

***Base Closure &
Realignment Commission
Base Visit Book***



Charleston, SC

7 June 2005

General James T. Hill, USA (Ret.)

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1. Closure – Defense Financing & Accounting Service (DFAS) Charleston, SC

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Report Section Vol 1: Part 2 - Headquarters & Support Activities Section

Impact of Action

<u>Net Mil</u>	<u>Net Civ.</u>	<u>Net Cont.</u>	<u>Total Direct</u>	<u>Total Indirect</u>	<u>Total Changes</u>
0	-368	0	-368	-607	-975



2. Closure - South Naval Facilities Engineering Command Charleston, SC

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Report Section Vol 1: Part 2 – Navy Section

Impact of Action

<u>Net Mil</u>	<u>Net Civ.</u>	<u>Net Cont.</u>	<u>Total Direct</u>	<u>Total Indirect</u>	<u>Total Changes</u>
-6	-492	-45	-543	-890	-1433

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

BASE SUMMARY SHEET

Defense Finance and Accounting Service (DFAS) – Charleston, SC

INSTALLATION MISSION

- DFAS provides professional, responsive finance and accounting services to DoD and other federal agencies. It delivers mission essential payroll, contract and vendor pay, and accounting services to support America's national security. DFAS is a Working Capital Fund agency, which means rather than receiving direct appropriations, DFAS earns operating revenue for products and services provided to its customers.

DOD RECOMMENDATION

- **Close DFAS sites at Rock Island, IL; Pensacola Saufley Field, FL; Norfolk Naval Station, VA; Lawton, OK; Pensacola Naval Air Station, FL, Omaha, NE; Dayton, OH; St. Louis, MO; San Antonio, TX; San Diego, CA; Pacific Ford Island, HI; Patuxent River, MD; Limestone, ME; Charleston, SC; Orlando, FL; Rome, NY; Lexington, KY; Kansas City, MO; Seaside, CA; San Bernardino, CA; and Oakland, CA. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN.**
- Realign DFAS Arlington, VA by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain a minimum essential DFAS liaison staff to support the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Military Service Chief Financial Officers, and Congressional requirements.
- Realign DFAS Cleveland, OH, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain an enclave for the Military Retired and Annuitant Pay Services contract function and government oversight.
- Realign DFAS Columbus, OH, by relocating up to 55 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Denver, CO, or DFAS Indianapolis, IN, and up to 30 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.
- Realign DFAS Denver, CO, by relocating up to 25 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH, or DFAS Indianapolis, IN, and up to 35 percent of the Military Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.
- Realign DFAS Indianapolis, IN, by relocating up to 10 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH or DFAS Denver, CO, and up to 20 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Columbus, OH, for strategic redundancy.

DOD JUSTIFICATION

- This action accomplishes a major facilities reduction and business line mission realignment, transforming the current DFAS organization into an optimum facilities configuration, which includes strategic redundancy to minimize risks associated with man-made or natural disasters/challenges. All three of the gaining sites meet DoD Antiterrorism/Force Protection (AT/FP) Standards. The current number of business line operating locations (26) inhibits the ability of DFAS to reduce unnecessary redundancy and leverage benefits from economies of scale and synergistic efficiencies. Overall excess facility capacity includes approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space with many locations lacking adequate threat protection as defined in DoD AT/FP Standards. Finally, the three locations have potential to evolve into separate Business Line Centers of Excellence and further enhance “unit cost” reductions beyond the BRAC facilities/personnel savings aspect.

The three gaining locations were identified through a process that used Capacity Analysis, Military Value, Optimization Modeling, and knowledge of the DFAS organization, and business line mission functions. The Military Value analysis, of 26 business operating locations, ranked the Buckley AFB Annex, CO, the Defense Supply Center-Columbus, OH, and the MG Emmett J. Bean Federal Center, Indianapolis, IN, as 3, 7, and 9 respectively. The Optimization analysis not only included the factors of available capacity and expansion capability, but also included business line process and business operational considerations in identifying the three-location combination as providing the optimal facilities approach to hosting DFAS business line missions/functions.

Subject matter knowledge of DFAS’s three business line missions and its operational components, along with business process review considerations and scenario basing strategy, was used to focus reduction of the 26 locations and identification of the three gaining locations. The scenario basing strategy included reducing the number of locations to the maximum extent possible, while balancing the requirements for an environment meeting DoD Antiterrorist and Force Protection standards, strategic business line redundancy, area workforce availability, and to include an anchor entity for each business line and thus retain necessary organizational integrity to support DoD customer needs while the DFAS organization relocation is executed.

COST CONSIDERATIONS DEVELOPED BY DOD

- | | |
|---|-------------|
| • One-Time Costs: | \$282.1 M |
| • Net Savings (Cost) during Implementation: | \$158.1 M |
| • Annual Recurring Savings: | \$120.5 M |
| • Expected Payback: | 0 years |
| • Net Present Value over 20 Years: | \$1,313.8 M |

TOTAL MANPOWER IMPLICATIONS OF THIS RECOMMENDATION (EXCLUDES CONTRACTORS)

The total number of jobs affected by this action is **6239** civilian and **205** military. Due to force future force reduction projections and BRAC savings gained from combining locations it is anticipated that there will be a reduction of **1931** positions. This leaves a net of **4513** positions that will be moving to one of the three designated DFAS locations.

MANPOWER IMPLICATIONS FOR DFAS CHARLESTON, SC - CLOSE

	Out	
	<u>Military</u>	<u>Civilian</u>
Reductions	0	368*

The following table indicates the number of spaces DFAS Arlington will be losing and the number of spaces to the gaining locations. At this point in time the gaining location numbers are just estimated projections as DFAS has not developed its implementation plan.

LOSING LOCATION	GAINING	MILITARY	CIVILIAN	TOTAL*
DFAS Charleston, SC	DFAS Columbus OH	0	106	106
DFAS Charleston, SC	DFAS Denver CO	0	86	86
DFAS Charleston, SC	DFAS Indianapolis IN	7	157	157

* Total relocated staff does not match total manpower at the location due to future program workload changes and savings from the BRAC process.

ENVIRONMENTAL CONSIDERATIONS

- No major issues. An air conformity analysis may be needed at Buckley AF Base Annex. This recommendation will require spending approximately \$0.01M for environmental compliance activities.

REPRESENTATION

Governor:	Gov. Mark Sanford (R-SC)
Senators:	Sen. Jim DeMint (R-SC) Sen. Lindsey Graham (R-SC)
Representative:	Rep. James E. 'Jim' Clyburn District 6 - (D-SC)

ECONOMIC IMPACT

Charleston, SC

- Potential Employment Loss: 975 jobs
- (368 direct and 607 indirect)
- MSA Job Base: 331,580 jobs
- Percentage for this action -0.3 %
- Percentage for actions in MSA - 0.9% (Includes DFAS, NAVFAC, NWS)

MILITARY ISSUES

- None

COMMUNITY CONCERNS/ISSUES

- To be added.

ITEMS OF SPECIAL EMPHASIS

- None at this time.

Ethan Saxon, Interagency, May 25, 2005

DFAS RECOMMENDATION
Analytical Process

Analytical Process: Although the analytical process did have components which could be separated into distinct reporting elements, there were elements of the analytical process such as the business process review which commenced during initial research and risk analysis and continued throughout the process evolving into input considerations for the scenario analysis and recommendation development. Included in the analytical process are the initial research and risk analysis; Capacity Analysis and early components of a Business Process Review, Military Value Model development and continued business process review, Scenario Analysis which included business process and facilities analysis, and resulted in the Candidate Recommendation development.

a. Initial Research/Risk Analysis:

- Identified 24 DFAS Central and Field Operating Sites.
- Identified five Central Sites (Denver, CO; Kansas City, MO; Cleveland, OH; Indianapolis, IN; and Columbus, OH) and one Headquarters Site (Arlington, VA).
- Identified Three Business Lines: Accounting Services, Military and Civilian Pay Services and Commercial Pay Services.
- Identified that each of the three business lines had a number of subordinate product lines.
- Identified that DFAS business line operations may be located where AT/FP standards are met, access to Defense Information System Network Point of Presence (DISN POP) is available, and an adequate workforce pool exists.
- Identified a minimum of two locations for each business line to ensure strategic redundancy, which will mitigate risk of man-made or natural disasters/challenges.
- Identified need to consider locations with sizeable business line representation to potentially function as anchor business line location.

b. Capacity Analysis/Business Process Review:

- Response to Capacity Data Call identified 30 DFAS locations.
- Of the 30 locations four locations were found to be performing functions that were not business line operations. The four locations are: Cleveland Bratenahl, OH; Mechanicsburg, PA; Red River, TX; and Southbridge, MA.

- A total of 26 DFAS locations accomplishing DFAS business/product line operations were included in Capacity Analysis.
- 26 Locations -- Admin (Personnel) Space FY03:
 - Reported Capacity: 3,245,808 Usable Square Feet (USF)
 - Calculated Requirement: 2,530,240 USF
 - Excess Capacity: 715,568 USF for 22%
- 26 Locations -- Warehouse/Storage Space FY03:
 - Reported Capacity: 498,300 GSF/ 208,501 USF
 - Requirement: To be determined during scenario development

c. Military Value/Continued Business Process Review:

- Initial Military Value Model included all 30 locations identified as a result of Capacity Analysis Data Call.
- During this timeframe (Military Value Model Phase) and as part of the continuing business process review it was recognized that four locations were not accomplishing DFAS business/product line operations.
- The four locations that were not performing business line operations were removed from further study, and the capacity analysis updated by removing the following four locations are Cleveland Bratenahl, OH; Mechanicsburg, PA; Red River, TX; and Southbridge, MA.

d. Military Value Analysis Results: The average military value for the 26 locations is .5941. The following table provides an array of the military value scores for the 26 DFAS facilities/locations.

1. Rock Island, IL	(.8455)	14. San Diego, CA	(.5692)
2. Pensacola Saufley Field, FL	(.8050)	15. Pacific Ford Island, HI	(.5690)
3. Denver, CO	(.8030)	16. Patuxent River, MD	(.5648)
4. Norfolk NAS, VA	(.7871)	17. Limestone, ME	(.5484)
5. Lawton, OK	(.7869)	18. Charleston, SC	(.5457)
6. Pensacola NAS, FL	(.7196)	19. Rome, NY	(.5415)
7. Columbus, OH	(.6882)	20. Orlando, FL	(.5397)
8. Omaha, NE	(.6732)	21. Lexington, KY	(.5322)
9. Indianapolis, IN	(.6510)	22. Kansas City, MO	(.4507)
10. Dayton, OH	(.6250)	23. Seaside, CA	(.4326)
11. St Louis, MO	(.6117)	24. San Bernardino, CA	(.4285)
12. Cleveland, OH	(.5869)	25. Arlington, VA	(.3128)
13. San Antonio, TX	(.5861)	26. Oakland, CA	(.2427)

e. Scenario Analysis (Business Process and Facilities Analysis) and Results:

- Scenario Basing Strategy:

- Reduce number of DFAS Central and Field Operating Locations, by merging and combining business line operations to the maximum extent possible, while balancing requirements for an environment:
 - meeting DoD Antiterrorist and Force Protection standards,
 - strategic business line redundancy,
 - area workforce availability,
 - an anchor entity for each business line to retain necessary organizational integrity to support DoD customer needs,
 - and, available facility space or buildable acres.
- **Qualitative Selection Elements:** As a result of focused BP/facilities (Mil Value) analysis of the 26 locations, three locations (Denver, CO; Indianapolis, IN; and Columbus, OH) were identified as retained to host the realigned/collocated business line, corporate and administrative functions. Identification of gaining business operation locations resulted from using the below overarching business rules and facilities requirement criteria:
 - Must be a DoD installation or Leased space that meets DoD AT/FP standards.
 - Must have a minimum of two locations for each of the three business lines to create strategic redundancy and environment to minimize man-made or natural disasters/challenges: Accounting Services; Military & Civilian Pay Services; and Commercial Pay Services
 - Must maintain, for each business line, a business line anchor location to manage turbulence, facilitate business process efficiency and ensure proper accomplishment of each business line's critical missions.
 - Include consideration of business process co-location issues:
 - o Co-locate Accounting Business Line – Disbursing product line, at one of Military & Civilian Pay location (major or largest size), for mission accomplishment.
 - o Co-locate Accounting Business Line – Disbursing product line, along with Commercial Pay Business Line, for mission accomplishment.
 - Within the NCR – retain either a HQ element or a HQ liaison element.
- **Gaining Locations Identification Process:** Using the scenario basing strategy and the qualitative selection elements provided above, the basing Gaining locations identification process review facilities environment and expansion capability at the five Central locations (Cleveland, Columbus, Denver, Indianapolis, Kansas City) using the Scenario Basing Strategy and the Qualitative Selection Elements listed above; and then expand research as necessary to other locations. The gaining locations identification process included use of optimization modeling provided by the Center for Naval Analysis. Specifically data for the 5 Central sites/locations were analyzed with a focus on: DoD ATRP standards, business line functions performed for strategic redundancy/anchor considerations, size of current workforce,

size of area work force for future recruitment, and availability of additional administrative space and/or buildable acres.

f. Scenario Result Military Values: The average military value for the 3 locations is .7171. The following table provides an array of the military value scores for the three gaining DFAS facilities/locations.

1. Denver, CO	(.8030)
2. Columbus, OH	(.6882)
3. Indianapolis, IN	(.6510)

Personnel Position Changes:

a. Force Structure Changes: This is the programmed position (Officer, Enlisted and/or Civilian) changes identified to take place at an installation/organization location in each year due to workload, re-organization, funding or other program driven changes.

b. Scenario position changes: These are personnel positions (Officer, Enlisted and/or Civilian) being added or eliminated at the installation/organization location in each year as a result of the BRAC action. Eliminations are often called BRAC personnel savings.

Defense Finance and Accounting Service

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DFAS Locations

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DFAS Kansas City

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DFAS Charleston

Points of Contact

The Defense Finance and Accounting Service - Charleston Site (DFAS-CH) was activated February 23, 1995, as part of the consolidation of service finance and accounting operations.

Directed by [David M. Gates Jr.](#), the Charleston Site is located in Charleston, S.C.

DFAS Charleston provides the following services to the Department of the Navy:

- 3,048 financial/accounting reports
- 37,000 invoices
- 5,000 travel vouchers

The Site also pays 164,000 payroll accounts worldwide with bi-weekly gross earnings of more than \$250 million. The payroll office works three shifts a day to pay the worldwide base of DoD civilian employees.

Other customers serviced by the Site are:

- European Command
- Pacific Rim
- DODEA
- DAPS
- Office of Naval Intelligence
- Naval Computer and Telecommunications Center
- Naval Transportation Command
- Strategic Systems and Programs

Mailing address:

DFAS Charleston
1545 Truxtun Avenue
Building 198
Charleston SC 29405

For Disbursing: (Invoicing)

DFAS-CH Code FP
PO Box 118054
Charleston SC 29423-8054

For Payroll: (Civ. & Retired Pay)

DFAS-CH Code P
PO Box 118056
Charleston SC 29423-8056

For all others: (Admin, Acctg)

DFAS-CH Codes E & A
PO Box 118055
Charleston SC 29423-8055

E-mail DFAS-Charleston

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Economic Area Installation	Action	Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct	Indirect Changes	Total Job Changes	Economic Area Employer
		Mil	Civ	Mil	Civ	Mil	Civ					

Charleston, WV Metropolitan Statistical Area

Yeager Airport Air Guard Station	Realign	(27)	(129)	0	0	(27)	(129)	0	(156)	(89)	(245)	176,245
Total		(27)	(129)	0	0	(27)	(129)	0	(156)	(89)	(245)	176,245

Charleston-North Charleston, SC Metropolitan Statistical Area

Defense Finance and Accounting Service, Charleston	Close	0	(368)	0	0	0	(368)	0	(368)	(607)	(975)	331,580
South Naval Facilities Engineering Command	Close	(6)	(492)	0	0	(6)	(492)	(45)	(543)	(890)	(1,433)	331,580
Naval Weapons Station Charleston	Realign	(170)	(149)	45	24	(125)	(125)	0	(250)	(379)	(629)	331,580
Total		(176)	(1,009)	45	24	(131)	(985)	(45)	(1,161)	(1,876)	(3,037)	331,580

Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area

Charlotte/Douglas International Airport	Gain	0	0	6	0	6	0	0	6	2	8	936,991
Total		0	0	6	0	6	0	0	6	2	8	936,991

Cheyenne, WY Metropolitan Statistical Area

Army Aviation Support Facility Cheyenne	Close	(23)	0	0	0	(23)	0	0	(23)	(10)	(33)	55,849
Cheyenne Airport Air Guard Station	Gain	0	0	21	58	21	58	0	79	48	127	55,849
Total		(23)	0	21	58	(2)	58	0	56	38	94	55,849

Chicago-Naperville-Joliet, IL Metropolitan Division

Navy Reserve Center Forest Park	Close	(15)	0	0	0	(15)	0	0	(15)	(4)	(19)	4,607,077
Total		(15)	0	0	0	(15)	0	0	(15)	(4)	(19)	4,607,077

Clarksville, TN-KY Metropolitan Statistical Area

Fort Campbell	Realign	(433)	0	73	9	(360)	9	0	(351)	(252)	(603)	128,456
Total		(433)	0	73	9	(360)	9	0	(351)	(252)	(603)	128,456

This list does not include locations where no changes in military or civilian jobs are affected.
Military figures include student load changes.



