DCN: 1556

May 27, 2005

Admiral Harold W. Gehman, Jr., (USN, Ret)
BRAC Commission
521 South Clark Street
Suite 600
Arlington, VA 22202

Dear Commissioner Gehman,

As you continue your evaluation of base closure recommendations put forth by the Department of Defense (DoD), we respectfully submit *The Case for the Portsmouth Naval Shipyard* for your consideration.

We developed this case book in collaboration with the Seacoast Shipyard Association, the Portsmouth Naval Shipyard Unions and its employees, and the surrounding community.

We hope you will find this to be a helpful resource in your independent evaluation of the Portsmouth Naval Shipyard, the nation's most efficient and cost effective naval shipyard. We will supplement this case book with additional information upon release of any and all data pertaining to the ongoing BRAC round by DoD and in response to any questions you or your staff may have over the next several months.

Sincerely,

John Baldacci
Governor of Maine

John Lynch
Governor of New Hampshire

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

Susan Collins
United States Senator

John Sununu
United States Senator

Tom Allen
Member of Congress

Jeb Bradley
Member of Congress

Charles Bass
Member of Congress

Michael Michaud
Member of Congress

DCN: 1556

RECEIVED 5/31/05

May 27, 2005

The Honorable Philip Coyle
BRAC Commission
521 South Clark Street
Suite 600
Arlington, VA 22202

Dear Commissioner Coyle,

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EXECUTIVE SUMMARY

The Department of Defense substantially deviated from the BRAC selection criteria in its recommendation to close the Portsmouth Naval Shipyard. There is ample factual and historical information available to conclude that the Department ignored, underestimated, and miscalculated information while also understating future naval shipyard workload, and treating uninformed misconceptions as facts.

MILITARY VALUE. The Department grossly dismissed critical aspects of, and failed to properly evaluate threat, force structure, nuclear license, workforce, One Shipyard Transformation Concept, performance and joint use – multi-mission facility.

- A nuclear licensed shipyard, unlike an airbase or depot, is an irreplaceable strategic asset which once lost will never be regained.
- The Portsmouth workforce is sophisticated, experienced, highly trained, and unique. If closed, the people will not move, and their talents will be forever lost.
- Warfighter requirements for submarines are increasing not decreasing. The Navy's decision to reduce the submarine fleet is budget driven not threat driven.

COSTS AND COST SAVINGS. The BRAC data, when released, should show that the Pentagon omitted costs and severely over-stated the savings realized.

- The Department failed, through error or intent, to accurately calculate the annual operating costs, cost savings, and closure costs associated with Portsmouth. It appears the Navy reduced base shutdown costs by about a factor of two by omitting approximately $285 million in performance-based cost savings and the vast majority of approximately $200 million in environmental costs.
- Portsmouth routinely performs submarine refueling overhauls for $75 million less and submarine depot modernizations for $20 million less than the Navy average.
- Portsmouth routinely completes submarine refueling overhauls six months sooner and submarine depot modernizations three months sooner than the Navy average.
- The COBRA model is flawed when used in shipyard applications because it: cannot compare the different accounting practices of naval shipyards; calculate the cost impact of moving workload from Portsmouth to less efficient shipyards; estimate workforce reconstitution costs; put a value on increased submarine operational time; and does not include environmental remediation costs.

CAPACITY. The Department of the Defense overestimates its excess capacity at naval shipyards.

- DoD's current usage will exceed capacity if Portsmouth is closed.
- DoD has a demonstrated inability to accurately predict capacity requirements.
- DoD ignores poor performance at other shipyards in consuming capacity.

WORKLOAD. The record clearly shows, and the Secretary of the Navy readily admits, that the Navy has not programmed sufficient workload for the Portsmouth Naval Shipyard for the sole purpose of improving the position of the other three public shipyards.

- Portsmouth was not considered for surface ship overhaul work or Joint Cross Service work in their workload assignments, even though Portsmouth is capable of handling nearly all surface and subsurface ships.
- The Navy's planned redistribution of Portsmouth's workload under a closure scenario causes an unexecutable workload at Norfolk Naval Shipyard.
- DoD's recommendation to close Portsmouth further exacerbates the long term over cost and schedule failures on submarine depot overhauls at the Pacific Depots.

MISCONCEPTIONS. Many people, including our most senior military policy makers and combatant commanders, are unaware of the facts regarding Portsmouth's true military value, capacity, workload, workforce, cost savings and performance, and quality of life. An examination of those facts soundly dispels any misconceptions about Portsmouth.

NAVY'S LEAN MACHINE. Portsmouth Naval Shipyard provides invaluable warfighter support, exceptional value to the taxpayer, and is an irreplaceable asset. Navy's Lean Machine provides an overview of how DoD and the Navy blundered in recommending Portsmouth for closure.

Section 1

Military Value

When the Military Value of Naval Shipyards was calculated, Portsmouth's score (0.644) was higher than Pearl Harbor's score (0.628).

Four of the eight BRAC selection criteria set forth by the Department of Defense (DoD) pertain to military value score, representing the primary basis of their recommendation. As Portsmouth's score demonstrates, DoD base closure recommendations do not adequately assess the true military value of Portsmouth Naval Shipyard. This section describes in detail how DoD failed to properly evaluate Portsmouth in the following areas:

- Nuclear License
- Workforce
- Threats
- One Shipyard Transformation
- Performance and Efficiency
- Joint Use – Multi-Mission Facility
- Force Structure

Nuclear License

Portsmouth is one of only four publicly owned nuclear shipyards remaining in the Nation and one of only two on the East Cost. Once surrendered, the DoD is unlikely to ever successfully apply or receive community support for another nuclear license due to the constraints of nuclear and environmental permits. DoD failed to consider the strategic implications of possessing only one nuclear shipyard on the East Coast and the costs associated with the establishment of another nuclear licensed depot maintenance facility.

The opportunity to obtain a license to perform nuclear work in any geographic area, specifically along the U. S. coastline, is becoming unobtainable. Closing a nuclear shipyard with an unblemished record that is accepted by the regional community, forfeits an entity that cannot be regained once lost. A fundamental premise in the BRAC process is to retain bases that are impossible to reconstitute to meet future military needs. The military value of having the asset available to the DoD if needed in the future must not be trivialized. There appears to be no consideration or attempt made by the DoD or the Industrial Joint Cross Service Group to pursue options leading to retention of this valuable license and irreplaceable asset.

DoD's decision to close Portsmouth would leave one public shipyard on the East Coast, failing to acknowledge the strategic dangers inherent in co-locating such capabilities in operational fleet concentration areas. Should natural disaster or actions of an enemy incapacitate the nuclear naval facilities located on the East Coast, the United States would be forced to perform all submarine maintenance on the West Coast.

The numerous DoD, Department of Homeland Security, federal, regional, state and local licenses, permits, and agreements currently held by Portsmouth took decades of negotiations to develop. It is unlikely that there is another area or community on the East Coast with ready access to deep water that would agree to or accept the development of nuclear handling, storage, and shipping facilities in adjacent coastal areas or waterways. The cost of rebuilding such a site would be excessive and it is likely that these costs would rapidly exceed the nominal 'savings' DoD anticipates from closing the only industrial facility currently saving the DoD operational time and money.

A highly skilled naval nuclear workforce is a necessity in the maintenance of Navy's nuclear propulsion plants. Furthermore, such a workforce cannot be replicated from the civilian workforce- a distinct difference from the aerospace, electronics, and ground vehicle industries from which DOD draws its skilled workforce.

Unlike commercial nuclear power plants, naval reactors must be rugged and resilient enough to withstand decades of rigorous operations at sea, and are subject to a ship's pitching and rapidly changing demands for power, possibly under battle conditions. These conditions, combined with the harsh environment within a reactor plant, necessitate an active, thorough, and far-sighted technology effort to verify reactor operation and enhance the reliability of operating plants, as well as to ensure Naval nuclear propulsion technology provides the best options for future needs.

With the downturn of the commercial nuclear industry in the 1970's, naval nuclear suppliers have had virtually no other work to help absorb overhead and sustain a solid business base from which to compete for naval nuclear work. There is no civilian demand for quiet, compact, shock-resistant nuclear propulsion systems which keep skilled designers and production workers current.

Workforce

Closure of Portsmouth and loss of the workforce runs counter to the intent of BRAC Military Value Criteria Number 4. Loss of Portsmouth's workforce will preclude the Navy's ability to continue transformation of the ship maintenance industrial base. This will result in lost years of innovation and increased costs associated with the legacy practices prevalent throughout the rest of the industrial base.

The Portsmouth workforce is an irreplaceable component of the nation's ship and submarine maintenance industrial base. The shipyard is not only providing the Navy with the innovation necessary to transform ship maintenance processes and industrial practices, they are doing it while setting the standards for quality, performance, and safety. The underpinning for this unique

success story is the labor-management relationship that has become a model for the federal workforce.

Portsmouth's history is deeply rooted in a highly supportive community. Residents have passed down the culture and skills required for shipbuilding for more than two centuries, always evolving to meet the Navy's changing requirements. The community in the region considers employment at the shipyard an immense privilege, and each year applicants aggressively seek the limited number of Portsmouth apprenticeships and engineering training positions available. This ability to select from a wide pool of talented people ensures continued top-notch individuals are in place to carry on the tradition of excellence.

Portsmouth's tradition of innovation and quality in shipbuilding has led to unsurpassed ship and submarine production. In Portsmouth's 205-year history, it has constructed 42 surface ships and 136 submarines. In the last fifty years Portsmouth artisans have performed 76 major overhauls of nuclear powered fast attack and ballistic missile submarines – vastly more than any other shipyard, public or private. Portsmouth ship maintenance experts continually travel to sites worldwide to provide counsel and guidance to other shipyards, public and private, allowing them to improve their performance and emulate Portsmouth's successes. These business practices provide the framework and set the stage for this remarkable performance.

Naval Sea System's Command's (NAVSEA) recent Inspector General's Command Performance Inspection verified many of the shipyard's accomplishments and its superior business results. The inspection process used the Malcolm Baldrige Criteria Performance Management Model. The Inspector General's report acknowledged Portsmouth's leadership in the Transformation of the Nuclear Ship Maintenance Industrial Base. They recognized Portsmouth's outstanding planning and scheduling process, which effectively utilizes metrics to forecast and allocate resources. They noted that Portsmouth has embraced the One Shipyard concept and is providing outstanding assistance to other naval shipyards and to the private sector.

As the lead shipyard, Portsmouth provides information and resources necessary to achieve corporate objectives, and is innovative in providing corporate assistance while meeting aggressive cost and schedule goals. The report pointed out that Portsmouth is the lead shipyard for submarine depot availabilities, and shares its product knowledge, processes, and best practices across the Navy maintenance community to build knowledge and promote innovation. During the Inspector General briefing at Portsmouth he remarked that Portsmouth was the best run, best performing shipyard, and awarded Portsmouth the highest score achieved among naval shipyards. The CNO awarded the shipyard a Meritorious Unit Citation for outstanding performance on May 12, 2005.

MERITORIOUS UNIT COMMENDATION
NAVAL SHIPYARD PORTSMOUTH
May 12, 2005

CITATION:
For meritorious service from 11 September 2001 to 30 August 2004. The personnel of Portsmouth Naval Shipyard and tenant activities consistently and superbly performed their mission while establishing a phenomenal record of cost, schedule, quality, and safety performance. The Shipyard embraced the One-Shipyard Initiative and is leading the transformation of our Navy's nuclear ship maintenance base through innovation and the application of LEAN industrial practices. Portsmouth Naval Shipyard personnel established new performance levels for submarine maintenance, modernization, and overhaul work by producing business results that are the benchmark among public and private sector nuclear shipyards. The Shipyard completed six major submarine availabilities early, exceeded Net Operating Result financial goals, reduced injuries by more than 50 percent and exceeded the Secretary of Defense's Fiscal Year 2006 Stretch Goal for lost workday compensation rates two years early. Naval Shipyard Portsmouth's extraordinary performance is translating into increased U.S. Submarine Fleet readiness. By their unrelenting determination, perseverance, and steadfast devotion to duty, the officers, enlisted personnel, and civilian employees of Naval Shipyard Portsmouth reflected credit upon themselves and upheld the highest traditions of the United States Naval Service.

DoD failed to accurately assess the percentage of the workforce willing to relocate and thus did not account for increased costs in their justifications. In DoD justification materials, the Navy naively recommends the movement of the majority of the Portsmouth workforce to Norfolk Naval Shipyard. However, only 5 to 10 percent of the Portsmouth workforce would relocate to other Navy maintenance facilities according to the most recent major reductions-in-force. This will result in the loss of the nation's standard setting nuclear maintenance workforce. A skilled nuclear workforce cannot be replicated in other areas of the country through standard hiring practices. Further costs and inefficiencies will accrue to the Navy as the nuclear workforce in other yards are loaded with additional work on top of work that they are already incapable of completing on time or within budget.

Closing Portsmouth will add additional work to less efficient Shipyards on top of the work they are already incapable of completing on time or within budget.

Threats

Threats to our national security and our international interests are increasing at an alarming rate and there is tension both internationally and at home. The focus of the Military is largely directed to countering terrorism, defending the homeland, preventing the proliferation of weapons of mass destruction, and restraining China. No one can predict how the future will unfold for the United States or its interests around the Globe, nor can anyone predict the emergence of threats from prior enemies who are now friends or friends who might become enemies.

There has been and continues to be uncertainty in our shipbuilding industry. The number of new ships and submarines being ordered is not keeping pace with the need. From a business standpoint, shipbuilders are rightfully concerned with the number of new construction contracts that are being awarded and their ability to continue in the market while maintaining a healthy and robust industrial base. It is entirely appropriate that the BRAC Commission examine the relationship between global uncertainties and the domestic politics and policies that DoD and the Navy are forced to confront.

During testimony before the Senate Armed Services Committee on February 10, 2005, the CNO stated that the Navy's decision to reduce the shipbuilding programs, including the Virginia Class submarine procurement rate, are *budget driven* and are not responsive to war fighter requirements.

Recent U.S. military operations such as Operation Enduring Freedom and Operation Iraqi Freedom have used relatively small numbers of attack submarines - about a dozen or fewer in each case. Potential future U.S. military operational scenarios, such as a conflict with Korea or China, may require a larger number of attack submarines because the coastline of China is dramatically longer than the coastlines of other potential threat nations.

China

The Chinese People's Liberation Army Navy (PLAN) is modernizing to enhance regional power projection, anticipating operations against a technologically sophisticated adversary – potentially the United States. The Chinese are investing in both diesel-powered and nuclear-powered submarines – a clear signal that they intend not only to protect their coasts but also to expand their influence far into the Pacific. As the Chinese modernize and expand their industries, they will become a maritime nation and will be forced to protect their own sea lanes to transport energy resources from the Middle East.

Submarines play an especially important role in the PLAN's future concepts. China reached a strategic agreement with Russia in 2002 for eight new Kilo Class submarines which are considered one of the most advanced diesel-electric submarines. China is expected to incorporate this new technology into its own designs, and has launched 13 new attack submarines between 2002 and 2004. (Source: New York Times, 4/8/05)

One-Shipyard Transformation

Loss of Portsmouth Naval Shipyard destroys the logical progression of the One Shipyard concept, and the leverage provided by Portsmouth cannot be assessed with respect to industrial capacity. The potential savings lost is staggering because it is unrealistic to recreate the expertise and culture at Portsmouth. This substantially deviates from BRAC Criteria 1 and 4.

The expectation that the Navy can transfer the leadership role to another shipyard and expect the same technical results is unlikely given that the expertise in Portsmouth's workforce that will not relocate. Even more critical is the bottom line performance improvements expected by the One Shipyard concept that are at the mercy of the people, their culture, and their predisposition to change in order to make the world class results possible.

The One Shipyard concept was implemented by Naval Sea System's Command (NAVSEA) with a goal of transforming the naval and private sector shipyards into a more efficient and cohesive corporate entity. Key to this efficient and effective structure was to make the shipyards more standard in their operation and more agile in meeting the needs of the Fleet.

The development of the One Shipyard concept was based on combining the four geographically dispersed naval shipyards and the two nuclear capable private shipyards into one virtual shipyard. Although strategic location is necessary for operational concerns, depot maintenance can be performed at any location under the One Shipyard concept. It makes strategic sense to move submarines to Portsmouth, the most efficient shipyard, so that the asset has a better chance of returning to the operational fleet on or ahead of schedule and under cost.

The cost of moving Pacific-based submarines to Portsmouth for depot work is far outweighed by the cost savings achieved from Portsmouth's ground breaking cost and schedule performance

Although it takes about 20 days for a roundtrip coast to coast transit, Portsmouth routinely completes EROs 180 days ahead of other yards and DMPs 90 days ahead. Thus, the Navy gains an additional 70-160 days by such a transit. From a cost perspective, it is clearly more effective to perform nuclear submarine attack overhauls at Portsmouth as evidenced by the fact that Portsmouth completes EROs for $75 million and DMPs for $20 million less than the average cost of the other Naval Shipyards.

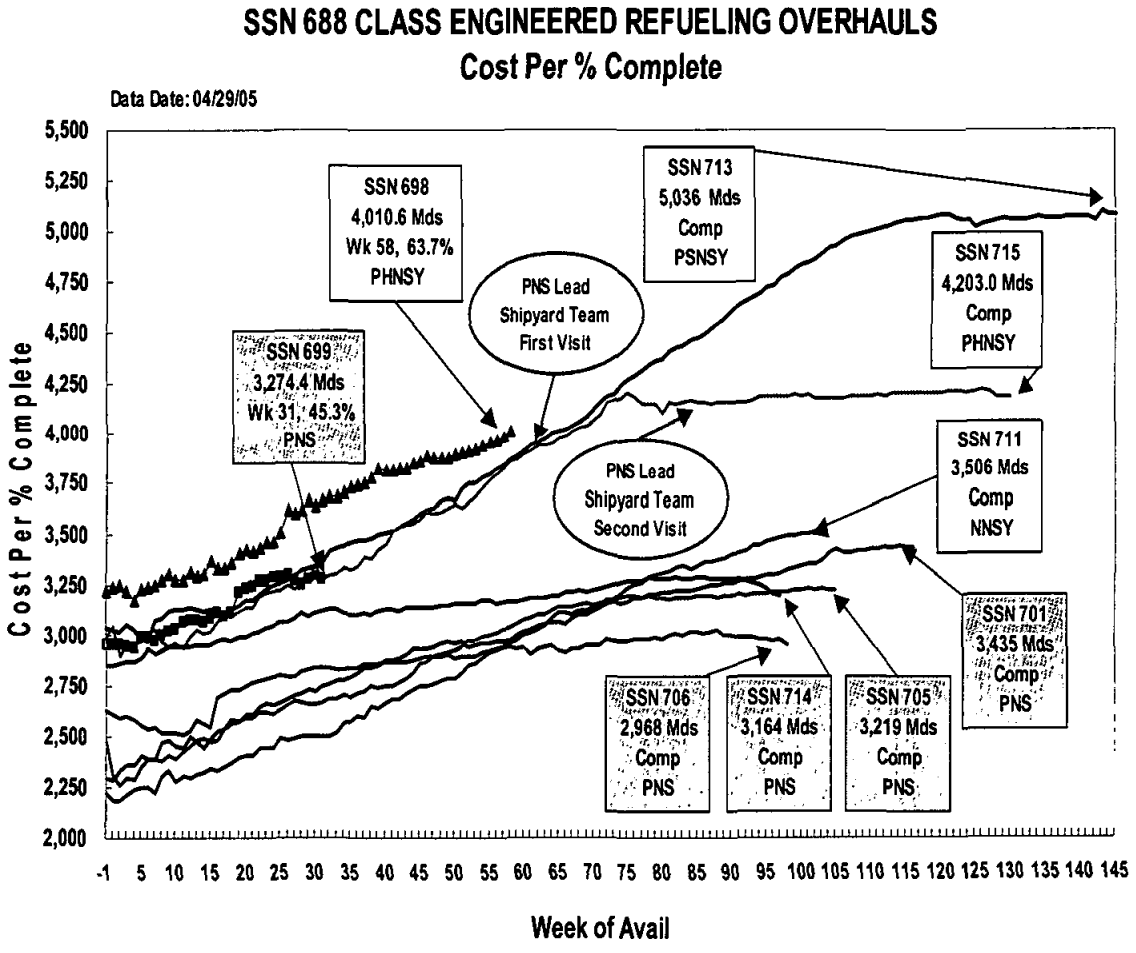
Maintaining steady planned depot maintenance workload at Portsmouth also allows capacity in the Pacific shipyards to be available for the expected significant increase in emergent short-term work from the movement of additional submarines into that theater.

With the Navy's recent trend to move more ships to the Pacific, emergent depot level support and basic intermediate maintenance support for the operating Fleet will increase significantly. This additional workload in the Pacific will likely cause greater inefficiency as the Pacific industrial base strains to keep up. Moving depot level work to Portsmouth leaves a strategically located shipyard like Pearl Harbor Naval Shipyard open to better service and increased fleet maintenance requirements from their forward deployed bases.

Only Portsmouth Naval Shipyard is currently experiencing a 20 percent reduction in cost, as evidenced by recent work on the USS PITTSBURGH (SSN 720).

Portsmouth is recognized as the corporate expert in submarine maintenance and therefore is assigned to develop corporate planning and execution technical work documents for all shipyards performing work on submarines. This effort has been so successful that even General Dynamics Electric Boat is now using the same standard paperwork format that is continually being improved upon by Portsmouth rather than using their in-house planning products.

Portsmouth establishes the best practices and applies lessons learned so that all shipyards can meet the Navy's established performance benchmarks. Portsmouth has become the technical experts and Navy's "brain trusts." Portmouth's advice and knowledge sharing have already made great strides in turning around failing depot availabilities at other shipyards in cost and schedule performance. For example, the USS BUFFALO's Engineering Refueling Overhaul turnaround at Pearl Harbor Naval Shipyard. Consideration is being given to have Portsmouth develop similar products for the Virginia Class submarines now being constructed at Electric Boat and Northrop Grumman Newport News. Portsmouth is already participating in this area. See the following chart for a depiction of how Portsmouth's influence has led to the increased performance of other shipyards, specifically Pearl Harbor.



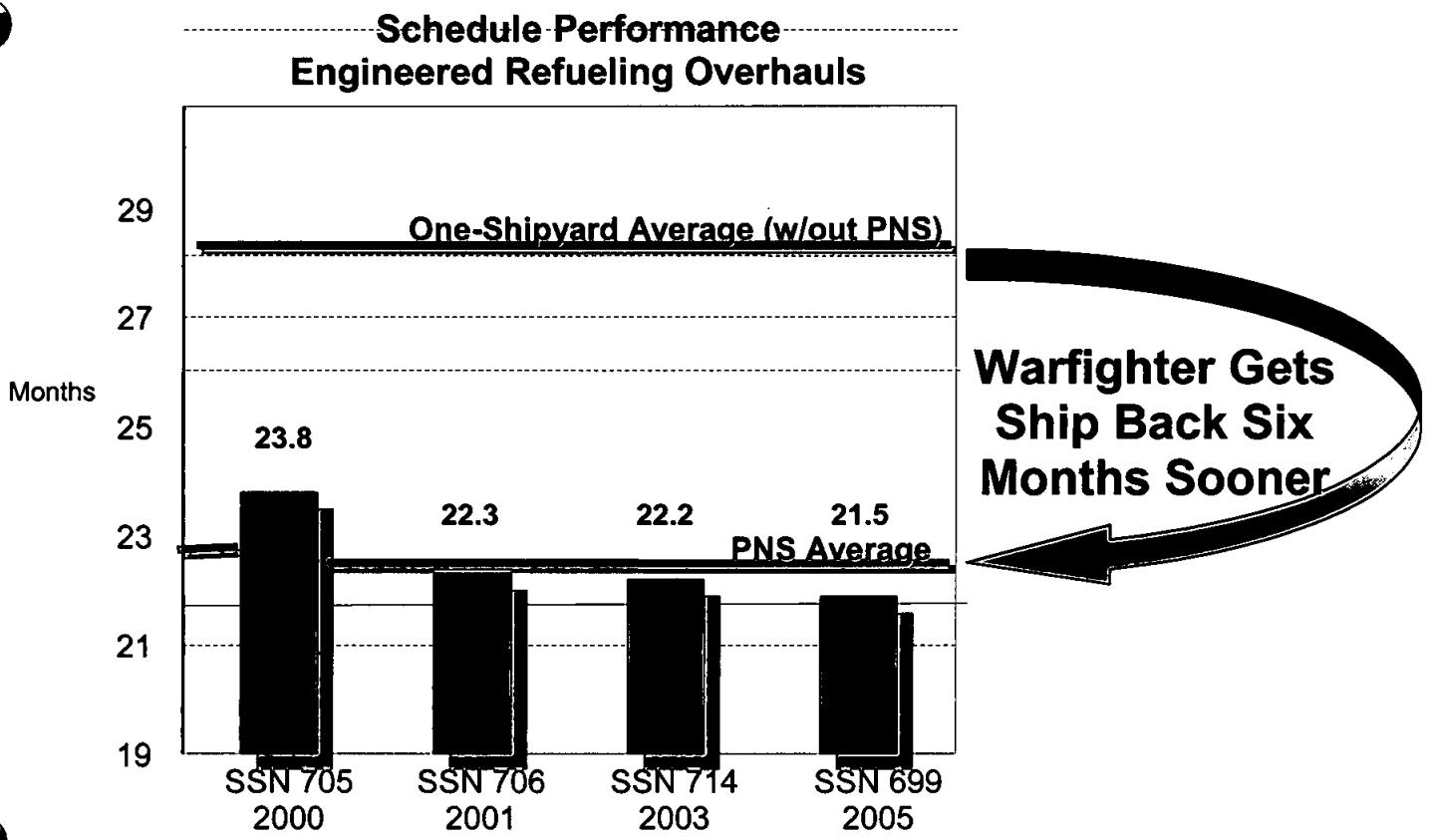
The previous graph displays the comparative trend of cost performance in mandays for 688 Class Engineered Refueling Overhauls across the naval shipyard corporation. Lower and more horizontal profiles indicate better cost performance. Portsmouth, as the lead Shipyard for 688 Class work, visited Pearl Harbor Naval Shipyard to assist them with the USS BUFFALO ERO. The chart shows that when Portsmouth provided Pearl Harbor guidance on how to bring their ERO under control, the profile substantially improved. Ultimately Pearl Harbor 'saved' $30 million on the USS BUFFALO from earlier projections with the assistance of Portsmouth.

Planning corporate submarine maintenance is as important as the actual execution by the people performing the work. This function is not readily transferable. Portsmouth is destined to have an expanded role in this area - the military value of doing so cannot be trivialized or dismissed.

Performance and Efficiency

Loss of Portsmouth's performance in returning submarines to the fleet early will keep submarines out of the hands of the war fighters longer and would result in combat ready submarines being unavailable to Regional Combatant Commanders. Returning overhauled and modernized ships and submarines to the fleet on schedule or early provides value to the taxpayer by avoiding costs associated with inefficient performance.

