

## **The Case for the Portsmouth Naval Shipyard**

**NH/ME Delegations Meeting With Commissioners Gehman, Hansen and Hill  
Monday, July 18, 2005, 3:15 pm -3:45 pm  
428A Russell Senate Office Building**

- 1) Welcome, Objectives, Overview
- 2) Force Structure and Criteria 1, 2, and 3
  - Force Structure Plans (FSP) show a force structure of about 55 subs until 2019
  - Criterion 1-Without Portsmouth, workload exceeds capacity
  - Criterion 2-FSP precludes closure unless its 3 drydocks are replicated
  - Criterion 3-Closure leaves other yards at 95% capacity--no room for surge
- 3) Capacity/Workload
  - Human capacity was ignored when evaluating capacity at Naval Shipyards
  - Drydocks and industrial plant capacity cannot accommodate workload without PNS
  - Human capacity cannot accommodate workload without Portsmouth
  - Even with SSN force structure of 45, workload does not decline until 2019
- 4) Other Capabilities and Cost of Reconstitution
  - Portsmouth can maintain and homeport the DDG-51 destroyer, Aegis cruisers, Perry Class Frigates, and the Littoral Combat Ship.
  - Portsmouth can modernize, maintain and homeport all US Coast Guard maritime platforms, and is currently homeport to three US Coast Guard cutters.
  - Portsmouth can modernize, maintain, and repair SSBNs and SSGNs.
  - Portsmouth can build and maintain deep submersibles and SEAL delivery vehicles.
  - It would cost \$400 million and take at least 4 years to reconstitute one drydock
- 5) Criteria 4 and 5
  - Portsmouth will return 60 months of operational time through 2011
  - DoD "struggled" and gave up trying to account for Portsmouth's efficiency
  - Corrected COBRA: \$293 million in additional one-time costs and a 20-year NPV cost of \$285 million, with a 34 year payback (2042).
  - DoD COBRA runs showing that closing Pearl generated higher savings
- 6) Criterion 6
  - DoD did not include New Hampshire in its economic impact evaluations
- 7) Criterion 8
  - DoD understated environmental remediation costs by at least \$100 million
- 8) Summary
  - Closure deviates from BRAC criteria
  - Closure costs taxpayers more than it will save
  - Closure undermines national defense strategy
- 9) Questions/Discussion

❑ closure of Portsmouth **substantially deviates from the BRAC criteria** and is inconsistent with strategic needs

❑ closure will **cost the taxpayers far more money** than it will save

❑ closure will fundamentally undermine the National Defense Strategy of the United States of America

## **Substantial Deviation Force Structure Plan**

***Both 2004 and 2005 Force Structure Plans require the same number of submarines until 2019 – Future workload levels necessary to maintain those submarines will not and must not decline for the next 15 years.***

*The Navy's decision to close Portsmouth will result in the inability to maintain the submarine force structure thereby driving the force structure to numbers lower than those submitted in the Force Structure Plan.*



# Human Capital Capacity

Shipyard Production Trade Skill Surge Indicator



# Industrial Plant Capacity and Usage

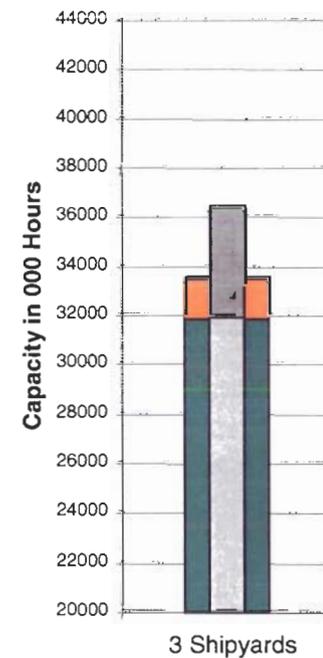
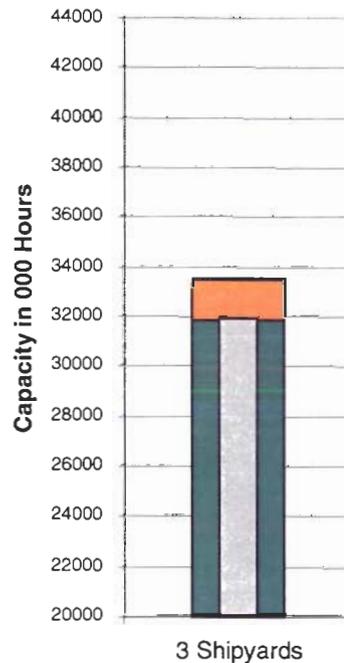
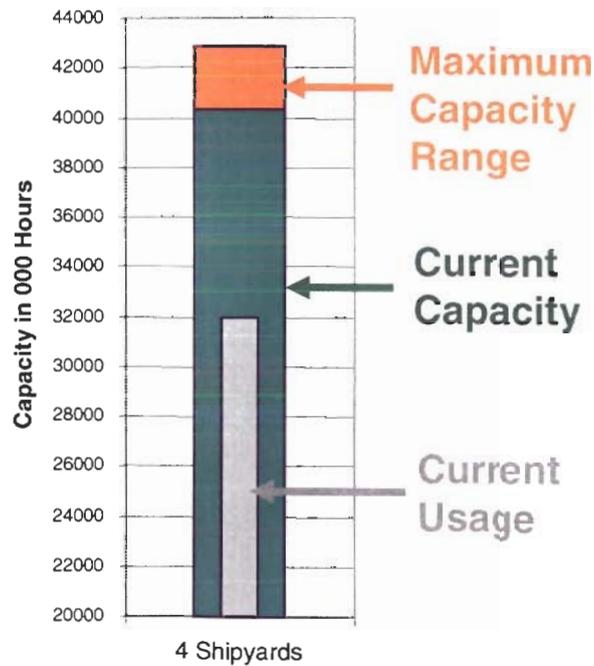
Baseline Data



