

NAVAL AIR STATION MEMPHIS

CITY OF MILLINGTON, TENNESSEE

February 7, 1995

SUMMARY OF NEEDS

A. BUPERS Implementation

Almost continuously since 1993, we have dealt with rumors that indicated that the BUPERS part of this realignment would be changed by BRAC '95. Because of the rumors and news reports of activities by the Senator from Virginia and more recently New Orleans, we from time to time sought assurances from the Navy that things were still on track. Finally, on December 7, 1994, Admiral J. Michael Boorda, Chief of Naval Operations visited Millington and NAS Memphis and emphatically stated that BUPERS would relocate to NAS Memphis as planned. The first elements, approximately 200 billets, began moving to NAS Memphis during December, 1994. The importance of this to Millington and the entire Memphis area cannot be over emphasized. The relocation of BUPERS to Millington means that the potential direct loss of jobs to local economy will be held to approximately 4,792 jobs. Part of this loss is expected to be offset by higher paying billets of BUPERS and others by the co-lateral attraction of DFAS and the U. S. Corp of Engineers finance and accounting office. However, if BUPERS were not to relocate to Millington, the community could lose in excess of 12,000 jobs and the possible location of the Defense Finance and Accounting Service satellite office and other defense related operations that wish to co-locate at NAS Memphis. The co-location of these offices was made possible because of commonality of needs for fiber optics, digitally switched communication systems, computer systems and other support services.

The assistance of the entire Tennessee Delegation will be needed, during the upcoming BRAC '95 process to ensure that the BUPERS relocation to NAS Memphis does not get "derailed."

B. Transition Assistance

Currently, the Navy plans to cease operations of the airfield in October, 1995. The balance of the property they propose to excess will be retained for their use until the NATTC actually moves to Pensacola. That means that the expenses for operating the airfield will be removed from the Base Commanders budget and must be picked up by some other entity. The retention of the balance of the property means that there is little opportunity for the community to generate

revenues in order to offset the costs of operating and maintaining the airfield. Therefore some form of transition assistance is required. The DoD has programs for providing such assistance. They can be in the form of actual cost sharing by the Military Department or through "Care and Custody" or "Caretaker" agreements. The agreements provide for a contractual arrangement in which the property ownership remains with the Military Department but the day to day operations are contracted to a civilian entity. Funds for this type assistance must be protected and such arrangements encouraged.

C. Defense Conversion Funds

Both the Airport Consultant and the Reuse Consultant have found that the portion of the base being turned over to the community consists of mostly obsolete wooden structures with aged infrastructure and large vacant areas with no infrastructure present. Both have also found that access to the site is extremely limited because of a fifty year policy of controlling access and by the configuration of the properties that Navy wants to retain. These findings indicate that the community faces a substantial financial burden, in addition to the lost jobs and negative economic impact cited earlier, in converting the excessed property to civilian use. The availability of Defense Conversion Funds for demolition of structures and for the provision of infrastructure improvements for sanitary sewers, storm water sewers, water supply, electrical distribution and highway access is critical to the community's successful reuse of the abandoned facility. The location of these funds within the federal systems is not important, as long as they are readily available and affordable from the community perspective. Therefore, your assistance in protecting the Defense Conversion funds that have been set aside to assist communities facing base closures and/or realignments is needed and requested. These funds are designed to assist communities such as Millington in redeveloping the infrastructure of the closed bases in order to attract private business. Such assistance is essential to the successful reuse of these facilities.

D. Military Airport Program/Federal Aviation Administration

The Military Airport Program (MAP) was established in the Aviation Safety & Capacity Expansion Act of 1990, to place special emphasis on the conversion of appropriate former military and existing military airports being jointly used by civil and military aircraft, for the purpose of expanding the national air transportation system, which has been growing rapidly over the past decade, by

enhancing the airport and air traffic system capacity in major metropolitan areas. A special set-aside of Airport Improvement Program funds is made available to implement this program; making each participating airport eligible for \$5 million per year to assist in the conversion from military to civilian operations.

Because of a reduction in funding, there are openings in MAP for only three additional airports. The criteria for selection of the three additional airports to be selected for inclusion by the MAP is currently under development and is expected to be included in the Federal Register in the March, 1995, time frame. The criteria will reflect the need for the Federal Aviation Administration (FAA) to make a finding that the airports and development projects associated with designating the three additional airports relieve capacity at airports, such as Memphis International, that have 20,000 or more hours of annual delay. From what is known at this point, it is believed that the Millington Airport (NAS Memphis) will be able to satisfy the criteria. It has already designated as a reliever airport by the FAA. However, competition is expected to be keen.

The Millington Airport Authority utilizing funding from the DoD Office of Economic Adjustment, Tennessee Board of Aeronautics, and City of Millington with supervision provided by the Federal Aviation Administration (FAA) has contracted with a consulting firm to develop an Airport Master Plan. This plan once approved by the FAA will make the Millington Airport eligible for capital improvement funding by FAA. However, there are a number of needed improvements, both operational and capital, that FAA will not fund under its regular programs. Primary among these is a precision landing approach system. The Navy is currently utilizing a ground air control (GAC) system that is peculiar to the Navy. The predominant civil system is the ILS or Instrument Landing System which will be replaced in the not too distant future by the Global Positioned Satellite (GPS) navigation system. Because of the planned change over to the GPS, the FAA is not installing new ILS's. This means that unless the Millington Airport Authority purchases a new ILS, without FAA participation, it will be without a precision approach from the time the Navy ceases operations in October, 1995, until the new GPS becomes available. During the interim, the FAA has developed and approved a VOR, non-precision, approach for Millington Airport.

Document Separator

NORFOLK NAVAL SHIPYARD

EXCESS CAPACITY REDUCTION

PREPARED BY: DOUG MARTIN
PRESIDENT
NAVAL CIVILIAN MANAGERS ASSOCIATION
NORFOLK NAVAL SHIPYARD CHAPTER
JAN 95

NORFOLK NAVAL SHIPYARD EXCESS CAPACITY REDUCTION

- DISPOSE OF REAL ESTATE NOT REQUIRED TO ACCOMPLISH MISSION**
- RENOVATE EXISTING FACILITIES - AVOID NEW CONSTRUCTION**
- DEMOLISH EXCESS BUILDINGS / STRUCTURES**

NORFOLK NAVAL SHIPYARD EXCESS CAPACITY REDUCTION

DISPOSE OF REAL ESTATE NOT REQUIRED TO ACCOMPLISH MISSION

- ST. JULIENS CREEK ANNEX
527 ACRES, 257 BUILDINGS
- SOUTH GATE ANNEX
84 ACRES, 26 BUILDINGS
- ST. HELENA ANNEX
20 ACRES, 22 BUILDINGS
- PECK IRON AND METAL LEASED PROPERTY
1.5 ACRES, NO BUILDINGS

NORFOLK NAVAL SHIPYARD EXCESS CAPACITY REDUCTION

DISPOSE OF REAL ESTATE NOT REQUIRED TO ACCOMPLISH MISSION

- FACILITY MAINTENANCE BACKLOG
\$32 MILLION TOTAL
- BASE OPERATING SUPPORT COSTS
\$7 MILLION TOTAL

NORFOLK NAVAL SHIPYARD EXCESS CAPACITY REDUCTION

RENOVATE EXISTING FACILITIES - AVOID NEW CONSTRUCTION

**MANY OF THE OLD "HISTORIC" BUILDINGS ARE OF QUALITY
CONSTRUCTION CAPABLE OF COST / TIME EFFECTIVE
RENOVATION**

- MODERNIZATION
- CONSOLIDATION
- QUALITY OF WORK LIFE
- BRAC REALIGNMENT

NORFOLK NAVAL SHIPYARD EXCESS CAPACITY REDUCTION

DEMOLISH 69 BUILDINGS / STRUCTURES TOTALING 688,000 SF

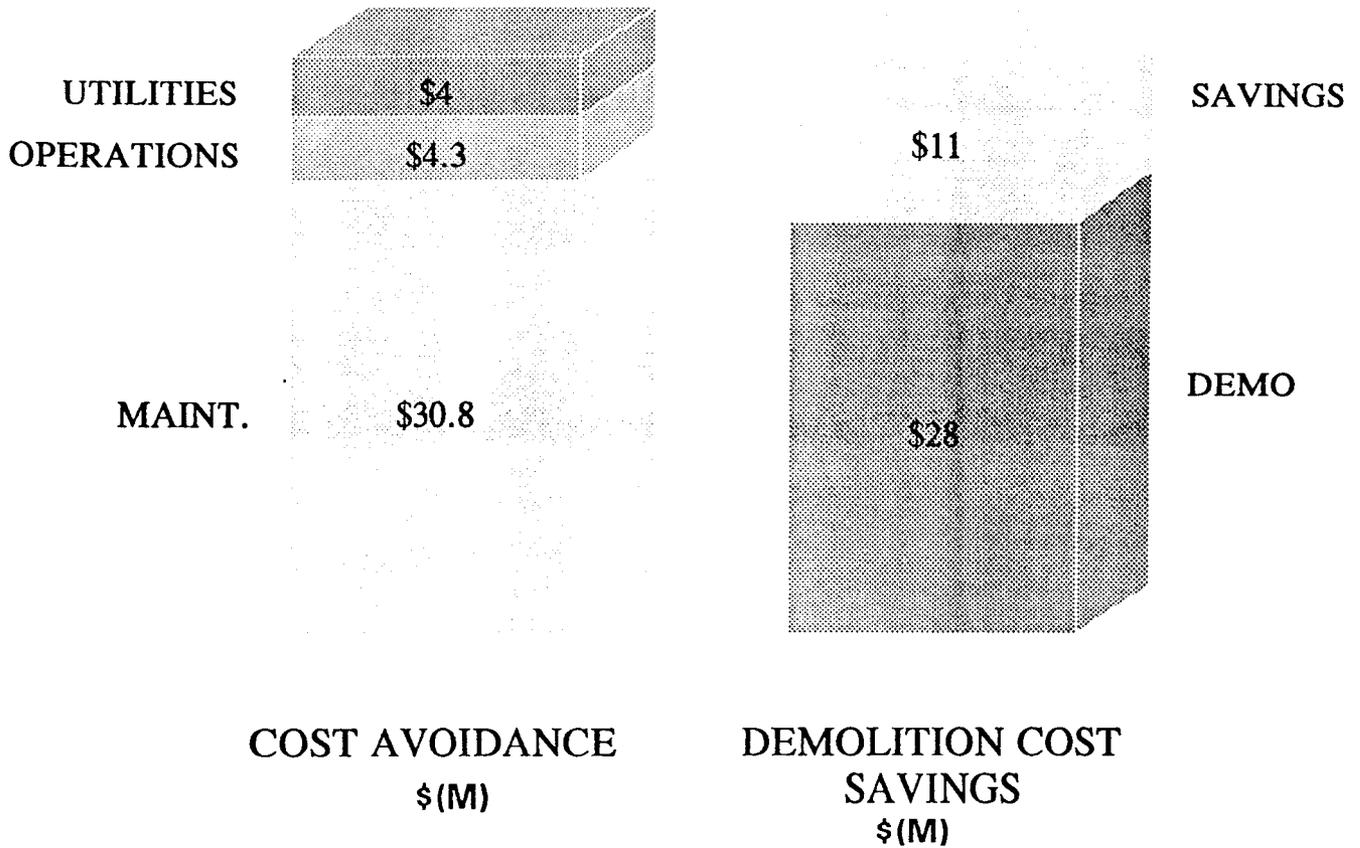
- 2 DRYDOCKS
- INACTIVE POWER PLANT
- SHIP BUILDING WAYS
- INDUSTRIAL SHOPS
- OFFICES
- WAREHOUSES

BOTTOM LINE - SAVES \$11 MILLION OVER 5 YEARS

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM FIVE YEAR ECONOMIC ANALYSIS FY95 DOLLARS

REDUCE EXCESS CAPACITY
DEMOLISH 69 BUILDINGS
687,941 S.F.

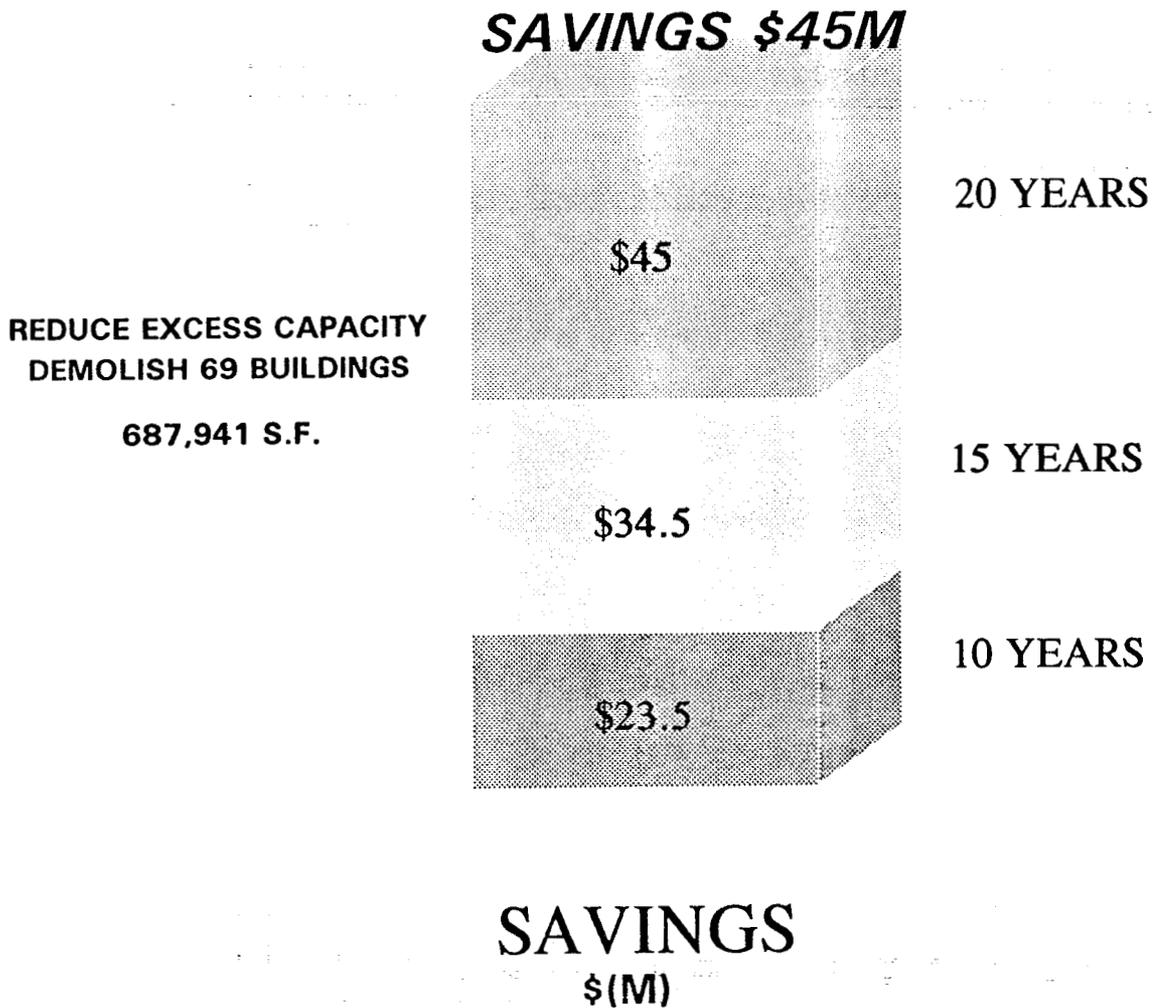
SAVINGS \$11M



PLAN REQUIRES FIVE YEARS TO EXECUTE

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

10, 15, & 20 YEAR ECONOMIC ANALYSIS FY95 DOLLARS



NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

NUMBER	FAC. #	DESCRIPTION	PRIMARY OCCUPANT	S.F.	CPV (K)	YEAR BUILT	FUNDING SOURCE	TYPE	BMAR COST	TOTAL ANNUAL		COMMENTS
										UTIL. & OPER.)	DEMOLITION COST	
1	162	PROD. OFFICE/LOCKER RM	SHOP 71	3745	375	1917	DBOF	O	114725	13263	60000	COMPLETE
2	434	GAS METER SHED	SHOP 03,PWC	144	20	1943	DBOF	I	1887	577	5430	COMPLETE
3	455	STRESS RELIEVING FURNACE	SHOP 11	5082	966	1941	DBOF	I	39410	23484	550000	COMPLETE
4	1455	OFFICE	SHOP 67	668	292	1972	DBOF	I	13876	5067	9007	COMPLETE
5	63	TOOL ISSUE STA SHOPS 06&72	SHOPS 06,72	2800	30	1915	DBOF	I	112641	6912	33206	FY95 PROGRAM
6	174	POWER PLANT& SHOP 03	PWC	77592	58662	1921	DBOF	I	3366600	885509	4669800	FY95 PROGRAM
7	244	QUALITY ASSURANCE STORAGE	CODE 130	1964	1964	1936	DBOF	I	54300	28164	43831	FY95 PROGRAM
8	291	SPARE PARTS STORAGE	CODE 800	10000	1013	1942	DBOF	I	13032	35556	197652	FY95 PROGRAM
9	411	PUBLIC TOILET	SHOP 72	1200	89	1943	DBOF	I	655585	3876	16603	FY95 PROGRAM
10	416	GAS METER SHED	PWC	144	9	1943	DBOF	I	2715	445	5430	FY95 PROGRAM
11	422	WATER DISTRIBUTION BLDG	SHOP 03	432	23	1943	DBOF	N/A	2875	1287	4320	(P364) UNDERWAY
12	478	STORAGE	SHOP 56	4000	221	1947	DBOF	I	8145	12012	59296	(P364) UNDERWAY
13	479	ENVIRONMENTAL LABORATORY	CODE 106	960	40	1947	DBOF	I	39410	2726	7590	(P364) UNDERWAY
14	480	CONTRACTOR REPAIR SHOP	SHOP 02	1040	43	1947	DBOF	I	1151	2950	12333	(P364) UNDERWAY
15	505	HAZARDOUS WASTE STORAGE	CODE 106	784	82	1953	DBOF	I	15808	2819	12397	(P364) UNDERWAY
16	521	VALVE HOUSE	PWC	144	13	1939	DBOF	I	10860	493	5430	FY95 PROGRAM
17	760	CRANE SUPPORT OFFICE A	CODE 980	384	56	1948	DBOF	I	21720	1571	3795	FY95 PROGRAM
18	763	EXCHANGE SERVICE OUTLETS	EXCHANGE	384	56	1948	O&M,N	O	5430	1571	2836	FY95 PROGRAM
21	1488	INDOOR HANDBALL CTS	MWR	2500	51	1976	O&M,N	I	13974	6462	59296	FY95 PROGRAM
22	11A	ADMINISTRATIVE STORAGE	SUPSHIP	10687	366	1942	O&M,N	W	7224	24056	167303	
23	14	ADMINISTRATIVE	CODE 1120	26338	2781	1869	DBOF	O	1911360	95003	565285	HISTORIC CONCERN
24	15A	PUBLIC WORKS MAINT. STORAGE	PWC	13704	292	1942	DBOF	W	10860	28719	252006	
25	17A	GENERAL WAREHOUSE	PWC	10800	255	1918	DBOF	I	85660	28332	448275	
26	M23/27	ENLISTED MENS SERVICE CLUB	EXCHANGE	3762	373	1921	O&M,N	O	10860	13279	217200	
27	39	WOOD SHOP	PWC	21960	1754	1873	DBOF	I	1900500	72434	356774	HISTORIC CONCERN
28	42	GENERAL WAREHOUSE	SHOP STORES	22250	1767	1875	DBOF	O	1086000	73269	310162	HISTORIC CONCERN
29	68	QUALITY ASSURANCE	CODE 1390	9774	2374	1901	DBOF	I	817581	51359	190050	HISTORIC CONCERN
30	74	SHOP 99 STORAGE	SHOP 99	31588	2671	1904	DBOF	I	2172000	105968	671167	HISTORIC CONCERN
31	79	MAINT. SHIPS/SPARES STOR.	SHOP 99	9882	1064	1904	DBOF	I	27150	35892	479814	
32	167	ADMIN	CODE 980	1904	185	1917	DBOF	O	21720	6675	70590	
33	174A	OIL RESERVE	TANK	25921	788	1943	DBOF	N/A	271500	70111	760200	ENVIR REMEDIATION REQD.
34	195	GALVANIZING SHOP	SHOP 31	23524	10732	1920	DBOF	I	4586896	183830	5276874	ENVIR. REMEDIATION REQD.
35	212	BATTERY SHOP 02	PWC	13439	1101	1921	DBOF	I	403201	44659	265921	
36	225	RIGGING STORAGE	SHOP 72	3232	262	1928	DBOF	I	2715	10707	47911	
37	263	NEW COMPONENT STORAGE	NNSY	6050	407	1940	DBOF	W	217200	16016	182334	
38	264	INDUSTRIAL RELATIONS	IRO	18055	1459	1940	DBOF	O	1968297	59757	391837	
39	270	CIVILIAN LOCKER ROOM	SHOP64	8436	1452	1942	DBOF	O	448545	37164	87217	
40	275	REPAIR SHOP	SHOP 970	14030	2470	1942	DBOF	I	304318	62470	402767	
41	281	OXYGEN PLANT	SHOP 26	22800	5168	1942	DBOF	I	824938	115368	406623	
42	286	CONTRACTOR STORAGE	PWC	2640	103	1942	DBOF	W	174919	6094	49571	
43	295	SHOP 31 STOR(Next to B-171)	SHOP 31	3180	303	1941	DBOF	I	24639	11077	62853	
44	379	LONG TERM STOR. (SOUTHGATE)	CODE 500	106419	2660	1942	O&M,N	I	1722574	280940	3309999	ENVIR. REMEDIATION REQD.
45	400	ACADEMIC INSTRUC. BLDG. IRO	CODE 1110	12656	1496	1943	DBOF	I	1722140	47567	325800	
46	401	RAD HEALTH DIV (Move to 1505)	CODE 105	4120	323	1942	DBOF	O	543000	13517	38423	
47	403	FLEET LAUNDRY & MED. STOR.	VARIOUS	16060	1403	1943	DBOF	O	868800	54416	244350	
48	414	PUBLIC TOIL/LOCKER RM/ADMIN.	SHOP 72	5512	347	1943	DBOF	O	24747	17062	56987	
49	444	CENTRAL TOOL SHOP 06	SHOP 06	1350	94	1942	DBOF	I	4676	4287	65160	

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

FIVE YEAR ECONOMIC ANALYSIS

ASSUMPTIONS:

- I. 5 YEARS REQUIRED TO EXECUTE DEMOLITION PLAN
- II. PRESENT VALUE UTILITY AND OPERATIONAL COSTS ESTIMATED USING 5% DISCOUNT FACTOR
- III. UTILITY & OPERATIONAL ANNUAL COSTS REDUCED 20% PER YEAR
- IV. INFLATION ASSUMED AT 3.2% PER YEAR

YEAR	(A) UTIL (\$) AVOIDANCE	(B) OPER (\$) AVOIDANCE	PRES. WORTH FAC	PRES. WORTH UTIL.	PRES. WORTH OPER.	PRES. WORTH TOTAL
1	318421	346502	0.952	303137	329870	633008
2	636843	693005	0.907	577617	628555	1206172
3	955264	1039507	0.864	825348	898134	1723483
4	1273686	1386010	0.827	1053338	1146230	2199568
5	1592107	1732512	0.784	1248212	1358289	2606502
				\$4,007,653	\$4,361,079	\$8,368,732

PRESENT WORTH VALUES

1. MAINTENANCE COST AVOIDANCE	\$30,858,787
2. UTILITIES AND OPERATIONS COST AVOIDANCE - INCREASED 20% PER YR	\$8,368,732
3. TOTAL (1 + 2)	\$39,227,519
4. DEMOLITION COST	\$28,095,025
5. SAVINGS (MAINT. COST AVOIDANCE + UTIL. & OPER. COST AVOIDANCE) - DEMOLITION COST	\$11,132,494

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

TEN YEAR ECONOMIC ANALYSIS

ASSUMPTIONS:

- I. 5 YEARS REQUIRED TO EXECUTE DEMOLITION PLAN
- II. PRESENT VALUE UTILITY AND OPERATIONAL COSTS ESTIMATED USING 5% DISCOUNT FACTOR
- III. UTILITY & OPERATIONAL ANNUAL COSTS REDUCED 20% PER YEAR
- IV. INFLATION ASSUMED AT 3.2% PER YEAR
- V. UTILITY & OPERATIONAL COST AVOIDANCE ARE INCLUDED FOR YEARS 6 THRU 10.
ASSUME FOR THIS ANALYSIS THESE ANNUAL COSTS WILL BE AVOIDED FOR 5 ADDITIONAL YEARS.

YEAR	(A) UTIL (\$) AVOIDANCE	(B) OPER (\$) AVOIDANCE	PRES. WORTH FAC.	PRES. WORTH UTIL.	PRES. WORTH OPER.	PRES WORTH TOTAL
1	318421	346502	0.952	303137	329870	633008
2	636843	693005	0.907	577617	628555	1206172
3	955264	1039507	0.864	825348	898134	1723483
4	1273686	1386010	0.827	1053338	1146230	2199568
5	1592107	1732512	0.784	1248212	1358289	2606502
6	1643055	1787952	0.741	1217175	1324515	2541690
7	1695633	1845167	0.705	1194912	1300289	2495201
8	1749893	1904212	0.670	1172953	1276393	2449347
9	1805889	1965147	0.638	1151435	1252978	2404413
10	1863678	2028032	0.607	1130321	1230001	2360322
				\$9,874,449	\$10,745,256	\$20,619,705

PRESENT WORTH VALUES

1. MAINTENANCE COST AVOIDANCE	\$30,858,787
2. UTILITIES AND OPERATIONS COST AVOIDANCE - INCREASED 20% PER YR (FIRST 5 YEARS ONLY)	\$20,619,705
3. TOTAL (1 + 2)	\$51,478,492
4. DEMOLITION COST	\$28,095,025
5. SAVINGS (MAINT. COST AVOIDANCE + UTIL. & OPER. COST AVOIDANCE) - DEMOLITION COST	\$23,383,467

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

FIFTEEN YEAR ECONOMIC ANALYSIS

ASSUMPTIONS:

- I. 5 YEARS REQUIRED TO EXECUTE DEMOLITION PLAN
- II. PRESENT VALUE UTILITY AND OPERATIONAL COSTS ESTIMATED USING 5% DISCOUNT FACTOR
- III. UTILITY & OPERATIONAL ANNUAL COSTS REDUCED 20% PER YEAR
- IV. INFLATION ASSUMED AT 3.2% PER YEAR
- V. UTILITY & OPERATIONAL COST AVOIDANCE ARE INCLUDED FOR YEARS 6 THRU 15.
ASSUME FOR THIS ANALYSIS THESE ANNUAL COSTS WILL BE AVOIDED FOR 10 ADDITIONAL YEARS.

YEAR	(A) UTIL (\$) AVOIDANCE	(B) OPER (\$) AVOIDANCE	PRES. WORTH FAC	PRES. WORTH UTIL.	PRES. WORTH OPER.	PRES. WORTH TOTAL
1	318421	346502	0.952	303137	329870	633008
2	636843	693005	0.907	577617	628555	1206172
3	955264	1039507	0.864	825348	898134	1723483
4	1273686	1386010	0.827	1053338	1146230	2199568
5	1592107	1732512	0.784	1248212	1358289	2606502
6	1643055	1787952	0.741	1217175	1324515	2541690
7	1695633	1845167	0.705	1194912	1300289	2495201
8	1749893	1904212	0.670	1172953	1276393	2449347
9	1805889	1965147	0.638	1151435	1252978	2404413
10	1863678	2028032	0.607	1130321	1230001	2360322
11	1923316	2092929	0.577	1109753	1207620	2317373
12	1984862	2159902	0.549	1089689	1185786	2275476
13	2048377	2229019	0.522	1069253	1163548	2232801
14	2113925	2300348	0.497	1050621	1143273	2193894
15	2181571	2373959	0.472	1029701	1120509	2150210
				\$15,223,467	\$16,565,992	\$31,789,458

PRESENT WORTH VALUES

1. MAINTENANCE COST AVOIDANCE	\$30,858,787
2. UTILITIES AND OPERATIONS COST AVOIDANCE - INCREASED 20% PER YR (FIRST 5 YEARS ONLY)	\$31,789,458
3. TOTAL (1+2)	\$62,648,245
4. DEMOLITION COST	\$28,095,025
5. SAVINGS (MAINT. COST AVOIDANCE + UTIL. & OPER. COST AVOIDANCE) - DEMOLITION COST	\$34,553,220

NORFOLK NAVAL SHIPYARD DEMOLITION PROGRAM

TWENTY YEAR ECONOMIC ANALYSIS

ASSUMPTIONS:

- I. 5 YEARS REQUIRED TO EXECUTE DEMOLITION PLAN
- II. PRESENT VALUE UTILITY AND OPERATIONAL COSTS ESTIMATED USING 5% DISCOUNT FACTOR
- III. UTILITY & OPERATIONAL ANNUAL COSTS REDUCED 20% PER YEAR
- IV. INFLATION ASSUMED AT 3.2% PER YEAR
- V. UTILITY & OPERATIONAL COST AVOIDANCE ARE INCLUDED FOR YEARS 6 THRU 20.
ASSUME FOR THIS ANALYSIS THESE ANNUAL COSTS WILL BE AVOIDED FOR 15 ADDITIONAL YEARS.

YEAR	(A) UTIL (\$) AVOIDANCE	(B) OPER (\$) AVOIDANCE	PRES. WORTH FAC	PRES. WORTH UTIL.	PRES. WORTH OPER.	PRES. WORTH TOTAL
1	318421	346502	0.952	303137	329870	633008
2	636843	693005	0.907	577617	628555	1206172
3	955264	1039507	0.864	825348	898134	1723483
4	1273686	1386010	0.827	1053338	1146230	2199568
5	1592107	1732512	0.784	1248212	1358289	2606502
6	1655792	1801812	0.741	1226611	1334783	2561393
7	1708777	1859470	0.705	1204175	1310369	2514544
8	1763458	1918974	0.670	1182046	1286288	2468334
9	1819889	1980381	0.638	1160361	1262691	2423052
10	1878125	2043753	0.607	1139083	1239536	2378619
11	1938225	2109153	0.577	1118356	1216981	2335337
12	2000248	2176646	0.549	1098136	1194979	2293115
13	2064256	2246299	0.522	1077542	1172568	2250110
14	2130312	2318180	0.497	1058765	1152135	2210901
15	2198482	2392362	0.472	1037684	1129195	2166878
16	2268834	2468917	0.449	1018708	1108544	2127250
17	2341436	2547923	0.4274	1000730	1088982	2089712
18	2416362	2629456	0.4066	982493	1069137	2051630
19	2493686	2713599	0.3868	964558	1049820	2014178
20	2573484	2800434	0.3679	946785	1030280	1977064
				\$20,223,683	\$22,007,166	\$42,230,849

PRESENT WORTH VALUES

1. MAINTENANCE COST AVOIDANCE	\$30,858,787
2. UTILITIES AND OPERATIONS COST AVOIDANCE - INCREASED 20% PER YR (FIRST 5 YEARS ONLY)	\$42,230,849
3. TOTAL (1 + 2)	\$73,089,636
4. DEMOLITION COST	\$28,095,025
5. SAVINGS (MAINT. COST AVOIDANCE + UTIL. & OPER. COST AVOIDANCE) - DEMOLITION COST	\$44,994,611

on-loads or to run the degaussing range--and personnel seldom need to leave home port for required schooling. Organizational level maintenance personnel benefit from the close proximity of depot level activities that can offer immediate assistance. It's a fact of life that fleet commands collocated with their type commander staff, Supply Centers and other major service facilities are likely to receive better support than those at isolated naval stations.

