



DCN 1419

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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JIM COURTER, CHAIRMAN

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September 6, 1991

The Honorable James Courter
Chairman
19 Hatchery Road
Hackettstown, New Jersey 07840

Dear Mr. Courter:

Per your request, we have assembled correspondence between the Commission and plaintiffs in the Philadelphia Naval Shipyard suit.

We have enclosed at tab 1, an itemized summary Report of Chairman's Correspondence; at tab 2, chronologically ordered correspondence from the Tri-State Delegation and our responses; at tab 3, a draft history of base closures; at tab 4, the Department of Defense Base Closure and Realignment Report; at tab 5, the Commission's motion to dismiss; and at tab 6, the plaintiffs' memorandum in opposition to our motion to dismiss.

Bob Moore would like to schedule time to brief you prior to your deposition on the afternoon of Wednesday, September 11 and the morning of Thursday, September 12, 1991. Please do not hesitate to contact us if you desire further information on this material.

Sincerely,

Timothy R. Rupli

cc: Mr. Matt Behrmann
Mr. Bob Moore
Mr. Barry Rhoads

Document Separator

Chapter 1: History of Base Closures

Realignment and Closure, produced the first closures and realignments of major military facilities since 1975.

Before 1988

In the early 1960s, then-Secretary of Defense Robert S. McNamara closed many bases to reduce military overhead. Secretary McNamara created within DoD the Office of Economic Adjustment (OEA) to ease the economic impacts of closures on affected communities and to allow the reuse of former bases. In the early 1970s, and in response to the end of the Vietnam War, hundreds of military facilities across the country closed.

In the 1960s and again in the 1970s, accusations were widespread in Congress that base closures were being used by the executive branch to punish uncooperative legislators. This sentiment prompted Congress in 1977 to pass section 2687 of title 10, United States Code, which required DoD to notify Congress if a base is a candidate for closure. **The requirements of the 1969**

Title XXIX of the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510) is the second joint executive-legislative effort to remove hurdles to closing and realigning military bases. The first effort, the 1988 Defense Secretary's Commission on Base

"...all attempts in the last ten years to close or realign bases--indeed, even to move small military units--had been frustrated."

National Environmental Policy Act also were applied to base-closure recommendations. These stipulations, combined with Congress's reluctance to close military bases because of the ensuing negative local economic impacts, effectively prevented DoD from closing any major military installation.

The 1980s saw a rapid expansion of the military as a result of a dramatic increase in defense spending. Even with this military expansion, then-President Ronald Reagan's administration recognized the need to close redundant bases. Since all attempts in the last ten years to close or realign bases--indeed, even to move small military units--had been frustrated, President Reagan was reluctant to propose base closures in the existing legislative environment.

In 1985, Senator Barry Goldwater, as chairman of the Senate Armed Services Committee, recognized the need for DoD to rid itself of excess base capacity and asked Secretary Caspar Weinberger to submit a list

of military bases that could be closed. The Senate Armed Services Committee held a hearing to discuss the 22 bases on Secretary Weinberger's list, but no further action was taken.

1988 Commission

By 1988, the structure of the U.S. armed forces had changed, but the base structure remained unaltered. Therefore, on May 3, 1988, Secretary of Defense Frank Carlucci chartered the Defense Secretary's Commission on Base Realignment and Closure, ordering it to conduct an independent study of the domestic military base structure and to recommend installations for realignment and closure. In October 1988, Congress passed and President Reagan signed PL 100-526, the Defense Authorization Amendments and Base Closure and Realignment Act. This law also removed statutory impediments to the completion of base closures.

The 1988 commission, chaired by former Senator Abraham Ribicoff and former Congressman Jack Edwards, recommended that 86 bases be closed fully and 59 others be closed partially or

realigned. These changes would, according to commission estimates, generate an annual savings of \$693.6 million. The first of these bases, Pease Air Force Base in New Hampshire, closed on April 1, 1991. Family housing units at other bases around the country that will be made available through base closure will be leased under provisions of the McKinney Act to shelter and feed the homeless. With several exceptions, DoD is now implementing the 1988 closures and realignments.

1990 DoD Proposals

In an effort to reshape and reduce the military infrastructure, Secretary of Defense Dick Cheney in January 1990 proposed closing 35 bases in the United States. The congressional response was reminiscent of the base-closing rounds of the 1960s and 1970s. Congressional critics of DoD's proposal claimed that the list unfairly targeted districts represented by Democrats. Others charged that Congress again was institutionally incapable of making decisions that were good for the country but painful for some congressional districts.

The list was pronounced "dead on arrival" in Congress, but the groundwork

was laid for a second base-closing commission.

1991 Base Closure and Realignment Commission

The Defense Base Closure and Realignment Act of 1990 (see Appendix A) intends, as the law says, "to provide a fair process that will result in the timely closure and realignment of military installations inside the United States."

The process was built around the following standards:

- The force-structure plan submitted to Congress with the DoD budget request for fiscal year 1992 (see Appendix B)
- Eight selection criteria finalized by DoD after public comment (see Appendix C)

Of the eight criteria, the first four concern military value, which received preference pursuant to the statute.

