

BASE VISIT REPORT

DFAS Charleston
BRAC Action: H&SA 37

6/7/2005

LEAD COMMISSIONER: Gen. James T. Hill, USA (Ret.)

COMMISSION STAFF:

Mr. C.W. Furlow, Senior Analyst
 Mr. Joe Barrett, Senior Analyst
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LIST OF ATTENDEES:

Mr. David Gates, Site Director DFAS Charleston (ph: 843-746-6000)
 Mr. Wayne Gibbons DFAS Charleston
 Mr. Jeff Head, DFAS Charleston
 Mr. Al Reynolds, DFAS Headquarters
 Ms. Joy Booth, DFAS Charleston
 Mr. B. Earl Copeland, Office of Rep. Henry Brown
 Mr. Robert King, North Charleston Councilmember
 Mr. Bill Tuten, Office of Sen. Lindsey Graham
 Ms. Danielle Gates, Office of Sen. Jim DeMint
 Mr. Davis Marshall, Office of Rep. James Clyburn

BASE'S PRESENT MISSION:

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

DFAS Charleston processes 281,000 civilian pay service accounts for the Navy, OCONUS Air Force & Army, DODEA, DoE and HHS. A sign of their success in client services is that in May of 2005 the Department of Health & Human Services awarded DFAS Charleston an additional 64,000 pay accounts to process. DFAS Charleston is responsible for vendor pay for NAVSEA, DLA, ONR & SPAWAR. Electronic invoicing is used for about 70% of all invoices received. The vendor pay accounting processes over 21,000 invoices monthly with a dollar value of more than one billion dollars. The field accounting customer accounts include the Navy Commands, Navy RDT&E Labs, DLA (DAPS) and Surface Warfare Centers.

SECRETARY OF DEFENSE RECOMMENDATION:

Close DFAS Charleston, SC. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO and the MG Emmett J. Bean Federal Center, Indianapolis, IN.

Library Routing Slip 2005 BRAC Commission Materials

Title of Item: Base Visit Report

Installation or Community: DFAS Charleston

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SECRETARY OF DEFENSE JUSTIFICATION:

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

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

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

MAIN FACILITIES REVIEWED:

Military Value 2: In its present configuration, the DFAS Charleston building has a total capacity of 661 available workspaces and a warehouse area of 120,000 square feet with its own separate air control system. The excess space in the facility includes rooms formerly used for training that is now done online and through an e-library. The building has its own on-site generator and a new CCTV and security system installed in 2005 at a cost of \$315,000. Force protection requirements have been addressed by pushing back the security perimeter, proofing windows and a closed circuit television. The North Charleston police have a police station in the immediate vicinity. Additional improvements are necessary to meet anti-terrorism force protection requirements.

Military Value 4: DFAS Charleston has 362 employees, almost half of which are in the GS-4 to GS-7 pay range. 134 employees are eligible for early retirement and an addition 56 employees could opt for optional retirement. 57% of the workforce is over the age of 50, higher than the 49% figure DFAS-wide. DFAS Charleston has a career development program that covers 35 employees and 83 employees have a bachelor degree or above level of educational attainment. Under the recommendation these employees would be relocated to three different installations.

Military Value 5: DFAS Charleston is located on the former Charleston Naval Shipyard at 1545 Truxtun Avenue North Charleston, SC. DFAS assumed the former Navy supply building in 1995. It is currently leased from the North Charleston Development Authority at \$1 a year for 50 years. The lease is renewable. The location was refurbished in 1997 at a cost of \$6.9 million. A new roof with waterproofing was also completed in 2005.

KEY ISSUES IDENTIFIED

Military Value 1 & 2: DFAS appears to have made a considerable investment to establish an accounting operation at Charleston including maintenance of their building and the training and recruiting of a skilled workforce. The current facility, which could hold over 661 employees, is underutilized.

Based upon dialogue during the base visit most employees have strong ties to the local community and are at a wage grade that would make relocation unlikely. There is no measure for performance of the mission included in the military value analysis and the center that coordinates DFAS Charleston is also being closed (DFAS Cleveland), which means that there will be a major relocation of the DFAS business lines without consideration of the most effective workforce or the training of the employees.

INSTALLATION CONCERNS RAISED

Many of the current employees at DFAS Charleston have endured prior BRAC closure and undergone retraining from the Charleston Naval Shipyard and Naval Supply Center. They would like to continue their federal service and are generally apprehensive about the BRAC process.

COMMUNITY CONCERNS RAISED:

Other Criteria 6: The community was concerned about the economic impact of the closing of DFAS Charleston. During a meeting with Congressional and community representatives the community acknowledged that the DFAS Charleston recommendation was part of a broader nation-wide consolidation and would be difficult to disassociate from the larger move.

REQUESTS FOR STAFF AS A RESULT OF VISIT:

Commissioner Hill asked whether DFAS Indianapolis and DFAS Columbus are on the same electrical grid. Review of a map at the FERC website indicates that they are on separate grids.