



DEPARTMENT OF THE NAVY
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11 Aug 2005

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

Dear Chairman Principi:

This is a response to Clearinghouse Tasker #00815C (CWF#7) regarding the August 4, 2005 inquiry from Mr. Frank Cirillo requesting comment on "Portsmouth Naval Shipyard Facility and Human Capacity Point Paper." This point paper concludes that there is insufficient capacity to allow for the closure of Portsmouth Naval Shipyard. DON disagrees with the conclusions drawn in this paper.

The enclosure to this letter directly addresses the key points contained in the "Portsmouth Naval Shipyard Facility and Human Capacity Point Paper." Several overarching issues are worth emphasizing:

Force Structure. DoD/DON application of the force structure plan has been very consistent throughout the BRAC process. In accordance with the BRAC legislation, DoD was required to submit a 20-year force structure plan, covering the period beginning in FY2005, with the submission of the FY05 budget justification documents. The BRAC legislation allowed for revisions to this initial submit if submitted by 15 March 2005. This the Department did. We are required by the BRAC legislation to use the force structure plan to describe the "infrastructure necessary to support the force structure." Our analysis has complied with the requirements of the law.

Capacity Analysis. The paper raises the issue of capacity analysis and suggests insufficient consideration was given to "human capacity." As identified in the BRAC legislation our required assessment of capacity/capability is an infrastructure analysis – a requirement to determine if the inventory of infrastructure is adequate to meet the 20-year force structure demands. Therefore, the focus of the BRAC analysis in measuring capacity is a measure of the capability of the infrastructure to support the force structure. "Human capacity" was a consideration in our analysis as explained in more detail in the attached response, but it was not a component of the formal capacity analysis. It is our judgment, informed by previous experience both in prior BRAC rounds and in the day-to-day management of our shipyard workforce, that there either exists or can be developed sufficient "human capacity" to execute our recommendation regarding the Portsmouth closure.

Risk Assessment. At its root, the paper calls attention to several risks associated with the Portsmouth closure proposal: risk that the force of the future will change from the one that we foresee; risk that emergent work cannot be absorbed; risk that the Navy's measurement of capacity is not exact; and risk that the skill base will not be adequate at the remaining shipyards. Risk assessment was a key component of the Navy's BRAC analysis throughout our deliberations. It is the judgment of the leadership of the DON, concurred in after extensive review within the BRAC process, that the risk inherent in the recommendations submitted is manageable and more than offset by the risk of not closing the facility and thereby obligating the Department to significant future costs that consume taxpayer resources that need to be applied to higher priorities.

Again, I have attached detailed comments in response to the paper. I trust this information satisfactorily addresses your concerns. If we can be of further assistance, please let me know.

Sincerely,



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

**Excerpts from Portsmouth Community
“Portsmouth Naval Shipyard-Facility and Human Capacity” Presentation
with DON Response**

“Latest information from Navy is that they used a 56 submarine force structure for analysis, although we were previously told that capacity decisions were based on a reduced submarine force. The workload and drydock information received from DoD on 22 July 2005 supports a 55 submarine force structure.”