- Current and future mission requirements
- Availability and condition of land, facilities, and air space
- Contingency and mobilization requirements
- Cost and manpower implications

The remaining criteria are

- Return on investment
- Local economic impact
- Impact on community infrastructure
- Environmental impact

The Commission received DoD's proposed list of closures and realignments after the following process: First, the Army, Navy, and Air Force analyzed their own base structures, comparing them against the force-structure plan and the selection criteria. The services submitted their proposals to Secretary Cheney, who on April 12 sent DoD's recommendations to the Commission. The Commission was required to send its recommendations to the President by July 1, 1991.

The statutory test to be applied by the Commission in justifying modifications to DoD's recommended list involves "substantial deviation" from the force-

structure plan and selection criterion. The Commission could recommend changes for those bases where the deviation occurred.

Approval by the President and Congress

The law requires the President to approve or disapprove the Commission's recommendations by July 15. An approved report will be sent to Congress; a rejected one will be returned to the Commission for revision. If the report is disapproved, the Commission must by August 15 send its revised report to the President, who then has 15 days to approve or disapprove it. **The President must send an approved report to Congress by September 1, 1991.** If he does not approve it, the closure process for 1991 comes to an end.

Once the Commission's recommendations are approved by the President, Congress has 45 days, or until it adjourns for the session, to consider them. Changes to the list are not allowed. Unless Congress enacts a joint resolution disapproving the Commission's proposals, **the Secretary must begin to close or realign those installations within two years and complete the action within six years.**

Differences between the 1988 and 1991 Commissions

Both commissions were set up to overcome the political paralysis that had prevented the closure of bases during the previous decade. **The recommendations of the 1988 Commission were driven largely by the need to conform a bloated base infrastructure to post-World War II reality. The 1991 Commission was driven by further reductions in DoD budgets and dramatic changes in Eastern Europe.**

Structurally, the differences between these two commissions are significant. The 1988

... "differences between these two commissions resulted primarily from the lessons learned in the congressional debate that followed the issuance of the 1988 base closure and realignment recommendations."

Commission was chartered by and reported to the Secretary of Defense. Congress codified the authority of the Commission when it passed Public Law 100-526. The 1991 Commission, on the other hand, was established by law from the outset. Its members were appointed by the President and confirmed by the Senate.

Other differences between these two commissions resulted primarily from the lessons learned in the congressional debate that followed the issuance of the 1988 base closure and realignment recommendations.

After the 1988 list of closures was published, members of Congress whose districts were affected leveled three major charges against the commission process. First, they contended that the process had been secretive. Hearings had been closed; information on the ranking of facilities was hard to obtain, as were transcripts of commission meetings. Second, they noted that many of the affected facilities had not been visited by commissioners. Such visits, believed the legislators, might have helped the commissioners verify information included in the staff reports. Finally, they complained that faulty data had been used to reach the final closure recommendations; GAO or another independent organization

should have reviewed the information and data for accuracy.

Aside from these criticisms, Commission members and legislators agreed that the panel's mandate to recommend closures that would recover the cost within six years was too restrictive and had prevented the closing of several obsolete installations.

Congress, through Title XXIX of Public Law 101-510, established the 1991 Defense Base Closure and Realignment Commission to redress the charges leveled against the Commission's predecessor. The process is open, commissioners have visited all major affected bases, and GAO has been an integral part of the process.

Composition of 1991 Commission

The commissioners were chosen for their distinguished legislative, business, military, and diplomatic backgrounds. Six were appointed by President Bush--four in consultation with House and Senate majority leaders and two with the advice of House and Senate minority leaders. The other appointments were made independently by

the President. All commissioners required Senate confirmation.

The staff likewise was drawn from backgrounds encompassing government, law, journalism, academia, and the military. Some were hired directly by the Commission, while others were detailed from DoD, GAO, the Federal Emergency Management Agency, and the Environmental Protection Agency. Under the Commission's founding legislation, no more than one-third of the staff could be detailed from DoD. **The Commission staff was designed and structured so that military professionals reported to civilians. All divisional directors (including the staff director) were civilians hired directly by the Commission.** All staff members, whether direct hire or detailed, were approved by the Chairman to ensure objectivity. The Commission also hired independent consultants from Logistics Management Institute, who helped design and participated in the review-and-analysis of the services' recommendations. Together, the staff members offered a breadth of experience and perspective that ensured the Commission's objectivity and independence.

(10:00am June 26)

Chapter 3:

The Work of the Defense Base Closure and Realignment Commission

The Commission was empowered to ensure that the DoD recommendations did not deviate substantially from Title XXIX of Public Law 101-510. When deviations were identified, the Commission made changes to the Secretary of Defense's recommended list. The law also required that the Commission proceedings be open to the public. All of its information, all of its deliberations, all of its meetings were open to public scrutiny.