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DFAS History

In 1991, the Secretary of Defense created the Defense Finance and Accounting Service to reduce the cost of Defense Department finance and accounting operations and to strengthen financial management through consolidation of finance and accounting activities across the department. Since inception, DFAS has consolidated more than 300 installation-level finance and accounting offices into 26, and reduced the work force from about 27,000 to approximately 16,000 personnel.

DFAS is financed by its customers rather than through direct appropriations. This service-provider relationship with its customers pushes DFAS to seek continuous innovation and improvement in the quality of services it provides. DFAS has steadily reduced its operating costs and has returned these savings to customers in the form of decreased bills.

DFAS is big business and is focused on organizing to provide bottom line best value to our customers.

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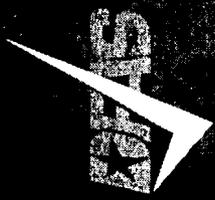
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IT'S ABOUT THE CUSTOMER

stakeholders report
fiscal year two thousand and four

Report to DFAS Stakeholders for Fiscal Year 2004

It's about the customer.

In FY 2004, the Defense Finance and Accounting Service sharpened its focus on the needs of its customers, the men and women who defend America. They are the reason DFAS exists, and the DFAS team proudly serves them.

DFAS customers serve around the world, often in harm's way, performing missions that are critical to national security. Every day these customers rely on DFAS to deliver pay and entitlements to satisfy their basic needs and the needs of their families. They depend on DFAS to pay contractors and vendors accurately and on time so that the support and materiel necessary to perform their missions will be readily available. DFAS customers require useful, accessible business intelligence that allows leaders to make better-informed decisions regarding the resources entrusted to them to defend America and to fight the global war against terror.

DFAS customers are world-class. They deserve a world-class finance and accounting partner. After all, for DFAS, it's about the customer.

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A Message to DFAS Stakeholders

To our stakeholders:

I am proud to present this report on the performance of the Defense Finance and Accounting Service (DFAS) in Fiscal Year (FY) 2004. The members of DFAS take pride in being part of the Department of Defense team. We are dedicated to continuously improving the products and services we provide to the men and women who defend America. In FY 2004, the DFAS team continued its march toward becoming a world-class finance and accounting organization, capable of delivering the best value to its clients.

It's about the customer

We affect the morale and readiness of America's Military Services. Delivering accurate and timely pay and entitlements allows the troops to focus on their mission and not on their money. Failing to fulfill this promise violates the trust they have in us, distracts our service members from their mission, and hurts our military's ability to recruit and retain soldiers, sailors, airmen and Marines.

We enable the flow of materiel that promotes our nation's defense by ensuring timely and accurate payment for goods and services provided by defense industry contractors and vendors.

We also understand that our customers must get the most out of every dollar entrusted to them by the American taxpayers. By accelerating accounting reports and improving their overall quality, DFAS increases the speed and precision with which our clients can use their resources to execute their missions.

FY 2004 Accomplishments

In FY 2004, the DFAS team sharpened its focus on the needs of our customers. World events increased operations tempo for our clients and stretched their resources as they fought a global war on terror. This environment makes professional, responsive finance and accounting service more critical than ever.

World events, including the war on terrorism, have increased demands on DFAS. DFAS team members played important roles in supporting the mobilization and demobilization of more than 195,000 military members. Many DFAS members deployed to provide support to commanders in theater. Meanwhile, other DFAS personnel contributed finance and accounting expertise to help rebuild the Iraqi nation by establishing control, disbursing and pay processes.

DFAS's workload in FY 2004 continued to grow as the team processed more than 104 million pay transactions for about 5.9 million military members, civilian employees, and military retirees and annuitants. The team also made 6.9 million travel payments, paid 12.6 million commercial invoices, processed 127.3 million general ledger postings, disbursed \$455 billion, and accounted for 282 active Defense appropriations. The DFAS team also helped make money for the department by managing military and health benefit funds worth approximately \$234 billion.

The quality of DFAS products and services also improved this past year. We reduced the time to deliver quarterly accounting reports from 45 to 21 days and the amount of time for annual reports from 80 to 45 days. The team lowered the amount of overaged Unmatched Disbursements from \$134 million in FY 2003 to \$23 million in FY 2004, decreased the amount of interest paid per million disbursed from \$160 in FY 2003 to \$138 in FY 2004, and expanded the myPay customer base to 2.9 million people.

Our efforts in FY 2004 increased the overall satisfaction of our customers for the second consecutive year. Satisfaction improved by an average of 4.3 percentage points across

the measures of recovery, choice, access, knowledge, timeliness, tangibles, reliability, quality and courtesy.

Building a team for success

To meet the demands of our customers, DFAS must satisfy the needs of our team members by building an organization and an environment that attracts, develops and retains world-class talent.

In FY 2004, we expanded developmental assignments to provide growth and learning opportunities to more than 4.7 percent of employees to broaden and strengthen their skills. We used intern programs like the Entry Level Professional Accountant and Entry Level Financial Analyst programs to bring more than 178 new professionals to the DFAS team. We also invested nearly \$1,384 per employee, or 2.7 percent of our total payroll, in training and career development, nearly double the average corporate training investment within the United States.

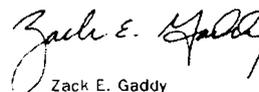
In return for this investment, DFAS team members reported an increase in employee satisfaction for the fourth consecutive year. Since 2000, employee satisfaction has improved by 13 percentage points. The overall results of DFAS Organizational Assessment Survey also showed continued improvement in 2004, raising the average score across the 17 measures by an average of 13 percentage points since 2000.

The continuing challenge

The DFAS team is proud of these results but recognizes it has much work to do to meet the continuing challenge of an ever-changing environment, shrinking resources and increasing demands for quality and service.

The DFAS team has the tools to succeed. Our transformation effort is an integrated, leadership-driven program that evaluates each function within DFAS to determine the best option for transforming that function to ensure it is delivering the right products and services to DFAS customers through the most efficient means possible. Lean6 combines Lean Thinking with the methods of Six Sigma to identify and seize opportunities to eliminate waste, reduce errors and increase productivity. Portfolio Management disciplines our investment decision-making process to prioritize and fund projects and initiatives that best support the DFAS strategy. Finally, we rigorously manage these efforts through the agency's Balanced Scorecard to ensure our efforts are delivering the results our customers expect and the strategic progress we demand of ourselves.

The members of the DFAS team are dedicated to supporting the men and women who defend America with integrity, innovation and service. We are committed to achieving our vision of truly becoming a world-class finance and accounting organization because our customers deserve nothing less.



Zack E. Gaddy

Director



November 23, 2004

Mr. Zack B. Gandy
 Director
 Defense Finance and Accounting Service
 1315 South Elm Street
 Alexandria, VA 22304

Dear Mr. Gandy:

The purpose of this letter is to inform the per honoris members, employees and staff of the financial statements (with supporting schedules) of the Defense Finance and Accounting Service for the year ended September 30, 2004. The letter includes our unaudited report thereon, together with our related internal control and compliance results. All supporting schedules, financial statements and related financial statements appear in their entirety on DFAS Web site at www.dfas.gov. We appreciate the opportunity to be of service to DFAS.

Very truly yours,

Edward Kahn & Werlin LLP
 URBACH KAHN & WERLIN LLP

MEMORANDUM FOR THE BOARD OF DIRECTORS OF THE DEFENSE FINANCE AND ACCOUNTING SERVICE

What DFAS Accomplished

In fiscal year 2004, the DFAS team

- Processed 104 million pay transactions to military members, federal civilian employees, retirees and annuitants
- Made 6.9 million travel payments
- Paid 12.6 million commercial invoices
- Processed 127.3 million general ledger postings
- Managed \$234 billion in military retirement and health benefit funds
- Disbursed \$455 billion to pay recipients
- Managed \$13.5 billion in foreign military sales (reimbursed by foreign governments)
- Accounted for 282 active DoD appropriations

DFAS provides professional, responsive finance and accounting services to DoD and other federal agencies. It delivers mission essential payroll, contract and vendor pay, and accounting services to support America's national security.

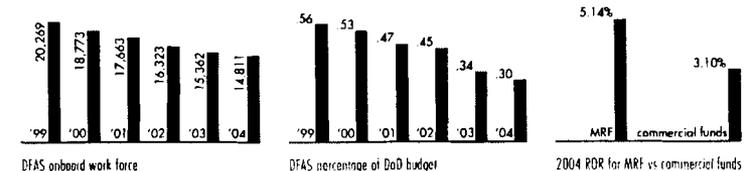
DFAS is a Defense Working Capital Fund agency. Rather than receiving direct appropriations, DFAS earns operating revenue for products and services provided to its customers.

DFAS continually seeks ways to improve its effectiveness and efficiency, to raise the quality of its products and services, and to increase the value returned to its customers and the American taxpayer. Greater efficiency leads to reduced costs that DFAS subsequently returns to its customers in the form of lower bills. By reducing its cost of operations, DFAS enables its defense customers to apply more of their resources to training, equipping and supporting the men and women who defend America.

Since its inception in 1991, DFAS has worked to reduce its infrastructure. Finance and accounting systems exceeded 300 in number have been reduced by more than 75 percent. In conjunction with the Business Management Modernization Program and the Domains, DFAS is continuing this effort.

Today, DFAS accomplishes its mission with 27 percent fewer employees than in 1999. DFAS has also reduced the number of military personnel assigned to DFAS from 1,545 in FY 1999 to 738 at the end of FY 2004, reducing the percentage of DFAS employees who are military members to just 4.78 and freeing others to perform more operational duties for their respective service. DFAS delivers its services for 0.30 percent of the overall DoD Budget.

For more about DFAS and to review DFAS's audited financial statements, visit <http://www.dod.mil/dfas>.



REPORT TO DFAS STAKEHOLDERS FOR FISCAL YEAR 2004

Mission: Provide responsive, professional finance and accounting services for the people who defend America

Vision: Best value to our customers

- A world-class provider of finance and accounting services
- A trusted, innovative financial partner
- One organization, one identity
- An employer of choice, providing a progressive and professional work environment

Values: Integrity – Service – Innovation

DFAS Mission

DFAS's mission is about the customer. It is about delivering pay and entitlements to meet the needs of the men and women who defend America and their families. It is about paying for the materiel and services that support national security. It is about providing meaningful business intelligence that allows defense leaders to get more from their resources.

More than just the world's largest finance and accounting operation, DFAS performs the nation's most important finance and accounting mission for the nation's most important customers.

Responsive, professional finance and accounting services go beyond just meeting customers' needs today. It involves anticipating how those needs will evolve by developing and nurturing close business relationships between executives in DFAS and executives at each client. It requires integrity, service and innovation to ensure that each client is well served.

DFAS team members are proud to serve the men and women who defend America. Team members know that every DFAS customer is a friend or a family member who has answered their nation's call to serve. This same sense of service drives DFAS team members to deliver their very best.

DFAS Strategy

DFAS is on a mission to provide responsive, professional finance and accounting services for the people who defend America. Today, more than ever, the world challenges us. We operate in a more dynamic environment, with a continually changing security and economic landscape. The environment is also more competitive with private-industry becoming increasingly capable of providing similar services on the same scale at a competitive price. DFAS's vision is to be the best value to its customer, which requires becoming a world-class finance and accounting organization and to maintain our competitive edge. To continue achieving success, DFAS must take a strategic approach to managing its transformation. DFAS must meet these challenges by being a strategy-based, customer-focused and metrics-driven organization.

DFAS's strategy places its customers' needs in the forefront and is fully informed by the voice of our customers. This strategy focuses less on outputs of processes and more on results.

This strategy understands that to succeed in the future, DFAS must:

- Deliver error-free pay services on time. Pay affects people's lives and satisfies their basic needs. A failure in our ability to fully satisfy this basic capability risks adversely affecting the morale and readiness of our military forces at a time when the world demands more from them.
- Provide business intelligence that enhances leaders' ability to make resource decisions. We must provide knowledge that arrives in time to make a difference and in a format and level of detail that can be used easily and effectively.
- Lead a partnership with our customers to anticipate their needs and deploy integrated solutions that enhance financial management capabilities across the Defense enterprise.
- Attract, develop and retain a world-class work force with the skills, agility and motivation necessary to achieve the DFAS mission. DFAS employees will ultimately determine the agency's success and our ability to serve the men and women who defend America.

DFAS has committed to achieving five fundamental strategic targets in the next several years:

- Pay service members what they are entitled to on the scheduled pay date
- Expand electronic commerce for Commercial Pay
- Provide auditable financial statements
- Develop a corporate capability to deliver client unique business intelligence
- Recruit, train and retain a work force needed to develop and implement the DFAS Strategy

Achieving these targets will enhance DFAS's value to its customers and further support DoD's Transformation and the President's Management Agenda.

"Our strategy must place our customers' needs in the forefront and must be fully informed by the voice of our customers. This strategy must focus less on the outputs of processes and more on the results that matter to our customers."

~ Zack E. Gaddy
Director

"DFAS employees have built a tremendous record of excellence of continually making DFAS more effective and more efficient. I know we will continue to deliver results for our customers as we tackle this next chapter in DFAS's transformation."

- Zack E. Gaddy
Director

DFAS Balanced Scorecard, Awards, and Recognition

Goal	Recent Cycle	Corporate	Avg	Comm Pay	MIA C/P Pay
Customer Perspective Client/Customer Satisfaction (mediation survey) Accurate Delivery of Services (see below for details) Customer Feedback (see below for details) Customer Satisfaction (see below for details) Customer Retention (see below for details)	5% 3/3 indicators	5% 3/3 indicators	4 3	0 0	0 0
Financial Perspective Total Costs (see below for details) Unit Costs (see below for details) Accuracy - (see below for details) General Pay - (see below for details) Miles and Miles Per - (see below for details) System Customer Care	+/-5% 3/3 indicators +/-10% +/-10% 19/19	0 0 - -	0 0 0 0	0 0 0 0	0 0 0 0
Internal Business Process Perspective Comprehensiveness of Services (see below for details) Accuracy of Services (see below for details) Efficiency of Services (see below for details) Miles and Miles Per - (see below for details) System Customer Care	6 B/A 3/3 indicators 17/19	4 0 -	0 4 0	0 0 0	0 0 0
People and Learning Perspective Employee Development (see below for details) Employee with Degrees (Bachelor & Higher) Employee Satisfaction Climate for Action	1% 90% 60-7% 55-3%	0 0 - 0	0 0 0 0	0 0 0 0	0 0 0 0

DFAS Balanced Scorecard results for FY 2004

Significant Awards and Recognition

The following are selected examples of awards earned by DFAS for innovation and excellence as a federal leader in finance and accounting.

myPay - Innovative online self-service system

- Named top federal innovator by MIT/Accenture
- Named among top technology innovations by Government Executive Magazine
- Winner Department of Defense Value Engineering Achievement Award

Defense Civilian Pay System - Quality software development and systems management

- Earned Level-4 Capability Maturity Model Certification from the Software Engineering Institute

ePortal - Collaborative knowledge management

- Named as one of the top 10 government intranets by NielsenNorman Group

Commercial Pay Services - expanding the use of e-commerce

- Winner Department of Defense Value Engineering Achievement Award

Defense Cash Accountability System - special achievement

- Winner Department of Defense Value Engineering Achievement Award

"The DFAS team is proud to support the men and women who defend America. We are dedicated to continually improving the products and services we deliver because we recognize that in order for our customers to succeed in their missions we must excel in ours."

- Brig. Gen. Jan D. "Denny" Eakle,
USAF
Deputy Director

DFAS Operations Overview

DFAS exists to deliver world-class finance and accounting products and services to the men and women who defend America. DFAS employs approximately 14,800 people throughout the United States and in the European and Pacific theaters of operations to serve this purpose.