Aside from improved fleet support, Megabasing affords unique opportunities for intercommand coordination not only for major staffs, but for support activities and operational commands as well. Exercise and operational planning are facilitated when most, if not all participants are collocated. Norfolk-based operational commands may easily visit and communicate with their type commanders (e.g., aircraft squadrons with AIRLANT). Being close to the scene of fleet-level decision making, unit commanders have a much greater opportunity to stay informed, participate in the planning process, and be well prepared to perform their missions.

Economies of Scale: The high concentration of operating forces and support activities enables budget savings through consolidation of administrative and service functions. The Commander, Naval Base Norfolk staff performs many tasks for area commands that would otherwise be duplicated on the Naval Station, Air Station and outlying activities. Likewise; schools, maintenance, supply and other support activities gain efficiency and effectiveness by pooling their resources at a single site.

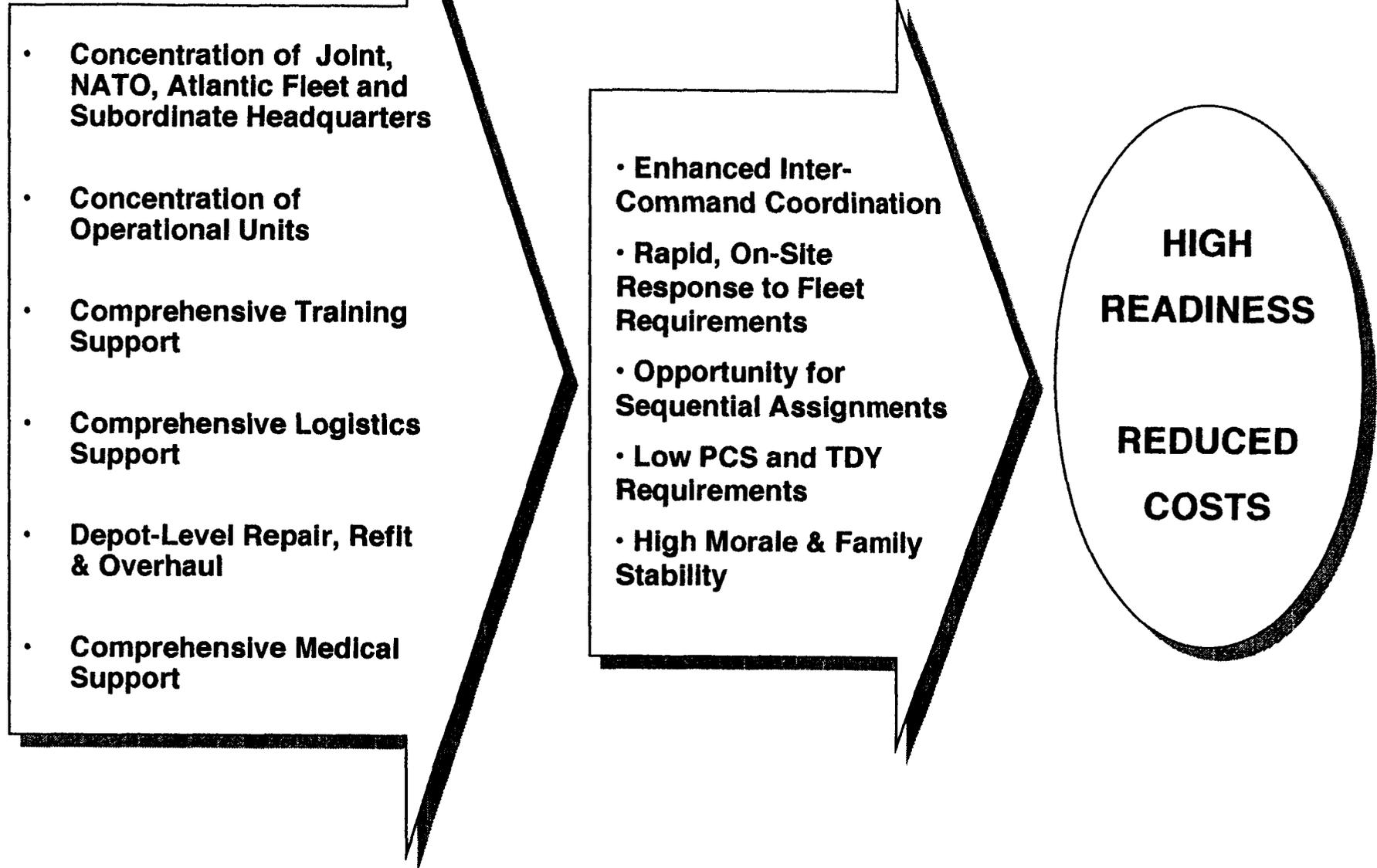
Temporary Duty (TDY) Cost Savings: Excessive TDY costs are generated by the necessity of attending training courses, command conferences, etc. at distant sites. Given Norfolk's concentration of training resources and major headquarters, travel requirements for Norfolk-based personnel are low relative to most other bases. Significant TDY costs for conducting business in Washington, D.C. are reduced by Norfolk's close proximity.

Permanent Change of Station (PCS) Cost Savings: The Navy currently spends in excess of \$600 million annually on Permanent Change of Station (PCS) moves, an expenditure that will become increasingly difficult to justify in future years. The opportunity for sequential duty assignments afforded by Megabases such as Norfolk is both a benefit to the service member and a major source of budget savings. Norfolk also has a unique potential to eliminate PCS costs associated with major ship overhauls since all required shipyard services are available locally.

Conclusion:

The Norfolk Naval Base and greater Hampton Roads military complex represents a Megabase in being that could not be duplicated elsewhere. Few areas offer the same locational advantages and capacity for expansion, and relocating Norfolk's existing capabilities would be cost prohibitive. Collocation with the Fleet or other local organizations is essential to effective mission performance for most of the nearly 200 tenant activities in Norfolk--and numerous synergistic relationships exist with activities elsewhere in Hampton Roads. To protect the current defense investment in Hampton Roads and fully capitalize on potential cost savings, the Norfolk Naval Base should continue to expand its role as the locus of naval activity on the East Coast.

The Norfolk "Megabase" Equation



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Norfolk: A Megabase for the 21st Century

Hampton Roads is home to the nation's largest concentration of naval forces and facilities. The Norfolk Naval Base complex currently home ports the bulk of the Atlantic Fleet while hosting nine major headquarters and nearly 200 tenant activities representing virtually every component of the Navy and numerous joint service and DOD agencies. Oceana Master Jet Air Station and Little Creek, the Navy's primary amphibious forces base, lie just to the east. The Norfolk Navy Shipyard, Newport News Ship Building, Yorktown Weapons Station, and major Army and Air Force facilities are conveniently collocated in adjacent communities. This unequaled military presence is no accident. Hampton Roads offers a unique combination of advantages for military basing. Most importantly, collocation of major headquarters, command and control facilities, operational units and support services at key Megabases like Norfolk enhances readiness and enables savings through economies of scale and reduced personnel costs.

Locational Advantages:

The Norfolk Naval Base complex is sited in one of the world's finest deep water ports. The broad approaches to the port afford easy access to the open sea and ample maneuvering space during departures and arrivals. Norfolk's central location on the East Coast provides convenient transit to training and operational areas of the North and South Atlantic, Caribbean and the Mediterranean. Just off the coast, the Virginia Capes Operations Area offers ample Navy-controlled sea and air space ideal for unit training or large scale exercises while the calm expanses of the Chesapeake Bay provide excellent training sites for small craft.

Norfolk and surrounding communities vigorously support a strong military presence, and area demographics support a wide variety of large Reserve units including ships and aircraft squadrons. Increased base loadings would be welcomed and could be accommodated without adverse impact on local infrastructures. Encroachment and environmental restrictions pose no insurmountable problems for military operations.

Support Services: One-Stop Shopping for the Fleet:

The Norfolk complex offers an unequaled array of support services and other complementary activities. Virtually all training, logistics, maintenance/repair, medical and other services required by the Fleet are locally available:

Training: Norfolk is headquarters for the Atlantic Training Command and boasts the largest Fleet Training Center (FTC) in the eastern United States. FTC, alone, graduates over 60,000 students each year while a variety of specialized training activities provide essential courses ranging from acquisition management to water survival. The Afloat Training Group Atlantic, Submarine Training Facility and various Mobile Training Teams provide on-site support to ships and aircraft squadrons throughout the Fleet.

Logistics: Norfolk's Defense Distribution Depot, Fleet Industrial Supply Center and Fitting Out and Supply Support Assistance Center coordinate to meet the logistics needs of local commands and other elements of the Atlantic Fleet. These major supply resources are conveniently located pier-side and are served by an adjacent logistics air head at the Norfolk Air Station. Additional "value added" results from the Navy's mammoth warehousing facility at Cheatham Annex, the full-service Yorktown Weapons Station, and collocation with Norfolk's International Terminal, one of the nation's largest sea/land transshipment facilities.

Maintenance/Repair: Major repair, refits and overhauls for all types of conventional and nuclear warships are locally available at the Norfolk Navy Shipyard, Newport News Ship Building and Dry Dock, and several smaller private yards. Myriad ship and aircraft intermediate level maintenance activities within Hampton Roads are being reorganized under a Regional Maintenance Center (RMC). The RMC will eventually replace "tender" vessels and the Shore Intermediate Maintenance Activities (SIMA) along with certain functions of Aircraft Intermediate Maintenance Departments (AIMD). The RMC will efficiently bridge the gap between depot-level repair and the organizational maintenance capabilities of ship crews and aircraft squadrons.

Medical: Norfolk's military personnel enjoy exceptional medical care under the Tri-Care system, a pioneering joint service effort coordinating the assets of local Navy, Army and Air Force hospitals with a network of outpatient clinics and civilian health care providers. While significantly improving the quality and accessibility of military health services, Tri-Care takes full advantage of collocation with Norfolk's regional concentration of hospitals, specialized medical clinics, research facilities and medical school. The new Portsmouth Naval Hospital building, now under construction, will dramatically improve inpatient and outpatient care capacity while adding a Corpsman training facility.

Intercommand and Joint Coordination:

Hampton Roads is also a major military command center, second only to Washington, D.C. in its population of major headquarters. Norfolk hosts the U.S. Atlantic Command (USACOM) headquarters, a joint staff responsible for molding military assets within the continental U.S. into combat ready force packages for employment by the regional Commanders-in-Chief (CINCs). The Air Combat Command headquarters at nearby Langley AFB and the Army's Training and Doctrine Command at Fort Eustis are key USACOM subordinates, while the Atlantic Fleet is USACOM's Navy element. On the Navy side, the Atlantic Fleet is unique in having all of its headquarters components in a single location. This collocation enables daily personal contact between the Fleet Commander-in-Chief, operational commander (Second Fleet), type commanders (surface ship, air, submarine and amphibious forces) and key fleet support elements.

Norfolk is also a center of NATO activity. CINC USACOM is "dual-hatted" as Supreme Allied Commander, Atlantic (SACLANT), while the Atlantic fleet, Second Fleet and Submarine Force, Atlantic are dual-hatted as NATO commands subordinate to SACLANT.

The operational significance of this headquarters concentration cannot be overstated. The resulting opportunity for direct and in-depth interaction between major staffs greatly enhances coordination and planning for joint, Navy and NATO operations throughout the Atlantic theater.

As emphasis on joint operations increases, Hampton Roads is well situated to play a pivotal role. Along with USACOM, the area already hosts the Joint War Fighting Center (Fort Eustis) and the Joint and Navy Doctrine Centers (Norfolk). USACOM plans to establish a Joint Training and Simulation Center in 1995. The Armed Forces Staff College provides graduate level training for mid-grade officers in its Joint War Fighting School, Joint Staff Officer School, and Joint Command & Control/Electronics Warfare School. These complementary activities make Hampton Roads a major center for joint operational planning and development of doctrine and tactics.

Morale and Family Welfare Factors:

Megaporting is a boon to the morale, welfare and stability of Navy families. The resulting number and variety of jobs provides an excellent opportunity for follow-on assignments in Hampton Roads without jeopardizing professional development and career progression. Successive assignments provide continuity in dependent schooling, spousal employment and medical care while allowing service members to enjoy the long-term benefits of home ownership and community involvement.

The local availability of full-service shipyards is particularly important to Navy families who would otherwise endure lengthy separations during ship repair and overhaul periods in addition to the family hardships imposed by training and overseas deployments.

For both married and single members, Hampton Roads is an attractive duty station treasured for its hospitable climate, moderate cost of living, and ample housing at affordable prices. A popular vacation spot, the area's exceptional recreational assets include Colonial Williamsburg, Busch Gardens and world-class beaches. The City of Norfolk offers urban amenities such as professional baseball and hockey teams, a large concert and sports arena, the Nauticus National Maritime Center, the Norfolk Opera House, and the Chrysler and MacArthur Museums. For those seeking to continue their education, Old Dominion University and other local colleges offer a variety of programs well suited to part time military students.

The Bottom Line: Readiness and Cost Efficiency:

Post-Cold War defense policy correctly emphasizes cost efficient maintenance of smaller, well trained and highly capable military forces. While "strategic dispersal" of our defense infrastructure served its Cold War purpose, concentration of assets in suitable key areas offers obvious readiness and cost advantages in the current defense environment:

Fleet Readiness: Local availability of virtually all required training, logistics, maintenance and other fleet services enhances readiness by providing timely response to operational requirements. No time is lost, for example, in transiting to a distant location for weapons

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NAWC INDIANAPOLIS
BRAC - 95
PROPOSED ALTERNATIVE-
PARTNERSHIP

Purpose

- Background and Assumptions
- Anticipated Indy **Closure** Scenario
- Costs and Impacts of Indy **Closure**
- **Partnership** Alternative
- Low Cost and Benefits of **Partnership** Alternative

Anticipated Closure Scenario

- NAWC Indianapolis site is closed and realigned
- 1000 - 1500 government jobs eliminated
- 400 - 500 jobs move to Pax River and China Lake
- 1000 - 1500 jobs move to NSWC Crane
- Integrated engineering and emergency manufacturing capacity eliminated
- Limited electronic system technical capability transferred

Assumptions

- 93 Scenario
- 93 and 95 Cobra Models
- Hudson Institute Study
- Crane/Indpls Consolidation Study

Indy Closure Worth The Cost?

- **Costs \$200M**
- Moves 1000 - 1500 govt personnel only 90 miles south
- Moves 400 - 500 govt personnel to protect Pax River and China Lake “hubs”
- Workload requires at least half of the 1000 - 1500 eliminated government jobs replaced
- As few as 500 work years actually eliminated

Partnership Alternative

- Integrate the people and facilities of Crane and Indianapolis to:
 - Retain the best resources available
 - Consolidate complementary functions and eliminate duplicative infrastructure
 - Maintain essential capability
 - Reduce cost to customers
- City owned building housing a partnership between government (Crane detachment) and private industry
- Create an organization that provides full spectrum life cycle support for Shipborne and Airborne Electronics

Business Related Factors

- 100% DBOF Activity - Funds only come from customers (not line item funded/no BOS)
- Workload Continues to Climb and Exceed Expectations - Satisfied Customers
- Indirect personnel overhead reduced by 28% from 1992 to 1994
- Lowest Labor Rates within NAWC - Efficient Operation
- Infrastructure is essentially one Bldg. - Not a Base
- Condition of the building is excellent
- Unique Infrastructure Operating Costs per year - approx. \$6M

Business Related Factors (cont'd)

- Reinvention Laboratory designation
- 20% personnel reduction met downsizing objectives
- Innovative management environment
 - restructured around project teams in competency aligned organization
 - NAWC and Naval Air Systems Command now adopting same organizational structure
- Unique government, industry, academia consortium created - Electronic Manufacturing Productivity Facility
- Designated technology transfer point between Japan and U.S. for FSX program

Recommendation

If decision is to close and realign NAWC Indianapolis -

Recommend **Partnership** alternative:

- achieves equivalent government employee reductions and Navy objective for downsizing
- saves substantial taxpayer dollars
- achieves DOD base closure
- retains streamlined but critical integrated engineering and emergency manufacturing capability
- lowers economic impact to City of Indianapolis
- establishes a unique public/private partnership
- full spectrum integrated capability now provided by a unique combination of airborne and shipborne expertise

Indianapolis 

Partnership Attributes

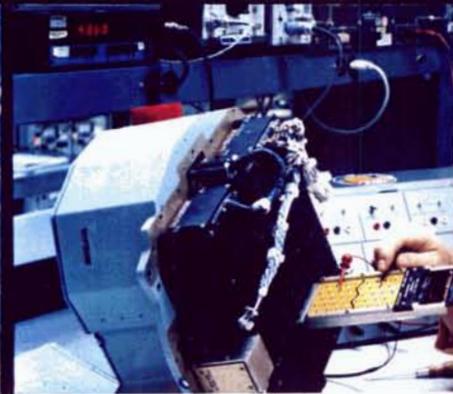
- 1400 government jobs eliminated
- 400 touch labor jobs contracted to private industry
- City owned building with costs shared by both public and private tenants
- Seamless integrated organization to support customers
- Public/private partnership retains emergency Fleet needs for prototyping and limited manufacturing
- Enhanced full spectrum airborne and Shipborne Electronics Capability integrated

Partnership Impacts

		<u>Partnership</u>	<u>Closure</u>
• One Time Costs	➔	\$30 - \$35M	\$200M
• Annual Savings	➔	\$50M/yr	\$5 - 10M/yr
• Breakeven	➔	2 Years	100 Years
• Gov Jobs Eliminated	➔	1400	1000 - 1500
• People Moving	➔	100 - 200	1400 - 2000
• Equipment Moving	➔	10 tons	4500 tons
• MILCON	➔	None	\$20 - 40M
• Base Closure	➔	Yes	Yes

Indianapolis 





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EXCESS CAPACITY ANALYSIS

The Navy has reported that it has excess capacity in both nuclear and conventional repair in public Naval Shipyards.

There may be excess capacity but, it is not in Southern California where there is a major concentration of the Naval Surface Fleet and the Long Beach Naval Shipyard.

Long Beach is not a nuclear repair shipyard and does not contribute to the more expensive nuclear excess capacity within the Navy.

Since the excess capacity has been identified the Navy continues to build additional nuclear capacity. Pearl Harbor Naval Shipyard is being updated to perform refueling of submarines. San Diego is poised to begin construction of a nuclear repair facility for CVN's.

The cost of this excess nuclear capacity should not be used as justification for the reduction of less costly surface ship repair capacity.

Long Beach is assigned less than half of the navy repair workload that is in the Southern California area. Over half of all repair and modernization work is performed by private shipyards.

The work that the Navy has designated as Core in Southern California is not all assigned to Long Beach Naval Shipyard.

Long Beach Naval Shipyard would need to hire 500 to 600 additional workers to perform all the Core work in the Southern California Pacific Fleet.

Employment levels for the private ship repair companies in San Diego have remained fairly level and have actually increased.

Long Beach Naval Shipyard has reduced its employment levels to match fleet down sizing. Since 1984 the Shipyard has reduced employment by 56%. Infrastructure has been excessed or put in lay up to reduce costs.

Long Beach has not contributed to excess capacity as the private ship repair activities in San Diego which have not down sized.

Long Beach Naval Shipyard maintains its facilities utilizing revenue earned from current operations to support a mobilization base in Southern California.

This mobilization base includes Dry Dock No. 1 which is technically and physically capable of docking CVNs for routine maintenance.

Private Shipyards don't provide this mobilization base.

The surplus core work that is not loaded into Long Beach Naval Shipyard is used to control the profit motives of the private repair companies in Southern California.

Long Beach Naval Shipyard is the only shipyard in Southern California that is capable of docking and repairing the large hull Core ships (CV, CVN, LHA and LHD).

There is no excess Public Naval Shipyard excess capacity where employment levels are concerned in Southern California.

Any additional increases in new construction would adversely effect the availability of the work force in San Diego to perform repairs, core or non-core.

Long Beach Naval Shipyard does not represent excess capacity for surface ship repairs within the Southern California area and the Southern Pacific Fleet.

EXCESS NUCLEAR CAPACITY

1. The Navy has identified considerable nuclear excess capacity. However, these figures don't represent the true excess capacity within the Navy.

2. Navy stated that excess nuclear capacity can be used for conventional surface ships.

How does refueling capabilities get used on conventional ships? How are the training and development costs for nuclear engineers, inspectors and craftsman used on conventional ships?

How do you justify the cost of special handling equipment and facilities for less expensive conventional work?

3. The Navy didn't include Trident repair facilities in its capacity studies. (Bangor and Kings Bay).

The USS OHIO may have been worked on by PSNSY but, it was docked in Bangor.

Did the Navy include its new planned nuclear repair facility at North Island or refueling capacity at PHNSY?

4. The Navy is reducing its nuclear fleet at a rate in excess of the conventional fleet. However, the Navy continues to build more excess nuclear capacity.

The decision on 14 or 18 Tridents was not taken into consideration.

The decision to use a 120 month DSRA cycle for SSNs was not taken into consideration.

The Navy is not refueling it is defueling its fleet of submarines.

5. True nuclear excess capacity was understated. The Navy's position to value nuclear over non-nuclear capacity should be reviewed. This will increase costs and additional maintenance dollar requirements for conventional ships.

Perry defended the list, saying the political pain affects Democrats and Republicans equally. "This is not a partisan list," he said.

The commission for much of the week of Feb. 27 was a panel of one — Chairman Alan J. Dixon, the former Democratic senator from Illinois. Dixon alone conducted the March 1 hearing at which Perry testified.

Senate confirmation of seven nominees to the commission was temporarily held up by New York's senators, Republican Alfonse M. D'Amato and Democrat Daniel Patrick Moynihan, who are still fuming over the 1993 commission's decision to close Plattsburgh Air Force Base in New York and the inclusion of an Air Force laboratory in Rome, N.Y., on the new list.

The two eventually relented, and the Senate approved the nominees by voice vote March 2.

Retired Army Gen. Josue Robles Jr. was also confirmed. The White House earlier had delayed submitting Robles' nomination, irking Senate Majority Leader Bob Dole, R-Kan., who had recommended Robles. (*Weekly Report*, p. 539).

Air Force Wins Big

The recommendation on the Pentagon's list that lawmakers found most vexing — and the one that sparked the loudest cries of political tampering — was the preservation of the five Air Force depots.

Neither McClellan Air Force Base in California nor Kelly Air Force Base in Texas is on the closure list despite reports that the joint service groups that had reviewed the bases recommended the two depots for closure, according to congressional and commission sources. (*Weekly Report*, p. 467)

As part of the overall realignment plan, in fact, McClellan, which also was spared in 1993, gains 379 military and civilian jobs, some of them from Tinker Air Force Base in Oklahoma, which loses 831 civilian jobs.

"What's California?" said Sen. Don Nickles, R-Okla. "Ten percent of the electoral votes. It makes one wonder."

California, which has 54 of the 538 electoral votes in presidential contests, took a major hit in previous rounds, losing 26,421 civilian jobs. This time, the economic pain would be far less, with a potential loss of 3,988 civilian jobs.

Kelly Air Force Base employs many Hispanic workers, and Hispanics would be key to Clinton's re-election success in Texas, which has grown increasingly Republican. The state would lose 6,606 civilian jobs in the newest round, but the hit could have been far worse if Kelly had closed at a loss of 25,044 jobs.

The other Air Force bases are Robins Air Force Base in Georgia, which would remain open but lose 534 civil-



RICHARD ELLIS

Alan J. Dixon served as a commission of one during the first week of hearings.

ian and military jobs in a realignment, and Hill Air Force Base in Ogden, Utah, which would gain 147 civilian jobs.

While the Army and Navy have proposed closing their depots, the Air Force claims that closing even as few as two would cost more (\$1.1 billion) than reducing all of them would cost (\$218 million).

"That's an excuse, and a dumb one," said Rep. Joseph M. McDade, R-Pa., a member of the House Appropriations National Security Subcommittee.

Rep. Tillie Fowler, R-Fla., said it is grossly unfair to expect the Army and Navy to shut their depots while the Air Force maintains five installations.

"That was not an option given to the Navy and Army," Fowler said.

Portsmouth Preserved

Excess capacity is not a problem limited to Air Force bases. The Navy has 61 percent more capacity to repair nuclear-powered submarines than it needs.

But the Pentagon recommends closing the Long Beach Naval Shipyard in California, which would do nothing to get rid of excess capacity because the facility does not repair nuclear submarines. The Los Angeles-Long Beach area installation would lose 4,029 jobs under the proposal.

Left off the list was the Navy's Portsmouth repair facility, which surprised many military observers.

The shipyard is in New Hampshire, which holds the first, make-or-break presidential primary.

"The Navy is favoring the nuclear-capable shipyards," said Carol Lessure, an analyst with the Defense Budget Project think tank.

In addition to its recommended closures and realignments, the Pentagon has proposed significant changes to decisions made by the 1993 base closings commission. The changes must be approved by the new commission.

Nearly 3,000 jobs from the Naval Training Center in Orlando, Fla., were supposed to go to New London, Conn., under the 1993 plan. In its latest recommendations, the Navy decided to move the jobs to Charleston, S.C., instead, saying it wanted to avoid the expense of building new facilities in New London.

The action has left the Connecticut congressional delegation scratching its head in disbelief. The Navy spent \$10.5 million in planning for expansion in New London.

Like many lawmakers whose local facilities have been targeted, the delegation plans to lobby the commission to reverse the proposal.

Rep. Glen Browder, D-Ala., who succeeded in the 1991 and 1993 rounds in persuading the commission to keep open Fort McClellan in Anniston, Ala., is going to try his luck at lobbying to save the base a third time. The Pentagon has again proposed closing it, which would cost the state 8,536 jobs.

Lawmakers from New Jersey also have mobilized to save the Bayonne Military Ocean Terminal, which the Pentagon proposes to close at a loss of 1,387 jobs, and the Naval Air Warfare Center in Lakehurst, N.J., which stands to lose 1,763 jobs.

Involved in the effort is Rep. James H. Saxton, R-N.J., who persuaded the 1993 commission to remove McGuire Air Force Base in his state from the closure list and replace it with Plattsburgh Air Force Base in New York.

"We have learned that these decisions can be reversed," Saxton said. ■

DRY DOCK CAPABILITY FOR CVN, CV, LHA, LHD SHIPS

1. In previous rounds of base closing, Dry Dock No. 1 was essential to maintain fleet readiness. Why in FY 95 is this dock not needed?
2. AOE-6 class ships are under construction in San Diego, at NASSCO. These are not any of the ships presently home ported in San Diego. Does this mean there never will be any in the area? This class of ship will need Dry Dock No. 1.
3. In 1993 there were two CVs and two LHAs home ported in San Diego.

Current plans call for two LHAs, three CVNs and two LHDs. This is a 75% increase in the number of large hull ships in the area.

4. Long Beach currently has six dockings scheduled between now and 2001 for these heavy ships. Additionally, Dry Dock No. 1 will dock two floating dry docks. The cost of this dock is paid in full with a good strong workload planned.

5. The alternatives are to take the ships to PHNSY or PSNSY at considerable extra expense.

PHNSY is not capable of providing the surge capability needed to handle a CV or CVN. Sufficient skilled labor is not available for these large ships. Recent Navy efforts to provide work for the PHNSY have resulted in considerable cost overages and schedule delays for DD-963 class ships like the USS FLETCHER.

6. The Navy should reconsider it's evaluation of the need for Dry Dock No. 1 with its unique capabilities as a cost efficient alternative to maintenance in Southern California.

7. The Navy plan to utilize a floating drydock in San Diego would increase costs, lacks an environmental impact study, requires dredging in San Diego and doesn't provide a proven skilled workforce.

Long Beach Naval Shipyard has considerable experience on LHA & LHD class ships. Long Beach has also docked several CV size ships performing Non-nuclear underwater repairs.

8. Why is the Navy planning on building a new dry dock in San Diego and upgrading and placing a large floating dry dock in San Diego when the Long Beach Naval Shipyard has this capability at Dry Dock No. 1?

American Shipbuilding Association

Yards take action today to ensure the U.S. shipbuilding capability tomorrow

by Duane "Buzz" Fitzgerald, CEO, Bath Iron Works

The six largest shipyards in the U.S. formed the American Shipbuilding Association (ASA), a new Washington, D.C.-based industry trade association. The six yards include Avondale, Bath Iron Works, General Dynamics' Electric Boat Div., Ingalls Shipbuilding, National Steel and Shipbuilding, and Newport News Shipbuilding.

The ASA will work to focus public and government attention on the need for additional action to preserve America's capability to build major naval ships and oceangoing commercial vessels.

Among them, ASA member shipyards build all of the U.S. Navy's complex combatant ships and large auxiliary ships including: AEGIS guided missile destroyers; aircraft carriers; amphibious assault ships; amphibious landing ships; attack submarines; fast ammunition supply ships; fleet oilers; strategic ballistic missile submarines; and strategic sealift ships.

The Navy shipbuilding budget has dramatically declined in recent years.

ASA members have taken steps to restructure operations and re-enter commercial markets.

Doing so can help sustain the unique defense industrial base capabilities that the ASA membership yards and skilled workers possess.

Prior to the November 1994 formation of the ASA, the six largest U.S. yards had relied primarily on the Shipbuilders Council of America (SCA) to represent its namesake industry the public and our national leaders.

In addition to the major Navy shipbuilders, the SCA membership has included a number of smaller firms engaged primarily in ship repair, the building of coastal and inland waterway commercial vessels, and the building of smaller, mostly non-combatant, naval vessels and craft.

The interests and policy objectives of the large new construction yards and those of the smaller yards and repair firms have grown increasingly different as conditions in the industry have changed in the post-Cold War period.

U.S. shipbuilding yards must find

ways to re-enter the world market for commercial ships, a market that almost completely disappeared for U.S. yards and suppliers when our government terminated the Construction Differential Subsidy (CDS) program without corresponding action by our trading partners.

The response by our trading partners to the end of CDS in 1981 was not to follow suit and end their direct subsidy programs. Instead, they expanded their ship construction and shipyard infrastructure subsidies.

They have dominated the market for more than a decade. In that time, they have become highly proficient at constructing commercial ships.

The case for preserving the defense shipbuilding industrial base has not been made in recent years with clarity.

The member yards of the American Shipbuilding Association confront a very different challenge: to retain the unique capability to design and construct complex Navy ships. We must diversify our businesses and adopt the best practices of commercial shipbuilding while also preserving those skills, systems and business practices that are essential and unique to the design and construction of complex ships for the U.S. Navy.

Preserving elements of our shipbuilding industrial base will mean little if we are unable to preserve and advance the capability and tech-



Duane "Buzz" Fitzgerald

nology to design and build ships critical to our national defense.