Four concurrent activities provided the Commission with information about DoD's proposed base closures and realignments. First, the Commission held a series of hearings in Washington, D.C., to receive information from DoD, legislators, and other experts. Second, the Commission encouraged public comments, both by mail and in person at 14 regional or site hearings where it heard testimony on bases being considered for closure or realignment. Third, the Commission visited major facilities proposed for closure to view them firsthand. Finally, the Commission's research staff reviewed the processes and data used by the services to arrive at their recommendations and to ensure that they had adhered to the standards established in the law.

Fair and Open Process

The Commission's official headquarters may have been Washington, D.C., but commissioners and staff more often could be found visiting communities around the country whose installations were being considered for closure or realignment.

The Commission listened to the concerns of local representatives about the dramatic economic impact that may accompany the closure of a base. The Commission also heard questions about the data and processes that DoD used in making its recommendations for base closures and realignments. In turn, it raised these questions to the services.

The Commission pledged that their recommendations would be the result of a fair and open process. In this spirit, all records and meetings were available to the public. The commissioners brought back the message that U.S. citizens are proud of their military facilities. The bases contribute to the social fabric of the communities in which they are located--assisting in times of natural disaster, organizing blood drives, hosting softball leagues, and participating in a variety of community events.

During its independent review, the Commission office was inundated with letters, phone calls, and visits. In three months, the Commission received more than 100,000 letters from concerned citizens. About 2,000 were sent by public officials, private executives, and leaders of civic organizations. In this ocean of correspondence, individual facilities generated tidal waves of letters. For example, the Commission received more than 7,400 letters and more than 10,000 petition signatures from citizens concerned

"All of its information, all of its deliberations, all of its meetings were open to public scrutiny."

about the closure of Philadelphia Naval Shipyard, more than 6,800 letters regarding Carswell Air Force Base, and more than 4,900 letters and 6,400 petition signatures regarding Whidbey Island Naval Air Station. Every letter that arrived was read and routed to the appropriate staff office for action, analysis, or incorporation into the Commission's review.

The Commission switchboard received on average about 50 requests for information from congressional offices, 100 calls from media representatives, and 40 calls from concerned officials and citizens per day. Many individuals visited the Commission's offices to express their concerns personally.

Several staff members worked exclusively to ensure that Congress, the media, and the public were apprised of the Commission's work. Their jobs included holding briefings, answering questions, providing requested information, scheduling interviews, and acting as general liaisons.

The Commission incorporated all the information and arguments into the its file for each base and considered them during Commission's deliberations.

Aside from the 30 public meetings and 39 base visits, the Commission received classified testimony on six separate occasions from DoD. These--the only closed meetings of the Commission--were necessitated by national security considerations. On May 22, 1991, the Commission was briefed at the Dirksen Senate Office Building about the Chemical Decontamination Facility at Fort McClellan. On June 6, 1991, the Commission was briefed on the Air Force's reason for excluding Homestead Air Force Base and

national security reasons why only one northeast Strategic Air Command base (Loring, Griffiss, and Plattsburgh) could be closed. On June 10, the Commission was briefed about the Special Operations Command issue at MacDill Air Force Base during a visit to that base. A second briefing on MacDill Air Force Base took place in the House Intelligence Subcommittee Room in the Capitol and a third one occurred on June 17, 1991. On June 18, 1991 the Commission was briefed on the types of classified training conducted at the technical training center at Goodfellow Air Force Base.

Expert Testimony

The Commission received expert testimony on the proposed closures and realignments at hearings in Washington, D.C. Here, commissioners heard statements and had the opportunity to question experts on topics pertinent to the base=closure process. The hearings covered the following topics:

- DoD submission of proposed closures and realignments
- Processes the services used to develop closure and realignment

proposals

- Economic and environmental impacts and land valuation
- GAO's review of DoD's recommendations
- Testimony from members of Congress
- U.S. Army Corps of Engineers
- Federal Advisory Commission on the
- Consolidation and Conversion of Defense Research and Development Laboratories

Public Comments

In addition, the Commission scheduled a series of regional hearings to gather comments from communities affected by proposed closures and realignments. These hearings took place in San Francisco, Los Angeles, Denver, Fort Worth, Jacksonville, Philadelphia, Indianapolis, Boston, San Diego, and Washington, D.C. Site hearings were held at Goodfellow and Plattsburgh Air Force Bases and Kingsville and Meridian Naval Air Stations. (For a list of individuals who testified at hearings, see Appendix H.)

Site Visits

At least one commissioner visited each major base recommended by the Pentagon or considered by the Commission for closure. Installations involved in major realignments were also visited. These on-site inspections gave the commissioners a chance to view the facilities and gain a sense of exactly what missions the bases performed--to apply their common sense to the raw data about specific bases provided by DoD.

Review and Analysis

The Commission assembled a review staff to examine the process and data used by the services in developing their closure and realignment recommendations. Members of the review-and-analysis staff conducted a comprehensive review of the services' processes to identify instances where they "deviated substantially" from the force-structure plan and selection criteria.

A service's closure or realignment recommendation "deviated substantially" from these two standards if:

- The data used for evaluating force structure or one or more of the

criteria were so inaccurate as to result in a change in an installation's status from a decision based on correct data.