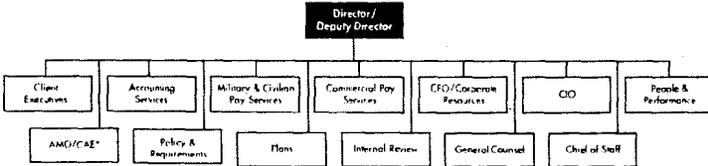
DFAS has built its organization to anticipate and meet its customers' needs by assigning each major customer a dedicated client executive to foster effective communication and build partnerships that enhance customers' mission capabilities. These client executives ensure the DFAS operational team understands the unique and diverse requirements of each customer.

DFAS's three operational business lines deliver the specific products and services that satisfy these needs:

- Military and Civilian Pay Services provides all aspects of pay to individuals—pay, travel reimbursements and garnishments.
- Commercial Pay Services provides payment services to all contractors doing business with DoD.
- Accounting Services provides departmental and field-level accounting and disbursing services.

DFAS operations also include managing DoD's Financial Management Regulation; advocating policy, overseeing the acquisition and management of finance and pay systems that support DoD's Business Management Modernization Program; and developing a corps of finance and accounting professionals to meet DoD's business needs.

To support these functions, DFAS recently reorganized its management structure and streamlined decision making within the agency, making DFAS more responsive to its customers and providing more effective leadership and management within the agency.



DFAS organization structure as of October 3, 2004
* Acquisition Management Organization / Component Acquisition Executive

"The employees of DFAS are to be commended for their tireless efforts to accomplish the task before them! I retired from the U.S. Army 34 years ago and I have never had a problem with my pay (with more than 20 years active duty and about 10 years civil service without an error). Many thanks to all the hard working people of DFAS and DoD."

~ Bill Case
Retired Pay Customer

Military and Civilian Pay Services

Customers depend on DFAS every day to deliver timely, accurate pay services in peacetime and during times of war.

DFAS pays 5.9 million people, including:

- Members of the Army, Navy, Air Force, and Marine Corps
- Civilian employees of DoD and various federal agencies
- Military retirees and annuitants

The Military and Civilian Pay Services Business Line provides all forms of payments to individuals, almost entirely through electronic funds transfer.

In FY 2004, DFAS continued to enhance myPay, a Web-based system that allows customers to manage their pay account information securely and easily from around the world, night or day at <https://mypay.dfas.mil>. Today, more than 2.9 million people choose to use myPay regularly. DFAS also expanded its support to hundreds of thousands of military members overseas by launching the Community Bank Online Banking Service that provides the same type of online services people in the states enjoy.

The Military and Civilian Pay Services team also performs critical support functions that include:

- Staffing call centers and help desks to solve individual customer problems
- Defining and testing changes to automated pay systems
- Processing garnishment, debt and waiver applications
- Working with federal, state and local taxing authorities
- Overseeing the Defense travel card and Defense overseas military banking programs

DFAS took significant steps to enhance the quality of products and services it delivers its pay customers. In March, DFAS established its Customer Operations Product Line to integrate the agency's customer service. In June, DFAS opened its Reserve Pay Center of Excellence to better meet the unique needs of the Reserve Component members of America's military.

This year DFAS also supported the mobilization and demobilization of more than 195,000 men and women for the war on terrorism. DFAS team members worked closely with the Armed Services to develop and implement a comprehensive plan to eliminate problems faced by mobilized Reserve Component members. The plan addresses issues created by aging systems, ineffective processes and insufficient training. It includes development of training programs for mobilization support personnel as well as in-theater finance professionals. The plan also calls for the creation of a Forward Compatible Pay System to replace the Defense Joint Military Pay Systems. FCP will support both the active and Reserve Components of the Army, Air Force and Navy as an interim solution until the Defense Integrated Military Human Resource System is implemented and brings personnel and pay systems together. DFAS will begin rolling out FCP in late summer of 2005.

DFAS team members also deploy alongside finance units to provide in-theater support. Support to mobilized service members includes payroll disbursements, training, check cashing, currency conversion and contracting.

"The mutual benefits derived from our partnership [with DFAS] include enhanced communications, process improvements, and elimination of duplicate efforts in both organizations. The results achieved thus far have been outstanding, having met all our joint partnership goals for three years in a row."

— **Christopher Kubabik**
Chief Financial Officer
Lockheed-Martin

Commercial Pay Services

DFAS also supports our nation's security by ensuring that U.S. defense industry contractors and vendors are paid accurately and on a timely basis for the materiel and support they provide.

DFAS's Commercial Pay Services Business Line pays all defense industry partners, ranging from small business vendors to large-scale weapon systems developers.

Commercial Pay Services disbursed approximately \$228 billion in FY 2004 through two product lines—Contract Pay and Vendor Pay—down from \$284 billion last year. The DFAS team processed more than 12.6 million invoices and paid 93 percent of them via electronic funds transfer.

Increasing the effectiveness and efficiency of Commercial Pay Services allows DoD to get more out of its money by realizing greater discounts for early payment, reducing interest paid for late payments and decreasing the number of incorrect payments. The key to achieving these benefits is expanding electronic commerce and the automation of tasks associated with contract and vendor pay operations.

DFAS is forging stronger collaborative relationships with its partners in the defense industry and its customers throughout DoD. Sustained customer outreach and education initiatives, to include quarterly Open Houses, "Roadshows" and Defense Industry Leader Working Group sessions where partnerships with customers have continued to strengthen, will remain the foundation of our campaign to totally implement e-Commerce for the mutual benefit of all stakeholders. Such outreach efforts not only educate and train contractors and their clients; they also increase the use of current e-commerce tools and reduce the number of problem invoices.

The Commercial Pay Services Customer Service Office answered 95 percent of total calls offered within 16 seconds, a stellar achievement when compared to the private sector's 80/20 measure. The Interactive Customer Evaluation (ICE) survey was implemented to further measure the quality of service provided to customers. The overall satisfaction rating received for the Call Center was 47 percent, better than the private sector's 43 percent "world-class" mark. Our Customer Service Office was also recognized for its outstanding accomplishments by winning a Department of Defense Value Engineering Award for streamlining processes and reducing costs. Such achievements greatly contributed to the improved quality and efficiency of service provided by the Commercial Pay Services Business Line.

DFAS further reduced the amount of interest paid per million dollars disbursed, decreasing the amount down to \$138 per million in FY 2004. This amount equals 80 percent of the July 2003 baseline of \$172 per million. Paying less interest returns a greater value to the American taxpayer.

By emphasizing training and increasing customer awareness and use of electronic tools like Wide Area Workflow, Commercial Pay services will continue to make progress in streamlining processes, reducing costs and improving service. As electronic commerce and electronic funds transfer become the universally accepted way of conducting commercial pay business, DFAS customers throughout DoD will see benefits that include fewer over-aged invoices, more timely payments and a lower cost per invoice.

"The Army is served well by DFAS and by our Client Executive. If we need things because of the mission, we get it."

- Ernest J. Gregory
Principal Deputy to the
Assistant Secretary of the Army (retired)

Accounting Services

The DFAS Accounting Services Business Line delivers timely, meaningful financial information to meet the management needs of Defense Department leaders. Customers at the field and departmental levels depend on DFAS for accounting support for all types of funds—appropriated funds, working capital funds and trust funds. Accounting professionals maintain accounting systems and develop procedures to implement federal accounting requirements mandated by Congress, the Office of Management and Budget, Department of the Treasury and DoD.

DFAS accounting professionals produce monthly accounting reports in 13 days and quarterly reports in 21 days instead of last year's 45 days. More current accounting reports provide decision makers the confidence to more accurately and more quickly execute the budgets entrusted to them to fulfill their missions.

Accounting Services completed more than 127 million accounting transactions during FY 2004. DFAS accounting professionals managed \$195 billion in the Military Retirement Fund earning a 5.19 percent market value return and \$39 billion in the Medicare-Eligible Retiree Health Care Fund earning 2.43 percent return. The return on the Military Retirement Fund exceeded the market value average return on competitive commercial funds by over 2 percent. The team also accounted for \$13.5 billion in foreign military sales and \$4.6 billion in grants and loans through foreign military finance.

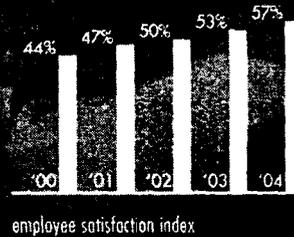
DFAS surpassed its goals for negative unliquidated obligations, aged intransit transactions and unmatched disbursements. Negative unliquidated obligations finished at \$95 million, \$76 million better than the \$171 million goal for FY 2004. Aged intransit transactions ended the year at \$502 million, and Unmatched Disbursements came in at \$735 million, \$194M under its \$929 million goal.

DFAS is enhancing delivery of accounting support for customers. By expanding the use of mission support accountants with its clients, DFAS is improving responsiveness by embedding the professional accountants with the client units they support. In August, DFAS announced that the Security Assistance Accounting function would be retained by the Government's Most Efficient Organization as a result of an A-76 cost comparison. DFAS currently performs the Security Assistance Accounting work with 250 employees as compared to 460 in March 2000.

In FY 2004, DFAS achieved its fifth consecutive unqualified opinion on its audited financial statements while helping Defense Commissary Agency and the Defense Contract Audit Agency to earn their third consecutive clean opinions and the Military Retirement Fund to earn its eleventh. DFAS continues to work with its accounting clients to make progress toward producing auditable financial statements for all of DoD by FY 2007.

"DFAS can be proud of the improvements we've made since 2000. Across DFAS, employee satisfaction improved by 13 percentage points. According to OPM's Performance America Benchmarks, DFAS is near the top in commitment to its work force, innovation, training and career development, leadership and quality, and customer orientation when compared to other organizations."

— Zack E. Gaddy
Director



Support Functions:

Behind the clerks, technicians, and accountants who serve the many customers of DFAS, a cadre of educated and highly-skilled professionals works to ensure they have the personnel, technology, training, policy and other business resources necessary to make their mission a success.

DFAS has made great strides in ensuring its support functions are more efficient, which in turn makes the overall organization more effective. DFAS has also reduced its footprint by 13 percent since FY 2001 and reduced facility related costs by 7 percent or \$6.0 million.

In FY 2004, DFAS simplified its structure to create more agile and effective management and decision making. In addition to the three major business lines, all other functions were aligned based on their major responsibilities:

- **Chief Information Officer.** Operating technology services were consolidated under the CIO.
- **Chief Financial Officer/Director of Corporate Resources.** Financial Management and Comptroller, and Support Services functions remain aligned to the CFO/Director of Corporate Resources.
- **Policy and Requirements.** DFAS consolidated all of its policy functions and created a corporate requirements function into a single directorate.
- **Plans.** Corporate Planning functions of Competitive Sourcing, Base Closure and Realignment, Strategic Planning, Transformation, Benchmarking and Activity Based Costing studies, and Balanced Scorecard management are consolidated with Business Integration and Lean6 functions under the newly created Plans and Requirements Directorate.
- **People and Performance.** Human capital, performance management and quality initiatives became a separate corporate directorate to emphasize the agency's commitment to its people and its pursuit of perfection.
- **Acquisition Management Office/Component Acquisition Executive.** DFAS established an Acquisition Management Organization to comply with recommendations from the December 2003 Under Secretary of Defense (Acquisition Technology and Logistics) review. This new directorate oversees acquiring all new major systems as required by the Department of Defense 5000 series regulations. It encompasses Systems Integration, Contract Services, and takes on oversight of Forward Compatible Pay, Defense Modernization Office, and Military Pay Systems Transition Program Office.
- **Chief of Staff.** DFAS also consolidated its Corporate Communications, Legislative Affairs and Freedom of Information Act functions under its Chief of Staff.

Each year the Office of Personnel Management surveys DFAS to measure its organizational health and progress. Survey data are arranged in 17 categories and consolidated into two key indices—the Climate for Action (how an organization's culture embraces change and innovation) and the Employee Satisfaction Index (an overall indicator of how satisfied employees are). Climate for Action improved by 12 percentage points while Employee Satisfaction improved by 13 percentage points since 2000.

DFAS also enhanced its security and contingency readiness posture in 2004 by ensuring systems and operations had solid continuity of operation plans and exercising those plans at various DFAS sites around the country.

These support functions provide much of the business management activities necessary to support this Defense Working Capital Fund agency with revenue in excess of \$1.5 billion. Future success at DFAS will involve continued commitment to smart business tools and processes like the Balanced Scorecard, Lean6, Portfolio Management and Business Case Analyses.

DFAS: Here to Serve You

Director

Zack E. Gaddy
703 607.2616 (DSN 327)

Deputy Director

Brig. Gen. Jan D. "Denny" Eakle, USAF
703 607.2616 (DSN 327)

Chief Financial Officer

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Independent Auditors

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Certified Public Accountants
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Washington DC 20005
202 296.6505

myPay – <https://mypay.dfas.mil>

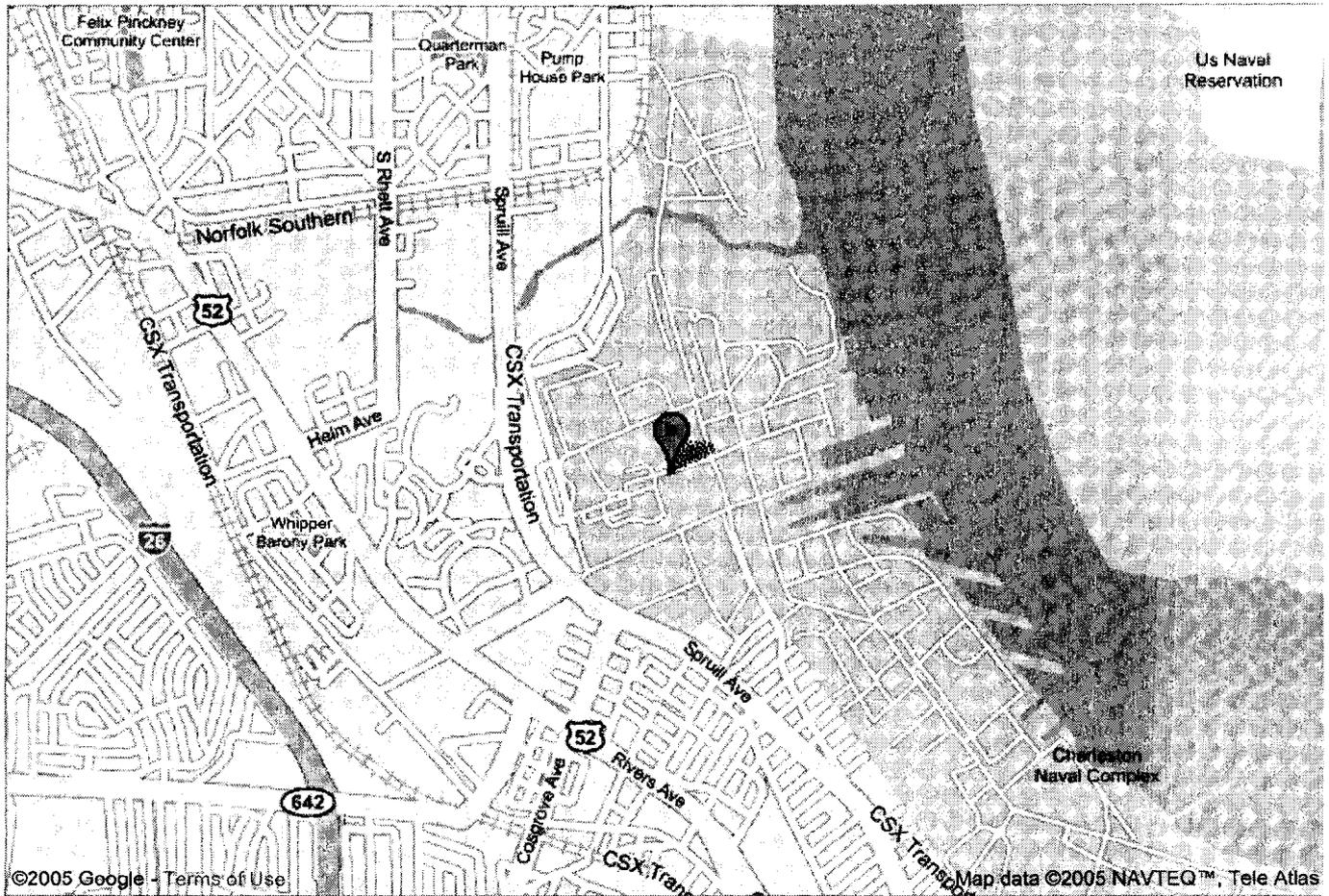
DFAS – <http://www.dod.mil/dfas>

Customer Service Directory – <http://www.dod.mil/dfas/about/contacts>

This report is produced by DFAS Corporate Communications.

Additional information and audited financial statements are available on the Web at <http://www.dod.mil/dfas>.