- As required by Public Law 101-510 as amended, the Revised Force Structure Plan (FSP), delivered to Congress on 2 March 2005, is the force structure that was used to assess capabilities under the BRAC law.
- The FSP is well defined, and due to its multi-year outlook, one must carefully identify which year is being discussed.
 - The size of the attack submarine Fleet when scenarios were initially analyzed was 56 SSN's. This number was not used in analysis as a discreet number, but rather represents the total number depicted for force laydown. This submarine force laydown was used to identify facility requirements in the various scenarios addressing submarine bases. Since scenarios were initially evaluated based on this number it further substantiates that the required infrastructure can support a projected smaller force.
 - The ultimate recommendations were based on the 20-year FSP, as required by law. The revised FSP, as submitted, reflects a need for 54 SSN's at the end of the BRAC implementation period, FY11, and 45 SSN's by 2024.
 - The revised FSP also lowers the total number of nuclear powered ships and large deck amphibious ships in the outyears. These ships, submarines, and submarine tenders are the ship classes traditionally maintained in public shipyards.
 - Aircraft carriers are reduced by one in 2006. Additionally, several older carriers will be retired and replaced by newer CVNs requiring less maintenance.
 - The last SSN refueling is scheduled for induction in FY08. VIRGINIA, SEAWOLF, and later flight LOS ANGELES class submarines do not require refueling.
- The ability to close one shipyard is based on the declining workload across the entire Fleet, not on the reduction of any one class of ship. Only Portsmouth Naval Shipyard with its predominately single product line of LOS ANGELES class submarines is dependent on the number of submarines. The remaining shipyards, with multi-product lines, can absorb the remaining LOS ANGELES class workload in the space left by the declining workload and Fleet numbers.

“Any Capacity decision should start with a review of factual data of how the Navy Fleet and Infrastructure has downsized over the past 17 years. The below (Chart 1) identifies that the Navy had 100 Submarines as part of a 573 total active ship inventory in 1988, and that it dropped to 55 as part of a 285 ship fleet in 2005. This information establishes the shipyards to ships ratio at 1:72, in 1988, and it remains constant at 1:71 today.”

- Using the shipyard ratio alone does not provide an effective capacity measurement or indicator of the number of shipyards required. Positive changes to ship construction

and maintenance requirements and changes to the law governing the workload split between public and private shipyards from 60/40 to 50/50 moderate the shipyard to ship ratio argument presented above.

- Another ratio relevant to the discussion is the number of certified drydocks capable of supporting nuclear powered vessels to the number of nuclear powered ships, as these are the ship types most commonly repaired at the public shipyards. With the changes proposed to Fleet size and mix, if Portsmouth drydocks were closed the ratio is at least as good as it was in 1988. The following information was provided by NAVSEA:

- In 1988 there were 25 certified drydocks supporting 156 nuclear powered vessels in six nuclear public shipyards for a ratio of 1:6.24.
- Currently there are 17 certified drydocks supporting 84 nuclear powered vessels in four nuclear public shipyards; the ratio is 1:4.94.
- In FY11, if Portsmouth's three certified drydocks are removed from the equation; the ratio is 1:5.93 – below that of 1988.
- In 2024, without Portsmouth's three certified drydocks, the ratio is 1:5.29. This ratio is, again, below the ratio in 1988 and slightly higher than today. If Portsmouth were retained, the ratio would be 1:4.35.

“A prime example of the increasing technical nature of the workload, is that through the 1980s, only 11 major submarine availabilities were conducted across the corporation, while ~55 availabilities are scheduled to start between 2000 and 2011 (Chart 2). If we analyze the history of submarine major maintenance, we see that the last time the Corporation could accommodate 5+ avails per year was in the early 90’s. Knowing that submarine workload was shrinking, the Navy engaged in aggressive downsizing during the 1993 and 1995 BRAC rounds. This left us with four nuclear Shipyards to perform the one or two submarine avails per year.”

- While this chart reflects all of the submarine availabilities, it fails to note that some of these availabilities are accomplished in private shipyards and that others are accomplished at the submarine's homeport utilizing maintenance facilities and personnel located at the homeports.
 - There are 12 submarine availabilities scheduled (4 SSBN and 8 SSN) from FY08-FY11. During this four-year period there are less than four availabilities per year and this number is within the capacity of the remaining shipyards.

