

Candidate Recommendation # DON-0133

Candidate Recommendation: Close the Naval Shipyard (NSYD) Portsmouth, Kittery, ME. Relocate the ship depot repair function to NSYD Norfolk, Virginia, NSYD and Intermediate Maintenance Facility (IMF) Pearl Harbor, Hawaii and NSYD Puget Sound, Washington. Relocate the Submarine Maintenance, Engineering, Planning and Procurement Command (SUBMEPP) to NSYD Norfolk.

Justification:

There are four Naval Shipyards performing depot-level ship refueling, modernization, overhaul and repair work: NSYD Norfolk, NSYD Pearl Harbor, NSYD Portsmouth and NSYD Puget Sound. NSYD Norfolk and NSYD Puget Sound are substantially larger than NSYD Pearl Harbor and NSYD Portsmouth. There is sufficient excess capacity in the aggregate across the four shipyards to close either NSYD Pearl Harbor or NSYD Portsmouth. Closing any other shipyard or combination of shipyards cannot be done within the excess capacity available at the remaining shipyards. Capacity data was collected across 35 commodity groups. For some of the commodities, there is currently insufficient excess capacity within the commodity to accept all the workload from a closing shipyard; however, when analyzing across the Navy's twenty-year Force Structure Plan, each commodity workload can be accommodated. NSYD Portsmouth was selected for closure, rather than NSYD Pearl Harbor, because it is the only closure which could eliminate excess capacity and satisfy Navy desires to strive to place ship maintenance capabilities close to the Fleet to: dry dock CVNs and submarines on both coasts and in the central Pacific; refuel/de-fuel/inactivate nuclear-powered ships; and dispose of inactivated nuclear-powered ship reactor compartments. It was the military judgment of the Industrial Joint Cross Service Group that closing NSYD Portsmouth provides the highest overall military value to the Department. Additional savings, not included in the payback analysis, are anticipated from reduced unit costs at the receiving shipyards because of the higher volume of work.

Relocating the ship depot repair function and SUBMEPP removes the primary missions from NSYD Portsmouth and eliminates or moves the entirety of the workforce at NSYD Portsmouth except for those personnel associated with the base operations support (BOS) function. NSYD Portsmouth is not suitable for use as an operational homeport as reflected in its low military value score as compared to other installations in the Surface/Subsurface function. Its berthing capacity is not required to support the Force Structure Plan. Therefore, closure of NSYD Portsmouth is appropriate.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is \$448.43 million. The net of all costs and savings during the implementation period is a savings of \$21.42 million. Annual recurring savings to the Department after implementation are \$128.57 million with a payback expected in four

years. The net present value of the costs and savings to the Department over 20 years is a savings of \$1.26 billion.

Impacts:

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 9,166 jobs (4,510 direct jobs and 4,656 indirect jobs) over the 2006-2011 period in the Portland-South Portland-Biddeford, ME Metropolitan Statistical Area, which is 2.76 percent of the economic area employment.

Community Infrastructure: A review of community attributes indicates no issues regarding the ability of the infrastructure of the communities to support missions, forces and personnel.

Environmental Impact: A review of environmental resource areas indicates there are no substantial environmental impacts occasioned by this recommendation.

Naval Shipyard Norfolk is in Maintenance for 1-Hour Ozone and marginal non-attainment for 8-Hour Ozone. A Conformity Determination is required. Consultation with the State Historical Preservation Office (SHPO) will be required. The scenario will increase waste volumes. The scenario will increase usage of water resources. Naval Shipyard Norfolk discharges to an impaired waterway. Groundwater and surface water contamination is reported. There are no anticipated impacts regarding the resource areas of Dredging, Land Use, Marine Mammals, Noise, Threatened and Endangered Species and Wetlands.

Naval Station Bremerton is in attainment. Consultation with the State Historical Preservation Office (SHPO) and the Suquamish Tribe will be required. Waste volumes will increase by 200 thousand pounds annually. Naval Station Bremerton has 16% of the station listed as wetlands. Infracation onto these wetlands could create a problem requiring mitigation. There are no impacts anticipated for Dredging, Land Use, Marine Mammals, Noise, Threatened & Endangered Species or Water Resources.