1545 Truxtun Ave
North Charleston, SC 29405



Google Maps
1545 Truxtun Ave, North Charleston, SC 29405



1545 Truxtun Ave
North Charleston, SC 29405

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

BASE SUMMARY SHEET

Naval Facilities Engineering Field Division South Charleston, SC

INSTALLATION MISSION

The Naval Facilities Engineering Command (NAVFAC) is the Navy's facilities, installation, and contingency engineers. NAVFAC's business lines include environmental, real estate, base development, capital improvements and public works. Southern Division is an Engineering Field Division (EFD) of Naval Facilities Engineering Command (NAVFAC). The mission of the South EFD is to be consolidated through organizational realignment with the Southeast EFD.

DOD RECOMMENDATION

Close Naval Facilities Engineering Field Division South leased space in Charleston, SC. Consolidate Naval Facilities Engineering Field Division South, Charleston, SC with Naval Facilities Engineering Field Activity Southeast, Jacksonville, FL at Naval Air Station Jacksonville, FL; Naval Facilities Midwest, Great Lakes, IL at Naval Station Great Lakes, IL; and Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA. **Close Naval Facilities Engineering Field Activity Northeast leased space in Lester, PA. Consolidate Naval Facilities Engineering Field Activity Northeast, Philadelphia, PA, with Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA and relocate Navy Crane Center Lester, PA to Norfolk Naval Shipyard, Norfolk, VA.**

DOD JUSTIFICATION

This recommendation enhances the Navy's long-standing initiative to accomplish common management and support on a regionalized basis by consolidating and collocating Naval Facilities commands with the installation management regions in Jacksonville, FL, Great Lakes, IL and Norfolk, VA. This collocation aligns management concepts and efficiencies and may allow for further consolidation in the future.

Naval Facilities Engineering Field Division South, Naval Facilities Engineering Field Activity Northeast and Navy Crane Center are located in leased space, and this recommendation will achieve savings by moving from leased space to government-owned space. Naval Facilities Engineering Command is undergoing organizational transformation, and this recommendation facilitates the evolution of organizational alignment. This recommendation will result in an increase in the average military value for the remaining Naval Facilities Engineering Field Division/Engineering Field Activity activities, and it relocates the Navy Crane Center to a site with functional synergy.

BRAC HISTORY

The property and the majority of the commands at the Charleston Naval Base were slated for closure by the Base Realignment and Closure (BRAC) commission in 1993, except for the FISC, which was closed by the BRAC commission in 1995. Four of the largest activities were listed for closure by the 1993 Base Realignment and Closure (BRAC) Commission: The Shipyard, Naval Station, Fleet and Industrial Supply Center, and the Fleet and Mine Warfare Training Center. Operations on the complex ceased on 01 April 1996. The closure resulted in the loss of 8,722 military and 6,272 civilian jobs. Southern Division of the Naval Facilities Engineering Command is the caretaker for the base.

COST CONSIDERATIONS DEVELOPED BY DOD

- One-Time Costs: \$37.85 million
- Net Savings (Cost) during Implementation: \$9.06 million
- Annual Recurring Savings: \$9.33 million
- Return on Investment Year: 4 years
- Net Present Value over 20 Years: \$81.81 million

MANPOWER IMPLICATIONS OF THIS RECOMMENDATION (EXCLUDES CONTRACTORS)

	<u>Military</u>	<u>Civilian</u>
Reductions	-6	-492
Realignments	0	0
Total	-6	-492

ENVIRONMENTAL CONSIDERATIONS

- Environmental restoration estimated at \$33.2 million. The relocation site, Naval Air Station Jacksonville, FL is in Maintenance for Ozone (1 Hour) and Attainment for all other criteria pollutants. No Air Conformity determination required.

REPRESENTATION

Governor: Gov. Mark Sanford (R-SC)
Senators: Sen. Jim DeMint (R-SC)
Sen. Lindsey Graham (R-SC)
Representative: Rep. James E. 'Jim' Clyburn District 6 - (D-SC)

ECONOMIC IMPACT

- Potential Employment Loss: 1433 jobs (543 direct and 890 indirect)
- MSA Job Base: 331,580 jobs
- Percentage: -.43% percent
- Percentage for actions in MSA - 0.9% (Includes DFAS, NAVFAC, NWS)

MILITARY ISSUES

- Military value analysis by the Department of the Navy ranked NAVFAC EFD SOUTH 7 out of 11 similar installations (MilVal Score 59.1%). This score is based upon capacity to support customers and workload balance.

COMMUNITY CONCERNS/ISSUES

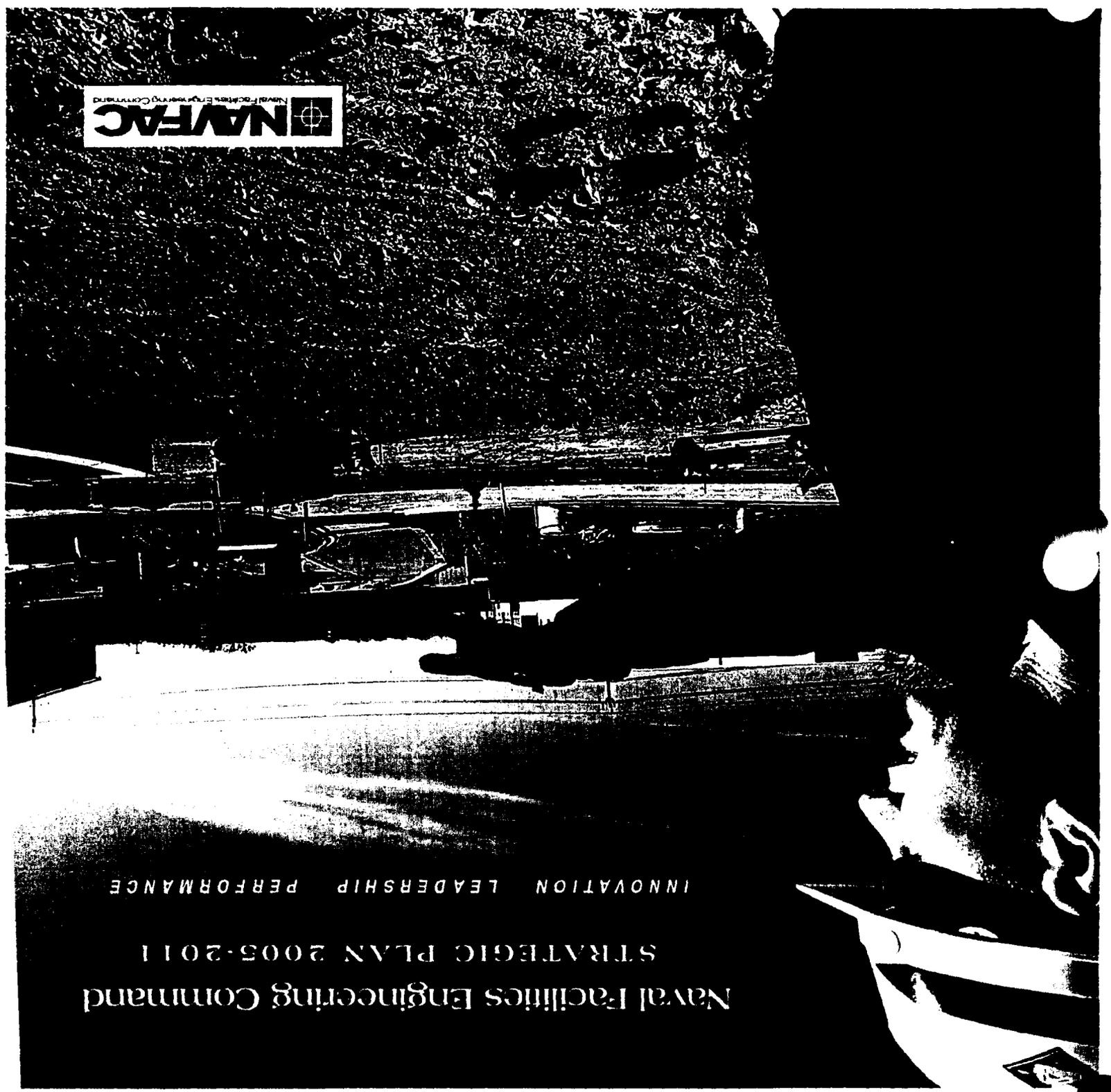
- Reuse of leased space.

C.W. Furlow/Navy/May 27, 2005



INNOVATION LEADERSHIP PERFORMANCE

Naval Facilities Engineering Command STRATEGIC PLAN 2005-2011





1322 Patterson Avenue SE, Suite 1000
Washington Navy Yard, DC 20374-5065
Innovation Leadership Performance

[HTTP://WWW.NAVFAC.NAVY.MIL](http://www.navfac.navy.mil)

BUILDING COMBAT READINESS NAVFAC SEABEE READINESS AND OSHKOSH TRUCK CORPORATION ANNOUNCED THE COMPANY WAS AWARDED A CONTRACT TO SUPPLY MEDIUM TACTICAL VEHICLE REPLACEMENT (MTVR) TRUCKS TO THE UNITED STATES NAVY SEABEES. THIS ORDER INCLUDED MTVR DUMP TRUCKS, MTVR WRECKERS AND THE NEW MTVR TRACTORS, SHOWN BELOW HAULING A TYPICAL SEABEE LOAD.



CONTENTS:

NAVFAC STRATEGIC PLAN 2005-2011

5. **Our Extraordinary Transformation:** We will evolve faster, better and responsibly
7. **NAVFAC's Mission:** We are the warfighter's engineering professionals
9. **Operating Principles:** We lead change and embrace innovation
11. **People:** We are a highly competent, Fleet-focused engineering team
13. **Process:** Our transformation initiatives are cost-effective, business-line driven
15. **Clients:** Our success is reflected by our clients' successes
17. **Operations:** We provide responsive facilities and contingency support
19. **Integrated Core Capabilities:** Our competencies are focused on the warfighter
21. **Transformation:** Business line management, interdependent Commands
22. **Functional Alignment:** Operating in a matrix
23. **Structural Alignment:** The essence of NAVFAC's transformation

NAVFAC is the Systems Command for the U.S. Navy Seabees, whose deep expertise in contingency construction is critical in peace and war.





Our Extraordinary Transformation:

Together, we are embarked on a fast-moving, historic transformation of the Naval Facilities Engineering Command (NAVFAC).

With our strategic partners, Commander, Navy Installations; Headquarters Marine Corps; and the Naval Supply Systems Command, we are realigning our organizational structure, revolutionizing Business Line leadership, improving our business processes worldwide, and integrating Navy Public Works Departments into the NAVFAC Command structure.

Within each Navy Region, we will establish Facilities Engineering Commands that will be the single touch-points for all NAVFAC public works, engineering, and acquisition support.

These organizational and functional alignments will enable and empower you — Our Superstars — to dramatically enhance your contributions to the Navy-Marine Corps Team and to significantly improve our productivity and accountability, eliminate duplication,

significantly reduce costs, and return savings to the Navy and Marine Corps.

The Navy and NAVFAC are truly blessed with the genius and quality of our people! Our organizational and functional alignments will position us to make our biggest transformation ... the creation and practice of genuine Community Management. Your leadership and I are totally committed to maximizing your personal and professional development, demolishing every barrier and roadblock in your way, and unlocking your creativity, energy, and enthusiasm. I especially want our Blue Collar Shops workers to be empowered, to be bold, and to drive dramatic improvements in our processes and way of doing business ... to help us achieve the true potential of the Regional Engineer concept. You are where the "rubber meets the road."

Our transformation to dramatically empower you ... is aggressive and will never be fast enough. It is our mandate to you and to the Sailors, Marines, and their families that we serve. This Strategic Plan is the foundation of our transformation. Publishing the Plan is

only the first step. Your Supervisors and their leadership will discuss with you how you personally fit into the Plan, how it relates to your position, and how it will be tied to your individual performance evaluation and our reward system.

In conclusion, I absolutely could not be prouder of you! We are laser-focused and totally committed to getting our organizational and functional foundation right and creating a Command climate and culture to maximize, leverage, and force-multiply your passion, strengths, and talents. Never lose sight of your great potential and the significant contributions you make to our Navy and Marine Corps. Success begins and ends with you. Let's make it happen.

Thank you very much!

Rear Adm. Michael K. Loose, CEC, USN
Commander, NAVFAC &
Chief of Civil Engineers

**Focused core competencies bring additional
power and value to the nation's warfighters.**



NAVFAC's Mission

**We are the Navy's facilities engineering professionals,
committed to Navy and Marine Corps combat readiness.**

We are:

Fleet focused

Innovative

Surge enabled

Ever faster

Committed to continuous cost reduction

We serve:

The Navy and Marine Corps combat team

Unified Commanders

Department of Defense agencies

We deliver:

Best-value Facilities Engineering and Acquisition through our business lines:

Capital Improvements

Public Works

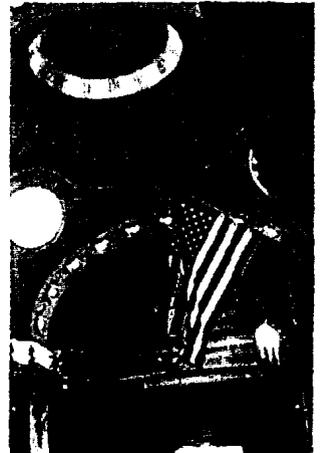
Environmental

Base Development

Real Estate

Contingency Engineering

NAVFAC engineers conducted a careful, nine-phase renovation of the elegant Bancroft Hall at the historic U.S. Naval Academy at Annapolis.



*NAVFAC supports the warfighter ...
from Day One at Boot Camp.*



Operating Principles

Lead change with a sense of urgency.
Quickly embrace innovation and improvements.
Ensure the mission success of the Navy and Marine Corps team.

We come to work every day to:

Take acceptable risk to provide the right support for less cost

Demolish barriers to innovation

Unlock and energize our peoples' creativity

Generate creative solutions and new processes

Grow and develop personally and professionally

NAVFAC Engineering Service Center's Biobarrier Team won the Most Valuable Pollution Prevention Award for its important MTBE clean-up work.





People

Recruit, develop & lead a motivated, professional Global Team

Facilities Team Outcome

We are a highly competent, Fleet-focused facilities engineering team in direct support of Navy and Marine Corps combat readiness.

Strategies

- Workforce Shaping.* Embed a process that links the workforce to the Strategic Plan and Business Line Plans. Continually re-evaluate to ensure we recruit, develop and retain a diverse, competency-based workforce that is the right size and mix of military, civilians and contractors.
- Professional Development.* Incorporate Task Force Excel and continue to evolve Community Management to improve the growth and development of our people. Link the Strategic Plan, Community Management Plans, NAVFAC Employee Assessment and Development System (NEADS) and Individual Development Plans to align training and developmental opportunities. Increase professional registration, licensing, certifications and levels of education.
- Communications.* Enhance communications at all levels to ensure our military, civilian and contractor team have a constancy of purpose to achieve the outcomes defined in our Strategic Plan. Use the Facilities Team Survey (*FacTs*) to accelerate improvement.
- Integration.* As we continuously transform NAVFAC, fully integrate the team using consistent, comprehensive Human Resources policies.
- Outcome-Based Performance Appraisals.* Ensure performance evaluations for all personnel clearly link individual performance with command goals. Establish high expectations and appropriately reward personnel for their contributions.
- Quality Workplace.* Provide a safe and efficient work environment.

