairman Dixon:

We are very grateful to you and the entire Defense Base Closure and Realignment Commission for giving us the opportunity to present our proposal for preserving the jobs and the high-quality workmanship which currently exist at the Naval Ordnance Station in Louisville. While I cannot be with you today because of a long-standing commitment, I have discussed the situation thoroughly with our Lt. Governor, Paul Patton, and he is fully prepared to represent the state's position on my behalf.

I am honored to have had the opportunity to discuss our proposal with you and Commissioner Kling during your recent visit to Louisville. We certainly appreciate the difficult nature of your task. Your willingness to keep an open mind and consider all alternatives is very meaningful to the people of Kentucky and a credit to the dedication and professionalism of the Commission.

Let me assure you that our administration is in full support of the Louisville Plan. We stand ready to cooperate fully with the Navy and the local governments of the City of Louisville and Jefferson County to make privatization a reality.

What we are proposing offers a unique opportunity for everyone involved in the Naval Ordnance facility -- the U.S. Navy, the Department of Defense, the defense industry and, certainly, the Louisville community and its proven dedicated workforce.

I want to join with our very capable Kentucky team led by Congressman Mike Ward and Lt. Governor Paul Patton in asking that the Commission

accept the Louisville Plan as a better alternative to closing the Naval Ordnance Station. With the Commission's support, the Louisville Naval Ordnance Station can become a model for privatizing defense industrial capacity in support of our Armed Forces.

Sincerely,

Brereton C. Jones

/srb

LEE H. HAMILTON
9TH DISTRICT, INDIANA

COMMITTEES:

COMMITTEE ON FOREIGN AFFAIRS
CHAIRMAN

JOINT ECONOMIC COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515-1409

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BUILDING 66
1201 EAST 10TH STREET
JEFFERSONVILLE, IN 47130-4255
TELEPHONE: (812) 288-3999

TOLL-FREE NUMBER
(800) 892-3232

THE HONORABLE LEE H. HAMILTON

Statement before the

Base Closure and Realignment Commission

Chicago, Illinois

April 12, 1995

Senator Dixon. Members of the Base Closure and Realignment Commission.

Thank you for providing me with this opportunity to comment on the Defense Department's decision to include the Naval Ordnance Station, Louisville (NOSL) on its 1995 base closure list.

Before I begin my formal testimony, I want to thank Senator Dixon and Commissioner Kling for taking the time to visit on April 6. I understand it was a very productive visit. I am pleased that you could meet with Captain Cummings and the employees and managers at the Ordnance Station, and see first hand the outstanding work done at the installation.

I oppose the Navy's decision to close the Ordnance Station. My preference would be to remove the Naval Ordnance Station from the closure list. In the alternative, I would urge the Commission to consider endorsing the establishment of a Naval Gun Center of Excellence at Louisville.

Keep Louisville Open

I would initially like to express my support for keeping the Naval Ordnance Station off the closure list.

First, the Naval Ordnance Station is the last Navy owned facility capable of gun system design, prototyping, manufacturing and remanufacturing. Were Louisville to be closed, the Navy would lose that capability as well as the ability to reconstitute a full industrial base capacity in time of emergency.

Second, the Ordnance Station has had a superb record of service to the Navy and the country. Its engineering capability -- in design engineering, in-service engineering and advanced gun system management and development -- is a tremendous asset to the Navy. It can perform its work in a cost-effective manner, and has an outstanding workforce.

Third, closing the Ordnance Station would have an adverse impact on communities in my congressional district in Indiana. 320 of the 1,836 employees at the installation reside in Indiana, and putting them out of work would cost the State millions of dollars in lost income.

Fourth, Indiana should not have to sustain additional cutbacks in the base closure process. Indiana has taken the brunt of the base closing process over the last seven years. Jefferson Proving Ground, Indiana Army Ammunition Plant, Ft. Benjamin Harrison, and Grissom Air Force have all been listed for closure or inactivation. Thousands of jobs will be lost.

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

I appreciate the outstanding work that is done there. I will continue to do all I can in support of the installation, its employees, and the greater Louisville community.

Naval Gun Center of Excellence

If the Commission decides to support the recommendation of the Defense Department, I urge that it then consider endorsing the creation of a Naval Gun Center of Excellence at Louisville.

As my good friend and colleague, Congressman Mike Ward, has indicated in his testimony, the City of Louisville and Jefferson County are exploring the possibility of establishing a Naval Gun Center of Excellence at NOSL. The proposal includes the following elements:

-- The Navy would close the Naval Ordnance Station, with language in the BRAC report to assure that the Navy will work to privatize in place the majority of the work performed at the Station.

-- The City of Louisville and/or Jefferson County would assume ownership of the facility.

-- One contractor (United Defense) would lease part of the facility to perform the 5-inch gun work and other activities.

-- Another contractor (Hughes) would lease part of the facility to perform work on the Phalanx system.

-- The Navy would lease part of the facility to maintain an engineering presence.

-- The contractors would hire NOSL employees displaced by the closure.

This proposal would allow the Navy to centralize all Navy gun system capability at a single location; lower overhead costs; and save the Navy the cost of relocating NOSL activities to other installations around the country.

Most importantly, the proposal would keep jobs at Louisville. Ideally, I would like to see the facility stay a government facility and the workforce remain a government workforce. But, if the Commission decides to close NOSL, I want to do all I can to keep good-paying jobs in the Louisville area. The "Center of Excellence" concept would offer such an opportunity.

I ask that the Commission give every consideration to this proposal.

I appreciate having this opportunity to testify. I commend you for your efforts. I would be happy to answer any questions you may have.

HUGHES

Subsidiary of GM Hughes Electronics

DAVID L. McPHERSON, President

3 April 1995

The Honorable Jerry E. Abramson
Mayor, City of Louisville
City Hall
601 W. Jefferson St.
Louisville, KY 40202

The Honorable David L. Armstrong
County Judge/Executive, Jefferson County
Jefferson County Courthouse
527 W. Jefferson St.
Louisville, KY 40202

Dear Mayor Abramson and Judge Armstrong:

As you are aware, there was a meeting 30 March 1995 in Washington D.C. between representatives of Louisville, the State of Kentucky, the U.S. Navy, United Defense, and Hughes Missile Systems Company, to discuss the community's proposal to create a naval gun center of excellence at the Naval Ordnance Station in Louisville.

This naval gun center with a centralized manufacturing, depot repair and fleet technical support facility, located at the site of the present Naval Surface Warfare Center Louisville base, was proposed as having the potential of providing the U.S. Navy with a cost effective approach to their gun programs.

We are extremely interested in the potential business opportunities at the Naval Surface Warfare Center. Therefore, we have established a team, led by Tim Vayhinger of the Hughes Missile Systems Company and supported by Hughes Aircraft Company, to assimilate data from the Naval Ordnance Station, the city of Louisville, the State of Kentucky, and the U.S. Navy to prepare a business plan for possible Hughes participation in the proposed naval gun center of excellence. This plan will provide the basis for discussions and ensuing business decisions regarding the viability of Hughes involvement in the proposed center or possible alternative approaches.

Hughes Missile Systems Company
P.O. Box 11337
Tucson, AZ 85734

Our team will be in Louisville this week continuing to gather data to support the timely preparation of the business case. The support from your offices is greatly appreciated.

We look forward to further discussions regarding this key business opportunity in Louisville,

Regards,

David L. McPherson
President
Hughes Missile Systems Company

United Defense
FMC/BMY

April 5, 1995

The Honorable Jerry E. Abramson
Mayor, City of Louisville
City Hall
601 W. Jefferson Street
Louisville, KY 40202

The Honorable David L. Armstrong
County Judge/Executive, Jefferson County
Jefferson County Courthouse
527 W. Jefferson Street
Louisville, KY 40202

Dear Mayor Abramson and Judge Armstrong:

This is in response to your letter of April 3, 1995, proposing your community establish a privatized Naval Gun Center of Excellence at the site of the current Naval Ordnance Station Louisville (NOSL).

United Defense, LP, is keenly interested in participating in this venture. We do, however, have some concerns about your proposed concept - particularly the plan to consolidate new build gun activity at the center. We cannot now support this portion of the plan because we do not have a business analysis that financially justifies to the Navy such a move. Note, the MK-45 gun is currently manufactured in a Navy facility.

Despite this concern, we believe that maintaining the current gun overhaul and repair work at the center can provide excellent value for the Navy and jobs for your community. To accomplish this, it is imperative that the U.S. Navy support the concept of maintaining work in Louisville and commit to keep all current gun line overhaul and repair work now conducted at the Navy facility at the new privatized center.

As you know from our March 13 letter, Mike Seale has been leading our initiatives for the Louisville concept. He will head a United Defense team to develop a business plan for possible United Defense participation in the

United Defense LP World Headquarters
1525 Wilson Boulevard Suite 700 Arlington Virginia 22209-2411 Telephone 703 312 6100

Louisville Center. Upon completion of that plan, we will be prepared to commence negotiations with your government and the Navy.

Sincerely,

Thomas W. Rabaut

Thomas W. Rabaut
President and Chief Executive Officer

Document Separator

NOS - Louisville Privatization

Louisville Commun

United Defense L.P.

Louisville Community — United Defense L.P.
briefing to the
1995 Base Realignment and Closure Commission Staff

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5 June 1995

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- **Agenda**
  1. Planned United Defense LP Business
  2. People and Plant
  3. Implementation Steps
  4. Leasing
  5. A-76 and Competition
  6. Environmental

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

Planned United Defense L.P. Business

Functions

- Maintenance
- Repair
- Overhaul
- Alteration
- Modification
- Upgrade
- Production

Existing Product Lines

Gun-Related

- Mk 45 Guns
- Mk 42 Guns
- Mk 75 Guns
- Mk 19/38 Guns
- Mk 86 Gun Fire Control Systems
- Mk 92 Gun Fire Control Systems
- Mk 68 Fire Control System Upgrade
- 5 inch Gun Barrels
- Miscellaneous Naval Gun Mounts

Non-Gun Related

- Mk 32 Surface Ship Torpedo Tubes
- Mk 56 Standard Missile Rocket Motor Cases
- Mk 23 Target Acquisition Systems
- Turbine Pump Ejection Systems
- Vertical Launch System Cable Assemblies
- NATO Sea Sparrow Launcher
- Ball Valves

Potential New Product Lines

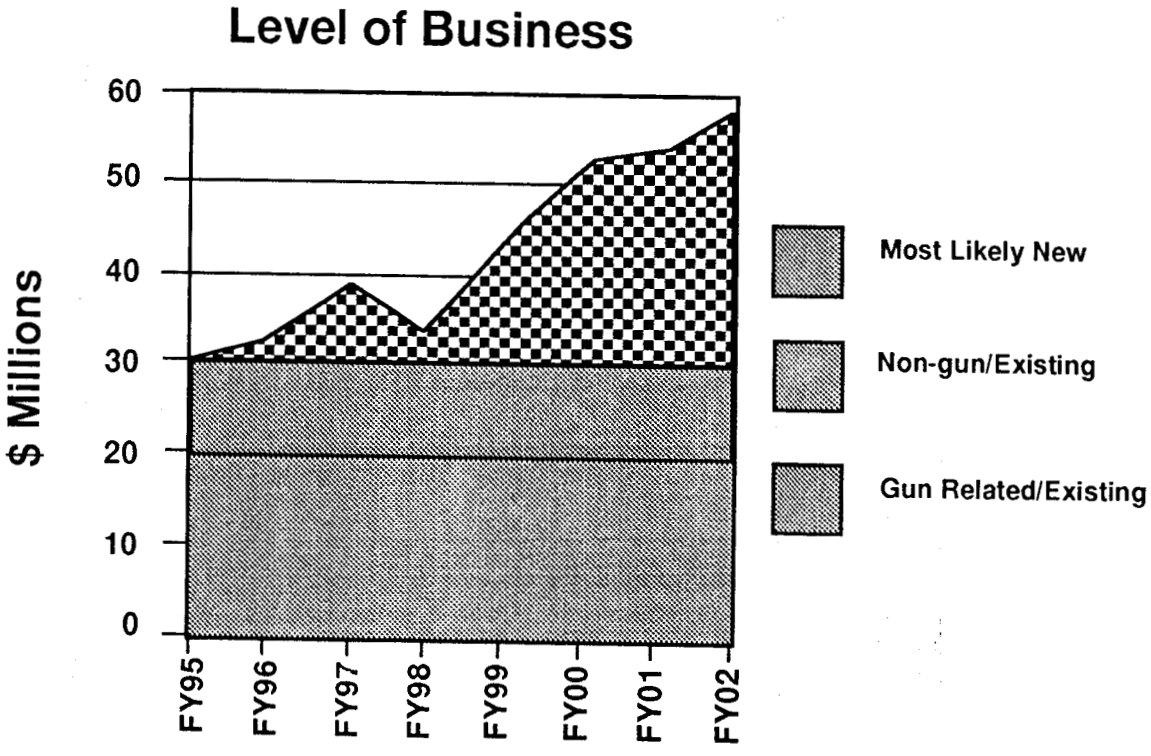
- Commercial Plating
- Minor Caliber Gun
- New Rocket Motor Cases
- Mk 45 Upgrade
- Other New Armament