ASA member companies have actively supported recent government efforts to revitalize commercial shipbuilding — the expanded Title XI loan guarantee program. MARITECH matching funds for commercial shipbuilding technology development, and negotiation of an international agreement on shipbuilding subsidies.

American Shipbuilding Association member companies appreciate the efforts of the Clinton Administration and the Congress to revitalize commercial shipbuilding in the last several years. But we contend that the magnitude of the challenge our industry confronts has not yet been fully understood or addressed.

Foreign shipbuilders have an enormous advantage as measured by the small number of labor hours they expend to build large oceangoing ships.

The advantage has been established and sustained, because of their access over many years to a wide mix of major support programs from their governments. The OECD Agreement on

Shipbuilding does not solve the problem.

The proposed agreement permits foreign governments to continue to subsidize commercial ship prices another four years and to provide shipyard infrastructure assistance indefinitely.

American Shipbuilding Association members have advocated temporary government support to level the playing field to make the necessary transition.

Twice in the last session of Congress, the U.S. House of Representatives passed — by overwhelming margins — legislation that contained such a program, the Series Transition Payments (STP) program.

Unfortunately, the Administration chose to oppose the program and the Senate was unable to act.

The situation was not helped when some of the smaller U.S. yards chose during last session's Congressional debate to argue that a STP program was not necessary and that an OECD Agreement (apparently in any form) combined with Title XI loan guarantees would more than adequately level the playing field in commercial shipbuilding.

As reflected and conveyed through the Shipbuilders Council of America, especially last year, our industry has not spoken with one voice. Great confusion has ensued.

Our industry's interests, and, we believe, the national interest, were poorly served because of that.

The ASA member companies, employing more than 90 percent of U.S. shipbuilding workers, believe that the only way to preserve this country's capability to build warships is to preserve the major Navy shipbuilding yards through continued Navy programs and more focused policy action to assist us in achieving a re-entry into the international commercial market. Neither element alone will sufficiently maintain this nation's vital defense shipbuilding industrial base, or its unique capabilities.

Re-entering the commercial market is key.

We must do that in order to preserve the skills to design and build warships into the next decade at the low production rates that already characterize the status of naval shipbuilding.

Diversification into commercial shipbuilding will help keep the costs of naval ships affordable, despite low production levels.

It isn't a choice of building warships or commercial ships. We must preserve the capability to do both.

It isn't a choice of building warships or commercial ships.

We must preserve the capability to do both.

Navy claims \$131 million savings per year by closing LBNSY.

1. There is no cost savings from closing LBNSY.
2. The actual calculations for this figure have not been made public. This calculation should be able to withstand the public's view and review.
3. LBNSY contributed \$80 million in FY 93 to the Navy's Defence Business Operating Fund (DBOF).
4. LBNSY contributed over \$2 million in FY 94.
5. LBNSY with it's surcharge is budgeted to contribute another \$15.5 million in FY 95.
6. These contributions were made to offset losses at other Naval Shipyards. How does closing LBNSY save money? Without LBNSY contributions what would the Nuclear Repair rate be?
7. Do to workload problems at other Naval Shipyards LBNSY had 130 full time equivalent employees removed from its workforce. This has caused the shipyard to layoff workers and contract out work. These 130 workers equals (130 x 250) 32,500 mandays of lost income.

Again LBNSY has lost considerable income that would have lowered our operating costs because another shipyard, PSNSY, needed our employment levels and income earning capability.

How does closing Long Beach save money? LBNSY will absorb this loss of income and continue to make a profit.

8. Long Beach Naval Shipyard uses temporary and term employees to adjust it's workforce to workload. No other Naval shipyard has been able to demonstrate this ability to the same extent as Long Beach.

Placing non-nuclear work in nuclear shipyards will increase the cost of doing work on surface ships.

9. Manday rates in PHNSY are higher than Long Beach. Man day rates at PSNSY are higher than the Long Beach rate needed to cover our operating expenses. This is because PSNSY must charge its customers for prior year losses. A conventional shipyard is more flexible in maintaining costs than a nuclear shipyard.

10. GAO has run multiple studies on the cost of work at LBNSY and San Diego private yards. This cost comparison has always been about equal.

How do you save money moving work from LBNSY to San Diego private yards?

11. The Navy plan to close LBNSY and shift the conventional work to more expensive nuclear shipyards will not save money.

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ENCL. 6

For Love And Money ...

Sweet nothings are revving up retail sales for Valentine's Day throughout San Diego County. Chocolate and flowers might be easier gifts to pick, but they are by no means as popular on Cupid's day as lingerie. Here Lisa Nordstrom, manager of The Enchantress boutique in Grossmont Center, displays special gifts the shop has prepared for that special someone on that special day. See story on Page 5.



\$213 million proposed for SD military construction

BY MIKE ALLEN
Staff Writer

San Diego military bases stand to gain more than \$200 million in construction projects should President Bill Clinton's proposed 1996 budget be approved intact.

While the appropriations may be altered during the course of negotiations in Congress, the initial allocations are a good omen, and underline the Defense Department's commitment to San Diego as the megaport for the Pacific fleet, said San Diego Republican Congressmen Randy Cunningham and Duncan Hunter.

In a related budget development, Cunningham and Hunter backed off from imposing a border crossing fee as part of a proposed immigration reform bill.

According to the latest budget recommendations released by the White House last week, local military bases would receive \$213.3 million.

About half of that, or \$101.1 million, is tabbed for construction of a berthing wharf and an industrial facility at North Island Naval Air Station. The construction is necessary to accommodate two new nuclear-powered

Please turn to page 29

BofA institutes

Workers' comp rate lull to be shortlived

Insurance: Recouping losses means increases

BY LIZ HARMAN
Staff Writer

The good news for employers is that workers' compensation rates are dropping dramatically under California's open rating system.

The bad news is that rates will probably go up in two years.

Under the system that went into effect Jan. 1, employers and insurers are no longer bound by minimum rates set by the state to cover employees from on-the-job injuries.

The deregulation has spawned intense competition for market share, said Bradley Orr, chief operating officer for Burnham.

Larger firms are seeing the biggest drops, Orr said. But smaller businesses should check with an insurer or insurance broker about "pooling" with other firms to reap the ben-

two years when rates start to go up again," he said.

Business owners also need to realize that "in the long run," limiting the number of claims and controlling their losses are the real keys to keeping rates low, Orr said.

Under the new system, employers need to take even more responsibility for safety and training in the workplace, he said.

"There is no state-mandated rating that is going to protect (an employer)" from rising

Construction:

Continued from page 1

aircraft carriers that are to be berthed there. (See related story, Page 5.)

Other major military building projects in the proposed budget are:

- Camp Pendleton Marine Corps Base: \$39.7 million for construction of enlisted quarters; 69 units of family housing; a vehicle maintenance facility; a child development center; and a water distribution system.

- San Diego Public Works Center: \$49 million for construction of 346 units of family housing at Bayview Heights Housing Community in Paradise Hills. The Navy plans to replace another 366 units at the site in next fiscal year.

- 32nd Street Naval Station: \$19.9 million for an oil waste collection and treatment facility.

In addition to the military appropriations, the budget also includes \$12.5 million for a sewage treatment plant in the Tia Juana River Valley. Grading on the \$380 million plant was completed recently, and construction is slated to begin within 45 days, said Francisco Estrada, spokesman for Congressman Bob Filner, D-San Diego.

In a new development, Cunningham and Hunter, co-sponsors of an immigration reform law introduced a few weeks ago, said they are no longer advocating imposing a border crossing fee as part of the legislation. The bill called for a flat, \$1.50 fee on people crossing from Mexico and Canada into this country.

Last week, the Clinton budget contained a proposed "user fee" for border crossers of \$3 per vehicle and \$1.50 for pedestrians.

Hunter changed his stance last week, said Harold Stavenas, the congressman's spokesman, adding that Hunter is taking the border fee out of the bill. Several members of the California delegation expressed concerns about the bill, and the fee was among those concerns, Stavenas said.

Cunningham said he is now against any bor-

der fee since it would amount to a tax upon those who cross the border on a regular basis.

"This tax could have a significant impact on the international commerce that is so important to San Diego-Tijuana economies," he said in a written statement.

The fee would generate about \$400 million annually and be used to hire more Immigration and Naturalization Service and U.S. Customs inspectors, and buy new technology and other improvements. The proposal calls for discounts for frequent crossers.

The INS 1996 fiscal year budget is \$2.6 billion, up by 24 percent from 1995, and about \$1 billion more than the 1993 budget.

Key parts of the budget include:

- \$369 million to pay for the hiring of 700 new Border Patrol agents, 680 new INS inspectors and 165 support staff.

While the exact increases for San Diego are not known, this area has seen a big jump in its INS personnel over the year. The sector has about 1,260 Border Patrol agents with another 60 due to complete training in a month. A year ago, there were about 970 agents here, said spokeswoman Ann Summers.

The San Diego office will receive another 200 agents this year through the federal Crime Bill funding, and by the end of the year the sector will have about 1,500 agents, Summers said.

The INS has 238 inspectors in San Diego, down by about 20 inspectors from the previous year, said INS spokesman Rudy Murrillo.

- \$550 million in direct assistance to states, which includes \$300 million for reimbursing states for the cost of incarcerating criminal illegal aliens; \$150 million for the cost of emergency medical care; and \$150 million for grants to school districts that enroll large numbers of illegal immigrant students.

- \$178 million for the detention and deportation of illegal aliens.

- \$93 million for a comprehensive program of worksite verification to prevent illegal immigrants from obtaining jobs.

Latin American Emerging Market

Daily Price Sheet-Smith Barney
As of Feb. 77, 1995

Indices & Currencies	% change for Dec. 93	Close	Day's Net	Percent change	Currency
Argentina (Merval)	-7.18	4.27	(6.77)	-1.6	Peso
Brazil (BVSP)-in Real	-16.48	36,374	(1,924.00)	-5.3	Real
Chile (IPSA)	-4.69	95.11	(0.69)	-0.7	Peso
Colombia (Bolsa de Bogota)	8.35	964	(0.80)	0.1	Peso
Mexico (Bolsa Mexicana de Valores)	-17.40	1,962	(1.72)	-0.1	Peso
Peru (Lima Stock Exchange)	-18.55	1,138	(11.20)	-1.0	New So
Venezuela (Bolsa de Caracas)	-0.34	30,994	(104.82)	-0.3	Bolivar
Close:	\$ dollars	Loc. Sh. Loc. Cur.	Day's Net \$ dollars	Change Percent	Year Low \$ dollar
Mexico					
Apasco (1AASY: 5 A shares)	19.31	20.56	(0.18)	0.9	36.15
Banacci "C" (GFBMF)*	2.05	10.90	(0.11)	-5.5	31.35
Bancorner (1GFNBF: 20 C shares)*	8.88	1.83	(0.16)	-2.4	108.00
Cermex (1CMXY: 2 B shares)	7.59	20.20	0.06	0.8	34.80
Cifra (1CFRAY: 1 B share)*	1.32	7.00	(0.00)	-0.2	11.30
Cornerci (1CRRY: 10 B shares)	7.88	4.18	0.25	3.2	7.76
Fernsa	2.24	11.92	0.04	1.7	25.00
Grupo Gigante (144A: 1 BCP share)	0.26	1.40	(0.00)	-0.2	2.80
Grupo Carso (144A, 1:2 A1 shares)*	6.50	34.60	(0.01)	-0.2	-10.00
Kimberly Clark (1KCDMY: 2 A shares)	20.30	54.00	0.53	2.6	34.00
Nadro (local L share)	3.69	21.25	(0.01)	-0.2	28.00
Sears Roebuck (144A, 1:2)	7.62	20.80	(0.07)	-3.5	0.00
Tolmex (1OTC: 1 B share)	4.00	21.70	0.18	4.4	54.00
Argentina					
Central Costanera (CRGNY: 10CECh)	28.05	2.61	(0.15)	-0.6	3.85
Central Puerto (1CPSAY: 5 CEPPh)	18.00	3.60	0.00	0.0	8.35
Perez Companc (local)	8.68	4.34	(0.02)	-0.2	6.66
Sevel	2.80	2.90	(0.10)	-3.4	11.00
Brazil					
CESP	12.83	38.00	(0.10)	-0.6	281.00
Elektrobras (local)	28.74	24.00	(2.92)	-10.2	30.30
Petrobras (local)	10.78	9.00	(0.47)	-4.4	11.00
Souza Cruz	6.59	5.50	(0.43)	-6.5	7.00
Susano	5.90	5.00	(0.08)	-1.4	5.90
Chile					
CAP	5.86	2400.00	0.00	0.1	
Chilectra (144A, 1:10)	48.28	1880.00	0.00	0.1	
CMPC (local)	14.92	1120.00	0.00	0.0	
COPEC (local)	8.06	2485.10	(0.07)	-1.1	
Venezuela					

when they shop here. Some of them are shy but, when they get into it, they like it and come back for more."

Speaking of more, **Frederick's of Hollywood** has an avalanche of frillies shipped in especially for Valentine's Day. The publicly traded chain has four stores in San Diego County, 200 nationwide, and sells \$132 mil-

New aircraft carrier may be shipped to S.D.

Ronald Reagan may be moving to San Diego.

Not the former president, but the nuclear-powered aircraft carrier scheduled for commissioning in 2002, completing the Navy's goal of adding 11 nuclear carriers and a diesel-powered reserve carrier to its fleet.

Although the home port of the *USS Ronald Reagan* has not officially been designated, several local military observers expect it will come to San Diego.

President Bill Clinton announced last week that the final two ships in the Navy's carrier upgrade program will be named after former presidents Reagan and Harry S. Truman. The *USS Truman* will be commissioned in 1998 and based on the East Coast, replacing the *USS Independence*, said Senior Chief Kevin Clark of the 32nd Street Naval Station.

Local military observers were pleased that the new ships will carry the names of two presidents with strong defense philosophies.

"I have no argument with either one. I think they're both good choices," said Howard Ruggles, director of military affairs for the Greater San Diego Chamber of Commerce.



MANNY FRIAS, PRESIDENT, ILWU

"A busy, working Port translates into hundreds of new, higher-wage jobs for longshore workers, truck drivers and warehouse crews, among others... We work hard to move this cargo and we are proud to do it."



HARRY BRATTIN, PRESIDENT,
SOUTH COUNTY ECONOMIC
DEVELOPMENT COUNCIL

"As the 1995 shipping season begins, the Port of San Diego is preparing for the arrival of trade officials and cargo ships from South America... We welcome these visitors and extend our thanks to them for selecting the Port of San Diego as their trade partner."

front jobs and opportunities
our trucking and rail industry
fosters better global trade
much needed revenues for
community. And more notices
fruit cargo generates funds to
help pay for important projects
and the beautification of
waterfront. So we invite you
join our community leaders
thanking fruit cargo for help
to keep our local economy
healthy as it can be.

The Port of San Diego

Discover what's in it for you. -

The San Diego

Union-Tribune.

Wednesday
March 8, 1995

City Final

35¢
Per copy

San Diego Union-Tribune, 35¢ per copy, March 8, 1995

Downtown Navy homes are proposed

By ROGER M. SHOWNLEY
Staff Writer

City and Navy officials are studying a \$220 million proposal by two local developers to ease the shortage of Navy housing by creating homes for 2,000 military households in a long-abandoned downtown San Diego.

The plan, envisioned as a model for military housing across the nation, would create an instant neighborhood of 6,000 residents in a government partnership with private enterprise.

Tentatively called Village East, the 28-square-block project in City East would support detached homes and multi-unit industrial and warehouse buildings in an area stretching across the eastern

See Housing on Page A-21

ENCL-7

Housing

Navy, city officials
express interest in plan

Continued from A-1

part of downtown from City College to Market Street.

Michael Kriose, developer of the CityFront Terrace condominium project near the San Diego Convention Center, presented the plan yesterday afternoon to a committee of the Centre City Development Corp. (CCDC), the agency in charge of downtown redevelopment. Tom Carter, a former CCDC director, banker and mayoral candidate, is the other partner in the deal.

"The staff thinks it's a wonderful idea," said CCDC chief executive Peter Hall.

Navy and city officials expressed interest in the plans but withheld wholehearted support until they can study the details.

Maryann Pintar, spokeswoman for Mayor Susan Golding, said the mayor is "intrigued" by Kriose and Carter's plan because it would result in redeveloping a large part of downtown. But Pintar said the mayor is waiting for community reaction and financial details before she gives the plan her full support.

Neighborhood representatives were cool to the proposed takeover of their properties.

"It seems so unrealistic, not only in scale but dollars, that I can't imagine it going very far," said Richard Bundy, chairman of the Centre City East Association.

The project, kept under wraps for the past six months, began to gather momentum when Golding met with defense officials in Washington in January. Responding to her overtures, Pentagon officials toured the area and met with local leaders two weeks ago to begin study of the proposal. A decision on whether to proceed with the plan is expected from the military within several weeks, officials said.

If approved, the project would involve the first use of a new law authorizing the government to invest in military housing, rather than paying the full cost.

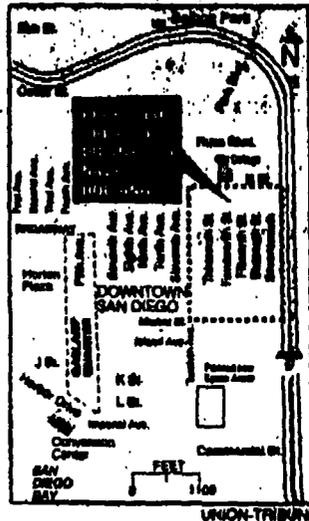
Kriose called the project a potential "marriage" between the city and Navy that could solve the two pressing problems of an acute military housing shortage and a downtown redevelopment effort that is on hold.

"That's a black hole over there," Kriose said. "It's very large, and you can't just go in and build one project. That would be like taking a drink out of the ocean."

Kriose and Carter propose a series of two-, three- and four-story apartment buildings containing 2,000 units built over a period of 30 months. Their plan also calls for a new elementary school and community center, a four-square-block public park and other amenities.

Although the present Centre City East community plan envisions a strong residential presence in the area, the recession has delayed implementation of the plan.

A proposed new sports arena and entertainment center on L Street,



south of the proposed military housing, as well as a concentration of social-services agencies now in the area, would not be displaced by the project.

Kriose and others said that if the Navy housing was successful it could prompt other redevelopment of the blighted blocks east of the Gaslamp Quarter and central business district.

As the plan was outlined by the developers, the Navy might be asked to cover 15 percent of the project's cost, with another 7 percent coming from city redevelopment sources. The remainder would be covered by private borrowing, and all costs would be paid back from the Navy renters' housing allowances.

The land would be leased by the developers from the city and at the end of 30 years all improvements would revert to the city or to the Navy.

A local Navy spokesman, Capt. Mark Neuhart, said the project could ease a severe housing shortage projected to double to about 7,000 dwellings over the next four years as the Marine Corps takes over Miramar Naval Air Station.

But Neuhart said Navy officials are concerned about Centre City East as a desirable living place for sailors and their dependents. He also said the developers' financial assumptions need careful scrutiny.

Property owners in Centre City East, who will hear Kriose's presentation tomorrow, expressed initial opposition.

Bundy, the Centre City East Association chairman and an architect whose offices are in the area, likened the housing proposal to the large urban-renewal programs of the 1950s and 1960s, when large blocks of central cities were razed to make way for monolithic developments. In some places, those projects have turned into slums and need redevelopment themselves.

He also said the developers' financial projections were unrealistic. The land values are projected at \$5 to \$15 per square foot, compared with the market rate of \$25 to \$50, he said. And he said relocation costs of existing businesses and residents could double acquisition costs.

Inside the Navy

an exclusive weekly report on Navy programs, procurement and policymaking

Vol. 8, No. 9, March 6, 1995

Placed on '95 BRAC 'hit list'

NAVY PLANS WORK AT LONG BEACH ALTHOUGH SHIPYARD PEGGED FOR CLOSURE

Although the Navy is recommending closing the Long Beach Naval Shipyard in the 1995 round of base closings, the service has assigned a considerable amount of ship repair and overhaul work to the shipyard through 2003, according to a copy of the Navy's ship overhaul schedule request compiled in early December. A copy of the schedule was obtained by *Inside the Navy* and shows 31 work assignments for the Long Beach yard with the first job starting this month and the last job beginning in June 2002.

Sources within the shipbuilding industry and on Capitol Hill said the work slated for Long Beach may help in the city's fight to reverse the Navy's decision.

continued on page 22

Less expensive in most cases...

MARINE CORPS GENERAL CLAIMS DUPLICATION IS NOT ONLY GOOD, BUT VITAL

While the Commission on Roles and Missions is engaged in an uphill battle to identify redundancies and duplications among the services, Marine Corps Maj. Gen. Thomas Wilkerson admits that "duplication is not only good . . . it is absolutely vital." Wilkerson told *Inside the Navy* last week that in many instances, "it is almost cheaper to have a redundant system with dual means than it is to pursue a single technology."

Wilkerson, the director of the Marine Corps' plans division, explained "If you cannot predict what is going to happen in the future and you roll the dice and go in a single direction and it turns out to be the wrong direction, you are dead in the water." He added: "You [the military] cannot rely on just a space-based sensor or system, for example:

continued on page 22

NAVY SHIP REPAIR WORK MAY UNDERGO DRASTIC CONTRACTING CHANGE

The Naval Sea Systems Command is considering making a major change to its Master Ship Repair Agreement/Agreement for Boat Repair philosophy that would shift a greater amount of ship repair work away from large shipyards and toward small waterfront repair shops. According to a NAVSEA memorandum, the change is driven by a smaller fleet size (translating into fewer ships needing repair), the Navy's move to more continuous maintenance of ships, and a reduced level of modernization.

But representatives from major shipyards and ship repair facilities contend the move is driven almost solely by economics. By making changes to the current agreement, the Navy will be opening up bidding on jobs traditionally handled by private shipyards that have their own docking facilities. By shifting more of the ship repair work to the

continued on page 23

Services to provide input

ARMY WILL PLAY IN NAVY'S 21ST CENTURY SURFACE COMBATANT ARENA

At the Navy's request, the Army is gearing up to discuss how the Navy's newest surface combatant ship will work with Army forces in future joint operations, according to service sources. The Army plans to address future sealift requirements, protection and control of sea lines of communications, and the potential fire support needed for the Navy to protect the Army, one Pentagon source said. The Army will take part in a one-year SC-21 study with the Navy.

Rear Adm. Thomas Marfiak kicked off the collaborative effort through a Jan. 31 letter sent to Army Maj. Gen. Edward Anderson. Marfiak asked for strong cooperation between the services to better understand how the SC-21 will

Bye Bye Denman

Gary Denman, the director of the Advanced Research Projects Agency, said farewell to the troops last Friday. A spokeswoman in Denman's office said he was moving on but that no immediate successor had been named. Denman leaves on the heels of a move by Congress to cut a large chunk of funding for ARPA's Technology Reinvestment Program, one of the cornerstones of the Clinton administration's reinventing government plan.

LONG BEACH REPAIR WORK WILL GO ELSEWHERE . . . begins page one

Interestingly, the overhaul schedule shows only one work assignment for the Portsmouth Shipyard at Kittering, ME, a facility that many industry and Capitol hill sources said they expected to be on the base closing list. But when the Navy's list of base closing recommendations was made public last week, these sources said Portsmouth was saved based on politics.

"The Clinton administration did not want to close Portsmouth because of the upcoming New Hampshire presidential primary," one congressional source attached to the Southern California delegation said. Portsmouth lies on the Maine/New Hampshire border and employs many New Hampshire residents.

A Navy spokesman said the work assigned to Long Beach — and the other facilities slated to close — will be reassigned. The spokesman said the Navy will begin reassigning the work assignments two years after the closing process begins. "It is up to the particular base [or shipyard] to reassign the work," he said.

According to the Defense Department's report on the base closing recommendations, the Long Beach decision was based almost purely on economics. "Despite substantial reductions in depot maintenance capability accomplished in prior base closure evolutions, as force levels continue to decline, there is additional excess capacity that needs to be eliminated," the Navy's justification for closing Long Beach states.

It will cost the Navy \$74.5 million to close Long Beach, but the service believes the return on that investment warrants the shipyard's closure. "The net of all costs and savings during the implementation period is a savings of \$725.6 million," the Navy said. "Annual recurring savings after implementation are \$130.6 million with an immediate return on investment expected. The net present value of the costs and savings over 20 years is a savings of \$1,948.6 million."

On Feb. 22, eight House members from Southern California wrote Defense Secretary William Perry pleading the case for keeping the Long Beach shipyard open. In addition to the fact that losing Long Beach would cut into the Navy's West Coast ship repair capacity, the members questioned whether the Navy would be able to retain a legally mandated 60 percent/40 percent split of depot work respectively between public and private facilities.

The Navy's overhaul schedule request was put together last December, just eight weeks before the base closing announcements were made. Among the work assignments slated for Long Beach are several regular overhauls to Ticonderoga class Aegis guided missile cruisers and a complex overhaul to the carrier Kitty Hawk. — *Thomas Duffy*

'DUPLICATION' GIVES SERVICES FALL BACK POSITION . . . begins page one

you want an alternative land, sea, or air system or sensor to fall back on in a conflict.

"This is one of the reasons we [the services] have separate systems — so we have solutions to similar problems from different viewpoints." Wilkerson pointed out that, "As Americans, we thrive on competition to fuel innovation."

And it is just that type of innovation that Wilkerson says is the solution to the military's problems. "The answer is how you [the Marine Corps] make use of the technology [and innovation] to get the most for your money because in this time of fiscal hostility we cannot afford to have all of these magic mousetraps," he said. For example, Wilkerson professed that space is one of the big problems the Marine Corps is scrambling to come to grips with within the technological revolution. The technology explosion is "happening outside of the control of the military." The challenge is, "We have to look more and more outside of our house to find the cheapest and most effective ways to do things," Wilkerson said.

Making use of scarce defense dollars demands that the Marine Corps "harness technology and bend it in our direction," according to Wilkerson. He said this is especially prudent when the technology itself is available on the world market to "virtually anyone who can pay the price."

Allocating resources has to be accomplished in the name of efficiency, a senior-level Marine Corps official said. Right now there is a tendency for the Department of Defense to "build tall pyramids," according to the high-ranking source, but this only adds more bureaucracy. Parallel to DOD building pyramids, the commercial sector is flattening out their hierarchy to survive "because if they did not do it they would not be cost effective and they would gamble losing out to the competition," a source illustrated. "There is a message there somewhere [for the Marine Corps] and I am not sure we are getting it," the official admitted.

And that message might be, "Give us a bunch of money -- big or small [amounts] and say look, you guys need to be able to do some things — can you not buy more effectively on the commercial market?" In addition, the source said that the size of the investment must contribute ultimately to a force that is vigilant.

For example, when the price of technology is being considered the military must recognize that "the enemy" is always on the "lookout". "We [the United States] have the most powerful fleet in the world . . . yet there are little countries who can grab technology available on the open market and put mines in the water and possibly damage or sink our ships and put missiles into the air that can possibly down our aircraft," Wilkerson said. A Marine Corps official added, "They [potential adversaries] are playing in the mediums where we have a huge preponderance of

LETTERS TO THE EDITOR

Retirement Too Generous

Christine Miller says it's okay to cut all other entitlements, but not her military retirement pension [letters, 1].

Teetering on the Edge of Welfare

As a single mother of five children, I can relate to Pamela Cave [Metro, Feb. 2]. Unlike her, I am not on welfare. But

worked in some way: as a school bus driver, paper deliverer, ironing tablecloths. Now I provide family day care.

ENCL. 10

A16 SATURDAY, MARCH 18, 1995

The Washington Post

LETTERS TO THE EDITOR

Retirement Too Generous

Christine Miller says it's okay to

Teetering

As a single mother of five children,

California Is Hurt by Base Closures

I take exception to Stanley Weiss's comment that California has been "hardly nicked" by this round of military base closures ["When Closed Means Open," Outlook, March 12].

Simply put, California has been hit disproportionately hard by base closures. Since 1988, 25 major bases (including three in the 1995 round) have been slated for closure or realignment in California—more than double any other state. In this round, Long Beach Naval Shipyard is the single largest naval facility recommended for closure.

While California is home to only 15 percent of all Defense Department personnel, the state has suffered the net loss of more than 88,000 military and civilian personnel. By comparison, the entire nation has suffered the net loss of fewer than 150,000 personnel.

The impact of base closures on California's economy has been, and continues to be, tremendous. In all, more than 200,000 jobs and \$7 billion in annual economic activity will be lost as a result of base closures alone. Clearly, base closures have contributed to California's economic recession and continue to plague the economic recovery of the most populous state in the Union.

Weighing all of the facts about a base—and the economic impact of closing a facility—is what is needed during the base closure process. I intend to continue fighting on behalf of California bases and to point out the economic impact of base closures on California.

DIANNE FEINSTEIN
U.S. Senator (D-Calif.)
Washington

Atlantic Fisheries Organization (NAFO) that would require a sharp reduction in the European Union's traditional fishing levels. Thus, although European Union vessels caught 44,000 metric tons of Greenland halibut in 1994, the European Union supported a decision to impose an overall limit of 27,000 metric tons on fishing for this species in 1995. In this way, the European Union demonstrated clearly its commitment to safeguard fishing stocks.

Moreover, the community fleet has been subject to many inspections in the fishing grounds within the framework of the NAFO inspection system. To be precise, 430 inspections were conducted in 1994. The number of alleged infringements did not exceed 5 percent of the total inspections made.

Also, and in compliance with the control measures agreed by NAFO,

vs Ballplayers

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plained last week: "People can't understand it, and it's time to get it over with."

If they don't, and very soon, opening day will be perpetrated in most cities (but not Baltimore, where owner Peter Angelos stoutly refuses to play the replacement game) by players whose names you don't know, or know all too well, and whose on-the-field activities will be more effective than a thousand NLRB filings in making the case for the players' union. It will take only a little exposure to the sight of these guys chasing the ball around the imposing confines of a major league park to make fans realize there aren't many people in the world who play this game really well.

Some of the owners say this is a simple matter



OFFICE OF THE MAYOR
CITY OF LONG BEACH

March 22, 1995

Editor
Letters to the Editor
Washington Post

Dear Editor,

I applaud Senator Diane Feinstein's Letter to the Editor last Saturday entitled "California is Hurt by Base Closure", with particular reference to the Long Beach Naval Shipyard which has been recommended for closure by the Department of Defense. To underscore a point made by Senator Feinstein, the potential loss of over 10,000 regional jobs (mostly from minority communities) from the closure of the shipyard will further slow Southern California's economic recovery, a region already hard hit by defense and aerospace downsizing, natural disasters, and economic restructuring. In fact, if Long Beach were a state, it would have the fifth most job losses in the nation with the closure in 1991 of the Naval Station and potential closure of the Naval Shipyard!

Clearly the Administration has set aside the basic tenets of the Base Closure Act during its review of the Long Beach Naval Shipyard. When weighed against the review criteria the facts are clear that the Long Beach Naval Shipyard:

- Is the only economic self-supporting yard and closure does NOT contribute anything to the federal deficit;
- Would NOT significantly reduce the Navy's excess shipyard capacity if closed. (In fact, of all remaining yards, closure of Long Beach will have the LEAST impact on excess capacity);
- Has a military value which has historically been higher than other shipyards not recommended for closure;
- Is the only public shipyard located strategically close to 70% of the Pacific Surface Fleet, just 81 nautical miles away (the next closest is Bremerton, Washington, about 3 sailing days away!);
- Is the only public shipyard to perform consistently on time AND UNDER BUDGET, saving the Navy \$102.7 million since 1989;
- Is the only public shipyard in the country with direct access to the open sea; and

Editor, Washington Post
March 22, 1995
Page Two

- Has gained a reputation as the most innovative public shipyard in the nation!