“The downsizings in the 1990s left the workforce in a very narrow demographic band, with an average age of ~47 years old. We separated thousands of employees who were junior in tenure, while enticing thousands of older, more experienced workers, to leave service through early retirement incentives. Since 1997, we have established revitalization initiatives to replenish our workforce consistent with workload. Today we are staffed at ~24,000 people, a remarkable 66% below levels in 1988. Through revitalization, we have lowered the average age across the corporation to ~45 years old (gaining 2 years demographically), but we still have about 38% of our workforce that is over 50. This population of ~9,100 people (including Portsmouth workforce) have optional retirement opportunities within the next five years.”

proactively address sufficiency in workforce (both military and civilian) now and into the future.

- NAVSEA uses a variety of tools to shape the shipyard workforce such as hiring, training, reassignment, SIP/VERA, attrition, and incentives for critical skills. These are the same tools that have been used in past shipyard closures and will be used to manage the skill requirements in case of the PNSY closure.
 - Specifically, NAVSEA has developed the “one shipyard” concept that focuses on cost, schedule, and quality through standardizing processes, sharing resources among public shipyards, and partnering with private shipyards. An important element is resolving critical skill shortages and timing mismatches which reduce local, temporary skill shortfalls as well as maintain a pool of expensive to maintain skilled workers.
- Congress has also recognized the importance of developing future skilled employees and provides specific line item funding in the Defense Appropriations Bill (Apprentice Program).

“During 6 July 2005 Public Hearing in Boston, MA, Portsmouth’s witnesses showed an SSN chart which indicated a potential budget driven reduction of submarines in the 2030 timeframe. Below (Chart 4) is the latest version posted on the Submarine Industrial Base Council’s website.”

- The Navy’s Force Structure Plan was not budget driven; it reflects current national security requirements and was a product of a year-long threat assessment. This assessment was completed by the Navy staff in July 2004 and is the first analytical study that reflects the new “1-4-2-1” and “10-30-30” Defense Strategy, which included not only major conflicts, but also the Global War on Terror and Homeland Defense demands. It is also the first use of campaign analysis and modeling as the key basis for force structure decisions. The Force Structure Plan determined through campaign analysis and optimization modeling that a range of ships, including 45 submarines in 2024, can meet the warfighting and presence requirements. The results of the analysis were incorporated into the Navy Force Structure Update provided to Congress in March 2005 as provided for in the BRAC statute.
- Chart 4, provided by the Submarine Industrial Council, an independent industrial group, is not based on the FSP and therefore should not be considered in the BRAC analysis. This group is committed to strengthening the submarine industrial base and should be expected to advocate a larger submarine force. The slide provides an inaccurate projection of VIRGINIA class submarine procurements.

“The workload layer cake diagram (Chart 5, following page) was provided to Commissioners and Staff at the Portsmouth site visit on 26 Jun 2005, at the direction of NAVSEA. We have annotated the chart with actual workload growth to show that since this POM 06 Rev 5 chart was published, Naval Shipyards have seen more than 1 Million mandays of growth between 2005 and 2011.”

- This “updated” workload addition fails to account for the workload reductions which are contained in the FY06 Presidential Budget, including the removal of CV 67 availability and two submarine refueling overhauls which have been converted to inactivations at a substantially reduced number of direct labor hours. It also fails to

note that most of this additional workload is due to work being brought back into the public shipyard workload forecast from private shipyards to keep the four public shipyards' workforce at a steady state to maintain efficiency, which may result in impacts on the national shipbuilding and repair infrastructure.

- The PNSY Facility and Human Capital "updated" workload (Chart 5) has not been fully explained. The chart appears to represent the difference between budget level forecasts and execution forecasts. NAVSEA review of current projected workload versus POM 06 Rev 5 shows only about an 800K manday increase over the FYDP. This is about 133K mandays per year, which is less than 2% of the annual workload. Budget level forecasts are based on notionals, which also may be impacted by growth, material condition of ships, and performance. An execution forecast anticipates growth as a result of performance and additional work in the year of execution. It is typical to see growth in the year of execution in the range of 5-10 %. In order to accommodate this growth, NAVSEA sizing strategy for Naval shipyards is based on 10-12% overtime plan to accommodate this historical growth.
- The baseline data from Chart 5 shows that, in the aggregate, there is a decline of about 500K mandays per year, FY09 through FY11, from the current annual workload level, which is the about the annual workload of PNSY.