- The methodology was so flawed, or was applied so inconsistently, that force structure or one or more criteria were effectively not considered, resulting in a change in an installation's status when an appropriate methodology is correctly applied.

A substantial deviation from any one of these set of factors--the eight criteria and the force-structure plan--allows the Commission to make changes in DoD's recommendations.

The review-and-analysis staff was divided into four teams: Army, Navy, Air Force, and Special. The teams examined the service-specific recommendations to check that they complied with the four military-value criteria. The Special team included experts who reviewed criteria five through eight (return on investment and economic, community-infrastructure, and environmental impacts) for all services. This team examined the services' use of the COBRA model of costs, savings, net present value,

and return on investment for each proposed closure action.

The teams, in concert with experts from Logistics Management Institute, developed a four-phase review-and-analysis plan. In the first phase, they gained a general understanding of the methodologies, models and data used by the services. This enabled them, next, to investigate the compliance of the services' methodologies with the standards specified by the law. In the third phase, they checked to see if the services had applied the methodologies consistently and correctly to all bases using valid data about each one. Finally, the teams looked at potential cross-service use of facilities.

The review-and-analysis staff was also responsible for analyzing testimony and reports submitted by the public during the review process and integrating these into the Commission's deliberations.

During Commission deliberations on June 13, 14, 27, 28, and 30, review-and-analysis staff communicated in detail the results of its analysis to the commissioners. Here, the commissioners put together the information they had gathered individually--from site visits, site hearings, or regional hearings--with the staff's analysis.

On June 30, the Commission approved its recommendations of base closures and realignments to be forwarded to the President.

"Menu of Options"

On May 31 the Commission released the names of 35 military installations plus the Army Corps of Engineers that it studied as additional candidates for closure or realignment. It looked upon this list as a "menu of options." Some of the bases were studied as additions to those already cited in DoD's report; some were looked at as substitutions. To make informed and independent judgments, the Commission believed it needed to compare bases DoD recommended for closure or realignment with those it did not. (See Appendix E for menu.)

The Commission pared this list on June 7, when it reduced the number of bases on the menu to 17 plus the Corps of Engineers. The Commission continued to review these installations with the original DoD proposals. The vote final vote on all bases occurred June 30.

Of the nine Army installations (plus the Corps of Engineers) on the menu, the

commissioners voted to pursue the study of seven. It eliminated Forts Drum and Richardson, citing uncertainty in the force structure, the value of large pieces of real estate for training, and the high up-front costs to close these installations.

The Commission reduced the 20 naval bases identified on its menu by almost two-thirds: after June 7 only seven remained. The homeport at Everett was removed from further consideration because it will have **the capacity to homeport a nuclear-powered aircraft carrier. Moreover, if Long Beach Naval Station closes, as DoD proposes, the Navy excess berthing space will be primarily on the Atlantic coast. Ingleside Naval Station was omitted because it would become the Navy's mine warfare center and homeport 25 ships.** The Commission also voted not to evaluate further Pascagoula and Mobile homeports, primarily because they were the two smallest ports, provided the least potential savings, and offered a good quality of life for sailors.

Naval Air Station Agana was excluded to give the Navy and Guamanian officials time to study options for the closure of the air station and **payment for facilities required to consolidate military-air operations at Andersen Air Force Base,**

which is also in Guam. Neither the Navy nor the Air Force objects to the consolidation.

The Commission removed Great Lakes Naval Training Center from its menu because this installation has available capacity and existing training facilities, such as propulsion training, which would be expensive to relocate elsewhere.

"To make informed and independent judgments, the Commission believed it needed to compare bases DoD recommended for closure or realignment with those it did not."

The seven Navy and Marine Corps electronics and communications repair bases were taken off the menu because their realignment would offer minimal savings while relocating authorized positions.

Only six Air Force bases were on the Commission's menu of options; three remained after June 7. Griffiss was deleted because it has a nuclear mission, has

above-average facilities, and would cost a great deal to close because one of the Air Force's four major labs, the Rome Air Development Center, is at Griffiss. This lab handles command, control, communications, and intelligence matters. The Commission elected not to evaluate Homestead further because it is near Cuba, has an increased role in Central and South American affairs, supports several federal agencies, and houses the Air Force Conference Center. Mountain Home was eliminated after discussion about its excellent air space and ranges and its planned future as the home of the Air Force's first full composite wing.

The remaining 17 installations, as well as the Army Corps of Engineers, were considered simultaneously with the DoD-recommended closure actions at the Commission's final voting on June 30.

At this point, the Commission opted to continue study of Forts A.P. Hill, Buchanan, Indiantown Gap, McCoy, and Pickett, which the Army had deferred. The Army is looking at these bases and Forts Dix and Chaffee, which are also in the major training area category, in its yet-to-be-completed study of the reserve component.