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- Planned United Defense L.P. Business



NOS - Louisville Privatization

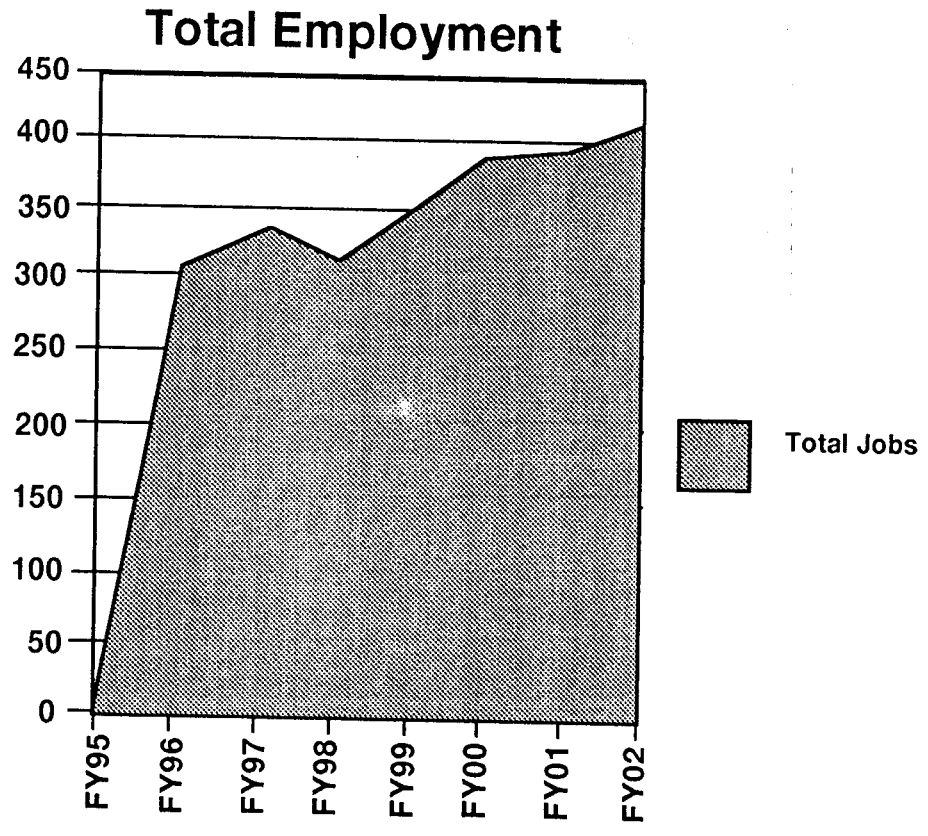
- **People and Plant**
  - Hire NOS-L Personnel to maximum extent
    - Salary and Hourly
  - About 300 people to start
  - With growth, 450 people within 6 years

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- Planned United Defense L.P. Business



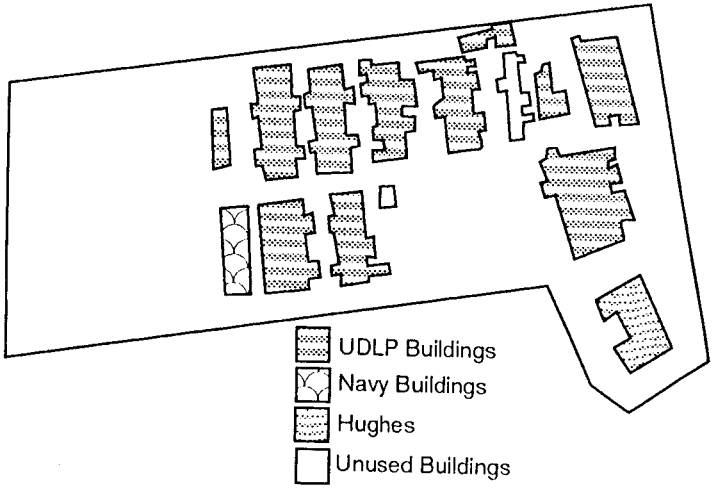
NOS - Louisville Privatization

Louisville Community

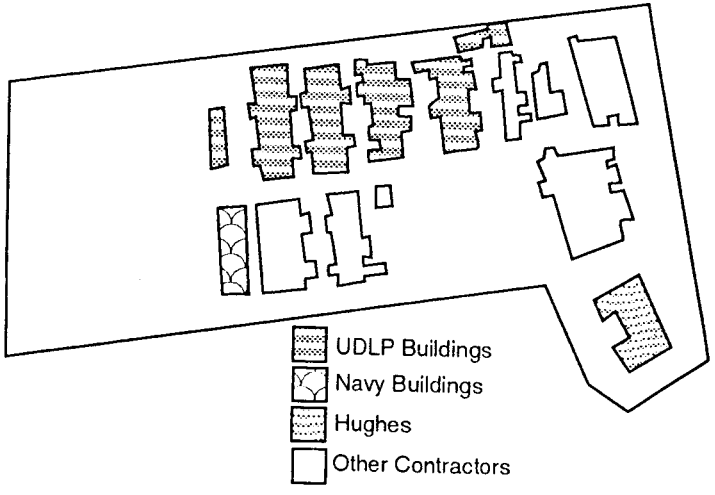
United Defense L.P.

- Facilities Plan

Day #1



Final State



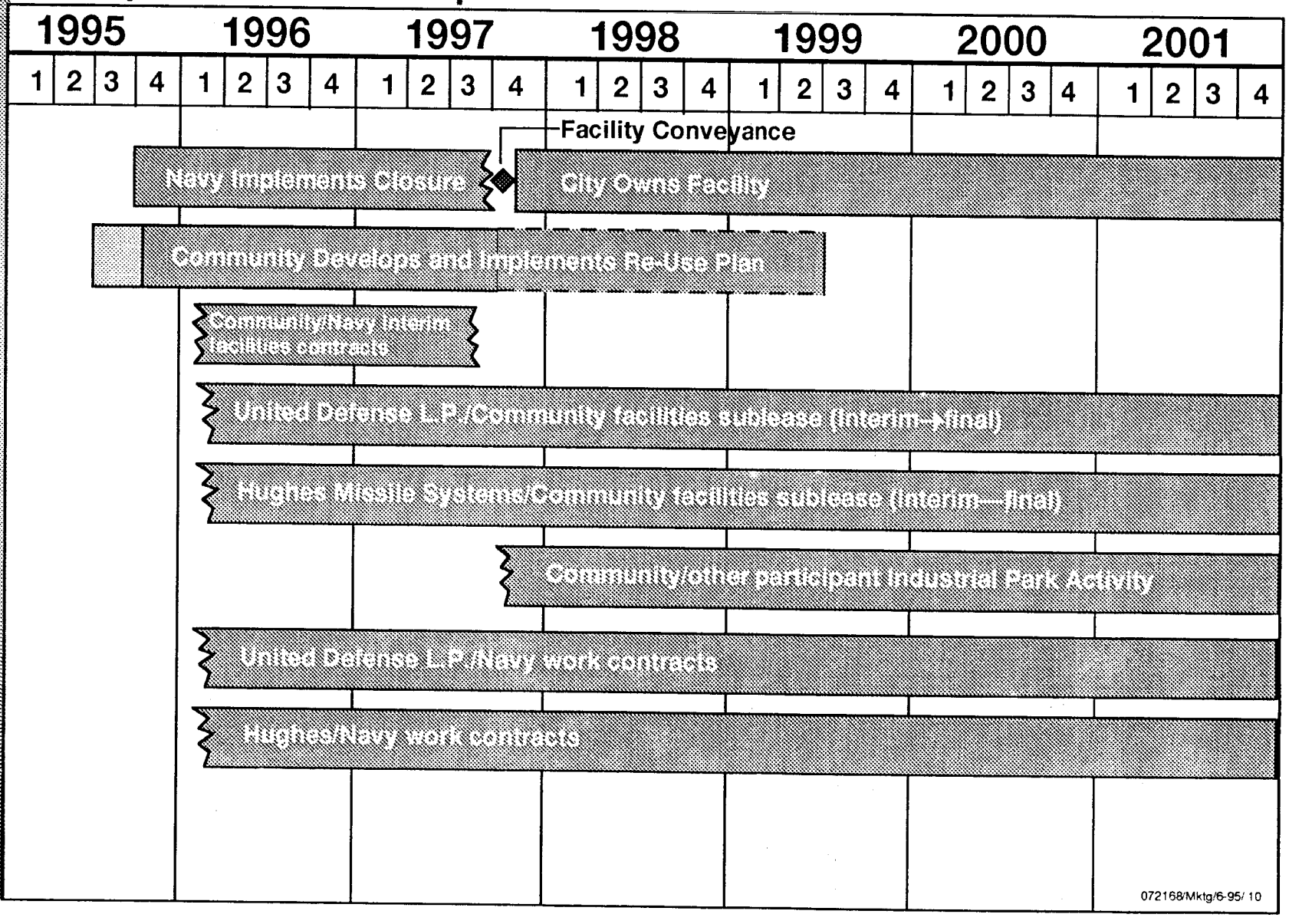
Transition Over 2 to 3 Years

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

■ Implementation Steps



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NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- **Leasing Issues**
  - Navy may lease facility pending closure if SecyDef or Secy of Navy "determines that such lease would facilitate State or local economic efforts." {10 U.S.C. 2667 (f)(3)}
  - Office of Economic Adjustment must consider feasibility and need for an Interim Use Lease or License to Enable Community to use installation for Civilian Purposes {DOD Directive 5410.2 (c)(s)(d)}
  - Navy may continue leasing excess equipment and facilities (not land), after closure (10 U.S.C. 2471)

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- **Environmental Issues**
  - Past Practices
    - Waste Disposal on Site
    - Leaking Underground Storage Tanks
    - Contamination from Plating Operations
    - Asbestos Problems
  - Environmental Baseline Survey (EBS) Required
  - Post Closure Protection
    - 42 USC 9620 (CERCLA) cleanup covenants
    - 10 USC 2687 toxic tort indemnity
  - Preclosure Protection
    - Covenant not to sue — EPA, Kentucky
    - Hold Harmless/Assumption of Responsibility — U.S.A.

NOS - Louisville Privatization

Louisville Community

United Defense L.P.