By returning overhauled and modernized submarines back to the fleet early, Portsmouth has returned to the Navy the equivalent of 60 weeks of submarine operation. Based on deployment statistics, identified in a recent GAO Report, 9 out of 54 submarines are available for deployment at any given time. It also states that 60 weeks of operational time is the equivalent of 1.4 additional operational submarines in the Fleet per year. Conversely, during this same period of time, 124 weeks of submarine operation time was lost by the combined inefficiencies of other naval shipyards. This translates to 2.8 fewer operational submarines in the fleet per year.



Portsmouth outperforms all other nuclear shipyards-public and private-in overhauling and modernizing nuclear submarines.

Joint Use – Multi-mission Facility

Current and expected future missions also include those lesser-known but as technically difficult assignments. These include:

- Planning and executing life cycle maintenance and system upgrades on Special Forces Seal Team delivery vehicles and supporting equipment including Advanced Seal Delivery Systems programs.

- Planning and executing life cycle support on the Navy's deep diving special mission submarines including the Naval Research Vessel NR-1 and USS Dolphin which was constructed at Portsmouth.

- Providing Northeast regional maintenance support for overhaul and repair of ship components.

- Establishing a partnering agreement with General Dynamics Electric Boat Corporation to share best practices, human resources and joint execution of maintenance work on nuclear submarines.
- Capability of handling DDG-51 Destroyers, FF/FFG Frigates, CG-Guided Missile Cruisers, all classes of Coast Guard ships, and future Navy class ships DD(X) and LCS- Littoral Combat Ship.
- Current Homeland Security mission of supporting three U.S. Coast Guard Cutters, and readily available HAZMAT response teams.

Force Structure

DoD's decision to reduce the submarine fleet is budget driven and does not accurately reflect war fighter requirements or anticipate 20-year threat scenarios. The Navy's decision to recommend closure of Portsmouth was based on information that is inconsistent and substantially deviates from BRAC Criteria #1.

The number of U.S. active attack submarines currently stands at 54: 50 Los Angeles Class, 3 Seawolf Class and 1 Virginia Class submarines. The force structure plan provided by DoD does not show significant deviation from this level and, in fact, over the next twenty years, the number remains constant.

The Navy is unable to sustain operational requirements for attack submarines on station. In recent years, DoD officials and U.S. Military Regional Combatant Commanders have argued that an attack submarine force of roughly 55 is insufficient to meet day-to-day demands for attack submarines, at least not without operating attack submarines at higher-than-desired operational tempos. Naval submarine flag officers have stated that since the end of the Cold War, demands for attack submarines from regional U.S. commanders have increased. Demands for attack submarines are going unfilled, and the high operational tempo of the attack submarine force could reduce time available for training and expending submarine reactor core life more quickly, potentially shortening attack submarine service lives.

In November 2004, Admiral Frank Bowman, then- Director of Naval Nuclear Propulsion Program, stated that U.S. regional combatant commanders want the equivalent of 15 attack submarines to be on station continuously, but the current attack submarine force is sufficient to provide only nine. This information is consistent with a Navy briefing to Congressional staff on December 16, 2004, during which the Navy indicated the war fighter requirements had not and were not likely to change.

The reference to the Navy being able to provide nine attack submarines refers to the fraction of the attack submarine force that, on average, can be maintained on station in overseas operating areas at any given moment. The Navy reported to the Congressional Research Service (CRS) in 1999 that, on a global basis, an average of 5.8 attack submarines are needed to keep one attack submarine continuously on station in a distant operating area. This attack submarine "station-keeping multiplier" changed little between 1992 and 2002, and is broadly consistent with the station-keeping multipliers for other kinds of Navy ships. Using this multiplier, keeping a total

of nine attack submarines continuously on station in overseas operating areas would nominally require a total attack submarine force of 52. Keeping 15 submarines continuously on station would require a total force of 87 submarines.

Recent BRAC testimony, the CNO commented that the submarine fleet may go down to 41 submarines. Secretary England countered that he is not sure it will go down to 41, but that it is likely "not going to grow." These are vastly different concepts and it certainly would be unwise to abandon a shipyard in the face of such uncertainty. Assuming that mission requirements remain the same or grow, rapid and low cost depot maintenance will be imperative to free up assets for deployment. As the most efficient shipyard, Portsmouth provides the fleet the best solution to achieving that need.

Conclusion - Military Value

DoD base closure recommendations do not adequately assess the true military value of Portsmouth. The Navy's decision to reduce the submarine fleet is budget driven and also does not accurately reflect war fighter requirements. DoD's decision to recommend closure of Portsmouth was based on information that is inconsistent and it substantially deviates from BRAC Criteria #1 and #4.

Questions left Unanswered by DoD

1. What is the value of nuclear attack submarine operational time returned to the Fleet?

2. Twenty years ago the North Atlantic was a strategic location based on military concerns of the world situation. Today this military concern is shifting to the Pacific. How does the Navy know in twenty years the military concern will not shift back to the Atlantic?

3. What is the lost value of a ship being returned late?

4. Where does the Navy get new nuclear workers?

5. Presuming an agreeable site could be located, what is the estimated cost for a new nuclear license?

6. How long would it be expected to take before a nuclear license could be issued including all environmental requirements and anticipated legal action?

Section 2

Costs and Cost Savings

DoD ignored savings of over $287 million in performance efficiency and over $200 million in environmental remediation costs, totaling $487 million. This was not calculated when determining savings realized for the recommended closure of Portsmouth.

There will clearly be no return on investment by 2011, as required by BRAC law.

Portsmouth saves DoD an average of $75 million on Engineered Refueling Overhauls (ERO), $20 million on Depot Modernizations (DMP), and is estimated to save over $40 million on Engineered Overhauls (EOH). In total, these cost avoidances Portsmouth has saved DoD, and will continue to save approximately $287 million through 2011. Moreover, an examination of data used by DoD to analyze aspects of the costs to close Portsmouth will show the actual cost of environmental restoration could be well over $200 million—over four times DoD's estimate.

Portsmouth saves six months of operational time on ERO's, three months on DMP's, and expects to save four months on EOH's. Once released, the data should show the Department of Defense (DoD) ignored these and other important costs performance metrics at Portsmouth by recommending the closure of Portsmouth Naval Shipyard.

The faulty cost analysis stems directly from DoD's over reliance on the rigid COBRA model, which historically has been unable to be accurately evaluate costs and cost savings at naval shipyards. Along with the lost cost savings and operational time resulting from a shift of workload to less efficient naval shipyards, COBRA cannot reconcile the different accounting practices of naval shipyards; estimate workforce reconstitution costs; and does not include environmental remediation expenses.

COBRA Flaws

The COBRA model is not designed to adequately assess the cost of closure and annual savings from closure of heavy industrial activities. This results in drastically overstating the amount of savings and the speed of the return on investment where large, multi-structure, city-like closures are assessed.

Traditionally inflexible, the COBRA model cannot accurately assess annual cost savings realized by closure. In the case of Portsmouth Naval Shipyard, there are tremendous mission costs and huge potential re-constitution costs for facilities and specialized skills. There will clearly be no return on investment by 2011, as required by BRAC law. When available, the data will show no cost savings until well after 2011- beyond the scope of the 2005 BRAC round.

Cost Impact of Shifting Workload to Less Efficient Naval Shipyards

Portsmouth executes its workload at lower costs than any other naval shipyard. Moving workload to other shipyards will result in increased cost to the Navy.

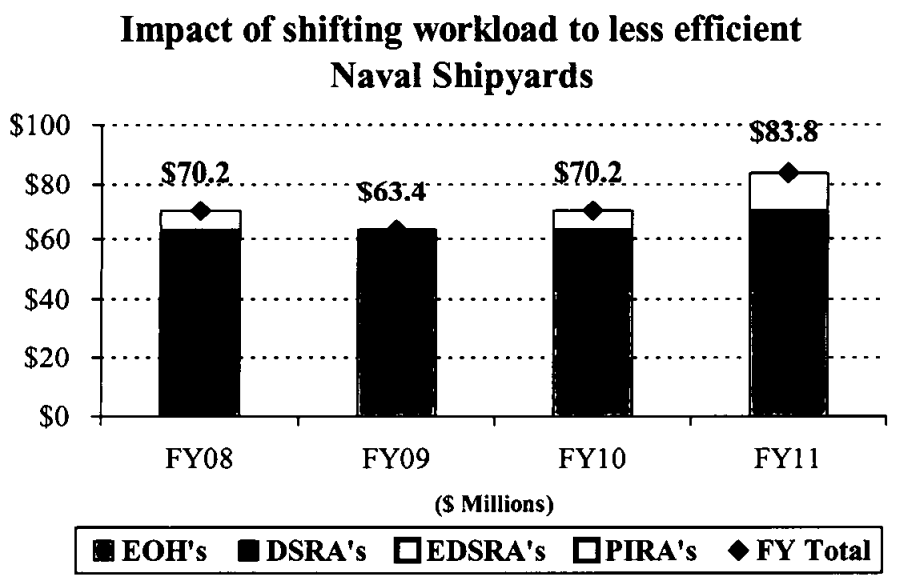
Performance Cost Savings Omitted by DoD in their BRAC Analysis

FACT: Portsmouth is completing Engineered Refueling Overhauls (ERO) $75 million less than the average cost of ERO's at the other three naval shipyards.

FACT: Portsmouth, on average, completes Depot Modernization Periods (DMP) $20 million less than the cost at the other three naval shipyards.

FACT: Portsmouth will save approximately $43 million on non-refueling Engineered overhauls (EOH) when executing one EOH per year, and approximately $86 million when executing two EOH's per year.

The following chart depicts increased cost to the Navy resulting from the recommended closure of Portsmouth not included in the BRAC analysis.



Increased costs ignored by DoD in the Base Closure Analysis: ***$287.6M***

Lost Opportunity Cost of Increased Operational Time

There is great strategic, security and financial value for our Nation in consistently returning ships early. The "lost opportunity" cost is not considered in the Portsmouth Naval Shipyard closure assessment. Consider the following:

FACT: Portsmouth will deliver Engineered Overhaul's (EOH's) an average of 4 months ahead of other naval shipyards

FACT: Portsmouth will deliver an Engineered Refueling Overhaul's (ERO's) an average of 6 months ahead of other naval shipyards.

FACT: Portsmouth will deliver a Depot Modernization Period (DMP) an average of 3 months ahead of other naval shipyards.

FACT: Portsmouth will deliver a Docking Selected Restricted Availability (DSRA), an Extended Drydock Selected Restricted Availability (EDSRA) and a Pre Inactivation Restricted Availability (PIRA) an average of 0.4 months each ahead of other naval shipyards.

Portsmouth executing two EOH's per year through 2018 will return 7 years of operating time to Combatant Commanders.

Navy Working Capital Fund versus Mission Funding

There are currently two financial models being employed by the four remaining naval shipyards. Portsmouth and Norfolk are Navy Working Capital Fund (NWCF) activities while Pearl Harbor and Puget Sound are Mission Funded (or General Fund) activities. NWCF activities are required by law to show Total Cost of Operations (as a private company does). Any cost associated with the operation must be realized and reported. However, Mission Funded activities do not realize all of the expenses attributable to their ship maintenance activities. Instead, many of these expenses are centrally funded by the Navy or are supported by other appropriated funds besides the Operations and Maintenance account. The following demonstrate a cost to Portsmouth of $49 million per year – costs a Mission Funded Shipyard does not pay.

COSTS A MISSION FUNDED SHIPYARD DOES NOT PAY

- Workers Compensation - $5 million
- Military Labor - $2 million
- Capital Assets - $10 million
- Utilities - $10 million
- Headquarters costs - $2 million
- Navy Marine Corps Intranet contract costs - $20 million

Workforce Reconstitution

Workforce replacement cost is not included in any DoD cost analysis. DoD drastically overestimates the number of employees that will relocate should Portsmouth close. Additionally, DoD significantly underestimates the cost and time needed to train new employees.

DoD cannot possibly quantify the priceless nature of Portsmouth's efficient, strike-free workforce, able to immediately respond to Fleet emergencies anywhere in the world without concern or delay for profit negotiations. There will be tremendous future cost if the capability of an efficient, strike-free workforce is lost.

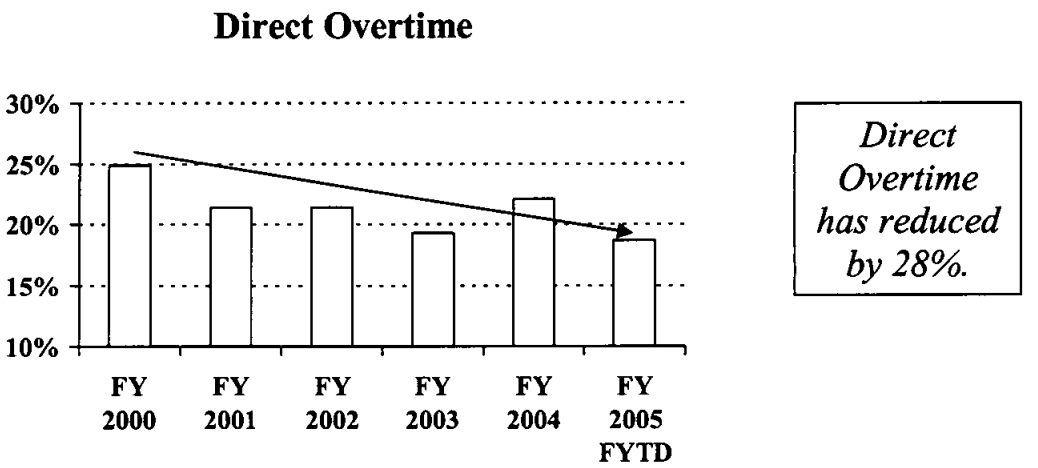
Cost Savings Ignored

While out-performing all other shipyards with regards to cost (in Mandays and dollars), schedule, and quality, Portsmouth has accomplished the following over the last five years:

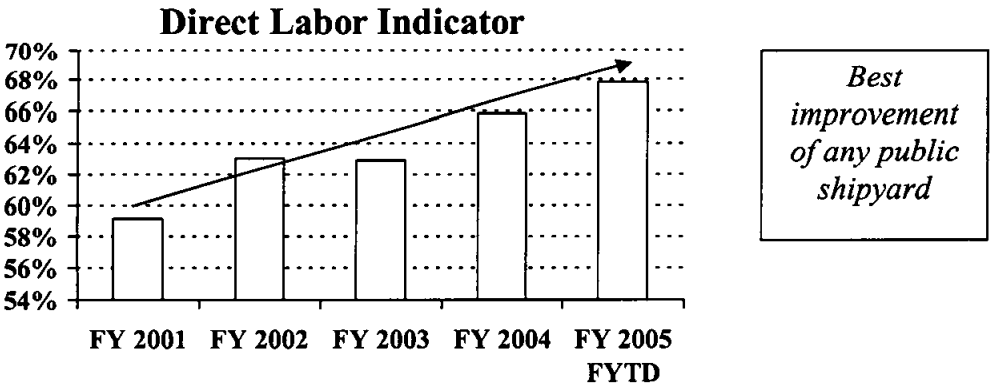
- A

chieved Net Operating Result for seven consecutive years, resulting in $31 million returned to the Navy Working Capital Fund, providing an infusion of dollars to cover other naval shipyard losses and cost of war expenses.

- Reduced direct overtime from 25% to 18% through LEAN.

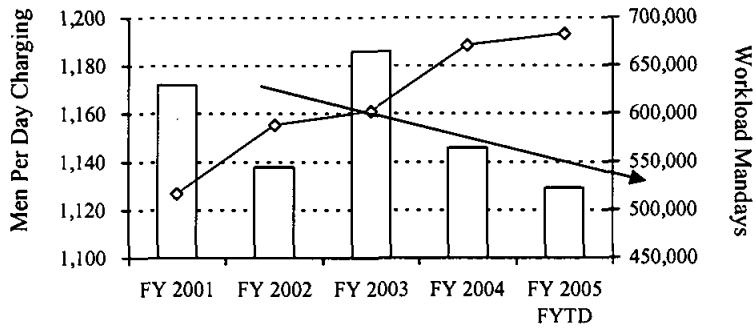


- Increased key modernization initiatives putting $24.4 million into employee productivity, infrastructure upgrades, and efficiency improvements.
- Reduced annual injury-related payments by $2 million.
- Reduced the stabilized manday rate by 14%.
- Improved the Direct Labor Indicator (the ratio of direct labor to overhead charging) from 59% to 68%.



- 50% of the workforce has been hired in the last five year while reducing overhead charges by 5.6% and increasing workload by 38%.

Increased Workload While Reducing Overhead Charging



Reduced Overhead While Increasing Workload and Workforce

Environmental Remediation

When available, an examination of all data used by DoD to analyze all aspects of the costs to close Portsmouth will show the actual cost of environmental restoration could be well over $200 million—over four times DoD's estimate. This serious cost understatement substantially deviates from BRAC Selection Criteria 4, 5, and 8.

According to DoD Base Closure and Realignment Report, Volume I, Part 2 of 2: Detailed Recommendations of May 2005, page DoN-25, it lists $47.1 million in Defense Environmental Restoration Account (DERA) costs and misleadingly states these were not included in the total for closure because they would need to be expended whether the shipyards closes or not. However, DERA (the costs to clean up the known environmental Contamination on Portsmouth) will be affected by a closure in at least four ways:

- The cleanup of these sites will be accelerated to complete the cleanup in compliance with the BRAC schedule.

- The DERA estimates are based on the closure standards tied to the projected end use of the property. For Portsmouth, this involves continued industrial use of the site. This is the minimum and least costly standard to meet. Any changes in the end use of the site (for example, upgrading to a residential standard) will result in significantly higher costs to meet the required standard.

- The DERA costs are based on the continued use and control of the site by the Navy, but DoD desires to vacate the base. Institutional controls such as site security are not a significant cost now because of the existing access control and security provided by Portsmouth's operations. In the absence of this operational security control, institutional controls, incurring additional costs will need to be provided on the base.

- Ultimately the most costly factor, for a site under Comprehensive Environmental Response Compensation and Liability Act (CERCLA) is a public process involving not only the US Environmental Protection Agency (EPA) and the property owner (the Navy) but also stakeholders from the community, from the state and local government. Proposed clean ups must be vetted through this process. The fact is, these stakeholders will demand more thorough, and expansive measures from, a property owner who is closing and leaving a site than they would from a property owner who has a going concern at a site.

For these reasons, the $47.1 million DERA estimate is low. It cannot be separated from assumptions on which it is based. Furthermore, the cost of closure should include the full cost of closing the facility including DERA costs as adjusted, for determining whether a particular closure proposal saves money within the required timeframe. It is important to note these costs are based on the officially identified environmental clean up sites.

A case that is roughly comparable, since it also operated for many years as a nuclear submarine overhaul facility, is the former Mare Island Naval Shipyard, closed pursuant to the 1993 BRAC round. Before officially departing Mare Island in 1996, the Navy spent $120 million merely to survey for hazardous materials. (Source: California Coastal Conservancy) Contaminants at the base included radioactive materials, unexploded ordinance, polychlorinated biphenyl (PCB), heavy metals such as mercury, and petroleum products.

Mare Island is still under remediation, a decade after closure. The Navy states that as of September 30, 2004, the costs thus far incurred for environmental cleanup of the base were $177 million; the 'cost to complete' was $48 million, for a total of $225 million. (Source: Navy Environmental Restoration Website http://5yrplan.nfesc.navy.mil/)

DoD's chronic underestimation of environmental restoration is well illustrated by an example close to Portsmouth; Pease Air Force Base. Closed by the 1988 BRAC round, the taxpayers have spent $135 million to date. The Defense Environmental Restoration Program estimates $46 million more is needed to complete cleanup at the former Pease site, and not until 2046 – 58 years after it appeared on the base closure list.

BRAC selection criterion 8 requires DoD to consider the "environmental impact, including the impact of cost related to potential environmental restoration, waste management, and environmental compliance activities." Yet DoD affectively evaded this criterion by applying an unrealistic environmental standard (DERA) to a nuclear shipyard without a plausible equivalent end-use

They compounded the error by dropping environmental costs from the payback consideration, even though the law requires the Department to consider them. DoD's rational is as follows: "Because the Department has a legal obligation to perform environmental restoration regardless of whether an installation is closed, realigned, or remains open, the cost is not included in the payback calculation."

In practice, there is great difference in whether a base remains open or is closed pursuant to BRAC. If the property remains a DoD base, environmental costs are typically recorded in DoD's annual financial report as a financial liability. These liabilities are rolled over from year to year; if there is no money in the services' budgets to do cleanups, they are not performed. However, if a base closes, DoD has a strict liability on environmental damage that ordinarily must be liquidated at the time of property transfer to a third party. That is why it makes sense to count the cost of environmental impact at a closing base, particularly at a nuclear submarine yard with no environmentally equivalent reuse.

Conclusions - Costs and Cost Savings

DoD overlooks at least $287.6 million in performance-based cost savings, and at least $200 million in environmental clean up costs when calculating savings through 2011 if Portsmouth is closed. This equals an unthinkable exclusion of at least $487.6 million in cost savings. Using the accurate data presented above, savings will not be realized until well beyond 2011 – beyond the scope of the BRAC law. By grossly understating the one-time costs for closure, annual costs savings, and environmental remediation, the Navy substantially deviated from Criteria 4, 5, and 8.

Questions Left Unanswered by the BRAC Recommendation

1. Can DoD quantify in dollars, or by any other metric, the value of submarine operational time returned to Combatant Commanders ahead of schedule?

2. If only 5-10% of Portsmouth's employees will uproot, as a recent study suggests, how much will DoD have to spend to hire and train skilled Nuclear-Qualified Submarine Journeymen and Engineers?

3. Has DoD finished the environmental cleanup of Pease Air Force Base from the 1988 BRAC closure?

Section 3

Capacity

The Department of the Defense overestimates its excess capacity at naval shipyards. DoD BRAC Recommendation reports that without Portsmouth the current shipyard usage rate will actually exceed current capacity and would be within 5% of the maximum calculated capacity. This is particularly troublesome knowing DoD typically underestimates future shipyard workload requirements. In recent years DoD has shown an inability to accurately predict future required capacity, historically underestimating by an average of 14 percent. Poor performance on depot submarine work at other naval shipyards is consuming capacity otherwise needed for planned depot work. Depot nuclear repair capacity is not easily transferred or reconstituted; therefore eliminating any nuclear repair capability is a high risk to our military and our nation. Overriding all these concerns with measuring capacity is the fact that any capacity measure must account for throughput and human expertise which the BRAC shipyard capacity data does not contain.

Current Usage will Exceed Current Capacity

Using DoD's own data as a basis, the chart below indicates that the resulting industrial capacity that remains with only three naval shipyards is within, at most, 5% of the theoretical maximum capacity. Without Portsmouth, the Navy does not have sufficient industrial capacity to meet fleet requirements.

Shipyard Capacity Data W/O PORTSMOUTH	Capacity
Maximum Capacity (K Direct Labor Hour)	33466
Current Capacity (K DLH)	31880
Current Usage (K DLH)	31943
Current Capacity	**-0.2%**
Remaining Capacity	4.5%

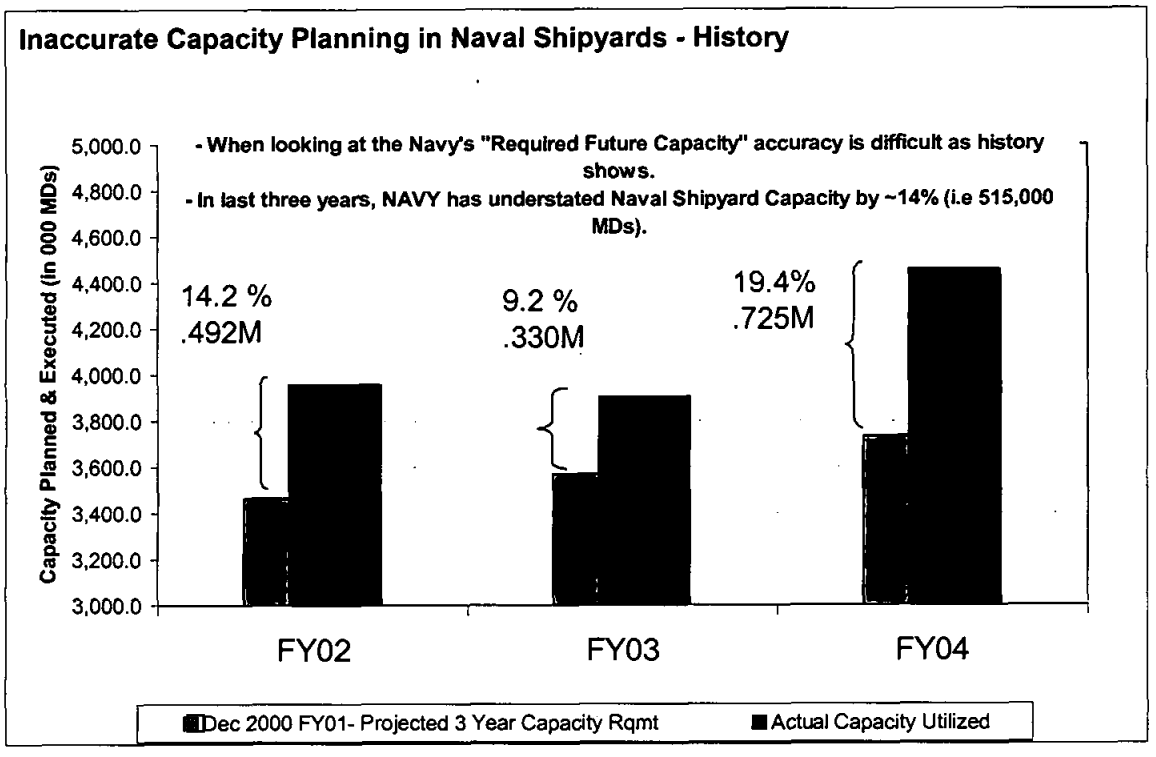
Looking at either current or maximum capacity, the level of remaining capacity is unconscionably low, and given DoD's consistent inability to accurately define future capacity needs, it poses an unacceptable national security risk.

Inability to Accurately Predict Future Required Capacity

Future required capacity is difficult to define, and misleading if being used to reach certain conclusions. Factors impacting the future required capacity include military threats, changing fleet needs, emergent work, uncertainty of ship construction, and the efficiency of the maintenance facility performing the work. The projected future workload is rarely accurate and

the required future capacity of the industrial base is usually understated. In fact, for the last three years, the Navy consistently understated the actual workload by approximately 14 percent.