Simply, the Long Beach Naval Shipyard has high strategic military value, is self-supporting, and highly productive. I urge the Base Realignment and Closure Commission to closely review the facts particularly as they relate to capacity, military value and return on investment. Once evaluated, it will be obvious that the Long Beach Naval Shipyard is serving this nation's military well AND saving taxpayers money.

Best Regards,



BEVERLY O'NEILL
MAYOR
CITY OF LONG BEACH
CALIFORNIA

cc: Senator Diane Feinstein
Senator Barbara Boxer
Congressman Steve Horn
Members of the City Council, City of Long Beach

From: L.B.N.S.Y. Employees Association
To: The Washington Post- Letter to the Editor
Date: March 21,1995

NAVY GETS IT WRONG

The Navy has identified closing Long Beach Naval Shipyard as its solution to the 1995 Base Realignment and Closure Commission's task of reducing excess capacity and saving money in Naval Shipyards. The Navy currently has 61 percent more capacity to repair nuclear-powered submarines than it needs, however there are no nuclear facilities in California so how will closing LB reduce excess capacity? Closing Long Beach fails to provide a solution to the excess capacity problem, forces the Navy to either duplicate closing Long Beach's facilities or travel over 1600 miles to find comparable facilities, and extinguishes the Navy's only profitable Naval Shipyard.

Long Beach Naval Shipyard is the only Naval Shipyard that continues to make a profit and return money to the Defense Department's Operating Fund. The Navy claims that it will save 131 million dollars a year by closing a profit center. Why doesn't the Navy have a plan to reduce the more expensive excess nuclear capacity? This is where the real excess capacity is and where the real savings could be realized.

In order to save its more expensive nuclear shipyards, the Navy would transfer work out of Southern California to more expensive and under utilized capacity at nuclear shipyards. This will increase costs as more expensive nuclear repair facilities are retained to work on conventional surface ships. This does not save money. Those ships sent for repairs will cost more to repair because their crews and dependents are also relocated during overhauls.

Where are the supporting documents and calculations that support the Navy's claimed savings? Nuclear powered ships and submarines are being taken out of service at a rate exceeding the surface fleet reductions. Can the taxpayers of this country afford these more expensive nuclear shipyards to maintain it's surface fleet? Cut where the cost is not at a profit center, not at Long Beach Naval Shipyard.



J.B. Larkins
Long Beach Naval Shipyard
Employees Association
President

ENCL- 8

The Department of Defense Recommendation to close the Long Beach Naval Shipyard constitutes a four-fold violation of the Base Closure Act.

1. The Recommendation would close the shipyard which has historically held a higher military value than several other shipyards which have not been recommended for closure.
 - The only public shipyard with direct access to the open sea.
 - The only public shipyard in California and the only public shipyard that is geographically located within 90 miles of 70% of the Pacific fleet (San Diego).
 - The shipyard with the capabilities to dry dock all classes of naval vessels.
 - Closing Long Beach Naval Shipyard would dismantle an irreplaceable defense asset.
 - The shipyard with the unique gyrocompass repair capability complete with facilities.
 - The shipyard with the unique facilities (Go-co) to manufacture Rubber Sonar Domes for submarines.

2. The Recommendation would close the only economic self-supporting yard. This yard has returned over \$100,000,000 from operating cost during the past six years.
 - The Recommendation would result in the least excess capacity reduction and the least return on investment.
 - The Recommendation would add to the disproportionate economic impact on the local community. Closing means that the City of Long Beach (if it were a state) would rank as the fifth most closure impacted state.
 - Closing the Long Beach Naval Shipyard would add to the county's (Los Angeles) high unemployment rate which is already 2.5 percent higher than any county in the nation.

3. Closing Long Beach Naval Shipyard does not reduce unacceptably high nuclear excess capacity.

The Recommendation to close Long Beach Naval Shipyard carries with it the knowledge that the Navy is in the process of planning and/or building duplicate facilities at North Island Naval Air station (San Diego). This facility, which can dry dock aircraft carriers, is estimated to cost taxpayers in excess of \$1 billion dollars.

4. The Recommendation would close the yard which has a payroll of 60% minority. This is the largest minority percentage of all mainland yards. If you believe in statistics you know that this means that 60% of the employees will experience difficulty in gaining re-employment.

The employees of the Long Beach Naval Shipyard submit that the actions taken by the department of Defense in Recommending the closure of Long Beach Naval Shipyard does not meet the intent of Congress as written in the Base Closure Act.



J.B. Larkins
Long Beach Naval Shipyard
Employees Association
President

The Department of Defense Recommendation to close the Long Beach Naval Shipyard constitutes a four-fold violation of the Base Closure Act.

1. The Recommendation would close the shipyard which has historically held a higher military value than several other shipyards which have not been recommended for closure.
 - The only public shipyard with direct access to the open sea.
 - The only public shipyard in California and the only public shipyard that is geographically located within 90 miles of 70% of the Pacific fleet (San Diego).
 - The shipyard with the capabilities to dry dock all classes of naval vessels.
 - Closing Long Beach Naval Shipyard would dismantle an irreplaceable defense asset.
 - The shipyard with the unique gyrocompass repair capability complete with facilities.
 - The shipyard with the unique facilities (Go-co) to manufacture Rubber Sonar Domes for submarines.

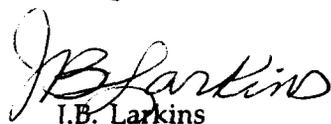
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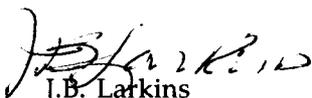
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Long Beach Naval Shipyard
Employees Association
President

From: L.B.N.S.Y. Employees Association
To: The Washington Post- Letter to the Editor
Date: March 21,1995

NAVY GETS IT WRONG

The Navy has identified closing Long Beach Naval Shipyard as its solution to the 1995 Base Realignment and Closure Commission's task of reducing excess capacity and saving money in Naval Shipyards. The Navy currently has 61 percent more capacity to repair nuclear-powered submarines than it needs, however there are no nuclear facilities in California so how will closing LB reduce excess capacity? Closing Long Beach fails to provide a solution to the excess capacity problem, forces the Navy to either duplicate closing Long Beach's facilities or travel over 1600 miles to find comparable facilities, and extinguishes the Navy's only profitable Naval Shipyard.

Long Beach Naval Shipyard is the only Naval Shipyard that continues to make a profit and return money to the Defense Department's Operating Fund. The Navy claims that it will save 131 million dollars a year by closing a profit center. Why doesn't the Navy have a plan to reduce the more expensive excess nuclear capacity? This is where the real excess capacity is and where the real savings could be realized.

In order to save its more expensive nuclear shipyards, the Navy would transfer work out of Southern California to more expensive and under utilized capacity at nuclear shipyards. This will increase costs as more expensive nuclear repair facilities are retained to work on conventional surface ships. This does not save money. Those ships sent for repairs will cost more to repair because their crews and dependents are also relocated during overhauls.

Where are the supporting documents and calculations that support the Navy's claimed savings? Nuclear powered ships and submarines are being taken out of service at a rate exceeding the surface fleet reductions. Can the taxpayers of this country afford these more expensive nuclear shipyards to maintain it's surface fleet? Cut where the cost is not at a profit center, not at Long Beach Naval Shipyard.



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P R O P R I E T A R Y D A T A

Projected Costs and Return on Investment

for Base Realignment And Closure Commission

Scenario #3-20-0162-123:

Naval Air Engineering Station, Lakehurst, New Jersey

and the

Naval Air Warfare Center Aircraft Division Lakehurst

BACKGROUND

On 01 FEB 95, the Commander, Naval Air Systems Command (NAVAIRSYSCOM), resubmitted his certified data in response to the Navy's Base Structure Evaluation Committee (BSEC) for Scenario #3-20-0162-123. This final submission was identified as "Option Package: NAWC Lakehurst 13." It provides the basis for the following analysis.

On 20 FEB 95, the last known COBRA Realignment Report (COBRA version 5.08) for Scenario #3-20-0162-123 was generated. This report forms the basis for the Department of the Navy Base Structure Evaluation Committee's final recommendations in the Lakehurst realignment scenario to the Secretary of Defense.

This realignment proposal, the so-called "fencing scenario," recognizes the exceptional strategic importance, unparalleled military value, and enormous financial and environmental costs in relocating the ALRE RDT&E. The following data provides the actual one-time costs incurred in the Lakehurst Realignment Scenario #3-20-0162-123. This information was obtained through the following sources:

Data provided to COMNAVAIRSYSCOM by the Commanding Officer, Naval Air Engineering Station, Lakehurst, NJ.;

Certified data provided to the Navy's Base Structure Analysis Team by COMNAVAIRSYSCOM;

Information obtained from the transcribed reports of the Navy's Base Structure Evaluation Committee's Deliberations; and

Information provided to the Save Lakehurst Committee by Military and Civilian employees of the Department of Defense.

P R O P R I E T A R Y D A T A

PROJECTED ONE-TIME SCENARIO COSTS

Total One-Time Cost Incurred by U.S. Government

Navy's Base Structure Evaluation Committee Data:	\$ 96,943,000
Commander, Naval Air Systems Command Certified Data:	\$ 162,274,000
Save Lakehurst Base Committee Data:	\$ 190,586,000

PROJECTED RECURRING SCENARIO COSTS

Annual Recurring Costs to U.S. Government Beginning 1999

Navy's Base Structure Evaluation Committee Data:	\$ 4,622,000
Commander, Naval Air Systems Command Certified Data:	\$ 30,694,000
Save Lakehurst Base Committee Data:	\$ 82,694,000

P R O P R I E T A R Y D A T A

PROJECTED RETURN ON INVESTMENT FOR SCENARIO

Return On Investment for U.S. Government

Navy's Base Structure Evaluation Committee Data	3 Years
Commander, Naval Air Systems Command Certified Data	21 Years
Save Lakehurst Base Committee Data:	30+ Years

Save Lakehurst Base Committee

Vision, Strategy and Guiding Principles

Vision: To Support U.S. Naval Carrier Aviation and Fleet Readiness by preserving the integrity of the products and services that currently support the Naval Aviators whose lives depend on 100% reliability now delivered by the Naval Air Warfare Center, Aircraft Division, Lakehurst.

Strategy: The U.S. Navy has proposed, and the Secretary of Defense has recommended, to disassemble the most reliable, efficient and productive Naval aviation support activity within the Federal government. The Committee's effort will convince the members of the Base Realignment and Closure Commission (BRAC) to deny the Secretary of Defense's recommendation through the use of:

✓ **A well-defined chronology of data discrepancies.** The discrepancies demonstrate that the information used by the Navy's Base Structure Evaluation Committee in reaching its decision on Lakehurst was inconsistent, incomplete and incorrect;

✓ **The offices of a third-party accounting firm.** The Committee is committed to the spirit and the letter of Public Law 101-510, which demands a "fair and open process" to evaluate how, in this post-Cold War era, our country can responsibly reduce our military while meeting national security needs. The Committee will demonstrate this commitment with an independent audit attesting to the validity and accuracy of the data obtained and presented by the Save Lakehurst Base Committee;

✓ **A well-prepared and informative facility tour.** The tour will demonstrate to the BRAC Commission the significant and unique capabilities of Navy Lakehurst.

✓ **Testimony presented in open hearings.** The testimony will be prepared and delivered in such a manner to enable the BRAC Commission to exercise its authority to preserve the military-industrial system at Lakehurst in recognition of the base's strategic support to our national interests, its integral role in naval aviation, and its unique facilities of unparalleled military value.

Guiding Principles: The Committee will be guided by the concepts of honesty, integrity, openness and loyalty to our country, our Navy and our community throughout this endeavor.

Save Lakehurst Base Committee

The Case for Lakehurst: It Just Makes Sense

Presentation Outline

Introduction: *Presentation Overview*

- Data Collection, Analysis and Discrepancies
- Military Value
- Recommendations

Background Information: *The Foundation*

- Lakehurst Overview: Missions, People, Economic Impact on Community
- BRAC Process: Skeletal overview with emphasis on fair, open process, who's who
- Lakehurst Scenario: What goes, what stays, job impacts
- Committee's Vision, Mission, Principles

Pillar I: *Data Is Strictly Business, Nothing Personal*

- Data Collection/Analysis History (Dates to be included)
 - ◆ Committee Review of the Navy's process began in good faith
 - ◆ Data Discrepancies Discovered
 - ◆ Obtained copies of documents proving that higher headquarters required that certified baseline data be altered to lower costs
 - ◆ Reported the process flaws to the Secretary of the Navy
 - ◆ NJ Bipartisan Congressional Delegation requested an Inspector General investigation
 - ◆ Junior Navy Audit team reported BRAC process was followed, yet did not investigate how baseline data was altered to lower costs
 - ◆ Show videotape of November '94 teleconference between NAVAIR and Lakehurst, where the senior civilian technical director states the Navy's pre-process intent to close Lakehurst; data will be developed to justify the closure scenario

- ◆ Based on technical review of the Navy audit, a second Bipartisan Congressional Delegation request for IG inspection is sent to Secretary of the Navy
- ◆ Status of the second request still pending
- Committee Reviewed Data to Determine and Compare the following target areas:
 - ◆ Initial Costs
 - ◆ Recurring Costs
 - ◆ One-time Savings
 - ◆ Annual Savings
 - ◆ Recurring Savings
 - ◆ One-time Net
 - ◆ Recurring Net
 - ◆ Return on Investment
 - ◆ Net Plant Value at 20 Years
- 14 Individual Data Discrepancies Reviewed, with differences between Navy's and Committee's numbers emphasized (\$200 million difference)
- Committee's Data has been audited and certified by a "big six" independent auditor
- Navy's numbers graphically compared to Committee's Numbers for Initial and Recurring Costs, Annual Savings and Net Plant Value

Pillar II: *Military Value: Is 99% Reliability Good Enough?*

- Show video with numerous successful launches and importance of reliable support equipment; narrator explains that combat launches number more than 300 per carrier per day, with 15 carriers currently operating; video then shows manufacturing and support functions at Lakehurst with brief explanation of their demonstrated uniqueness and efficiency
- Military Value Matrix for Lakehurst
 - ◆ Compare 1993 value with 1995 value (6 vs 14, respectively, of 65 total); question how such a significant change could occur within two years
 - ◆ Review 1995 value matrix and explain individual discrepancies (out of 36 areas the Navy rated "0", 13 are in auditable dispute to become "1", thus enhancing Lakehurst's military value);
- Impact on Carrier Aviation
 - ◆ Present concurring engineering avoids delays in product life cycles

- ◆ The process works right now--history demonstrates the current systems meets ; fleet requirements; breaking apart the manufacturing during the transition time will cause significant adverse impact on fleet readiness
 - ◆ The proposed scenario to move manufacturing function to Jacksonville will require "shelving"
 - ◆ Fleet readiness ~~will be~~ adversely impacted without ALRE Production manufacturing online
 - ◆ Carriers will be without necessary support equipment (ALRE)
- Right now, 100% is good enough
 - ◆ Lakehurst has earned the Federal Quality Institute's 1993 Award
 - ◆ Lakehurst delivers 100% reliability
 - ◆ Accepting 99% reliability and with 15 carriers afloat, *45 aircraft per combat day* will crash
 - ◆ Show video of crashes, ejections, pilot, crew reactions and responses

Pillar III: *Recommendations that Make Sense*

- Continue to downsize Lakehurst and improve productivity ratio
- Close deals with organizations that want to be there and will contribute dollars to reduce overhead and improve productivity ratio; outline those currently under consideration:
 - ◆ Joint Use Options
 - U.S. Army CECOM, who not only wants to remain at Lakehurst, but also wants to move another unit there;
 - DRMO, who cannot relocate operations within the state of New Jersey
 - New Jersey National Guard
 - PMA 251
 - PMA 260
 - NAESU, which the BRAC ordered to move to Lakehurst in '93
 - Ft. Dix/McGuire AFB to combine base support functions
 - ◆ Public Private Ventures
 - Ocean County Vo-Tech Technical Institute is a stunning success
 - Ocean County Community College is considering using Lakehurst space
 - Philadelphia Industrial Development Corp., in charge of Philadelphia Naval Shipyard's re-use options, is willing to work cooperatively with Lakehurst on joint ventures
 - Others pending

Document Separator



REC'D AT COMMISSION 15 MAR 95

NAVY JACKSONVILLE - A REGIONAL MILITARY COMPLEX FOR THE FUTURE

The Department of Defense (DoD) and the Department of the Navy are moving toward a smaller yet more cost effective, efficient and most importantly, operationally ready force capable of meeting the nation's security needs in the post Cold War era. In these times of austere funding and force downsizing, the synergy created by consolidations and the collocation of units with related missions will unquestionably contribute to the ability of the Defense Department and the Department of the Navy to carry out its multiple and diverse missions.

The military facilities of the Jacksonville, Florida area present an excellent locus for the consolidation of resources and assets required by the Defense Department and the Navy of the future. The Navy Jacksonville (Navy Jax) complex, located in the northeast Florida/southeast Georgia Atlantic Coast region, includes five installations located within a fifty mile radius of the city of Jacksonville: Naval Air Station Cecil Field (scheduled for closure in 1998), Naval Air Station Jacksonville, Naval Station Mayport, United States Marine Corps Blount Island Command, and the Naval Submarine Base Kings Bay, Georgia.

These bases represent far more than an accidental cluster of independent Naval and Marine Corps installations. Though each has a very different array of missions, they are highly complementary, representing an integrated network of facilities capable of meeting the vital homeporting and operational requirements of the Atlantic Fleet Navy/Marine Corps team. In addition to providing excellent assets and opportunities for force basing and training, this highly integrated complex offers a full range of advanced technical, industrial and logistics capabilities necessary to support a wide range of other DoD missions as contingencies arise – offering tremendous operational benefits and savings to the nation.

Additionally, the Navy Jax complex is located near and operates in close partnership with defense-related commercial industries. This relationship has become a model for government-industry teamwork and complements the organic "core" capabilities of the area's military facilities. This broad-based partnership is one of the most extensive in DoD, maximizing the benefits of public-private cooperation to help ensure that the critical needs of regionally-based operational units are met and the nation's defense industrial base is utilized most efficiently.

LOCATION - THE BEST IN THE NAVY

The strategic importance of Navy Jax's location cannot be overstated. While its outstanding climate and living conditions have always been acknowledged virtues, Jacksonville's strategic value has become increasingly important with the drawdown of military facilities and assets in the southeastern United States and the nation as a whole. The aircraft, surface and sub-surface combatants homeported in the area are ideally positioned for rapid response to contingencies in the historically volatile Caribbean Basin region. Transit times to training areas (Atlantic Undersea Testing and Evaluation Center, for example) and to potential trouble spots in the region (Haiti, Cuba and Central America, including Panama) are short, and time sensitive responses for contingency drug detection and monitoring operations are possible from facilities within the Navy Jax complex. The military facilities in Jacksonville offer rapid access to the open sea and to flight operating areas, training areas and ranges. Local airspace is not congested and airfields are not operationally hindered by encroachment.

The location of the Navy Jax complex also provides many advantages that enhance the quality of life for Navy and Marine Corps personnel. Florida's favorable climate allows continuous year-round operations and training and offers excellent flying weather compatible with both operational and training requirements. Mild winter temperatures allow near continuous outdoor shipboard and aircraft maintenance – a luxury not found in many other Navy/Marine Corps homeport sites.

Moreover, Northeast Florida is an intermodal transportation hub. The area offers access to a recently expanded international airport, a modern international seaport, a regional rail hub, and a large regional surface transportation network centered around the confluence of two major interstate highway systems. Jacksonville's location in the heart of the high-tech "New South" is conducive to public/private agreements with many high-tech governmental and private industry leaders, including NASA, Northrop-Grumman, Lockheed, Martin Marietta, Motorola, Harris and others.

STRENGTH AND ECONOMY THROUGH CONSOLIDATION AND INTEGRATED SUPPORT

ANTI-SUBMARINE/ANTI-SURFACE WARFARE CENTER OF EXCELLENCE

The current operational force mix at Naval Air Station Jacksonville, Naval Air Station Cecil Field, Naval Station Mayport and Naval Submarine Base Kings Bay lends itself to further development of Navy Jax as a hub of surface, subsurface and airborne anti-submarine warfare and airborne surveillance forces. Naval Aviation units currently based at these stations include P-3, S-3, H-3, SH-60B, and SH-60F squadrons, Commander Patrol Wing Eleven, Commander Sea Control Wing Atlantic, Commander Helicopter Antisubmarine Wing Atlantic, and Commander Helicopter Antisubmarine Light Wing Atlantic. Surface forces at Naval Station Mayport consist of numerous ASW frigates, destroyers, and cruisers, all linked by common missions of anti-submarine warfare, anti-surface warfare, surveillance and sea control. The collocation of these assets already provides enormous economies and efficiencies for readiness and training. Even greater benefits and savings will be available with the continued development of the Navy Jax complex as an operational, training and maintenance center for these warfare specialties.

AN INDUSTRIAL CORNERSTONE

The Navy Jax complex is becoming a Regional Maintenance Center (RMC) for the southeastern United States. Over the next five years, the Navy will progressively consolidate the disparate maintenance elements of all Navy warfare specialties (aviation, surface, sub-surface) at the organizational, intermediate and depot levels into Regional Maintenance Centers in order to eliminate redundancies and streamline maintenance processes. Navy Jax has already initiated prototype projects to team Navy/Marine Corps and other potential customers within the region. These prototypes are proving that the concept works, having already reduced customer wait times for maintenance services while eliminating duplicate capabilities at multiple sites.

SUPPORT SERVICE ECONOMIES THROUGH CONSOLIDATION

The location, nature and size of the Navy Jax complex make it highly conducive to the consolidation of support services there, offering the benefit of significant savings through the elimination of redundant Fleet infrastructure elsewhere. Several important consolidation efforts are already complete:

- Fleet Industrial Supply Center (FISC) Jacksonville provides retail material management support for regional Navy/Marine Corps customers and maintains detachments at NSB Kings Bay and NS Mayport. FISC Jacksonville was the prototype site for supply system management of NADEP Jacksonville customer level inventories.
- Defense Distribution Depot Jacksonville, Florida, (DDJF), which began full operations in 1992, provides consolidated wholesale physical distribution functions for the region.
- Naval Computer and Telecommunications Station Jacksonville, designated as a Navy data processing "Megacenter," furnishes information technology services for regional Navy/Marine Corps commands.
- Public Works Center (PWC) Jacksonville provides facilities maintenance and construction support for Navy customers in the entire region.
- Naval Hospital Jacksonville offers medical care services for over 120,000 active duty and retired military personnel in northeast Florida and southeast Georgia, as well as occupational health services for Navy Jax commands.
- Human Resource Office (HRO) Jacksonville furnishes personnel resource management support for Navy/Marine Corps commands at Navy Jax installations and other locations throughout the southeast.

A STRONG PARTNERSHIP WITH COMMERCIAL INDUSTRY

The Navy Jax complex is actively engaged in government-industry partnerships as promoted by the Administration's National Performance Review. NADEP Jacksonville is actively partnering with Northrop-Grumman to share resources in specialized industrial processes and aircraft modification. Naval Station Mayport has a strong relationship with Atlantic Marine and North Florida Shipyards for ship repair and modernization. The Blount Island Command has several long-term partnerships with industry to obtain maintenance services, use of port facilities, and logistics support services to satisfy its maritime prepositioning mission. NSB Kings Bay works closely with commercial aerospace companies for a considerable percentage of its missile maintenance. Because of its proximity to numerous defense industry vendors, the Navy Jax complex is poised to expand these industry partnerships in the coming years.

PRESERVING THE ENVIRONMENT

The Navy's commitment to responsible stewardship of the environment and natural resources is already evident in and around the Navy Jax complex. Navy Jax's commands are leaders in conservation, innovative alternatives to hazardous materials/processes, and pollution prevention.

- NAS Jacksonville is designated as a DoD Environmental Showcase Installation, and is the recipient of several local and national awards for solid waste recycling and environmental preservation.
- NADEP Jacksonville won the prestigious 1992 DoD Environmental Excellence Award for Pollution Prevention and Recycling. Through the activities of the Lead Maintenance Technology Center for the Environment, NADEP Jacksonville has pioneered new technology applications to reduce use of hazardous substances throughout the Navy. NADEP's closed-loop wastewater treatment plant, a unique system within the United States, eliminates all wastewater discharges from several industrial processes and creates an opportunity to continue industrial operations without fear of future water contamination or operational constraint.
- NSB Kings Bay facilities are state of the art, designed and built in full compliance with environmental regulations.

THE INSTALLATIONS - A POWERFUL SYNERGY

NAVAL AIR STATION JACKSONVILLE

NAS Jacksonville was commissioned in 1941 and is one of six industrial naval air stations in the Navy's shore-based infrastructure. It is the hub of the Navy's operations in the southeastern United States, with over 100 tenant commands aboard. Four operational land-based long-range maritime patrol P-3 squadrons, the Navy's only P-3 training squadron (VP-30), and six antisubmarine warfare helicopter squadrons are based at NAS Jax. A new P-3 hangar for the consolidated P-3 training squadron is currently under construction and, upon completion, will provide enough hangar, administrative and logistics space for all East Coast maritime patrol P-3 squadrons. In addition, NAS Jax houses U.S. Customs Service facilities from which eight aircraft conduct drug interdiction operations and national border patrols in the southeastern United States region. The U.S. Customs operation at NAS Jacksonville is scheduled to expand in the near future.

NAVAL AVIATION DEPOT JACKSONVILLE

NADEP is one of three Navy aircraft depot maintenance facilities remaining after BRAC 93. Occupying over 100 acres at the eastern end of NAS Jacksonville, NADEP Jax is the Navy's sole fixed-wing aircraft depot in the eastern United States. It possesses the critical industrial capabilities necessary to ensure the uninterrupted logistics support of Naval Aviation throughout the world. NADEP Jacksonville is the East Coast maintenance hub for carrier-based tactical aircraft and the Navy's most modern and largest facility capable of overhauling tactical aircraft engines. NADEP Jacksonville-based field teams provide in-service engineering and repair support to Atlantic Fleet Navy and Marine Corps activities.

In addition to meeting the needs of Naval Aviation, the vast industrial and manufacturing capability of the depot also satisfies many critical support needs for NSB Kings Bay, NS Mayport, USMC Blount Island Command, and the US Air Force -- not to mention the air wings of US allies including Greece, Thailand, Australia, Spain and the Netherlands. Indeed by virtue of its proven success in performing work on Fleet surface and sub-surface vessel components and in interservicing jet aircraft engines, NADEP Jacksonville has already demonstrated that it is ideally suited to become an integrated industrial facility utilized by all warfare communities and/or a joint facility providing single-site support to all branches of the military.

NADEP Jacksonville's net operating result (profit) has exceeded \$100 million over the last four years and is ranked first among all NADEPs with respect to financial efficiency. Its FY 1994 profit of 7.4% ranks number one among all Defense Department depots. In recognition of its superior performance and capability, NADEP Jacksonville is now receiving additional workloads from other NADEPs, DoD activities, and foreign customers seeking the best in maintenance quality and customer support. The only military recipient of the Florida Governor's Business Leadership Award, NADEP Jacksonville is widely recognized as one of Florida's most outstanding industrial activities.

NAVAL STATION MAYPORT

NS Mayport is the only aircraft carrier port in the southeast and one of only two aircraft carrier bases on the East Coast of the United States. In addition, the facility has the shortest port-to-sea time in the Navy -- less than one hour. Plans are in progress to upgrade NS Mayport's facilities to homeport nuclear-powered carriers in order to provide for the dispersal of these key strategic assets and to ensure long-term carrier basing flexibility. NS Mayport was listed as a future nuclear-powered carrier homeport by the Navy during the BRAC 93 process. Currently, NS Mayport is the homeport for many surface and support ships, along with the soon-to-arrive conventional carrier U.S.S. John F. Kennedy (CV-67).

The number of ships at NS Mayport is projected to grow in the near future as the consolidation of Navy infrastructure and realignment of Navy surface forces proceeds. The basin at NS Mayport can accommodate three SSBNs, an amphibious ready group and additional ships as necessary. Infrastructure is currently in place to accommodate 20,000 personnel. All of the East Coast's LAMPS MARK III anti-submarine warfare helicopter squadrons are based at NS Mayport. NS Mayport also is home to a wide array of ship repair facilities, including a modern Ships Intermediate Maintenance Activity (SIMA) and access to the resources of local private sector shipyards. The SIMA's responsibilities extend from Ingleside, Texas to Charleston, South Carolina to Puerto Rico and the Caribbean. The Fleet Training Center at NS Mayport provides support as far west as Ingleside, Texas and as far south as the Caribbean. NS Mayport has earned a reputation as a model government agency by winning the state of Florida's 1994 Sterling Award for Quality in the government sector.

NAVAL AIR STATION CECIL FIELD

NAS Cecil Field is the largest military facility in the Jacksonville area, occupying over 22,000 acres. Another 8,300 acres are leased in the Ocala National Forest, where the Navy operates the only live ordnance range on the East Coast at Pinecastle Electronic Warfare Range. The facility is scheduled to be closed pursuant to the 1993 Defense Base Closure and Realignment process.

NAS Cecil Field is home to six S-3 Viking squadrons, ten F/A-18 Hornet squadrons, the only F/A-18 training squadron on the East Coast and a reserve Marine Corps F/A-18 squadron. These aviation assets operate without encroachment in the air or on the ground. Further, quality weather allows for carrier qualification training to proceed year round.

BLOUNT ISLAND COMMAND

Blount Island Command is the Marine Corps' executive agent for prepositioning programs, and is responsible for maintenance/supply support of the Maritime Prepositioning Ships (MPS) and Norway Geo-Prepositioning programs. Sharing facilities with the Jacksonville Port Authority, the Blount Island Command is administrative homeport to 13 ships containing equipment and supplies to support three Marine Expeditionary Forces in combat for thirty days. The Command has extensive partnerships with private industry suppliers of maintenance services, with over 1,000 contractor personnel providing the vast majority of logistics services required to sustain the maritime prepositioning program. Blount Island is also a vital combat logistics transshipment center, as evidenced by the large volume of material processed and shipped through the facility to support the U.S. forces deployed to the Persian Gulf during Operations Desert Shield and Desert Storm.

NAVAL SUBMARINE BASE KINGS BAY

NSB Kings Bay is one of two Navy homeports for the nation's most modern and capable naval strategic weapons system, the Trident ballistic missile submarine. Built as a brand-new base in the late 1970's, NSB Kings Bay is an exceptionally well-planned and environmentally compliant facility. It serves as the only East Coast Trident operating site and is homeport for seven Trident submarines. NSB Kings Bay houses the East Coast Trident Refit Facility and Trident Training Facility, as well as the Strategic Weapons Facility Atlantic (SWFLANT), which maintains the D-5 missile.