- **A-76 and Competition Issues**
  - A-76 does not apply to performance change of Depot Level Workload to Private Contractor (10 U.S.C. 2469)
  - Competition not required for work performed by private contractor before closure — if:
    1. Property/Services are available from only one source {10 U.S.C. 2304(1)}
    2. It is necessary to award to particular source to maintain a facility to achieve industrial mobilization {10 U.S.C. 2304(3)}

CITY OF LOUISVILLE
JERRY E. ABRAMSON
MAYOR

JEFFERSON COUNTY
DAVID L. ARMSTRONG
COUNTY JUDGE/EXECUTIVE

June 2, 1995

The Honorable John Dalton
Secretary of the Navy
The Pentagon
Washington, D.C. 20350

Dear Secretary Dalton:

Enclosed is our unsolicited proposal to the United States Navy to establish a Naval Gun Center of Excellence at the Naval Surface Warfare Center, Crane Division, Naval Ordnance Station here in Louisville, Kentucky, if the Station is selected for closure by the Defense Base Closure and Realignment Commission. Also enclosed are agreements between our governments and United Defense L.P. and Hughes Missile Systems Company to operate portions of the proposed Center.

We are convinced that such a Naval Gun Center of Excellence will make a vital contribution to the Navy and the readiness of the U.S. fleet, and can serve as a model for the privatization of critical defense industrial infrastructure. We are committed to working cooperatively with the Navy and the private sector to ensure the success of the Center.

We look forward to that collaboration.

Sincerely,

Jerry E. Abramson
Mayor

David L. Armstrong
County Judge/Executive

Enclosures

cc: The Honorable Wendell H. Ford
The Honorable Mitch McConnell
The Honorable Lee Hamilton
The Honorable Ron Lewis
The Honorable Mike Ward
The Honorable Alan Dixon
The Honorable Robert Pirie

A PROPOSAL TO ESTABLISH A NAVAL GUN CENTER OF EXCELLENCE IN LOUISVILLE, KENTUCKY

1. The governments of the City of Louisville, Jefferson County, and the Commonwealth of Kentucky, in collaboration with the Louisville Area Chamber of Commerce, and with the active support and assistance of the Kentucky Congressional Delegation, propose the establishment of a Naval Gun Center of Excellence on the site of the Naval Ordnance Station Louisville (NOSL).

2. Faced with the potential closure of Naval Ordnance Station Louisville (NOSL) in the 1994-1995 cycle of Department of Defense base closures, City, County, and State governments formed a team of advisers to assist in the development of strategies to avert or ameliorate the potential closure of NOSL and the dislocation of its 1,800-person workforce. The central focus of these strategies is to reduce overall costs to the Navy; retain as many skilled jobs as possible; and plan for a profitable long-term reuse of the NOSL facility to benefit the community and region. NOSL contains approximately 90 separate buildings on 142 acres located within the city limits of Louisville, adjacent to the Louisville International Airport. As one of the few remaining sites zoned for commercial use in the city, the 1.63 million square feet of space currently at the base (1.42 million square feet contained in twelve major buildings, including fully-equipped heavy industrial and office space) includes a new state-of-the art plating operation and a pre-treatment facility that meets all environmental standards.

3. Navy budget cuts and reductions in United States Naval forces have made even specialized facilities such as the NOSL highly marginal and subject to consolidation. Because of budget reductions, NOSL has experienced a decline in workload, resulting in under-utilization of the installation. Continued workload decline is likely as the size of the U.S. fleet is further reduced.

4. Local, state, federal, and private sector officials worked closely together to explore the feasibility of a downsizing plan by which NOSL would retain its core gun repair activity while making excess space available for other uses. Analyses focused on the development of reuse scenarios which could provide substantial cost savings for the Navy by improving the efficiency of operations. Manufacturing and repair processes were studied to identify ways to do the same work in less space, reducing operating costs while also resulting in more cost-effective performance of the critical gun repair mission. Excess facilities were then evaluated for potential conversions to private commercial uses, possibly through a public/private partnership venture between the Navy and a private company or companies to perform some of the work in Louisville at NOSL, thereby retaining as many skilled jobs as possible.

5. Analyses by the local community revealed the potential for the Navy to save money while still maintaining the key gun repair capability at NOSL, along with the skilled workers and specialized plant and equipment. The study revealed significant cost savings could be achieved through increased operating efficiencies, process improvements, and reduced infrastructure and overhead. Opportunities for further cost savings can result by taking advantage of state-of-the-art industrial processes, reengineering and outsourcing, which have been adopted by numerous private companies with positive results.

6. Reengineering, the process of rethinking and radically redesigning business processes, and outsourcing, an agreement of one company to be the customer and another company to be the provider of goods and services, are widely-accepted techniques to improve production processes and allow industries to compete successfully in today's competitive world. The community's preliminary study determined that using those processes would likely produce significant savings for the Navy by making key gun repair processes at NOSL more efficient.

7. The preliminary study found that NOSL's existing capabilities represent a strong base on which to build. In addition to its gun repair capability, NOSL has an engineering drawing repository that can serve as the basis for rapid expansion of capabilities, as well as the personnel and facilities for quick mobilization in the event of a national crisis.

8. Numerous interviews were conducted with key community and business leaders; City, County, and State government officials; and Department of Defense personnel to evaluate potential opportunities for commercial uses of space at the facility, assuming that consolidation of existing Navy operations would free up space for other uses and users. A preliminary market assessment was conducted to identify potential private sector uses. Initial results revealed demand for functional manufacturing buildings in Louisville because such space is in short supply in the local market. Much of the space presently available cannot be adapted for modern industrial operations. There also is potential demand in Louisville/Jefferson County for high-ceiling, heavy crane-equipped facilities to serve new users seeking sites in the area.

9. The preliminary study supports the development of a diversified base reuse plan with a market-based focus on industrial users who will provide a base of skilled jobs at the facility. For example, the proposed Naval Gun Center of Excellence will require a plating capability. Other diverse opportunities exist for utilizing NOSL's plating facility, by, for example, the Ford Motor Company's Louisville Truck Plant and Explorer Assembly Operation, and General Electric's Louisville Appliance Park. Additional alternative uses for excess buildings at NOSL include light industry, warehousing, and distribution. Companies whose manufacturing processes require pre-treatment are another strong possibility for reuse at NOSL.

10. City, County, and State governments therefore propose to establish a Naval Gun Center of Excellence which would become the centralized Navy source for gun systems and would team the community with the Navy and defense contractors. This proposal

has three key objectives: 1) reduce the Navy's infrastructure; 2) protect the gun weapon system expertise now resident at Louisville; and 3) provide new opportunities for the highly-skilled and unique NOSL workforce.

We recommend that the Defense Base Closure and Realignment Commission approve a recommendation that achieves the following:

- **Transfers Naval Ordnance Station from Navy ownership to local government ownership.**
- **Leaves in place the missions encompassing both the Navy gun weapon system replacement program, and the Phalanx product line.**
- **Retains the in-service engineering support as a Navy function at the Center.**

Specifically, the establishment of such a Center requires the following steps:

- **Transfer of ownership of the Naval Ordnance Station industrial complex from the Navy to local government for conversion to a mixed industrial park.**
- **The continuation of key NOSL missions and functions at the Center, performed by private defense contractors.**
- **Retention of the Navy in-service engineering presence at the Center.**
- **A major defense contractor leases part of facility to perform gun systems and gun fire control overhaul and remanufacture.**
- **A second major defense contractor leases part of the facility to perform Phalanx Close-In Weapons System (CIWS) manufacture, remanufacture, and overhaul.**
- **A defense contractor leases part of the facility to perform necessary industrial support functions.**
- **Contractors offer first right of refusal for new jobs to displaced NOSL employees.**

S:GOVAFF/BRAC/PRESTUDY.DOC

NOS-L PRIVATIZATION

MEMORANDUM OF LAW

This memorandum summarizes the basis on which work will be directed to the proposed Naval Gun Center of Excellence (the "Center"), following the determination by the BRAC Commission to close the Louisville Depot as a Government facility. The eventual plan, once the facility is turned over to the Local Redevelopment Authority ("Community"), is to have the work performed at the Center by contractors, including United Defense and Hughes, as lessees to the Community. In the interim, while the base closure process takes place, United Defense and Hughes would operate the facility under direct contract with the Navy. An enclave will be maintained for Government engineering personnel.

OMB Circular A-76 ("A-76"), which requires cost comparisons for contracting out of certain work, is inapplicable to the proposal described above. By statute, A-76 does not apply to a performance change of depot level workload to a private contractor. 10 U.S. Code § 2469.

Under 10 U.S. Code § 2469, a change in performance of depot level maintenance workload of a value greater than $3 million requires competition. That statute does not, however, specify the means by which that competition will be carried out. In order to determine the manner in which competition is to be conducted, and any exceptions to the requirement of competition, reference must be made to the Competition in Contracting Act ("CICA"). 10 U.S. Code § 2304 et. seq. The GAO has applied CICA to determine competition requirements for depot work. Newport News Shipbuilding and Drydock Co., B-221888, 86-2 CPD ¶ 23; aff'd on recon. B-22188.2, 86-2 CPD ¶ 428 (1986); Hoboken Shipyards Inc., B-224184.2, 87-1 CPD ¶ 70 (1987).

While CICA does require competition in most circumstances, the statute provides three exceptions which would be applicable in these circumstances.

A. Sole Source

The head of an agency may use other than competitive procedures where the property or services needed are available from only one responsible source. 10 U.S. Code § 2304(c)(1). As an example, United Defense was recently selected for a sole source contract for modifications to the MK45 Gun Mount, based on the determination by the Navy that United Defense "is the only known source that possesses the requisite knowledge, technical expertise and production capability necessary to satisfy this requirement." (CBD Announcement April 24, 1995). The combination of the equipment and the personnel at the Center should provide a persuasive basis for sole source findings by the Navy.

B. Industrial Mobilization

Non-competitive procedures are allowed where "it is necessary to award the contract to a particular source . . . in order to maintain a facility . . . to achieve industrial mobilization." 10 U.S. Code § 2304(c)(3). In NI Industries Inc., B-223990.2, 87-1 CPD ¶ 597 (1987), the GAO denied a bid protest against an award to a GOCO for the construction of facilities to manufacture ordnance. The agency directed the award in order to maintain the GOCO as a vital facility and maintain the critical skill at that facility. The GAO concluded that determinations of industrial mobilization involve complex judgments which must be left to the discretion of the agency. Therefore, the GAO will question these decisions only if there is convincing evidence that the agency abused its discretion. The concern of maximizing competition is secondary to the needs of industrial mobilization, even under CICA.

C. Summary

United Defense and Hughes, with the cooperation of the Community, will be submitting separate proposals to the Navy that will call for certain requirements being directed to the Center during the interim period before the facility is turned over to the Community. The exceptions to competition listed above provide ample authority for the Navy to accept this proposal. By the time the Center has been turned over to the Community, the expectation is that it will be highly efficient and that the combination of the skills, equipment and overall management will result in the ability to compete aggressively for work.

MEMORANDUM

TO: United Defense, LP

FROM: Rogers, Joseph, O'Donnell & Quinn

DATE: May 31, 1995

RE: Louisville Facility - Authority and Precedent for Leasing Facilities Subject to Base Closure

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I. ISSUES

You have asked us to research the following issues:

1. Whether it is feasible for UDLP to propose leasing portions of the Louisville Facility; and

2. Whether there is any precedent for such a proposal.

II. ANALYSIS

A. The Navy has Statutory Authority To Lease The Louisville Facility Pending Final Disposition Of The Property Pursuant To A Base Closure Or Realignment

Prior to completion of the base closure or realignment process at the Louisville facility, the Secretary of Defense (or Secretary of the Navy) is specifically authorized to enter into lease agreements relating to real and personal property located there. 10 U.S.C. § 2667(f) provides that "pending the final disposition of real and personal property located at a military installation to be closed or realigned under a base closure law," the Secretary of the Navy is authorized to lease such property to "any individual or entity under this subsection if the Secretary

determines that such lease would facilitate State or local economic efforts."[1]

When entering into such lease agreements, the Secretary is permitted to accept consideration in an amount that is less than the fair market value of the lease interest if the Secretary determines that such a reduction is in the public interest and the fair market value is either unobtainable or not compatible with such interest. 10 U.S.C. § 2667(f)(2).