"Navy alleges that proper analysis was performed of Drydock and Commodity Capacity to support their recommendation to close Portsmouth, yet DoD has provided little objective evidence to substantiate their claims.

- Navy analysis of capacity is described in the "*DOD Base Closure and Realignment Report to the Commission Department of the Navy Analysis and Recommendations Volume IV May 2005.*" Industrial JCSG analysis of capacity is described in "*Industrial Joint-Cross Service Group 2005 Base Closure and Realignment Report Volume VIII.*" Additionally, records of deliberative discussions reflect the analysis in reports as follows: 23 March 2003 (IJCSG), 02 July 2003 (IJCSG), 5 September 2003 (IJCSG), 17 November 2003 (IJCSG), 22 January 2004 (IJCSG), 29 January 2004 (IJCSG), 24 March 2004 (IJCSG), 11 May 2004 (IJCSG), 14 May 2004 (IJCSG), 20 May 2004 (IJCSG), 23 Jun 2004 (IJCSG), 08 September 2004 (IJCSG), 23 September 2004 (IJCSG), 07 October 2004 (IJCSG), 04 November 2004 (IJCSG), 18 November 2004 (IJCSG), 07 December 2004 (IJCSG/DAG), 14 December 2004 (IJCSG), 16 December 2004 (IEG), 21 December 2004 (IJCSG), 23 December 2004 (IEG), 06 January (IJCSG/IEG), 13 January 2005 (IJCSG), 01 February 2005 (DAG), 10 February 2005 (IJCSG/IEG), 22 February 2005 (DAG), 24 February 2005 (IJCSG), 25 February 2005 (ISG), 01 March 2005 (DAG), 03 March 2005 (IJCSG/IEG), 07 March 2005 (DAG), 08 March 2005 (DAG), 17 March 2005 (IEG), 8 April 2005 (ISG), 11 April 2005 (DAG), 14 April 2005 (IJCSG/IEG) and 05 May 2005 (IEG/DAG). All of these documents have been publicly available on the Defenselink website since 02 June 2005. The dry dock study was delivered to the New England delegation on 24 May, and to the Commission staff shortly thereafter.

"There is still no capacity for the 15 Portsmouth SRAs shown in light blue below the actual Drydock plan. There is not capacity for the historical 6 emergent dockings per year. Note the excessive high risk of this plan, as there is no room for any slippage of any schedule."

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- The community’s addition of the SRAs to the dry dock presentation is not consistent with the assignment or accomplishment of this workload. Most submarine docking SRAs are accomplished in a dry dock located at the submarine homeport, not the shipyard location associated with the workload schedule. Workload will be managed using standard techniques, such as overtime, reprioritizing, rescheduling of work, etc.
 - NAVSEA data provided by DON to the Commission indicated there are an average of two east coast emergent dry dockings per year in public shipyards. These would fit into the available public shipyard space using current workload management techniques.
 - In the past 10 years, there has been only one occasion (2004) where there were five east coast emergent dry dockings in public shipyards. This was the largest number of annual east coast emergent dry docking at public shipyards recorded in the 10 year period.
 - Although not incorporated in the IJCSG depot level dry dock capacity analysis, there are additional floating public dry docks at east coast submarine homeports. Both of these floating dry docks have provided emergent dry dock capability as well as sites for short-term maintenance availabilities.
- There is some risk in providing capacity for emergent dry-dockings in the 2005-2008 timeframe, but that risk is consistent with the risk we face today. During deliberative review by DON on 7 March 2005, the risk associated with this closure scenario was evaluated as medium, a recognition that the situation will need to be proactively managed.
- The conservative (80/20 redistribution to Norfolk and Puget Sound) NAVSEA Dry Dock study shows that all of the workload would fit into the remaining dry docks.