THE NAVY / THE MARINE CORPS/JACKSONVILLE - A PARTNERSHIP FOR THE FUTURE

The Navy/Marine Corps team and the civilian community in the northeast Florida/southeast Georgia region have enjoyed a mutually beneficial relationship for over 50 years. Beginning in 1939, when the citizens of Jacksonville approved a bond issue to purchase the land for the current site of NAS Jacksonville and donated it to the Navy, the local community has continuously demonstrated its support for and appreciation of the Navy. Navy members have reciprocated, making the Navy Jax region the Navy's most requested duty station. Military personnel are active members of the community and support many civic causes.

The northeast Florida/southeast Georgia region offers many features that make it extremely attractive for a sizable DoD presence, including a low cost of living, plentiful and affordable housing, spousal employment opportunities, high quality educational institutions, very little congestion, a large skilled labor pool, and ample room for expansion and growth. These are just a few of the factors that provide a quality of life that assists the Navy in attracting, recruiting and retaining the highly skilled and motivated men and women needed to operate and maintain today's complex warfare systems.

Most importantly, the Navy Jax complex's proximity to sensitive regions of national interest, as well as its unimpeded access to Fleet operations and training areas, make it both strategically and economically indispensable. The complex's advanced technical, industrial and logistical capabilities are capable of supporting the broadest spectrum of Navy and Marine Corps needs; ongoing and future government-industry partnership efforts in the region will continue to expand the technology base available to the Navy/Marine Corps team in the most efficient possible manner. Previous consolidation initiatives in the region have yielded many significant streamlining and savings opportunities during an era of intense budget pressures, and the further concentration of Fleet assets and activities at Navy Jax offers even greater benefits in the future.

In sum, the Navy Jax complex is a model for a responsive and efficient Navy/Marine Corps Fleet concentration. It is superbly tailored to meet both the strategic and the economic realities of the post-Cold War era. Navy Jax makes sense for the nation's defense – today, tomorrow and into the 21st Century.



MEMORANDUM

TO: Interested Parties
FROM: Fishkind & Associates, Inc. *St. Helin*
RE: ALC Comparisons
DATE: March 8, 1995

1.0 ALC Square Footage

Based on our analysis of the data call facilities inventory, it appears the Air Force has included the total square footage at each location of the facilities at ALC locations. Such that if an ALC is located within an Air Force Base the square footage shown for the ALC includes the Air Force Base facilities, the ALC, the DoD Distribution and supply depots as well as communal facilities such as mess hall and recreation. Overstating the square footage will drive down the cost per square foot for ALC and also lower efficiency output measures of direct labor hours per square foot.

2.0 BOS Payroll

It is inconsistent that all base square footage is counted but no BOS payroll costs are shown for the ALCs. Some appropriate accounting should be made to allocate appropriate ALC BOS payroll costs to the ALC operation. This is essential in making operational cost comparisons between ALCs and NADEPs.

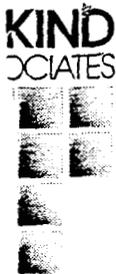
3.0 RPMA Non-Payroll

It is inconsistent that all base square footage is used to determine ALC size but RPMA costs used are sharply less than those RPMA costs reported in the Data Call information. Direct square footage and associated RPMA costs should be used in order to make legitimate comparisons between ALCs and NADEPs.

4.0 ALC Costs Higher by a Factor of 5

Our estimates for correction of these problems results in the ALC cost per square foot to increase approximately by a factor of 5. Similar reconciliations must be made for NADEP data in order to compare cross service.

AIR STATION	BASE S.F.	MIL-CIV EMPLOYMENT	STUD-ENTS	TOTAL EMPLOYMENT	EMP/1 km ²	% ON BASE	BMPA	HOUSING COST	BOS NON-PAY	BOS PAYROLL	RMPA/ S.F.	HOUSING COST/ EMP.	BOS NON-PAY/ S.F.	BOS PAY/ EMP.	TOTAL NON-PAY/ S.F.	TOTAL S.F.
Atlanta, GA	500	1,090	0	1,090	2.2	2%	377	19	2,378	8,170	0.75	0.02	4.78	5.68	5.55	17.89
Kingsville, TX	1,031	991	317	1,308	1.3	41%	8,539	363	4,245	14,778	8.28	0.32	4.12	14.91	12.75	27.09
Whiting Field, FL	1,118	1,149	123	1,272	1.1	34%	4,827	282	11,949	15,791	4.33	0.24	10.71	13.74	15.28	29.43
Meridian, MS	1,289	1,226	1,179	2,405	1.9	78%	3,260	842	5,143	18,440	2.53	0.30	3.99	15.04	7.02	21.32
Brunswick, ME	1,524	2,708	0	2,708	1.8	34%	3,418	434	12,752	21,881	2.24	0.18	8.37	8.08	10.89	25.25
Key West, FL	1,861	1,429	280	1,709	0.9	78%	4,331	1,555	17,248	29,034	2.33	0.94	9.27	20.32	12.43	28.03
Beaufort, SC	1,918	3,758	0	3,758	2.0	43%	3,897	3,938	4,382	28,598	2.03	1.05	2.29	7.81	8.38	21.30
Corpus Christi, TX	1,958	2,133	418	2,549	1.3	20%	9,788	508	5,967	24,015	5.00	0.23	3.05	11.28	8.30	20.57
Oceana, VA	2,858	7,903	198	8,101	3.1	10%	8,991	288	26,629	34,489	3.39	0.04	10.03	4.38	13.52	28.50
Pensacola, FL	3,538	4,387	1,943	8,330	1.8	31%	13,948	452	27,439	36,328	3.94	0.09	7.78	8.28	11.83	22.09
Norfolk, VA	4,017	10,491	183	10,674	2.7	10%	9,184	421	53,067	29,824	2.29	0.04	13.21	2.82	15.80	22.98
Jacksonville, FL	4,190	9,030	696	9,726	2.3	7%	19,208	470	37,868	55,817	4.58	0.05	8.99	8.18	13.89	27.01
Cherry Point, NC	5,357	14,862	0	14,862	2.8	59%	9,570	14,548	13,175	89,843	1.79	0.98	2.48	4.70	6.98	20.00



MEMORANDUM

TO: Interested Parties
FROM: Fishkind & Associates, Inc.
SUBJECT: COBRA RPMA and BOS Costs
DATE: March 8, 1995

1.0 Transmittal

Enclosed you will find a table of the 1995 COBRA data on RPMA and BOS costs. Please let me know if you have any questions regarding this matter.

2.0 Data Issues

As we discussed in January, the significant variation of COBRA data for RPMA and BOS costs continues to exist. Cost differentials in COBRA scenarios essentially come down to (1) one time unique, (2) moving, (3) *overhead*, and (4) MILCON costs. It will therefore be critical that costs for RMPA and BOS are allocated consistently between installations.

As you can see from the enclosed table, there appears to be significant inconsistency. In total, the per square feet costs vary within an acceptable range. However, the allocation of these costs between RMPA, housing, BOS non-payroll, and BOS payroll does not vary within an acceptable range. This will have significant impacts on COBRA outputs. In other words, the figures on the enclosed table (COBRA's interpretation) would suggest that overhead savings exist or do not exist between two installations when in fact it is simply a matter of how costs are allocated.

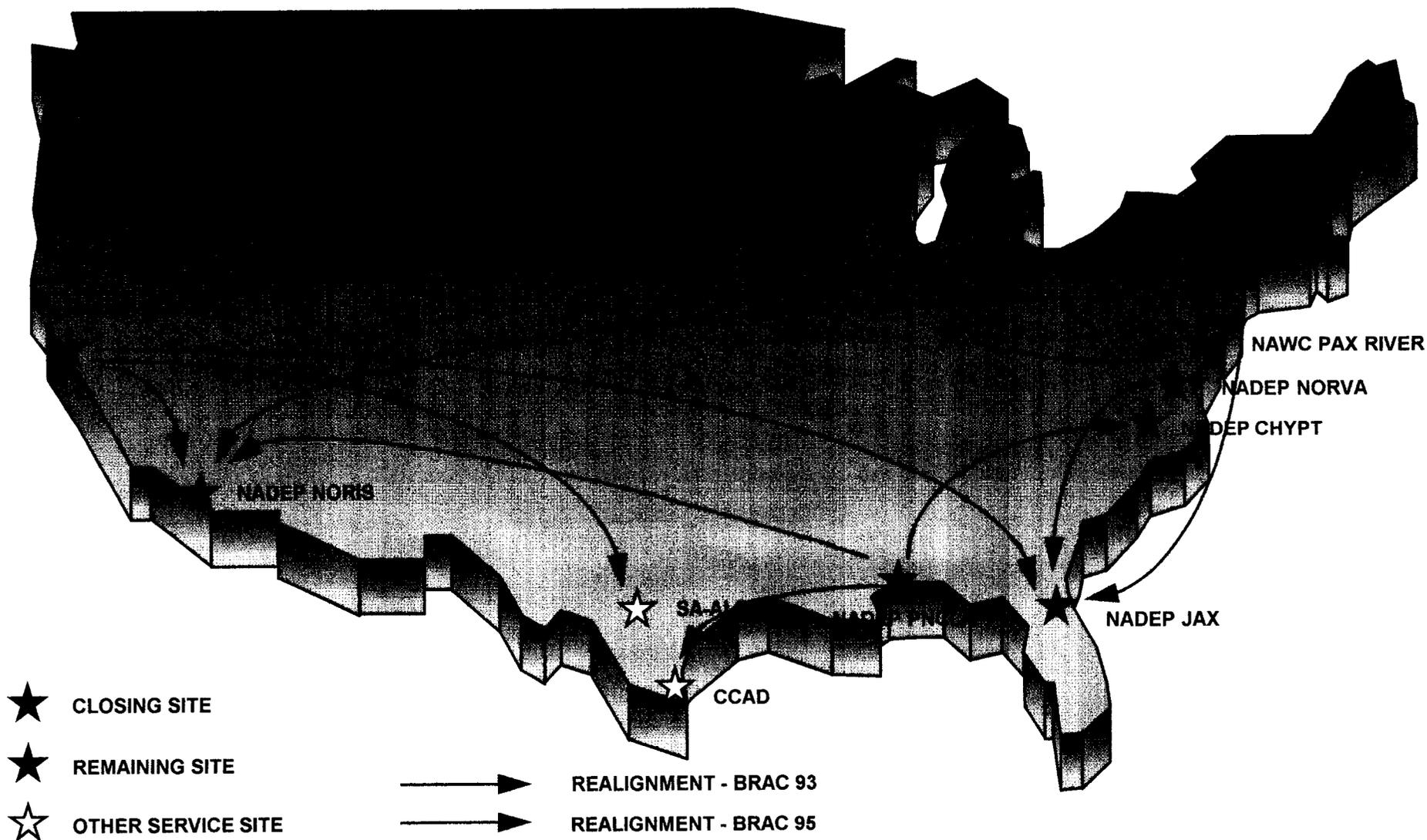
COBRA DATA - COMPARATIVE SCREENS BRAC 1995 - Air Force ALC Analysis

	RPMA Non-Payroll	Communications	BOS Non-Payroll	BOS Payroll	Square Footage	Cost Per Square foot				TOTAL
						RPMA Non-Payroll	Communic Non-Payroll	BOS Non-Payroll	BOS Payroll	
Hill	6,020	2,402	16,024	0	13,772	\$0.44	\$0.17	\$1.16	\$0.00	\$1.78
Tinker	3,616	6,714	26,012	0	14,607	\$0.25	\$0.46	\$1.78	\$0.00	\$2.49
Kelly	16,993	3,681	13,945	0	16,316	\$1.04	\$0.23	\$0.85	\$0.00	\$2.12
Mc Clellan	5,663	2,978	21,097	0	11,516	\$0.49	\$0.26	\$1.83	\$0.00	\$2.58
Robins	6,147	3,887	21,001	0	13,709	\$0.45	\$0.28	\$1.53	\$0.00	\$2.26

COBRA DATA - COMPARATIVE SCREENS BRAC 1995 - Fishkind ALC Analysis

	RPMA Non-Payroll	Communications	BOS Non-Payroll	BOS Payroll	Square Footage	Cost Per Square foot				TOTAL
						RPMA Non-Payroll	Communic Non-Payroll	BOS Non-Payroll	BOS Payroll	
Hill	11,231	2,402	7692	8990	5,316	\$2.11	\$0.45	\$1.45	\$1.69	\$5.70
Tinker	33,512	6,714	6417	35596	6,474	\$5.18	\$1.04	\$0.99	\$5.50	\$12.70
Kelly	14,255	3,681	6755	24325	4,640	\$3.07	\$0.79	\$1.46	\$5.24	\$10.56
Mc Clellan	15,005	2,978	6584	31562	3,500	\$4.29	\$0.85	\$1.88	\$9.02	\$16.04
Robins	20,883	3,887	3704	30280	3,382	\$6.17	\$1.15	\$1.10	\$8.95	\$17.37

AVIATION WORKLOAD REALIGNMENTS - BRAC 93/95



Document Separator

P R O P R I E T A R Y D A T A

Chronology of Data Discrepancies

in the case of the

Naval Air Engineering Station, Lakehurst, New Jersey

and of the

Naval Air Warfare Center Aircraft Division Lakehurst

VOLUME ONE

P R O P R I E T A R Y D A T A

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P R O P R I E T A R Y D A T A

Section I:

Preface

P R O P R I E T A R Y D A T A

Preface

Proprietary Data

The following chronology of events summarizes the information gathered on the Navy's Base process resulting in its submission to the Base Realignment And Closure (BRAC) Commission for closure of the Naval Air Engineering Station, Lakehurst, New Jersey and the realignment of missions at the Naval Air Warfare Center Aircraft Division Lakehurst.

The information contained in this document is critical to retaining the strategically important Lakehurst missions in support of our national interests; in reaffirming Lakehurst's long-standing military value to naval aircraft operations at sea; and to Lakehurst's unique role in providing long-term support to the future of carrier operations and naval aviation through the twenty-first century. Provided only in support of the BRAC Commission's internal procedures for hearings, deliberations and final recommendations to the President of the United States.

Explanation of Chronology

Public Law 101-510 states that each military service will ". . . provide a fair process that will result in the timely closure and realignment of military installations inside the United States." This document provides a chronology of discrepancies discovered in the data used by the Department of the Navy Base Structure Evaluation Committee (BSEC) in making its recommendation to the Secretary of the Navy to close the Naval Air Engineering Station at Lakehurst, New Jersey and realign the missions of the Naval Air Warfare Center Aircraft Division Lakehurst. The discrepancies identified are a result of instances of incorrect, incomplete or manipulated data certified by the Commander, Naval Air Systems Command (NAVAIRSYSCOM) and provided to the Base Structure Analysis Team (BSAT).

The chronology of data discrepancies is divided into sub-categories as follows:

- **Identification:** The sequential identification number, referenced to month first noted, assigned to the discrepant data;
- **Summary:** A narrative description of the event or decision causing the discrepancy;
- **Scenario Impact:** A quantification of the discrepancy's impact on the initial costs, return on investment or recurring costs;
- **Documentation:** Supporting documents providing valid evidence, capable of audit, on the impact on implementation costs.

PROPRIETARY DATA

Financial Information

A macro-overview of the disparities between the final data used by the Navy's Base Structure Evaluation Committee in its recommendations on Lakehurst; as compared to the final certified data provided by the Commander, Naval Air Systems Command; as compared to the actual costs of executing the scenario as it is intended.

Identified Data Discrepancies

- Discrepancy # 1: Aircraft Launch and Recovery Equipment (ALRE) Research, Development, Test and Evaluation
- Discrepancy # 2: Aircraft Launch and Recovery Equipment (ALRE) Production Manufacturing and Prototype
- Discrepancy # 3: Aircraft Support Equipment (SE)
- Discrepancy # 4: Aircraft Support Equipment (SE) Prototype Manufacturing
- Discrepancy # 5: Aircraft Launch and Recovery Equipment (ALRE) Benefits of Concurrent Engineering

- Discrepancy # 6: Department of the Navy: Technical Center Military Value Matrix

- Discrepancy # 7: Army Airborne Engineering Evaluation Support Branch (AAEESB)
- Discrepancy # 8: Naval Air Technical Training Center (NATTC)
- Discrepancy # 9: Defense Reutilization and Marketing Office (DRMO)
- Discrepancy # 10: Naval Mobile Construction Battalion 21 (NMCB-21)

- Discrepancy # 11: Naval Aviation Engineering Support Unit (NAESU)
- Discrepancy # 12: NAVAIRSYSCOM PMA-251 and PMA-260

- Discrepancy # 13: Navy Lakehurst: National Historic District

- Discrepancy # 14: Naval Air Engineering Station (NAES) Benefits of Joint Use Opportunities
- Discrepancy # 15: Naval Air Engineering Station (NAES) Benefits of Public/Private Ventures

Scenario Questions

Based upon the provided documentation, a series of questions designed to focus attention on the significant disparities identified in each discrepancy.



PROPRIETARY DATA

Section 2:

Lakehurst Realignment Scenario

PROPRIETARY DATA

Lakehurst Realignment Scenario

Background: In Attachment X-7, page X-25 of its March 1995 report to the Department of Defense (DOD), the Secretary of the Navy described the scenario for closing the Naval Air Engineering Station (NAES) at Lakehurst, New Jersey, and the realignment of the Naval Air Warfare Center Aircraft Division (NAWCAD) Lakehurst. While the recommendation was cited as "closure," the scenario actually depicted a realignment action for selected Aircraft Launch and Recovery Equipment (ALRE) functions at the technical center. For background information, the Navy's recommendation follows:

Recommendation: Close the Naval Air Engineering Station at Lakehurst, New Jersey and the Naval Air Warfare Center, Aircraft Division, Lakehurst, New Jersey, except transfer in place certain facilities and equipment to the Naval Air Warfare Center, Aircraft Division, Patuxent River, Maryland. Relocate other functions and associated personnel and equipment to the Naval Air Warfare Center, Aircraft Division, Patuxent River, Maryland and the Naval Aviation Depot, Jacksonville, Florida. Relocate the Naval Air Technical Training Center Detachment, Lakehurst, to Naval Air Station, Pensacola, Florida. Relocate Naval Mobile Construction Battalion 21, the U.S. Army Airborne Engineering Evaluation Support Branch, and the Defense Reutilization and Marketing Office to other government-owned spaces.

Justification: There is an overall reduction in operational forces and a sharp decline of the DON budget through FY 2001. Specific reductions for technical centers are difficult to determine, because these activities are supported through customer orders. However, the level of forces and of the budget are reliable indicators of sharp declines in the technical center workload through FY 2001, which leads to a recognition of excess capacity in these activities. This excess and the imbalance in force and resource levels dictate closure/realignment or consolidation of activities wherever practicable. The closure and realignment of this activity permits the elimination of the command and support structure of this activity and the consolidation of its most critical functions at a major technical center, allowing synergism with its parent command and more fully utilizing available capabilities at major depot activities. This recommendation retains at Lakehurst only those facilities and personnel essential to conducting catapult and arresting gear testing and fleet support.

PROPRIETARY DATA

Return on Investment: According to the Navy's Base Structure Evaluation Committee (BSEC) the total estimated one-time cost to implement this recommendation is \$96.9 million. The net of all costs and savings during the implementation period is a cost of \$5 million. Estimated annual recurring savings after implementation are \$37.2 million, with a return on investment expected in three years. The net present value of the costs and savings over 20 years is a savings of \$358.7 million.

Impacts:

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 4126 jobs (1763 direct jobs and 2362 indirect jobs) over the 1996-to-2001 period in the Monmouth-Ocean, New Jersey PMSA economic area, which is 1.0 percent of the economic area employment. The cumulative economic impact of all BRAC-95 recommendations and all prior-round BRAC actions in the economic area over the 1994-to-2001 period could result in a maximum potential increase equal to 1.1 percent of the employment in the economic area.

Community Infrastructure Impact: There is no known community infrastructure impact at any receiving installation.

Environmental Impact: The closure of NAWCAD Lakehurst will have a generally positive impact on the environment because of the relocation of appropriate functions and personnel out of an area that is in severe non-attainment for ozone. NAWC Patuxent River is currently in attainment for CO, and the additional functions and personnel are not expected to significantly affect this status. Each of the gaining sites have sufficient capacity in their respective utility infrastructure to handle the additional personnel. There is no adverse impact on threatened/endangered species, sensitive habitats and wetlands, or cultural/historical resources occasioned by this recommendation.

PROPRIETARY DATA

Chronology

The following chronology of events summarizes the data we have gathered on the Navy's BRAC process for reviewing the naval Air Engineering Station, Lakehurst, New Jersey.

Where appropriate, the Committee has annotated the event with comments gleaned from the documents and conversations we have obtained. Comments "**in bold type**" appear whenever a violation of the content or intent of Public Law 101-510 has occurred. The reader is reminded that the law states that each service will ". . . provide a fair process that will result in the timely closure and realignment of military installations inside the United States."

Identification of titles and participants

BSAT Analyst	Base Structure Analysis Team Analyst	John Trick
BSEC	Base Structure Evaluation Committee	
CDR, NAVAIR	Commander, Naval Air Systems Command	VADM Bowes
CDR, NAWC	Commander, Naval Air Warfare Center	RADM Newman
CDR, NAWCAD	Commander, Naval Air Warfare Center Aircraft Division	RADM Strong
CO, NAES	Commanding Officer, Naval Air Engineering Station, Lakehurst	CAPT Farr
DC, NAWCAD	Deputy Commander, Naval Air Warfare Center Aircraft Division	Guy Dilworth
NAVAIR BRAC	Naval Air Systems Command Coordinator for Base Closure and Realignment Commission process	CAPT Cook (up to 25 DEC 94) CAPT Reaghard (after 25 DEC 94)
TD, NAWC	Technical Director, Naval Air Warfare Center	Lewis Lundberg

P R O P R I E T A R Y D A T A

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
18 NOV 94 (Friday)	NAES received Scenario #3-20-0162-029: close Lakehurst installation. Response due 20 NOV 94.	BSAT Analyst	Scenario proposes closure of NAES and relocation of all functions and non-Navy tenants.
18 NOV 94 (Friday)	CDR, NAWC provides guidance to CO, NAES for Lakehurst's response to the BSAT for closure scenario.	CDR, NAWC TD, NAWC	During Video Teleconference, NAWC verbally directed CO, NAES to ensure their response to the base closure scenario will result in a 50% savings through reduction of necessary personnel and costs. This in addition to already planned force structure reductions of 337.
20 NOV 94 (Sunday)	NAES provides certified "final response" to closure scenario provided to CDR, NAWCAD.	CO, NAES	NAES submits that closure scenario would cost in excess of \$500 million.
23 NOV 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 25 NOV 94.	BSAT Analyst	Inquiry (FAX) challenges productivity loss and production cost estimates.
26 NOV 94 (Saturday)	NAES provides certified response to BSAT inquiry of 23 NOV 94.	CO, NAES	Clarified basis for productivity loss and disruption cost estimates.
29 NOV 94	NAVAIR provides certified "final response" to BSAT.	CDR, NAVAIR	NAES submits closure costs exceeds \$500 million.
30 NOV 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 01 DEC 94.	BSAT Analyst	Inquiry (FAX) requests clarification on construction costs, productivity loss schedule, and disruption cost estimates.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
01 DEC 94	NAES provides certified response to BSAT inquiry of 30 NOV 94.	CO, NAES	Clarified construction costs and maintained that construction schedule could not be accelerated. Further clarified productivity loss and disruption cost estimates.
01 DEC 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 02 DEC 94.	BSAT Analyst	Inquiry (FAX) requests detailed analysis of facilities' capabilities and personnel assignments.
02 DEC 94 (Friday)	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 02 DEC 94.	BSAT Analyst	Inquiry (FAX) requests detailed analysis of in-ground catapult workload in support of carrier aviation.
02 DEC 94 (Friday)	Discussion between NAWC and CO, NAES on response to BSAT inquiry for closure scenario due 02 DEC 94.	CDR, NAWC	Directed CO, NAES to eliminate all reference to productivity loss and disruption cost noted in response to closure scenario. Estimates totaling some \$100 million.
03 DEC 94 (Saturday)	NAES provides certified response to BSAT inquiry of 01 DEC 94.	CO, NAES	Provided detailed capabilities matrix. CO, NAES eliminates all reference to productivity loss and disruption cost estimates (about \$100 million) at direction of CDR, NAWC.
03 DEC 94 (Saturday)	NAES provides certified response to BSAT inquiry of 02 DEC 94.	CO, NAES	Provided historical workload data for in-ground catapults in support of carrier aviation.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
04 DEC 94 (Sunday)	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 06 DEC 94.	BSAT Analyst	Inquiry (FAX) challenges NAES cost estimates for construction of jet tracks. Requested more detailed analysis of facility staffing, suggested modeling or using actual aircraft carrier for testing vice shore-based in-ground catapults. BSAT directed CO, NAES to revise estimate of track construction time and to submit a more accelerated schedule for construction estimates.
05 DEC 94	NAVAIR verbal direction to CO, NAES.	NAVAIR BRAC	CO, NAES directed to remove all non-Navy tenant data from scenario response in order to reduce implementation costs. CO, NAES challenges this order.
06 DEC 94	NAVAIR verbal request to BSAT.	NAVAIR BRAC	In response to CO, NAES refusal to remove non-Navy tenant costs from closure scenario, NAVAIR BRAC requests clarification from BSAT.
06 DEC 94	NAES provides certified response to BSAT inquiry of 04 DEC 94.	CO, NAES	Provided point paper advocating need to retain in-ground catapult test capability vice carrier-based testing.
07 DEC 94	Verbal response to NAVAIR BRAC request to delete non-Navy tenant costs from closure scenario.	BSAT Analyst	Confirmed non-Navy tenant data must be included in closure scenario.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
08 DEC 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 09 DEC 94.	BSAT Analyst	Inquiry (FAX) requests clarification on types of catapults. Proposes Navy shipyards to do manufacturing work. Suggested elimination of non-technical and contract personnel work years from cost estimates, and acceleration on non-Navy tenant relocation schedule. Confused NAES with NADC Warminster
09 DEC 94 (Friday)	CO, NAES meets at CO's request with BSAT Analyst.	CO, NAES	Unusual request by CO, NAES to clarify NAES' various roles and missions supporting carrier aviation.
10 DEC 94 (Saturday)	NAES provides certified response to BSAT inquiry of 08 DEC 94.	CO, NAES	Maintained validity of tenant relocation schedule. Substantiated collateral equipment estimates. Clarified differences in Fleet catapult types. Demonstrated the Naval ` Shipyard at Puget Sound could not effectively assume manufacturing mission.
14 DEC 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 14 DEC 94.	BSAT Analyst	Inquiry (Verbal) requests greater detail on NAES laboratories.
14 DEC 94	NAES provides certified response (FAX) to BSAT inquiry of 14 DEC 94.	CO, NAES	Provided allocation of NAES laboratory spaces.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
15 DEC 94	Inquiry by BSAT to CO, NAES requesting clarification on closure scenario. Response due 16 DEC 94.	BSAT Analyst	Inquiry (FAX) requests clarification on NAES 14 DEC 94 FAX. Requests estimate for number of personnel which could be eliminated if individual facilities not re-established.
15 DEC 94	Inquiry by BSAT to CO, NADEP Jacksonville requesting estimated costs for relocating Lakehurst functions to JAX.	BSAT Analyst	Inquiry requests CO, NADEP JAX to provide BSAT with cost estimates for relocating NAES catapult and arresting gear overhaul and manufacturing capability to JAX.
15 DEC 94	NADEP Jacksonville provides response (FAX) to BSAT inquiry of 15 DEC 94.	NADEP JAX	JAX analysis projects costs of relocating NAES machinery and essential personnel.
16 DEC 94 (Friday)	NAES provides certified response to BSAT inquiry of 15 DEC 94.	CO, NAES	Additional "mapping" of personnel to individual facilities provided.
16 DEC 94 (Friday)	Inquiry by NAWC to CO, NAES requesting clarification on closure scenario. Response due 17 DEC 94.	TD, NAWC	Inquiry (Video Conference) directs risk assessment to Navy for loss of NAES technical functions and "scrub" of estimated costs. Directed CO, NAES that all functions could not be "high risk" and that certain functions were considered "expendable."
18 DEC 94 (Sunday)	NAES provides certified response to TD, NAWC inquiry of 16 DEC 94.	CO, NAES	Provided risk assessment on classified technical functions and facilities if not replaced in closure scenario.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
19 DEC 94	BSEC recommends alternative disposition of Lakehurst (fence scenario) to NAVAIR.	BSEC	Recommendation to NAVAIR suggests fencing test facilities, eliminating ALRE prototyping, relocating personnel to NAS PAX River, and outsourcing remaining SE functions. BSEC queries NAVAIR "Is there any reason why we cannot execute ... scenario for Lakehurst? Are there any major costs or risk drivers?"
20 DEC 94	Meeting held at NAVAIR to brief CO, NAES on BSEC informally proposed fence scenario of 19 DEC 94.	CDR, NAVAIR	Without being provided a revised scenario from the BSEC, NAVAIR directs CO, NAES to respond to "new" fencing scenario. NAVAIR directed relocation of prototyping to NADEP JAX and reduction in NAES critical personnel requirement estimates be reduced from 1,140 to 885 for NAS PAX and from 99 reduced to 89 for NADEP JAX.
20 DEC 94	NAES provides certified response to BSAT as directed by CDR, NAVAIR at 20 DEC 94 meeting.	CO, NAES	Incorporated cuts in personnel requirements as directed by CDR, NAVAIR.
20 DEC 94	Second meeting held at NAVAIR to discuss BSEC fence scenario of 19 DEC 94.	CDR, NAVAIR	CO, NAES briefs impact of fencing scenario and clarifies Support Equipment (SE) mission in support of carrier aviation.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
21 DEC 94	NAVAIR provides information to CO, NAES on BSEC fencing scenario of 19 DEC 94.	NAVAIR BRAC	Information (FAX) provided to CO, NAES states "NAVAIR does not have certified data with which to address this ... (scenario) ... in detail and within the required response time." "... costs, issues and risks with this scenario ... can be properly detailed in a new scenario submittal, which would, in turn, be processed through the COBRA model."
23 DEC 94 (Friday)	NAES received Scenario #3-20-0162-123: realign Lakehurst installation. Response due 26 DEC 94.	BSAT Analyst	Scenario proposes realignment of NAES, retaining ALRE RTD&E and engineering. All other functions and tenants to be relocated.
26 DEC 94 (Holiday)	Inquiry by NAWCAD to CO, NAES requesting information on their intended response to fence scenario.	CDR, NAWCAD DC, NAWCAD	Directed CO, NAES to reduce annual costs for a technical workyear from \$120 thousand to \$90 thousand per person, affecting overall costs for hundreds of workers. Directed military support personnel requirements be "zeroed out."
27 DEC 94	NAES provides certified response to BSAT inquiry of 23 DEC 94.	CO, NAES	Eliminated 700 personnel, relocated over 700 personnel to other facilities and retained 500 personnel at NAES. Estimated construction costs required of fencing scenario at \$19 million.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
27 DEC 94	Inquiry by NAWCAD to CO, NAES requesting information on proposed response to fencing scenario.	DC, NAWCAD	Directed CO, NAES to reduce the estimate for personnel requirements necessary to support transfer to NAS PAX from 60 to zero workyears.
27 DEC 94	Discussion between BSAT and NAVAIR on CO, NAES certified response of 27 DEC 94 to fencing scenario.	BSAT Analyst	Written transcript of conversation by NAVAIR BRAC stated " (fencing) scenario ... is still too expensive an option ... BSEC will not buy this option as is currently prepared. BSAT Analyst identifies the following changes to CO, NAES response: reduce renovation cost estimates for JAX, eliminate 94 contract personnel and don't show them at another facility, make construction costs at Lakehurst appear more austere. Costs VERY low ... Bare bones it ... still too price-y (sic). "
27 DEC 94	Discussion between BSAT and NAVAIR on CO, NAES certified response of 27 DEC 94 to fencing scenario.	NAVAIR BRAC	Action items from BSAT Analyst FAXED to CO, NAES.
27 DEC 94	NAES provides certified response to BSAT inquiry made to NAVAIR BRAC on 27 DEC 94.	CO, NAES	Rebutted challenges and offered lower cost option of retaining existing engineering buildings vice new construction at test sites.