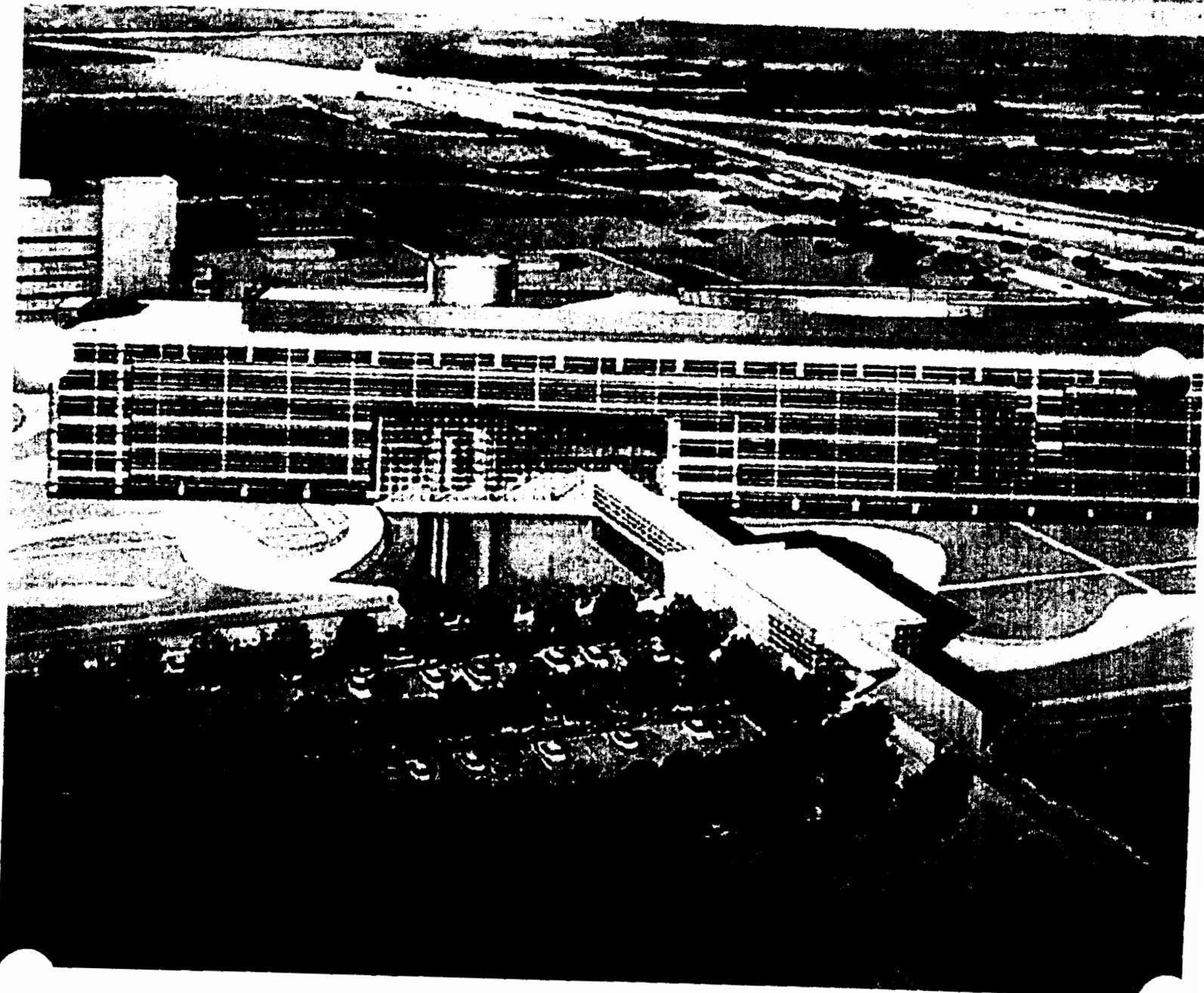
Categories of Metrics

- P-1 Properly sized and shaped workforce. Assess achievement of Community Management workforce shaping, career management and leadership goals.
- P-2 Career Development. Use NEADS and Community Management metrics to assess increased development and effectiveness.
- P-3 Qualifications. Measure and increase attainment of professional registrations, licenses, degrees and certifications goals.
- P-4 Workforce Satisfaction. Utilize the FacTs survey results to target changes that will increase workforce satisfaction.

NAVFAC's innovative Community Management program is recognized as "ground-breaking" by the senior leadership of the Navy.



*NAVFAG builds green-field projects for valued clients
such as the Defense Intelligence Agency in Washington, D.C.*



Process

Cost-Effective, Business-Line Driven, Transformational and Client-Focused

Facilities Team Outcome

Our enterprise-wide Business Line Management ensures best-value support and generates innovations that are rapidly implemented globally, reducing costs and harvesting savings.

Strategies

Business-Line Management. Business and Support Lines will be the primary way we ensure functional alignment, managing processes, innovation and resources across the entire enterprise. Business and Support Lines use output-driven metrics to manage productivity, quality, cycle time and resources.

Program Management. Manage and execute programs on a cost vs. capability basis. Ensure we balance acceptable risk with program requirements and harvest the savings to enhance combat readiness.

Integration. Ensure Business Line Management extends across the entire enterprise. Integrate and restructure public works management to improve efficiency and effectiveness across the Navy.

Innovation. Business and Support Lines will generate transformational initiatives and rapidly implement improvements across NAVFAC.

Return on Investment (ROI). Analyze resources and total operating costs/investments within each Business and Support Line to achieve higher productivity and improved cycle time.

Divestiture. Analyze our products and services to ensure we are the best-value provider. If we are not, appropriately divest, out-source, realign or privatize products and services to achieve the best value for our clients.

Information Technology. Implement IT systems across the enterprise to reduce costs and enable common processes, including work induction and control and financial management. Improve client access and compatibility with NAVFAC IT systems.

Categories of Metrics

Pr-1 Productivity and Cycle Time. Utilize Business Line "dashboard metrics" to reduce cost and improve productivity and cycle time. Compare and motivate NAVFACHQ and Field Commands to improve efficiency and effectiveness.

Pr-2 Process. Monitor standardization, capture operating and program costs, assess improvement of processes and embed best practices in our Business Management System.

Pr-3 Information Technology. Monitor IT systems implementation and identify opportunities for improved efficiencies and ROI.

Pr-4 Privatization. Monitor savings, cost avoidance, financial leverage and ROI.

NAVFAC has led from the front of field engineering for the Naval warfighter since its earliest days.



Our experts provide warfighter support from the ground up.



Clients

Client Success is Our Success

Facility Team Outcome

We are an aligned, integrated and valued member of the Navy and Marine Corps Combat Team. We have a Client-focused culture throughout NAVFAC.

Strategies

Alignment. With Commander, Navy Installations (CNI), Naval Supply Systems Command (NAVSUP) and Headquarters Marine Corps (HQMC), anticipate and execute facility and installation requirements. Effectively meet all Clients' needs through best-value, integrated solutions.

One-Touch Facilities Support. Ensure "one touch" with any NAVFAC activity is all that is required to meet Client needs.

Client Communications. Ensure easy Client access to work status and cost information. Establish convenient methods for Clients to provide feedback at each phase of the work process.

Client Focus. Commands and Business Line Leaders will use Client feedback to continuously improve alignment, delivery processes, communications, timeliness and quality, and reduce cost.

Categories of Metrics

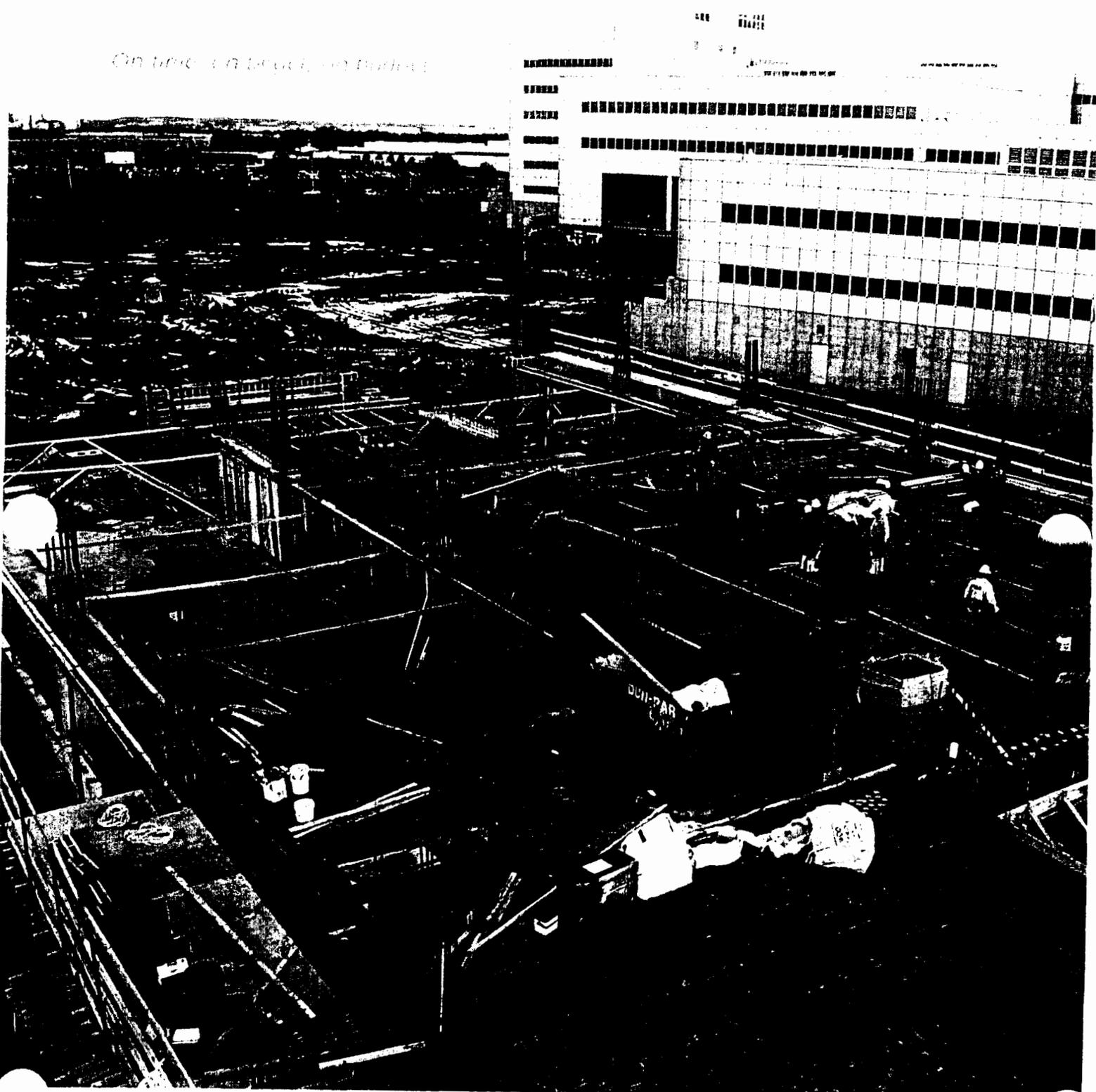
C-1 Alignment. Monitor alignment with CNI, NAVSUP and HQMC through the innovative use of survey tools, interviews and other effective means to track our performance against their expectations.

C-2 Client Satisfaction. Assess Client satisfaction at all phases of the work process, using tools such as the Client Facilities Team Survey (FacTS), point-of-delivery and post-delivery feedback mechanisms, and Client interviews.

NAVFAC's success is measured by the success of its diverse client base, with a portfolio ranging from military services to government agencies.



On time, on target, on budget



Operations

Cost-Effective, Professional, Responsive Facilities Support

Facility Team Outcome

We provide best-value, totally integrated, technology-leveraged facilities engineering and public works support. We provide effective war-fighting equipment and logistics for the Naval Construction Force.

Strategies

Integrated Facilities Engineering Support. Establish integrated commands that combine all public works and facilities engineering support for Navy Regions and other clients. Establish one model for public works support across the Navy.

Execution. Deliver quality products and services in a cost-effective and timely manner. Accomplish work through integrated and empowered teams that provide best value to our clients.

Surge Support. Be a leader in Navy's transformation to a more surge-capable Navy. Ensure our processes, products and services are flexible and interoperable to provide best-value support whenever and wherever required.

Safety. Fully implement Operational Risk Management principles to reduce injuries and ensure a safe work environment. Institutionalize methods to identify causes of accidents and globally communicate lessons learned.

Professional Alliances. Work closely with our industry and government partners to streamline processes, reduce unnecessary and redundant criteria and eliminate non-value-added requirements.

Seabee Support. Ensure that Seabee logistics fully support warfighter requirements. Enhance speed and quality of Seabee reachback engineering support for in-theater operations.

Contingency Engineering. Ensure our Contingency Engineering support is responsive, cost-effective, and available on a moment's notice. Fully integrate our Naval Reserve to improve operational effectiveness.

Categories of Metrics

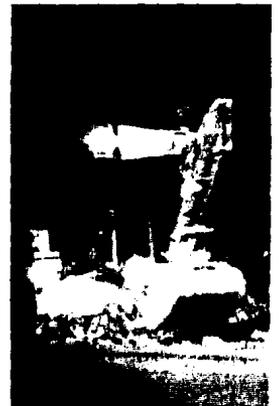
O-1 Execution. Assess program, project and service execution against plan. Assess transformational progress against plan.

O-2 Safety. Monitor military, civilian and contractor accident rates and associated costs.

O-3 Acquisition Performance. Assess acquisition processes, including expanded electronic ordering, paperless procurement and an overall reduction of transactions.

O-4 Seabee Support. Assess the continued improvement of Seabee Logistics systems and effectiveness of Tables of Allowance.

NAVFAC's diverse and dynamic workforce produces high-quality work with high regard for safety issues. Conscientious work habits promote lower cost.





Integrated Core Capabilities

Integrated expertise saves time, saves money, saves resources

Quality of Service Across a Spectrum of Capability

We accomplish our mission by exercising diverse capabilities in times of peace and of war, and in military operations other than war. These core capabilities form a broad and stable base of products and services delivered to clients through our business lines. The vital integration of core capabilities is an essential contribution to the Navy. Each person and organization within the transformed NAVFAC advances the skills, tools and streamlined processes for extraordinary service to our clients.

Command Business Lines

Public Works

Environmental

Capital Improvements

Real Estate

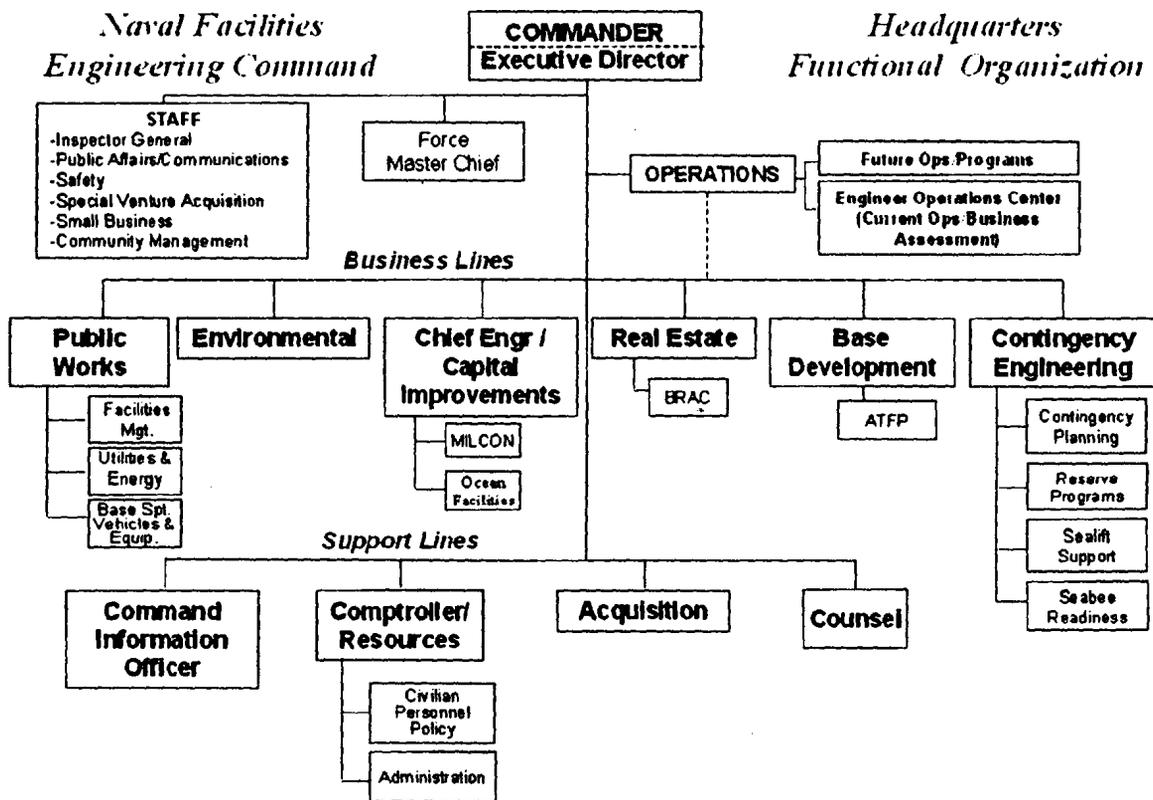
Base Development

Contingency Engineering



Transformation

NAVFAC's operational culture is focused on horizontal integration of Business and Support Lines across all of its field commands. The alignment of NAVFAC Headquarters to fully support our Business and Support Line structure is an essential element of our transformation.