Section 2667 does not appear to require competition in the outleasing of property under its provisions. Indeed, it specifically provides that the Secretary may accept less than fair market value <u>if</u> the lease is in the public interest. Thus, it would appear that, as long as the City of Louisville/UDLP can demonstrate that its proposed leasing agreement would result in some state or local economic benefit, the Secretary of Navy is authorized to lease the relevant property without competition.

In addition, there is nothing in Section 2667 to indicate that the lease must encompass the entire property at the subject facility. Therefore, the Secretary probably has the authority to enter into a leasing agreement for only a portion of the facility or to enter into a leasing agreement which provides for options to incrementally add other property at the facility.

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1. Section 2667(f)(3) also provides that before entering into a lease under this provision, the Secretary must consult with the Administrator of the Environmental Protection Agency in order to determine whether the environmental condition of the property proposed for leasing is such that the lease of the property is advisable. The statute provides no other conditions for exercise of this authority and we have found no regulations implementing this authority.

B. The Navy Has Statutory Authority To Continue Leasing Of Louisville Facility After Its Closure

At some point in the base closure process, the Secretary of Defense will be required to make formal "excess property" designations at the Louisville facility. See Defense Base Closure and Realignment Act of 1990, Pub. L. 101-510, Section 2905 ("Base Closure Act"). "Excess property" is statutorily defined as "any property under the control of any Federal Agency which is not required for its needs and the discharge of its responsibilities, as determined by the head thereof." 40 U.S.C. § 472(e).

Once the Louisville facility has been closed, realigned, or otherwise finally disposed, lease of its "excess" property will be controlled by 10 U.S.C. § 2471. This Section, added by the DoD Authorization Act of 1995, Pub.L. 103-337, authorizes the Secretary of Defense or the Secretary of the Navy to lease "excess" equipment and facilities of a depot-level activity if certain enumerated criteria are met--including a determination that such a lease will not have a "significant adverse effect on the readiness of the armed forces, as determined by the Secretary concerned." 10 U.S.C. § 2471(b).[2]

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2. If the property sought to be leased has not been formally designated as "excess" by the Secretary of Defense (or the Secretary of the Navy), the DoD is authorized to lease it under the conditions set forth in 10 U.S.C. § 2667. Section 2667 provides that the Secretary of a military department may lease real or personal property under the control of that department as long as it is not "for the time needed for public use." 10 U.S.C. § 2667(a). The terms and conditions of the lease are subject to the discretion of the Secretary. 32 CFR § 736.5(b).

In addition, the lessee must agree to reimburse DoD for the costs of the lease, and the lessee must agree to indemnify the United States for damages or injury arising from the lease. Id. This statute is also silent on the issue of whether such a lease will be subject to competitive requirements.[3]

Thus, it appears that once the interim leasing authority under 10 U.S.C. § 2667(f) expires with the completion of the base closure, the Navy can invoke its authority under 10 U.S.C. § 2471 to lease the "excess" equipment and facilities at Louisville to the City of Louisville/UDLP team. It should be noted, however, that Section 2471 authorizes the lease of excess "equipment and facilities" only: it apparently does not include the leasing of real property.[4]

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3. DoD implementing regulations for Section 2471 have not been enacted yet but are forthcoming. See Implementing Guidance of the Deputy Under Secretary of Defense, (November 16, 1994).

4. DoD authority to lease real property is granted by the Base Closure Act. See, Section 2905 of the Base Closure Act which provides:

   "The Administrator of General Services shall delegate to the Secretary of Defense, with respect to excess and surplus real property, facilities, and personal property located at a military installation closed or realigned under this part-- (A) the authority of the Administrator to utilize excess property under [The Federal Property Act, 40 U.S.C. § 471] . . . ." (emphasis supplied)

   The omission of real property from the separate provisions of Section 2471 may represent a determination that excess real property should remain subject to the various reporting and screening requirements set forth in the Federal Property Act, 40 U.S.C. § 471.

The timing of the exercise of this authority should be discussed with the Navy; it may be that the Navy should invoke Section 2471 at some point prior to actual completion of the base closure process.

C. Leasing To Local Authorities Is Favored

It should be noted that the base closure statutes clearly favor transfer of such real and personal property--by lease or otherwise--into the hands of local redevelopment authorities or communities. For example, local authorities are the most likely candidates to demonstrate that their proposals will result in local economic benefit (thereby satisfying Section 2667).

In addition, Section 2905 of the Base Closure Act specifically provides that local authorities should be accorded preferential treatment in the disposal of property as follows:

> "Before any action may be taken with respect to the disposal of any surplus real property or facilities located at a military installation to be closed or realigned under this part, the Secretary of Defense shall consult with the Governor of the State and the heads of the local governments concerned for the purpose of considering any plan for the use of such property by the local community concerned."

Pub. L. 101-510, Section 2905.

Section 2905(c)(i) goes on to exempt the transfer of property to local authorities from certain administrative requirements:

> "The transfer of personal property under subparagraph (A) shall not be subject to the provisions of sections 202 and 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483, 484) if the

> Secretary determines that the transfer of such property is necessary for the effective implementation of a redevelopment plan with respect to the installation at which such property is located."

DoD Directive 5410.12, entitled "Economic Adjustment Assistance to Defense-Impacted Communities," creates procedures for working with local authorities through the Office of Economic Adjustment (OEA) in order to develop reutilization plans for property on military installations subject to base closure. For example, (C)(5)(d) provides:

> "As soon as possible after the preliminary listing of property is available, OEA shall arrange for appropriate DoD and Federal Agency representatives to meet with community leaders to . . . [c]onsider the feasibility and need for an interim use lease or license that would enable the community to use all or part of the installation for civilian purposes pending ultimate disposition by GSA."

DoD Directive, 5410.12 (December 22, 1987).[5]

As we understand the contemplated leasing agreement proposal, the City of Louisville would be the proposed "lessee" of the Louisville facility, therefore, the above-noted statutory and regulatory preferences should not present a problem. Indeed, the participation of the City of Louisville should substantially increase the attractiveness of such a proposal to the Navy.

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5. These directives have not been updated since 1987. Certain portions have clearly been superseded by more recent legislation, particularly, Section 2667, which apparently authorizes military departments to bypass certain administrative requirements relating to the disposal of Government property. As noted above, updated procedures are due to be published shortly.

D. Precedent For Leasing Of Military Facilities Subject To Base Closure

In our review of the 1991 and 1993 Reports by the Defense Base Closure and Realignment Commission, we were unable to locate instances of outleasing which parallel the anticipated UDLP/City of Louisville lease proposal. Most of the examples of leasing agreements arising out of base closures or realignments relate to Air Force facilities which were leased to local authorities for operation as civilian airports.

For example, the 1993 Commission recommended closure or relocation of the Bergstrom Corrosion Control Facility at Bergstrom Air Force Base, Texas "unless a civilian airport authority assumes the responsibility for operating and maintaining the facility before [a certain date.]" Other portions of the Bergstrom base were recommended to be kept open "at least until the end of 1996". The Commission noted that the City of Austin had adopted resolutions demonstrating the City's commitment to rescue the base as its municipal airport.

In another instance, the 1991 Commission recommended closure of the Rickenbacker Air National Guard Base, Ohio. In 1992, however, the airfield at Rickenbacker was transferred by long-term lease to the Rickenbacker Port Authority ("RPA"). The 1993 Commission noted this development and observed that the property was to be conveyed in fee to the RPA once environmental restoration was complete. The Commission recommended that certain Air Force groups lease portions of the Rickenbacker facility from the RPA.

One non-Air Force example of outleasing can be found in the disposition of the Hunters Point Annex to Naval Station Treasure Island, San Francisco, California. Here, the 1991 Commission report had recommended closure and outleasing of the entire property with certain portions reserved for continued occupancy by existing tenants--including one contractor-operated test facility. In 1993, the Commission concluded that this limitation of disposal authority to outleasing "unnecessarily restricts the Navy's ability to dispose of this property in a timely and lawful manner." The 1993 Commission merely recommended, however, that the Navy be permitted to dispose of the property in any lawful manner--including outleasing.

The Air Force examples discussed above may reflect special considerations for potential airport facilities or may merely demonstrate the preference for leasing to local agencies. Nevertheless, the Commission's recommendations regarding the Bergstrom base closure may be significant since a portion of the base was suggested for outleasing while other portions remained open under Air Force use.

III. CONCLUSION

Under the statutes discussed above, the Navy appears to have authority to enter into the type of leasing agreement contemplated by UDLP. Prior to completion of the closure or realignment of the Louisville facility, the Navy has authority under 10 U.S.C. § 2667(f) to lease the real or personal property located at the Louisville facility if it determines that such a

lease would "facilitate state or local economic efforts." At the point during the base closure process that the property is declared "excess;" the Navy is authorized under 10 U.S.C. § 2741 to continue leasing the excess equipment and facilities to the City of Louisville/UDLP team.

Although, thus far, we have not located instances in which a military department has entered into a leasing agreement for the exact purpose contemplated by UDLP, there is certainly precedent for leasing former military installations to local civilian authorities.

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MEMORANDUM OF UNDERSTANDING

THIS MOU is entered into this 1st day of June, 1995, between and among the CITY OF LOUISVILLE, 601 West Jefferson Street, Louisville, Kentucky 40202, and JEFFERSON COUNTY, 527 West Jefferson Street, Louisville, Kentucky, 40202, (hereinafter referred to as "The Community") and HUGHES MISSILE SYSTEMS COMPANY (hereinafter referred to as "Hughes"), hereinafter known separately as the "Party" and collectively as the "Parties".

RECITALS:

1st WHEREAS, the military installation operated by NSWC-Crane in Louisville, Kentucky ("Station") has provided ordnance repair, overhaul and remanufacturing for the U. S. Navy since the early 1940's;

2nd WHEREAS, the Station may be closed pursuant to the Base Closure and Realignment Act of 1990 (the "Act");

3rd WHEREAS, in the event the Station is closed, the Parties desire to continue serving the U. S. Navy's repair, overhaul and remanufacturing needs at the Station.

4th WHEREAS, the Community intends to submit to the U. S. Navy an unsolicited proposal (the "Proposal"), to create a Naval Gun Center of Excellence at the Station where product line functions currently being performed at the Station will be privatized in place and an engineering enclave operated by the U. S. Navy will be established.

5th WHEREAS, Hughes has special and unique capabilities in the area of CIWS and related programs and proposes to operate a portion of the Station as a recognized contractor of the U. S. Navy;

6th WHEREAS, as a major component of the Proposal, the Community would lease to Hughes a portion of the Station to be part of the Naval Gun Center of Excellence.

NOW, THEREFORE, in consideration of the premises and the mutual obligations and covenants contained herein, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

1. The Community shall submit to the U. S. Navy the Proposal consistent with the above recitals. The Parties agree that it is in the best interest of the Nation, the Community, Hughes and the Navy to close the Naval Surface Warfare Center, Crane Division, Louisville, Kentucky and to create a Naval Gun Center of Excellence at the Station by October 1997, or date of closure, whichever is sooner, or at such time as agreed upon by the Parties with the U. S. Navy, and to reassign the current product line functions to private entities under agreement with the U. S. Navy and the Community, except for the In-Service Engineering Agent which should remain in place in an enclave on the Station leased back to the Navy to support the Naval Gun Center of Excellence.