The Commission also determined Forts Hamilton, and Totten should be reviewed

further. Forts Hamilton and Totten were subinstallations of Fort Dix, which the Army selected for closure, and provide Army family housing and Reserve Component support in New York City. The Commission determined that missions and functions performed at Forts Hamilton and Totten would not be eliminated--that these installations could be serviced by the Navy, the dominant service in the New York City area.

General Accounting Office

The General Accounting Office did not become involved in the 1988 process until after that commission published its report. Then Congress called upon GAO to examine that commission's methodology, findings, and recommendations.

GAO reviewed the 1988 Commission at the request of the chairmen and ranking minority members of the armed services committees. GAO's recommendations addressed ways to ensure data accuracy, which cost factors and economic impacts should be considered, how to develop of specific criteria to be used, and how to measure employment impacts.

Congress wanted to ensure that GAO's analysis would play a role during the 1991 Commission's analysis. Congress gave GAO a clear role in the 1991 process.

Under section 2903 (d)(5) of Title XXIX, Public Law 101-510, Congress called on the Comptroller General to do two things: assist the Commission in its review of the Secretary of Defense's recommendations; and transmit an independent report to Congress and the Commission containing GAO's analysis of the DoD proposals and the process that led to them.

At least one GAO professional served on the Commission's Army, Navy, and Air Force review and analysis teams. These individuals were fully integrated into all review-and-analysis efforts.

GAO also helped the Commission's researchers verify the data used by the services. GAO field personnel visited some 39 bases to **gather firsthand information and verify data** selected by the Commission.

The GAO Report

GAO released its report, titled *Observations on the Analyses Supporting Proposed Closures and Realignments*, on May 16, 1991. The Assistant Comptroller General testified before the Commission on May 17. GAO's findings paralleled much of the Commission staff's work up to that time, but provided detail--especially on costs and savings.

GAO found that the Army and Air Force could document their use of the force-structure plan and the four military-value criteria. There were differences in the way the services developed military-value rankings for quantifiable attributes used to compare similar installations, but these differences were insignificant. Therefore, GAO concluded in its report, the recommendations by the Army and Air Force were "adequately supported."

However, GAO concluded that the Navy did not offer enough documentation to prove whether or not its process followed the force structure and the selection criteria. This dearth of data prevented the GAO from evaluating specific Navy closure or realignment recommendations.

GAO analyzed the Navy's ship-berthing capacity, which is the main measure the

Navy used in deciding how many naval stations it needed to support the fleet. If only the recommended bases are closed, concluded GAO, the Navy will still have significant excess ship-berthing capacity. GAO did not evaluate the Navy's methodology for air stations, shipyards, or labs.

GAO conducted a "sensitivity check" on DoD's estimation of the number of years it would take to recover closing costs. This entailed projecting first a 50 percent, then a 100 percent, increase in one-time costs. While the payback periods for many of DoD's recommendations changed little, there were some closure or realignment proposals where a 50 percent increase in one-time costs would, for example, increase the number of years for pay back from 4 to 100 years.

GAO also discovered inconsistencies in service costs and savings estimates and payback calculations. Despite DoD guidance to the contrary, the Army, Navy, and Air Force used budget data for other than 1991 dollars as their base lines. The result of these inconsistencies were overstatements of estimated annual savings and a shortening of the payback period for several closures.

The Commission made good use of GAO's analysis and recommendations.

Based on its own analysis, Commission staff members held a series of meetings with the Navy's Base Structure Committee--the group that decided which naval bases to recommend for closure or realignment--in an effort to uncover the rationale behind their decisions. The results are discussed in the next chapter.

The Commission's researchers also used GAO's sensitivity analysis to scrutinize the effects of incorrect cost and savings estimates on all proposed base closures and realignments, especially those where an error in one-time costs would vastly increase payback periods.

In the amount of time GAO had, it did a credible job. It would have helped the Commission, however, if GAO had looked more closely at DoD's specific recommendations for closure and realignment instead of limiting its review to the methodology used by the services. **Furthermore, GAO could have used the time between May 15 and June 30--that is, between the submission of its report and the deadline for the Commission's--by continuing its analysis to look at the specific closure and realignment proposals.**

(11:40pm, June 26)