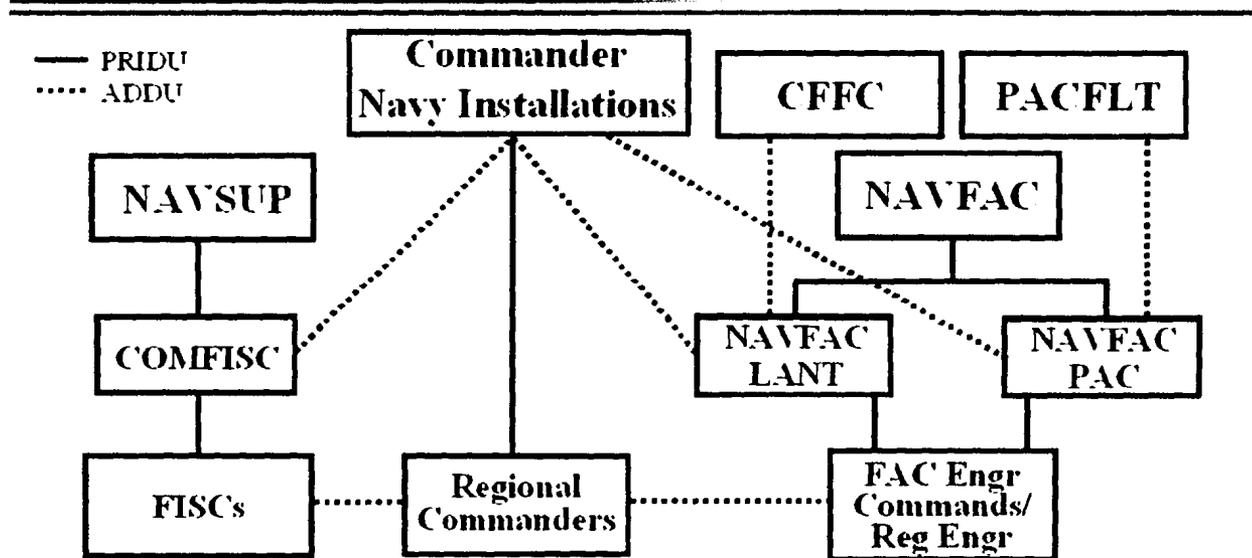


Structural Alignment

NAVFAC's transformation involves a bold structural alignment that will improve command relationships internal and external to NAVFAC, and significantly enhance support to CNI in managing shore installations. Our transformation further involves combining and aligning NAVFAC component commands, except Specialty Centers, into Facilities Engineering Commands (FECs) under two Echelon III commands to improve accountability and responsiveness to Regional Commanders. This alignment improves NAVFAC's efficiency, effectiveness and delivery of products and services, and creates savings that can be reinvested by Navy and Marine Corps senior leadership. The FECs are being phased in from

FY04 through FY06. FEC commanding officers report for primary duty to NAVFAC Atlantic or NAVFAC Pacific, with additional duty to their respective regional commanders. Public Works Centers and Engineering Field Divisions/Activities within the same geographic region become a FEC, eliminating flagpoles and providing a single touch point for all NAVFAC engineering products and services. FECs enable NAVFAC to better focus on Navy and Marine Corps regional requirements; on surge support across regional boundaries; on global implementation of common business processes; and on elimination of redundancy. FECs position the Navy to create one public works delivery model.

Structural Alignment





"The real problem, then, is not our strength today; it is rather the vital necessity of action today to ensure our strength tomorrow."

— Dwight D. Eisenhower, 34th President of the United States

In Naval District Washington, NAVFAC is completing the new U.S. Marine Barracks Annex and Band Support Facility.



Naval Facilities Engineering Command
1322 Patterson Avenue SE, Suite 1000
Washington Navy Yard, DC 20374-5065
Innovation Leadership Performance
[HTTP://WWW.NAVFAC.NAVY.MIL](http://www.navfac.navy.mil)


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Robert B. Raines
Captain, Civil Engineer Corps, USN

CAPT Raines, a native of the Bronx, NY received his degree in civil engineering from the Virginia Military Institute, and was commissioned through the Navy ROTC program in 1979. He received his Master of Science in Civil Engineering (Construction Management) from Stanford University in 1987, and is a 2001 graduate of the University of Michigan Executive program.

CAPT Raines graduated with distinction from the Civil Engineer Corps Officers' School and reported for first tour of duty with Naval Mobile Construction Battalion (NMCB) 74 where he served as Assistant Alpha Company Commander in Rota, Spain, and as Officer in Charge of Seabee Team 7415 in Yap, Western Caroline Islands.

He was next assigned as the Shops Engineer and Planning and Programming Officer at the Public Works Department, Naval Submarine Base New London, CT. His next assignment was the Assistant Resident Officer in Charge of Construction at the Submarine Base where he was responsible for all waterfront military construction projects.

He was then assigned to Chesapeake Division, where he served as the Assistant Acquisition Officer, and as the Resident Officer in Charge of Construction for the \$45 million Air Force One Maintenance and Support Complex, and the \$114 million Naval Intelligence Center projects. He had a follow on tour in Washington with the Deputy Chief of Naval Operations (Logistics) Shore Activities Division as the Assistant for Military Construction.

CAPT Raines was next stationed at the Naval Public Works Center, Pensacola, FL as the Acquisition and Programming Officer, where he coordinated the design and construction of the \$300 million Naval Air Technical Training Center relocation from NAS Memphis to NAS Pensacola. He was given additional duty as the ROICC for this construction program for the last eighteen months of this tour.

CAPT Raines next served on the staff of the Assistant Secretary of the Navy (Financial Management and Comptroller) as the Congressional Liaison Officer for Appropriations matters. Next, he was assigned as the Executive Officer of PWC Washington. He was the Public Works Officer and OICC at NAS Sigonella, Sicily responsible for the bases \$650 Million recapitalization program. CAPT Raines was the Commanding Officer of Engineering Field Activity, Northeast from June 2002 through July 2004. He currently serves as Commander, Southern Division, Naval Facilities Engineering Command in Charleston, S.C.

CAPT Raines' decorations include: A Legion of Merit, four Meritorious Service Medals, Joint Service Commendation Medal, Navy Commendation Medal, Air Force Commendation Medal, Navy Achievement Medal, and various service medals. He is authorized to wear the Seabee Combat Warfare Specialist pin. He is a registered professional engineer in CT, a member of the Phi Kappa Phi Honor Society and is an Acquisition Professional.

CAPT Raines is a past National Vice President, Young Members Affairs, for the Society of American Military Engineers (SAME).

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1322 Patterson Ave. SE, Suite 1000 ■ Washington Navy Yard, D.C. 20374-5065

RECOMMENDATION FOR CLOSURE

ENGINEERING FIELD DIVISION/ACTIVITY

Recommendation: Close Naval Facilities Engineering Field Division South leased space in Charleston, SC. Consolidate Naval Facilities Engineering Field Division South, Charleston, SC with Naval Facilities Engineering Field Activity Southeast, Jacksonville, FL at Naval Air Station Jacksonville, FL; Naval Facilities Midwest, Great Lakes, IL at Naval Station Great Lakes, IL; and Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA. Close Naval Facilities Engineering Field Activity Northeast leased space in Lester, PA. Consolidate Naval Facilities Engineering Field Activity Northeast, Philadelphia, PA, with Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA and relocate Navy Crane Center Lester, PA to Norfolk Naval Shipyard, Norfolk, VA.

Justification: This recommendation enhances the Navy's long-standing initiative to accomplish common management and support on a regionalized basis by consolidating and collocating Naval Facilities commands with the installation management Regions in Jacksonville, FL, Great Lakes, IL and Norfolk, VA. This collocation aligns management concepts and efficiencies and may allow for further consolidation in the future.

Naval Facilities Engineering Field Division South, Naval Facilities Engineering Field Activity Northeast and Navy Crane Center are located in leased space, and this recommendation will achieve savings by moving from leased space to government-owned space. Naval Facilities Engineering Command is undergoing organizational transformation, and this recommendation facilitates the evolution of organizational alignment. This recommendation will result in an increase in the average military value for the remaining Naval Facilities Engineering Field Division/Engineering Field Activity activities, and it relocates the Navy Crane Center to a site with functional synergy.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is \$37.85 million. The net of all costs and savings during the implementation period is a cost of \$9.06 million. Annual recurring savings to the Department after implementation are \$9.33 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 \$81.81 million.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 1,433 jobs (543 direct jobs and 890 indirect jobs) over the 2006-2011 period in the Charleston-North Charleston, SC Metropolitan Statistical Area, which is 0.43 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 447 jobs (247 direct jobs and 200 indirect jobs) over the 2006-2011 period in the Philadelphia, PA Metropolitan Division, which is less than 0.1 percent of economic area employment.

The aggregate economic impact of all recommended actions on these economic regions of influence was considered and is at Appendix B of Volume I.

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. There are no known community infrastructure impediments to implementation of all recommendations affecting the installations in this recommendation.

Environmental Impact: Naval Air Station Jacksonville, FL is in Maintenance for Ozone (1-Hour) and Attainment for all other criteria pollutants. No Air Conformity determination will be required. There are potential impacts for cultural, archeological and tribal resources; and wetlands. Naval Station Great Lakes, IL is in Severe Non-Attainment for Ozone (1-Hour) and Moderate Non-Attainment for Ozone (8-Hour). An Air Conformity Determination is not required. Naval Shipyard Norfolk, VA is in Maintenance for Ozone (1-Hour) and Marginal Non-Attainment for Ozone (8-Hour). An Air Conformity Determination is not required. Water Resources will be impacted. There are no anticipated impacts for air quality; dredging; land use constraints or sensitive resource areas; marine mammals, resources or sanctuaries; noise; threatened and endangered species or critical habitat; waste management; or water resources. This recommendation indicates impacts of costs at the installations involved, which reported \$8 thousand in costs for environmental compliance. These costs were included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management or environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the installations in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

Attachments:

Supporting Information
COBRA Report
Economic Impact Report(s)
Community Infrastructure Report(s)
Summary of Scenario Environmental Impacts

Supporting Information:

Military Value Analysis Results:

Ranking	DoN Installation	MilVal Score
1	NAVFAC EFD SOUTHWEST SAN DIEGO	85.1
2	NAVFAC EFD ATLANTIC NORFOLK VA	84.7
3	NAVFAC EFA CHESAPEAKE WASHINGTON DC	79.4
4	NAVFAC EFD PACIFIC PEARL HARBOR	76.1
5	NAVFAC EFA SOUTHEAST JAX	62.2
6	NAVFAC EFA GREAT LAKES	62
7	NAVFAC EFD SOUTH CHARLESTON SC	59.1
8	NAVFAC EFA NORTHWEST POULSBO	58.8
9	NAVFAC EFA NORTHEAST PHILADELPHIA	58.6
10	NAVFAC OICC GU	51.9
11	NAVFAC EFA WEST SAN BRUNO	45.2

Capacity Analysis Results: Management capacity to support customers was analyzed. Span of control and workload balance measures were utilized in conjunction with Military Value in order to determine closure alternatives. Since there is no stated capacity of Regional Support Activities, there was no measurement of excess capacity.

Summary of Scenario Environmental Impacts

DON scenario, DON-0074R

General Environmental Impacts

(Actions taken from DON-0074A)

Action 1: Disestablish NAVFAC EFD South Charleston, SC by consolidating with NAVFAC EFA Southeast Jacksonville, FL

Action 2: Disestablish NAVFAC EFD South Charleston, SC by consolidating with ENGFLDACT MW Great Lakes, IL

Action 3: Disestablish NAVFAC EFD South Charleston, SC by consolidating with NAVFAC EFD Mid-Atlantic.

Environmental Resource Area	Weapons Station Charleston SC (Installation Realigned)	Naval Air Station Jacksonville FL (Installation Gaining Function)	Naval Station Great Lakes IL (Installation Gaining Function)
Air Quality	No impact.	Installation is in Maintenance for Ozone (1 hr) and in attainment for all other criteria pollutants. However, no impacts are anticipated from this scenario. No Conformity determination required.	Installation is in Severe non-attainment for 1-Hour Ozone and in Moderate non-attainment for 8-hour Ozone. However, no impacts are anticipated from this scenario. No Conformity determination required.
Cultural/Archeological/Tribal Resources	No impact.	Historic property has been identified on installation. May impact new MILCON.	Historic property has been identified on installation, however no impacts are anticipated from this scenario.

Dredging	No impact.	No impact.	No impact.
Land Use Constraints/Sensitive Resource Areas	No impact.	559 unconstrained acres available for development out of 24,587 acres total.	46 unconstrained acres available for development out of 2033 acres total.
Marine Mammals/Marine Resources/ Marine Sanctuaries	No impact.	No impact.	No impact.
Noise	No impact.	No impact.	No impact.
Threatened& Endangered Species/Critical Habitat	No impact.	TES present but no impact anticipated from this scenario.	TES present but no impact anticipated from this scenario.
Waste Management	Reduces waste disposals associated with lost assets.	Solid waste may increase, however amount expected is minor.	Solid waste may increase, however amount expected is minor.
Water Resources	Reduces water usage associated with lost assets.	Additional water consumption is expected, however no constraints are anticipated for this scenario.	Additional water consumption is expected, however no constraints are anticipated for this scenario.
Wetlands	No impact	17% wetlands will be a consideration in location of new MILCON.	No Impact.

Impacts of Costs

Selection Criterion 8 Environmental Points	Weapons Station Charleston SC (Installation Realigned)	Naval Air Station Jacksonville FL (Installation Gaining Function)	Naval Station Great Lakes IL (Installation Gaining Function)
Environmental Restoration	DERA costs \$22.5M thru FY 03; \$33.2M CTC	DERA costs \$82.2M thru FY 03; \$19.0M CTC	DERA costs \$6.0M thru FY03; \$25.1M CTC
Waste Management	None	None	None
Environmental Compliance	None	None	\$8K NEPA documentation (EA)

Summary of Scenario Environmental Impacts

(Action taken from DON-0075R)

Action 1: Relocate NAVFAC EFA Northeast Philadelphia PA, by consolidating with NAVFAC EFD Atlantic Norfolk, VA

General Environmental Impacts

Environmental Resource Area	NSA Philadelphia (EFA Northeast) (Installation Realigned)	Naval Station Norfolk (Installation Gaining Function)
Air Quality	No impact to Philadelphia region air quality status.	Maintenance for Ozone (1hr); Marginal Non-attainment for Ozone (8hr). No Conformity Determination required. No impact.
Cultural/Archeological/Tribal Resources	No impact.	No impact.
Dredging	No impact.	No impact.
Land Use Constraints/Sensitive Resource Areas	No impact.	No impact.
Marine Mammals/Marine	No impact.	No impact.

Resources/ Marine Sanctuaries		
Noise	No impact.	No impact.
Threatened& Endangered Species/Critical Habitat	No impact.	No impact.
Waste Management	Reduces waste disposals associated with lost assets.	Solid waste may increase, however amount expected is minor.
Water Resources	Reduces water usage associated with lost assets.	Additional water consumption is expected, however no constraints are anticipated for this scenario.
Wetlands	No impact	No impact.

Impacts of Costs

Selection Criterion 8 Environmental Points	NSA Philadelphia (EFA Northeast) (Installation Realigned)	Naval Station Norfolk (Installation Gaining Function)
Environmental Restoration	DERA costs \$7.8 M thru FY 03; \$4.8 M CTC	DERA costs \$85.9 M thru FY 03; \$24.3 M CTC
Waste Management	None	None
Environmental Compliance	None	None

Summary of Scenario Environmental Impacts

(Actions taken from DON-0154)

Action 1: Relocate Navy Crane Center from leased space in Lester, PA to Naval Shipyard Norfolk, VA.

Action 2: Close GSA leased space.

General Environmental Impacts

Environmental Resource Area	NAVCRANECEN Lester, PA (Activity Closed)	NAVSHIPYD Norfolk, VA (Installation Gaining Functions)
Air Quality	No impact.	Maintenance for Ozone (1hr); Marginal Non-attainment for Ozone (8hr). No Conformity Determination required.
Cultural/Archeological/Tribal Resources	No impact.	No impact.
Dredging	No impact.	No impact.
Land Use Constraints/Sensitive Resource Areas	No impact.	No impact.
Marine Mammals/Marine Resources/ Marine Sanctuaries	No impact.	No impact.
Noise	No impact.	No impact.
Threatened& Endangered Species/Critical Habitat	No impact.	No impact.
Waste Management	Reduces waste disposals associated with the lost assets.	No impact.
Water Resources	Reduces water requirements.	Impact Possible. Increased usage of water resources.
Wetlands	No impact.	No impact

Impacts of Costs

Selection Criterion 8 Environmental Points	NAVCRANECEN Lester, PA (Activity Closed)	NAVSHIPYD Norfolk, VA (Installation Gaining Functions)
Environmental Restoration	No DERA costs at this activity.	DERA costs \$1.4 M spent through FY 03; \$3.7 M CTC.
Waste Management	None	None
Environmental Compliance	None	None

NAVFAC_EFD_SOUTH_CHARLESTON_SC, SC

Demographics

The following tables provide a short description of the area near the installation/activity. NAVFAC_EFD_SOUTH_CHARLESTON_SC is 106.2 miles from Columbia, SC, the nearest city with a population of 100,000 or more. The nearest metropolitan statistical area (MSA) is

MSA	Population
Charleston-North Charleston, SC MSA	549,033

The following entities comprise the military housing area (MHA):

County/City	Population
Berkeley	142651
Charleston	309969
Dorchester	96413
Total	549,033

Child Care

This attribute captures the number of nationally accredited child-care centers within the local community: 7

Cost of Living

Cost of Living provides a relative measure of cost of living in the local community. General Schedule (GS) Locality pay provides a relative scale to compare local salaries with government salaries and Basic Allowance for Housing (BAH) is an indicator of the local rental market. In-state tuition is an indicator of the support provided by the state for active duty family members to participate in higher-level education opportunities. For median household income and house value, the basis of the data (either MSA or number of counties in the MHA or the county of the installation) is indicated.

