



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
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WASHINGTON DC 20350-1000

DCN 7685

15 August 2005

The Honorable Anthony J. Principi
Chairman
Defense Base Closure and Realignment Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Dear Chairman Principi:

This is a response to the August 7, 2005 inquiry (Code CWF#9) from Mr. Frank Cirillo of your staff concerning Naval Facilities Engineering Field Division South (NAVFAC EFD South), Charleston, SC. Mr. Cirillo requested a response from the Department of Defense addressing the community input for NAVFAC EFD South, specifically, the issues raised in the community briefing to commissioners of June 28, 2005. There are five subject areas from the briefing that we wish to comment on. They are noted in this letter as a numbered summary of the issue raised by the community and thereafter followed by a response.

Summary of Issue: 1. A proposed alternative was raised to move NAVFAC EFD South into the DFAS Charleston building left vacant by another BRAC recommendation to move DFAS from Charleston.

All proposed scenarios for the NAVFAC EFDs (including Engineering Field Activities, EFAs) and other large service providers, such as Public Works and Supply activities, enhance the Navy's long-standing initiative to accomplish common management and support on a regionalized basis by consolidating and collocating regional support activities with the installation management regions. The relocation sites examined in scenario development included all existing locations of the activities within any group, plus any additional Navy Region sites. Scenarios were not developed to relocate within the same city location to other currently leased space.

Regionalization of the Navy Shore Installation Management commenced after BRAC 1995 in an effort to decrease overhead and infrastructure. BRAC 2005 sought to build upon this effort by analyzing commands, in addition to installation management regions, in an effort to seek common measures of management with an eye towards opportunities for better alignment. The capacity measures were used in conjunction with military value to evaluate possible scenarios that expanded current spans of control while enhancing alignment. Configuration analysis was used to develop solution sets (possible scenarios) that progressively reduced the number of installation management regions, while maximizing military value and co-locating regional functions.

The receiver sites were initially focused on the optimization model results, tempered by input from the mission claimant's operational or transformation plan. In deliberations, the Department of the Navy Analysis Group (see DAG Deliberative Report of December 20, 2004) proposed and directed that EFD South echelon 3 workload would go to NAVFAC Atlantic, and the echelon 4 workload would go to EFA Midwest and EFA Southeast. Analysis revealed that this configuration of workload yielded savings, and it was noted in deliberations that it more clearly comports with the NAVFAC Transformation Plan. This scenario (DON-0074A) was further consolidated into DON-0074R, incorporating DON-0075 (Close EFA Northeast) and DON-000154 (Realign Navy Crane Center) during the final integration phase.

Summary of Issue: 2. Geographic dispersion of EFD South customer base makes no location in the area optimal.

In May 2004, the Chief of Naval Operations approved a re-alignment (transformation) of relationships between Commander Navy Installations and NAVFAC, known as the NAVFAC Transformation Plan. This transformation establishes Naval Facility Engineering Commands (FECs), which combine NAVFAC Commands with Navy Public Works Centers, and provide a single touch point for all NAVFAC engineering products and services in order to provide direct support to the Navy Regional Commanders in each Navy Region. Key to the establishment of the FECs is the simultaneous integration of the Regional Engineer and his staff and the co-location with the Regional Commander. When the transformation is finalized, there will be a FEC located in each Navy Region Headquarters (HQ) location without exception. No Navy Regional HQ exists in Charleston, and no optimization solution or scenario was developed to establish a regional headquarters there because of its lack of proximity to support Fleet units.

Additionally, workload considerations formed the basis of personnel movements identified during the scenario data call process. EFD South's workload is dispersed throughout an Area of Responsibility (AOR) of 26 states, with the bulk of the work performed in support of 25 Naval Activities, four USMC Activities and four USAF Activities in 12 states. The 26 states in the EFD South AOR incorporate Naval Reserve Center work that is less than 2% of the volume of business in any given year. Workload shifts from year to year based on the MILCON program and investment made at each base location. The largest workload concentration areas in FY 04 were in and around Great Lakes, IL, Charleston, SC, Jacksonville, FL, and Gulf Coast locations, including Pensacola, FL and locations in TX. In FY 05, there was a substantial increase in work at Pensacola, primarily due to Hurricane Ivan; while Midwest, Gulf Coast, Charleston and Texas remained significant work centers and the Jacksonville area workload remained fairly constant. These workload considerations formed the basis of personnel movements identified during the scenario data call process (68% - Southeast; 15% - Midwest; 17% - Norfolk).

Summary of Issue: 3. Recommendation and supporting COBRA is combined for all NAVFAC activities and there is claim that the recommendation should have been analyzed separately so that payback data for the EFD South closure is not hidden by economic data for the closure of EFA Northeast and the relocation of the Navy Crane Center.

Several iterations of the EFD South scenario were run before the EFA Northeast and Navy Crane Center scenarios were integrated into it. Integration was a process used throughout the OSD BRAC process. All scenarios were analyzed independently and were deliberated for cost benefits as well as to ensure each fulfilled guiding principles, such as enabling transformation and enhancing mission capability. The EFD South scenario and analysis recommendation (DON-0074A) was reviewed by the DAG on 10 January 2005, and indicated an eight-year payback, and a 20-year net present value of approximately \$20.4 million.

Summary of Issue: 4. Personnel savings was claimed to be double-counted by both the NAVFAC Transformation Plan and BRAC.

No personnel end-strength changes were made by NAVFAC as a result of the Transformation Plan. Personnel savings from a transformational perspective had not been evaluated until this BRAC scenario was proposed and analyzed. The NAVFAC Transformation Plan delayed the reorganization of NAVFAC Commands in the Southeast Region of the United States, which included NAVFAC EFD South, Charleston, Engineering Field Activity, Jacksonville, and Public Works Center, Jacksonville, pending outcome of the BRAC 2005 decisions. The schedule for transforming the NAVFAC Commands in this region of the country is to begin in December 2005 after final decisions are made on BRAC 2005.

Summary of Issue: 5. The Military Value component of the BRAC analysis was claimed to have weighed collocation too heavily.

EFDs and EFAs were analyzed in the Large Service Provider category within the Regional Support Activities functional area. This category also included the Public Works Centers and the Fleet Industrial Supply Centers. The Department of Navy determined that activities within the Large Service Provider category needed to be in close proximity to large customer base, fleet operations and regional headquarters. Final military value scoring placed heavy emphasis on operational proximity, criticality of location, current scope of responsibility, co-location, regional alignment and relative productivity.

The Department of the Navy continues to support the original recommendation to realign the NAVFAC EFD/EFA activities as submitted, which has a return on investment of four years. This consolidation reduces available excess capacity and we believe these actions align management and may allow for further consolidation in the future.

I trust this information satisfactorily addresses your concerns. If we can be of further assistance, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Anne R. Davis".

Anne Rathmell Davis
Special Assistant to the Secretary of the Navy
for Base Realignment and Closure