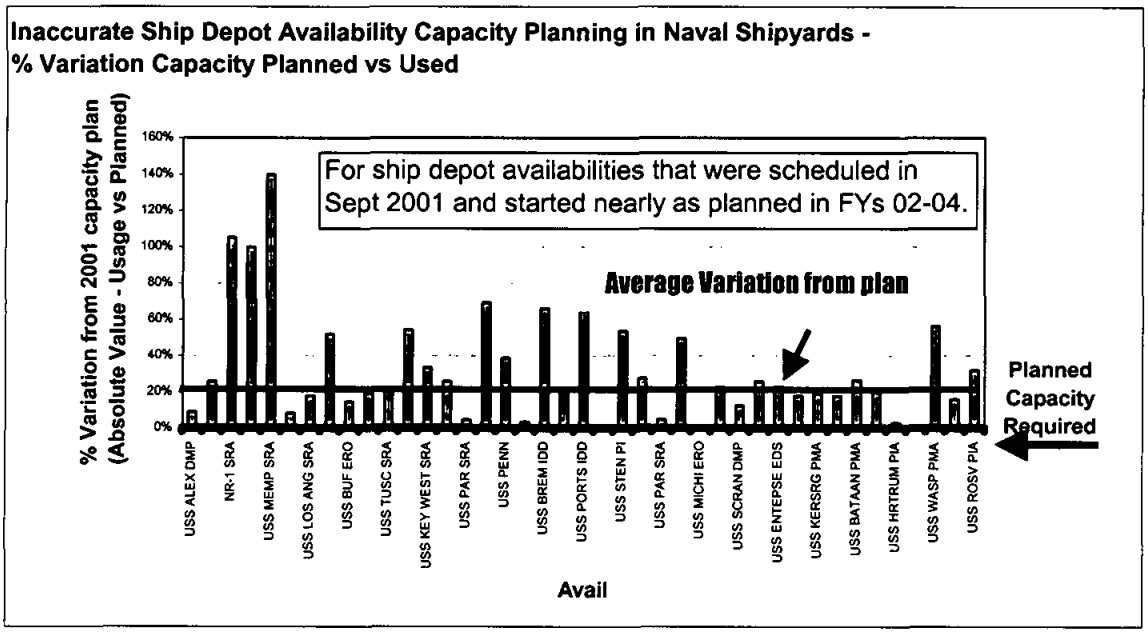
The chart below shows how difficult it is to accurately predict future required capacity.



This chart does not include additional planned public workload contracted to private shipyards because of lack of capacity.

As more capacity is expended to absorb fluctuations in work plans, more maintenance availabilities get delayed and subsequently operational missions get deferred. For example, USS JEFFERSON CITY Depot Modernization Period (DMP) at Puget Sound Naval Shipyard grew from a planned 13 month duration to 18 months because of inefficiency. As a result of these delays on the USS JEFFERSON CITY and higher priority carrier work, the follow on DMP, USS COLUMBUS, grew from a planned 13 month duration to 21 months. In both cases, up to 50% additional unplanned capacity was or will be utilized to accomplish these ship repairs.

The figure below represents the relative inaccuracy of ship specific capacity plans. The average variation between planned and used capacity was 30 percent for ships, just one to three years into the future.



Poor performance on depot submarine work at other naval shipyards is consuming capacity otherwise needed for planned depot work. Portsmouth's cost and schedule performance has been exceptiona,l but some shipyards have not been as successful. The result is that 15 to 20 percent of the available capacity in the naval shipyards is consumed by inefficient operations. If more capacity is used in poor performance, the shipyards become less and less able to produce and satisfy mission requirements.

The unpredictability of ship maintenance makes it impossible to project required capacity reliably. Therefore, maintaining adequate reserve capacity is imperative.

Capacity Model Flawed

In addressing naval industrial capacity we must first acknowledge that DoD's capacity calculations provide a basis for evaluation. However, these calculations cannot stand-alone. Like any other theoretical framework, it does not completely describe reality.

For example, the definition of Current Capacity was interpreted to be the "Total Capacity Index." This index indicates the amount of capacity, expressed in Direct Labor Hours (DLH), that a facility can effectively employ, annually, on a single shift, 40-hour work week basis while producing the product mix that the facility is designed to accommodate." The key part of that definition is "producing the product mix that the facility is designed to accommodate." In terms

of shipyard depot level maintenance, that means performing the required maintenance on time and within budget. Currently, and over recent history, Portsmouth consistently completes its maintenance on time and within budget. The BRAC model did not consider the declining trends in performance at other shipyards. Some shipyards are being assigned more workload than they can efficiently execute, yet all shipyards' Current usage of capacity is well below their planned capacity. Clearly, planned or maximum capacity parameters must be flawed.

The capacity model does not account for the efficiency of Portsmouth, or the inefficiency of the other shipyards. Efficiency translates to good performance and is an important factor in realistic capacity calculations. Obviously, the output of the industrial base is a function of the capacity of its workforce, and since capacity is consumed by both efficient and inefficient performance, efforts must be directed at optimizing the whole, not just a part of the industrial base. Recent history shows that the efficiency of the overall naval industrial base has degraded, resulting in decreased operability. Several shipyards are performing at sub-optimum performance levels and capacity is being consumed in inefficient operations. Indeed, in some locations, the available needed capacity is approaching, if not surpassing, the theoretical maximum capacity of the facility.

The capacity model does not ensure that the shipyard has the correct assets to accomplish a particular type of work assigned. For example, the model does not ensure that the appropriate worker skills mix (e.g. nuclear skills, radiological skills, submarine skills) is present to accomplish the projected work.

Depot Nuclear Repair Capacity

Portsmouth is the most experienced shipyard in naval nuclear work. Naval nuclear work is among the most complex work performed by mankind. This work is made up of several different product lines, including reactor servicing, all of which are expertly performed by Portsmouth. While the currently defined submarine refueling workload has reached a peak, other complex nuclear workload remains to be accomplished. There is uncertainty as to what this workload is, including whether additional submarines will need to be refueled. The capacity of the naval shipyards to perform this important work is critical to the future of the Naval Nuclear Propulsion Program. For the next 25 years, considerable life-cycle maintenance and modernization work remains to be performed on the Los Angeles Class with follow-on work on Virginia Class and other nuclear powered ships, submarines, and special operation submersibles. Although the Navy currently does not have plans to refuel later Los Angeles submarines, history has shown that this possibility cannot be dismissed as fewer submarines attempt to execute required missions during periods of unanticipated world situations.

With only four remaining nuclear capable naval shipyards, the risk of error in closure decisions becomes a much greater concern. This is particularly important when considering future fleet workload requirements and the associated capacity to perform the nuclear component of the work, which as we described above is difficult at best to predict.

The conclusion is clear: further reduction in nuclear maintenance capacity is an unacceptable risk.

Capacity Measures must Account for Throughput and Human Expertise.

DoD assumed an available skill mix for workload over time; an unlimited supply of skilled workers; facilities that are always available; and that all shipyards are capable and equally proficient in performing any type of work. The information used as a primary basis for this significant factor in determining excess capacity was the budgeted future workload, which historically has always been understated.

For centuries, naval shipyards have maintained the Navy's fleet of ships and submarines. Over the years, as the Navy transformed from wooden sailing ships to submarines, this work has been among the most complex performed anywhere on earth, and at any time in world history. In the last fifty years, this challenging work adapted to modern technology and the implementation of nuclear power. For many years, Portsmouth has stood above all others in the performance of naval nuclear work, the majority of which has been on submarines. It is not by accident that for the last several decades, the capability of Portsmouth and the expertise of Portsmouth's workforce have been exploited by the Navy.

Surge Capacity

Five years ago, the inability to meet capacity requirements caused the Navy to rethink its strategy for performing naval industrial work. The naval shipyard community launched a transformational solution that created "One Shipyard" out of four and consolidated the human resources of each facility into one corporation. Recognizing that a competent, flexible, and mobile workforce is critical to the efficient operations, barriers were removed to allow the use of naval shipyard workers throughout the "One Shipyard" program. A surge capacity was created that could be directed to where it was most needed to meet operational requirements. As a result of this important objective, the Navy assigned Portsmouth as the lead shipyard for driving the prioritization and allocation of corporate resources.

Under the One Shipyard concept, Portsmouth's understanding of the management and execution of naval industrial work has been exported throughout the shipyards and naval shipyard employees are surging to where they are needed most. Portsmouth has optimized the method of utilizing workers from other shipyards while maintaining cost and schedule efficiency. The surging of skilled workers is critical to mission performance.

Rationale and conclusions regarding capacity are based on an evaluation of the facts and an in depth understanding of workload management in Portsmouth's position as lead shipyard. The facts show that Portsmouth plays a vital and necessary role in support of the fleet's needs for all ship work. Portsmouth's flexibility is that they not only can work on submarines, but can perform the Navy's most complex work.

Questions the BRAC Commission May Want To Ask

1. Why doesn't the Navy optimize capacity utilization by assigning work to facilities that have proven they can execute it efficiently (i.e. on cost, on schedule with quality)?

2. If the plan is to have fewer submarines, why has the Navy not considered taking advantage of repairing submarines, utilizing a product line based philosophy such as what is being done for construction of new ships?

3. How much excess capacity does the Navy think exists at naval shipyards?

4. How much capacity does the Navy need to support war efforts and surge?

5. Has the Navy considered other options for paring the slight excesses they believe exists?

6. Has the Navy ensured that their capacity inventory correctly correlates the ship repair dry-dock capacity against the human capacity and their requirements for each?

7. Does the Navy realize that if Portsmouth were to close fewer than 10% of the workers would likely relocate, and how does the Navy plan for capacity?

8. Can the Navy afford the cost of additional inefficient use of capacity without affecting future mission and operability?

Section 4

Workload

DoD's BRAC recommendation to close Portsmouth further exacerbates the long term over cost and schedule failures on submarine depot overhauls at the Pacific depots. The record clearly shows, and the Secretary of the Navy admits, that the Navy has not programmed sufficient workload for the Portsmouth Naval Shipyard – it has done this for the sole purpose of improving the position of the other three public shipyards.

Portsmouth was not considered for surface ship overhaul work or Joint Cross Service work in their workload assignments, even though Portsmouth is capable of handling Destroyers, Frigates, CG-Guided Missile Cruisers, all classes of Coast Guard ships, converted Tridents and future Navy class ships DD(X) and LCS-Littoral Combat Ship.

The Navy's planned redistribution of Portsmouth's workload as referenced in the BRAC data call scenario causes an un-executable workload at Norfolk Naval Shipyard. Loading Norfolk with the majority of Portsmouth's workload will cause ship delays, rescheduling of depot work, use of all Norfolk's drydock capacity, and leaves no surge capacity.

Insufficient Workload at Portsmouth

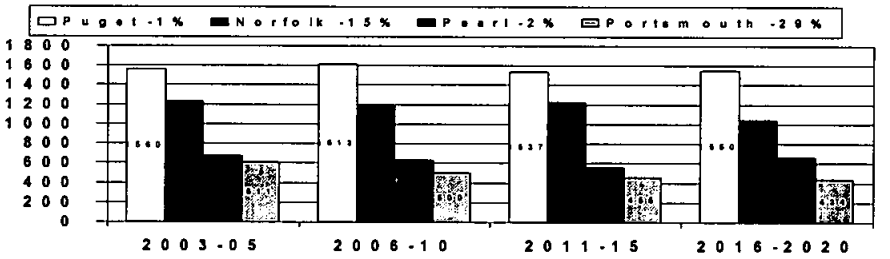
Navy workload projections for the four public naval shipyards, furnished by Department of the Navy to the NH/ME Congressional Delegation, show an inequitable distribution of work through the 2016 - 2020 time period. The data project a draconian 29 percent cut in Portsmouth's workload. By contrast, Norfolk, at a 15 percent reduction, takes only half that cut, and both Pearl Harbor and Puget Sound are relatively untouched with cuts of only two percent and one percent, respectively.

The NH/ME Congressional Delegation asked Secretary England to develop a conceptual workload plan that would take advantage of Portsmouth's expertise in maintaining submarines while continuing Portsmouth's workload rate at a level of no less than 600,000 man-days/year for the period 2008-2020. Failing to receive such a plan from the Navy, the Delegation produced a workload plan which provides equitable loading across all shipyards through the out years. The following two charts depict the equitable loading achieved by this plan.

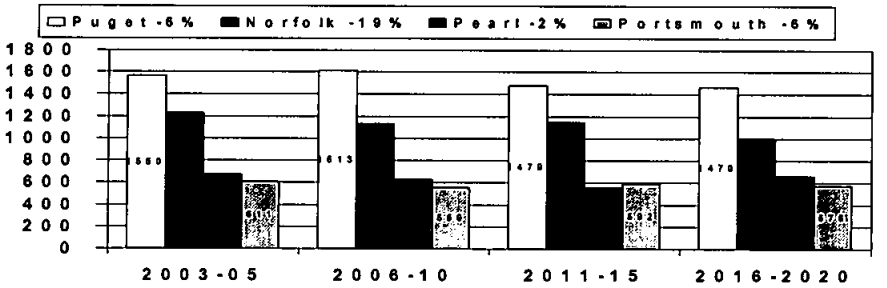
Some have incorrectly postulated that because the need for submarine engineered refueling overhauls (those in which the reactor fuel is replaced) ends in FY2008, Portsmouth's workload will decline. This is not true. Although submarine engineering refueling overhauls do end for earlier Los Angeles Class submarines, there remains sufficient (non-refueling) submarine engineering overhaul work on later Los Angeles Class submarines and Virginia Class submarines to maintain Portsmouth's workforce level at the present level through 2019.

Public yard annual manday levels, in multi-year blocks

Navy plan



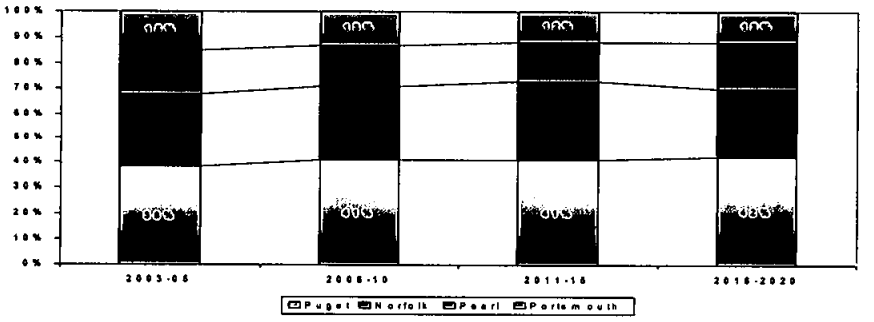
ME-NH Delegation plan



ME-NH Congressional Delegation

Public yard workload share, in multi-year blocks

Navy plan



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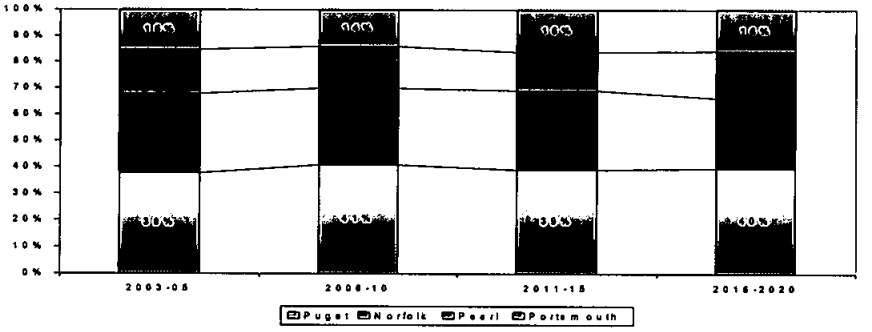


ME-NH Congressional Delegation

As shown in the previous chart, this logically requires the Navy to move to Portsmouth, the premier shipyard working on the Los Angeles Class of submarines, some of the submarine engineered refueling overhaul work which is presently programmed for the less efficient, more costly shipyards such as Pearl Harbor Naval Shipyard and Puget Sound Naval Shipyard.

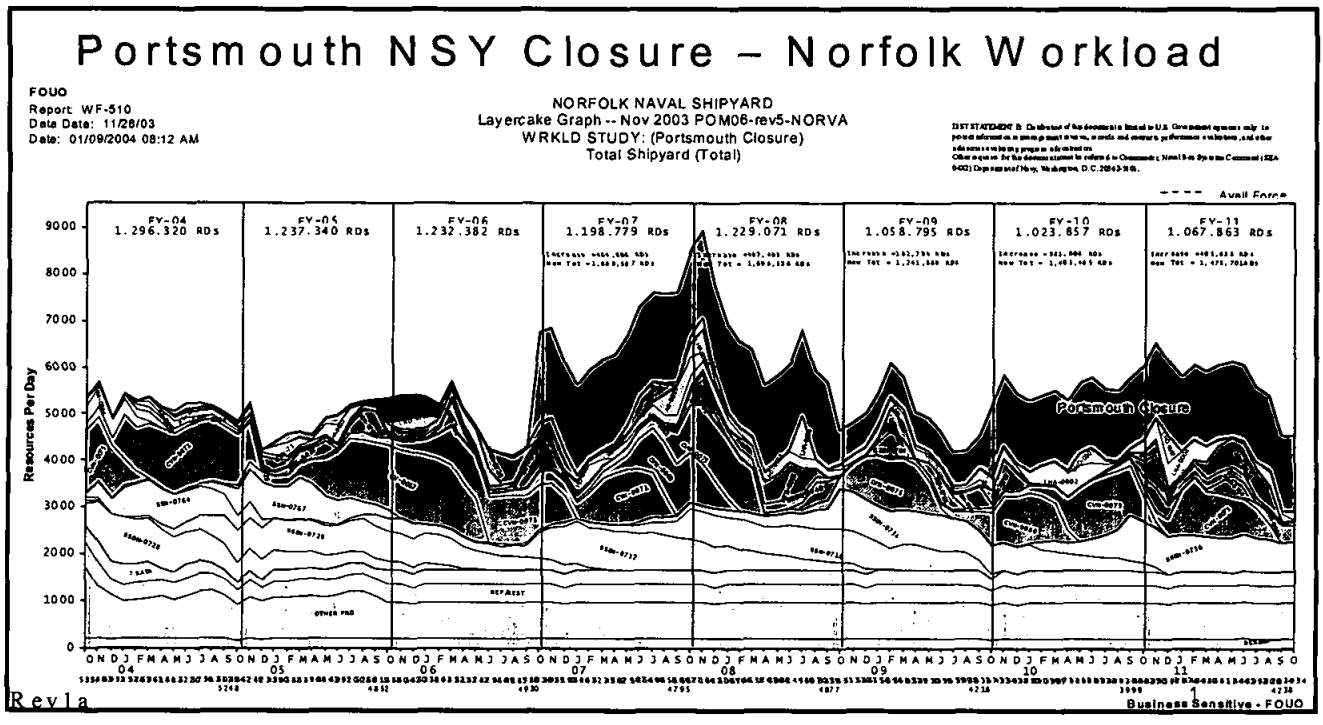
Surface Ship and Joint Service Workload

Although Portsmouth is capable of handling Destroyers, FF/FFG Frigates, CG-Guided Missile Cruisers, all classes of Coast Guard ships, converted Tridents and future Navy class ships DD(X) and LCS-Littoral Combat Ship, none of this work is currently assigned to Portsmouth Naval Shipyard. It is certain that the exacting submarine skills of Portsmouth's workers can accomplish the surface ship work.

Portsmouth currently does a full range of component repairable for submarines. For example: motors; valves; pumps; controllers; and electrical panels. Portsmouth has the capability to perform a wide range of component repairable from other platforms in other services. Considering the irreplaceable nature of nuclear certified dry docks and supporting facilities in a shipyard, the Joint Cross Service Group should load Portsmouth with depot work from replaceable facilities.

Un-Executable Workload at Norfolk

The Navy's estimate of the effect of a Portsmouth closure on Norfolk Naval Shipyard's workload is unrealistic. As shown in the following chart, the short term step gain in workload of approximately 2,000 wrench-turners in the first month of FY 07 places Norfolk in an un-executable workload situation. Moreover, the addition of 484,000 mandays (roughly the workload of a small shipyard) to FY 07 puts Norfolk's total workload over the maximum executable workload as reported by Norfolk in their BRAC data call submittals. Due to the short time period, Norfolk would be unable to hire or borrow enough people to execute the workload. The obvious outcome will be extensive rescheduling and delay of attack submarine depot overhauls.



Pacific Shipyard Performance Problems

Workload distribution among naval shipyards is decided by NAVSEA with fleet and naval shipyard input. NAVSEA, for example, decided that nuclear aircraft carrier refueling overhauls would be performed at Northrop Grumman Newport News and docking and pier side phased incremental maintenance availabilities would be performed by Norfolk and Puget Sound Naval Shipyards. NAVSEA also decided that all Trident Ballistic Missile Submarine engineered overhauls, engineered refueling overhauls, and cruise missile conversions would be performed at Norfolk and Puget Sound Naval Shipyards. Amphibious Assault Ships and Submarine Tender maintenance availabilities are also an option for assignment to the larger naval shipyards to level workload. Considering the fleet support work from home ported ships and submarines, Selected Restricted Availabilities, component refit and restoration work, Norfolk and Puget Sound Naval Shipyards have enjoyed a reasonably sound workload over time.

Portsmouth and Pearl Harbor Naval Shipyards have been assigned primarily Los Angeles Class submarine overhauls, Depot Modernization Periods and Selected Restricted Availabilities for two decades. This specialized assignment was made to enhance efficiency and does not equate to a limitation.

Since the workload at Pearl Harbor Naval Shipyard remains high through most of this and next decade, performance problems will continue. The chart below reveals that this situation is a problem that has existed for over two decades at Pearl Harbor Naval Shipyard and, also more

recently at Puget Sound Naval Shipyard. Note that the "traffic light" color scheme on the chart highlights which overhauls incurred the most cost overruns and schedule failures. In fact, with the discussion of moving many more submarines to the Pacific Region, it is difficult to see how submarine overhaul cost and schedules would not deteriorate further as the need to support additional homeported vessels is realized.

NAVAL SHIPYARD REPORT CARD
(COST AND DURATION GROWTH FROM SHIPYARD ESTIMATE AT OVERHAUL START)

BLUE PRINT = AVAIL IN PROGRESS
MAAGENTA PRINT = UNIQUE SITUATION

PORTSMOUTH NSY					NORFOLK NSY					PEARL HARBOR NSY					PUGET SOUND NSY				
FY	HULL	AVAIL	MD COST	DUR	FY	HULL	AVAIL	MD COST	DUR	FY	HULL	AVAIL	MD COST	DUR	FY	HULL	AVAIL	MD COS	DUR
84	690	ROH								84	688	ROH							
					85	689	ROH			85	692	ROH							
					85	691	ROH												
86	694	ROH			86	693	ROH			86	695	ROH							
										86	696	ROH							
										87	697	ROH							
										88	698	ROH							
					89	699	ROH												
89	700	DMP			89	702	DMP			89	711	DMP							
89	703	DMP																	
90	705	DMP			90	704	DMP			90	713	DMP							
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91	706	DMP								91	715	DMP							
91	714	DMP																	
91	708	DMP																	
92	710	DMP			92	709	DMP			92	717	DMP							
										92	718	DMP							
93	690	ERO																	
93	720	DMP																	
94	691	ERO																	
										95	724	DMP							
96	700	ERO																	
97	723	DMP																	
98	725	DMP								98	721	DMP							
99	701	ERO								99	722	DMP							
00	705	ERO			00	711	ERO												
00	751	DMP			00	750	DMP			00	752	DMP							
01	755	DMP								01	754	DMP							
01	706	ERO																	
02	757	DMP			02	753	DMP			02	715	ERO			02	713	ERO		
					02	756	DMP								02	758	DMP		
03	714	ERO								03	698	ERO			03	759	DMP		
03	760	DMP																	
03	719	EOH																	
04	699	ERO			04	764	DMP												
04	765	DMP													05	762	DMP		
05	720	EOH			05	767	DMP												

GREEN < 10 % GROWTH YELLOW < 20 % GROWTH RED > 20 % GROWTH

Portsmouth Naval Shipyard recognized the potential for a product line approach to future Los Angeles Class engineered overhaul workloading. Moving more of this engineered overhaul work to Portsmouth (where there is less daily fleet support impact), could save the Navy tens of millions of dollars per overhaul and return submarines to operational status three to four months earlier on average, based on current data from Engineered Refueling Overhauls and Depot Modernization Period availabilities.

Conclusion - Workload

DoD's BRAC recommendation will result in over cost and schedule failure on submarine depot overhauls in the three remaining naval shipyards

The simple and logical solution for the workload issue is to move some of the work which is presently programmed for the less efficient, more costly shipyards, such as Pearl Harbor Naval Shipyard and Puget Sound Naval Shipyard to Portsmouth, the premier shipyard working on the Los Angeles Class of submarines.

Questions that the BRAC Commission May Wish To Ask

1. Given the fact that Portsmouth has the capability to perform major depot maintenance work on Tridents, surface ships and Coast Guard vessels, why was this work not considered for workloading into Portsmouth?

2. Given that Portsmouth is the most efficient in depot overhaul cost and schedule, why doesn't the Navy move work from the Pacific Shipyards to Portsmouth?

3. Why would the Navy purposely overload the remaining shipyard on the East coast?

4. Considering the irreplaceable nature of nuclear certified dry docks and supporting facilities, why doesn't the Joint Cross Service Group consider loading Portsmouth with depot repairable work, i.e. motors, valves, pumps from replaceable facilities?