REPORT OF **CRIMAN'S**
CORRESPONDENCE

TRI-STATE
*highlighted
doc's relevant*

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
4	Director John Maier, Board of Chosen Freeholders, Gloucester County, NJ	Chr		PNSY	IGA	17 Apr 91	23 Apr 91	closed
46	Rep Robert Andrews	Chr	Requests hearing in the Philadelphia area	PNSY	Mil Exec.	18 Apr 91	24 Apr 91	Closed
56	R L Donnelly	Chr		PNSY	NTL	18 Apr 91	24 Apr 91	closed
51	Bd. of Com., Borough of Colingswood, NJ	Com	Opposing closing of PNSY	PNSY	IGA	18 Apr 91	24 Apr 91	closed
69	Gary Stuhltrager, Assemblyman NJ	Chr		PNSY	IGA	18 Apr 91	24 Apr 91	closed
73	Wayne Bryant, Assemblyman NJ	Chr		PNSY	IGA	18 Apr 91	24 Apr 91	closed
93	Joseph Ricciardi	Chr	PNSY	PNSY	ES	22 Apr 91	24 Apr 91	closed
94	J.R. Billups, Jr.	Chr	PNSY	PNSY	ES	22 Apr 91	24 Apr 91	closed
95	C.F. Madden	Chr	PNSY	PNSY	ES	22 Apr 91	26 Apr 91	closed
50	Haley Campbell	Chr	PNSY	PNSY	ES	18 Apr 91	24 Apr 91	closed
12	David Buiro	chr	PNSY	PNSY	ES	03 Apr 91		closed
140	Michael Waske, Union	Chr		PNSY	ES	23 Apr 91	25 Apr 91	closed
137	Waske	Com. Callaway	cc: file es-140	PNSY	es	23 Apr 91		closed
161	gp	Chr		PNSY	ES	23 Apr 91		closed
58	Whilucke	Chr		PNSY	ES	18 Apr 91		closed
59	starke	Chr		PNSY	ES	18 Apr 91		closed
60	Whilucke	Chr		PNSY	ES	18 Apr 91		closed

REPORT OF CHAIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
62	Billingsley	Chr		PNSY	ES	18 Apr 91		closed
257	Mayor W. Wilson Goode, Philadelphia, PA	Chr		PNSY	IGA	26 Apr 91	30 Apr 91	closed
287	Powers			PNSY	ES	26 Apr 91		closed
321	cook			PNSY	ES	26 Apr 91		closed
322	gp	chr		PNSY	ES	26 apr 91		closed
320	Distefano			PNSY	es			closed
350	Jedwabney	com	cc: response to all com.	PNSY	ES			closed
362	cook	chr	Questions Nayy's criteria	pnsy	es	26 apr 91		closed
468	McCarthy	Com. Callaway		PNSY	es	2 may 91		closed
209	cribber	Com	suggests questions that need to be addressed	pnsy	Dir R & A	25 Apr 91	7 May 91	closed
61	Rep Curt Weldon	Com	Copy of Triad of Excellence Report	PNSY	DC	30 Apr 91	3 May 91	closed
297	Mitura	Com Trowbridge	Attach to other copies to com from same individual	PNSY	ES			closed
9	32 MOC	Com	Forwarding a report	PNSY	Senate Liaison	17 Apr 91	23 Apr 91	closed

REPORT OF CHAIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
816	Reps. Folgietta, Gray, Borski, Coughlin, Weldon, Ridge, Andrews, and Sens. Lautenberg, Biden, Specter, Wofford, and Bradley	chr	forwarding report: Analysis of the Recommendation of the BBR Report to close PNSY and naval station/ Also included is file 252 (numbered incorrectly as the log already contains file 252) which is a 23 April 91 letter from almost same group of congressmen	pnsy	dc	22 may 91	24 may 91	closed
848	william angus, director coc of southern NJ	chr	personal	pnsy	chr	22 May 91	25 may 91	closed
75	Jack Casey, Assemblyman, NJ	chr		pnsy	iga	18 Apr 91		closed
620	Bill Hamilton, GAO, Philadelphia	Vic Zangla	Base Closure Data Verification	PNSY	es file	23 may 91		closed
880	Bill Hamilton, GAOPhila	Vic Zangla	Base Closure Data Verification	PNSY	es file copy	23 may 91		closed
1041	Morrie Ruffin	Wendy Pensinger	cc: fax to Sec. Cheney from Sen. Arlen Specter	PNSY	DC	29 May 91	30 May 91	closed
983	John Tompson, President Norfolk Naval Shipyard	chr		PNSY	ES	28 May 91	29 May 91	closed
900	Rev. Foote, First United Methodist Church	chr	letter concerning impact of navy Yard closing on National Park, NJ	PNSY	ES	24 May 91	24 May 91	closed

REPORT OF CHAIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1112	Rep. Robert Andrews	chr	reply to 29 May 91 letter concerning PNSY	PNSY	DC	31 May 91	31 May 91	closed
850	Ellen Yount of Rep. Tom Ridge's office	Jamie Gallagher	Testimony of Rep. Tom Ridge	PNSY	ES	23 May 91	23 May 91	closed
463	Catherine McCarthy	com. Callaway	PNSY	PNSY	ES	2 May 91	10 May 91	closed
812	Sen. Arlen Specter	chr	11 June 91	PNSY	DC		11 June 91	closed
234	Sen. Arlen Specter	Sec. Lawrence Garrett, NAVY	Copy of letter suggesting significant deviation from base closure criteria	PNSY	es file copy	25 Apr 91		closed
155	Christopher Morris	chr		pnsy	SA	23 Apr 91	26 Apr 91	closed