“More important than the high risk of the above docking sequences is the fact that the above study is un-executable based on Norfolk’s historical capacity. Over the past 5 years, Norfolk has been staffed, and actually executed ~1.2 million mandays of work annually (see Chart 7, following page). The above plan would expect Norfolk to perform 1.7M mandays in both FY07 and FY08, some 500,000 manday above current and historical capacity.”

- The certified data indicates that Norfolk Naval Shipyard has an excess infrastructure capacity of 1.998 million direct labor hours (roughly 250,000 mandays). The closure recommendation has Norfolk Naval Shipyard receiving 1.8 million direct labor hours (229,330 mandays). To put it into context, the capacity analysis performed by the IJCSG is a reflection of the capability of the infrastructure to support the workload; the analysis demonstrates that capability exists even with the closure of the Portsmouth NSY.
- The argument that the human capital capacity isn’t adequate is a different capacity view than was used in the IJCSG analysis. In almost all BRAC analyses performed for all functions, the primary focus on the ability to perform work is dependent on the infrastructure capability, not on the human capital presence at the location. Ensuring human capital is available to perform work is an overall management issue that is addressed in implementation and has been successfully managed in all prior BRAC

“Chart 7 illustrates the increased workload created by this unrealistic drydock study which supports the 80/20 Portsmouth workload redistribution. Clearly this plan is/was unexecutable, resulting in DoD later deciding that a 45/45/10 redistribution would be required.”

- The chart does not reflect the proposed workload distribution in the candidate recommendation.
 - In the Industrial analysis, Norfolk Naval Shipyard received 40%, Puget Sound Naval Shipyard 48%, and Pearl Harbor Naval Shipyard 12% of the workload. This distribution, which is the distribution employed to accommodate the workload shift, fits into the remaining dry docks.
 - The closure scenario data calls indicated that the workload from the closing shipyard should be distributed among the remaining public shipyards. The Navy and IJCSG have followed this distribution of workload throughout the scenario analysis process.
 - The issued scenario guidance reads: “The purpose of this scenario is to close Portsmouth Naval Shipyard, NH and consolidate depot level ship repair and overhaul to the remaining three Shipyards. All remaining activities/tenants at Naval Shipyard Portsmouth, NH, are to be closed and realigned/relocated as appropriate. Actions 2-10 allow for movement of depot level maintenance workload only if required. NAVSEA and affected activities should provide detailed explanation in Rationale sections of pertinent questions to justify movement of workload. Each action must reflect the transfer of support personnel and equipment as appropriate that results from all actions associated with this scenario.” This guidance has not changed since issued 10 December 2004.
 - As previously mentioned, NAVSEA performed a redistribution analysis by sending 80% of the Portsmouth workload to Norfolk NNSY and 20% to Puget Sound. This distribution, which also fits into the remaining dry docks, was considered conservative since it didn’t take advantage of Pearl Harbor capacity and maximized the use of Norfolk NSY. The Puget Sound NSY is capable of receiving a larger distribution of the workload because they are able to adjust the inactivation workload schedule around work in support of the operating Fleet.

“Not only was there no high-level analytical analysis performed, there was also no Commodity/Human Capacity analysis performed. All analytics are based on this flawed study, and none of the analytical conclusions from this study support the closure recommendation.”

- The capacity data call was based on DOD 4151.18H, Depot Maintenance Capacity and Utilization Measurement Handbook, an infrastructure-based calculation that is the only DOD wide recognized method to measure capacity. As previously noted, capacity analyses were based on the capability of the infrastructure. Although human capital is obviously an important aspect, it is not location specific from a capacity point of view.
- Human capital was considered and valued in the Military Value data call scoring plan-DOD questions 2391 (Ship Repair-Specialized Capabilities/Skills and/or Certifications), 2392 (Ship Repair-Other Specialized Capabilities/ Skills/ Certifications), 2394 (Ship Repair-Quantity of Skilled Workers), 2395 (Ship Repair-Workforce Development Opportunities), and 2399 (Ship Repair-Total Employment Within MSA by Occupational Class Group).