NEIL ROLDE
Chairman

JANUARY 2005

SEACOAST SHIPYARD ASSOCIATION
Post Office Box 1123
Portsmouth, NH 03802-1123
Tel. & Fax (603) 433-1157

PORTSMOUTH NAVAL SHIPYARD – ECONOMIC IMPACT – CY 2004

CIVILIAN PAYROLL: $318,329,729

STATE	PAYROLL	*ACTUAL NUMBER OF EMPLOYEES	NUMBER OF EMPLOYEES PAID
Maine	$185,476,167	2,771	2,951
New Hampshire	122,635,908	1,878	2,008
Massachusetts	7,278,837	107	115
Other States	2,938,817	47	49
Totals	$318,329,729	** 4,803	5,123

*The employment level for 2004 was 4,803. The number of employees paid (5,123) is greater since in some cases more than one person occupied the same job during 2004

** 4,803 includes: Shipyard – 4,513, SUBMEPP – 210, NMQAO – 27, and Naval Medical Clinic – 46.

MILITARY PAYROLL: $29,349,581

Navy: $16,835,997 Coast Guard: $12,513,584

PURCHASED GOODS & SERVICES – (SUPPLY DEPARTMENT): $49,469,785

Of this, $30,773,431 went to New England States:

Massachusetts	$ 6,206,822	Maine	$ 2,264,930
New Hampshire	3,552,392	Rhode Island	383,954
Connecticut	18,203,736	Vermont	161,596

CONTRACTED FACILITY SERVICES – (PUBLIC WORKS DEPT): $46,418,335

Includes:
Maintenance/Alterations/Support: $32,261,052
Utilities (natural gas/fuel oil/water/sewer/electricity/communications): $14,157,283

PAST YEARS' COMPARISON:

	Employment Level	Civilian Payroll	Military Payroll	Purchases Supply)	Contracts (Public Works)
CY 2004	4,803	$318,329,729	29,349,581	49,469,785	46,418,335
CY 2003	4,597	283,829,725	16,165,144	51,294,530	46,250,980
CY 1998	3,648	192,008,527	12,705,138	39,620,496	25,618,115
CY 1989	8,700	268,409,364	28,600,000	60,000,000	——

SEACOAST SSA SHIPYARD ASSOCIATION

MAINE - 2,951 Civilian Employees were paid $185,476,167

CITY/TOWN	ANNUAL PAYROLL	EMPLOYEES
Sanford/Springvale	$22,318,665	392
Kittery/Kittery Point	21,462,177	346
South Berwick	19,115,437	277
Eliot	15,210,437	230
Berwick	14,877,984	239
Yorks/Cape Neddick	13,874,643	199
Biddeford	13,089,017	211
Wells	11,118,769	170
North Berwick	9,337,655	145
Lebanon	7,036,476	124
Saco	6,024,385	95
Kennebunk/West Kennebunk	4,090,791	63
Lyman	3,838,070	58
Alfred	2,645,888	43
Arundel	2,044,944	29
Old Orchard Beach	2,043,280	32
Shapleigh	1,362,501	25
South Portland/Portland	1,292,230	25
Acton	1,220,911	23
East Waterboro	1,195,117	19
Waterboro	1,186,872	19
North Waterboro	1,097,980	18
Buxton	1,063,587	17
Kennebunkport	887,707	14
Scarborough	752,881	11
Dayton	712,660	11
Limerick	593,578	10
Hollis/Hollis Center	476,048	8
West Newfield/Newfield	385,339	8
Westbrook	364,902	6
Brunswick	334,244	6
Cape Elizabeth	316,728	4
Gardiner	238,984	3
Limington	238,881	4
Lewiston	226,630	3
Ogunquit	198,562	3
Moody	197,493	4
Gorham	193,234	4
Falmouth	187,722	4
Parsonsfield	166,356	2
Cornish	156,971	2
Litchfield	142,965	2
Woolrich	137,001	2
Millinocket	122,919	2
Topsham	112,986	3
All Others	1,783,560	36

SEACOAST SHIPYARD ASSOCIATION SSA

NEW HAMPSHIRE - 2,008 Civilian Employees were paid $122,635,908

CITY/TOWN	ANNUAL PAYROLL	EMPLOYEES
Rochester	$20,289,103	359
Dover	17,162,759	287
Portsmouth	14,096,379	226
Somersworth	9,839,582	172
Barrington	6,329,229	97
Farmington	5,008,498	84
Newmarket	4,047,165	64
Rollinsford	3,309,338	52
Hampton	2,935,159	44
Milton/Milton Mills	2,875,969	44
Greenland	2,831,009	39
Stratham	2,796,619	42
Strafford/Center Strafford	2,488,256	37
Exeter	1,970,513	31
North Hampton	1,678,894	22
New Durham	1,588,216	28
Rye/Rye Beach	1,625,758	27
Nottingham/West Nottingham	1,358,259	22
Northwood	1,179,295	21
Durham	1,058,932	13
Kingston/East Kingston	1,098,392	18
Sanbornville	996,040	16
Seabrook	991,361	16
Epping	952,097	14
Lee	922,685	14
Raymond	805,077	17
Newington	757,547	12
Manchester	757,727	13
Newfields	629,050	10
Derry	614,998	11
Wolfeboro/Wolfeboro Falls	599,885	8
Brentwood	574,214	8
Madbury	562,813	9
Ossipee/Center Ossipee	534,474	8
Middleton	482,832	9
Hampton Falls	477,322	8
Kensington	441,766	5
New Castle	362,417	5
Center Barnstead	325,203	4
Pittsfield	312,777	4
Union	305,177	8
Plaistow	305,146	5
Deerfield	302,000	8
Alton/Alton Bay	296,521	5
Hampstead/East Hampstead	289,286	4
Salem	257,136	4
Wakefield	244,571	4
Candia	197,159	3
Gilmanton, Gilmanton IW	193,297	3
All Others	2,578,006	44

MASSACHUSETTS - 115 Civilian Employees were paid $7,278,837

CITY/TOWN	ANNUAL PAYROLL	EMPLOYEES
Amesbury	$1,240,071	20
Newburyport	1,044,795	15
Methuen	736,767	9
Haverhill	734,038	11
Merrimac	503,390	8
Salisbury	417,577	7
Tewksbury	271,737	4
Andover	228,994	2
West Newbury	211,744	3
Rowley	175,627	2
Dracut	168,570	2
Wakefield	132,516	2
Chelmsford	115,500	2
Bradford	103,510	3
All Others	1,194,001	25

ALL OTHER STATES - 49 Civilian Employees were paid $2,938,817

SEACOAST SHIPYARD ASSOCIATION
P.O. Box 1123
Portsmouth, NH 03802-1123

Misconception

Portsmouth is only capable of performing nuclear attack submarine work.

Truth

- Portsmouth is fully capable of performing overhaul and conversion of Trident class submarines to SSGN's, and experienced Portsmouth workers have performed maintenance work on Trident class nuclear submarines in the past.
- Portsmouth is capable of handling DDG-51 Destroyers, FF/FFG Frigates, CG-Guided Missile Cruisers, all classes of Coast Guard ships, and future Navy class ships (DD(X) and LCS- Littoral Combat Ship).
- Portsmouth is thoroughly engaged in the planning stage for depot maintenance of Seawolf and Virginia class submarines.
- Portsmouth conducts overhauls and maintenance for special mission submarines, including USS Dolphin and NR-1.
- Portsmouth workers have performed maintenance work on aircraft carriers, amphibious and replenishment ships, surface combatants, and submarine tenders in support of the fleet.

Misconception

Performing nuclear attack submarine overhauls in Pacific Ocean homeports is more advantageous to the Navy than bringing submarines to the East Coast.

Truth

- **From a cost perspective, it is clearly more effective to perform nuclear submarine attack overhauls at Portsmouth as evidenced by the fact that Portsmouth completes EROs for $75 million and DMPs for $20 million less than the average cost of the other Naval Shipyards.**
- **From an operational standpoint, Portsmouth returns submarines to service on or ahead of schedule, ensuring the timely deployment of our war fighters. This is evidenced by the fact that Portsmouth gives the war fighter his ship back six months sooner on EROs and three months sooner on DMPs than the average of the other Naval Shipyards.**
- **Although it takes about 20 days for a roundtrip coast to coast transit, Portsmouth routinely completes EROs 180 days ahead of other yards and DMPs 90 days ahead. Thus, the Navy gains an additional 70-160 days by such a transit.**
- **When a ship is going to be in a planned, year-long depot maintenance availability, it doesn't matter how far away the theater of operations is. The work should be done by the shipyard that returns the boats months ahead of schedule and millions of dollars under budget. That is the proper assessment of the military value of a depot maintenance facility.**
- **Regardless of how the industrial base is configured, there will always be major submarine depot maintenance performed outside of homeport. The Navy's BRAC recommendation does not make that go away.**
- **Maintaining steady planned depot maintenance workload at Portsmouth will allow for capacity in the Pacific shipyards to be available for the expected significant increase in emergent short-term work from the movement of additional submarines into that theater.**

Misconception

Los Angeles Class submarine overhauls are coming to an end, and there will be no more work for Portsmouth.

Truth

- Execution of Engineered Refueling Overhauls (EROs) and Depot Modernization Periods (DMPs) will continue at Portsmouth until the end of the decade.
- Although EROs are finishing up for the earlier classes of Los Angeles Class submarines, Depot Modernization Periods and the Engineered Overhauls of the later Los Angeles Class submarines are just starting with the first two (of thirty-one) currently in execution at Portsmouth. This would provide a full workload for Portsmouth until 2020.
- Los Angeles Class submarine Selected Restricted Availabilites (SRAs), Interim Drydocking Availabilities (IDDs), Pre-Inactivation Restricted Availabilities (PIRAs), and Inactivations are currently assigned to Portsmouth.
- SeaWolf and Virginia class submarine Extended Selected Restricted Availabilities (ESRAs) have been assigned to Portsmouth beginning in 2011.

Misconception

There is excess capacity in the public shipyard industrial base.

Truth

- The model in the BRAC Report is based on efficient use of drydocks using notional man-days and duration for availabilities and does not consider emergent work. This is the foundation of a flawed argument.
- The "real" maximum capacity of a naval shipyard is the highest level of work that can be successfully executed at that shipyard.
- Years of experience show that large public shipyards execute successfully at no greater than 1.3 million man-days. Puget Sound Naval Shipyard is currently loaded at 1.7 million man-days, is eight months behind schedule on an SSN DMP, yet the BRAC Report states they have 12% excess capacity.
- Portsmouth is the only shipyard that has consistently executed its work at or below notional man-day rates.

Misconception

Military value of shipyards can be accurately measured by the number and size of piers, drydocks, specialized industrial facilities, cranes and support facilities.

Truth

- **It is all of that, but none of it is worth anything without a highly skilled and motivated workforce. People make the difference.**
- **Portsmouth's management and union workforce stand together with the ship's force to bring twenty first century innovations to the submarine overhaul business today.**
    - **"LEAN the Workday" initiative on the USS Pittsburgh Engineered Overhaul has improved shop productivity 10% and is still improving each week.**
- **NAVSEA leadership has used Portsmouth management as the engine of change throughout the public and private shipyards to introduce integrated key business practices, and detailed scheduling and constraint monitoring of work into their daily performance of submarine overhaul work.**

Misconception

A significant percentage of Portsmouth's workforce would relocate to other Navy submarine maintenance facilities.

Truth

- Only 5 to 10 percent of the Portsmouth workforce would relocate to other Navy maintenance facilities based on data from mid 1990's reductions-in-force. This would be the loss of an entire workforce.
- Recruiting and training a highly skilled replacement workforce in other public yards will take years.
- This is also true for SUBMEPP.

Misconception

Quality of life for Navy personnel and their families is sacrificed when submarines leave homeports to come to Portsmouth for overhaul for one to two years

Truth

- Visiting submarine crews and families thoroughly enjoy their 12, 16, or 24-month stay. Many return frequently to vacation and visit friends and some move to the Seacoast Area after completing their Navy commitment. Navy and Coast Guard families have been particularly pleased with climate, proximity to major metropolitan areas and their sporting and cultural outlets, quality schools, low crime rate, and small town way of life.
- Over $90 million has been invested at the Shipyard to improve quality of life for Navy personnel and their families including a new bachelor quarters, a new child development center, a new commissary and exchange, and improvements in family housing units.
- Local towns "adopt" each submarine crew and their families upon arrival in the seacoast area to ensure that they know that the seacoast is their home while away from their base.

Congress of the United States

Washington, DC 20510

May 24, 2005

Secretary Anthony Principi
Chairman, 2005 Defense Base Realignment and Closure Commission
2521 S. Clark Street, Suite 600
Arlington, VA 22202

Dear Mr. Chairman,

The integrity of the BRAC process, and of decisions on individual facilities, depends on the accuracy of the data used, and on the validity of the calculations and comparisons made using these data. Congress and the Commission simply cannot discharge their responsibilities under the BRAC statute without this information, which so far has not been made available. We believe, in particular, that communities will be handicapped in their efforts to understand the analyses, assumptions and conclusions used by the Department for their recommendations and therefore will be unable to provide accurate rebuttal arguments or additional information to the Commission for consideration.

Section 2903 (c)(5) of the Defense Base Closure And Realignment Act of 1990 (as amended through FY2005 Authorization Act) requires specified DoD personnel to certify to the best of their knowledge and belief that the information provided to the Secretary of Defense or the 2005 Commission concerning the realignment or closure of a military installation is accurate and complete. To date, we do not believe the information is complete and without full access to all information, we cannot assess whether the information is accurate.

We ask that the Commission refuse to consider any closure or realignment for which the Department of Defense, and by extension the service components, has not provided, in a timely manner, Congress and the Commission with all data, calculations, models, and analyses used to formulate the list of recommended closures and realignments published by the Department on May 13, 2005.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA SNOWE
United States Senator

SUSAN COLLINS
United States Senator

JOHN SUNUNU
United States Senator

THOMAS H. ALLEN
United States Representative

CHARLES BASS
United States Representative

JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

cc: Sec. Anthony Principi, Chairman, 2005 Defense Base Closure and Realignment Commission
Hon. James Bilbray, Member
Hon. Phillip Coyle, Member
ADM Harold Gehman, USN (ret), Member
Hon. James Hansen, Member
Gen. James Hill, USA (ret), Member
Gen. Lloyd Newton, USAF (ret), Member
Hon. Samuel Skinner, Member
Gen. Sue Ellen Turner, USAF (ret), Member

Congress of the United States
Washington, DC 20510

May 24, 2005

The Honorable Gordon England
Secretary of the Navy
1300 Navy Pentagon
Washington, DC 20350

Dear Secretary England,

We request that you provide the following information that was used in the Navy's determination to recommend the closure of Portsmouth Naval Shipyard at Kittery, Maine to the Base Realignment and Closure Commission:

- A detailed breakdown of cost of closure assessments, including factors applied by COBRA in lieu of actual cost estimates.

- All options considered by the Chief of Naval Operations or Vice Chief of Naval Operations to reduce excess capacity in shipyards (including closure, realignment, workload shifts and private sector capacity).

- A detailed breakdown of cost of operations assessment, including shipyard and base costs.

We expect that this information be delivered to us no later than May 31, 2005.

Sincerely,

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

John Sununu
United States Senator

Susan Collins
United States Senator

Jeb Bradley
Member of Congress

Tom Allen
Member of Congress

Michael Michaud
Member of Congress

Congress of the United States

Washington, DC 20510

May 19, 2005

The Honorable Donald H. Rumsfeld
Secretary of Defense
The Pentagon
Washington, D.C. 20350

Dear Mr. Secretary:

So that we may properly assess the Department's basis for recommendation last week to close and/or realign three of Maine's military installations, please provide as soon as possible any and all writings and communications set down by handwriting, typewriting, printing, photocopying or other form of data compilation, including email, in the care, custody or control of the Department relevant to any portion of the Department's analysis, consideration and/or recommendation that Portsmouth Naval Shipyard, Brunswick Naval Air Station and the DFAS operation in Limestone, Maine (hereinafter collectively referred to as the "Maine bases") be closed or realigned, respectively. Such writings shall include, but not be limited to, the Department's application of the following criteria to each of the Maine bases:

1. The current and future mission capabilities and the impact on operational readiness of the Department of Defense's total force, including the impact on joint war-fighting, training, and readiness as regards the Maine bases;

2. The availability and condition of land, facilities and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at the Maine bases and the recommended receiving location(s);

3. The ability to accommodate contingency, mobilization, and future total force requirements at the Maine bases and the recommended receiving locations to support operations and training;

4. The cost of operations and the manpower implications of the recommendations to close/realign the Maine bases;

5. 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 at the Maine bases;

6. The economic impact on existing communities in the vicinity of the Maine bases, including New Hampshire communities;

7. The ability of both the Maine bases and the recommended receiving communities' infrastructure to support forces, missions, and personnel; and

8. The environmental impact of closing/realigning the Maine bases, including the impact of costs related to potential environmental restoration, waste management and environmental compliance activities.

For the purposes of this correspondence, Department is defined as the Department of Defense, the Office of the Secretary of Defense and all service components to include the Navy, Marine Corps, Army and Air Force.

Because time is of the essence, we appreciate your very prompt attention. Thank you.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA SNOWE
United States Senator

JOHN SUNUNU
United States Senator

SUSAN COLLINS
United States Senator

CHARLES BASS
United States Representative

THOMAS ALLEN
United States Representative

JEB BRADLEY
United States Representative

MICHAEL MICHAUD
United States Representative

cc: Sec. Anthony Principi, Chairman, Defense Base Closure and Realignment Commission
Hon. James Bilbray, Member
Hon. Phillip Coyle, Member
ADM Harold Gehman, USN (ret), Member
Hon. James Hansen, Member
Gen. James Hill, USA (ret), Member
Gen. Lloyd Newton, USAF (ret), Member
Hon. Samuel Skinner, Member
Gen. Sue Ellen Turner, USAF (ret), Member

Congress of the United States

Washington, DC 20515

May 17, 2005

The Honorable Anthony Principi
BRAC Commission
521 South Clark Street
Suite 600
Arlington, VA 22202

Dear Chairman Principi,

We call your attention to the attached letter to Secretary of Defense Donald Rumsfeld regarding the inexcusable delay on the part of the Department of Defense (DoD) in releasing the data used to compile their list of recommended installation closures and realignments.

This unthinkable hold up is temporarily impeding our efforts on behalf of and in conjunction with the DoD and Navy workforce and community supporters in Maine and New Hampshire to demonstrate to you and your fellow Commissioners that DoD deviated substantially from the BRAC selection criteria. We trust you share our disbelief, as this unacceptable delay is hindering your ability to appropriately discharge your important responsibilities.

Sincerely,

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

Susan Collins
United States Senator

John Sununu
United States Senator

Tom Allen
Member of Congress

Jeb Bradley
Member of Congress

PRINTED ON RECYCLED PAPER

Congress of the United States

Washington, DC 20515

May 17, 2005

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

We are writing to express our disbelief that when the Department of Defense (DoD) released its Realignment and Closure (BRAC) recommendations on May 13th, it did not also release the comprehensive set of data used to justify its recommendations. According to Under Secretary Michael Wynne, these data will not be released until the end of this week. We ask that these data be provided immediately.

This deviation from the announced process disadvantages the communities that are facing the closure or realignment of a military facility, as well as the BRAC Commission charged with examining DoD's recommendations. Communities and the Commission are already facing a compressed time schedule during which the Commission will be taking input from the public. With this delay, the communities and the Commission now have one less week of precious time in which to analyze the data needed to make their case, and review DoD's conclusions, respectively.

Meanwhile, officials from the Department and the Services will spend this week defending their justifications in public before the Commission. This is tantamount to allowing a prosecutor to argue his case before the jury without the defendant knowing what evidence, if any, is being presented. Such a situation would not be tolerated in a court of law and it should not be tolerated in the BRAC process either.

Again, we call on the Department to make the BRAC data available to Congress, the BRAC Commission, and the public immediately. We further request that the Department not delay in providing subsequent necessary and relevant information that is requested by the BRAC Commission and interested parties.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

JEB BRADLEY
United States Representative

TOM ALLEN
United States Representative

PRINTED ON RECYCLED PAPER

Congress of the United States
Washington, DC 20510

May 13, 2005

IDENTICAL COPIES SENT TO EACH COMMISSIONER

The Honorable Anthony Principi
BRAC Commission
521 South Clark Street
Suite 600
Arlington, VA 22202

Dear Chairman Principi,

Congratulations on your appointment to the Base Realignment and Closure Commission. We write today to highlight the Portsmouth Naval Shipyard's important role in our national security infrastructure.

The Portsmouth Naval Shipyard – the most modern shipyard in the country - is an impossible to reconstitute asset. The Yard's workforce and its trade skills, nuclear licenses and permits, dry docks and deep water ports are irreplaceable. Though Portsmouth is renowned for its repair and overhaul of submarines, it is a multi-mission, joint-service installation, capable of performing maintenance on virtually all Navy and Coast Guard platforms. Moreover, the Yard is the home port of three Coast Guard cutters, with the ability to accommodate several more.

It is impossible to predict the threats our nation will face, and where we will face them, over the next several decades. However, we do know our adversaries and potential adversaries continue to improve and expand their naval capabilities. In response, the Portsmouth Naval Shipyard has been invaluable to Atlantic and Pacific commanders by returning vessels to service under budget and ahead of schedule, saving the Navy tens of millions of dollars and months of operational time each year. Any effort to close or realign Portsmouth, the nation's top performing shipyard, would put our nation at risk of forever losing an invaluable defense capability, and make military leaders less capable of meeting future threats.

We call your attention to the enclosed document, *Portsmouth: The Navy's Lean Machine*, which underscores the Portsmouth Naval Shipyard's vital role in our national security in the 21st century. We look forward to working with you and your staff as you examine military installations across the country in the coming months.

Sincerely,

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

Susan Collins
United States Senator

John Sununu
United States Senator

Edward Kennedy
United States Senator

John Kerry
United States Senator

Tom Allen
Member of Congress

Jeb Bradley
Member of Congress

Michael Michaud
Member of Congress

Charles Bass
Member of Congress

John Tierney
Member of Congress

Congress of the United States

Washington, DC 20510

April 27, 2005

The Honorable Gordon R. England
Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350-1000

Dear Secretary England:

At the conclusion of our meeting with you and Assistant Secretary Young on February 14, both of you indicated that you would again compare the Navy's current planned workload at the Portsmouth Naval Shipyard with the 600,000 manday per year plan we proposed last summer to see if the Navy could more fully utilize the expertise and efficiency of the Shipyard to meet its mission.

We received a response from Secretary Young on March 22 that, in essence, was no different than the original response we received last September and offered two conclusions that we specifically refuted during our presentation to you in February. We categorically reject the reasoning, analyses and conclusions presented by Secretary Young and the Navy.

In spite of your espoused position that the Navy must seek savings in every aspect of its business, it is unfortunately very clear to us that the Navy has determined that cost savings, operational time buyback, and innovation are not primary factors in assigning workload to its industrial facilities. Any objective review of the record leads to the inescapable conclusion that the Navy, and the American taxpayer, would be best served by assigning more, not less, work to the nation's most efficient, most economical, and most innovative Shipyard – the Portsmouth Naval Shipyard.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA J. SNOWE
United States Senator

EDWARD M. KENNEDY
United States Senator

JOHN E. SUNUNU
United States Senator

SUSAN M. COLLINS
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

CHARLES BASS
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

Congress of the United States

Washington, DC 20510

February 18, 2005

President George W. Bush
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

We are writing to you to convey the names of individuals whom we believe possess the requisite experience, skills, and sensitivities that would make them excellent representatives on the Defense Base Closure and Realignment Commission and to urge you to select one or more of them as nominees to serve on the BRAC Commission.

Recognizing that you are consulting with the Speaker of the House, the Majority and Minority leaders in the Senate, and the Minority leader in the House in developing your list of nominees, we nonetheless want to forward this list because of our deep interest in ensuring the Base Realignment and Closure process incorporates viewpoints from a broad and varied group of individuals.

Because all military installations within the United States and its territories will be examined and considered for realignment or closure as part of this BRAC round, it is crucial that there be geographic diversity reflected in the make-up of the Commission. We realize the Commissioners will be asked to assess the list of installations recommended for closure based upon an honest and thorough appraisal of objective data focused primarily upon the military value of each of those installations. However, we believe there should be a certain level of geographic familiarity with all of the nation's regions to ensure a process that is fair, equitable, and, indeed objective.

We respectfully recommend to you the following individuals, who, while being very familiar with New England and the installations that remain in operation there, share a common history of providing the very finest of public service to this nation and recognize the need to serve the nation as a whole in serving upon a Commission that will impact communities across the country.

Lieutenant General (USMC ret.) Robert Winglass served this nation in the United States Marine Corps for 35 years, retiring in 1992 as Deputy Chief of Staff for Installations and Logistics at Headquarters, Marine Corps, Washington, DC. LTG Winglass also served as Deputy Chief of Staff for Requirements and Programs, and Deputy Commanding General of the Marine Corps Research, Development, and Acquisition Command. LTG Winglass served two tours of duty in Vietnam and was responsible for logistic support for the Marine Corps during Operation Desert Storm, so he is intimately knowledgeable about the needs of warfighters in battle and what is required in the way of infrastructure to support them. LTG Winglass' experience has not

been strictly limited to the military, however. He served two terms in the Maine House of Representatives following his retirement from the Marine Corps, earning praise and respect for his service from politicians on both sides of the aisle in Augusta, Maine.

David F. Emery served this nation as a two-term Maine State Representative, a four-term U.S. Representative from Maine's first congressional district, and as the Deputy Director of the United States Arms Control and Disarmament Agency in the 1980's. While serving in the U.S. House of Representatives, Mr. Emery sat on the House Armed Services Committee and on the Merchant Marine and Fisheries Committee, becoming an expert on naval and sea power issues. He served as Chief Deputy Republican Whip during the 97th Congress.

As you can see, Mr. President, these individuals have answered the call to duty repeatedly in serving the United States and are willing to do so once again to ensure that the BRAC process is one that serves well the future needs of our military and the security of the United States.

Once again, we urge you to name one or more of them to the BRAC Commission.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA J. SNOWE
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

CHARLES F. BASS
United States Representative

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representatives

Congress of the United States

Washington, DC 20515

February 2, 2005

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you a letter from senior managers at the Shipyard on the transformational accomplishments of the Shipyard.

The letter details how the Portsmouth Naval Shipyard's successful transformations in the past have created a culture that enables it to transform for the future. These efforts have made Portsmouth "the most efficient of all the naval shipyards in the United States," according to Vice Admiral Phillip Balisle, the Commander of Naval Sea Systems Command. We hope you will find it of use as the Department proceeds with the Base Closure and Realignment process.

Thank you for your consideration of this information.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

EDWARD M. KENNEDY
United States Senator

JOHN F. KERRY
United States Senator

JEB BRADLEY
United States Representative

THOMAS H. ALLEN
United States Representative

PRINTED ON RECYCLED PAPER

MICHAEL H. MICHAUD
United States Representative

CHARLES F. BASS
United States Representative

JOHN F. TIERNEY
United States Representative

Enclosure

cc: The Honorable Paul Wolfowitz, Chair, Infrastructure Executive Council
The Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology and Logistics (Acting), Chair, Infrastructure Steering Group
The Honorable Phil Grone, Deputy Under Secretary of Defense for Installations and Environment
The Honorable Gordon R. England, Secretary of the Navy
Adm. Vern Clark, Chief of Naval Operations
The Honorable Wayne Arny, Assistant Secretary of the Navy for Installations and Environment (Acting), Chair, Infrastructure Evaluation Group

14 January 2005

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

You are engaged in an important initiative to transform our Department of Defense into a 21st Century organization that better supports our nation's foreign and domestic policies. We support the President's goal in this regard and appreciate the thoughtful review of the facts that you, your Department, and the military services have undertaken. Allow us to once again underscore some of the relevant facts concerning Portsmouth Naval Shipyard and its potential to aid in designing the future.

You have heard compelling arguments put forth by members of the Maine, New Hampshire, and Massachusetts Congressional Delegation regarding Portsmouth Naval Shipyard's vast experience, current successes and future objectives in the area of transformation. Indeed, Portsmouth Naval Shipyard continues to lead the way in transforming the way naval industrial facilities, especially naval shipyards, do business. The statements made then and now are not anecdotal; they are backed up by impressive results – concrete evidence that at least one location under your purview has made significant and quantifiable progress in attaining your goal. By its actions, Portsmouth Naval Shipyard has made a statement in support of your transformational expectations. That testimony has been both communicated and acknowledged up to and including the Secretary of the Navy. The Navy has put its trust in Portsmouth Naval Shipyard and we have delivered beyond their expectations.