REPORT OF RMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1193	Mayor Ralph Ragomo, Riverton, NJ	chr		PNSY	iga		7 June 91	closed
1434	Jeff Flood, President of Delaware Valley Hospital Council	chr	PNSY	PNSY	ES	6 June 91	8 June 91	closed
1183	chr	Mayor Wilson Goode, Philadelphia	change of date for philadelphia base visit	pnsy	es file		30 May 91	closed
1189	chr	Gov. Robert Casey	date change for philadelphia base visit	pnsy	es file		30 May 91	closed
1194	Rep Robert Andrews	chr	request to attend meeting	pnsy	me		3 June 91	closed
1509	Governor Robert Casey	chr	PNSY	PNSY	SD		11 June 91	closed
1539	chamber of commerce, southern new jersey		evaluation of the costs premises and other factors relating to closing of PNSY/triad of excellence report by the penjerdel council	pnsy	es		12 June 91	closed
1391	Rep. Robert Andrews	com	testimony concerning PNSY	PNSY	ES		11 June 91	closed
1723	Rep. Curt Weldon	chr/com		PNSY	dc		18 June 91	closed
1860	sen. arlen specter	chr/com	thinks too many dod personnel in key positions at DoD	PNSY	dc		21 June 91	closed

REPORT OF CHAIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1848	Tracy Warren, state office CA	cary walker	congressional record/Sen. specter's statement	PNSY	dc		22 June 91	closed
1850	Rep. John Murtha	chr		PNSY	es		24 June 91	closed
2028	Stephan Minikes	Com. Ball		PNSY	ES file		25 June 91	closed
1932	Bruce Christensen	Alex Yellin, chr		PNSY	ES		28 June 91	closed
2096	Rep Robert Andrews	chr,com	fax letter on PNSY	PNSY	ES file	26 June 91		closed
2095	Rep Robert Andrews	chr, com	fax letter on PNSY different from 2096	PNSY	ES file only	26 June 91		closed
2193	Rep Robert Andrews	chr		PNSY	ES		3 July 91	closed
2218	Chr	Michael Mills, Philadelphia Inquirer	PNSY PSA	PNSY	es file	26 June 91		closed
2222	Stephan Minikes, Counsel to the city of Philadelphia	Bob Moore	Service Life Extension Program of USS Kennedy	PNSY	NTL	30 June 91	3 July 91	
2128	Rep. Robert Andrews	chr	Philadephia naval shipyard and ageis work	pnsy	es	27 June 91		closed

MISSING

REPORT OF CONGRESSMAN'S
CORRESPONDENCE

Sen. Specter
all doc's relevant

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
816	Reps. Folgietta, Gray, Borski, Coughlin, Weldon, Ridge, Andrews, and Sens. Lautenberg, Biden, Specter, Wofford, and Bradley	chr	forwarding report: Analysis of the SecDef's Recommendation to close PNSY and naval station. Also included is file 252 (numbered incorrectly as the log already contains file 252) which is a 23 April 91 letter from almost same group of congressmen (Tri-state deleg.) accompanying a copy of the Triad of Excellence report	pnsy	dc	22 may 91	24 may 91	closed
820	Sen. Arlen specter	chr	forwarding copy of Delaware Valley Science and Technology assn's "Analysis of Proposed NADC relocation"	Naval Air Development Center, warminster, PA	dc	22 may 91	24 may 91	closed
1033	Sen. Arlen Specter	chr	cannot be present at 24 may 91 hearing	PNSY, NADC, and Letterkenny Army Depot	DC	29 May 91		closed
812	Sen. Arlen Specter	chr	11 June 91	PNSY	DC		11 June 91	closed
234	Sen. Arlen SPecter	Sec. Lawrence Garrett, NAVY	Copy of letter suggesting significant deviation from base closure criteria	PNSY	es file copy	25 Apr 91		closed

REPORT OF CONGRESSMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
2205	Rep. Peter Kostmayer, Rep. Tom McMillen, Rep. Lawrence Coughlin, Sen. Arlen Specter	chr	Labs	Labs and NADC, Warminster	ES info only	29 June 91		closed
1679	Sen. Arlen Specter	chr	Army Corps of Engineers		dc		17 June 91	closed
1725	Sen. Arlen Specter	chr	do not cancel visit to Warminster facility	NADC, warminster, pa	dc	14 June 91		closed
1836	sen. arlen specter	chr	written testimony for 17 June 91 hearing	fort indiantown gap	es		21 June 91	closed
1860	sen. arlen specter	chr/com	Thinks too many DoD personnel in key positions at the Base Closure Commission	PNSY	dc		21 June 91	closed
1891	Sen. Arlen Specter	com.	hearing testimony, ie.: Ft. Indiantown Gap	Ft. Indiantown Gap	es		25 June 91	closed
2038	Sen. Arlen Specter	chr	fax	Indiantown Gap	ES		28 June 91	closed
2080	Sen. Arlen Specter	chr	6 letters covering all issues		sd	26 June 91		closed
1360	Sen. Arlen Specter, Harris Wofford, reps george gekas androbert walker	chr	have included various pieces of correspondence from intergovt'al officials	Fort Indiantown Gap	dc		7 June 91	closed

REPORT OF CONGRESSMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
2334	Sen. Arlen Specter	com	Concerned with data presented by Alex Yellin		es file copy	28 June 91		closed