Repair-Quantity of Skilled Workers), 2395 (Ship Repair-Workforce Development Opportunities), and 2399 (Ship Repair-Total Employment Within MSA by Occupational Class Group).

“All of the analysis and Data Calls were based on the POM 06 Rev 5 workload (Chart 5), and on a Force Structure that included 55 submarines. It was this workload that shipyards used to complete the 7 Jan 04 Data Calls and corresponding Tables.”

- The POM 06 Rev 5 workload was used in answering the Scenario Data calls. The 07 January 2004 Capacity Data call was answered using DOD 4151.18H and definitions provided in the associated question explanations; a document provided by the IJCSG gave additional definition for the BRAC terminology employed in the industrial capacity analysis.
- Reported workload in the Capacity Data call was based on actual workload accomplished in FY03, actual and projected workload in FY04 (as the data call was issued in January, the middle of the FY), and projected workload in FY 05 and 09. The POM 06 Rev 5 workload was not referenced in the Capacity Data Call.

“Chart 8 (following page) provides Table numbers, definitions, and methodology used by Navy in completing the Data Call.”

- This chart shows a misunderstanding of capacity calculation.
- All data was provided and certified by the activity.
- Table 5.3.1.A (DOD question 522) Required capacity is equal to the average reported workload funded or projected as follows: actuals (FY03), partial returns (FY04), and projected (FY 05). FY09 was collected but not considered by the IJCSG. The POM 06 Rev 5 workload was not referenced in the Capacity Data Call.
- Table 5.3.1.B (DOD question 523) Maximum capacity: The maximum potential capacity is the maximum potential workload that could be accomplished with the maintenance shops and buildings within the constraints identified. It is calculated by counting existing workstations (used and unused), and looking at vacant space in the shop and estimating how many additional workstations could be installed.
 - Constraints are: no additional MILCON, one forty hour shift, additional workforce is available, existing work must continue, additional workstations come with the new workload, the space could only be used once
 - Does not include any measure of building square feet.
- The calculation did not factor into any analysis of closure recommendations.
- Table 5.3.1.C (DOD question 524) Dry dock capacity: This question follows the limitations of question 523 but uses the methodology provided for measuring dry dock capacity in DOD 4151.18H. NAVSEA provided guidance on how workload should be divided between dry dock and back shop, directing the shipyard to determine the amount of work normally accomplished within the shop. This capacity was subtracted from dry dock capacity to avoid double counting. The activities provided all of the data used in analysis based on this division of work.
- Table 5.3.1.D (DOD question 525) Total capacity: This question is a measure of all existing workstations (used and unused) to include dry docks. It does not include any

“Chart 9 (below) also lists assumptions, and some significant problems with the certified data, methodology employed by Navy, and conclusions drawn by DoD.”

- This chart also shows a misunderstanding of the capacity calculation.
- Unlimited people/skills only applied to the assumptions associated with maximum capacity calculation.
- Due to the way maximum capacity is calculated, back shop maximum and dry dock maximum capacity are added to yield the maximum infrastructure capacity of an activity. This calculation did not factor into any analysis of closure recommendations.
- The total capacity calculation can be equal to or less than the sum of question 523 and 524. It is not determined by adding questions 523 and 524.
- As noted above, total capacity can only equal, but never be greater than the sum of questions 523 and 524, because of the potential workstations.
- The data periods were selected by the IJCSG to provide a common time frame across all three IJCSG working groups.

“Chart 10 (following page) plots the certified data from the 7 Jan 04 Data Call and Tables listed in Chart 8, for eleven of our most critical Commodities. The Corporate Production Resource Team has denoted these as critical and comprising the majority of the direct Production work during a ship’s major maintenance depot-level availability.”