2. The Community agrees, subject to approval by their respective legislative bodies, to establish a local redevelopment authority ("LRA") pursuant to Kentucky and Federal law for the purpose of managing and operating the Station and to enter into such agreements as necessary.

3. The Parties agree that if the Proposal is accepted by the U. S. Navy, or if the United States Government agrees to a substitute arrangement acceptable to all Parties, the Parties and the United States Government will then enter into agreements carrying out the terms of this MOU after the LRA assumes operation of the Station. The parties shall negotiate in good faith to agree upon the terms of these agreements.

4. Hughes agrees to support the Community during the proposal work applicable to the role it proposes to play in the privatization process as set forth in Exhibit "A" hereof.

5. The Community agrees that it shall have primary responsibility for making all necessary presentations to the U. S. Navy and the United States Government related to the Proposal, but Hughes agrees to provide such reasonable complementary support as the Community and Hughes shall agree. Hughes agrees that it will not make any presentation directly to the U. S. Navy related to the Proposal without discussing the presentation content with the Community.

6. The Parties acknowledge that there shall be an interim period between when the Station is authorized to be closed and such time that final closure is complete, and the Parties agree that the Proposal will contain a plan for continuity of the repair, overhaul and remanufacturing work through the use of a GOCO operation from the time closure is authorized pursuant to the Act until the LRA assumes operation of the Station. Hughes will be the proposed GOCO operator of a portion of the facitily as described in Exhibit A. Once the LRA assumes operation of Station, Hughes will operate its portion of the Station as a Lessee to the LRA.

7. Any and all liability to the Community or Hughes caused by or arising out of this MOU, its implementation, amendment, or expansion, shall be borne by each party separately and individually and neither Party shall be liable or obligated to the other for any such liability. No Party shall be liable to another for indirect, incidental, or consequential damages. Costs and expenses of the proposal effort shall be separately agreed upon.

8. The Community agrees that, except as may otherwise be required under Kentucky's Open Records Law, KRS 61.870 *et seq.*, any information or records furnished it by Hughes which have been conspicuously identified as confidential or proprietary shall not be deemed to be public records and shall not be disclosed to any third party without the written consent of Hughes.

9. Each Party hereto shall act as an independent contractor, and this MOU shall not constitute, create, give effect to or otherwise recognize a joint venture, pooling arrangement, partnership, or formal business organization of any kind.

10. This MOU and all rights and duties hereunder except those in paragraph 8 shall terminate upon the happening of the earliest of any of the following:

(a) Written notice from the Government or BRAC Commission that the Station will not be closed;

(b) Written notice that Hughes is not selected to operate its proposed portion of the Station. (The Community agrees to use all reasonable efforts in its best judgment to obtain the Government's consent of Hughes as an operator pursuant to thisMOU.)

(c) Mutual agreement in writing of the Parties hereto;

(d) The Parties and the U. S. Government have entered into the agreements identified in paragraph 3 above.

(e) Inability of the Parties to resolve to their mutual satisfaction the "Privatization Issues" specified in Exhibit "A" to this MOU.

11. This MOU contains the entire agreement of the Parties and supersedes any previous understanding, commitments or agreements, oral or written, with respect to the subject matter hereof.

12. This MOU may be modified from time to time by the mutual written consent of the Parties.

13. Nothing in this MOU shall grant to either the community or Hughes the right to make commitments of any kind for or on behalf of the other Party without prior written consent of the other Party.

14. Neither Party may assign or transfer its interest hereunder without the prior written consent of the other, except assignment or transfer is permissible from Hughes to a firm or corporation: (1) which succeeds to its entire business; or (2) which succeeds to the business of the division or group originally responsible for performance hereunder; or (3) into which it may be merged or with which it may be consolidated.

15. This Agreement and the interpretation thereof shall be governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed effective as of the day and year provided.

HUGHES MISSILE AND SPACE COMPANY

Kenneth C. Dahlberg

KENNETH C. DAHLBERG
SR. VICE PRESIDENT AND
PRESIDENT, WEAPONS SYSTEMS SEGMENT

THE COMMUNITY

CITY OF LOUISVILLE

Jerry E. Abramson

JERRY E. ABRAMSON
MAYOR

JEFFERSON COUNTY

David L. Armstrong

DAVID ARMSTRONG
COUNTY JUDGE EXECUTIVE

EXHIBIT "A" TO THE COOPERATIVE AGREEMENT BETWEEN JEFFERSON COUNTY AND THE CITY OF LOUISVILLE, AND HUGHES MISSILE SYSTEMS COMPANY, DATED 1 JUNE 1995.

HMSC PLAN FOR PARTICIPATING IN THE DEVELOPMENT OF A GUN CENTER OF EXCELLENCE AT THE EXISTING LOUISVILLE SITE OF THE CRANE DIVISION OF THE NAVAL SURFACE WEAPON CENTER.

1. HMSC HISTORY WITH PHALANX & RAM: HMSC has manufactured the Phalanx Close-In-Weapon-System since the inception of the production program in 1978, and has delivered in excess of 800 weapon systems to the US Navy during the ensuing years. Approximately 200 of these were sold by the US government to our allies under the Foreign Military Sales (FMS) program. Prior to the beginning of production HMSC (then the Pomona Division of General Dynamics) spent the previous ten years, back to 1968, designing the weapon. In addition Hughes RAM (Rolling Airframe Missile) launcher design started at Pomona in 1976, and is now being manufactured at Tucson.

2. ASSESSMENT OF FUTURE BUSINESS: Procurement of new Phalanx weapon systems by the US Navy will end with the last deliveries late in 1996. The future of the program lies now in four areas: (a) modernization of the vast USN Phalanx fleet by the installation of newly designed back-fit hardware, (b) continued annual overhauls of USN fleet systems, (c) sales of new system to foreign countries and (d) upgrades and overhauls of the 200 foreign systems.

3. LOUISVILLE CURRENT ROLE: The site at Louisville, specifically building 102, currently performs all USN and FMS overhauls and upgrades, the latter using back-fit hardware manufactured by HMSC. In addition the site performs the majority of spare parts repairs for the USN (some are done by HMSC in Tucson). The Louisville site is the designated overhaul point for the RAM launcher, although fleet introduction is just in its infancy so actual overhauls have not yet begun.

4. HMSC INTENT FOR THE LOUISVILLE SITE: HMSC proposes to continue, as a private contractor, to perform the USN and FMS work currently being done at the Louisville site in building 102. In addition HMSC plans to expand the work at Louisville through direct international commercial sales for system overhaul and upgrade. HMSC plans to create the majority of the necessary workforce by hiring personnel currently employed there by the federal government. The technical production support personnel are well qualified to support the depot product line. We do not intend to supplement them with support people from Tucson unless, because of attrition at the point of privatization, not enough of them accept our offer of employment.

As regards the physical site, HMSC plans to make building 102 self-sufficient with respect to the remainder of the Louisville site. This involves capital items such as Material Resource Planning (MRP) computer modifications, heating and telephone swtichboard equipment additions and production painting facilities. Our intention is to ensure the continued viability of the Phalanx/RAM depot regardless of the status of the remainder of the site.

5. MILITARY BUDGETS WILL GOVERN THE FUTURE: Our plan is to maintain the site as a self-supporting offsite facility of HMSC, performing the depot work as described above. As the business climate (specifically, the defence budget) changes over the years we will reassess our position regarding this plan and take any action deemed necessary to continue as a low cost supplier of new and refurbished hardware to the Navy.

6. POTENTIAL INTERFACE WITH UNITED DEFENCE: A portion of the overhaul work (approximately 15%) is currently done elsewhere on the base. We have had preliminary discussions with United Defense LP regarding the opportunity for them to continue this work on-site under subcontract to HMSC. However, the same services are available from commercial companies in the Louisville area in the event subcontracting with United Defense is not feasible.

7. FACILITIES AND EQUIPMENT REQUIREMENTS: We anticipate reaching an agreement with the Local Redevelopment Authority for the lease of building 102 as is, complete with all the manufacturing machine tools, cranes, work stations, etc, sufficient to continue the depot work uninterrupted. In addition to these general purpose production facilities and equipment there are special (unique to Phalanx) tools and test equipment. HMSC proposes that the latter be provided as Government Furnished Equipment directly from PEO (TAD). Since, as noted in paragraph 4 above, we plan to do international commercial work at the site we expect approval from PEO (TAD) for the use of this special equipment in the performance of these contracts.

8. ENVIRONMENTAL ISSUES: We assume the federal government will undertake all obligations regarding the preparation of an environmental Baseline Condition report and any needed subsequent remedial action.

9. EARLY IMPLEMENTATION HIGHLY DESIRABLE: We would like to complete the implementation of this plan as early as possible, and we have a goal of being in place as a private contractor at Louisville by late summer/early fall of 1996. However, we recognize that there are many steps needed to be accomplished prior to that time by the Navy (PEO(TAD) And NAVSEA) and the governments of Jefferson County and the City of Louisville. Therefore, HMSC would be willing to consider operating the facility as a GOCO in the interim period. We assume that the site would be left as is, complete with all facilities and general purpose and special tools and test equipment, and that HMSC would hire the labor force to staff the depot; once again, drawing from the existing labor force.

10. PRIVATIZATION ISSUES: At this time we have an agreement in principal with the governments of Jefferson County and Louisville for the execution of this proposal. There are several issues remaining open at this time for which resolution will be needed before we can finally cement the agreement. While these items are key to setting the stage for a good business opportunity for HMSC, there do not appear to be any major impediments to their successful resolution. Several of them involve the Navy, and are generally directed toward enabling HMSC to provide continuing and uninterrupted depot service to PEO(TAD). The remainder of them involve the County and the City, as well as the IAM union currently in place at the site. As a matter of record they are included in this plan, and are listed below:

Special Tools and Test Equipment Will Be Government Furnished Equipment (GFE) To HMSC, With Authority For Use On Foreign Commercial Sales.

HMSC Will Need Continued Access To Navy Ships Parts Control Center (NSPCC) For Spare Parts.

Navy Will Take All Remedial Environmental Action To Meet Applicable Standards.

Navy Will Hold HMSC Harmless Against Lawsuits Resulting From Pre-Existing Environmental Conditions.

HMSC Anticipates Reimbursement, up to $5M, For Initial Investment Costs.

HMSC Intends To Operate The Depot With A Workforce Hired From Existing Depot Personnel.

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Expectation is that the Navy Will Issue Annual Depot Contracts vs "Small Lot" Orders.

A Baseline Environmental Report Will Be Available to HMSC Prior To Privatization, And HMSC Will Participate In The Analysis.

David E.Ongley
Program Manager
Ship Defense Systems

COOPERATIVE AGREEMENT

THIS AGREEMENT is entered into this 3 day of JUNE, 1995, between and among the CITY OF LOUISVILLE, 601 West Jefferson Street, Louisville, Kentucky 40202, and JEFFERSON COUNTY, 527 West Jefferson Street, Louisville, Kentucky 40202 (hereinafter referred to collectively as "the Community"), and UNITED DEFENSE, L. P. (hereinafter referred to as "United Defense"), 4800 East River Road, Minneapolis, Minnesota 55421-1498,

RECITALS:

1st WHEREAS, the military installation operated by NSWC-Crane in Louisville, Kentucky ("Station") has provided ordnance repair, overhaul and remanufacturing for the U.S. Navy since the early 1940's;

2nd WHEREAS, the Station may be closed pursuant to the Base Closure and Realignment Act of 1990 (the "Act");

3rd WHEREAS, in the event the Station is closed, the parties desire to continue serving the U.S. Navy's repair, overhaul and remanufacturing needs at the facility;

4th WHEREAS, the Community intends to submit to the U.S. Navy an unsolicited proposal to create a Naval Gun Center of Excellence at the Station where product line functions currently being performed at the Station will be privatized in place and an engineering enclave operated by the U.S. Navy will be established ("Proposal");

5th WHEREAS, United Defense has special and unique capabilities in certain areas of Naval ordnance repair, overhaul and remanufacturing and proposes to operate a portion of the Station as a recognized contractor of the U.S. Navy to serve the Navy's continuing needs at the facility;

6th AND WHEREAS, as a major component of the Proposal, the Community would lease to United Defense a portion of the Station to be part of the Naval Gun Center of Excellence.