We now put our trust in those who carry out your guidance. It is important that they recognize, understand and give due consideration to our important contributions. In doing so, we are confident that they will make the right decisions regarding our future, especially in view of the current Base Realignment And Closure (BRAC) actions. To ignore factual evidence undermines the principles you have set forth to ensure the 'best of the best' survive in the new world order. We contend that Portsmouth Naval Shipyard is already a part of the new world order, and has been for some time. Our leadership already thinks out of the box, and despite the personal risk associated with labor and management agendas, our team is doing the right thing, now. We are building our future on trust and it continues to pay dividends desperately needed to help our war fighting efforts.

In a recent article you were quoted as saying "transformation is as much about culture and people" and not just canceling programs and rearranging dollars. We hold that as self-evident and an imperative when applied to being successful in meeting mission requirements.

Our shipyard has attained recognized world-class status in the accomplishment of our mission through continually 'transforming' itself. We have gone on to communicate how it was done to others in both the public and private sector – even those with whom we compete. The following paragraphs discuss in some detail our transformation success. As you review this resume, you will note that transformation is not a new concept for us at Portsmouth Naval Shipyard.

Transformation is part of the culture at Portsmouth Naval Shipyard, which for two centuries has helped us adapt to new product lines and new missions. Throughout the years we've been highly successful in achieving our goals, and especially recently, we've been recognized for our world-class transformation efforts. Vice Admiral Philip M. Balisle, Commander, Naval Sea Systems Command, our corporate head, succinctly praised our efforts when he said recently, "This yard is now the most efficient of all the naval shipyards in the United States." His is one of many glowing statements made in reference to our Shipyard in recent years by our highest-ranking Navy officials, including the Secretary of the Navy.

Being the most efficient shipyard is neither a coincidence nor a recent or temporary situation. As it turns out, we have been engaged in change management and have continually transformed ourselves ever since our inception. As the technology of wooden sailing ships gave rise to steam driven steel hulls in the 1800's – we adapted. As national defense objectives dictated the need for submarines in the early 1900's – we delivered. When diesel power was converted to nuclear power in the latter part of the 20th century – we implemented the technology. When submarine overhaul, repair and refueling became our calling – we became the best at it. These transformations were a reaction to technological advancements, changing defense objectives, and updates in our business environment. Each one required major changes to employee skills and facilities. Each time, our Shipyard responded with exemplary support to the degree that our Shipyard is considered a hallmark of excellence.

Our more recent transformations have been driven by an internal desire to be the best of the best. Our employees do their job with great pride. They receive great satisfaction knowing their performance is unequaled within the industry. Indeed, their excellence is translated into submarine cost and schedule performance records that are the envy of the corporation. This success is manifest in seven consecutive years of achieving challenging business and financial objectives. We have set the performance bar for all others to benchmark against, and we have set a new, more aggressive bar for ourselves to aide in delivering the savings required by our navy in this time of war.

The required savings is more than we can deliver alone. That's why we have enthusiastically embraced the One-Shipyard Transformational Concept. We know that we are the incubator of work process innovation and improvement, and we know that our efforts can help our partner shipyards (public and private) improve their efficiency to the betterment of national defense. We have taken our technology and trade skills and shared them within the One-Shipyard. We have undertaken a broad spectrum of labor and management transformations and created an environment conducive to thinking

and acting out of the box. This way of life is very evident today, though it has been a subset of a well-calculated plan established in the late 1980's to make significant improvements to complex submarine maintenance without compromising either quality or safety. Our workers have been transforming the way they do their core mission for decades; frankly, well before it was fashionable to do so. These superior performing people and their culture have made the necessary transformations possible.

Others are now seeing the results of our heroic efforts. Our results-oriented performance was recognized recently by Vice Admiral Balisle when he said while addressing our workforce, "It is now a tradition for Portsmouth Naval Shipyard to complete its projects ahead of schedule and under budget – that is a remarkable accomplishment."

In the last few years our extraordinary Labor-Management Partnership has paved the way for the development of metrics and leading indicators drawn from real-time data. This forward thinking acceptance has enabled the development of data-driven management systems and decision-making tools. The resulting information is proving vital toward still further productivity improvements and general efficiencies. Such innovative initiatives are unmatched by any other naval industrial activity.

While the tools and procedures underlying our current successes are being exported to partner shipyards, our people and their culture are viewed as not as easily exported. Without aggressive Labor-Management teams focused on a vision of improving work processes and worker satisfaction, our Shipyard would not be performing at the world-class level that we now see. We have the desire, the trust and the predisposition to embrace the change necessary to achieve our heightened performance expectations. Currently, we don't see anyone that does that better than us. So long as there is a need for defense industrial facilities to operate efficiently, there is a need for Portsmouth Naval Shipyard. And so long as the Navy has submarines requiring efficient depot maintenance, there is a need for Portsmouth Naval Shipyard.

Some specific examples of more recent transformational activity over the past ten years that differentiate us from other naval shipyards include:

- PNS is the lead shipyard in developing common engineering and planning documents for Los Angeles Class submarine maintenance. Today, all naval shipyards (and one of the private sector yards) are performing this work using our standardized procedures. We are now looking to expand this program to include all fleet maintenance.

- PNS has entered into several public/private partnering ventures with Electric Boat Corporation and Northrop Grumman Newport News. We have successfully transformed (for the better) the way the public and private sector deal with one another. These partnerships have led to much needed flexibility in creatively sharing resources and technology. Indeed the One-Shipyard Transformational Concept has turned competitors into cooperatives resulting in great benefit to the

Navy. This was done even in view of the risks it presented when sharing performance-enhancing techniques with competitors.

- PNS is taking advantage of opportunities to support Department of Homeland Security initiatives as well as other joint cross service prospects. Currently, three medium endurance United States Coast Guard Cutters are providing their valued mission from their homeport at our Shipyard.

- PNS was a forerunner in evolving technology though the Navy's SMART Base program initiated in the 1990's. It has taken advantage of both best practices and opportunities presented by emerging technologies in its core mission to better posture itself for future customer requirements and to improve its efficiencies. It established a technology transfer office long before it was fashionable to do so. It has undertaken tasks supporting rapid insertion of new technology into the Fleet and continues to support such initiatives while partnering with private companies, universities and other government agencies.

- PNS was the first shipyard to embrace the outleasing statutes in the United States Code with the goal of taking advantage of non-excess but underutilized facilities. The goal was and remains to reduce overhead costs by only maintaining facilities related to our current missions.

- PNS was a key player in the Northeast Regional Maintenance Program and recognized the opportunities available in joint cross service missions. The goal was to reduce redundancy within Naval activities in the Northeast as the first step in reducing redundancy between all Military Services.

- PNS is a think tank and test bed (management development center) working within a traditional naval industrial facility. We have learned how to rapidly take concepts from practice to reality. Ideas have been transformed into practical applications in a manner that can be applied to any industrial facility, not just ship maintenance activities. We have become an incubator for advanced management techniques that are required to meet current and future needs regardless of its platform mission. Indeed, our solutions can and should be applied to any and all industrial applications.

- PNS has designed and developed the most advanced control metrics and performance measurement system of any naval industrial activities regardless of platform focus. These metrics are vital for measuring progress and results of process improvements as well as identifying inefficient processes. We are now deploying these metrics and expanding their focus to other industrial activities.

- PNS continues to revitalize its workforce to meet future requirements in accordance with its human capital strategy. This includes being ready to respond to all maintenance, repair, and technical support needs worldwide and the ability to perform multiple skill work either on yard or in remote locations. The

workforce is trained to accommodate both intermediate and depot-level maintenance, making them very flexible. This more agile and responsive workforce makes it an invaluable resource in meeting future missions that sustain the operating forces.

- PNS has taken the lead in promoting "Lean" manufacturing techniques, which had its start with Toyota Motor Corporation. This has already led to significant reductions in repair cycle time, improved productivity and lower costs. The extent to which PNS had embraced and implemented "Lean" was praised by SECNAV during a 2004 visit.

- PNS has been leading the way in Paperless Work Instructions in concert with the private sector. Electronic instructions promise greater response times and reduced cost regardless of the platform being maintained ranging from ships and planes, to tanks, at home or forward deployed.

- Our Deep Submergence Systems Program (DSSP) has been and remains a key element of our mission that requires continual transformation in how deep submergence vehicles move from concept development to operation. We help coordinate the efforts of several government agencies and numerous private sector contractors. Special operations personnel from all services take advantage of the vehicles covered by this program to meet their ever-changing covert assignments. Innovation, driven by the need for speed and agility, has made this program successful.

Portsmouth Naval Shipyard is the most aggressive naval shipyard in the United States in reinvention and transformation initiatives, and we expect it to remain that way. Our role is becoming even more critical as budgets get tighter, Fleet assets are reduced, and naval mission requirements are expanded. For many years our vision has been to become indispensable to the Navy. We have achieved that vision. Wearing the title of the nation's number one nuclear capable shipyard, we have responsibility to achieve higher levels of performance in our mission and to assist others in doing so as well. We accept that responsibility.

Vice Admiral Albert Konetzni, former Deputy Commander and Chief of Staff, United States Navy Atlantic Fleet, best summed it up during his presentation at a ceremony at PNS in 2003 welcoming the Coast Guard aboard when he said, "I do think this [PNS] shipyard is the greatest shipyard in the world."

We ask again that you give this document and others provided by our Congressional Delegation serious consideration. Portsmouth Naval Shipyard serves as a model of what needs to be emulated throughout the Department of Defense in order for us to meet our mutual goals both for the war fighters and the shore facilities that support them.

Portsmouth Naval Shipyard Transformation 19 January 2005

JOHN O. BOND, President
Naval Civilian Managers Association

Date 1/19/05

LAWRENCE E. SANDS, President
National Association of Superintendents

Date 1/19/05

STEVEN A. BOISVERT, President
Federal Managers Association

Date 1/19/05

Congress of the United States

Washington, DC 20510

January 7, 2005

The Honorable Gordon S. England
Secretary of the Navy
1000 Navy Pentagon
Washington, DC 20301-1000

Dear Secretary England:

As you saw for yourself during your tour of the Portsmouth Naval Shipyard this past August, it is clear that the shipyard team is in a class by themselves thanks to their schedule and cost performance metrics as well as the efficiencies they have gained through innovation. Recently, Navy leaders have said, "Portsmouth Naval Shipyard has distinguished itself as the premier submarine maintenance and modernization shipyard in the nation, bar none, public or private," and, "I am confident Portsmouth Naval Shipyard will continue to be a premier leading shipyard...".

During the recent change of command ceremony, the Commander of the Naval Sea Systems Command noted that the Shipyard has completed six consecutive record setting major submarine availabilities. Previously, as part of NAVSEA and shipyard briefs, the Navy has provided us with detailed information regarding the workload at the various yards and the performance of Portsmouth Naval Shipyard for each major type of availability: Engineering Refueling Overhauls, Depot Modernization Periods and Engineering Overhauls.

Therefore, we request you forward to us the schedule and cost performance metrics for every ERO and DMP completed at every yard performing such work, public or private, over the past ten years so we may accurately compare the performance of the Portsmouth Naval Shipyard with each of the other yards. Because we understand that converting the actual cost of an availability performed at a mission funded shipyard to a Navy working capital funded (NWCF) cost is not trivial and in order to be able to compare "apples to apples," we ask that you provide actual total return costs in dollars and man-days using a normalized equivalent NWCF man-day rate for availabilities completed at mission funded facilities.

Thank you for your attention to this matter.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

Congress of the United States

Washington, DC 20510

January 3, 2005

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Mr. Secretary:

We are enclosing, for your reference, a copy of a recent article from the December 2004 edition of the Naval Institute's periodical *Proceedings*. The article, written by Vice Admiral (Ret.) George Emery, details the vital importance of the Portsmouth Naval Shipyard to the U.S. Navy.

From its role in modernizing America's Naval fleet since 1800, to the Yard's current exemplary records of cost and scheduling performance on *Los Angeles* class submarine overhauls, VADM Emery eloquently and concisely outlines Portsmouth's continued presence as a vital Naval asset. Given the experience, efficiency, and skills possessed by Portsmouth's master craftsmen, the Shipyard will continue to be a facility that is prepared to meet and surpass the Navy's needs for years to come. As we approach the 2005 round of base realignment and closure (BRAC), VADM Emery's article contains important information that the BRAC analysts should be aware of and consider.

We hope that you enjoy the article.

Sincerely,

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

Susan Collins
United States Senator

John Sununu
United States Senator

Tom Allen
Member of Congress

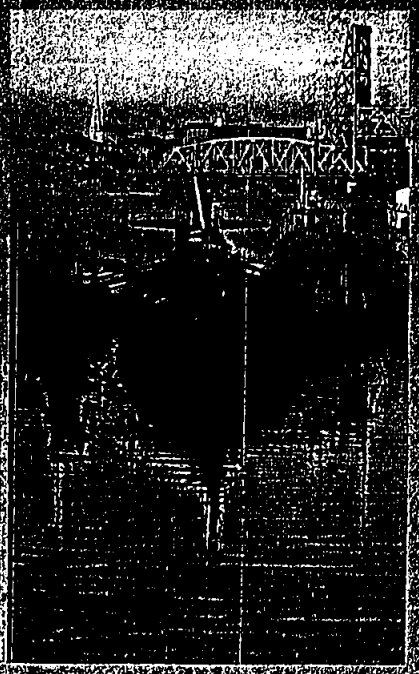
Jeb Bradley
Member of Congress

Cc:
The Honorable Paul Wolfowitz, Deputy Secretary of Defense, Chair Infrastructure Executive Council
The Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology and Logistics (Acting), Chair Infrastructure Steering Group
The Honorable Gordon R. England, Secretary of the Navy
Admiral Vern Clark, Chief of Naval Operations
The Honorable Wayne Arny, Assistant Secretary of the Navy for Installations and Environment, Chair Infrastructure and Evaluation Group
The Honorable Anne R. Davis, Deputy Assistant Secretary of the Navy for Infrastructure Strategy and Analysis

Portsmouth Naval Shipyard Is on the Right Path

Vice Admiral George W. Emery, U.S. Navy (Retired)

Next May, the BRAC Realignment and Closure Commission will release its list of affected bases. Like the U.S. Navy, as a bundle and its ships and people, Portsmouth Naval Shipyard—the Navy's oldest publicly owned shipyard—has adapted and transformed to remain competitive in the world. Both as an engineer officer on the USS *Hammerhead* (SSN-663), where I spent 11 months at the shipyard in the early 1970s, and as a former commander of the Atlantic Submarine Force in the mid-1990s, I am well aware of Portsmouth's extraordinary record.



The Past

In response to the U.S. government need to build specialized warships, shortly after the creation of the Navy, Portsmouth Naval Shipyard was built in 1800. At the outbreak of the second war with the British, in 1812, Congress tasked Portsmouth to begin construction of a 74-gun ship-of-the-line, the USS *Washington*. Although completed after hostilities ended, this and subsequent ships-of-the-line demonstrated that the United States was committed to the defense of the nation's maritime trade.

With the new century, Portsmouth began constructing transformational ships: submarines in World War I. In World War II, the shipyard constructed more than 70 submarines—a record unmatched by any other public or private U.S. shipyard.

In the postwar era, Portsmouth Naval Shipyard became the Navy's center for submarine design and development. The prototype USS *Albacore* (AGSS-569), with its teardrop-shaped hull and round cross-section, among other innovations, set a new worldwide design standard for quieter, faster, and more maneuverable submarines. In 1958, Portsmouth became the first government shipyard to build a nuclear submarine.

For 200 years, Portsmouth Naval Shipyard has cultivated a community of shipbuilders. The sense of transformation is deeply ingrained with the men and women who have built and maintained some of the finest Navy ships. Without this shipyard, such a community of craftsmen would be difficult to reconstitute.

The Present

Today, Portsmouth Naval Shipyard overhauls, repairs, modernizes and refuels nuclear-powered submarines.

Portsmouth holds the current cost and schedule performance records for *Los Angeles*-class submarine overhauls. These records include:

- Engineered refueling overhaul. In 2003, the USS *Albuquerque* (SSN-706) was delivered one month earlier than any other shipyard delivered a refueled sub, resulting in a cost savings to the Navy of $16 million.
- Depot modernization period. The USS *Alexandria* (SSN-757) was delivered on budget and fewer than six weeks earlier than any other shipyard sub delivery.
- Portsmouth completed its last three depot modernization periods in successively fewer man-days and less time.

As the U.S. Navy's submarine maintenance expert, Portsmouth is the only naval shipyard with a full spectrum of nuclear and diesel submarine maintenance experience, including reactor servicing, overhaul, modernization, testing, and emergent repair. In the last half century, the shipyard has completed 74 major overhauls on nuclear-powered fast-attack and ballistic missile submarines, more than any other shipyard. It is the lead shipyard for *Los Angeles*-class submarines and the lead shipyard for the Navy's "one shipyard" transformational initiative.

Portsmouth is also the safest of the four shipyards. Reported injuries have been reduced by 50% in the past three years, resulting in fewer lost man-days and an annual reduction in compensation costs exceeding $2 million.

On 5 August, during a tour of the shipyard, Secretary of the Navy Gordon England praised its efficient, lean manufacturing approach. At Naval Sea Systems Command's urging, Portsmouth is exporting these practices to other shipyards, demonstrating their leadership in the overhaul business. The shipyard has achieved this leadership role through a dedication to improving work processes and business practices. Secretary England noted, "It's a very competitive world, so being effective and very efficient is important. That's why I was impressed today to see all the improvements and all the effort that's going into the shipyard here. It looks to me like they are on the right path."

The Future

Future challenges can be met through adaptability and flexibility. Few people predicted the sudden downfall of the Soviet Union, the reduction of its navy, or the subsequent U.S. "peace dividend," which has reduced our own fleet from nearly 600 ships to fewer than 300.

With shipbuilding leveling off, and in some cases falling off, the Navy will be required to support future missions with fewer platforms. Surge deployments in support of fleet response plans will place more demands on fewer submarines. Consequently, the reliability and availability of our submarines will be of paramount importance.

That means innovative and efficient shipyards like Portsmouth Naval Shipyard must continue to support our national security. Closing any government shipyard in the midst of ongoing military operations and an uncertain future, particularly the best performing shipyard in the nation's inventory, would be a mistake.

Admiral Emery resides in Kennebunkport, Maine.

16

Congress of the United States
Washington, DC 20515

November 18, 2004

The Honorable Gordon R. England
Secretary of the Navy
The Pentagon
Washington, D.C. 20350-1000

Dear Secretary England:

First, thank you for taking the time out of your busy schedule to visit the Portsmouth Naval Shipyard this past August. The employees and sailors enjoyed hearing from you. We are sure you saw why we are so justifiably proud of the shipyard and its employees – they are dedicated to turning out the Navy's submarines on time, on budget, and in excellent condition; and as you know, they have a demonstrated record of exceeding the Navy's schedule and budget goals.

Earlier this year, we asked that you develop a conceptual workload plan for our review that would take advantage of Portsmouth's expertise in maintaining submarines while continuing Portsmouth's workload rate at a level of no less than 600,000 man-days/year for the period 2008-2020. Although good discussions have been held between our staff and yours, and certainly more than enough submarine maintenance work is available in the outyears to program 600,000 man-days/year to Portsmouth, we still have not received the conceptual workload plan that we requested.

Furthermore, Navy workload projections furnished by your staff for the four public naval shipyards show an inequitable distribution of work through the 2016-2020 time period. The data project a draconian 29 percent cut in Portsmouth's workload. By contrast, Norfolk, at a 15 percent reduction, takes only half that cut, and Pearl Harbor and Puget Sound are relatively untouched with cuts of only two percent and one percent, respectively. Given the Navy's stated need to maintain four capable shipyards, and knowing that Portsmouth is your best performing shipyard, we fail to see the logic in this drastic cut to Portsmouth's workload. We are very concerned that this inequitable treatment is seriously disadvantageous to Portsmouth's future viability.

We would appreciate the opportunity to meet with you to discuss this matter at your earliest availability.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA J. SNOWE
United States Senator

EDWARD M. KENNEDY
United States Senator

JOHN E. SUNUNU
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN F. KERRY
United States Senator

JEB BRADLEY
United States Representative

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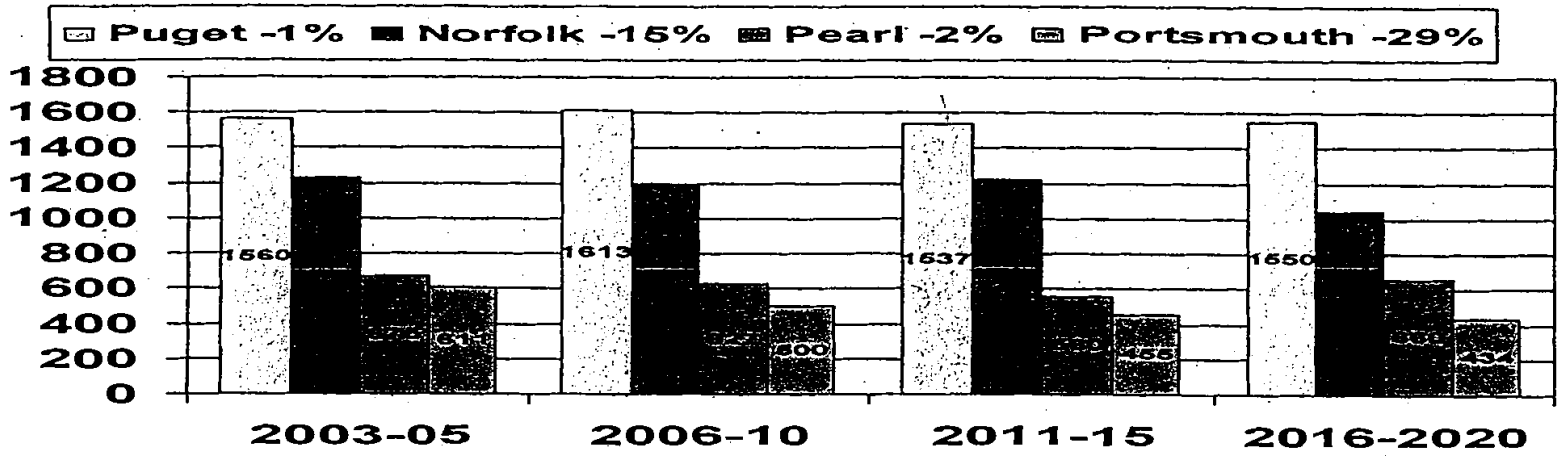
THOMAS H. ALLEN
United States Representative

JOHN F. TIERNEY
United States Representative

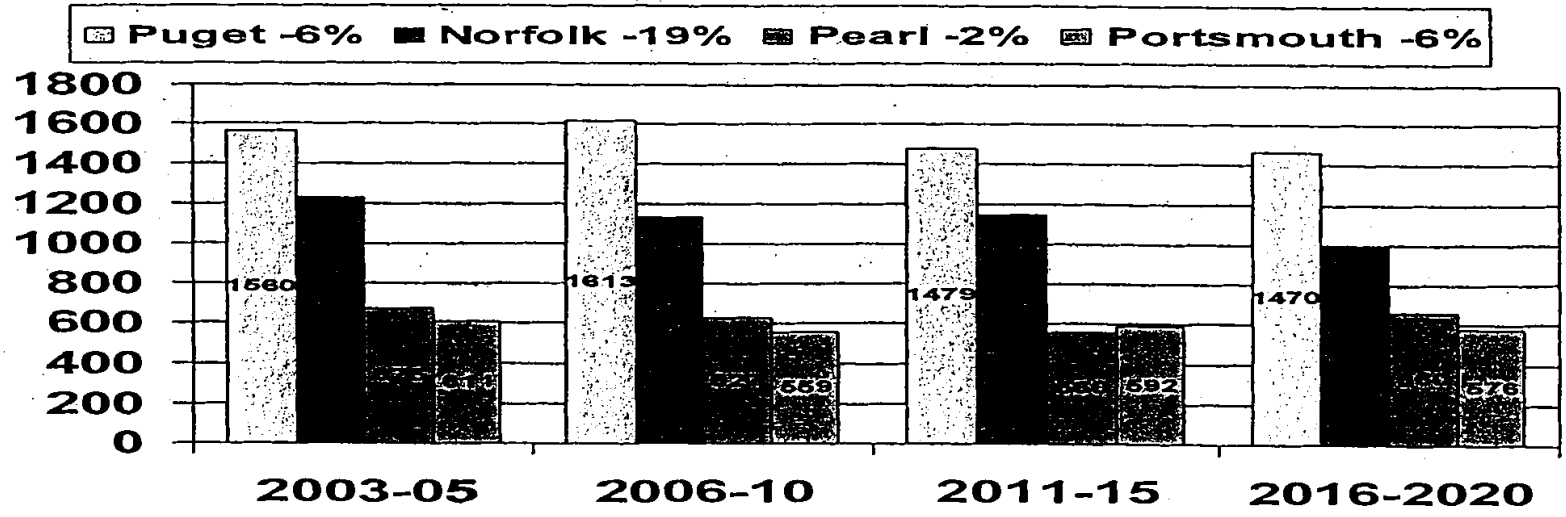
MICHAEL H. MICHAUD
United States Representative