Median Household Income	(US Avg \$41,994)	\$39,491	Basis: MSA
Median House Value	(US Avg \$119,600)	\$111,500	
GS Locality Pay	("Rest of US" 10.9%)	10.9%	
O-3 with Dependents BAH Rate		\$1,154	
In-state Tuition for Family Member		Yes	
In-state Tuition Continues if Member PCSs Out of State		No	

Education

This attribute defines the population in local school districts and identifies capacity. The pupil/teacher ratio, graduation rate, and composite SAT I/ACT scores provide a relative quality indicator of education. This attribute also attempts to give communities credit for the potential intellectual capital they provide.

NOTE: "MFR"--means a Memorandum For Record is on file at the installation/activity/agency to document problems in obtaining the required information. Reasons for not being able to obtain information may be that the

This document may contain information protected from disclosure by public law, regulations or orders.

school district refused to provide the information or the school district does not use or track the information. For each entry, the number of school districts for which data are available of the total number of school districts reported, and the number of MFRs is indicated.

		Basis
School District(s) Capacity	96,414	3 of 3 districts
Students Enrolled	84,683	3 of 3 districts
Average Pupil/Teacher Ratio	21.3:1	3 of 3 districts
High School Students Enrolled	25,733	3 of 3 districts
Average High School Graduation Rate (US Avg 67.3%)	68.8%	3 of 3 districts
Average Composite SAT I Score (US Avg 1026)	992	3 of 3 districts
Average ACT Score (US Avg 20.8)	19	3 of 3 districts
Available Graduate/PhD Programs	6	
Available Colleges and/or Universities	8	
Available Vocational and/or Technical Schools	1	

Employment

Unemployment and job growth rates provide an indicator of job availability in the local community. National rates from the Bureau of Labor Statistics are also provided. For each entry, the basis of the data (either MSA or number of counties in the MHA or the county of the installation) is indicated.

The unemployment rates for the last five years:

	1999	2000	2001	2002	2003
Local Data	3.4%	3.0%	3.7%	3.9%	4.6%
National	4.2%	4.0%	4.7%	5.8%	6.0%
Basis:	MSA	MSA	MSA	MSA	MSA

The annual job growth rate for the last five-years:

	1999	2000	2001	2002	2003
Local Data	.8%	2.3%	-2.5%	3.7%	3.0%
National	1.5%	2.4%	.03%	-.31%	.86%
Basis:	MSA	MSA	MSA	MSA	MSA

Housing

This attribute provides an indication of availability of housing, both sales and rental, in the local community. Note: According to the 2000 Census, Vacant Sale and Vacant Rental Units do not equal total Vacant Housing Units. Vacant housing units may also include units that are vacant but not on the market for sale or rent. For each entry, the basis of the data (either MSA or number of counties in the MHA or the county of the installation) is indicated.

Total Vacant Housing Units	25,028	Basis: MSA
Vacant Sale Units	2,573	

Vacant Rental Units	7,621	
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Medical Providers

This attribute provides an indicator of availability of medical care for military and DoD civilians in the local community. The table reflects the raw number of physicians/beds and ratio of physicians/beds to population. The basis of the data (either MSA or number of counties in the MHA or the county of the installation) is indicated.

	# Physicians	# Beds	Population	
Local Community	2,058	1,441	549,033	Basis: MSA
Ratio	1:267	1:381		
National Ratio (2003)	1:421.2	1:373.7		

Safety/Crime

The local community's Uniform Crime Reports (UCR) Index for 2002 per 100,000 people and the national UCR based on information from the Federal Bureau of Investigation (FBI) for 2002 is provided. The basis of the data (either MSA or state) is indicated.

Local UCR	5,803.1	Basis: MSA
National UCR	4,118.8	

Transportation

Distance to an airport shows convenience and availability of airline transportation. Public transportation shows potential for members and DoD civilians to use it to commute to/from work under normal circumstances and for leisure.

Distance from NAVFAC_EFD_SOUTH_CHARLESTON_SC to nearest commercial airport: 5.5 miles
 Is NAVFAC_EFD_SOUTH_CHARLESTON_SC served by regularly scheduled public transportation? Yes

Utilities

This attribute identifies a local community's water and sewer systems' ability to receive 1,000 additional people.

Does the local community's water system have the ability to meet an expanded need of an additional 1,000 people moving in the local community? Yes

Does the local community's sewer system have the ability to meet an expanded need of an additional 1,000 people moving in the local community? Yes

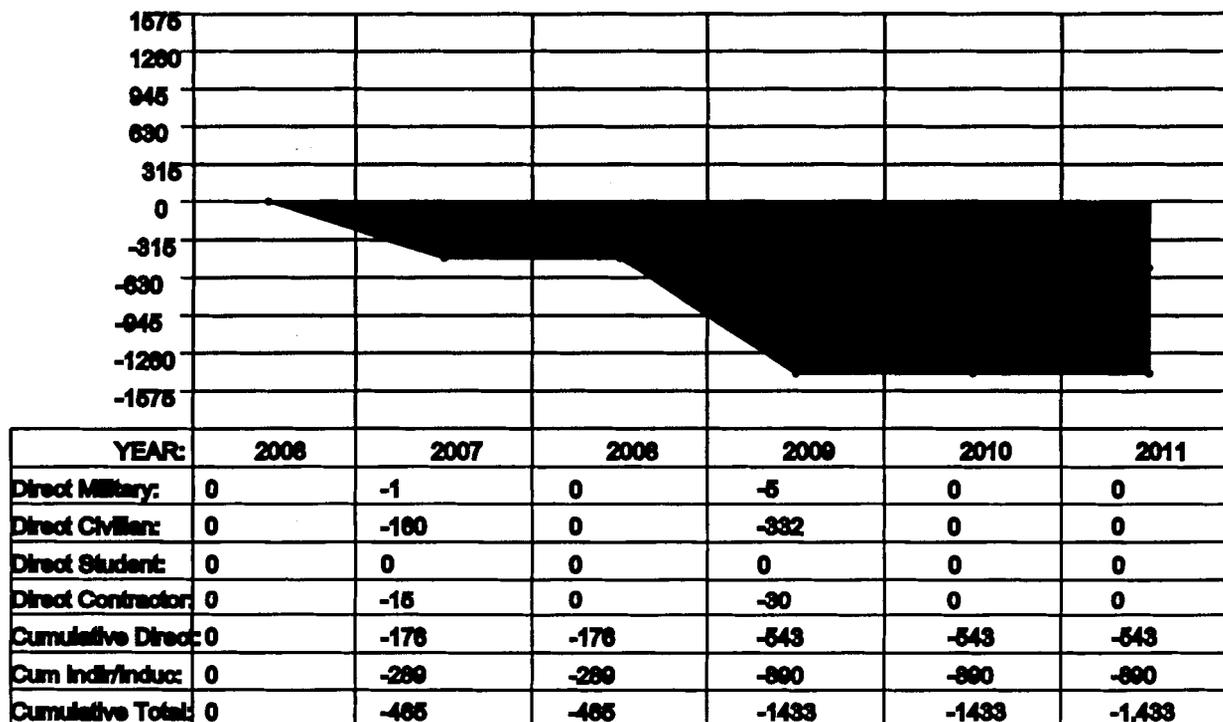
ECONOMIC IMPACT DATA

Scenario: All Selected (see title page)
Economic Region of Influence(ROI): Charleston-North Charleston, SC Metropolitan Statistical Area
Base: All Bases
Action: All Actions

Overall Economic Impact of Proposed BRAC-05 Action:

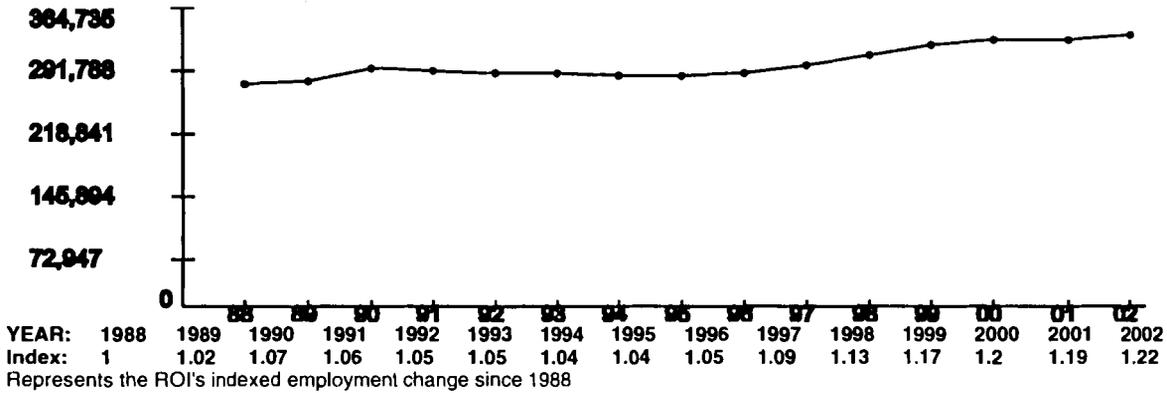
ROI Population (2002):	562,799
ROI Employment (2002):	331,580
Authorized Manpower (2005):	546
Authorized Manpower(2005) / ROI Employment(2002):	0.16%
Total Estimated Job Change:	-1,433
Total Estimated Job Change / ROI Employment(2002):	-0.43%

Cumulative Job Change (Gain/Loss) Over Time:

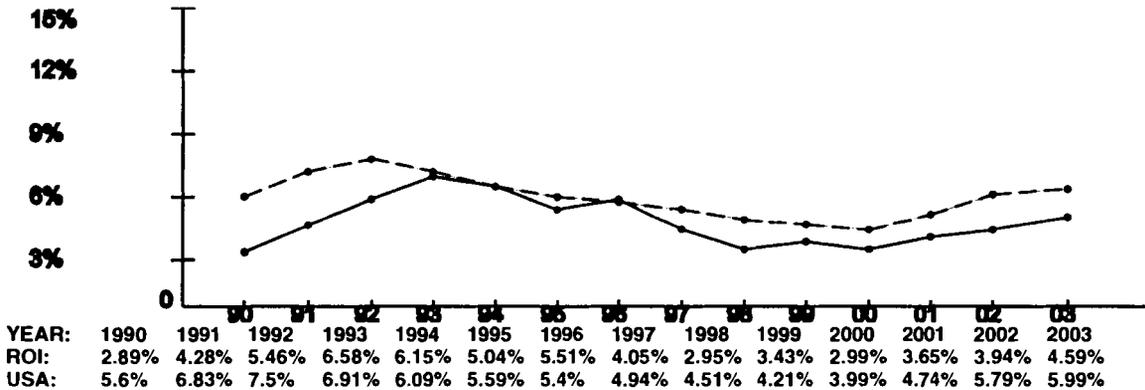


Charleston-North Charleston, SC Metropolitan Statistical Area Trend Data

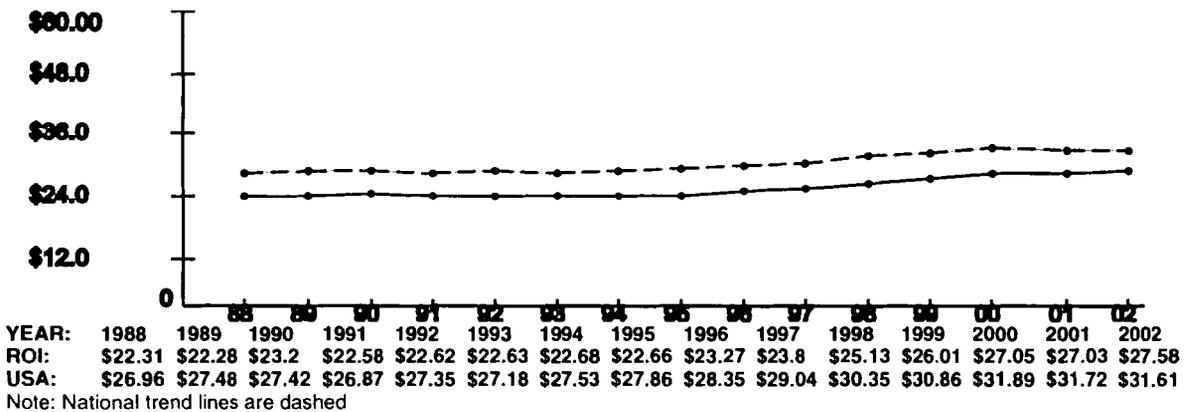
Employment Trend (1988-2002)



Unemployment Percentage Trend (1990-2003)

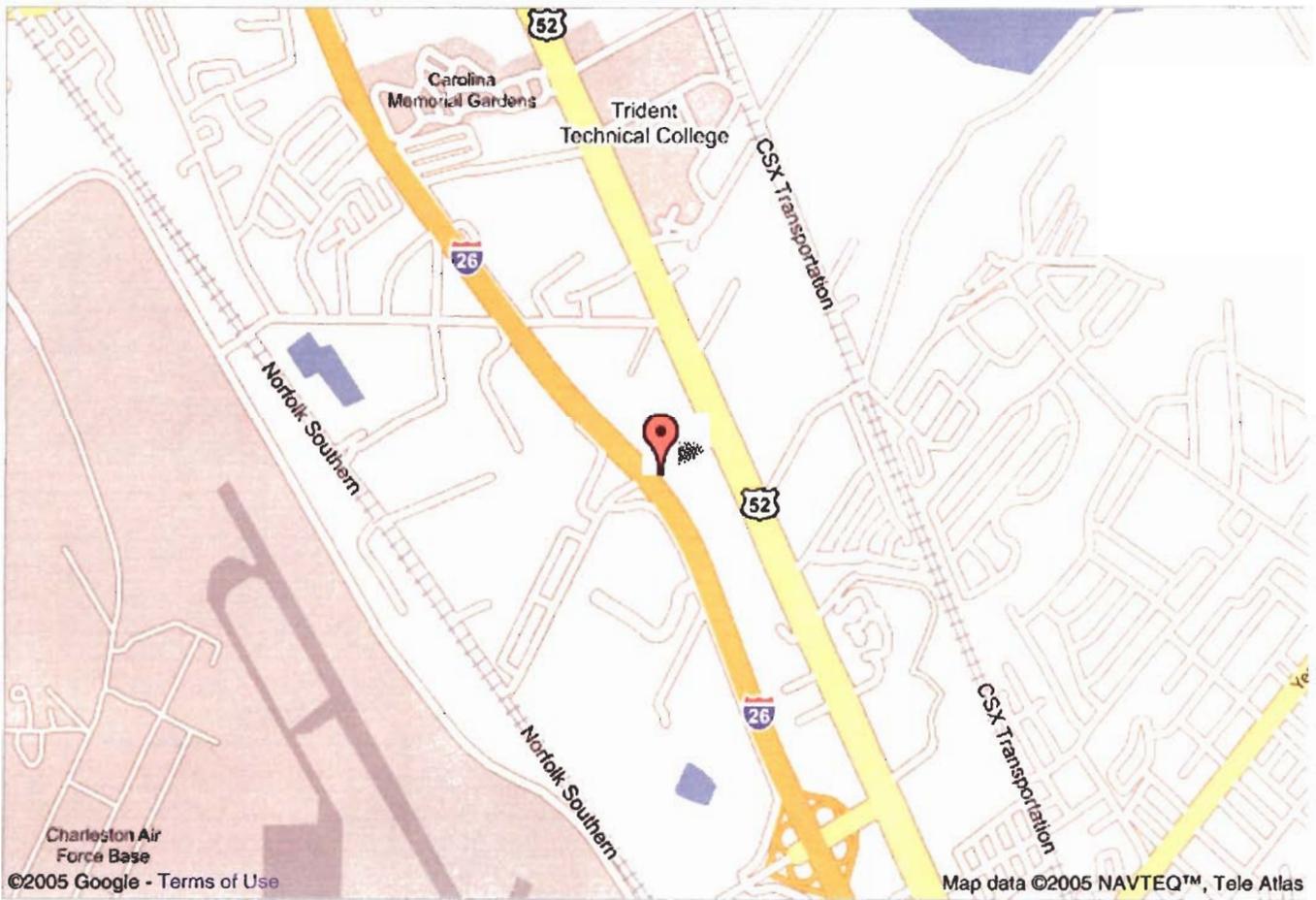


Per Capita Income x \$1,000 (1988-2002)





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'Bruised' not battered by BRAC OPINION

Published on 05/14/05

POST AND COURIER EDITORIAL

Twelve years ago, devastating news of a Pentagon proposal to close the Charleston Naval Base and Shipyard sent shock waves through our community. Friday's news of more proposed closings from the Pentagon, though not without significant cause for local concern, was much better by comparison, thanks in large part to those who have worked so hard to minimize those losses.