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
27 DEC 94	Discussion between NAWC and CO, NAES on response of 27 DEC 94 to fencing scenario.	CDR, NAWC	Directed (via FAX) CO, NAES to delete references to costs estimates incurred by relocating prototyping and manufacturing personnel to NADEP JAX. Directs a verbatim substitution: "Additional shipping costs and time will be required to transport cross deck pendants ... and all catapult launch valves reworked at JAX to Lakehurst for testing."
28 DEC 94	Inquiry by BSAT and NAVAIR to CO, NAES requesting clarification on closure scenario. Response due ASAP. would	BSAT Analyst NAVAIR BRAC	Inquiry (phone call) requests further clarification on in-house Support Equipment (SE) workload which transfer to NADEP PAX.
28 DEC 94	NAES provides certified response to BSAT and NAVAIR inquiry made on 28 DEC 94.	CO, NAES	Demonstrated that proposed resources to be dedicated to Support Equipment were inadequate to support projected workload.
28 DEC 94	Personal memorandum from CO, NAES to CDR, NAVAIR.	CO, NAES	CO, NAES expresses concerns over legality of process used to evaluate NAES scenarios for BRAC and recommends "... we get an opinion from the NAVAIR BRAC LAWYER before anything is sent back to the BSAT"

PROPRIETARY DATA

<u>Date:</u>	<u>Event:</u>	<u>Initiated By:</u>	<u>Committee Comments:</u>
30 DEC 94 (Friday)	Inquiry by BSAT to CO, NAES requesting clarification on fencing scenario. Response due ASAP.	BSAT Analyst	Inquiry (via telephone) challenges NAES estimate of construction costs at NAS JAX to accommodate prototyping and manufacturing missions.
30 DEC 94 (Friday)	NAES provides certified response to BSAT inquiry of 30 DEC 94.	CO, NAES	Confirmed construction cost at NAS JAX would be \$25 million vice \$1 million. Data confirmed by NADEP JAX directly to BSAT.
09 JAN 95	NAVAIR responds to DOD request to participate in study of regional approach to base operations.	CDR, NAVAIR	CDR, NAVAIR declines to participate in joint study. "At this time, however, the BRAC process restricts us from taking part in the study. Recommend we begin the study as soon as the BRAC process allows, probably mid-March 95."
27 JAN 95	CDR, NAVAIR message to the Naval Air Systems Team as printed in the NAES newspaper "AIR SCOOP."	CDR, NAVAIR	"I know how difficult these times are for each of you, but I can assure you that the Navy BRAC Process is being run with extreme vigor and objectivity."



PROPRIETARY DATA

Section 3:

Scenario

Initial & Recurring Costs

PROPRIETARY DATA

Scenario Initial Costs

Department of the Navy Version

On 01 FEB 95, the Commander, Naval Air Systems Command (NAVAIRSYSCOM), resubmitted his certified data in response to the Navy's Base Structure Evaluation Committee (BSEC) for Scenario #3-20-0162-123. This final submission was identified as "Option Package: NAWC Lakehurst 13."

On 20 FEB 95, the last known COBRA Realignment Report (COBRA version 5.08) for Scenario #3-20-0162-123 was generated. This report forms the basis for the Department of the Navy's final recommendations in the Lakehurst realignment scenario to the Secretary of Defense.

Based on certified data provided by the Commander, Naval Air Systems Command, and further reduced by the Base Structure Evaluation Committee, the final COBRA Model was run on 20 FEB 95 and projects the following initial costs to be incurred in the Lakehurst Realignment Scenario:

One-time "Construction" Costs:	\$ 38,869,000
One-time "Operations and Maintenance" Costs:	\$ 56,519,000
One-time "Military Personnel" Costs:	\$ 703,000
One-time "Other" Costs:	<u>\$ 849,000</u>
Total one-time cost incurred by U.S. Government:	\$ 96,943,000

On 01 MAR 95, the Secretary of Defense released the "DOD Base Closure and Realignment Report" to the Base Realignment And Closure Commission. The following excerpt is taken from Attachment "X-7" to that report:

"The total estimated one-time cost to implement this recommendation is \$96.9 million. The net of all costs and savings during the implantation period is a cost of \$5 million. Annual recurring savings after implementation are \$37.2 ,million with a return on investment expected in three years. The net present value of the costs and savings over 20 years is a savings of \$358.7 million."

PROPRIETARY DATA

Lakehurst Committee Version

This realignment proposal, the so-called "fencing scenario," recognizes the exceptional strategic importance, unparalleled military value, and enormous financial and environmental costs in relocating the ALRE RDT&E. The following data provides the actual one-time costs incurred in the Lakehurst Realignment Scenario #3-20-0162-123. This information was obtained through the following sources:

- ☑ Data provided to COMNAVAIRSYSCOM by the Commanding Officer, Naval Air Engineering Station, Lakehurst, NJ.;
- ☑ Certified data provided to the Navy's Base Structure Analysis Team by COMNAVAIRSYSCOM;
- ☑ Information obtained from the transcribed reports of the Navy's Base Structure Evaluation Committee's Deliberations; and
- ☑ Information provided to the Save Lakehurst Committee by Military and Civilian employees of the Department of Defense.

The following one-time costs are projected in the proposed closure of the Naval Air Engineering Station, Lakehurst, New Jersey and the realignment of missions at the Naval Air Warfare Center Aircraft Division:

One-time "Construction" Costs:

➤ NAWCAD Lakehurst:	\$ 23,388,000
➤ NAWCAD Patuxent River, Maryland:	\$ 23,651,000
➤ NADEP Jacksonville, Florida:	\$ 18,498,000
➤ NAS Pensacola, Florida:	\$ 17,053,000
➤ Naval Mobile Construction Battalion 21 (NMCB-21):	\$ 694,250
➤ Defense Reutilization and Marketing Office:	\$ 15,431,000
➤ Army Airborne Engineering Evaluation Support:	<u>\$ 12,014,000</u>

Total one-time "Construction" Costs: \$110,729,250

P R O P R I E T A R Y D A T A

One-time "Operations and Maintenance" Costs:

➤ NAWCAD Lakehurst:	\$ 58,101,000
➤ NADEP Jacksonville, Florida:	\$ 17,091,000
➤ NAS Pensacola, Florida:	\$ 11,565,000
➤ Naval Mobile Construction Battalion 21 (NMCB-21):	\$ 173,000
➤ Defense Reutilization and Marketing Office:	\$ 1,484,500
➤ Army Airborne Engineering Evaluation Support:	<u>\$ 25,000</u>

Total one-time "Operations and Maintenance" Costs: \$ 88,439,500

One-time "Other" Costs:

➤ NAWCAD Lakehurst:	\$ 10,864,000
➤ NADEP JAX purchase minimum of 5 LLLV's:	\$ 2,790,000
➤ Environmental Mitigation:	\$ 650,000
➤ Other One-time Unique Costs:	\$ 550,000
➤ NATTC disassembly/dispose ALRE training equipment:	<u>\$ 4,591,000</u>

Total of one-time "Other" Costs: \$ 19,445,000

Total one-time cost incurred by U.S. Government: \$218,613,750

PROPRIETARY DATA

Scenario Recurring Costs

Department of the Navy Version

On 01 FEB 95, the Commander, Naval Air Systems Command (NAVAIRSYSCOM), resubmitted his certified data in response to the Navy's Base Structure Evaluation Committee (BSEC) for Scenario #3-20-0162-123. This final submission was identified as "Option Package: NAWC Lakehurst 13."

On 20 FEB 95, the last known COBRA Realignment Report (COBRA version 5.08) for Scenario #3-20-0162-123 was generated. This report forms the basis for the Department of the Navy's final recommendations in the Lakehurst realignment scenario to the Secretary of Defense.

Based on certified data provided by the Commander, Naval Air Systems Command, and further reduced by the Base Structure Evaluation Committee, the final COBRA Model was run on 20 FEB 95 and projects the following initial costs to be incurred in the Lakehurst Realignment Scenario:

Recurring "Operations and Maintenance" Costs:	\$ 3,035,000
Recurring "Military Personnel" Costs:	\$ 267,000
Recurring "Other" Costs:	<u>\$ 1,320,000</u>
Total recurring cost incurred by U.S. Government:	\$ 4,622,000

On 01 MAR 95, the Secretary of Defense released the "DoD Base Closure and Realignment Report" to the Base Realignment And Closure Commission. The following excerpt is taken from Attachment "X-7" to that report:

"The total estimated one-time cost to implement this recommendation is \$96.9 million. The net of all costs and savings during the implantation period is a cost of \$5 million. Annual recurring savings after implementation are \$37.2 million with a return on investment expected in three years. The net present value of the costs and savings over 20 years is a savings of \$358.7 million."

PROPRIETARY DATA

Lakehurst Committee Version

This realignment proposal, the so-called "fencing scenario," recognizes the exceptional strategic importance, unparalleled military value, and enormous financial and environmental costs in relocating the ALRE RDT&E. The following data provides the actual one-time costs incurred in the Lakehurst Realignment Scenario #3-20-0162-123. This information was obtained through the following sources:

- Data provided to COMNAVAIRSYSCOM by the Commanding Officer, Naval Air Engineering Station, Lakehurst, NJ.;
- Certified data provided to the Navy's Base Structure Analysis Team by COMNAVAIRSYSCOM;
- Information obtained from the transcribed reports of the Navy's Base Structure Evaluation Committee's Deliberations; and
- Information provided to the Save Lakehurst Committee by Military and Civilian employees of the Department of Defense.

The following one-time costs are projected in the proposed closure of the Naval Air Engineering Station, Lakehurst, New Jersey and the realignment of missions at the Naval Air Warfare Center Aircraft Division:

Recurring "Operations and Maintenance" Costs:

➤ NAWCAD Patuxent River, Maryland:	\$ 11,610,000
➤ NADEP Jacksonville, Florida:	\$ 13,310,000
➤ NAS Pensacola, Florida:	\$ 660,000
➤ Naval Mobile Construction Battalion 21 (NMCB-21):	\$ 195,000
➤ Army Airborne Engineering Evaluation Support:	\$ <u>250,000</u>

Total Annual Recurring "Operations and Maintenance" Costs: \$ 13,310,000

P R O P R I E T A R Y D A T A

Recurring "Military Personnel" Costs:

➤ NAWCAD Patuxent River, Maryland:	\$ 99,000
➤ NAS Pensacola, Florida:	\$ 140,000
➤ Army Airborne Engineering Evaluation Support:	<u>\$ 30,000</u>

Total Annual Recurring "Military Personnel" Costs: \$ 269,000

Recurring "Other" Costs:

➤ NAWCAD Lakehurst:	\$ 12,630,000
➤ NADEP JAX rework for five LLLV's per year:	\$ 3,185,000
➤ Maintenance of Historic District Hangar One:	<u>\$ 1,000,000</u>

Total Annual Recurring "Other" Costs: \$ 16,815,000

Annualized Recurring Costs to US Government: \$ 30,394,000

Recurring "Lost Savings" Costs:

➤ If NADEP Jacksonville Becomes Part of Joint Services' RMA:	<u>\$ 37,300,000</u>
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Total Annual Recurring "Lost Savings" Costs: \$ 37,300,000

Adjusted annualized Recurring Costs to US Government: \$ 67,694,000



PROPRIETARY DATA

Section 4:
Scenario
Return on
Investment

P R O P R I E T A R Y D A T A

Projected Costs and Return on Investment

BACKGROUND

On 01 FEB 95, the Commander, Naval Air Systems Command (NAVAIRSYSCOM), resubmitted his certified data in response to the Navy's Base Structure Evaluation Committee (BSEC) for Scenario #3-20-0162-123. This final submission was identified as "Option Package: NAWC Lakehurst 13." It provides the basis for the following analysis.

On 20 FEB 95, the last known COBRA Realignment Report (COBRA version 5.08) for Scenario #3-20-0162-123 was generated. This report forms the basis for the Department of the Navy Base Structure Evaluation Committee's final recommendations in the Lakehurst realignment scenario to the Secretary of Defense.

This realignment proposal, the so-called "fencing scenario," recognizes the exceptional strategic importance, unparalleled military value, and enormous financial and environmental costs in relocating the ALRE RDT&E. The following data provides the actual one-time costs incurred in the Lakehurst Realignment Scenario #3-20-0162-123. This information was obtained through the following sources:

- Data provided to COMNAVAIRSYSCOM by the Commanding Officer, Naval Air Engineering Station, Lakehurst, NJ.;
- Certified data provided to the Navy's Base Structure Analysis Team by COMNAVAIRSYSCOM;
- Information obtained from the transcribed reports of the Navy's Base Structure Evaluation Committee's Deliberations; and
- Information provided to the Save Lakehurst Committee by Military and Civilian employees of the Department of Defense.

P R O P R I E T A R Y D A T A

PROJECTED ONE-TIME SCENARIO COSTS

Total One-Time Cost Incurred by U.S. Government

Navy's Base Structure Evaluation Committee Data:	\$ 96,943,000
Commander, Naval Air Systems Command Certified Data:	\$ 162,274,000
Save Lakehurst Base Committee Data:	\$ 218,613,750

PROJECTED RECURRING SCENARIO COSTS

Annual Recurring Costs to U.S. Government Beginning 1999

Navy's Base Structure Evaluation Committee Data:	\$ 4,622,000
Commander, Naval Air Systems Command Certified Data:	\$ 12,630,000
Save Lakehurst Base Committee Data:	\$ 30,394,000

P R O P R I E T A R Y D A T A

PROJECTED RECURRING SCENARIO SAVINGS

Annual Recurring Savings to U.S. Government Beginning 2000

Navy's Base Structure Evaluation Committee Data	\$ 37,200,000
Commander, Naval Air Systems Command Certified Data	\$ 11,610,000
Save Lakehurst Base Committee Data:	\$ 8,000,000

PROJECTED NET PRESENT VALUE

Net Present Value in 2015 (20 Years)

Navy's Base Structure Evaluation Committee Data	(-) \$ 358,000,000
Commander, Naval Air Systems Command Certified Data	\$ 58,735
Save Lakehurst Base Committee Data:	\$ 104,359

P R O P R I E T A R Y D A T A

PROJECTED RETURN ON INVESTMENT FOR SCENARIO

Return On Investment for U.S. Government

Navy's Base Structure Evaluation Committee Data	2002 (3 Years)
Commander, Naval Air Systems Command Certified Data	2029 (30 Years)
Save Lakehurst Base Committee Data:	2050 (51 Years)



PROPRIETARY DATA

Section 5:

Scenario

Data Discrepancies

PROPRIETARY DATA

Identification: Discrepancy # 1: Aircraft Launch and Recovery Equipment (ALRE) Research, Development, Test and Evaluation (RDT&E)

Summary:

Insufficient and incorrect certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting costs incurred in the realignment of the Aircraft Launch and Recovery Equipment (ALRE) Research, Development, Test and Evaluation (RDT&E) functions at the Naval Air Engineering Station (NAES), Lakehurst, New Jersey. The BSEC then further reduced initial cost estimates and minimized recurring cost data.

Scenario Impact:

On 01 FEB 95, the Commander, NAVAIRSYSCOM, certified in his data response to the Navy's Base Structure Analysis Team (BSAT) that Scenario #3-20-0162-123 was economically feasible, militarily prudent and based on accurate data. In his Executive Summary, COMNAVAIRSYSCOM states:

"NAWC LAKEHURST'S MISSION INCLUDES FULL LIFE CYCLE ENGINEERING AND TECHNICAL SUPPORT OF AIRCRAFT LAUNCH, RECOVERY, AND SUPPORT EQUIPMENT USED ABOARD NAVAL AIRCRAFT CARRIERS, AIR CAPABLE SHIPS, AMPHIBIOUS SHIPS, AND MARINE EXPEDITIONARY AIRFIELDS. NAWC LAKEHURST IS THE ONLY FACILITY IN EITHER GOVERNMENT OR PRIVATE INDUSTRY THAT HAS A CORE AIRCRAFT LAUNCH AND RECOVERY CAPABILITY. TO SATISFY THE PREVIOUSLY STATED REQUIREMENT, THE U.S. NAVY REQUIRES THIS CORE CAPABILITY TO BE MAINTAINED."

This realignment proposal, the so-called "fencing scenario," recognizes the exceptional strategic importance, unparalleled military value, and enormous financial and environmental costs in relocating the ALRE RDT&E. Some 500 military and civilian personnel would remain behind to operate the facilities. In fact, these core Aircraft Launch and Recovery equipment (ALRE) functions are *geographically*

PROPRIETARY DATA

ried to their present location at the New Jersey base, except transfer in place certain facilities and equipment to the Naval Air Warfare Center, Aircraft Division, Patuxent River, Maryland.

Based on certified data provided by COMNAVAIRSYSCOM to the Navy BSEC:

MILCON Requirement:	\$15,672,000
Personnel Costs:	\$ 2,603,000
Overhead Costs:	\$10,768,000
Moving Costs:	\$43,853,000
Environmental Mitigation Costs:	\$ 300,000
Total one-time cost incurred by US Government:	\$73,196,000

In fact, the certified data provided by COMNAVAIRSYSCOM underestimated the military construction (MILCON) costs required in this "fencing" scenario.

Based on data provided to the Committee to Save Lakehurst Base:

MILCON Requirement:	\$23,388,000
Personnel Costs:	\$ 2,516,954
Overhead Costs:	\$10,768,082
Moving Costs:	\$44,815,646
Environmental Mitigation Costs:	\$ 300,000
One-time Unique Costs:	\$10,564,000
Total one-time cost incurred by US Government:	\$92,352,682

The Navy projects a one-time savings in this scenario of \$1,664,825. The actual total one-time cost that would be incurred by the U.S. Government will exceed \$92,000,000 in order to maintain the same capabilities currently on-line at NAES Lakehurst.

PROPRIETARY DATA

Of the 542 civilian and military personnel remaining at Lakehurst, only 102 would be provided for the necessary basekeeper support functions required of the ALRE RDT&E sites. The actual requirement is 160 personnel to ensure proper support for security, fire protection, supply, public works, environmental and other basekeeper functions.

Finally, significant recurring costs will be incurred each year for the travel, production loss and inherent product-cycle delays in dismantling the Navy's ALRE team. These recurring costs are addressed in Discrepancies numbered 2, 3 and 4 to this document.

Documentation:

- DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

PROPRIETARY DATA

Identification: Discrepancy # 2: Aircraft Launch and Recovery Equipment (ALRE) Production Manufacturing and Prototype

Summary:

Insufficient and incorrect certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting costs incurred in the relocation for the Aircraft Launch and Recovery Equipment (ALRE) Production Manufacturing and Prototype functions from Hangars 2 and 3, Naval Air Engineering Station (NAES), Lakehurst, New Jersey to Naval Air Depot, (NADEP) Jacksonville, Florida. The BSEC then further reduced initial cost estimates and minimized recurring cost data, providing incorrect data to the Secretary of the Navy.

Scenario Impact:

The proposed relocation of the Aircraft Launch and Recovery Equipment (ALRE) Prototype and Manufacturing functions from NAES Lakehurst to NADEP Jacksonville would adversely impact flight critical items for carrier operations, as well as incur significant initial and recurring costs. The Navy does not project any savings to the U.S. Government in the execution of this relocation action.

The BSEC reported to the Secretary of the Navy a one-time cost of \$1,641,000 to complete the relocation of Production Manufacturing and Prototyping, and recurring costs of only \$327,000 per year. The BSEC did agree with COMNAVAIRSYSCOM's position that there will be no savings to the government realized as a result of this realignment action. Actual data submissions by COMNAVAIRSYSCOM refute this cost projection:

Based on certified data provided by COMNAVAIRSYSCOM to the Navy BSEC:

One-time Unique Costs:	\$ 1,541,000
One-time Moving Costs:	\$15,550,000
MILCON Requirement:	\$ 9,460,000
Total one-time cost incurred by US Government:	\$26,551,000

PROPRIETARY DATA

In fact, the facilities requirements for Production Manufacturing and Prototyping clearly exceed any capabilities currently possessed by NADEP Jacksonville. The certified data provided by COMNAVAIRSYSCOM underestimated the military construction (MILCON) costs required in this relocation scenario. In addition, the time required for this process increases Lakehurst's present 12-month cycle per Low Loss Launch Valves (LLLV's are a critical component of catapults) by an additional five months. Since the Navy has not maintained a single "in stock" valve during the past five years, the Jacksonville scenario requires the purchase of 5 - 8 additional LLLV's, at a cost of \$558,000 per valve, in order to prevent unacceptable reductions in fleet carrier readiness. The actual initial costs required to maintain the same capabilities currently on-line at NAES Lakehurst would be:

Based on data provided to the Committee to Save Lakehurst Base:

One-time Unique Costs:	(Electrical & Foundation Preparation)	\$ 6,000,000
One-time Unique Costs:	(Minimum of 5 additional LLLV's)	\$ 2,790,000
One-time Moving Costs:		\$15,550,000
MILCON Requirement:		\$10,790,000

Total one-time cost incurred by US Government: \$35,040,000

Although the ALRE manufacturing functions would be located in Florida, the ALRE Research, Development, Test and Evaluation (RDT&E) functions would remain at Lakehurst, New Jersey. This situation would incur significant delays in the rework and test procedures for ALRE support of carrier aviation. These delays would affect aircraft catapults, arresting gear, emergency barricades, etc. In addition, this relocation scenario will incur significant costs in lost productivity time, and will deprive the Fleet of critical industrial capabilities during the months involved in the tear-down, packing, shipping and reassembling of manufacturing machinery and equipment.

Based on certified data provided by COMNAVAIRSYSCOM to the Navy BSEC:

Annualized Recurring Costs:

ALRE Components shipping costs (JAX to Lakehurst):	\$ 140,000
Recurring Costs for Travel & TDY:	\$ 1,180,000
Lakehurst Engineering & Tech Services Contract (29 Workyears):	\$ 2,610,000
Lakehurst Support Services Contract (145 Workyears):	\$ 8,700,000

Annual Recurring cost incurred by US Government: \$12,630,000

PROPRIETARY DATA

The certified data provided by COMNAVAIRSYSCOM underestimated the annual recurring costs required in this relocation scenario. As an example, analysis of the proposed process for reworking Low Loss Launch Valves (LLLV) critical to aircraft catapult launchers would begin in Jacksonville, Florida. After reworking, the LLLV's would be shipped to Lakehurst, New Jersey, for necessary testing, and if rework were required, necessitate the components return to Florida for a repeat of the cycle. With the requirement for on-site engineering support, personnel travel time, component shipping time and related costs for each 12,000 pound LLLV the proposed scenario demands significant initial and recurring costs not currently present in maintaining the function at NAES Lakehurst.

In addition, the time required for this process increases Lakehurst's present 12-month cycle per LLLV by an additional five months. This will increase the present annual rework costs by \$189,000 per valve. The costs of packing, interstate freight charges and personnel travel/TDY costs adds a \$59,000 cost per valve. Using current rework levels of 5 LLLV shipments per year, the annual recurring costs for reworking LLLV's would exceed \$3,185,000. Similar projections can be made for cross-deck pendants and prototype components packing, interstate freight charges and personnel travel/TDY costs.

Based on data provided to the Committee to Save Lakehurst Base:

Annualized Recurring Costs:

➤ Travel and TDY Costs:	\$ 1,180,000
➤ Engineering and Technical Services Contract:	\$ 2,610,000
➤ Rework for five launch valves (LLLV's) per year:	\$ 3,185,000
➤ Support Services Contract:	\$ 8,700,000

Annual Recurring cost incurred by US Government: \$16,295,000

The BSEC eliminated or reduced these costs in order to protect NADEP Jacksonville from further BRAC deliberations and potential closure. Joint Scenario #102 and #102A demonstrated the viability of a Jacksonville Regional Maintenance Activity (RMA). The second scenario, #102A, envisioned the closure of NADEP Jacksonville, with several of its maintenance functions remaining as part of the RMA. This scenario estimated a one-time cost of \$9,100,000; an immediate return on investment; an annual steady-state savings of \$37,300,000; and a 20-year savings of over \$500,000,000.

PROPRIETARY DATA

In its deliberations on 13 JAN 95, the BSEC stated that NADEP Jacksonville ". . . was removed from consideration for the following reasons:

"Although the concept is an ongoing DoN initiative, the RMA is in the development phase, consequently this analysis was based on data that does not meet DoN's standards for BRAC"; and

"NADEP Jacksonville was identified as a receiving site that enabled the closure of a major technical center."

Note the BSEC's projected savings in the realignment scenario for Lakehurst projects annual savings of \$37,200,000. This savings is the "smoke and mirror-image" of the real savings of \$37,300,000 anticipated from the creation of the Regional Maintenance Activity proposed by the Joint Cross-Service Group in its Scenario #102A. If Lakehurst is being used by the Navy to thwart the justified closure of NADEP Jacksonville, then the savings "lost" to the U.S. Government must be included in the annual recurring costs of the Lakehurst scenario.

Based on certified data provided by the Joint Cross-Service Group to the Navy BSEC:

Annualized Recurring Costs:

➤ Travel and TDY Costs:	\$ 1,180,000
➤ Engineering and Technical Services Contract:	\$ 2,610,000
➤ Rework for five launch valves (LLLV's) per year:	\$ 3,185,000
➤ Support Services Contract:	\$ 8,700,000
➤ "Lost Savings" to U.S. Government:	\$37,300,000

Annual Recurring cost incurred by US Government: \$53,595,000

Documentation:

- Joint Cross-Service Group Scenario #102/102A: Jacksonville Regional Maintenance Activity
- Memorandum for Base Structure Evaluation Committee: Report of BSEC deliberations on 13 JAN 95

P R O P R I E T A R Y D A T A

- ☑ ALRE Production Manufacturing and Prototyping Crane Height Requirements Study Prepared by STV Group dated 30 JAN 95
- ☑ BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- ☑ BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- ☑ Process Cost Analysis of MAR 95 for Low Loss Launch Valves
- ☑ DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95
- ☑ BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

PROPRIETARY DATA

Identification: Discrepancy # 3: Aircraft Support Equipment (SE)

Summary:

Insufficient and incorrect certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting costs incurred in the relocation for the Support Equipment (SE) functions from Naval Air Engineering Station (NAES), Lakehurst, New Jersey to Naval Air Station Patuxent River, Maryland, and to Naval Air Depot, (NADEP) Jacksonville, Florida. The BSEC then further reduced initial cost estimates and minimized recurring cost data, providing incorrect data to the Secretary of the Navy.

Scenario Impact:

The proposed relocation of the Support Equipment (SE) functions from NAES Lakehurst to NAS Patuxent River and NADEP Jacksonville would adversely impact flight critical items for carrier operations in the areas of aircraft handling, servicing and maintenance, avionics support and propulsion support. It would also incur significant initial and recurring costs.

Based on certified data provided by COMNAVAIRSYSCOM to the Navy BSEC:

➤ MILCON Requirement:	\$21,656,000
➤ One-time Unique Costs:	\$ 250,000
Total one-time cost incurred by US Government:	\$21,906,000
Annualized Recurring Costs:	
➤ Recurring Costs for O & M:	\$ 2,486,000
➤ Recurring Costs for Military personnel:	\$ 92,000
Annual Recurring cost incurred by US Government:	\$ 2,578,000

PROPRIETARY DATA

The certified data provided by COMNAVAIRSYSCOM underestimated the annual recurring costs required in this relocation scenario. Although the Support Equipment functions would be located in Maryland, the Test functions (i.e.- Electro-Magnetic Interference and Environmental) would remain at Lakehurst, New Jersey. This situation would incur significant costs in lost productivity due to travel to and from the test sites. These delays would have affect carrier aircraft readiness.

Based on data provided to the Committee to Save Lakehurst Base:

➤ Engineering and Technical Services Contract (60 WorkYears):	\$11,610,000
➤ Recurring Costs for O & M:	\$ 2,568,000
➤ Recurring Costs for Military personnel:	\$ 99,000

Annual Recurring cost incurred by US Government: \$14,277,000

It is of particular concern that the aircraft SE production manufacturing and prototyping functions have been ignored in this scenario. Only the ALRE functions are supported in the relocation to NADEP Jacksonville, Florida. The inability to prototype, manufacture and rework critical SE items would seriously impact Naval Aviation.

Documentation:

- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee
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P R O P R I E T A R Y D A T A

Identification: Discrepancy # 4: Aircraft Support Equipment (SE) Prototype Manufacturing

Summary:

Insufficient certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting costs incurred in the relocation of Support Equipment (SE) functions from Naval Air Engineering Station (NAES), Lakehurst, New Jersey to Naval Air Station (NAS), Patuxent River, Maryland; and the relocation of Prototype functions to Naval Air Depot, (NADEP) Jacksonville, Florida. The cost data provided to the BSEC were limited to Aircraft launch and Recovery equipment (ALRE) Prototyping and production manufacturing, and di not include costs required to conduct SE Prototype Manufacturing.

Scenario Impact:

The proposed relocation of the Aircraft Support Equipment (SE) functions from NAES Lakehurst to NAS Patuxent River completely overlooks the requirement to provide prototype manufacturing capabilities necessary to test and validate SE design. The scenario states "The ALRE prototype and manufacturing function is relocated to NADEP Jacksonville in Jacksonville, Florida." In Fiscal Year 1995, SE prototype manufacturing represented 34% of the Manufacturing Technology Department's workload. The 55.41 SE workyears essentially equal the 54.93 ALRE workyears proposed for relocation to NADEP Jacksonville.

The costs associated with this scenario do not include additional travel and temporary duty (TDY) expenses for SE engineers required to travel from Maryland to Florida and New Jersey to resolve technical problems with the prototyping efforts. Of greater concern, it would appear that the Navy will lose its SE prototype capability. This loss would adversely impact flight critical items for carrier operations including aircraft handling, service, maintenance, avionics and propulsion support.

These SE prototyping efforts are inherent government functions and cannot be outsourced to private contractors. Prototyping work differs from production manufacturing performed by aviation depots and commercial contractors in its emphasis on innovation and flexibility (versus adherence to delivery and cost schedules) in attempting to validate newly developed designs. Attempts to combine depot production manufacturing with prototyping efforts will incur significant production line downtime and delivery schedule delays.

PROPRIETARY DATA

Under the existing Integrated program Team (IPT) concept, all team members are within walking distance of the facilities at Lakehurst. This team is responsible for the life cycle management of all Navy SE from requirements definition, design, development, prototype manufacture and integrated logistics support. This reduces life cycle costs as much as 30%. The Lakehurst operation has proven successful by focusing on core capabilities while outsourcing non-critical functions.