DoD Recommendation

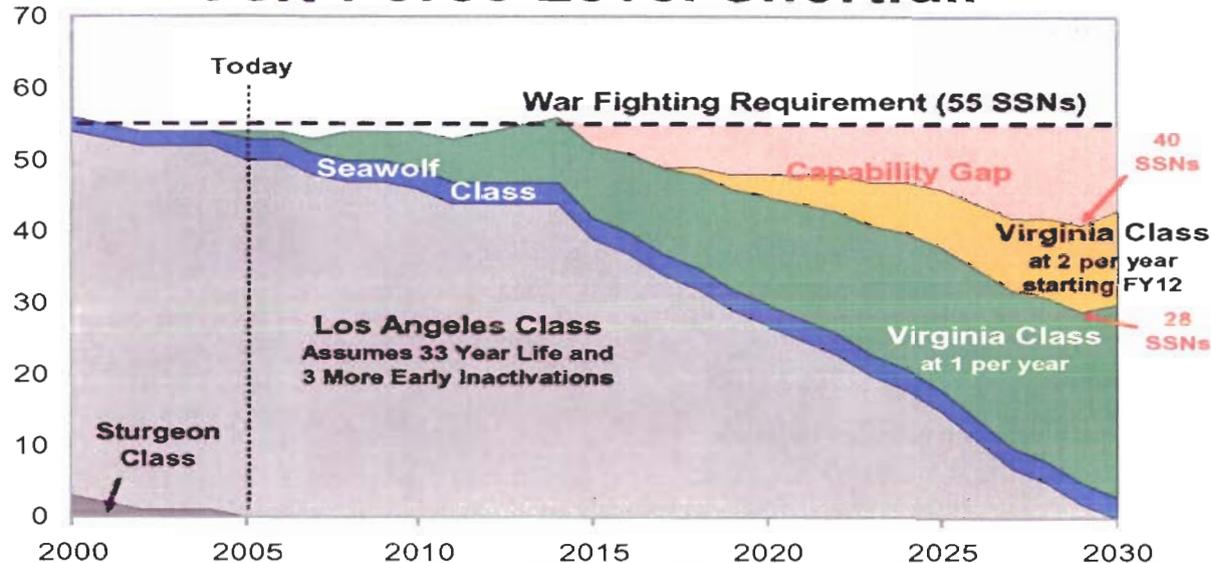


DoD Recommendation With Historical Growth Factor



# Workload - Misconceptions

## SSN Force Level Shortfall



### Four major concerns:

- Does not reflect maintenance workload
- Does not show surface combatants or SSBN/SSGNs
- Does not support Force Structure Plan
- Does not support the War Fighter requirements, only budget shortfall

DoD officials, in a 22 June 2005 meeting, stated that closure was based on an 18% force structure cut and 4 near term inactivations.

Please Note, this 18% reduction does not occur until 2024 and the 4 inactivations are not reflected in the force structure plan submitted to Congress.

# Portsmouth Naval Shipyard

## Other Capabilities

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- Portsmouth can modernize, maintain and homeport all US Coast Guard maritime platforms, and is currently homeport to three US Coast Guard cutters.
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# Substantial Deviated from Criterion 5.

Criterion 5 states: DoD will consider “The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.

	<u>DoD</u>	<u>Corrected</u>	<u>Difference</u>
<b>Cost to Close</b>	\$448.427 M	\$741.978 M	<b>\$293.551 M</b>
<b>NPV in 2025</b>	\$1.262 B	(-\$284.896 M)	<b>\$1.547 B</b>
<b>Payback Year</b>	2012 (4 years)	2042 (34 years)	<b>30 years</b>

# DoD Military Value Rating for Shipyards\*

1. Puget Sound Naval Shipyard	0.7480
2. Norfolk Naval Shipyard	0.7339
3. Portsmouth Naval Shipyard	0.6444
4. Pearl Harbor Naval Shipyard & IMF	0.6208
5. Norfolk Detachment – Foundry (Philadelphia)	0.2220
6. Puget Detachment – Boston Planning Yard	0.0872
7. SUBMEPP – Kittery	0.0630
8. Norfolk Detachment – PESO (Annapolis)	0.0555
9. Norfolk Detachment – NAVSHIPSO (Philadelphia)	0.0546