Public yard annual manday levels, in multi-year blocks

Navy plan



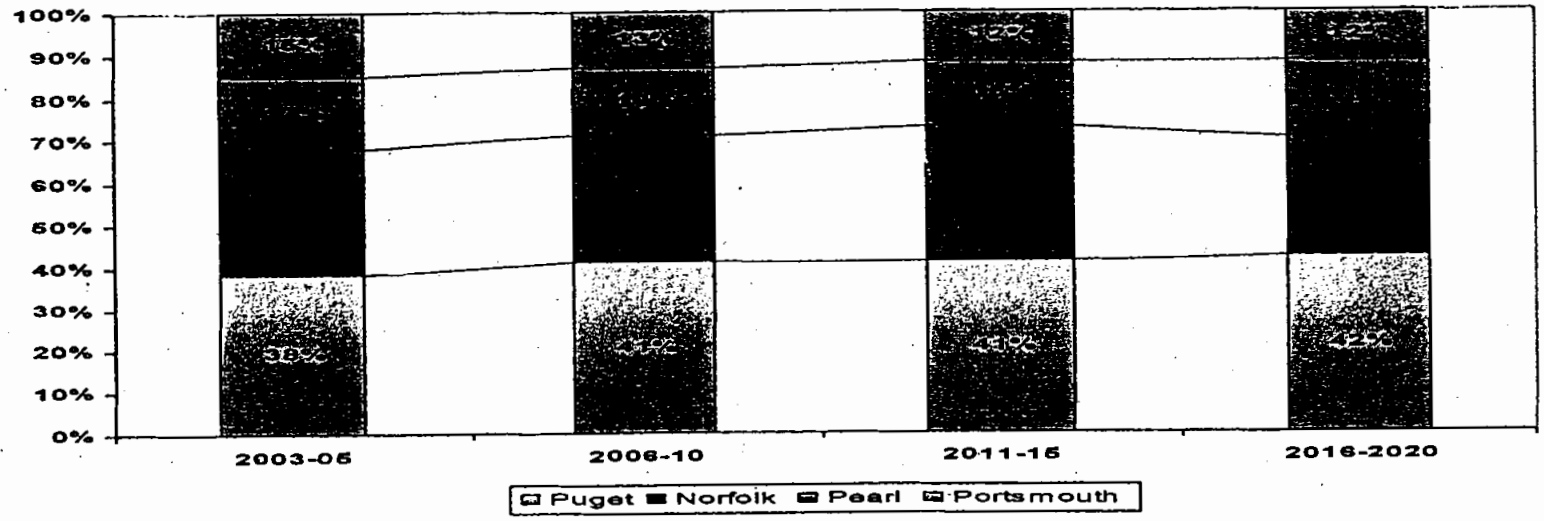
ME-NH Delegation plan



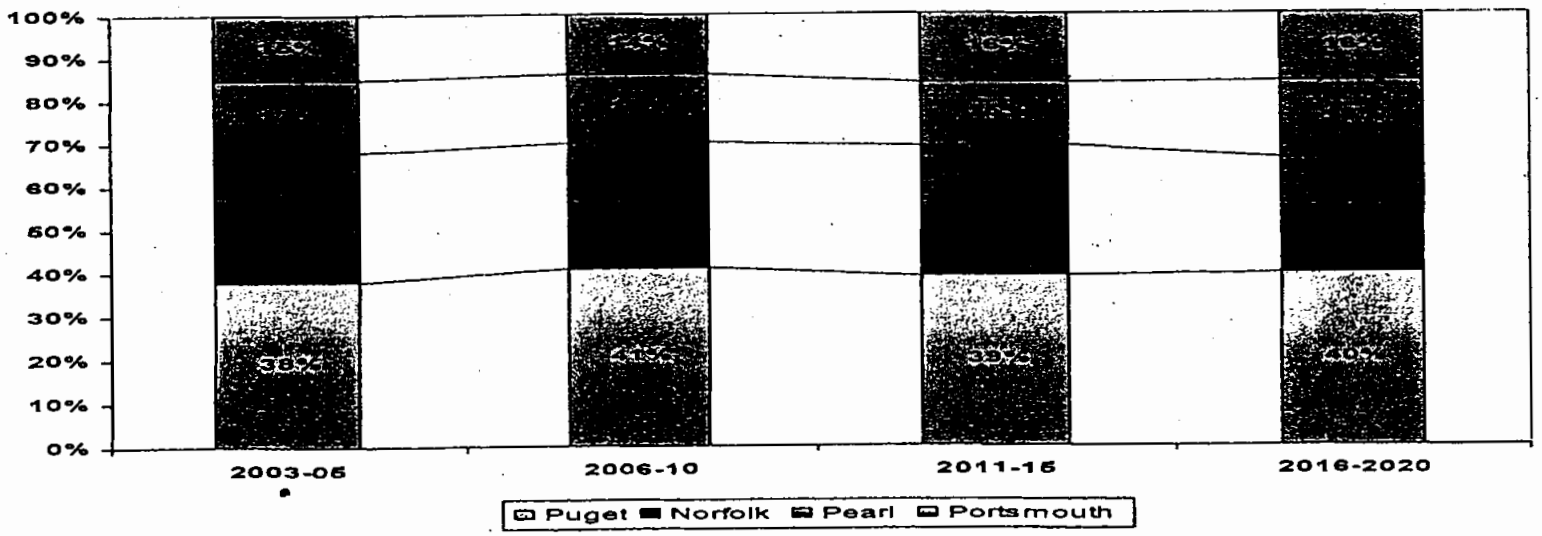
ME-NH Congressional Delegation

Public yard workload share, in multi-year blocks

Navy plan



ME-NH Delegation plan



ME-NH Congressional Delegation

Congress of the United States

Washington, DC 20510

November 5, 2004

The Honorable Gordon England
Secretary of the Navy
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Mr. Secretary:

According to your SECNAV Notice 11000 of March 9, 2004, you will be issuing a COBRA scenario data call in mid-November in order to develop BRAC feasibility options along with cost and impact analyses for those options. As with the capacity and military value data calls conducted earlier, we seek to ensure that this data call is conducted in a fair and balanced manner.

The March 23, 2004 report issued by the Secretary of Defense certifying the need for an additional round of base closures in 2005 found there is no excess shipyard capacity when comparing the FY2009 infrastructure capacity metric and the amount of infrastructure necessary to support the FY 2009 requirement based on infrastructure usage in FY1989. Therefore, we believe that given the "impossible to reconstitute" nature of our naval nuclear shipyards, the Navy should forgo a COBRA scenario data call with respect to shipyards.

If, however, the Navy believes it must conduct such a data call in order to exercise due diligence, we believe it would be unfair to conduct a data call that did not encompass every nuclear naval shipyard. Clearly, if the data are not collected for every yard at this time, it will not be available for consideration by the Commission later – in other words, our experience is that only those facilities subject to the COBRA scenario data call are subject to closure. Therefore, to single out any shipyard or combination of shipyards without evaluating all of them in a like manner would conflict with your memo of November 25, 2002 which states the Navy "must ensure that every Navy and Marine Corps installation is treated equally and fairly."

Thank you for your attention to this correspondence. We look forward to your reply.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

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JOHN F. TIERNEY
United States Representative

CHARLES BASS
United States Representative

MICHAEL H. MICHAUD
United States Representative

Congress of the United States
Washington, DC 20515

October 8, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As Members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you our views on how the Portsmouth Naval Shipyard compares to the Base Realignment and Closure criteria.

The attached paper presents key points of shipyard performance, mission capabilities, and future transformational role of the Portsmouth Naval Shipyard. We hope you will find it of use as the Department proceeds with the Base Closure and Realignment process.

Thank you in advance for your consideration of our presentation.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA SNOWE
United States Senator

JOHN E. SUNUNU
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SUSAN M. COLLINS
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United States Representative

JOHN F. TIERNEY
United States Representative

cc: The Honorable Paul Wolfowitz, Deputy Secretary of Defense, Chair Infrastructure Executive Council
The Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology and Logistics (Acting), Chair Infrastructure Steering Group
The Honorable Gordon R. England, Secretary of the Navy
Admiral Vern Clark, Chief of Naval Operations
The Honorable Wayne Arny, Assistant Secretary of the Navy for Installations and Environment, Chair Infrastructure and Evaluation Group
The Honorable Anne R. Davis, Deputy Assistant Secretary of the Navy for Infrastructure Strategy and Analysis

Enclosure

How does Portsmouth Naval Shipyard measure up against the 2005 BRAC Criteria?

BRAC Criteria #1. *The current and future mission capabilities and the impact on operational readiness of the Department of Defense's total force, including the impact on joint war fighting, training, and readiness.*

- Portsmouth Naval Shipyard is the Navy's lead shipyard for submarine maintenance and repair, holding multiple records for low cost and ahead of schedule performance on Engineered Refueling Overhauls (~ $230 to $250 million) and Depot Modernization Period Overhauls (~ $130 to$150 million) while maintaining the highest levels of product and service quality. Result is least cost to Navy and submarines consistently returned to Fleet promptly in support of future missions.
    - Best ERO schedule performance in Navy with four (4) consecutive EROs completing early and the current Navy record for the shortest duration ERO.
    - Best ERO cost performance in Navy and the current Navy record for the least expensive ERO.
    - Best DMP schedule performance in Navy with three (3) consecutive depot modernization period overhauls completing early and the current Navy record for the shortest duration DMP.
    - Best DMP cost performance in Navy and the current Navy record for least expensive DMP.

- Portsmouth NSY is the only naval shipyard with a full spectrum of nuclear and diesel submarine maintenance experience, including reactor servicing, overhaul, modernization, testing, and other emergent repair.
    - Seventy six (76) major overhauls of nuclear powered fast attack and ballistic missile submarines completed in the last fifty (50) years. This total is twenty-two (22) more major overhauls completed to date than any other public or private shipyard.
    - Lead shipyard for attack submarine maintenance and modernization including preparation of SHAPEC overhaul planning and execution software for all naval shipyards (private shipyards are now requesting SHAPEC support for their upcoming submarine maintenance availabilities).
    - Co-location of Navy's submarine life cycle maintenance planning activity within the shipyard property enhances the "flow" of engineering resources through all facets of submarine planning and execution such that both activities (and in turn Navy) benefit.
    - Continuous exporting of process improvements and lessons learned, use of on-site manager/engineering/tradesman support and mentoring of public and private shipyards during the planning and execution stages of their submarine overhauls.
    - Corporate engineering knowledge from the construction of one hundred twenty-six (126) diesel powered submarines and ten (10) nuclear powered submarines utilized with current overhaul experience to assist Navy with technical and maintainability reviews of new submarine designs.
    - Extensive experience with design, planning and execution of new ship alterations.

- Extensive experience with planning and execution of unique major maintenance tasks on nuclear attack submarines and special mission submarines.
- Frequent use of Portsmouth technical experts to solve Fleet wide problems.
- Plans and executes life cycle maintenance and system upgrades on deep-diving special mission submarines including NAVAL RESEARCH-1 and USS DOLPHIN (AGSS 555).
- Plans and executes life cycle maintenance and system upgrades on Special Forces Seal Team delivery vehicles and support equipment including Advanced Seal Delivery Systems (ASDS) programs.
- Lead shipyard for equipment supporting submarine rescue, including design and certification of Navy's newest submarine rescue system (SRDRS).
- Preparation for maintenance of USS VIRGINIA class nuclear attack submarines at Portsmouth NSY is underway.

▪ Portsmouth NSY piers, dry-docks, nuclear licenses, special permits, and critical trade skills are impossible to reconstitute.

- Portsmouth NSY is one of only two nuclear certified public shipyards on the east coast of the United States.
- Dry-dock facilities are capable of docking all Navy submarines and deep diving submersibles.
- Numerous DOD, DHS, federal, regional, state and local licenses, permits, agreements, etc. currently held by Portsmouth NSY took years/decades of negotiations to develop.
- Although detailed technical procedures and comprehensive workforce training are mandatory for performance of work on submarines, the knowledge of expert journeymen and engineers has been passed through generations of Portsmouth workers for over two centuries (It is common for generations of same family to work at Portsmouth).

▪ Although the primary mission at Portsmouth Naval Shipyard is continued support of submarine maintenance and modernization, regional synergy between the Naval Undersea Warfare Center in Newport, RI., Electric Boat Company in Groton, CT., the Naval Submarine Base in New London, CT and Portsmouth Naval Shipyard presents opportunities for rapid technology insertion and integration of overhaul lessons learned into new construction design and life-cycle submarine support.

- Portsmouth has provided decades of scheduled and emergent Fleet maintenance support for submarines in New London by shuttling resources between the two locations.
- Electric Boat and Portsmouth human resource partnering supports Navy's One Shipyard Concept of maximizing the use of all shipyard workers available in the nuclear shipyard community.

▪ Portsmouth NSY supports other services maintenance work (quantity based on workforce availability) within the Northeast region.

- Surface ship maintenance (much less complex than nuclear submarine maintenance) is easily accommodated based on workforce availability

- Highly skilled workforce with modern equipment and fully outfitted back shops.
- In-house multidisciplinary engineering and quality assurance capability.
- Deep-water access and ship berthing and drydocking capability.
- Portsmouth provides a geographically dispersed (furthest north and east public shipyard) comprehensive joint service support capability directly on the Atlantic Ocean, in case of natural disaster or terrorist act at other Navy Fleet support activities.

▪ Portsmouth Naval Shipyard is currently providing joint services mission support (Department of Defense, Special Operations Command, Department of the Navy, and the Department of Homeland Security).

- Three (3) US Coast Guard ships are now home-ported at Portsmouth Naval Shipyard including USCG Reliance, USCG Tahoma and USCG Campbell with capacity to add more cutters.
- Portsmouth Naval Shipyard provides pier and utility support, office space, maintenance facilities, tooling, rigging, Morale Welfare and Recreational support, and on and off base housing to the US Coast Guard.
- Portsmouth NSY is a primary North Atlantic receiving and staging area for the Navy's Deep Submergence Rescue Vehicle in the event of an incident in the North Atlantic area.
- Portsmouth NSY provides direct mission support to the Special Operations Command including design and installation of mission specific equipment and on site maintenance of Special Forces delivery vehicles and support equipment.

BRAC Criteria #2. *The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.*

▪ Portsmouth NSY has the space and the assets to accommodate increased missions and personnel.

- The shipyard encompasses 297 acres, 179 buildings containing over 3 million square feet of space including 49 ship repair/overhaul buildings, 6,224 lineal feet of ship berthing, and three drydocks capable of docking all Navy submarines.
- With one end of the island out of the industrial area, there is available undeveloped land with direct access to the Piscataqua River

▪ Portsmouth NSY is situated on a very secure island with two guarded access bridges. Water approaches would be difficult for unauthorized entry by small craft or divers due to river currents and continuous security surveillance. Location is ideal for any sensitive DOD or DHS program due to the inherent characteristics of the island facility as currently configured for security of nuclear submarines.

▪ Condition of land and facilities is very good, with considerable funds invested during the last five years on facility improvements.

- Over $200 million invested in facilities improvements, modernization, and updates over the last 20 to 25 years.
- Portsmouth NSY facilities have been modernized to support the latest technologies and the most efficient depot maintenance operations required to overhaul nuclear and special mission submarines.
- Total plant value for real property is over $1 billion with plant equipment valued at over $500 million.
- Three dry docks with built-in services, multiple large capacity portal cranes and environmental enclosures allow docking and full enclosure of all Navy submarines undergoing overhaul including climate control surrounding the vessel, regardless of the weather adjacent to the drydock.
- Fully capable outfitting berths with built-in services and multiple large capacity portal cranes

▪ Portsmouth NSY has space and facilities to leverage regional and local expertise in support of Department of Defense and Department of Homeland Security needs.

- Emergency Command and Control Center.
- The only naval shipyard with unobstructed access to open ocean and positioned for DOD and DHS training exercises and emergency response.
- Portsmouth NSY provides a convenient staging area for mobilization with ready access to Pease Airport (large, modern runway capable of landing largest DOD transport aircraft) as well as railway service with a spur directly into the shipyard and major interstate highway within two minutes drive from the two security gates.
- Weapons firing range is located on the island and is currently used by Navy and shipyard security personnel.

▪ Location as the northern and eastern-most public shipyard directly supports dual use of the shipyard property for numerous training scenarios involving changing environments (climates, terrain, undersea, etc.) for joint or single-service training exercises. Portsmouth NSY personnel have participated in Navy special operations training and submarine rescue operations training.

▪ The shipyard has extensive in-house engineering, production shop and quality control capability, which is capable of supporting a wide range of mission support repairs on ships, aircraft, vehicles, and weapons systems.

▪ Current chemical and radiological capabilities supporting its core workload can serve as the foundation for expanded emergency response missions supporting homeland security.

- Regional incidence response force available for chemical and radiological events.
- Trained responders with knowledge, experience, and equipment.
- Portsmouth NSY provides hazardous materials response for all of York County, Maine.
- Natural disaster emergency response capabilities are available should the need arise within the Northeast region.

- The HAZMAT team has responded to releases on the shipyard as well as spills throughout the local community (propane releases and suspected anthrax attacks).
- Portsmouth NSY is a critical member of the Piscataqua River Cooperative, a joint hazardous substance response team comprised of coastal corporations, state and local agencies. The team is specially trained and experienced in handling spills or releases in difficult conditions such as swift water current. Recently deployed to Bayonne, NJ where an underwater pipeline burst during the offload of an oil tanker.

BRAC Criteria #3. *The ability to accommodate contingency, mobilization, and future total force requirements at both existing and potential receiving locations to support operations and training.*

- Portsmouth NSY has a demonstrated history of supporting fluctuations in resources to support new Navy requirements.
  - The shipyard footprint has supported as many as 25,000 employees (World War Two era) and as few as 3,300 employees (with sudden cancellation of several EROs in the last decade). Current shipyard workforce of just over 4,300 employees has achieved sustained excellent submarine overhaul performance.

- Portsmouth NSY's fiscal year 2004 workload is over 650,000 mandays and is projected to remain at about that level through fiscal years 2005 and 2006. Workload levels beyond 2006 are determined by Navy distribution of available overhaul work.
  - Portsmouth NSY currently performs approximately 15% (just under 100,000 mandays) of total annual workload (primarily submarine maintenance and /or modernization work typically in homeport areas) per year. This percentage has varied with workload quantity and type, from 3% to 30% in the recent past.
  - Portsmouth workload also reflects loaning/borrowing of engineers and tradesmen between shipyards to dampen the effect of short term work overload periods.

- This shipyard has demonstrated the ability to change to meet a changing environment. Continuous review of technical requirements, work practices, equipment, personnel policies and available technology to achieve the highest quality product for a fair price has been a cultural trademark of the shipyard.
  - Examples include: LEAN best business practices implementation and home-porting of Coast Guard cutters.

- Four seasons of weather changes (but typically not affected by destructive storms like hurricanes or tornadoes), close proximity to (and unrestricted access) to open ocean, a large runway, rail service and a major highway, controlled waterfront landing areas on shipyard property and northern wilderness in the immediate area are conducive to a wide range of training evolutions for all services.

- Housing units and quarters typically used by Military personnel can also support Force mobilization.

- Modern privately owned military housing units are in close proximity to the shipyard.
- New and recently upgraded barracks are in use by Army, Navy, Marines, Air Force, Coast Guard and National Guard personnel. Additional berthing of ship's force has (in the past) been provided by temporarily relocating large capacity Navy berthing barges to the Portsmouth area at pier space adjacent to submarines in overhaul.
- Refurbishment of a currently underutilized (former prison) building complex would provide very large increase in available on yard housing and office space.
- Many high quality hotels available in the Seacoast area.

▪ Large supply buildings are located at various locations around the property, which could support mobilization. These buildings typically provide storage of submarine components/parts or support materials but in a major mobilization situation, materials could be moved to optimize on site storage.

BRAC Criteria #4. *The cost of operations and the manpower implications.*

▪ Portsmouth NSY is the least costly naval shipyard to operate.
  - Portsmouth has executed under its Navy mandated financial goals for seven consecutive years while still setting performance records on work assigned by Navy.
  - Current year savings returned to Navy Working Capital Fund helping to compensate the Fund for losses at other locations.
  - Portsmouth outyear manday rates reduced for all Navy customers based on exceeding financial yearly goals.
  - Portsmouth has worked with the Fleet to fix price overhaul work at Navy (notional) goals.

▪ Excellent management and worker relations.
  - Union teaming with shipyard management is model for all pubic and private shipyards. Cooperation between management, unions and workforce allows for rapid implementation of processes that improve efficiency, improve quality, reduce costs, and/or complete work on or ahead of schedule (expanded use of LEAN business practices through the shipyard and One Nuclear Shipyard workforce sharing initiative have proved most successful examples of this cooperation).
  - Unlike private shipyards who must ask for tradesman volunteers to work off-site, naval shipyard unions support Navy's need to rapidly forward-deploy shipyard workers on short notice as necessary to support the Fleet. While Portsmouth's workforce has demonstrated for decades, the willingness to work off-site (e.g. Connecticut, Virginia, Georgia, Florida, California, Washington, Hawaii, Guam, Europe) for many months at a time to support mission, few move away permanently due to the strong bond to the quality of life in the region.
  - The highly trained and motivated workforce consistently improves on the Navy's performance records and exports lessons-learned to other shipyards.

- Low cost, on schedule work, modern business practices, and high efficiency have been significant factors in the shipyard's mission accomplishments. Consecutive submarine overhauls (EROs, DMPs) have been completed on time or ahead of schedule saving the Fleet funding and returning submarines to mission ready status ahead of schedule.
    - Current cost and schedule performance record holder for LOS ANGELES class submarine overhauls.
    - Skilled workforce is often exported to assist other shipyards in the performance of their submarine repair and overhaul work.
    - Overhead costs closely controlled resulting in no increases for four straight years.
    - Portsmouth success achieved while replacing over one half of our tradesmen in a five (5) year timeframe (retirements, promotions, etc.) during a peak workload period for all naval shipyards. As a result, Portsmouth current (younger) workforce is acquiring significant experience that will pay off on future submarine overhauls.

- Portsmouth NSY has the lowest compensation lost workday rate and the lowest compensation costs of the four public shipyards, resulting from its low injury rates, aggressive limited duty programs, and strong case management.

BRAC Criteria #5. *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.*

- Portsmouth NSY is the least costly naval shipyard to operate and is delivering submarine overhauls ahead of schedule and for less cost than any other shipyard (public or private). Would a weighted calculation of potential closure savings based primarily on operating costs also consider the serious financial and operational effects on the Fleet due to the loss of their strongest submarine maintenance provider? What is the value of consistently returning submarines to service early ? What is the collective value of returning several submarines to service early? How do you calculate the value of a strike-free naval shipyard workforce immediately responding to Fleet emergencies any where in the world without concern for contract negotiations? How do you measure loss of the only naval shipyard workforce that understands all aspects of submarine new construction in addition to all aspects of submarine maintenance and modernization? Would basic calculations consider the cumulative effect of closure on the entire region?

BRAC Criteria #6. *The economic impact on existing communities in the vicinity of military installations.*

- Portsmouth NSY, base personnel, tenant commands and submarines crews have a significant economic impact on the region and over 38 communities.
    - $283 million in annual civilian pay roll, $16 million in Navy payroll, $34 million in local purchases, and $30 million in contracted services. (Coast Guard payroll/services not included)

- About 4,600 civilian jobs employing personnel primarily from Maine, New Hampshire, and Massachusetts.
- Declining Portsmouth NSY employment in the mid-1990's had a significant negative impact on the area. There is no major metropolitan area in the immediate vicinity to absorb potential job losses. In fact, the lack of manufacturing jobs in the region remains a serious concern today as in the last decade where long distance relocations were common for laid off tradesmen and engineers to obtain government employment at the same pay levels.
- Collective effect of loss of donations to charities and non-profit organizations in the region would be severe considering the small population base of local communities.

▪ Portsmouth NSY restores/maintains a large quantity of historically significant buildings in support of its missions.

BRAC Criteria #7. *The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel.*

▪ Portsmouth NSY has the space and the assets to accommodate increased missions and personnel.

- The shipyard encompasses 297 acres, 179 buildings containing over 3 million square feet of space including 49 ship repair/overhaul buildings, 6,224 lineal feet of ship berthing, and three drydocks capable of docking all Navy submarines.
- With one end of the island out of the industrial area, there is available undeveloped land with direct access to the Piscataqua River.

▪ The base and surrounding communities are well poised to support increases in support forces, missions, and personnel.

- Over $76 million spent on MILCON since 2001 to improve on yard facilities, housing, security, and environmental capabilities.
- Two hundred military family housing units were constructed in the 1980's to provide for the living needs of submarines crews at Portsmouth Naval Shipyard.
- A commissary/base exchange was completed in the mid 1990's.
- A new Child Development Center was completed in 1993.
- New Bachelor Enlisted Quarters completed in 2003.
- Private homes, schools, churches and exist in large numbers and high quality in the surrounding areas of the base.
- Many high quality hotels available in the Seacoast area
- Seacoast and wilderness areas located nearby are considered prime vacation opportunities.
- MWR on base provides a large variety of recreational opportunities for all ages.

▪ The demonstrated ability of the shipyard and local community to support the recent home-porting of U.S. Coast Guard cutters occurred without any stress on community infrastructure.

31

- The high quality of life in the rural, low crime region is not expected to be detrimentally affected by any increased activity at Portsmouth NSY.

BRAC Criteria #8. *The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.*

- Portsmouth NSY highest priority environmental concern, the remediation of the Jamaica Island Landfill was completed in 2004.

- Portsmouth NSY maintains an Oil Spill Response Unit that supports regional spills, regardless of their source.

- Portsmouth NSY provides hazardous material response for all of York County, Maine.

- The Hazardous Waste Transfer Station at Portsmouth NSY is a Part B commercially permitted facility capable of receiving and disposing of waste generated from and agency in the region. Portsmouth NSY manages disposal of hazardous waste from Brunswick Naval Air Station, the United States Coast Guard, the Air National Guard at Pease Tradeport, and the New Hampshire National Guard at considerable savings to these government activities.

- Environmental Protection Agency permits are extremely difficult to achieve. Portsmouth NSY environmental record and cooperation with the EPA enables the permitting process to proceed with few obstacles or disruptions.

Congress of the United States
Washington, DC 20515

October 1, 2004

Admiral Vern Clark
Chief of Naval Operations
1000 Navy Pentagon
Washington, D.C. 20350-1000

Dear Admiral Clark:

It has come to our attention that the Navy is considering the award of two nuclear submarine Depot Modernization Periods (DMP) to the private sector. This action is a significant departure from the Navy's past practice of assigning submarine overhauls to naval shipyards, construction of new submarines to private nuclear capable shipyards, and smaller availabilities to both. The explanation for the departure from historical trends was that sufficient capacity was not available within the naval shipyard community to accomplish all submarine overhauls in the 2004 to 2006 timeframe. With the recent cancellation of two engineered refueling overhauls, it appears that sufficient capacity to perform all submarine overhaul work in naval shipyards is now available. As you know, the workload situation at the Portsmouth Naval Shipyard is a major concern of ours, and we are troubled about the impact this new policy of sending larger availabilities to the private sector will have on the Portsmouth Naval Shipyard and the public shipyard community.

We request that you strongly consider reassigning the USS HARTFORD SSN 768 DMP to the Portsmouth Naval Shipyard where we firmly believe that this overhaul would be performed more rapidly and at a substantial cost savings. At the present time, several smaller submarine availabilities are assigned to Portsmouth Naval Shipyard at the scheduled time for the SSN 768 DMP. Some of this work could be reassigned to the private sector in lieu of the overhaul.

In addition to the cost and time savings that would likely be achieved by moving the DMP to Portsmouth, an historically strong performer, it would eliminate the need for hundreds of Portsmouth employees to travel from home for several months at a time over the course of a DMP performed at a private yard. Although Portsmouth Naval Shipyard employees accept travel to repair submarines and ships as a necessary aspect of their employment, it certainly appears that a win-win situation would be achieved by assigning the SSN 768 DMP to the naval shipyard

with the most experience and success in this product line and the smaller depot availabilities to the private sector which currently performs much of this type of work.

Thank you for your attention to this matter. We look forward to hearing from you and ask that you address our concerns before announcing any award to the private sector.