NOW, THEREFORE, in consideration of the premises and the mutual obligations and covenants contained herein, the sufficiency of which is mutually acknowledged, the parties agree as follows:

1. The Community shall submit to the U.S. Navy the Proposal consistent with the above recitals. The parties agree that it is in the best interest of the Nation, the Community, United Defense and the Navy to close the Naval Surface Warfare Center, Crane Division, Louisville, Kentucky and to create a Naval Gun Center of Excellence at the Station by October 1997 or at such time as agreed upon by the parties, and to reassign the current product line functions as noted on Exhibit A to United Defense under agreement with the U.S. Navy and the Community, except for gun system engineering functions which should remain in place at an enclave in leased facilities to support the Naval Gun Center of Excellence.

2. The Community agrees, subject to approval by their respective legislative bodies, to establish a local redevelopment authority ("LRA") pursuant to Kentucky and Federal law for the purpose of managing and operating the Station and to enter into such agreements as necessary.

3. The parties agree that if the Proposal is accepted by the U.S. Navy, or if the United States Government agrees to a substitute arrangement acceptable to all parties, the parties and the United States Government will then enter into agreements carrying out the terms of this agreement after the LRA assumes operation of the Station to serve the Navy's continuing needs at the facility. The parties shall negotiate in good faith to agree upon the terms of these agreements.

4. United Defense shall support Community during the proposal effort. United Defense agrees to perform the scope of the proposal work applicable to the role it proposes to play in the privatization process as set forth in Exhibit "A" hereof.

5. The Community agrees that it shall have primary responsibility for making all necessary presentations to the U.S. Navy and the United States Government related to the Proposal, but United Defense agrees to provide such reasonable complementary support as the Community shall deem necessary and request. United Defense agrees that it shall not make any presentation directly to the U.S. Navy related to the Proposal unless the Community has approved the presentation in advance of making the presentation.

6. The parties acknowledge that there shall be an interim period between when the Station is authorized to be closed and such time that final closure is complete and agree that the Proposal will contain a plan for continuity of the repair, overhaul and remanufacturing work to be performed at the facility by United Defense under a mutually agreeable arrangement with the U. S. Navy from the time closure is authorized pursuant to the Act until the LRA assumes operation of the Station. United Defense will submit a proposal to the U.S. Navy for the operation of a portion of the facility as described in Exhibit A consistent with the Proposal. Once the LRA assumes operation of the Station, United Defense will operate its portion of the Station as a Lessee to the LRA.

7. Any and all liability to the Community or United Defense caused by or arising out of this Agreement, its implementation, amendment, or expansion, shall be borne by each party separately and individually and neither party shall be liable or obligated to the other for any such liability. No party shall be liable to another for indirect, incidental, or consequential damages. Costs and expenses of the proposal effort shall be separately agreed upon.

8. The Community agrees that, except as may otherwise be required under Kentucky's Open Records Law, KRS 61.870 *et seq.*, any information or records furnished it by United Defense which have been conspicuously identified as confidential or proprietary shall not be deemed to be public records and shall not be disclosed to any third party without the written consent of United Defense.

9. Each party hereto shall act as an independent contractor, and this Agreement shall not constitute, create, give effect to or

otherwise recognize a joint venture, pooling arrangement, partnership, or formal business organization of any kind.

10. This Agreement and all rights and duties hereunder except those in paragraph 8 shall terminate upon the happening of the earliest of any of the following:

(a) Written notice from the Government or BRAC Commission that the Station will not be closed;

(b) Written notice that United Defense is not selected to operate any portion of the Station. (The Community agrees to use reasonable efforts to obtain the Government's consent of United Defense as an operator pursuant to this Agreement.)

(c) Mutual agreement in writing of the parties hereto;

(d) The parties and the U.S. Government have entered into the agreements identified in paragraph 3 above.

11. This Agreement contains the entire agreement of the parties and supersedes any previous understanding, commitments or agreements, oral or written, with respect to the subject matter hereof.

12. This Agreement may be modified from time to time by the mutual written consent of the parties.

13. Nothing in this Agreement shall grant to either the Community or United Defense the right to make commitments of any kind for or on behalf of the other party without prior written consent of the other party.

14. Neither party may assign or transfer its interest hereunder without the prior written consent of the other, except assignment or transfer is permissible from United Defense to a firm or corporation: (1) which succeeds to its entire business; or (2) which succeeds to the business of the division or group originally responsible for performance hereunder; or (3) into which it may be merged or with which it may be consolidated.

15. This Agreement and the interpretation thereof shall be governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the day and year provided.

UNITED DEFENSE L.P.

By: Thomas W. Rabaut

THOMAS W. RABAUT
PRESIDENT AND CHIEF
EXECUTIVE OFFICER

THE COMMUNITY

CITY OF LOUISVILLE

Jerry E. Abramson

JERRY E. ABRAMSON, MAYOR

JEFFERSON COUNTY

David L. Armstrong

DAVID ARMSTRONG
COUNTY JUDGE/EXECUTIVE

24CA-NO3

United Defense Proposed NOS-L Privatization Approach

An Executive Proposal to Louisville Community Representatives

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United Defense LP (UDLP) proposes to implement an agreement with Louisville/Jefferson County providing for United Defense to operate the principal industrial functions of the soon-to-be-closed Louisville Naval Ordnance Station under a contract with the Community, in accordance with the Community's Naval Gun Center of Excellence Proposal. United Defense intends to operate both a Defense and Commercial business. The material contained in this executive proposal summarizes UDLP's proposed approach.

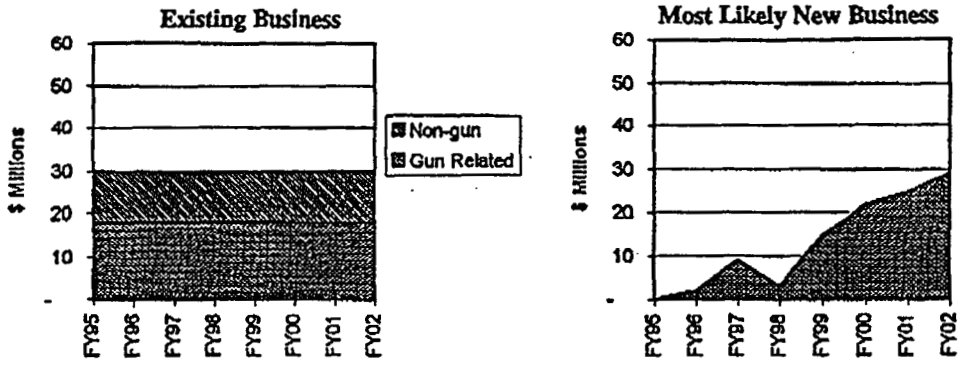
UDLP Business: The basic work UDLP will conduct is comprised of both existing and new business. Existing business is the continuation of Defense product line business already conducted at the site. New business is the extension of the plant's capabilities to new product lines not now nor previously conducted at the site. For the most part the business will be the maintenance, repair, overhaul, modification, upgrade and new production of guns, gun mounts, gun fire control systems, and gun spare parts for both domestic and foreign use. Though not yet agreed to, UDLP would plan to operate a Commercial Plating business if an agreement can be reached with the Community. Other work planned is the repair and overhaul of Submarine Ball Valves, Surface Ship Torpedo Tubes, and Target Acquisition Systems. Surface Ship Torpedo Tubes and Standard Missile Rocket Motor cases would also be produced as new components.

In addition to the existing lines of business, and in keeping with our objectives and the Community's intent to keep the facility largely Defense-oriented, UDLP contemplates several new lines of business including a minor caliber gun and other armaments.

The table below shows the current lines of business UDLP plans to continue.

Existing Product Line Business	
Gun-Related	*Non-Gun Related*
• Mk 45 Guns	• Mk 32 Surface Ship Torpedo Tubes
• Mk 42 Guns	• Mk 56 Standard Missile Rocket Motor Cases
• Mk 75 Guns	• Mk 23 Target Acquisition Systems
• Mk 19/38 Guns	• Turbine Pump Ejection Systems
• Mk 86 Gun Fire Control Systems	• Vertical Launch System Cable Assemblies
• Mk 92 Gun Fire Control Systems	• NATO Sea Sparrow Launcher
• Mk 68 Fire Control System Upgrade	• Ball Valves
• 5 inch Gun Barrels	
• Miscellaneous Naval Gun Mounts	

Level of Business: UDLP has reviewed the business forecast records of NOS-L. Based on that review, the chart below has been prepared, containing our projection of revenue from the existing business, divided into two major segments - gun-related business and non-gun related business. We expect that new business could contribute approximately an equal amount to future revenues. Potential new business is shown in the adjacent chart.



Property Plant and Equipment: UDLP has prepared a facility usage plan subject to agreement by the Community. Once negotiated and approved, a multi-year streamlining plan will be implemented.

Environmental Issues: UDLP does not wish to incur financial hardship resulting from actions for which it had no responsibility. UDLP wishes to be held harmless for any liability which may exist from past practices or causes.

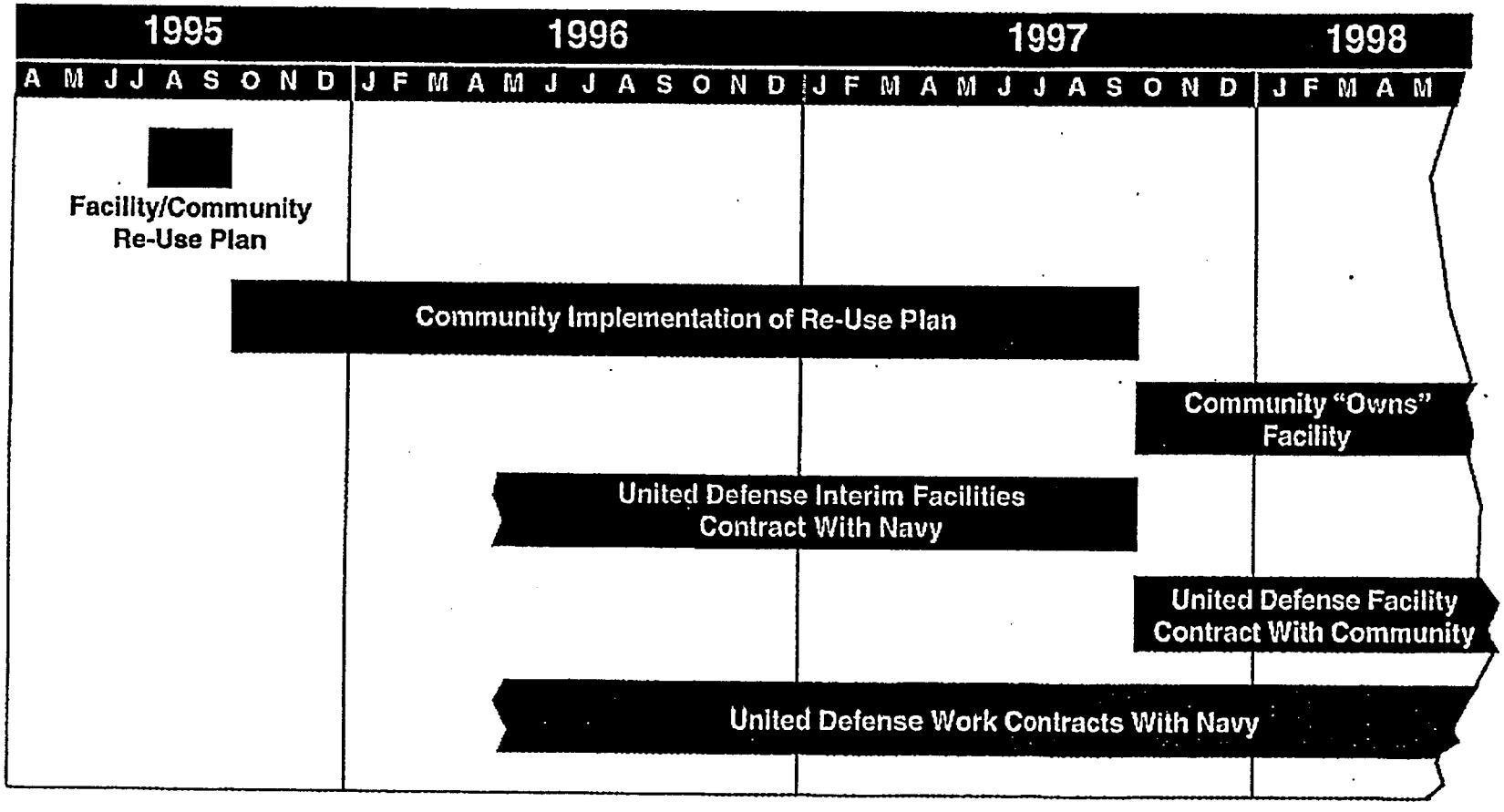
Recommended Privatization Approach: The Community has stated that the NOS-L property title transfer from the Navy to the City will occur sometime between October 1, 1995 and October 1, 2001. The Community and UDLP agree that it may be advantageous for the UDLP to operate the facility in some sort of interim arrangement with the Navy before the Navy has transferred the facility to the Community.