The certified data provided by COMNAVAIRSYSCOM underestimated the annual recurring costs required in this relocation scenario. Although the Support Equipment functions would be located in Maryland, the RDT&E functions would remain in New Jersey while prototype would relocate to Florida. This situation would incur significant delays in the test and engineering procedures for support of carrier aviation.

Based on certified data provided by COMNAVAIRSYSCOM to the Navy BSEC:

Annualized Recurring Costs:

- | | |
|--|--------------|
| ➤ SE Prototype Manufacturing Labor (50 WorkYears): | \$ 6,000,000 |
| ➤ SE Engineers TDY from NAS Patuxent: | \$ 1,000,000 |

Annual Recurring cost incurred by US Government: \$ 7,000,000

Documentation:

- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee
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PROPRIETARY DATA

Identification: Discrepancy # 5: Aircraft Launch and Recovery Equipment (ALRE)/ Aircraft Support Equipment (SE) Benefits of Concurrent Engineering

Summary:

Inadequate certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting costs incurred in the closure of the Naval Air Engineering Station, Lakehurst, New Jersey and the realignment of missions at the Naval Air Warfare Center Aircraft Division Lakehurst. No consideration for the recurring costs of dismantling the present Concurrent Engineering operations at Lakehurst that support Aircraft Launch and Recovery Equipment (ALRE) and Aircraft Support Equipment (SE).

Scenario Impact:

Much has been written about the *synergism* gained in collocating all functions relating to the Aircraft Launch and Recovery Equipment (ALRE) and Aircraft Support Equipment (SE) at Lakehurst. Unfortunately, the Department of the Navy made no effort to quantify or explore the impact of dismantling the present-day operations at Lakehurst. In stripping away its Prototype, Production Manufacturing and Aircraft Support Equipment Engineering functions, the remaining ALRE Research, Development, Test and Evaluation (RDT&E) functions will be seriously impacted. This invaluable capability is as critical to Naval Aviation as the ALRE RDT&E in-ground catapults and arresting engines at Lakehurst.

In dismantling the business of ALRE and Aircraft SE now collocated at Lakehurst, the Navy will relinquish its world-class industrial benchmark of Concurrent Engineering. As defined by the Defense Systems Management College:

"Concurrent Engineering is a systematic approach to the integrated, concurrent design of products and their related processes, including manufacture and support. This approach is intended to cause the developers, from the outset, to consider all elements of the product life cycle from conception through disposal, including quality, cost, schedule, and user requirements."

American leaders of industry are recognizing the economic benefits and adopting the concepts of Concurrent Engineering. Recent users of concurrent engineering include Boeing Aircraft, Bell Helicopter, General Electric and Allison. Their reported savings exceed

PROPRIETARY DATA

30% of the anticipated project costs. Savings are realized due to the collocation of project engineers, Research, Prototype Development, Test, Evaluation and Production Manufacturing.

The proposed decision to dismantle the Concurrent Engineering operations at Lakehurst cannot be justified as a "sound business decision." The Navy is on record as recognizing there are no savings. The Navy knowingly and deliberately eliminated significant initial and recurring costs from certified data provided by COMNAVAIRSYSCOM. In relocating the Aircraft Support Equipment (SE) functions from Lakehurst to Naval Air Station Patuxent River, Maryland, one-time initial costs of \$21,906,000 and annual recurring costs of \$14,277,00 are projected. In the relocation of the Prototyping and Production Manufacturing functions to Naval Air Depot, Jacksonville, Florida over \$35,000,000 in initial costs, and \$16,000,000 in annual recurring costs, were eliminated from certified data.

The resultant loss in benefits predicted in this realignment action would dismay any private sector business leader:

☒ Increased cycle times due to:

- ✓ increases in development time;
- ✓ increases in materials and component lead times; and
- ✓ increases in engineering change impacts.

☒ Increased costs due to:

- ✓ increases in delays awaiting progress inspections;
- ✓ increases in field failures and warranty costs;
- ✓ increases in scrap, rework and repair costs; and
- ✓ increases in bid and proposal costs per project.

☒ Decreased product quality:

- ✓ Fleet Carriers quality measurement is based on successful launches and recoveries of aircraft;
- ✓ In past 5 years, over 2,000,000 catapult assisted take-offs and arrested aircraft landings;
- ✓ Loss of 4 aircraft during past 5 years due to an ALRE failure equates to a performance factor of 99.999998% reliability.

Based on certified data provided by COMNAVAIRSYSCOM to the Navy's BSEC, the actual one-time cost for the realignment of Aircraft Support Equipment, Prototyping and Production Manufacturing Functions from the Naval Air Engineering Station, Lakehurst, New Jersey will exceed \$56,000,000.

P R O P R I E T A R Y D A T A

Based on data provided to the Save the Lakehurst Base Committee, the projected increase in ALRE and Aircraft SE production life-cycle costs following the dismantling of the Concurrent Engineering operations at the Naval Air Engineering Station, Lakehurst, New Jersey will exceed 30% of the current annual workload costs. This 30% increase will apply to all ALRE and Aircraft SE functions including the Prototyping, Production Manufacturing, Research, Development, Test and Evaluation functions.

Documentation:

- "Concurrent Engineering & The Transition Process," Defense Systems Management College Presentation
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

PROPRIETARY DATA

Identification: Discrepancy # 6: Department of the Navy: Technical Center Military Value Matrix

Summary:

Incorrect assumptions made by the Base Structure Evaluation Committee (BSEC) based on inadequate information provided by the Commander, NAVAIRSYSCOM. These inaccuracies resulted in a 14th place ranking for the Naval Air Engineering Station, Lakehurst, New Jersey, in the Department of the Navy's 1995 Military Value Matrix for Technical Centers.

Scenario Impact:

During the BRAC-93 process, the Naval Air Engineering Station, Lakehurst, New Jersey, was assigned a Military Value ranking of 6 among the Navy's Technical Centers. The 14th place ranking of Lakehurst's military facilities in the Navy's 1995 Military Value Matrix for Technical Centers is incorrect.

During the BSEC's deliberations of 8 SEP 94, the Technical Centers' "Military Value Weighting Factors" were recomputed. The following "Que Seq" questions from the 1995 Military Value Matrix dated 30 NOV 94 are challenged for the negative response of "zero military value," should be reassigned a value of "1," and their weighting factors added to the military value of the Lakehurst facility:

<u>Question :</u>	<u>Weight:</u>	<u>Statement:</u>	<u>Supporting Data Call:</u>
1	2.451	Includes full-spectrum life cycle responsibility.	Data Call #13
4	1.944	Includes systems integration responsibility.	Data Calls #5 and #13
11	0.499	Includes support to direct formal training of naval forces.	Data Calls #4 and #5
17	0.481	Includes joint/lead service assignments.	Data Call #13
25	0.296	Include a minimum of 100 in-house WY's in Defense Systems.	Data Calls #4, #5, #12, and #13
27	0.148	Include a minimum of 100 in-house WY's in General Mission.	Data Calls #4, #5, #12, and #13
31	0.593	Include a minimum of 100 in-house WY's in Dev & Dev Support.	Data Calls #5, and #12
44	0.074	General Mission Support share of DoN in-house technical WY's is =>5%.	Data Calls #4, and #13

PROPRIETARY DATA

<u>Question :</u>	<u>Weight:</u>	<u>Statement:</u>	<u>Supporting Data Call:</u>
48	0.519	Dev & Dev Spt (RDT&E) share of DoN in-house tech WY's is =>5%.	Data Call #5
49	0.222	Acquisition share of DoN in-house technical WY's is =>5%.	Data Call #5
50	0.499	Lifetime Support share of DoN in-house technical WY's is =>5%.	Data Call #5
54	0.296	Technical functions are performed for surface ships.	Data Calls #1, #5, #12, and #13
77	0.305 *	More than 1,000 unimproved & unencumbered acres available for exp.	Data Calls #5, #12, and #13
100	0.200	Site maintains production facilities to be activated for contingencies.	Data Calls #4, #5, and #12
143	0.741	Location has natural features essential to the mission of the facility.	Data Calls #5, #12, and #13
146	0.198	Location provides favorable weather conditions.	Data Call #13
203	0.247	Directly impact Naval Force training. (20 - 39 WY's in Trng/Simulation)	Data Call #4

Note: (*) Requires question number 76 to be reevaluated and assigned a "0" vice "1".

If the criteria were equally applied to all technical facilities under consideration, then Lakehurst's scores for the above items would be similar to those of other field activities within NAVAIRSYSCOM. In every case, a comparison of the values assigned demonstrates the inequity in the process used by the Navy's BSEC. In fact, either the values for Lakehurst should be raised, or the values for other NAVAIR field activities be zeroized, (e.g.- Patuxent River, Jacksonville, China Lake, et al)

Using the weighted factors identified above, the military value for the Lakehurst facility would be increased by 9.507. This would increase Lakehurst's military value to 44.45, and enhancing its ranking among the Navy's Technical Centers from 14th to 7th place. A reasonable expectation based on its 1993 ranking of 6th place among Technical Centers.

Documentation:

- Report of Base Structure Evaluation Committee Deliberations on 08 SEP 94
- Technical Center Military Value Matrix Criteria Scoring and Weight Factors Chart dated 8 SEP 94
- Report of Base Structure Evaluation Committee Deliberations on 30 NOV 94
- Technical Center Military Value Ranking dated 18 NOV 94
- Technical Center Military Value Matrix dated 30 NOV 94
- BRAC-95 Development Data Calls: Commanding Officer, Naval Air Warfare Center Aircraft Division Lakehurst

PROPRIETARY DATA

Identification: Discrepancy # 7: Army Airborne Engineering Evaluation Support Branch (AAEESB)

Summary:

Insufficient certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting cost of relocation for the Army Airborne Engineering Evaluation Support Branch (AAEESB) from the Naval Air Engineering Station, Lakehurst, New Jersey to an "Unknown Army Base" in New Jersey. Initial costs estimated at zero. Minimal recurring costs for military personnel support and base operations support included.

Scenario Impact:

The proposed closing of NAES Lakehurst requires the U.S. Army to relocate its Army Airborne Engineering Evaluation Support Branch to another aviation-capable facility. On 19 DEC 94, the Office of the Chief of Staff, Department of the Army (DA) provided to the Navy's Base Structure Analysis Team (BSAT) its response to a data call in regard to AAEEB. The Army's stated desire was to retain its air operations at Lakehurst, however, for the purposes of the Navy's data call the Army Chief of Staff provided estimated initial costs of relocating the unit to Fort Belvoir, Virginia. It is the DA's position that no excess facilities exist for this unit within the New Jersey area. No personnel moving costs were included.

Based on certified data provided by the U.S. Army's Office of the Chief of Staff to the Navy BSAT:

One-Time Moving Costs of 150 short tons of equipment:		\$	25,000
MILCON Requirements:			
➤ Air Maintenance (Air Ops)	22,000 sq. ft	\$	4,400,000
➤ Administrative	3,100 sq. ft	\$	600,000
➤ RDT&E:	25,000 sq. ft	\$	6,500,000
Total one-time cost incurred by US Government:			\$11,525,000

PROPRIETARY DATA

Based on data provided to the Committee to Save Lakehurst Base:

Recurring Annual Costs:

- | | |
|---|------------|
| ➤ Base Operations Support (BOS): | \$ 250,000 |
| ➤ Military Personnel Housing Allowance: | \$ 30,000 |

Recurring annual cost incurred by US Government: \$ 280,000

It is the official position of the U.S. Army to maintain CECOM's Army Airborne Engineering Evaluation Support Branch at NAES Lakehurst if possible. In the event the realignment scenario is reversed by the BRAC Commission, CECOM has expressed interest in expanding its current level of aviation-activities at the Lakehurst facility.

Documentation:

- BRAC-95 Development Data Call: Department of the Army, Office of the Chief of Staff Certified Response dated 19 DEC 94
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

PROPRIETARY DATA

Identification: Discrepancy #8: Naval Air Technical Training Center (NATTC)

Summary:

Insufficient and incorrect certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting cost of relocation for the Naval Air Technical Training Center (NATTC) from Hangar 1, Naval Air Engineering Station, Lakehurst, New Jersey to Naval Air Station Pensacola, Florida. BSEC then further eliminated all remaining costs, allowing only \$199,000 for "Personal Support Equipment."

Scenario Impact:

The proposed closing of NAES Lakehurst provides the final rationale for the Naval Education and Training Command to relocate the Aircraft Launch and Recovery Equipment (ALRE) from NAES Lakehurst to NAS Pensacola. No initial costs, beyond that of partial shipping of some training materials were included in the one-time cost estimate.

Based on certified data provided by NATTC to COMNAVAIRSYSCOM:

Disassembly, packaging and reinstalling of TC-13 Catapult:	\$ 6,464,000
Disassembly, packaging and reinstalling of Mk-7 Arresting Gear:	\$ 2,734,000
Disassembly, packaging and reinstalling of VLA Equipment:	\$ 1,048,000
Disassembly, packaging and reinstalling of 11F12 Simulator:	\$ 1,048,000
One-Time Moving Costs of ALRE Training Materials:	\$ 271,000
MILCON Requirements:	\$17,054,000
Disassembly and disposal of remaining ALRE training equipment:	\$ 4,591,000
Total one-time cost incurred by US Government:	\$33,210,000

PROPRIETARY DATA

Based on certified data provided by NATTC to COMNAVAIRSYSCOM:

Annualized Recurring Costs:

➤ RPMA and BOS:	\$ 660,000
➤ Housing Allowance:	\$ 140,000

Annual Recurring cost incurred by US Government: \$ 800,000

The Navy's BSEC disallowed "lost productivity" costs, stating that "judicious management" of existing resources would eliminate this expense incurred in closing or relocating any military functions. Unfortunately, during the planned shutdown and relocation of NATTC Lakehurst, this area of important Fleet training will cease, causing disruptions in Fleet personnel assignments and creating the potential for personnel to report to their carriers untrained. In this case, there is no other place in which to receive this specialized training except in the real-world of carrier operations. If real-world experiences were a sufficient, practical and safe option, the Navy would have disestablished NATTC years ago. In fact, it does not intend to close NATTC, merely move its highly successful current operation at Lakehurst to a new location at a cost of \$33,210,000.

The Navy does not project any savings to the U.S. Government in relocating NATTC from NAES Lakehurst to NAS Pensacola. In fact, the Navy's decision to maintain its Aircraft Launch and Recovery Equipment at Lakehurst provides an obvious training asset to the men and women preparing to use this equipment aboard Fleet aircraft carriers. Should the decision to close NAES be overturned by the BRAC Commission, NATTC should remain an integral part of Navy Lakehurst.

Documentation:

- BRAC-95 Development Data Call: Naval Air Technical Training Center Certified Response dated 18 NOV 94
- Officer in Charge, Naval Air Technical Training Center, Memorandum dated 20 NOV 94
- Officer in Charge, Naval Air Technical Training Center, Memorandum dated 01 DEC 94
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

PROPRIETARY DATA

Identification: Discrepancy # 9: Defense Reutilization and Marketing Office (DRMO)

Summary:

Insufficient certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting cost of relocation for the Defense Reutilization and Marketing Office (DRMO) from the Naval Air Engineering Station, Lakehurst, New Jersey to "Base X-2," New Jersey. Initial costs estimated at zero for assumed relocation to McGuire Air Force Base, New Jersey.

Scenario Impact:

The proposed closing of NAES Lakehurst requires the Defense Logistics Agency to relocate its Defense Reutilization and Marketing Office to another DOD facility. On 19 DEC 94, the Navy's Base Structure Evaluation Committee (BSEC) deliberated on the initial costs for relocating this tenant activity. The following excerpt is germane:

"MILCON is proposed at McGuire AFB to house the Defense Reutilization and Marketing Officer (SIC) personnel presently at Lakehurst. Since it is not DoN's responsibility to build new facilities for these personnel, the BSEC directed that MILCON at McGuire be eliminated."

The Defense Logistics Agency has expressed its desire to retain its property disposal operations at Lakehurst. In their response to the Navy position, the DLA repudiated the relocation to McGuire due to the extensive storage and land requirements of the present operation. The DLA position is that no excess facilities exist for this unit within the New Jersey area.

This relocation will require significant construction expense (MILCON), major disruption in the existing operation incurring significant productivity loss, the shipping of heavy equipment and personnel relocation costs. Estimates for heavy equipment and inventory tonnage are unknown until relocation site is chosen. All construction figures assume relocation within New Jersey.

P R O P R I E T A R Y D A T A

Based on data provided by DRMO to the Committee to Save Lakehurst Base:

One-Time Moving Costs of equipment:		\$	37,500
One-Time Relocation Costs for personnel:		\$	1,457,000
MILCON Requirements:			
➤ Covered Storage:	70,560 sq. ft	\$	11,278,000
➤ Administrative:	3,100 sq. ft	\$	627,000
➤ Material/POV/Staging Area:	33,000 sq. ft	\$	3,423,000
➤ In-ground Truck Scales:		\$	55,000
➤ Security Fencing:		\$	48,000

Total one-time cost incurred by US Government if relocated intact: \$ 16,925,500

Documentation:

- Report of Base Structure Evaluation Committee Deliberations on 19 DEC 94 .
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- Defense Reutilization and Marketing Office Data dated 28 MAR 95

PROPRIETARY DATA

Identification: Discrepancy # 10: Naval Mobile Construction Battalion 21 (NMCB-21)

Summary:

Insufficient certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting cost of relocation for the Naval Mobile Construction Battalion 21 (NMCB-21) from the Naval Air Engineering Station, Lakehurst, New Jersey to "Base X-1," New Jersey. The BSEC estimated the initial costs at "zero" for this tenant relocation.

Scenario Impact:

The proposed closing of NAES Lakehurst requires the relocation of the Naval Mobile Construction Battalion 21 (NMCB-21) to another DoD facility. COMNAVAIRSYSCOM noted in his 01 FEB 95 certified data response to the Navy's BSEC:

"TENANT (NMCB-21) WAS UNABLE TO PROVIDE CONSTRUCTION COSTS, COST OF MOVING MISSION EQUIPMENT, AND OTHER DISPOSITIONS SINCE ULTIMATE GAINING BASE WAS NOT KNOWN."

On 27 MAR 95, the Commanding Officer of NMCB-21 provided his certified response to the data call requested by the Commanding Officer, Naval Air Engineering Station, Lakehurst, New Jersey. The following excerpt is germane:

"The following cost estimate is based on the assumption that NMCB-21 will occupy the authorized space allotted for a Battalion (26,000 SF) at Fort Dix, New Jersey."

PROPRIETARY DATA

Based on certified data provided by CO, NMCB-21 to CO, NAES Lakehurst:

MILCON Requirements:	\$ 694,250
Partial Payment on Inter-Service Support Agreement with Ft. Dix:	\$ 150,000
One-Time Moving Costs of Materials:	\$ 18,000
Movement of Heavy Construction Equipment:	\$ 5,000
Total one-time cost incurred by US Government:	\$ 867,250

Based on certified data provided by CO, NMCB-21 to CO, NAES Lakehurst:

Annualized Recurring Costs:

➤ Inter-Service Support Agreement with Ft. Dix: \$ 195,000

Annual Recurring cost incurred by US Government: \$ 195,000

The Commanding Officer of NMCB-21 has expressed his desire to retain the current operations at Lakehurst, even if the facility is closed. His proposal to have a stand-alone, fenced compound with its own entrance gate and access road to was disapproved as too expensive an alternative by the Navy's BSEC.

Documentation:

- Report of Base Structure Evaluation Committee Deliberations on 19 DEC 94
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee
- Commanding Officer, Naval Mobile Construction Battalion TWENTY ONE Certified Data dated 27 MAR 95

PROPRIETARY DATA

Identification: Discrepancy # 11: Naval Aviation Engineering Support Unit (NAESU)

Summary:

The Secretary of the Navy has proposed the closure of the Naval Aviation Engineering Support Unit (NAESU), Philadelphia, Pennsylvania. The remaining necessary functions, personnel and equipment are to be relocated to California and consolidated with the Naval Aviation Depot, North Island, California, at a proposed one-time cost of \$2,500,000.

Scenario Impact:

The 1991 Base Realignment And Closure (BRAC) Commission approved the closure of the Philadelphia Naval Base and Station. The Naval Aviation Engineering Support Unit (NAESU), a tenant activity of the base, was required to relocate by the end of Fiscal Year 1995. After review, the Navy elected to reunite NAESU, once a department of the Naval Air Engineering Center, Philadelphia, with its former parent Command-- the Naval Air Engineering Station now located in Lakehurst, New Jersey. NAESU was assigned Military Construction (MILCON) Project P-232, "Engineering Management Facility," with Fiscal Year 1993 programming utilizing Base Closure Account Funds.

The Commander, Naval Air Systems Command (NAVAIRSYSCOM), disagreed with this decision. A study team was chartered to "specifically review the four logistics Expense Operating Budget (EOB) activities, of which NAESU is one." The study resulted in a recommendation to combine NAESU with another of the EOB activities in Fiscal Year 1996. This decision effectively blocked the BRAC funding of MILCON Project P-232.

Navy and Department of Defense analysis and review during BRAC-93 reaffirmed the Navy's original decision to relocate NAESU to Lakehurst as approved following the BRAC-91 decisions. Once again, the decision to move to Lakehurst was thwarted by the Commander, NAVAIRSYSCOM. The recommendation to close NAESU Philadelphia, yet retain it's functions by relocating to California, has been submitted to the BRAC-95 Commission.

NAESU is now being considered for relocation to the Naval Aviation Depot (NADEP) San Diego, California. The continued delays and indecision demonstrated throughout this scenario, circumventing DoN and DoD decisions reached over three BRAC

PROPRIETARY DATA

Commissions, is a direct result of the Commander, NAVAIRSYSCOM having squandered NAESU's opportunities to rejoin its natural parent Command at Navy Lakehurst.

In the Navy's "Report of BSEC Deliberations on 9 February 1995," the following rationale for relocating NAESU from Philadelphia to San Diego:

"In looking at ASO Philadelphia, DoN determined that two of its tenants, NAESU and NATSF, could economically be relocated to NADEP North Island to consume excess capacity at that site. Though not reflected in the COBRA analysis, the movement of NAESU and NATSF should produce savings for the DLA which moves into usable spaces at the ASO compound."

This statement depicts the "shell game" played by the Navy as it seeks "smoke and mirror" savings for the 1995 round of closures and realignments. From no other source (except its own deliberations) would the BSEC tolerate or accept the phrase "Though not reflected in the COBRA analysis. . . (this movement) should produce savings." This relocation is not based on the realities of military value, initial costs or everyday common sense.

In the DoD Report to the BRAC Commission, Attachment X-14 on page X-41 discusses the rationale for relocating NAESU from Philadelphia to San Diego:

"Closure of this facility eliminates excess capacity within the technical center subcategory by using available capacity at NADEP North Island and achieves the synergy from having the drawings and manuals collocated with an in-service maintenance activity at a major fleet concentration."

In fact the actual savings and resulting synergy that could be achieved would best occur if the NAESU were returned to its original parent Command at Lakehurst. Based on existing data provided by COMNAVAIRSYSCOM, the total one-time cost incurred in NAESU relocation to Lakehurst would be \$ 1,400,000. Based on data in the DoD Base Closure And Realignment Report to the Commission, the

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total one-time cost incurred in NAESU relocation to San Diego would be \$ 2,500,000. If Lakehurst were to remain intact, NAESU could return to its nearby original military unit with less cost and fewer losses in experienced personnel.

Savings to US Government if NAESU relocates to Lakehurst: \$ 900,000

Documentation:

- CINCLANTFLT Norfolk VA 191822Z OCT 91 (UNCLAS Naval Message)
- COMNAVAIRSYSCOM Endorsement on NAVAIRENGCEN Letter 11010 18PIJK of 16 AUG 91
- COMNAVAIRSYSCOM Memorandum to Assistant Secretary of the Navy (RDT&E) dated OCT 92 (Draft)
- COMNAVAIRSYSCOM Letter to COMNAVFACENCOM dated 06 APR 93
- Commanding Officer, NAESU Point Paper dated 09 AUG 93
- Building Budget Estimate Summary Sheet for P-232: 20 MAY 94
- COMNAVAIRSYSCOM Letter to Commanding Officer, NORTHDIVNAVFACENCOM dated 08 JUN 94
- NORTHDIVNAVFACENCOM Lester PA 221221Z JUN 94 (UNCLAS Naval Message)
- CNO Letter to CINCLANTFLT and COMNAVAIRSYSCOM dated 19 JUL 94
- Report of BSEC Deliberations on 10 January 1995
- Report of BSEC Deliberations on 9 February 1995
- DoD Base Closure And Realignment Report to the Commission Vol. IV: DoN Analysis and Recommendations of MAR 95

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Identification: Discrepancy # 12: PMA-260 and PMA-251

Summary:

The 1993 Base Realignment And Closure (BRAC) Commission approved the realignment of the Naval Air Warfare System Headquarters. The majority of the Headquarters Staff functions were to be relocated to Naval Air Station, Patuxent River, Maryland. Selected Staff functions, including Program Managers (PMA's) were ordered to join their Field Activities to realize the synergism inherent in collocation with their primary support team members. Two of these Headquarters Staff functions were directed to relocate to the Naval Air Engineering Station, Lakehurst, New Jersey, by the end of Fiscal Year 1995.

Scenario Impact:

The Aircraft Launch and Recovery Equipment (ALRE) Program Manager, PMA-251, is responsible for the Product Focused life Cycle management of ALRE systems. This includes the definition, development, test and evaluation, acquisition, life cycle support, and readiness improvements of ALRE systems. The Program Manager provides customer support to all classes of aviation, air-capable and amphibious ships. These services include the entire spectrum of technical support as provided by the Naval Air Warfare Center Aircraft Division located at Lakehurst, New Jersey. Working together as an Integrated Program Team (IPT), the potential synergism of co-locating the PMA with its primary field activity was identified in early 1988.

The scope of the Aviation Support Equipment (SE) Program manager, PMA-260, consists of research, engineering, design, development, test and evaluation, acquisition, production, logistics support, life cycle management, upgrade, transition, and disposal of Common Support Equipment (CSE). While responsibility for integrating the Navy's total SE program lies with PMA-260, primary acquisition responsibility for Peculiar Support Equipment (PSE), applicable to a single weapon system, lies with the appropriate weapon system Program Executive Officer (PEO).

The benefits of Concurrent Engineering, discussed in Discrepancy #5, clearly demonstrates the validity of the Navy's prior decisions on co-locating PMA-251 and PMA-260 with their Integrated Program Teams at NAES Lakehurst. The 1993 Base Realignment

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and Closure Commission (BRAC) agreed with the Navy's recommendations, and approved the relocation of these Headquarters Staff functions to Lakehurst.

Acting independently and without proper authority, the Commander, Naval Air Systems Command elected to relocate PMA-251 and PMA-260 to the Naval Air Station, Patuxent River, Maryland. The Military Construction (MILCON) expense of this decision are hidden in the overall Headquarters relocation costs at Naval Air Station Patuxent River, Maryland. The lost productivity gains in collocating the program managers with their field activities was not considered.

Documentation:

- COMNAVAIRSYSCOM Meeting Agenda on BRAC-93 dated 17 MAY 93
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- DOD Base Closure And Realignment Report to the Commission Volume IV: DoN Analysis and Recommendations of MAR 95

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Identification: Discrepancy # 13: Navy Lakehurst: National Historic District

Summary:

Insufficient certified data provided to the Base Structure Evaluation Committee (BSEC) by the Commander, NAVAIRSYSCOM, in reporting the initial costs of necessary restorations and the recurring costs to the government of maintaining the National Historic District located aboard the Naval Air Engineering Station, Lakehurst, New Jersey.

Scenario Impact:

In Attachment X-7, page X-25 of its March 1995 report to the Department of Defense (DoD), the Secretary of the Navy described the scenario for closing the Naval Air Engineering Station (NAES) at Lakehurst, New Jersey, and the realignment of the Naval Air Warfare Center Aircraft Division (NAWCAD) Lakehurst. In evaluating the scenario's economic impact, the Secretary of the Navy stated:

"There is no adverse impact on threatened/endangered species, sensitive habitats and wetlands, or cultural/historical resources occasioned by this recommendation."

Evidently, the Secretary was not aware of the Cultural Resources Survey (CRS) conducted for the Naval Air Engineering Station (NAES) at Lakehurst, New Jersey. The CRS was carried out by Baystate Environmental Consultants at the direction of the Northern Division, Naval Facilities Engineering Command, Lester, Pennsylvania.

In accordance with Section 110 of the National Historic Preservation Act of 1966, Executive Order 11593, and OPNAVINST 5090.1A, "Environmental Resources Program Manual," NAES Lakehurst is required to consider the effects of its current and future operations on cultural resources contained within the Station. According to this report, "The buildings at NAES Lakehurst define a lighter-than-air (LTA) Historic District that is potentially eligible for inclusion in the National register of Historic Places."

In addition, known archaeological sites aboard the Station include an eighteenth-century road, a mid-nineteenth-century dwelling, a sawmill, facilities related to the Russian Imperial Army and the United States Army Proving Grounds, and the German dirigible

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Hindenburg crash site. Notwithstanding the preliminary evaluations of NAES Lakehurst, the archeological resources may include both historic and prehistoric sites.

The so-called "fenced" scenario proposed by the Navy will require extensive environmental clean-up of the areas *outside* the proposed security fencing. For example, it is estimated that the required clean-up of the unexpended ordnance left behind by the Russian Imperial Army and the United States Army during the Station's use as an ordnance proving grounds will exceed \$26,000,000. The required clean-up of the Production manufacturing and Prototyping buildings, required *after* they are shut-down and machinery relocated to Naval Air Depot Jacksonville, Florida will exceed \$8,000,000.

The LTA Historic District encompasses 112 buildings and structures and the Hindenburg crash site. This area includes the internationally recognized "Air Dock One," also known as Hangar 1. This national historic landmark is one of the world's largest man-made structures. The Navy has neither requested or received agreement from the National Park Service or any other agency to accept responsibility for the maintenance of this structure. In fact the Navy has no plan to address any of these issues, and is willing to address them after the Base Realignment and Closure (BRAC) Commission makes its ruling on the Lakehurst scenario.

Based on data provided to the Committee to Save Lakehurst Base:

One-Time clean-up costs of unexpended ordnance:	\$20,000,000
One-Time clean-up costs of Industrial facilities:	\$ 8,000,000
One-Time Moving Costs of ALRE inventories from Hangar One:	\$ 5,000,000
One-Time Environmental Impact Study for NAES Lakehurst:	\$ 2,500,000
Total one-time cost incurred by US Government:	\$35,500,000

Annualized Recurring Costs:

➤ Hangar One Operations & Maintenance:	\$ 953,000
➤ Security, Admission and Tour Personnel:	\$ 125,000

Annual Recurring cost incurred by US Government: \$ 1,078,000

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Documentation:

- State of New Jersey Department of Environmental Protection and Energy letter dated 23 FEB 93
- Cultural resources Survey for NAES Lakehurst, New Jersey dated 31 OCT 94
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- Phonecon between Mr. Hagy (Committee) and Ms. Tina Deiniger, P.E. (NORTHDIV) on 04 MAR 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee

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Identification: Discrepancy # 14: Naval Air Engineering Station (NAES) Benefits of Joint Use Opportunities

Summary:

Improper guidance provided to the Commanding Officer, Naval Air Engineering Station, Lakehurst, New Jersey, by the Commander, NAVAIRSYSCOM, forbidding his participation in a joint-use study for the New Jersey region. Incorrect assertions made by COMNAVAIRSYSCOM as to restrictions placed upon joint-use studies during the Base Realignment and Closure process.