Sincerely,

Judd Gregg
United States Senator

Olympia J. Snowe
United States Senator

John E. Sununu
United States Senator

Susan M. Collins
United States Senator

Jeb Bradley
Member of Congress

Thomas H. Allen
Member of Congress

Congress of the United States

Washington, DC 20510

September 13, 2004

Mr. Wayne Arney
Assistant Secretary of the Navy (Installations and Environment)
Room 4E523
1000 Navy Pentagon
Washington, DC 20350

Dear Mr. Arney:

We are writing to provide input as you initiate your efforts to evaluate the nation's shipyards as part of the Base Realignment and Closure process. We have reviewed the 149-element evaluation matrix that was used to evaluate the shipyards in 1995 and have some concerns that we would like to bring to your attention.

In the past, naval shipyards have been evaluated based on the work they have performed, instead of their capabilities. A Naval shipyard should not be penalized in the BRAC evaluation process because it has been assigned a restricted mission that does not utilize the full range of the shipyard's capability.

Additionally, some criteria used in 1995 were expressed in absolute terms when a percentage comparison would result in a fairer evaluation of the shipyard's capabilities. Examples of this type of bias can be seen in the number of apprentices trained at the shipyard and the amount of capital improvement expenditures.

Another limitation with the 1995 evaluation criteria is that they do not adequately address the value and quality of the work performed. The criterion includes hourly direct labor costs and fully burdened rates, but do not address the ability of the shipyard to deliver the work in accordance within budget and schedule constraints. The criteria also do not address the quality of the work performed.

While we understand that the 2005 BRAC evaluation criteria will not be the same as previous BRAC rounds, we urge you to consider and address the limitations of the previous criteria as you proceed with the evaluation of the 2005 BRAC round.

Sincerely,

JUDD GREGG
United States Senator

OLYMPIA J. SNOWE
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

CHARLES BASS
United States Representative

Congress of the United States

Washington, DC 20515

June 28, 2004

The Honorable Hansford T. Johnson
Assistant Secretary of the Navy for Installations and Environment
Room 4E523
1000 Navy Pentagon
Washington, DC, 20350

Dear Secretary Johnson:

As Members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you and the members of the Navy's Infrastructure Evaluation Group our views on the importance and value of the Shipyard to our national security.

The attached paper presents key points about the accomplishments, productivity and transformational role of the Portsmouth Naval Shipyard. We hope you will find it of use as the Navy proceeds with the Base Closure and Realignment process.

Thank you in advance for your consideration of our presentation.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

EDWARD M. KENNEDY
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

CHARLES F. BASS
United States Representative

PRINTED ON RECYCLED PAPER

cc: Ms. Anne R. Davis, Deputy Assistant Secretary of the Navy for Infrastructure Strategy and Analysis, Vice Chair
Vice Admiral Charles W. Moore, Jr., Deputy Chief of Naval Operations for Fleet Readiness and Logistics
Vice Admiral Albert H. Konetzni, Jr., Deputy and Chief of Staff, U.S. Atlantic Fleet
Lt. Gen. Richard L. Kelly, Deputy Commandant for Installations and Logistics
Lt. Gen. Michael A. Hough, Deputy Commandant for Aviation
Mr. Michael F. McGrath, Deputy Assistant Secretary of the Navy for Research Development Test and Evaluation
Mr. Robert T. Cali, Assistant General Counsel for M&RA

March 2004

The Case for the Portsmouth Naval Shipyard

The Portsmouth Naval Shipyard (PNS) is integral to transforming the Department of Defense for reasons of National and Homeland Security and is demonstrating its abilities in significant areas:

- America's Submarine Maintenance Expert
- Nuclear Certified and Strategic Location
- Top Submarine Overhaul Performer
- Demonstrated Ability to Transform
- Leadership in Private/Public Partnership
- Forward Focused on National Defense Priorities

* * * * *

PNS is America's submarine maintenance expert.

PNS is the only Naval Shipyard with a full spectrum of nuclear and diesel submarine maintenance experience, including reactor servicing, overhaul, modernization, testing and emergent repair. Its workforce is highly skilled with unique talents that cannot be replicated elsewhere.

In the last half century, PNS has completed 74 major overhauls on nuclear powered fast attack and ballistic missile submarines. This is significantly more overhauls than any other shipyard completed (public or private). Today, PNS is the most experienced in performing nuclear powered fast attack submarine maintenance. In addition to conducting record setting overhauls on-yard, PNS supports worldwide submarine maintenance and modernization work, including emergent repair work at forward deployed sites.

PNS is the lead shipyard for Los Angeles Class submarine maintenance in our Navy's "One Shipyard" transformational initiative, having the responsibility for overhaul planning, performance analysis (metrics), as well as business, management, and industrial work processes. The Los Angeles Class currently represents 94% of our nation's nuclear powered fast attack submarine force (65% of our nation's total submarine force). PNS is exporting its process improvements and lessons learned, and mentors public and private shipyards during the planning and execution of their submarine overhauls.

PNS is the Navy's expert in special mission submersibles. In addition to performing submersible overhauls, it also directs life cycle maintenance and system upgrades on the Navy's deep diving

special mission submarines including NAVAL RESEARCH-1 and USS DOLPHIN (AGSS 555). It is also involved in planning, engineering and maintenance work associated with Advance Seal Delivery System vehicles, and installs the latest submarine rescue systems in submarines.

PNS is nuclear certified, located in a strategic location, and provides a high quality of life for military members and civilian employees.

PNS is one of only two nuclear certified public shipyards on the east coast of the U.S., making it an irreplaceable asset. PNS is situated on the North Atlantic, further north and east than any other Navy owned ship and submarine repair facility. As such, it is an ideal facility strategically for Navy warfighter platform support and joint-use missions with DHS. Without impacting its vital Navy mission, PNS is providing homeporting services for the U.S. Coast Guard and is collaborating with them to provide additional protection for the Base, Port of Portsmouth, and the surrounding communities. PNS is also the geographic center of the northeast region such that the facility can provide rapid emergency response support to communities across the region.

The benefits of living in central New England are well known by those who live or vacation in the region. Navy and Coast Guard families have been particularly pleased with our climate, our proximity to major metropolitan areas and their sporting and cultural outlets, our beaches and mountains and their associated activities, and our quality schools, low crime rate, and small town way of life. Located in one of the nations deep-water seaports with easy and unobstructed accessibility to open ocean, PNS is centrally positioned between Boston, MA, Manchester, NH, and Portland, ME, and their associated transportation services.

PNS is the top submarine overhaul performer (public or private).

PNS holds the current cost and schedule performance records for Los Angeles Class submarine overhauls, including:

- Engineered Refueling Overhaul – USS ALBUQUERQUE (SSN 706) in 2003 – delivered 1-month earlier than any other Shipyard, with a cost savings of $16M.
- Depot Modernization Period – USS ALEXANDRIA (SSN 757) in 2002 – delivered just under 6 weeks earlier than any other Shipyard and on budget.

The current performance reflects a 15-year trend of nuclear powered submarine overhaul successes (cost and schedule), while maintaining the highest level of quality workmanship. In fact, PNS has completed each of its last three Engineered Refueling Overhauls in less mandays and time than the previous <u>and</u> completed each of its last three Depot Modernization Period overhauls in less mandays and time than the previous. This allowed PNS to return several million dollars to the Fleet in successive years and return submarines to service more quickly during a period when the nation was fighting the War on Terrorism world-wide.

The trend of performance improvement continues on the USS NORFOLK (SSN 714), USS ANNAPOLIS (SSN 760) and USS PROVIDENCE (SSN 719), all of which are currently undergoing major overhauls at PNS.

PNS has demonstrated its ability to transform over 200 years.

Transformation is occurring in the area of people, facilities, processes, and joint service support.

The culture of the workforce is reflected in the Shipyard motto *"From Sails to Atoms"* describing a innovative and highly skilled workforce, which has demonstrated it's ability to efficiently realign itself to new missions for over two hundred years. As part of the Nation's core shipbuilding capability, the Shipyard maintains a wealth of highly trained artisans in the critical trades necessary to accomplish Naval Nuclear Propulsion work on submarines. In many cases, these people are the descendents of local seacoast families that worked at PNS during construction of 126 diesel and 10 nuclear powered submarines at the Shipyard during the last decade. They are now setting records for performance of major submarine overhauls in this decade. The PNS workforce is transforming beyond traditional roles for engineers, mechanics, and inspectors to a multi-skilled, rapidly deployable, customer oriented workforce.

PNS continues to re-engineer its facilities into highly efficient workspaces, designed for optimum work-flow. Its facilities management program uses the Military Construction process effectively and where under-utilized facilities exist, it seeks new missions and product lines to fully utilize each building. Where this is not feasible, options such as outleasing or demolition are immediately considered to reduce cost to the Navy.

Streamlining operations to eliminate waste is the goal of transforming the business and its technical processes. Sharing and adopting best business and industrial practices between federal facilities and private enterprises and identifying emerging technologies, has generated industrial solutions to cumbersome work practices.

Mission transformation to joint-use is underway. Teamed through the Navy and the Department of Homeland Security, PNS has embraced homeporting three U.S. Coast Guard Cutters at the Shipyard. Joint use presents a wide range of opportunities for DON, DOD and DHS to cost effectively utilize PNS to serve as a homeland protecter as well as a warfighter supporter. In its pivotal role in Navy regional maintenance, PNS also serves as a foundation for additional consolidation in the Northeast region. PNS is strengthening existing ties with local and state agencies in support of mutual assistance. Currently, PNS has mutual aid agreements with 38 surrounding communities and provides assistance as necessary to the emergency management agencies in Maine and New Hampshire.

The result of these transformation initiatives is improved execution performance and reduced overhead costs. For five consecutive years, the Shipyard has achieved its financial objectives

while returning millions of dollars in savings to the Fleet.

PNS is expanding its leadership role in the public and private sector.

Under the Navy's "One Shipyard" transformational initiative, PNS is the lead for all Los Angeles Class nuclear submarine maintenance including work practices, business processes, and management techniques. Under this charter our management and workforce are collectively involved with mentoring all shipyards, public and private, in the planning and execution of their assigned overhauls.

Principally with General Dynamics Electric Boat Corporation and Northrup Grumman Newport News, PNS has provided resources and expertise in planning for and performing submarine ship alteration installations and depot level maintenance at homeport locations. PNS is exporting its expertise through sharing lessons learned, providing consultation services, best business practices, and industrial process improvements. Through its technology transfer office, PNS is partnered with academic institutions (e.g., University of Virginia and Penn State), Defense contractors and small businesses, focusing on the development and rapid insertion of new technologies, to improve maintenance performance and submarine operations.

PNS is forward focused on National Defense Priorities – especially naval operational and maintenance needs, as the Navy transforms for the 21st century.

Military roles and weapons platforms are evolving with the improvement of technology and the changing of national defense and homeland security needs. Navy's newest class of nuclear submarines (Virginia Class), currently under construction, is an example of a warfighter platform design adapting to future missions. Planning for life cycle maintenance of this class is well under way at PNS and SUBMEPP (collocated nuclear submarine planning activity). PNS management is carrying forward its successful approach to transformation by fostering an environment that embraces the change that comes with advancing technology and new missions. The Shipyard is committed to providing the Nation with the operational and maintenance support it requires, delivering the best value in industrial and engineering support for joint-service applications and world-wide Navy support.

Congress of the United States
Washington, DC 20515

May 24, 2004

Gordon R. England
Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350-1000

Dear Secretary England:

We respectfully request a briefing on any past or ongoing studies conducted by the Navy that may provide recommendations to you and other top Defense officials on the size of the United States attack submarine force. We note that the Departments of the Navy and Defense have produced a number of major reports analyzing the appropriate size of the Navy fleet, including a Joint Chiefs of Staff Submarine Force Structure Study calling for 68 attack submarines by 2015 and 76 by 2025 to fulfill critical missions.

However, we recently learned through press reports that in addition to an ongoing OSD undersea warfare survey, the Chief of Naval Operations' office has completed yet another study concluding that the attack submarine force level should be cut from 55 to 37 ships. Apparently, such a reduction would permit the VIRGINIA-class submarine procurement rate to remain at 1 per year, while the Navy seeks untested or currently undefined methods to perform critical intelligence, surveillance, and reconnaissance missions.

We are concerned that tentative budgetary anxieties rather than capability requirements might be driving the assessments in the Chief of Naval Operations' report. We believe that attack submarines will long play an irreplaceable role in prosecuting the war on terrorism, conducting stealthy operations, both on the high seas and in the littorals.

It is our belief that any decisions to downsize the attack submarine fleet could have a devastating effect on the nation's military preparedness. We therefore appreciate your willingness to keep us abreast of any decisions about Navy force structure, and look forward to discussing pending submarine-related studies.

Sincerely,

CHRISTOPHER J. DODD
United States Senator

JOSEPH I. LIEBERMAN
United States Senator

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43

JACK REED
United States Senator

LINCOLN D. CHAFEE
United States Senator

OLYMPIA J. SNOWE
United States Senator

SUSAN M. COLLINS
United States Senator

JUDD GREGG
United States Senator

JOHN E. SUNUNU
United States Senator

EDWARD M. KENNEDY
United States Senator

JOHN F. KERRY
United States Senator

JOHN B. LARSON
United States Representative

ROB SIMMONS
United States Representative

ROSA L. DELAURO
United States Representative

CHRISTOPHER SHAYS
United States Representative

NANCY L. JOHNSON
United States Representative

PATRICK J. KENNEDY
United States Representative

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

JAMES R. LANGEVIN
United States Representative

May 17, 2004

The Honorable Gordon R. England
Secretary of the Navy
1000 Navy Pentagon
Washington, D.C. 20350-1000

Dear Mr. Secretary,

We examined with interest the Force Structure Review (Review) submitted by the Department of Defense to the Congress in accordance with subsection (a) of Section 2912 of the Defense Base Closure and Realignment Act of 1990 (PL 101-510). After completing our analysis of the document and associated appendices, we are left dissatisfied with the evaluation of capacity at Naval shipyards and the criteria used to define difficult-to-reconstitute assets. Please know we are also writing the Secretary of Defense on this same subject.

The Review noted no increase in excess capacity since 1989 at the nation's public shipyards. In fact, the data provided in the Force Structure Review shows that public shipyards have reduced their excess capacity by 16 percent since the 1989 baseline. Additionally, the number of employees at Naval shipyards has gone from 70,000 to 22,000 during the same period. Moreover, current employment levels reflect reductions taken from the naval shipyards that remained after completion of naval shipyard closures from the 1995 BRAC.

The Review also gives an incomplete and unspecific accounting of what assets would be classified as difficult-to-reconstitute. Although we note a constant emphasis on the need to protect difficult-to-reconstitute assets exists throughout the Review, no definitive criteria are presented for this asset category. The Review correctly mentions deep-water ports as such an asset, but fails to list assets unique to shipyards that are difficult, if not impossible to reconstitute. Piers and dry-docks, nuclear licenses and other special permits, critical trade skills, and strategic location are difficult or impossible-to-reconstitute assets that are not accounted for by the Review.

We respectfully request you provide us in writing the existing guidance and direction you and the Navy have given the various working groups at the Department of Defense and the Navy charged with evaluating facilities and work reassignments in order to make recommendations for the upcoming BRAC round. Additionally, we respectfully request you provide us in writing the information, methodology and data used to determine the level of excess capacity calculated at Naval shipyards and the criteria being used to categorize an asset as difficult-to-reconstitute.

We fully expect this guidance would result in Naval shipyards being categorized as difficult-to-reconstitute assets. We also fully expect the Department of Defense and Navy working groups would be tasked to ensure that Joint Cross Service workload reassignments were focused on maximizing the utilization of difficult-to-reconstitute assets and their retention to support future roles and missions.

Thank you for your continued service to our nation.

Sincerely,

John Baldacci
Governor of Maine

Craig Benson
Governor of New Hampshire

Judd Gregg
United States Senator

Olympia Snowe
United States Senator

Susan Collins
United States Senator

John Sununu
United States Senator

Thomas Allen
Member of Congress

Jo Bradley
Member of Congress

Michael Michaud
Member of Congress

Charles Bass
Member of Congress

May 17, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Mr. Secretary,

We examined with interest the Force Structure Review (Review) submitted by the Department of Defense to the Congress in accordance with subsection (a) of Section 2912 of the Defense Base Closure and Realignment Act of 1990 (PL 101-510). After completing our analysis of the document and associated appendices, we are left dissatisfied with the evaluation of capacity at Naval shipyards and the criteria used to define difficult-to-reconstitute assets. Please know we are also writing the Secretary of the Navy on this same subject.

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Thank you for your continued service to our nation.

Sincerely,

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Governor of Maine

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Olympia Snowe
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Susan Collins
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John Sununu
United States Senator

Thomas Allen
Member of Congress

Jeb Bradley
Member of Congress

Michael Michaud
Member of Congress

Charles Bass
Member of Congress

Cc: The Honorable Paul Wolfowitz, Assistant Secretary of Defense and Chairman, Infrastructure Executive Council

Mr. Michael Wynne, Acting Under Secretary of Defense for Acquisition, Technology, and Logistics and Chairman, Infrastructure Steering Group

Congress of the United States

Washington, DC 20510

May 12, 2004

The Honorable Gordon England
Secretary of the Navy
Defense Pentagon
Washington, DC 20350-1000

Dear Mr. Secretary:

We understand the necessity for the Department of Defense to use broad selection criteria in evaluating its bases for the Base Realignment and Closure process. Now that these selection criteria have been finalized, the Navy must develop more specific subcriteria to provide specific guidance for the evaluation of the nation's shipyards.

As you develop the subcriteria for Naval shipyards we believe they should address the following considerations:

- Critical Trade Skills. In numerous military construction and maintenance occupations, particularly those tied to naval nuclear propulsion, it can take six to eight years to develop requisite skills and competencies. Today in some of these critical occupations, the workforce is at or below critical mass and must be protected. While temporary assignments away from home are commonplace and an accepted aspect of mission support, permanent relocation efforts have never been successful. Indeed, targeted movement of critical trade skills must be carefully weighed considering that the workforce in these skills is often the most established and therefore the least willing to relocate. Additionally, in past analyses, military value was based on the skill sets available to perform the assigned mission rather than the capabilities these skill sets could perform if the scope of the mission was expanded. We maintain that installations with a workforce of critical trade skills have high military value based on the missions they are capable of supporting beyond those currently assigned or historically performed.

- Demonstrated Ability to Transform. Installations with a demonstrated ability to reorient themselves to new missions provide the nation with the greatest military value over time. This ability to adapt and embrace change is a function of the culture of the workforce. Installations with a culture predisposed to change and continually reinventing themselves to provide more effective and efficient operations have high military value.

- Irreplaceable Properties and Facilities. The nation has numerous irreplaceable defense assets. These include installations with piers, drydocks, airspace and ranges that once lost, cannot be recovered without considerable cost and effort. These installations with irreplaceable properties and facilities have high military value.

- Strategic Location. The Naval shipyards are geographically situated in four of our Nation's natural deep-water seaports. These locations provide for optimum effectiveness

and strategic purposes and provide the Navy with the greatest options for operational support. Additionally, evaluation of the value of a facility's strategic location must consider homeland security.

- Licenses and Permits. Consideration must be given to the difficulty of relocating missions and functions requiring stringent Federal licensing or permitting requirements. Among these are the non-transferable environmental permits and nuclear license held by Naval shipyards. The loss of such permits or licenses translates into the loss of capability and capacity, and may result in a significant vulnerability in national defense.

- Previous Capacity Reduction. Previous BRAC rounds have already reduced the number of shipyards by 50 percent. Additionally, according to the Department of Defense, Naval shipyards have reduced their excess capacity 13 percent as compared to 1989, which is the baseline year that the Department has chosen to evaluate excess capacity as a justification for BRAC.

- Cost and Schedule Performance. Shipyards which have a demonstrated record for meeting cost and schedule requirements provide a high military value to the Navy. A facility which consistently delivers on-schedule and on-cost provides the Navy additional resources that can be used to support the warfighters requirements.

We also request that you provide to our offices the detailed subcriteria and their weighting that the Navy will be using to evaluate the shipyards. This information will provide transparency into the process while still protecting the data and analysis used to evaluate the specific installations.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

THOMAS H. ALLEN
United States Representative

cc: Office of the Deputy Under Secretary of Defense (Installations & Environment)
ATTN: Mr. Peter Potochney
Director, Base Realignment and Closure
Room 3D814
The Pentagon
Washington, DC 20301-3300

Congress of the United States

Washington, DC 20515

April 21, 2004

THREE LETTERS WITH SAME ENCLOSURE, SEE UNDER.

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As Members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you our views on the importance and value of the Shipyard to our national security.

The attached paper presents key points about the accomplishments, productivity and transformational role of the Portsmouth Naval Shipyard. We hope you will find it of use as the Department proceeds with the Base Closure and Realignment process.

Thank you in advance for your consideration of our presentation.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
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United States Senator

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United States Senator

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JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

CHARLES F. BASS
United States Representative

Enclosure

PRINTED ON RECYCLED PAPER.

Congress of the United States

Washington, DC 20515

April 21, 2004

The Honorable Paul Wolfowitz
Deputy Secretary of Defense
1010 Defense Pentagon
Washington, DC 20301-1010

Dear Secretary Wolfowitz:

As Members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you and the members of the Infrastructure Executive Council our views on the importance and value of the Shipyard to our national security.

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JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

CHARLES F. BASS
United States Representative

PRINTED ON RECYCLED PAPER

cc: The Honorable Gordon R. England, Secretary of the Navy
The Honorable Les Brownlee, Secretary of the Army (Acting)
The Honorable James G. Roche, Secretary of the Air Force
Gen. Peter J. Schoomaker, Chief of Staff, Army
Gen. John P. Jumper, Chief of Staff, Air Force
Adm. Vern Clark, Chief of Naval Operations
Gen. Michael W. Hagee, Commandant, Marine Corps
Gen. Richard B. Myers, Chairman, Joint Chiefs of Staff
The Honorable Michael W. Wynne, Under Secretary of Defense for Acquisition, Technology and Logistics (Acting)

Enclosure

Congress of the United States

Washington, DC 20515

April 21, 2004

The Honorable Michael W. Wynne
Under Secretary of Defense for
Acquisition, Technology and Logistics (Acting)
3010 Defense Pentagon
Washington, DC 20301-3010

Dear Secretary Wynne:

As Members of the Joint New Hampshire-Maine-Massachusetts Delegation representing the Portsmouth Naval Shipyard, we would like to share with you and the members of the Infrastructure Steering Group our views on the importance and value of the Shipyard to our national security.

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JER BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

CHARLES F. BASS
United States Representative

PRINTED ON RECYCLED PAPER

cc: Gen. T. Michael Moseley, Vice Chief of Staff, Air Force
Gen. George W. Casey, Vice Chief of Staff, Army
Adm. Michael G. Mullen, Vice Chief of Naval Operations
Gen. Peter Pace, Vice Chairman, Joint Chiefs of Staff
The Honorable Raymond F. Dubois, Deputy Under Secretary of Defense for Installations and Environment
The Honorable Hansford T. Johnson, Assistant Secretary of the Navy for Installations and Environment

Enclosure

March 2004

The Case for the Portsmouth Naval Shipyard

The Portsmouth Naval Shipyard (PNS) is integral to transforming the Department of Defense for reasons of National and Homeland Security and is demonstrating its abilities in significant areas:

- America's Submarine Maintenance Expert
- Nuclear Certified and Strategic Location
- Top Submarine Overhaul Performer
- Demonstrated Ability to Transform
- Leadership in Private/Public Partnership
- Forward Focused on National Defense Priorities

* * * * *

PNS is America's submarine maintenance expert.

PNS is the only Naval Shipyard with a full spectrum of nuclear and diesel submarine maintenance experience, including reactor servicing, overhaul, modernization, testing and emergent repair. Its workforce is highly skilled with unique talents that cannot be replicated elsewhere.

In the last half century, PNS has completed 74 major overhauls on nuclear powered fast attack and ballistic missile submarines. This is significantly more overhauls than any other shipyard completed (public or private). Today, PNS is the most experienced in performing nuclear powered fast attack submarine maintenance. In addition to conducting record setting overhauls on-yard, PNS supports worldwide submarine maintenance and modernization work, including emergent repair work at forward deployed sites.

PNS is the lead shipyard for Los Angeles Class submarine maintenance in our Navy's "One Shipyard" transformational initiative, having the responsibility for overhaul planning, performance analysis (metrics), as well as business, management, and industrial work processes. The Los Angeles Class currently represents 94% of our nation's nuclear powered fast attack submarine force (65% of our nation's total submarine force). PNS is exporting its process improvements and lessons learned, and mentors public and private shipyards during the planning and execution of their submarine overhauls.

PNS is the Navy's expert in special mission submersibles. In addition to performing submersible overhauls, it also directs life cycle maintenance and system upgrades on the Navy's deep diving

special mission submarines including NAVAL RESEARCH-1 and USS DOLPHIN (AGSS 555). It is also involved in planning, engineering and maintenance work associated with Advance Seal Delivery System vehicles, and installs the latest submarine rescue systems in submarines.

PNS is nuclear certified, located in a strategic location, and provides a high quality of life for military members and civilian employees.

PNS is one of only two nuclear certified public shipyards on the east coast of the U.S., making it an irreplaceable asset. PNS is situated on the North Atlantic, further north and east than any other Navy owned ship and submarine repair facility. As such, it is an ideal facility strategically for Navy warfighter platform support and joint-use missions with DHS. Without impacting its vital Navy mission, PNS is providing homeporting services for the U.S. Coast Guard and is collaborating with them to provide additional protection for the Base, Port of Portsmouth, and the surrounding communities. PNS is also the geographic center of the northeast region such that the facility can provide rapid emergency response support to communities across the region.

The benefits of living in central New England are well known by those who live or vacation in the region. Navy and Coast Guard families have been particularly pleased with our climate, our proximity to major metropolitan areas and their sporting and cultural outlets, our beaches and mountains and their associated activities, and our quality schools, low crime rate, and small town way of life. Located in one of the nations deep-water seaports with easy and unobstructed accessibility to open ocean, PNS is centrally positioned between Boston, MA, Manchester, NH, and Portland, ME, and their associated transportation services.

PNS is the top submarine overhaul performer (public or private).

PNS holds the current cost and schedule performance records for Los Angeles Class submarine overhauls, including:

- Engineered Refueling Overhaul – USS ALBUQUERQUE (SSN 706) in 2003 – delivered 1-month earlier than any other Shipyard, with a cost savings of $16M.
- Depot Modernization Period – USS ALEXANDRIA (SSN 757) in 2002 – delivered just under 6 weeks earlier than any other Shipyard and on budget.

The current performance reflects a 15-year trend of nuclear powered submarine overhaul successes (cost and schedule), while maintaining the highest level of quality workmanship. In fact, PNS has completed each of its last three Engineered Refueling Overhauls in less mandays and time than the previous <u>and</u> completed each of its last three Depot Modernization Period overhauls in less mandays and time than the previous. This allowed PNS to return several million dollars to the Fleet in successive years and return submarines to service more quickly during a period when the nation was fighting the War on Terrorism world-wide.