We view the privatization as a two phase process:

Phase 1 - Interim Facilities Agreement (Bridging Phase)
Phase 2 - Final Facilities Agreement (Objective State)

The attached chart contains a graphical representation of our proposed approach. We wish to commence the interim phase as soon as possible.

NOS-Louisville Privatization Approach



068057/busdev5/30/95 1

EXHIBIT "A" TO THE COOPERATIVE AGREEMENT BETWEEN JEFFERSON COUNTY AND THE CITY OF LOUISVILLE, AND HUGHES MISSILE SYSTEMS COMPANY, DATED 1 JUNE 1995.

HMSC PLAN FOR PARTICIPATING IN THE DEVELOPMENT OF A GUN CENTER OF EXCELLENCE AT THE EXISTING LOUISVILLE SITE OF THE CRANE DIVISION OF THE NAVAL SURFACE WEAPON CENTER.

1. HMSC HISTORY WITH PHALANX & RAM: HMSC has manufactured the Phalanx Close-In-Weapon-System since the inception of the production program in 1978, and has delivered in excess of 800 weapon systems to the US Navy during the ensuing years. Approximately 200 of these were sold by the US government to our allies under the Foreign Military Sales (FMS) program. Prior to the beginning of production HMSC (then the Pomona Division of General Dynamics) spent the previous ten years, back to 1968, designing the weapon. In addition Hughes RAM (Rolling Airframe Missile) launcher design started at Pomona in 1976, and is now being manufactured at Tucson.

2. ASSESSMENT OF FUTURE BUSINESS: Procurement of new Phalanx weapon systems by the US Navy will end with the last deliveries late in 1996. The future of the program lies now in four areas: (a) modernization of the vast USN Phalanx fleet by the installation of newly designed back-fit hardware, (b) continued annual overhauls of USN fleet systems, (c) sales of new system to foreign countries and (d) upgrades and overhauls of the 200 foreign systems.

3. LOUISVILLE CURRENT ROLE: The site at Louisville, specifically building 102, currently performs all USN and FMS overhauls and upgrades, the latter using back-fit hardware manufactured by HMSC. In addition the site performs the majority of spare parts repairs for the USN (some are done by HMSC in Tucson). The Louisville site is the designated overhaul point for the RAM launcher, although fleet introduction is just in its infancy so actual overhauls have not yet begun.

4. HMSC INTENT FOR THE LOUISVILLE SITE: HMSC proposes to continue, as a private contractor, to perform the USN and FMS work currently being done at the Louisville site in building 102. In addition HMSC plans to expand the work at Louisville through direct international commercial sales for system overhaul and upgrade. HMSC plans to create the majority of the necessary workforce by hiring personnel currently employed there by the federal government. The technical production support personnel are well qualified to support the depot product line. We do not intend to supplement them with support people from Tucson unless, because of attrition at the point of privatization, not enough of them accept our offer of employment.

As regards the physical site, HMSC plans to make building 102 self-sufficient with respect to the remainder of the Louisville site. This involves capital items such as Material Resource Planning (MRP) computer modifications, heating and telephone swtichboard equipment additions and production painting facilities. Our intention is to ensure the continued viability of the Phalanx/RAM depot regardless of the status of the remainder of the site.

5. MILITARY BUDGETS WILL GOVERN THE FUTURE: Our plan is to maintain the site as a self-supporting offsite facility of HMSC, performing the depot work as described above. As the business climate (specifically, the defence budget) changes over the years we will reassess our position regarding this plan and take any action deemed necessary to continue as a low cost supplier of new and refurbished hardware to the Navy.

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A Baseline Environmental Report Will Be Available to HMSC Prior To Privatization, And HMSC Will Participate In The Analysis.

David E.Ongley
Program Manager
Ship Defense Systems

Louisville -

POINT PAPER ON THE PLATING CAPABILITIES OF WATERVLIET ARMY ARSENAL

Watervliet has determined that Heavy Weight Zinc Phosphate; Light Weight Zinc Phosphate; Tin Plating; Silver Plating; Hard Anodize and; Electroless Nickel current capabilities would have to be modified, or expanded, to accomplish all of Louisville's functional capabilities. Watervliet estimates a total Capital Investment cost of $630,000.00 to be able to perform all of Louisville's plating functions. This does not include the cost of the fixtures and supporting tooling, which they will receive from NSWC, Louisville. The cost to purchase chemicals to "charge their systems" is also not included. Chemical costs will be spread over the available units of workload and should be similar to Louisville's costs.

Of more importance is the impact that: (1) Louisville's additional workload might have on Watervliet's Environmental compliance; (2) the costs and time required to transport Gun Weapon Systems components from NSWC, Crane and NSY, Norfolk and back (Fleet Readiness issue).

1. It is understood that due to severe near-term environmental restrictions Watervliet Arsenal is attempting to divest itself of chrome plating functions which are available at NSWC, Louisville (the new plating facility and industrial waste water treatment plant at NSWC, Louisville is fully compliant with environmental regulations).

2. The recurring cost of transporting Gun Weapons Systems components from NSWC, Crane and NSY Norfolk to Watervliet and back will impose considerable extra recurring cost (and scheduling risk) on the Weapons System's Program Managers. These recurring costs will be borne by the Program Managers in the future, at a time when funding is being reduced. The majority of the plating workload is in support of overhaul or repair processes requiring plating followed by machining or grinding, inspection to specifications and repeat as necessary. Therefore, a single repair process would require multiple shipments to and from either NSWC, Crane or NSY Norfolk. From the customer's viewpoint, quick turn around on repairs will be virtually impossible. The repair/overhaul is an iterative process relative to plating requirements. As a result, non-co-location of repair (machining) and plating processes would result in schedule inefficiencies and additional recurring cost to the customer in time and money (i.e. transportation).

ATT (12)

GUN BARRELS-A VITAL MILITARY REQUIREMENT
SHOULD THE UNITED STATES HAVE BUT ONE SOURCE?

One of the stated objectives of the BRAC 95 process is to downsize while maintaining unique facilities, capabilities, corporate knowledge, and the ability to respond to rapid crises.

In recommending the closing of Naval Ordnance Station Louisville, the DON is at odds with this stated objective.

Since the time of Napolean, large gun barrels and cannons have remained an indispensable tool of war. They remain so in today's high tech battlefields on both land and sea.

Presently there are only two facilities that have the specialized lathes, broaching machines, and other equipments required to make large caliber gun barrel and cannon tubes for the entire Armed Forces of the United States. These facilities are Watervliet Arsenal for the Army, and Naval Ordnance Station Louisville for the Navy.

If Naval Ordnance Station Louisville were to be closed there would only be one facility with this vital capability left to make all the major caliber gun barrels for the Army, Navy, Air Force, and Marines.

Admittedly, the capacilty of Watervliet Arsenal can be increased (at a cost of time and money) to do this vital function for all the services. **But in a time of increased terrorism within our own shores is it wise to literally put "all our eggs in one basket" on such an important issue as gun barrels?**

Presently, the Navy is exploring advanced gunnery concepts as part of the Naval Surface Fire Support Program. Longer barrels, promulgating longer ranges are a key component in this development. **Does the Navy want to be completely dependent on the Army for gun barrel technology improvements and prototype barrels that this program will require?**

Closing the gun barrel manufacturing line at Naval Ordnance Station Louisville puts the Navy and the Armed Services in this vulnerable position.

In our rush to maintain high tech electronic capabilities, we need to maintain the equally important fundamental metalworking capabilites required to produce a complete weapon system.

AN ON LINE SECOND SOURCE FOR GUN BARRELS IS VITAL TO THE DEFENSE OF THE UNITED STATES.

Document Separator

Naval Ordnance Station
Louisville, KY

Technical Capability

What We Do

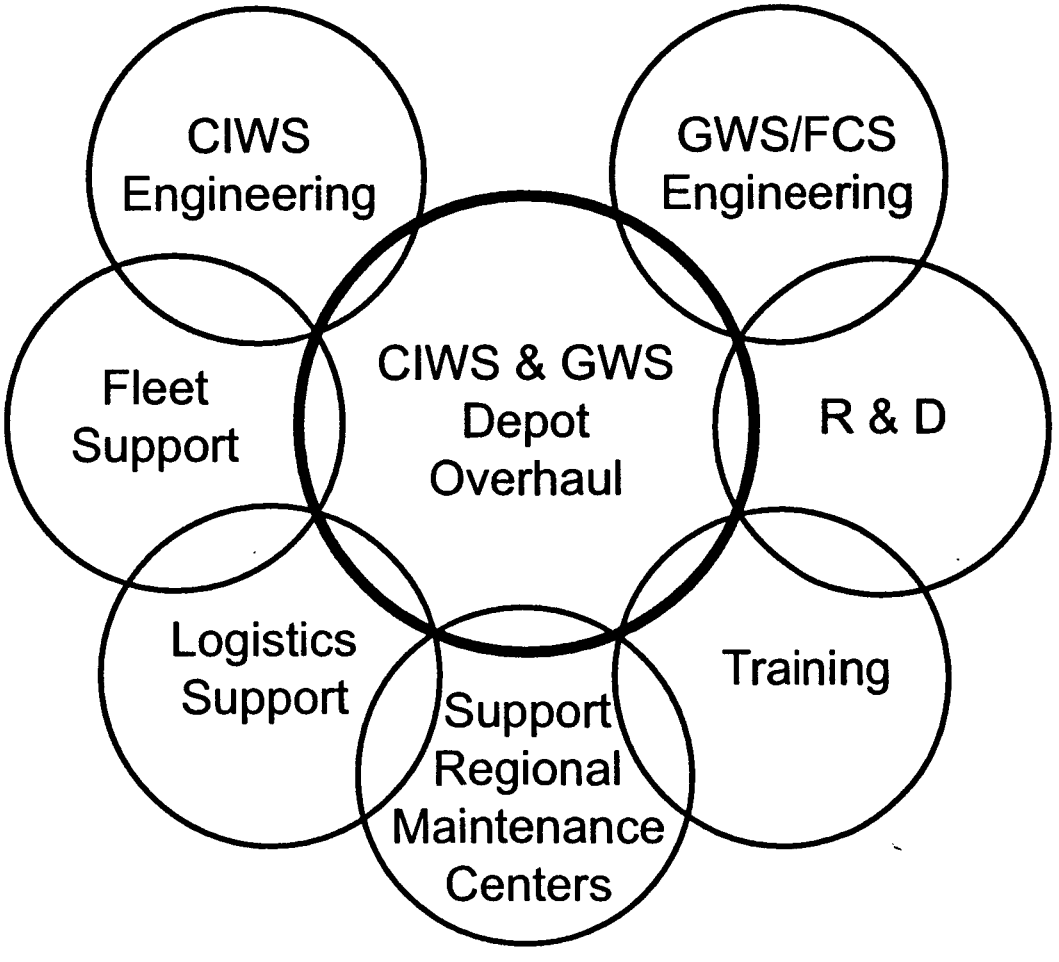
- Fleet Technical Support/ Logistics Support/Life-Cycle Mgmt.
  - Desert Storm Experience
- Engineering - Gun Weapon Systems (not just guns)
  - R&D: Advanced Gun Systems/Naval Surface Fire Support
  - Orginal Design
  - System Improvements
  - Test Equipment Design/Development/Construction
  - In-Service Engineering
- Training
- Depot Overhaul
- Manufacturing
  - Prototyping
  - Remanufacturing
  - End item production