\* Industrial Joint Cross Service Group Final Report, 11 May 2005, p.573

**CONFLICT**

# Conflicts in Dry Dock Usage with Portsmouth Closure

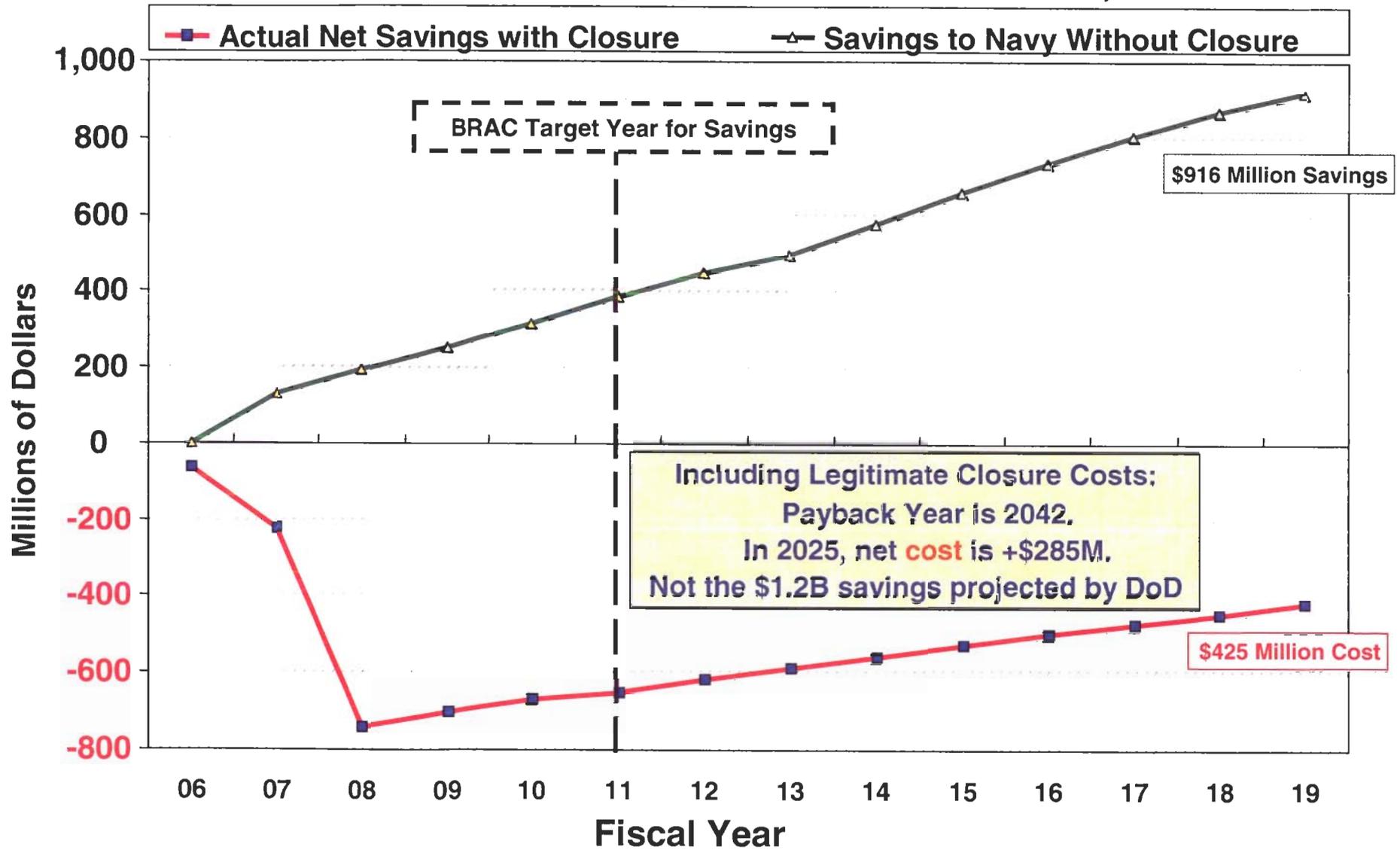
**CONFLICT**

DRY DOCK	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
NORFOLK	2	SSN DNP	SSN DNP	SSN DSRA						
	3	SSN DP	SSN DP	SSN EON	SSN EON	SSN EON	SSN DSRA	SSN DSRA	SSN DSRA	SSN EON
	4	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO
	8	SSN DRA	SSN DSRA							
PUGET	1	SSN DNP	SSN DNP	SSN DNP	SSN DNP	SSN DNP	SSN DNP	SSN DNP	SSN DNP	SSN DNP
	2	SSN SA	SSN SA	SSN SA	SSN SA	SSN SA	SSN SA	SSN SA	SSN SA	SSN SA
	5	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO	SSN ERO

 **CONFLICT**

# Projected Savings Calculations

(Re-calculated with efficiency and actual cost of closure)



**Portsmouth Open Equals Greatest Savings to Navy**