The trend of performance improvement continues on the USS NORFOLK (SSN 714), USS ANNAPOLIS (SSN 760) and USS PROVIDENCE (SSN 719), all of which are currently undergoing major overhauls at PNS.

PNS has demonstrated its ability to transform over 200 years.

Transformation is occurring in the area of people, facilities, processes, and joint service support.

The culture of the workforce is reflected in the Shipyard motto *"From Sails to Atoms"* describing a innovative and highly skilled workforce, which has demonstrated it's ability to efficiently realign itself to new missions for over two hundred years. As part of the Nation's core shipbuilding capability, the Shipyard maintains a wealth of highly trained artisans in the critical trades necessary to accomplish Naval Nuclear Propulsion work on submarines. In many cases, these people are the descendents of local seacoast families that worked at PNS during construction of 126 diesel and 10 nuclear powered submarines at the Shipyard during the last decade. They are now setting records for performance of major submarine overhauls in this decade. The PNS workforce is transforming beyond traditional roles for engineers, mechanics, and inspectors to a multi-skilled, rapidly deployable, customer oriented workforce.

PNS continues to re-engineer its facilities into highly efficient workspaces, designed for optimum work-flow. Its facilities management program uses the Military Construction process effectively and where under-utilized facilities exist, it seeks new missions and product lines to fully utilize each building. Where this is not feasible, options such as outleasing or demolition are immediately considered to reduce cost to the Navy.

Streamlining operations to eliminate waste is the goal of transforming the business and its technical processes. Sharing and adopting best business and industrial practices between federal facilities and private enterprises and identifying emerging technologies, has generated industrial solutions to cumbersome work practices.

Mission transformation to joint-use is underway. Teamed through the Navy and the Department of Homeland Security, PNS has embraced homeporting three U.S. Coast Guard Cutters at the Shipyard. Joint use presents a wide range of opportunities for DON, DOD and DHS to cost effectively utilize PNS to serve as a homeland protecter as well as a warfighter supporter. In its pivotal role in Navy regional maintenance, PNS also serves as a foundation for additional consolidation in the Northeast region. PNS is strengthening existing ties with local and state agencies in support of mutual assistance. Currently, PNS has mutual aid agreements with 38 surrounding communities and provides assistance as necessary to the emergency management agencies in Maine and New Hampshire.

The result of these transformation initiatives is improved execution performance and reduced overhead costs. For five consecutive years, the Shipyard has achieved its financial objectives

while returning millions of dollars in savings to the Fleet.

PNS is expanding its leadership role in the public and private sector.

Under the Navy's "One Shipyard" transformational initiative, PNS is the lead for all Los Angeles Class nuclear submarine maintenance including work practices, business processes, and management techniques. Under this charter our management and workforce are collectively involved with mentoring all shipyards, public and private, in the planning and execution of their assigned overhauls.

Principally with General Dynamics Electric Boat Corporation and Northrup Grumman Newport News, PNS has provided resources and expertise in planning for and performing submarine ship alteration installations and depot level maintenance at homeport locations. PNS is exporting its expertise through sharing lessons learned, providing consultation services, best business practices, and industrial process improvements. Through its technology transfer office, PNS is partnered with academic institutions (e.g., University of Virginia and Penn State), Defense contractors and small businesses, focusing on the development and rapid insertion of new technologies, to improve maintenance performance and submarine operations.

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Congress of the United States

Washington, DC 20510

March 26, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As outlined in Public Law 107-107 and included in the Draft Selection Criteria published in the Federal Register, the Department of Defense will include a consideration of the extent and timing of potential costs and savings associated with base closure or realignment. Policy Memorandum One – Transformation through Base Realignment and Closure (BRAC 2005) by the Under Secretary of Defense for Acquisition, Technology and Logistics specifies that cost analysis will be performed using an upgraded version of the Cost of Base Realignment Actions (COBRA) model. This model has been used in all previous BRAC rounds.

During the 1995 BRAC round, DoD modified over 40% of the COBRA analysis after the initial results were provided to the BRAC commission. The commission reported that "in general, the department had under-estimated the costs of executing realignment or closure actions and overestimated their projected savings."

It is imperative that the COBRA analysis performed for the 2005 BRAC round accurately reflect the true costs and savings. The COBRA evaluation must include the costs associated with the transfer of all positions needed to accomplish the workload, not only the direct workload. The analysis must also include an evaluation of the projected rates at the receiving base to account for the availability of the necessary facilities, the access to experienced, trained employees and the complexity of the work being realigned. Additionally, it is not sufficient to use a standard facility shutdown factor, since there are higher costs associated with the closure of a heavy industrial facility with many buildings on the National Register of Historical Places.

To support our further understanding of the BRAC cost analysis, we request the following information:

- Model Upgrades. To support BRAC 2005 analysis the Army is tasked with upgrading the current COBRA model. Some upgrades are necessary to reflect changes to DoD policy, such as the change in reimbursement for off-base housing from Basic Allowance for Quarters and Variable Housing Allowance (BAQ/VHA) to Basic Allowance for Housing (BAH). Other upgrades may be desired to improve the fidelity of the model and more accurately capture the costs associated with realignment or closure. We request an

overview of all planned upgrades to the model, including changes to the model inputs and processing.

- Model Inputs. The COBRA model requires inputs of joint standard factors, service standard factors, base-specific factors, and scenario-specific factors. We request a complete list of all model input factors, along with a brief description and a designation of what type of factor the input parameter is. Additionally, we request a brief description of how each model input factor is developed and validated.

- Unique Base Determination. The COBRA model includes the capability to designate a base as "unique". For a base that is designated as unique, COBRA by-passes the standard computations for a variety of costs and uses direct costs as provided by the operator. Some of the standard computations which are by-passed by a unique designation include packing/unpacking costs, freight shipping costs, vehicle shipping costs, program planning costs, mothball costs, and caretaker costs. We request an explanation of how it is determined whether a base is designated as unique and how unique costs are determined and validated.

Thank you for your attention to this matter.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

MICHAEL H. MICHAUD
United States Representative

Congress of the United States

Washington, DC 20510

March 11, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

We are writing to you regarding the requirement for the Department of Defense to provide Congress with a Force Structure Plan, an Infrastructure Inventory and a certification of need to support the 2005 round of base realignments and closures. PL 107-107 specifically requires the department to provide Congress with this information as part of the budget justification for fiscal year 2005. The law also specifies that: "If the Secretary does not include the certifications referred to in paragraph (1), the process by which military installations may be selected for closure or realignment under this part in 2005 shall be terminated."

The spirit of the law is to provide this information to Congress with the initial delivery of budget justification material. This would be consistent with the BRAC timeline posted on the Department of Defense web site, which indicates that the Force Structure Plan & Infrastructure Inventory should be provided in February 2004. This would also be consistent with the Department of Defense Policy Memorandum One on Transformation through Base Realignment and Closure, which states: "The final force structure plan shall be issued as soon as possible after final force decisions are made during preparation of the FY 2005 budget, but no later than February 2, 2004." The delegation has requested this information from the Office of the Secretary of Defense for Legislative Affairs, but these data have not yet been provided.

Please provide us as soon as possible with your reasoning as to why the Department of Defense has not complied with the provisions of PL 107-107 and advise us on your plans to provide this information to Congress forthwith. Thank you for your attention to this matter.

Sincerely,

Olympia Snowe
OLYMPIA J. SNOWE
United States Senator

Judd Gregg
JUDD GREGG
United States Senator

Susan Collins
SUSAN M. COLLINS
United States Senator

John E. Sununu
JOHN E. SUNUNU
United States Senator

EDWARD M. KENNEDY
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

CHARLES BASS
United States Representative

MICHAEL H. MICHAUD
United States Representative

JOHN F. TIERNEY
United States Representative

cc: Office of the Deputy Under Secretary of Defense (Installations & Environment)
ATTN: Mr. Peter Potochney
Director, Base Realignment and Closure
Room 3D814
The Pentagon
Washington, DC 20301-3300

Congress of the United States

Washington, DC 20510

January 26, 2004

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

We are writing to you in response to the draft selection criteria for closing and realigning military installations inside the United States, published in the Federal Register on December 23, 2003. As outlined in Public Law 107-107, a public comment period of 30 days is provided for before the selection criteria are finalized by the Secretary on February 16, 2004.

After review of the published draft selection criteria, we ask that you consider making the following modifications (recommended insertions have been underlined and deletions have been struck-through):

- The current and future mission capabilities and the impact on operational readiness of the Department of Defense's total force, including the impact on joint warfighting, training and readiness (joint efforts include coordination between military service branches, the Department of Homeland Security and other Executive Branch agencies). (Criteria 1)

  The final selection criteria must address the Nation's security both abroad and at home. Facilities that support the DHS fill a vital role in protecting the safety of our citizens.

- The availability and condition of land, facilities, ~~and associated~~ airspace, and ocean accessibility (including training areas suitable for maneuver by ground, naval or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations. (Criteria 2)

  The final selection criteria must also consider the accessibility to open ocean on both coasts. This availability is critical both to the Navy mission but also to support homeland security missions.

- The demonstrated ability to accommodate contingency, mobilization, and future total force requirements at both existing and potential receiving locations to support operations and training. (Criteria 3)

  An evaluation of the capabilities of a base must be based on more than an inventory of infrastructure, but must also assess the demonstrated capability to support transformation initiatives and accommodate changing requirements.

- The cost and efficiency of operations and business processes related to the mission ~~the manpower implications~~. (Criteria 4)

  An assessment of operations and business processes should include the ability to meet both budget and schedule objectives. Additionally, manpower implications is only one of multiple factors that must be considered when assessing cost and efficiency.

We believe that the recommended changes will provide the Department of Defense with a more comprehensive framework to proceed with BRAC evaluations. Should you require further information or wish to discuss these items, please contact our respective offices. Thank you for your attention to this matter.

Sincerely,

OLYMPIA J. SNOWE
United States Senator

JUDD GREGG
United States Senator

SUSAN M. COLLINS
United States Senator

JOHN E. SUNUNU
United States Senator

EDWARD M. KENNEDY
United States Senator

THOMAS H. ALLEN
United States Representative

JEB BRADLEY
United States Representative

cc: Office of the Deputy Under Secretary of Defense (Installations & Environment)
ATTN: Mr. Peter Potochney
Director, Base Realignment and Closure
Room 3D814
The Pentagon
Washington, DC 20301-3300

Congress of the United States

Washington, DC 20510

November 21, 2003

The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Rumsfeld:

As outlined in Public Law 107-107, the Secretary of Defense is expected to publish in the Federal Register and transmit to the congressional defense committees initial selection criteria for BRAC 2005 by December 31, 2003. We are aware that in accordance with your November 15, 2002 memo, the Chair of the Infrastructure Steering Group is tasked with providing the detailed direction necessary to conduct the BRAC 2005 analyses, including the drafting of those criteria.

As the Department drafts the initial selection criteria, we ask that you consider the following critical aspects of military value:

- Service-unique Functions. Some functions at our military bases are so service-specific that they fall outside the broad definition of "jointness" and therefore should be kept within the respective service. For example, nuclear powered warships and related support functions are uniquely naval in character. Credit should be given to those installations with the organic ability to provide joint support to platforms outside their service in addition to the service-unique functions that make their military value high.

- Critical Trade Skills. In numerous military construction and maintenance occupations, particularly those tied to naval nuclear propulsion, it can take six to eight years to develop requisite skills and competencies. Today in some of these critical occupations, the workforce is at or below critical mass and must be protected. While temporary assignments away from home are commonplace and an accepted aspect of mission support, permanent relocation efforts have never been successful. Indeed, targeted movement of critical trade skills must be carefully weighed considering that the workforce in these skills is often the most established and therefore the least willing to relocate. Additionally, in past analyses, military value was based on the skill sets available to perform the assigned mission rather than what these skill sets could perform if the scope of the mission was expanded. We maintain that installations with a workforce of critical trade skills have high military value based on missions they are capable of supporting beyond those currently assigned or historically performed.

- Demonstrated Ability to Transform. Installations with a demonstrated ability to reorient themselves to new missions provide the nation with the greatest military value over time. This ability to adapt and embrace change is a function of the culture of the workforce. Installations with a culture predisposed to change and continually reinventing themselves to provide more effective and efficient operations have high military value.

- Irreplaceable Properties and Facilities. The nation has numerous irreplaceable defense assets. These include installations with piers, drydocks, airspace and ranges that once lost, cannot be recovered without considerable cost and effort. Among these are the naval shipyards, which are geographically situated in four of our Nation's natural deep-water seaports for optimum effectiveness and strategic purposes. Installations with irreplaceable properties and facilities have high military value.

- Licenses and Permits. Consideration must be given to the difficulty of relocating missions and functions requiring stringent Federal licensing or permitting requirements. Among these are the non-transferable environmental permits and nuclear license held by naval shipyards. The loss of such permits or licenses translates into the loss of capability and capacity, and may result in a significant vulnerability in national defense.

These are only a few of the key elements of military value that, collectively, we believe must be addressed as you develop the initial selection criteria for BRAC 2005. Should you require further information or wish to discuss these items, please contact our respective offices. Thank you for your attention to this matter.

Sincerely,

Misconception

Portsmouth is only capable of performing nuclear attack submarine work.

Truth

- Portsmouth is fully capable of performing overhaul and conversion of Trident class submarines to SSGN's, and experienced Portsmouth workers have performed maintenance work on Trident class nuclear submarines in the past.
- Portsmouth is capable of handling DDG-51 Destroyers, FF/FFG Frigates, CG-Guided Missile Cruisers, all classes of Coast Guard ships, and future Navy class ships (DD(X) and LCS- Littoral Combat Ship).
- Portsmouth is thoroughly engaged in the planning stage for depot maintenance of Seawolf and Virginia class submarines.
- Portsmouth conducts overhauls and maintenance for special mission submarines, including USS Dolphin and NR-1.
- Portsmouth workers have performed maintenance work on aircraft carriers, amphibious and replenishment ships, surface combatants, and submarine tenders in support of the fleet.

Portsmouth Naval Shipyard

From Sails to Atoms

Navy's LEAN Machine

Warfighter Support

- *Delivering Ships Early*
- *Saving the Fleet Millions*
- *Joint-Use, Multi-Mission Facility*

Irreplaceable Assets

- *Navy's Most Skilled Workforce*
- *Nuclear License*
- *Strategic Deepwater Port*
- *State-of-the-Art Drydocks*

Chief of Naval Operations

The Secretary of the Navy takes pleasure in presenting the
MERITORIOUS UNIT COMMENDATION to

NAVAL SHIPYARD PORTSMOUTH

For service as set forth in the following

CITATION:

For meritorious service from 11 September 2001 to 30 August 2004. The personnel of Portsmouth Naval Shipyard and tenant activities **consistently** and **superbly** performed their mission while establishing a phenomenal record of cost, schedule, quality, and safety performance. The Shipyard embraced the One-Shipyard Initiative and is leading the **transformation** of our Navy's nuclear ship maintenance base through **innovation** and the application of LEAN industrial practices. Portsmouth Naval Shipyard personnel established new performance levels for submarine maintenance, modernization, and overhaul work by producing business results that are the benchmark among public and private sector nuclear shipyards. The Shipyard **completed six major submarine availabilities early**, exceeded Net Operating Result financial goals, reduced injuries by more than 50 percent and exceeded the Secretary of Defense's Fiscal Year 2006 Stretch Goal for lost workday compensation rates two years early. Naval Shipyard Portsmouth's extraordinary performance is translating into **increased U.S. Submarine Fleet readiness**. By their unrelenting **determination, perseverance**, and steadfast **devotion** to duty, the officers, enlisted personnel, and civilian employees of Naval Shipyard Portsmouth reflected credit upon themselves and upheld the highest traditions of the United States Naval Service.

For the Secretary,

V.E. Clark
Admiral, United States Navy
Chief of Naval Operations

May 12, 2005

(emphasis added)

IRREPLACEABLE

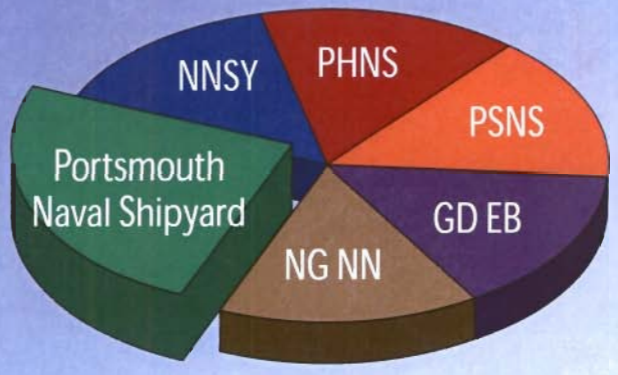
The Navy's Transformational Workforce

PNS is the cradle of American shipbuilding and has the most experienced workforce of any naval shipyard in the country. The shipyard preserves the most complete example of shipbuilding infrastructure, architecture and history in the Nation and its skilled craftsmen have built and overhauled ships and submarines for the Navy for over two hundred years.

Portsmouth's history is deeply rooted in a highly supportive community whose residents have passed down the trade skills of shipbuilding from generation to generation for more than two centuries. Men and women in the region consider employment at the Shipyard an immense privilege and each year applicants aggressively seek the limited number of PNS apprenticeships available.

The Portsmouth workforce's tradition of innovation and quality in shipbuilding has led to unsurpassed ship and submarine production. They have, in their long history, constructed 42 surface ships and 136 submarines. Portsmouth craftsmen have performed seventy-six major overhauls of nuclear powered fast-attack and ballistic missile submarines in the last fifty years – vastly more than any other shipyard, public or private. These achievements are directly

Submarines Built and Overhauls Completed



attributable to a culture of shipbuilding honed by centuries of tradition to become the premier industrial workforce in the nation. As a shipyard, as a workforce, as a family – the skilled artisans of Portsmouth are an irreplaceable force for securing the nation.

Today, the proud workers of Portsmouth Naval Shipyard continue to lead the way as the Navy's designated developers of the technologies and innovative processes necessary to move the Navy's ship maintenance industrial base into a new and more efficient era. Truly, Portsmouth Naval Shipyard is the Navy's Lean Machine.

- Nuclear License
- Deep Water Port
- Drydocks

"The hull patch above the reduction gears was removed from USS MEMPHIS (SSN 691) this morning, one week ahead of schedule. PNS is a schedule-driven organization. It is a pleasure watching them take on jobs of mindstaggering proportion and meet or exceed their well developed plan."

Commander Rick Breckenridge,
Commanding Officer,
USS MEMPHIS (SSN 691)

HOW THE NAVY GOT IT WRONG

In The Testimony ...

SECNAV: "If you start pulling work out of our other yards to put in [Portsmouth], then the other yards start getting dips . . . so we use the submarine work as a filler, which gives us maximum efficiencies in the other yards."

PNS is the most efficient shipyard in terms of cost and schedule. The Navy's workload policy not only undermines military efficiency but value to the American taxpayer.

CNO: ". . . my belief is the number in the future is going to be somewhere in the neighborhood in the low 40s. My number is 41."

The 2004 Force Structure Plan that informed the BRAC process - data calls, scenarios, model inputs, etc. - is consistent with SSN levels called for in the only established comprehensive strategy document - the 2001 QDR. Changing the number now is a justification for the decision, not the driver.

SECNAV: ". . .increasing force protection effectiveness and costs through consolidation. . ."

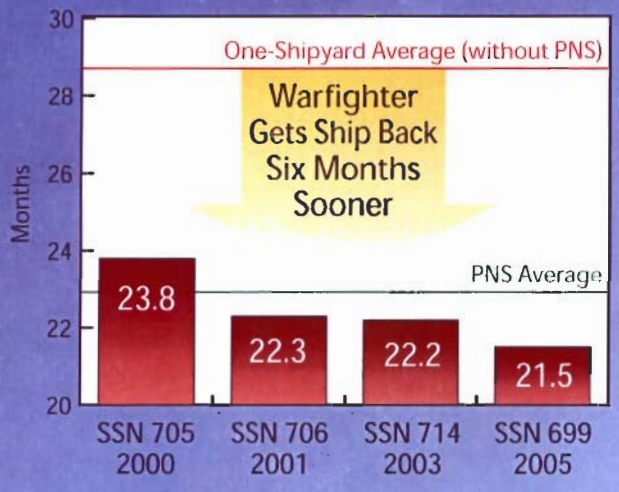
Force protection is improved by dispersal – a concept validated by DoD's own BRAC recommendation to disperse 20,000 personnel out of leased space in the National Capital Region. Locating the only East Coast shipyard in a fleet concentration area increases the risk that a single WMD attack would disrupt both operational and repair facilities (see Pearl Harbor, 1941)

"... I am not comfortable with what we are doing for the next 10 to twenty years. Clearly, the size of the battle force has been declining, although the individual ship types have been dramatically improved. But the numbers – quantity has a quality all of its own and will determine the ability of naval forces to be forward before a crisis breaks out."

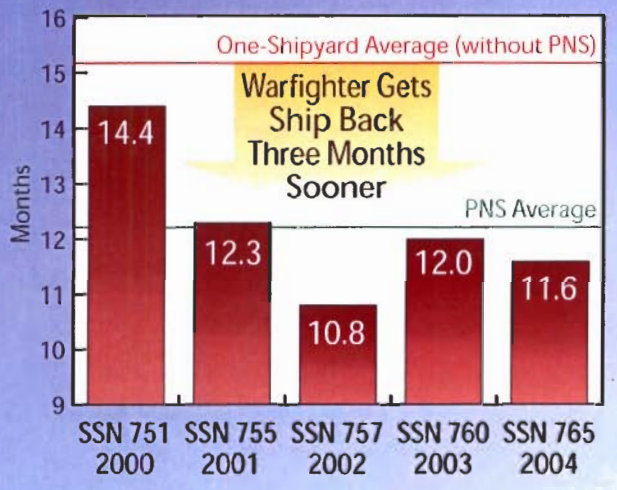
LTGEN Robert Magnus, USMC

EARLY DELIVERY

Schedule Performance
Engineered Refueling Overhauls

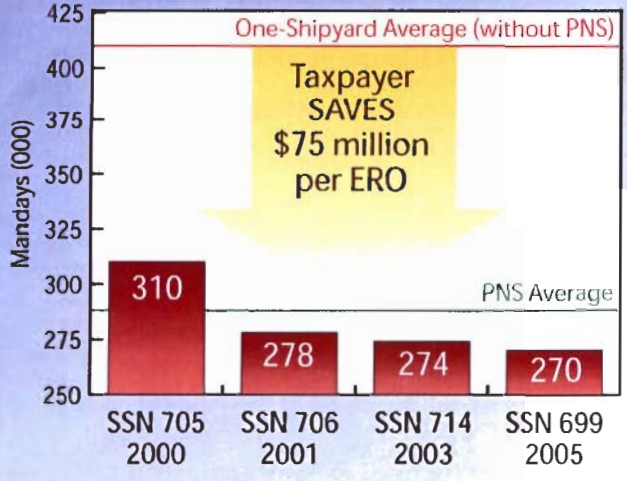


Schedule Performance
Depot Modernization Periods

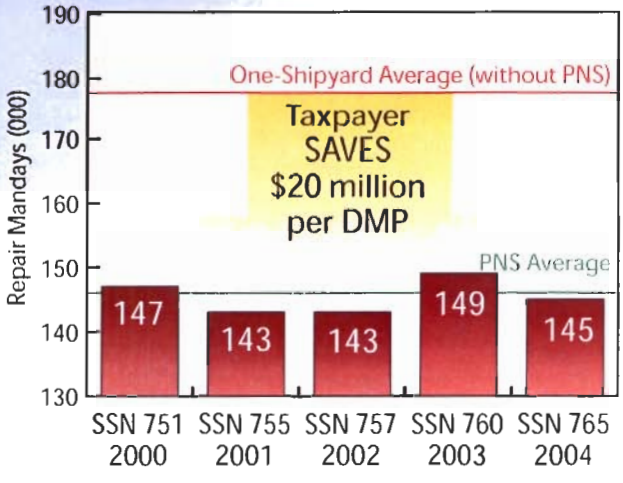


SAVING MILLIONS

Cost Efficiency
Engineered Refueling Overhauls



Cost Efficiency
Depot Modernization Periods



"... The cost efficiency will be at the very top of the priority list ..."

Vice Admiral Phillip Balisle,
Navsea Commander

MULTI-MISSION CAPABLE

Submarines

- Los Angeles Class
- Virginia Class
- Seawolf Class

- Trident Class
- SSGN

Homeland Security

- Coast Guard Homeport
- Regional HAZMAT Response Teams
- Radiological
- Chemical
- Biological

Special Programs

- Special Operations Advanced Seal Delivery System
- Deep Submergence
- Submarine Rescue
- NR-1
- Unmanned Underwater Vehicles

Surface Ships

- DDG-51 Destroyers
- FF/FFG Frigates
- CG-Guided Missile Cruisers
- Coast Guard-All Classes
- Future Classes
  - DD(X) Destroyers
  - LCS-Littoral Combat Ship

HOW THE NAVY GOT IT WRONG

In The Recommendation ...

Military Value: "Naval Shipyard Portsmouth had a low military value compared to operational homeports. . ."

*True military value for a shipyard is putting ships to sea early and under budget – only **PNS is doing** that for the Navy. PNS' military value was higher than Pearl Harbor's which is an operational **homeport.** Shipyards are not operational in nature.*

Excess Capacity: "There is sufficient excess capacity in the aggregate across the four shipyards [to justify the closure of one] . . ."

*The model in the BRAC Report is based on efficient use of drydocks **using notional man-days and** duration for availabilities and does not consider emergent work **rather than more accurate estimates based** on a particular yard's performance. PNS is the only shipyard **that has consistently executed its work at or** below notional man-day rates. Although the Navy **exhibits excess capacity at all yards, PNS is the only one** with availabilities under schedule and under budget.*

Strategic Location: "Portsmouth was selected for closure . . .because it [would] satisfy retention of strategically-placed shipyard capability."

*When a ship is going to be **in a planned, year or more-long depot maintenance** period, it doesn't matter how far away the theater **of operations is. The work should be done by the shipyard** that returns the boats months ahead of schedule **and millions of dollars under budget.***

Payback: "The net of all costs and savings to the Department during the implementation period is a savings of $21.42 million."

*The following cost **avoidances are ignored by Navy in their cost savings** analysis:*

- ***PNS is completing EROs $75M less than the <u>average</u> cost of** the other yards;*
- ***PNS, on <u>average,</u> completes DMPs $20M less than** the Navy national cost;*
- ***PNS will save $60M per Engineering Overhaul (EOH)** when executing one per year, and approximately **$125M when executing two EOHs per year.***

"... we will make our Navy's business processes more efficient to achieve enhanced warfighting effectiveness in the most cost-effective manner ... savings captured by Sea Enterprise will play a critical role in the Navy's transformation into a 21st-century force that delivers what truly matters: increased combat capability."

Admiral Vern Clark,
Chief of Naval Operations

USS NORFOLK SSN714
VI PER CONCORDIUM