ATT (15)

Naval Ordnance Station
Louisville, KY

Resources

Co-Location



Full Spectrum Capability

Development

- Detailed Product Design
  - Electronic-Mechanical-Chemical
- Prototype Manufacture
- Test & Analysis

Transition to Production

- Technical Data Package
- Low Rate Initial Production
- Process/Product Validation

Production/Acquisition Oversight

- Process Certification & Monitoring
- Product Certification
- Product Acceptance

Product Maintenance

- Overhaul/Repair Depot
- Develop/Support Organizational and Intermediate Capability

Summary

NOP Canton
Ohio
CLOSED

NOP Pocatello
Idaho
CLOSED

NOP Macon
Georgia
CLOSED

NOP York
Pennsylvania
CLOSED

NSWC Louisville

(Formerly NOP Louisville)

The Navy's only remaining "full service" gun weapon systems engineering/industrial capability

NOP Forest Park
Illinois
CLOSED

NOP Center Line
Michigan
CLOSED

Naval Gun Facility
Washington, D.C.
CLOSED

Naval Ordnance Station
Louisville, KY

Technical Capabilities

FY93 BRAC Decision

"The COBRA model costs associated with closing NSWC Louisville and transferring all functions to GOCO facilities are $125.3 million. The model projects a net steady state *cost of over $53 million a year*, resulting from this scenario. Consequntly, the 20 year Net Present Value equals *a cost of $623.3 million*. These projections do not support a Commission recommendation to close NSWC Louisville, and are not in the best interests of the Department of the Navy."

C. P. Nemfakos
Acting Chairman
Base Evaluation Committee

Naval Ordnance Station
Louisville, KY

Technical Capability

BRAC '95 Closure Recommendations

1. Close NSWC Louisville
2. Move ships' gun systems depot worload to NSY Norfolk
3. Move gun plating workload to Watervliet Armt Arsenal
4. Move systems integration engineering workload to NSWC Port Hueneme
5. Move remaining engineering workload and CIWS depot functions to NSWC Crane

Naval Ordnance Station
Louisville, KY

Technical Capability

BRAC '95 Closure Recommendations

"The closure of this activity not only reduces excess capacity, but relocation of functional workload to activities performing similar work will result in additional efficiencies and economics in the management of those functions."

Department of Navy analyses
and recommendations (Vol IV)

Summary of COBRA Model Analysis:

(Combined)

NA WC, Indy - NSWC, Lou:	One time cost -	$ 178.4M
	Save -	$ 14.7M
	ROI Years -	2 years
	Steady State Savings -	$ 67.8M
	20 yr. NPV Savings -	$ 639.9M

Naval Ordnance Station
Louisville, KY

Technical Capability

Insufficient Funds in BRAC-95 Scenarios to Relocate "Necessary" Functions

- DON mission will SUFFER
- Fleet readiness will SUFFER
- Program managers CANNOT supplement BRAC closure costs
- Unique capabilities/functions will be LOST
- Synergism/Efficiency will be LOST
- FMS support/reactivation of "Old Systems" will be LOST

Naval Ordnance Station
Louisville, KY

Technical Capability

UNIQUE Louisville Asset

- State-of-the-Art Plating Facility in DON
- Environmentally Compliant
- One of two remaining Major Caliber Gun Barrel Plating Facilities in the DOD

Naval Ordnance Station
Louisville, KY

Technical Capability

Keep Louisville OPEN

- Naval Audit Service Report

  J. O. 950044 shows "SUBSTANTIAL DEVIATION"

- Review of BSEC deliberations

  Shows "SUBSTANTIAL DEVIATION"

  (*Exclusion* of $240M One Time Costs)

- Combining NAWC Indy and NSWC Louisville COBRA analysis is a "SUBSTANTIAL DEVIATION"

SUBPART A: GENERAL PROVISIONS

Sec. 2635.101 Basic obligation of public service

(a) Public service is a public trust. Each employee has a responsibility to the United States Government and its citizens to place loyalty to the Constitution, laws and ethical principles above private gain. To ensure that every citizen can have complete confidence in the integrity of the Federal Government, each employee shall respect and adhere to the principles of ethical conduct set forth in this section, as well as the implementing standards contained in this part and in supplemental agency regulations.

(b) General principles. The following general principles apply to every employee and may form the basis for the standards contained in this part. Where a situation is not covered by the standards set forth in this part, employees shall apply the principles set forth in this section in determining whether their conduct is proper.

(1) Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain.

(2) Employees shall not hold financial interests that conflict with the conscientious performance of duty.

(3) Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

(4) An employee shall not, except as permitted by subpart B of this part, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.

(5) Employees shall put forth honest effort in the performance of their duties.

(6) Employees shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the Government.

(7) Employees shall not use public office for private gain.

(8) Employees shall act impartially and not give preferential treatment to any private organization or individual.

(9) Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

(10) Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.

(11) Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

(12) Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those -- such as Federal, State, or local taxes -- that are imposed by law.

(13) Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.

(14) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.

(c) Related statutes. In addition to the standards of ethical conduct set forth in this part, there are conflict of interest statutes that prohibit certain conduct. Criminal conflict of interest statutes of general applicability to all employees, 18 U.S.C. 201, 203, 205, 208, and 209, are summarized in the appropriate subparts of this part and must be taken into consideration in determining whether conduct is proper. Citations to other generally applicable statutes relating to employee conduct are set forth in subpart I and employees are further cautioned that there may be additional statutory and regulatory restrictions applicable to them generally or as employees of their specific agencies. Because an employee is considered to be on notice of the requirements of any statute, an employee should not rely upon any description or synopsis of a statutory restriction, but should refer to the statute itself and obtain the advice of an agency ethics official as needed.

NAVAL ORDNANCE STATION
LOUISVILLE, KY

DoD 5500.7-R Joint Ethics Regulation (JER) August 1993

SUBPART A: General Provisions
Sec. 2635.101: Basic Obligation of Public Service

(14)-" Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts."

The fact that an NSWC, Crane employee was detailed into the Major Claimant's BRAC coordination office (NSWC/NAVSEA) is a violation of this Regulation.

Naval Ordnance Station
Louisville, KY

Technical Capabilities

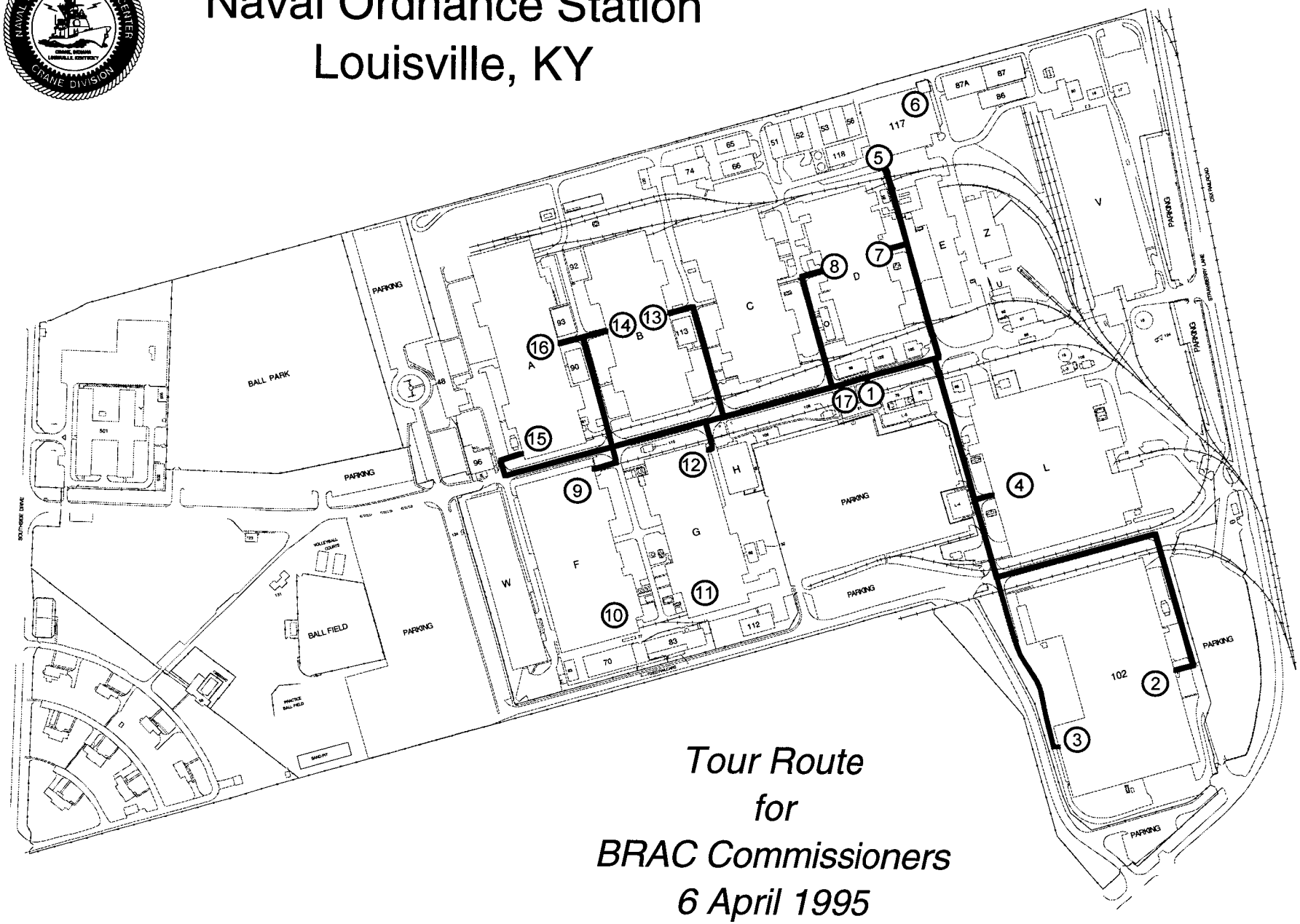
UNIQUE to the DON

ONLY GWS & FCS Depot - Public or Private

ONLY CIWS Depot - Public or Private

ONLY Remaining Major Caliber Gun Barrel Facility

Naval Ordnance Station
Louisville, KY



Tour Route
for
BRAC Commissioners
6 April 1995