Naval Station Pearl Harbor is in attainment. No impacts are anticipated for Cultural Resources, Dredging, Land Use, Marine Mammals, Noise, Threatened and Endangered Species, Waste Management, Water resources, or Wetlands. Overall, there are no known environmental impediments to implementation of this recommendation.

This recommendation indicates impacts of costs at the installations involved. The closing installation, Naval Shipyard Portsmouth, reports costs of approximately \$735 thousand for a Mutual Aid Agreement to provide Spill Response support to York County Maine, \$54 thousand to modify and air permit, \$216 thousand to remove tanks and dispose of material, \$2.1 million to drain down/clean processing units, \$1.2 million to

close Bulk storage tanks and \$269 thousand for NEPA EA/EIS. Naval Shipyard Norfolk reports \$400 thousand for a NEPA EA. These costs were included in the payback. There are no additional impacts of costs for waste management or environmental compliance activities. Because the Department has a legal obligation to perform environmental restoration regardless of whether an installation is closed, realigned, or remains open, this cost is not included in the payback calculation.

Attachments:

Supporting Information

COBRA Report

Economic Impact Report(s)

Installation Criterion 7 Profile(s)

Summary of Scenario Environmental Impacts Report

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Potential Competing Recommendations: None. This recommendation is enabled by, and fully incorporates, IND-0056 that relocates the depot maintenance mission from NSYD Portsmouth to other shipyards and relocates SUBMEPP to NSYD Norfolk.

Force Structure Capabilities:

Initial JCSG analysis of the ship repair depot function was conducted upon certified data relating to current capability and military value. The results of that analysis were then compared to the capabilities identified by the Navy to support the 20-year Force Structure Plan. The totality of recommendations for the Surface-Subsurface Operations functions retains sufficient facilities to ensure the Department will be able to support the force structure plan.

Military Value Analysis Results:

A detailed list of military value scores for ship depot repair activities is attached. This recommendation relocates the ship depot repair function from NSYD Portsmouth, which ranks 3rd among 9 depot activities, to NSYD Norfolk, which ranks 2nd, to NSYD Puget Sound, which ranks 1st, and to NSYD Pearl Harbor, which ranks 4th. This recommendation also relocates the ship depot support function from SUBMEPP Portsmouth, which ranks 7th among 9 depot activities, to NSYD Norfolk, which ranks 2nd.

There are four Naval Shipyards performing depot-level ship refueling, modernization, overhaul and repair work: NSYD Norfolk, NSYD Pearl Harbor, NSYD Portsmouth and NSYD Puget Sound. NSYD Norfolk and NSYD Puget Sound are substantially larger than NSYD Pearl Harbor and NSYD Portsmouth. There is sufficient excess capacity in the aggregate across the four shipyards to close either NSYD Pearl Harbor or NSYD Portsmouth. Closing any other shipyard or combination of shipyards cannot be done within the excess capacity available at the remaining shipyards. Capacity data was collected across 35 commodity groups. For some of the commodities, there is currently insufficient excess capacity within the commodity to accept all the workload from a closing shipyard; however, when analyzing across the Navy's twenty-year Force Structure Plan, each commodity workload can be accommodated. The quantitative Military Value scores from the analysis of the four Naval Shipyards are: NSYD Puget Sound, 0.7480; NSYD Norfolk, 0.7339; NSYD Portsmouth, 0.6444; and NSYD Pearl Harbor, 0.6208. Although NSYD Portsmouth has a higher quantitative military value as a shipyard than NSYD Pearl Harbor, NSYD Portsmouth was selected for closure, rather than NSYD Pearl Harbor, because it is the only closure which could eliminate excess capacity and satisfy Navy guidance to strive to place ship maintenance capabilities close to the Fleet to: dry dock CVNs and submarines on both coasts and in the central Pacific;

refuel/de-fuel/inactivate nuclear-powered ships; and dispose of inactivated nuclear-powered ship reactor compartments. It was the military judgment of the Industrial JCSG that closing NSYD Portsmouth provides the highest overall military value to the Department.

The Navy determined the military value of activities performing the Surface-Subsurface Operations function. NSYD Portsmouth ranked 15th of 29 activities in this functional area and had a Military Value score of 48.21 which was below the mean Military Value score for all installations capable of performing the Surface-Subsurface Operations Function (50.61) and well below the mean Military Value score of “active bases” (55.64). The closure of NSYD Portsmouth would, therefore, result in an increase of the average Military Value of the remaining bases performing the Surface-Subsurface Operations Function.