Scenario Impact:

In early 1993, Congress issued a directive to the Secretary of Defense to seek Department of Defense (DoD) opportunities for Joint Cross-Service use of common facilities and services. The 1993 Base Realignment and Closure (BRAC) Commission encouraged the military service Chiefs to vigorously pursue these joint-use opportunities whenever practicable.

In support of the 1995 BRAC process, the Secretary of Defense initiated four Joint Cross-Service Group studies in the following commonality areas:

- Depot Maintenance
- Undergraduate Pilot Training
- Medical
- Labs, Test and Evaluation

On April 4, 1995, the Heads of each of the DoD Joint Cross-Service Groups (JCSG) provided testimony to the Base Realignment and Closure Commission. It should be noted that the JCSG recommended two scenarios that would directly affect NAES Lakehurst.

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The first recommendation centers on the creation of a Regional Maintenance Activity (RMA) at Jacksonville, Florida. This long-overdue initiative would save the government millions of dollars annually by eliminating redundant capabilities and consolidating five administrative and command support staffs throughout the Jacksonville region.

JCSG Scenario #102A recommended the closure of Naval Air Depot (NADEP) Jacksonville, retaining several of its maintenance functions on-site as part of the RMA. This scenario estimated a one-time cost of \$9,100,000; an immediate return on investment; an annual steady-state savings of \$37,300,000; and a 20-year savings of over \$500,000,000. COMNAVAIRSYSCOM and the Navy's Base Structure Evaluation Committee (BSEC) removed NADEP Jacksonville from further JCSG consideration by "trading" its real savings for the "smoke and mirrors" savings of NAES Lakehurst. The 1995 Base Realignment and Closure Commission should approve the DoD Joint Cross-Service Group's recommendation to close NADEP Jacksonville and create a Regional Maintenance Activity.

The second JCSG recommendation centers on the consolidation of the Navy and Air Force Test and Evaluation of high-performance jet aircraft. This scenario has run afoul of COMNAVAIRSYSCOM's plan for the explosive and unnecessary growth of the Naval Air Station at Patuxent River, Maryland. This facility has gained activities throughout the BRAC process without military purpose or financial justification.

NAES Lakehurst should not have its highly-successful and DoD-approved Concurrent Engineering operations dismantled and shipped to NAS Patuxent River; merely to continue the unprogrammed and unnecessary growth of a facility whose continued operation as a Test and Evaluation site for jet aircraft is questionable at best. The 1995 Base Realignment and Closure Commission should approve the DoD Joint Cross-Service Group's recommendation to consolidate the Navy's and Air Force's jet Test and Evaluation operations at a more suitable site. A study of the savings in eliminating redundant capabilities and unnecessary command and support functions will reveal the validity of this JCSG recommendation.

The BRAC Commission should recommend to the Secretary of the Navy to immediately remove the arbitrary and unjustified restrictions placed upon the Commanding Officer, NAES Lakehurst against participating in joint-use regional studies. The potential savings in joint-use opportunities with Fort Dix and McGuire Air Force base should be vigorously pursued as per the direction of the DoD.

Other offers of relocating forces to the Lakehurst facility, made by the New Jersey Air National Guard (NJANG), should be encouraged and completed without further interference from COMNAVAIRSYSCOM. Finally, the Lakehurst-Army Communications and Electronics Command (CECOM) proposal to create a joint Army-Navy maintenance facility at NAES Lakehurst for Joint Automatic Test Equipment (ATE) should be approved and established as a model of joint use at the grass roots of our military services.

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Documentation:

- CDRFORSCOM Unclassified Message DTG 281503Z NOV 94
- COMNAVAIRSYSCOM Unclassified Personal Message DTG 092304Z JAN 95
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee
- Army/Navy Interservicing Activities White Paper on a Joint Automatic Test Equipment (ATE) Environment dated 24 MAR 95

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Identification: Discrepancy # 15: Naval Air Engineering Station (NAES) Benefits of Public/Private Ventures

Summary:

Inadequate guidance and support provided to the Commanding Officer, Naval Air Engineering Station, Lakehurst, New Jersey, by the Commander, NAVAIRSYSCOM. No consideration for the economic benefits of pursuing partnerships with industry and the local community in Public/Private Ventures (P/PV).

Scenario Impact:

Lakehurst has successfully pursued and realized a public/private partnership with the Ocean County Vocational School. In 1994, the school's Career and Technical institute (CTI) established its operations in a beautifully restored section of Historic Hangar One. The resulting partnership between the public and private sectors has been measurable in terms of economic benefit to both participants. CTI has achieved significant long-term savings in its annual facilities and utilities costs. The Navy has a viable tenant that maintains its facilities in mint condition, while providing a source of low-cost training support in General Aviation and Computer Aided Design (CAD) education.

NAES Lakehurst boasts one of the Navy's highest production to overhead ratios of 61%. As the Navy reduces its aircraft carrier fleet to twelve active duty carriers, the planned downsizing of the military and civilian personnel of Lakehurst continues. As a result, one area of potential public/private partnerships is the Production Manufacturing and Prototyping functions at NAES Lakehurst. With unique and critical machines required to support the Navy's carriers, opportunities exist for civilian contractors to use these incredible machines at a reimbursement to the Navy.

This potential to further reduce the overhead costs of NAES Lakehurst, while preserving its unique machinery and artisan personnel is an opportunity to be vigorously pursued by the Navy. Interest expressed by the Philadelphia Industrial Development Corporation to explore possible partnerships with its development of the recently closed Naval Base and Shipyard at Philadelphia are

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ongoing. An NAES Lakehurst "White Paper" provides the foundation for future public/private enterprises, if the Lakehurst facility is removed from the 1995 Base Realignment and Closure Commission's final list of military activities.

Documentation:

- NAWCAD Lakehurst "White Paper" dated 20 JAN 95
- BRAC-95 Development Data Call: Commander, NAVAIRSYSCOM Certified Response dated 01 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 20 FEB 95): Commander, NAVAIRSYSCOM Certified Data dated 21 FEB 95
- BRAC-95 One-Time Cost Report (COBRA: 14 MAR 95): Save Lakehurst Base Committee



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Section 6:
Scenario
Questions

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Scenario Questions

NADEP Jacksonville

Joint-Use Facilities: The Joint Cross-Services Group has proposed the establishment of business-oriented joint-use activities for Depots, Laboratories, Research & Development, Medical Services and Under-Graduate Pilot training. Why when many Fortune 500 Companies have learned the value and viability of "Hub and Spoke" operations does the Navy continue to resist consolidating its redundant and costly functions with those of its sister services?

Joint Cross-Services Group Scenario(s): Scenarios #102 and #102A proposed the creation of a Jacksonville Regional Maintenance Activity (RMA). Scenario #102, calling for the closure of NADEP Jacksonville, was rejected by the Navy as too costly an alternative. Scenario #102A, proposed to the Joint Cross-Services Group by the Navy, called for the closure of NADEP Jacksonville, but recommended the retention of four major sub-system repair capabilities at Jacksonville as a part of the RMA. This alternative boasted a one-time cost of only \$9,000,000, a one-year return on investment and an annual savings of \$37,000,000.

The Navy stated it could not accomplish Scenario #102A, because NADEP Jacksonville's continued existence facilitated the "...closure of a major technical center (Lakehurst)." Navy Lakehurst is not closing, the costs of moving a small detachment from Lakehurst to Jacksonville will cost over \$26,000,000 and incur annual recurring costs exceeding \$14,000,000. Why is the Navy sacrificing its "golden nugget" of aircraft carrier support operations at Lakehurst to save NADEP Jacksonville?

Inadequate NADEP Facilities: The Navy BSEC estimated \$1,500,000 in relocation costs for moving the Prototyping and Production Manufacturing functions from Lakehurst to Jacksonville. The facilities identified at Jacksonville are too small, the ceilings too low and the foundations inadequate to support the necessary machinery and crane operations proposed for relocation. Why are inadequate facilities proposed to substitute for the world-class operations currently at Lakehurst? Why does the Navy persist in trying to justify the \$1,500,000 relocation cost in the face of documented, certified data indicating the requirement for over \$26,000,000?

NADEP Over-Capacity: There are three NADEP's, one (San Diego) on the West Coast and two (Jacksonville and Cherry Point) on the East Coast. With an acknowledged over-capacity of 38%, why isn't the Navy closing one of the two East Coast NADEP's?

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NAS Patuxent River

With Regard to Aircraft Support Equipment (SE):

1. To NAVAIR: "Please provide your estimates for the annual recurring costs for TDY and travel for SE engineers from NAS PAX to Lakehurst and Jacksonville and return?"

2. To NAVAIR: "The proposed relocation of the Aircraft Support Equipment (SE) functions from NAES Lakehurst to NAS Patuxent River completely overlooks the requirement to provide prototype manufacturing capabilities necessary to test and validate SE design."

➤ In FY-95, SE prototype manufacturing represented 34% of the Manufacturing Technology Department's workload. The 55.41 SE workyears essentially equal the 54.93 ALRE workyears proposed for relocation to NADEP Jacksonville.

➤ "What is NAVAIR's response to the statement that SE Prototyping was 'overlooked' in the BRAC study for Lakehurst?"

➤ "In relocating SE to NAS PAX, did NAVAIR intentionally eliminate its capacity to conduct SE prototyping?"

➤ "Are the SE Prototyping inherent government functions, or does NAVAIR intend to outsource these workyears to private contractors? If so, what are the estimated costs for this outsourcing?"

With Regard to Concurrent Engineering:

1. To NAVAIR: "What are the estimated lost productivity costs incurred during the break-up of the Lakehurst ALRE Concurrent Engineering system?"

2. To NAVAIR: "What period of time do you estimate will be required to tear-down, package, ship, unpack and rebuild the ALRE Prototype and Production Manufacturing machinery in its move from Lakehurst to Jacksonville?"

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3. To NAVAIR: "Concurrent Engineering has demonstrated a savings of some 30% over the product's life cycle costs. Why does NAVAIR recommend the dismantling of the ALRE Concurrent Engineering system at Lakehurst?"

4. To NAVAIR: "What are your current estimated MILCON costs for the relocation of NAWC Trenton test facilities to NAS PAX?"

With Regard to the Technical Centers Value Matrix:

1. To NAVAIR: "Is it your position that the weighting criteria used in the technical centers Military Value Matrix were evenly and equitably applied to all NAVAIR activities?"

➤ "If so, how do you explain the values for Questions # 1, 4, 11, 17, 25, 27, 31, 44, 48, 49, 50, 54, 77, 100, 143, 146, and 202 for Lakehurst were zero, despite contradictory evidence clearly documented in the 13 Lakehurst data calls?"

➤ "If the values for these areas are zero for Lakehurst due to 'interpretation,' why are the values for other NAVAIR field activities (e.g. - Patuxent River, Jacksonville, China Lake, et al) not interpreted in the same manner?"

2. To CO, NAS PAX: Questions 57-60: Please describe specifically what percent of NAS PAX administrative and laboratory space is adequate, which percentage is inadequate, and what percentage(s) fall into other categories (please name).

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

3. To CO, NAS PAX: Question 63: Please describe specifically what amount of money (between \$500,000 and \$5,000,000) is needed to correct inadequacies at NAS PAX, and describe how those funds would be spent.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

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4. To CO, NAS PAX: Questions 66-68: Please confirm that less than 10,000 square feet of existing government owned space and/or zero square feet of government owned space is available for expansion at NAS PAX, and give the exact number of such square footage (if any) available for expansion.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

5. To CO, NAS PAX: Questions 69-71: Please confirm that less than 10,000 square feet of existing government owned space can be constructed for expansion at NAS PAX, and give the exact number of such square footage available for expansion.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

6. To CO, NAS PAX: Questions 72-74: Please confirm that expansion opportunities can support less than 50 additional personnel and/or zero additional persons at NAS PAX, and give the exact number of persons that could be supported.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

7. To CO, NAS PAX: Questions 75-77: Please confirm that less than 250 unimproved and unencumbered acres are available for expansion at NAS PAX, and give the exact number of such acres.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

8. To CO, NAS PAX: Questions 80-82: Please confirm that less than 10 acres with roads and utilities are available for expansion at NAS PAX, and give the exact number of such acres.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

9. To CO, NAS PAX: With regard to the column in the Technical Centers Workload Capacity Data Table on personnel expansion potential, please confirm that the number of expansion personnel that NAS PAX can currently absorb and support is zero additional persons.

➤ If your answer varies from the Technical Centers Military Values Matrix, please explain that variance.

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With Regard to the Proposed Movement of NAVAIR activities to NAS PAX:

1. To CO, NAS PAX: "With respect to the positions expected to be lost from any Warminster, Trenton, Lakehurst, Indianapolis and NAVAIR Headquarters functions, how many of these civilian positions are expected to be relocated to PAX?"

➤ "Please break this number down by military and civilian positions and by the year in which the positions are to be added at PAX?"

2. To CO, NAS PAX: "With respect to the Budgeted Workyears for Technical Centers for Warminster facilities, how many of these workyears are expected to be relocated to PAX?"

➤ "Please break this answer down by the years in which the workyears are to be added at PAX, and please carry the answer forward as many years as necessary to complete the realignment, (i.e., beyond 1997 if necessary).?"

3. To CO, NAS PAX: "With respect to PAX MILCON costs, please describe in detail:"

➤ All ongoing or planned MILCON at PAX attributable to the movement of positions, equipment, etc. from all NAVAIR, NAWC and any other government activities? "

➤ "Please breakdown these costs by individual building or facility involved, describing the nature of the construction involved."

4. To CO, NAS PAX: "With respect to "Personnel" costs, please describe in detail all personnel costs attributable to movement of positions, equipment, etc. from all NAVAIR, NAWC and any other government activities?"

5. To CO, NAS PAX: "With respect to "Overhead" costs, please describe in detail all overhead costs attributable to movement of positions, equipment, etc. from all NAVAIR, NAWC and any other government activities?"

6. To CO, NAS PAX: "With respect to "Moving" costs, please describe in detail all moving costs attributable to movement of positions, equipment, etc. from all NAVAIR, NAWC and any other government activities?"

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7. To CO, NAS PAX: "With respect to "Other" costs, please describe in detail all moving costs attributable to movement of positions, equipment, etc. from all NAVAIR, NAWC and any other government activities?"

8. To CO, NAS PAX: "Please list the current number of employees at PAX, breaking the number down both by military/civilian and technical/administrative/other categories."

9. To CO, NAS PAX: "Please list the future number of employees that would be located at PAX, assuming that all past and proposed BRAC recommendations are to be implemented. Please break down this number both by military/civilian and technical/administrative/other categories, for each year until those recommendations are fully implemented."

10. To CO, NAS PAX: "Please list the total number of square feet of useable space at PAX, breaking this number down into technical/administrative/other categories."

11. To CO, NAS PAX: "Please list the total amount of Military Construction that would be located at PAX, assuming that all past and proposed BRAC recommendations are to be implemented. Please break down this number into technical/administrative/other categories, stating the year each MILCON is expected to be completed."

12. To CO, NAS PAX: "Please list the total number of square feet of useable space that would be located at PAX, assuming that all past and proposed BRAC recommendations are to be implemented, breaking this number down into technical/administrative/other categories."

13. To CO, NAS PAX: "Please list the name, address, telephone number, and rank/position of all individuals answering these questions."

With Regard to the Relocation of NAES Philadelphia:

1. To NAVAIR: "Why has COMNAVAIRSYSCOM refused the direction provided by the Navy and the two previous Base Realignment and Closure Commissions to relocate the Naval Aviation Engineering Support Unit (NAESU), Philadelphia, to NAES Lakehurst?"

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- "Please describe specifically what are the estimated costs for the relocation of NAESU to NADEP San Diego?"
- "Please describe specifically (Building # and square feet) what existing spaces are in excess at NADEP San Diego?"
- "Please describe specifically what existing spaces at NADEP San Diego will be used for the relocation of the NAESU without construction or renovation costs?"

With Regard to the Relocation of PMA-251 and PMA-260:

1. To NAVAIR: Why was the decision to relocate PMA-251 and PMA-260 to Lakehurst changed in favor of NAS PAX?
 - " Please describe specifically the estimated costs for the relocation of PMA-251 and PMA-260 to NAS PAX?"
 - "Please describe specifically (Building numbers and square footage) what existing spaces at NAS PAX are in excess that afford the relocation of the PMA's without construction or renovation costs?"

With Regard to the Request for Regional Joint-Use Studies:

1. To NAVAIR: "What specific portion of Public Law 101-510 (the Base Realignment and Closure Act) forbids participation by Navy Activity Commanders in regional joint-use studies?"
 - "Are you aware that in the CDRFORSCOM Unclassified Message DTG 281503Z NOV 94 the participation of Fort Dix, McGuire Air Force Base and NAWCAD Lakehurst was solicited for a regional joint-use study?"
 - "Please explain why the Commander, NAVAIRSYSCOM specifically forbid the CO, NAWCAD Lakehurst in participating in this joint-use study for the New Jersey region?"

2. To NAVAIR: "What is the NAVAIRSYSCOM's position on the joint-use concepts directed by the Secretary of Defense, in particular-- the Joint Service-Group's recommendation for a Regional Maintenance Activity at Jacksonville, Florida?"

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NAES Lakehurst Tenants

Documented and certified evidence, openly shared with the Navy and made available to the General Accounting Office, clearly demonstrates the Navy's BSEC knowingly eliminated and denied the necessity to include the costs of relocating Lakehurst's tenants as a result of the closure action. Quoting the Navy's BSEC during its deliberations of December 19, 1994:

"Since it is not DoN's responsibility to build new facilities for these personnel, the BSEC directed that MILCON (for Lakehurst's tenants) be eliminated."

These include the Army Airborne Engineering Evaluation Support Branch (AAEESB); the Defense Logistics Agency's Defense Reutilization and Marketing Office (DRMO); and the Naval Mobile Construction Battalion Twenty One (NMCB-21).

AAEESB: Why did the Navy estimate a zero cost for the relocation of the Army Airborne Engineering Evaluation Support Branch (AAEESB) when it had certified data from the Department of the Army's Office of the Chief of Staff? This information, dated December, 1994, expressed the Army's desire to remain place at Navy Lakehurst, however if required to relocate the operation it provided an estimate of \$11,525,000.

DRMO: Why did the Navy estimate a zero cost for the relocation of the Defense Logistics Agency's Defense Reutilization and Marketing Office (DRMO) when it had been provided data from the DRMO's Director? This information, dated December, 1994, expressed DRMO's desire to remain place at Navy Lakehurst, however if required to reconstruct its current operations it provided an estimate of \$16,925,500.

NMCB-21: Why did the Navy estimate a zero cost for the relocation of the Naval Mobile Construction Battalion Twenty-One (NMCB-21) when it had been provided certified data from its Commanding Officer? This information expressed the Command's desire to remain place at Navy Lakehurst, however if required to reconstruct its current operations it provided an estimate of \$867,250

NATTC: Even the costs for relocating the Navy's one-of-a-kind training devices, as well as the costs for necessary construction, for the Navy's own Naval Air Technical Training Center (NATTC) were effectively eliminated, quoting a cost of only \$199,000. The actual estimates for the relocation of the activity exceeds \$33,000,000. The Navy states its facilities at NAS Pensacola have the excess capacity to eliminate the requirement for \$17,000,000 in military construction. Even so, why is the Navy standing by its estimate of \$199,000 for the relocation of NATTC, when relocating the training equipment alone will exceed \$16,000,000?

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NAES Lakehurst

Carrier Support: The time required to dismantle, pack, ship and reassemble the current Production Manufacturing system at Lakehurst and relocate it to NADEP Jacksonville will require an additional 5-8 Low Loss Launch Valves (LLLV's are a critical component of catapults). Since the Navy has not maintained a single "in stock" valve during the past five years, the Jacksonville scenario requires the purchase of 5 - 8 additional LLLV's, at a cost of \$558,000 per valve, in order to prevent unacceptable reductions in fleet carrier readiness. What are the Navy's plans, and which contractor has been identified to meet this critical component shortfall?

False Savings: The BSEC's projected savings in the realignment scenario for Lakehurst projects annual savings of \$37,200,000. This savings is the "smoke and mirror-image" of the real savings of \$37,300,000 anticipated from the creation of the Regional Maintenance Activity proposed by the Joint Cross-Service Group in its Scenario #102A. If Lakehurst is being used by the Navy to thwart the justified closure of NADEP Jacksonville, will the BRAC Commission allow the savings "lost" to the U.S. Government to be included in the annual recurring costs of the Lakehurst scenario?

Support Equipment (SE): The certified data provided by COMNAVAIRSYSCOM underestimated the annual recurring costs required in this relocation scenario. Although the Support Equipment functions would be located in Maryland, the Test functions (i.e.- Electro-Magnetic Interference and Environmental) would remain at Lakehurst, New Jersey. Will the BRAC Commission allow the significant costs in lost productivity due to travel to and from the test sites to be included in the costs of this scenario?

Support Equipment (SE) Prototyping: It is of particular concern that the aircraft SE production manufacturing and prototyping functions have been ignored in this scenario. Only the ALRE functions are supported in the relocation to NADEP Jacksonville, Florida. The inability to prototype, manufacture and rework critical SE items would seriously impact Naval Aviation. What is the Navy's plan to reestablish this capability, after it is dismantled at NAES Lakehurst? Is this another "hidden" MILCON for future expansion at NAS Patuxent River, Maryland?

Concurrent Engineering: Concurrent Engineering is a systematic approach to the integrated, concurrent design of products and their related processes, including manufacture and support. This approach is intended to cause the developers, from the outset, to consider all elements of the product life cycle from conception through disposal, including quality, cost, schedule, and user requirements. What is the Navy's answer to the projected 30% increase in costs due to the dismantling of this system?

P R O P R I E T A R Y D A T A

Military Value: During the BRAC-93 process, the Naval Air Engineering Station, Lakehurst, New Jersey, was assigned a Military Value ranking of 6 among the Navy's Technical Centers. The 14th place ranking of Lakehurst's military facilities in the Navy's 1995 Military Value Matrix for Technical Centers is incorrect. Based upon honest answers to the Military Value questions, Lakehurst would be ranked 7th among the Navy's Technical Centers. Why has the Navy so blatantly ignored the correct responses to these questions? If the criteria were equally applied to all technical facilities under consideration, then Lakehurst's scores for the above items would be similar to those of other field activities within NAVAIRSYSCOM. In every case, a comparison of the values assigned demonstrates the inequity in the process used by the Navy's BSEC. In fact, either the values for Lakehurst should be raised, or the values for other NAVAIR field activities be zeroized, (e.g.- Patuxent River, Jacksonville, China Lake, et al). What is the Navy's response to this allegation of incorrect ranking?

Environmental Impact: In Attachment X-7, page X-25 of its March 1995 report to the Department of Defense (DoD), the Secretary of the Navy described the scenario for closing the Naval Air Engineering Station (NAES) at Lakehurst, New Jersey, and the realignment of the Naval Air Warfare Center Aircraft Division (NAWCAD) Lakehurst. In evaluating the scenario's economic impact, the Secretary of the Navy stated: "There is no adverse impact on threatened/endangered species, sensitive habitats and wetlands, or cultural/historical resources occasioned by this recommendation." Was the Secretary unaware of the Cultural Resources Survey (CRS) conducted for the Naval Air Engineering Station (NAES) at Lakehurst, New Jersey? Did the Navy not know that the CRS was carried out by Baystate Environmental Consultants at the direction of the Northern Division, Naval Facilities Engineering Command, Lester, Pennsylvania?

Historical District: In accordance with Section 110 of the National Historic Preservation Act of 1966, Executive Order 11593, and OPNAVINST 5090.1A, "Environmental Resources Program Manual," NAES Lakehurst is required to consider the effects of its current and future operations on cultural resources contained within the Station. According to this report, "The buildings at NAES Lakehurst define a lighter-than-air (LTA) Historic District that is potentially eligible for inclusion in the National register of Historic Places." In addition, known archaeological sites aboard the Station include an eighteenth-century road, a mid-nineteenth-century dwelling, a sawmill, facilities related to the Russian Imperial Army and the United States Army Proving Grounds, and the German dirigible Hindenburg crash site. What is the Navy's position in regard to the Lakehurst historical district?

Pinelands: The so-called "fenced" scenario proposed by the Navy will require extensive environmental clean-up of the areas *outside* the proposed security fencing. For example, it is estimated that the required clean-up of the unexpended ordnance left behind by the Russian Imperial Army and the United States Army during the Station's use as an ordnance proving grounds will exceed \$20,000,000. What is the Navy's response to this allegation?



PROPRIETARY DATA

Section 7:

Scenario

Points of Contact

PROPRIETARY DATA

Scenario Points of Contact

Naval Air Systems Command

Naval Air Systems Command

VADM Bowes

VADM Lockhart

Commander

Prospective Commander

Naval Air Warfare Center

RADM William E. Newman

Commander

Naval Air Warfare Center

Lewis Lundberg

Technical Director

Naval Air Warfare Center Aircraft Division

RADM Barton Strong

Commander

Naval Air Warfare Center Aircraft Division

CAPT John B. Patterson

Vice Commander

Naval Air Warfare Center Aircraft Division

Guy Dilworth

Deputy Commander

Naval Air Warfare Center Aircraft Division

P. M. Davis

Technical Director

Naval Air Warfare Center Aircraft Division Lakehurst

CAPT Farr

Commanding Officer

(908) 323-2380

PROPRIETARY DATA

Naval Air Systems Command (Continued)

Naval Air Warfare Center Aircraft Division Lakehurst Thomas Brennan	Executive Director	(908) 323-2380
Naval Air Engineering Support Unit Philadelphia Oscar Semora	Technical Director	(215) 897-5620

Tenant Commands at NAES Lakehurst

Naval Air Technical Training Detachment (NATTC) LCDR David L. Kennedy	Officer-in-Charge	(908) 323-7359
Army Airborne Engineering Evaluation Support Branch (AAEESB) Lt. Col. Orlando W. Spalding	Commanding Officer	(908) 323-2112
Defense Reutilization & Marketing Office (DRMO) Ms. Joanne L. Reitemeyer	Deputy Director	(908) 323-2755
Naval Mobile Construction Battalion 21 (NMCB-21) CDR Douglas Ault, CEC	Commanding Officer	(814) 237-8103

Naval Facilities Command

Northern Division Tina Deiniger, P.E.	Historic Landmarks	(610) 595-0759
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PROPRIETARY DATA

Navy Base Realignment And Closure

Naval Air Systems Command

CAPT Cook (up to 25 DEC 94)

CAPT Reaghard (after 25 DEC 94)

NAVAIR BRAC Coordinator

Naval Air Warfare Center

Sandy Snyder

NAWC BRAC Coordinator

Base Structure Analysis Team Analyst (BSAT)

John Trick

Analyst for Lakehurst Scenario

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P R O P R I E T A R Y D A T A

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P R O P R I E T A R Y D A T A

Section 8:

Glossary **of Acronyms**

PROPRIETARY DATA

Glossary of Acronyms

AAEESB	Army Airborne Engineering Evaluation Support Branch
ALRE	Aircraft Launch and Recovery Equipment
API	Aircraft Platform Interface
ASO	Aviation Supply Office
ATE	Automatic Test Equipment
ATS	Automatic Test System
BOS	Base Operations Support
BRAC Commission	Base Realignment And Closure Commission
BSAT	Base Structure Analysis Team (Navy)
BSEC	Base Structure Evaluation Committee (Navy)
CALASSES	Carrier Aircraft Launch And Support Systems Equipment Simulator
CAPT	Captain (in rank: Pay Grade O-6)

P R O P R I E T A R Y D A T A

CASS	Consolidated Automated Support System
CDR	Commander (Commanding Officer, or in rank: Pay Grade O-5)
CECOM	(Army) Communications and Electronics Command
CINCLANT	Commander-in-Chief Atlantic
CINCLANTFLT	Commander-in-Chief Atlantic Fleet
CINCPAC	Commander-in-Chief Pacific
CINCPACFLT	Commander-in-Chief Pacific Fleet
CNO	Chief of Naval Operations
COBRA	Costing Of Base Realignment (Computer model)
COMNAVAIRSYSCOM	Commander, Naval Air Systems Command
COMNAVSEASYSYSCOM	Commander, Naval Sea Systems Command
CSE	Common Support Equipment (multi-service aircraft servicing)
DA	Department of the Army
DBOF	Defense Base Operations Fund

P R O P R I E T A R Y D A T A

DLA	Defense Logistics Agency
DoD	Department of Defense
DoN	Department of the Navy
DRMO	Defense Reutilization and Marketing Office
EFP	Elevated Fixed Platform (Full-size mock-up of ship landing zone)
EMALS	Electromagnetic Aircraft Launch System (non-steam driven catapult)
EOB	Expense Operating Budget (Logistic activities)
FAA	Federal Aviation Administration
GAO	General Accounting Office
GSE	Ground Support Equipment (for aircraft servicing)
HQ	Headquarters
JAST	Joint Advanced Strike Technology
JAX	Jacksonville, Florida
JCSG	Joint Cross-Service Group

PROPRIETARY DATA

LCDR	Lieutenant Commander (Pay Grade O-4)
LLLV	Low Loss Launch Valve (Critical component of catapults)
LZ	Landing Zone
MHM Associates	Managers Helping Managers (Philadelphia Consulting Firm)
MILCON	Military Construction
MOA	Memorandum Of Agreement
NAEC Philadelphia	Naval Air Engineering Center (prior name of NAES Lakehurst)
NAEC Lakehurst	Naval Air Engineering Center (prior name of NAES Lakehurst)
NAES Lakehurst	Naval Air Engineering Station, Lakehurst
NAESU Philadelphia	Naval Air Engineering Support Unit, Philadelphia
NADEP	Naval Aviation Depot (Aviation repair facilities)
Navy IG	Navy Inspector General
NAS	Naval Air Station (or Naval Audit Service)
NASA	National Aeronautics and Space Administration

PROPRIETARY DATA

NATTC	Naval Air Technical Training Center (Detachment at Lakehurst)
NAVAIRSYSCOM	Naval Air Systems Command
NAVSEASYSKOM	Naval Sea Systems Command
NAWC	Naval Air Warfare Center
NAWCAD	Naval Air Warfare Center Aircraft Division
NAWCADLKE	Naval Air Warfare Center Aircraft Division Lakehurst
NAWCHQ	Naval Air Warfare Center Headquarters
NCMA	Navy Civilian Managers Association
NETC	Naval Education and Training Command
NIS	Naval Investigative Service
NMCCB-21	Naval Mobile Construction Battalion Twenty-One
O&M	Operations and Maintenance
PAX	Patuxent River, Maryland
PMA	Program Management Activity

P R O P R I E T A R Y D A T A

PCS	Permanent Change of Station (Personnel moving costs)
POL	Petroleum, Oil and Lubricants
RDT&E	Research, Development, Test and Evaluation
ROI	Return On Investment
SE	Support Equipment (for aircraft servicing)
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
TIF	Test and Integration Facility
TPS	Test Program Set
UIC	Unit Identification Code
VTC	Video Teleconference Center