- The PNSY Facility and Human Capacity Chart 10 does not recognize the efforts that NAVSEA is making in addressing the CNO human capital strategy. The Corporate Production Resource Team (CPRT) was established by NAVSEA to ensure alignment between production shop resources and execution needs by mitigating critical skill imbalances.
- The 11 skills identified by the PNSY "Facility and Human Capacity" presentation do represent significant production skills in the shipyards. However, all shipyard trade skills and support skills interplay to ensure successful work execution. Skills are identified as critical when there exists significant imbalances caused by a work requirement, which is significantly greater than the workforce capacity. In the shipyards, all skills are necessary for execution and all workload competes for the finite set of skilled workers.
- Chart 10 does not depict a correct linear relationship between BRAC capacity questions of back shops and dry docks. An additional limitation of this chart is that does not directly correlate the BRAC commodity list to CPRT skills.

“When comparing data in the middle and right graphs, the Required Capacity will significantly exceed actual capacity (blue area plus the yellow 15% band) in both. The Workforce Capacity will be 35% and 54% below Required Capacity, respectively, and the total skills shortages will range from ~ 4,000 people to as many as ~8,000, if we apply a 15% overtime rate. Many experts will argue that sustained overtime at 15% is excessively high. Navy has had an unofficial overtime goal for the past 5 years, of 10%, but has yet to get the annual rate below the 16 – 20% band.”

- The shipyards on average execute 16-20% overtime. The use of overtime is a common management tool to compensate for critical skill imbalances, get back on schedule, execute workload growth, and meet emergent needs.

- DON does not concur with the 15% cap of back shop capacity. Chart 10 does not depict a correct linear relationship between BRAC capacity questions of back shops and dry docks.
- There is no source identified for the additional 14% inefficiency and growth rate factor. NAVSEA data shows a projected 2% growth rate.

“Human Capacity should have been used as an element when computing Total Industrial Capacity. This point was emphasized on numerous occasions by Adm. Klemm during meetings with the ISG and IJCSG, but ultimately was discounted.”

- Although raised early in the deliberative process, human capacity was not raised as an issue when the recommendation was briefed.
 - At the 1 February 2005 DAG deliberative session, RADM Klemm noted that the viability of the Portsmouth closure is made possible because of the significant workload reductions.
 - Early in the BRAC process RADM Klemm identified personnel as an issue, however, in presenting the pros and cons at the 24 February 2005 meeting of the IJCSG he did not identify personnel as an issue in considering the closure of either Pearl Harbor or Portsmouth Naval Shipyard because the scenarios provided for relocating, retaining or hiring personnel at the gaining sites. Since the number of people needing to be relocated was approximately 1100 (or about five percent of the total required workforce), the conclusion was skills capacity could be managed within the shipyard human capital strategy.

“Workforce Demographics (Chart 22) are adding risk to future Commodity Capacity and more importantly to our Trade knowledge, skills and capabilities. We continue to deal with a workforce that has 38% eligible for retirement in the next five years. Naval Shipyards have a current staffing level of about 24,000 employees. Should the workforce at Portsmouth not relocate, total employment would drop to about 20,000. If 38% of the remaining personnel retire and the Portsmouth workforce has to be reconstituted, then the Corporation would be looking at hiring about 11,000 people in the next five years.”

- The reduction, turnover and movement of government workers is a systemic issue across all of government. Over the past five years, shipyards have received congressional funds to help revitalize its workforce to meet the future. The workforce in a shipyard is managed locally to ensure that people who are eligible for retirement are identified early such that their skills can be assessed and mitigated, either through replacement or transfer of function.
- NAVSEA has established a Human Capital Strategy Group in alignment with the CNO human capital strategy. This group’s purpose is to identify workforce opportunities and to engage the whole corporation to meet current and future personnel requirements required to accomplish projected workload.