As Retired Air Force Brig. Gen. Tom Mik-olajcik, a key figure in both the local and state efforts to minimize base closures and job losses, put it Tuesday: "Charleston was just slightly bruised in the process, but the future is much brighter than what we've seen in the past."

The Base Realignment and Closure Commission won't make its final recommendations to President George Bush until September, when he and Congress are expected to approve the panel's plan. But the public officials and private citizens who made our installations' case have achieved some significant victories despite Charleston's bruises — so far. South Carolina gained more than 700 net jobs even as the Pentagon proposed closing roughly 180 military installations, including 33 major bases, in the United States. Unfortunately, the Charleston area didn't fare as well as the rest of the state, losing more than 1,100 jobs.

Yet even if the Pentagon plan stands, it does not mean more than 1,100 local residents would be out of work. Some of those positions would be transferred. And Charleston would hardly be alone in losing a large number of jobs in the sweeping consolidation of the Defense Accounting and Finance Service.

Our job losses would still hurt, of course. But on Friday, that pain was much sharper elsewhere. Sen. Olympia Snowe, R-Maine, decried proposed base closings in her state as "nothing short of stunning, devastating, and above all, outrageous." Sen. Joe Lieberman, D-Conn., used the terms "irrational and irresponsible" for the plan to close the submarine base in Groton.

Certainly we're better off than they are now, or than we were in 1993. Gen. Mikolajcik stressed that the continuing effort for Charleston would keep emphasizing the "joint-use advantages" we offer. A former wing commander at Charleston Air Force Base, the general explained: "What we have done is articulate the military value of the Charleston military complex, and we think we've been very successful."

First District Rep. Henry Brown praised Gen. Mikolajcik as "the greatest salesman I've ever seen" and vowed to press "cost justification" arguments in trying to regain some of the local jobs. Gen. Mikolajcik had — and has — an impressive product to "sell." He sounded ready to keep selling Friday, explaining: "We're not sure there's an economic efficiency in moving 250 engineers [from Charleston] to Jacksonville."

He added, however, that a thorough analysis of the report was needed before challenging the Pentagon plan during BRAC commission hearings that will run into August.

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If the Pentagon's proposals are approved, the negative economic impact on our community, while personally immense for those who lose their jobs, would be collectively miniscule in comparison to the fallout from the 1993 BRAC process. The Charleston area now has only slightly more jobs (27,000) in active-duty military and civilians working directly for the military than were lost (22,000) when the Naval Base and Shipyard closed. And Charleston Southern University economist Al Parrish calculates that Friday's proposed cuts would reduce the current \$4.4 billion annual economic impact of the military here by \$105 million — slightly more than 2 percent.

But Friday's economic losses and gains shouldn't obscure the primary purpose of U.S. military bases at home or abroad, and the primary consideration in decisions about when and where to close them. The overriding role of our armed forces is to assure national security. Maximizing our military's efficiency demands periodic re-evaluations of which bases should remain open, and which should not.

The Pentagon clearly recognizes the need to maintain most military installations in South Carolina. Those who have worked so long and hard to make our case — and will continue to do so — clearly deserve our thanks.



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Better plan, good economy makes BRAC less of a threat this time

Published on 04/17/05

BY JOHN P. MCDERMOTT
Of The Post and Courier Staff

Rewind to February 1993: The Defense Department, deeply immersed in a covert cost-cutting exercise, was a month away from releasing a list of military installations it aimed to close, including the Charleston Naval Base and Shipyard.

But rather than anxiety, the mood in the Lowcountry was one of oblivious complacency.

In Charleston, the overwhelming feeling was that Pentagon bean counters wouldn't dare lay a hand on South Carolina's bases, at least not so long as Fritz Hollings and Strom Thurmond, both big shots with the Senate's Armed Services Committee, were in office.

In fact, there was plenty of cause for alarm.

A retired admiral living in the area had warned months earlier that Charleston's shipyard was in danger of being shuttered. Little did he know that the Navy base also was on the hit list. The state's congressional delegation had roundly ignored the warning, dismissing the former flag officer as "Dr. Doom." — a move it soon came to regret.

As the din of base-closing rumors grew louder, the region finally scrambled to organize a response. The Charleston Trident Chamber of Commerce, as it was called then, launched a 100,000-signature petition drive to urge the Pentagon to leave Lowcountry installations alone. An entourage of local civic boosters scheduled a trip to Washington to state their case in person.

It was too late.

In the midst of all the last-minute chaos, Hollings hastily called a news conference on Feb. 26, 1993, to confirm the region's worst fears: The Navy base and shipyard were, indeed, targeted for closure. Charleston Mayor Joe Riley likened it to Hurricane Hugo in 1989.

In the end, 22,000 jobs were lost.

Today, 12 years later, the circumstances are familiar, though the response is dramatically different.

The Pentagon, well into another round of base closings and restructurings, is again a month away from releasing its list of doomed installations.

The similarities end there.

Local officials say if Charleston takes a big hit May 16, when Defense Secretary Donald

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Rumsfeld turns over his recommendations to the Base Realignment and Closure Commission, it won't be because of lack of planning and preparation.

"It's like apples and oranges in the way the community approached it this time," said Tom Mikolajcik, a retired Air Force brigadier general who has been advising the Charleston Metro Chamber of Commerce on its BRAC strategy.

The chamber started laying the groundwork for BRAC 2005 nearly three years ago, when rumors about the fate of the Space and Naval Warfare Systems Center began to surface. The group has retained a base-closing consultant in Washington, D.C., to keep it up to date on new base-closing developments, to refine its pitch to Pentagon heavyweights and to set up meetings with decision-makers.

The chamber also has arranged for visiting generals and admirals to tour the Charleston Naval Weapons Station, Charleston Air Force Base and other installations to promote what Mikolajcik called their "military value."

"We've worked very hard on bringing the senior leadership from all the services and the Department of Defense and anyone else we could get down here," he said. "We felt we could be a player in process, so they would go back to Washington and say, 'Do you know all the stuff that goes on down in Charleston?'"

Another difference is that the region's economy is much better prepared to withstand a big hit, said Frank Hefner, a College of Charleston research economist who studied the effect of the Navy base and shipyard closings.

"The part that made the '93 BRAC particularly hard for Charleston was the loss of the Navy shipyard," Hefner said. "That had to be treated like an industrial shutdown. That was the mill in a one-mill town ... Our area is certainly not like that anymore. Look at how much economic development was opened up with the shutdown of the Navy base."

Hefner said the region has improved its ability to withstand the blow of a military installation closing by attracting a broader base of private-sector employers, a trend that started in the mid-1990s.

"The economy is so diffuse now, which is a very good thing," he said.

Also, he said, base closings "tend to accelerate whatever pattern exists" in the surrounding area. "If you're already in a declining economy ... you're in trouble. If you're in a growing economy, you're not in trouble. ... If you're looking at this from the sideline and your firm is in Connecticut, what does this mean about relocating a plant to Charleston? It means you might be able to find some skilled, qualified workers you couldn't find otherwise."

That's part of the thinking behind studies that are now under way in Charleston and other military communities, including Beaufort, Columbia and Sumter. Funded mostly by a Defense Department grant, the Berkeley-Charleston-Dorchester Council of Governments recently began work on a "diversification strategy, so we can decrease our dependence on defense spending in the region," said Becky Ford, the group's economic development manager.

Part of the council's \$200,000 study will involve determining how defense-related jobs in the region can be transferred to other industries so that state and local business recruiters can target those sectors. Researchers also will take an inventory of all the military facilities in the region and analyze ways to redevelop and reuse the properties.



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1,161 AREA BASE JOBS TARGETED

Charleston only region in state on Pentagon hit list

Published on 05/14/05

BY JOHN P. MCDERMOTT
Of The Post and Courier Staff

The Pentagon on Friday proposed shedding nearly 1,200 Defense Department jobs in the Charleston region, in part by closing two area operations, under a nationwide restructuring that would heighten the military's presence elsewhere in the state.

In all, the state would gain about 1,870 uniformed and civilian positions — mostly at Fort Jackson, McEntire Air National Guard Station and Shaw Air Force Base — under the recommendations released Friday.

But the statewide increase will be offset by 1,161 cuts in the Charleston area, which was the only region in South Carolina to take a hit under the so-called Base Realignment and Closure process.

"It looks like Charleston has the brunt of the losses again," said North Charleston Mayor Keith Summey.

In all, the Pentagon's proposed changes, the most sweeping to its network of military bases in modern history, would close 33 major facilities in 22 states and reconfigure hundreds of others to achieve savings and promote cooperation among the armed services.

More than two years in the making, Friday's recommendations by Defense Secretary Donald H. Rumsfeld represented his attempt to balance a whirl of competing forces. They include the changing threats facing the nation, massive federal deficits, wars in Iraq and Afghanistan, the economies of local communities and political pressures.

Nationally, the closures would include Maine's Portsmouth naval shipyard, Ellsworth Air Force Base in South Dakota, the New London submarine base in Connecticut, Fort Monmouth in New Jersey and Fort Monroe, Va.

The Army would move the 7th Special Forces Group from Fort Bragg, N.C., to the Air Force's Eglin, Fla., base, so both services' elite troops could train together more easily. An airfield next to Eglin is the headquarters of Air Force Special Operations Command.

Part of the shifts appeared to reflect a Pentagon effort to move military resources from costlier locations in the Northeast and upper Midwest to the South and West. Another trend — a shrinking Navy and a decline in shipbuilding — was reflected in the closure of Naval installations such as the Connecticut submarine base, the Portsmouth shipyard and Naval stations in Texas and Mississippi.

Connecticut faces the biggest loss of jobs, with 8,586, followed by Maine, with 6,938.

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The crown jewel of the Army hospital system, the venerable Walter Reed hospital in Washington, would move staff and services to the National Naval Medical Center in Bethesda, Md., to create a new, expanded facility carrying the Walter Reed name.

Summey and other local officials said their next step will be to decide whether to challenge any of the recommendations in hopes of preserving some of those jobs.

Specifically, the Pentagon proposed closing the Naval Facilities Engineering Command's Southern Division in North Charleston and transferring its 543 positions, most of them held by civilian workers, to Florida, Illinois and Virginia.

Also on the chopping block is the Defense Accounting and Finance Service, which employs 368 civilian workers on the former Navy base. The federal payroll center was opened in February 1995, in part to ease the sting of a 1993 round of base closings that eliminated 22,000 shipyard and military jobs in the Charleston region.

Employment at the Charleston Naval Weapons Station is expected to decline by 250 jobs as part of a complicated "realignment" of that installation, the Pentagon said Friday. Under the plan, Charleston Air Force Base would manage utilities, maintenance and other infrastructure needs at the Weapons Station, a move that would reduce 264 jobs. "It allows us to combine services and save taxpayers money," said Capt. Gary Edwards, commanding officer of the Weapons Station.

One of the highest-profile tenants at the Weapons Station, the Space and Naval Warfare Systems Command, better known as SPAWAR, also would move several units to bases in Rhode Island and Virginia, for a loss of 28 jobs. But another tenant, the Naval Consolidated Brig, would gain more responsibilities with the closure of smaller brigs in Jacksonville and Pensacola, Fla.

Some of the workers whose jobs will be affected will be offered transfers, but specifics on that score were not available Friday.

The precise timing of the suggested closings, expansions and restructurings also has not been established, though some of the changes may be under way by next year.

While the potential loss of 1,200 local jobs is significant and will disrupt families, it won't be nearly as devastating as the defense cuts of 1993, when the Pentagon decided to shutter the Charleston Naval Base and Shipyard. That unexpected closing sent shockwaves through the region's economy, affecting everything from real estate values to retail sales.

Retired Air Force Brig. Gen. Tom Mikolajcik, a top adviser to state and local officials on base-closing matters, said the Lowcountry came away "slightly bruised" but not broken.

"I wouldn't call it a setback. I'd call it an adjustment," Mikolajcik said, noting that the growing area has added about 20,000 jobs in the past four years.

"You hate to see any name on a list, but what is there is small," said retired Navy Vice Admiral Albert Baciocco, Jr., a member of Gov. Mark Sanford's Military Base Task Force, which helped Charleston with its base-defense efforts. "I was pleased and relieved because what was on the list is understandable."

Over the past decade, Charleston's defense industry has steadily regained much of the ground it lost to the shipyard closing. The military now accounts for more than 27,000 active-duty and civilian jobs and pumps \$4.4 billion a year into the regional economy, according to the Charleston Metro Chamber of Commerce's Center for Business Research and Charleston Southern University economist Al Parish.

If the Pentagon's latest recommendations are approved and implemented, Parish said, the loss to the local economy would be around \$105 million, or about 2 percent of the total impact of military spending in the area.

"It's fairly minimal," he said. "The other thing is that our job growth is about two-and-a-half times the national average. We'll pull up the slack of these lost jobs pretty quickly."

But the human cost is more difficult to quantify, Parish added. Of the proposed job cuts, about 1,000 would affect civilian workers, many of whom might have settled in the region but now face the prospect of selling their homes or changing careers.

"For people who are losing their jobs or being forced to move, that's the only job they care about," he said. "As far as they're concerned, it's a major upheaval."

Now that the Pentagon has released its anxiously awaited report, the focus shifts to the Base Realignment and Closure Commission, which will review the Pentagon's recommendations.

As part of that work, the independent nine-member panel will embark on a series of politically charged hearings and site visits this summer and consider changes to the Pentagon's proposal.

Sen. Jim DeMint said Friday that talks are under way to hold one of those hearings in Charleston. The base commission is expected to submit its list of base closures to President Bush in September.

Once a base lands on the hit list, history shows it has just a 15 percent chance of survival. Mikolajcik estimated that the odds of overturning a recommendation this time around could be as small as 5 percent, largely because the Pentagon based its decisions mostly on hard data as opposed to politics, as had been the case in the past.

Even so, he and other officials said they plan to crunch the numbers in the Pentagon report and challenge any of the job cuts in Charleston if the benefits to the military don't outweigh the costs. "But we will not get into an argument we don't think we can win," Mikolajcik said.

Charleston Mayor Joe Riley and others said they think the region has a good shot at prying the Naval Facilities Engineering Command off the Pentagon list.

"It is a bureaucratic decision," Riley said. "It makes no economic or organizational sense."

The mayor said the Navy risks losing "a huge amount of intellectual capital" by uprooting the Eagle Drive unit, which has been based in North Charleston since the 1960s. "These are highly qualified and experienced people, and many of them will not move. Their roots are here and their families are here. Their churches and synagogues and Little Leagues are here.

"We are going to fight that very hard. I think a really strong case can be made."

Another part of that lobbying effort will be to ensure no other local installations are added to the list.

"Over the next three and a half months, every state on that list is going to be working overtime to get off that list and get us on," said state Comptroller Richard Eckstrom, who co-chaired the state's efforts to save the bases.

Also, U.S. Rep. Henry Brown, who represents the region, said there's no reason the 21 accounting and payroll centers the Pentagon wants to close, including the North Charleston location, can't be consolidated in the Lowcountry.

"Charleston is as good a place as anyplace else in the world," Brown said.

The Charleston Air Force Base was spared Friday, but Mikolajcik said he was not surprised by that.

"It's the crown jewel of Air Mobility Command and it's the most efficient airlift base in the world," he said. "Charleston Air Force Base is the busiest Military Airlift Command base in the nation."

The base's C-17s have played a key role in ferrying troops and supplies to southwest Asia in support of operations in Iraq.

Rumsfeld said he knows some communities will struggle to cope with job losses, but he made clear that the nation's security can be assured only if the military gets stronger.

It's a theme Rumsfeld has sounded throughout his tenure at the Pentagon, and he alluded to it in a cover letter to the report to Anthony J. Principi, chairman of the base-closing commission.

"Increasing combat effectiveness and transforming U.S. forces are critical if our country is to be able to meet tomorrow's national defense challenges," he wrote. He recommended that a similar base-use review be done every five to 10 years. His was the first since 1995.

Staff reporters David Slade and Tony Bartelme and the Associated Press contributed to this report. Connecticut faces the biggest loss of jobs, with 8,586, followed by Maine, with 6,938.

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