Arrayed Military Value Results for Surface-Subsurface Operations

Ranking	DoN Installation	Military Value Score
1	NS PEARL HARBOR HI	74.50
2	NS NORFOLK VA	67.51
3	NAVSHIPYD NORFOLK VA	64.03
4	SUBASE KINGS BAY GA	63.51
5	NS BREMERTON WA	63.25
6	SUBASE BANGOR WA	62.98
7	NS SAN DIEGO CA	61.43
8	NAS NORTH ISLAND CA	59.68
9	SUBASE SAN DIEGO CA	58.29
10	NAVMAG PEARL HARBOR	58.24
11	NAB LITTLE CREEK VA	55.90
12	NS MAYPORT FL	55.71
13	NS EVERETT WA	50.68
14	SUBASE NEW LONDON CT	50.68
15	NAVSHIPYD PORTSMOUTH NH	48.21
16	COMNAVMARIANAS GU	47.67
17	NAS PENSACOLA FL	45.85
18	BLOUNT ISLAND CMD JAX FL	45.78
19	WPNSTA YORKTOWN VA	44.91
20	WPNSTA CHARLESTON SC	43.31
21	NB VENTURA CTY PT MUGU CA	42.86
22	NS NEWPORT RI	42.36
23	NS INGLESIDE TX	42.23
24	NAS KEY WEST FL	40.59
25	WPNSTA EARLE COLTS NECK NJ	39.07
26	NAVORDTESTU CAPE CANAVERAL FL	37.71
27	NS PASCAGOULA MS	37.08
28	NSA PANAMA CITY FL	33.73
29	WPNSTA SEAL BEACH at CONCORD CA	30.82

Shaded Activities Represent "Non-Active" Bases

Capacity Analysis Results:

Please see attached for discussion of the JCSG capacity analysis supporting the industrial functions captured by this recommendation.

NSYD Portsmouth has a capacity of 16.25 Cruiser Equivalents (CGE). For the Surface-Subsurface Operations function, current capacity is 352 CGE. This is based on a maximum potential capacity of 578 CGEs that includes non-active bases (shipyards, weapon stations, and other bases not currently organized as an operational base). These non-operational bases are not suitable for homeporting surface and subsurface ships and thus are not considered excess capacity for this function. However, these bases are available to meet any surge or other emergent requirements due to operational tempo or need for homeport change flexibility.

Surface-Subsurface Operations Function - Capacity Analysis Results

<u>Installation</u>	<u>Available Capacity (Cruiser Equivalents- CGE)</u>
Active Homeports	
NAVSTA NORFOLK	97.25
NAVSTA SAN DIEGO	87
NAVSTA PEARL HARBOR	50.25
NAVSTA BREMERTON	14
NAVSTA MAYPORT	32.5
NAVPHIBASE LITTLE CREEK	27
NAS NORTH ISLAND	20
SUBASE NEW LONDON	16.25
NAVSTA INGLESIDE	13.5
SUBASE KINGS BAY	13.5
NAVSTA EVERETT	12
COMNAVMARIANAS GU	11
SUBBASE SAN DIEGO	10.5
WEPSTA EARLE	8
SUBASE BANGOR	7.75
NAVSTA PASCAGOULA	5.5
Total	426
WEAPSTAs	
WPNSTA CHARLESTON	12
NAVMAG PEARL HARBOR	4.5
WPNSTA YORKTOWN	3
NAVWPNSTA SEAL BCH DET CONCORD CA	3
Total	22.5

<u>SHIPYARDS</u>	
NAVSHIPYD NORFOLK	28.75
NAVSHIPYD PORTSMOUTH	16.25
NAVSHIPYD PEARL HARBOR	21.5
NAVSHIPYD PUGET SOUND	28
Total	94.5
<u>OTHER</u>	
NAS KEY WEST	8
NAS PENSACOLA	7.5
NAVSTA NEWPORT	5
NAVBASE VENTURA COUNTY CA	5
NAVORDTESTU	4
NAVSUPPACT PANAMA CITY	3
BLOUNT ISLAND CMD	2
Total	34.5
Non-Active Total	151.5
Grand Total	578