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT


CONTROL NUMBER 09

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN				COMMISSION MEMBERS		
CHAIRMAN COURTER			✓	COMMISSIONER BALL		✓
STAFF DIRECTOR			✓	COMMISSIONER CALLAWAY		✓
GENERAL COUNSEL				COMMISSIONER CASSIDY		✓
MILITARY EXECUTIVE				COMMISSIONER LEVITT		✓
SPECIAL ASSISTANT				COMMISSIONER SMITH		✓
				COMMISSIONER STUART		✓
COMMUNICATIONS/PA				COMMISSIONER TROWBRIDGE		✓
DIRECTOR OF COMMUNICATIONS						
PRESS SECRETARY				REVIEW AND ANALYSIS		
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS		✓
SENATE LIAISON				DEPUTY DIRECTOR, [REDACTED]		
HOUSE LIAISON <i>Wendi</i>			✓	[REDACTED] D.O.D. LIAISON		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER		
				NAVY TEAM LEADER		
ADMINISTRATION				AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with <i>Matt</i>
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS
report distributed to all Commissioners in Matt's absence
Bob Moor to clear
P phone following
CONGRESSIONAL *Phila. Naval Base*

CLEARANCE SIGNATURES


ACTION DUE DATE <i>2</i> 3 APR 1991	ROUTING DATE 19 APR 1991	RECEIPT DATE 17 APR 1991	EXEC SEC MAIL DATE
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THOMAS M. FOGLIETTA
1ST DISTRICT, PENNSYLVANIA

17 APR 1991

ES-09



17 APR

231 CANNON BLDG.
WASHINGTON, D.C. 20515
(202) 225-4731

COMMITTEES:
ARMED SERVICES
MERCHANT MARINE AND
FISHERIES

WILLIAM J. GREEN BUILDING
SIXTH AND ARCH STREETS
ROOM 10402
PHILADELPHIA, PENNSYLVANIA 19106
(215) 925-6840

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515
April 15, 1991

James A. Courter
Chairman

Howard D. Calloway
Robert Douglas Stuart, Jr.
Duane H. Cassidy
William L. Ball, III
Arthur Levitt
Alexander B. Trowbridge
James C. Smith II

Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Sirs:

We write to direct your attention to the attached report regarding the Philadelphia Naval Base and ask for the opportunity to testify before the Commission about this very important issue.

As you know, Defense Secretary Cheney has recommended closure of the Philadelphia Naval Shipyard, the Naval Station, COMNAVBASE, and closure of Naval Damage Control Center. Some operations on the Base -- such as the Naval Ship Systems Engineering Station (NAVSSSES), the propeller shop and foundry, and the Inactive Ships Maintenance Facility -- would be retained.

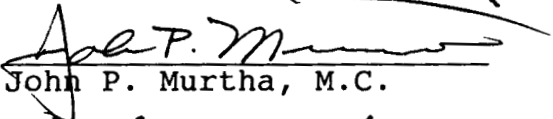
We request that you give the enclosed report careful study. As you see, the report tracks the Defense Department's criteria to prove that the Shipyard and Base should remain a vital part of the naval strategy through the 1990's and beyond. The Shipyard's mission is a vital element of the future force structure of the Defense Department. It is the only Naval Shipyard to make a profit the past two years, and is the Navy's most productive and most efficient Yard. Finally, closing the Philadelphia Naval Shipyard would be an economic and environmental disaster for the already fiscally-troubled Delaware Valley region.

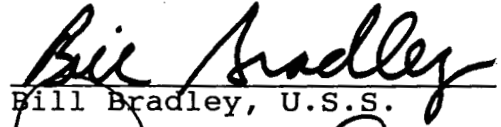
We appreciate your attention to this report. We look forward to working with you in your review.

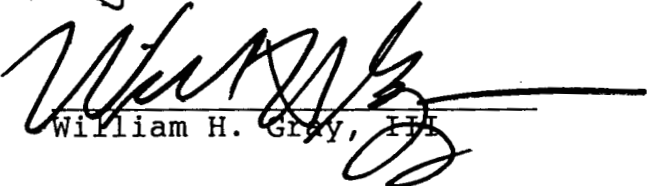
Sincerely,

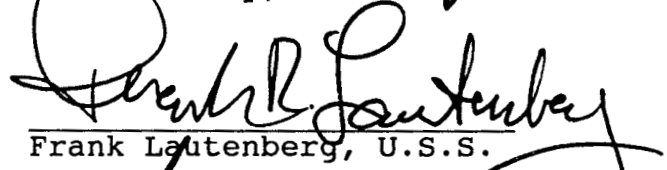

Thomas M. Foglietta, M.C.


Arlen Specter, U.S.S.

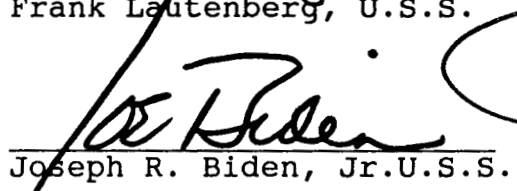

John P. Murtha, M.C.

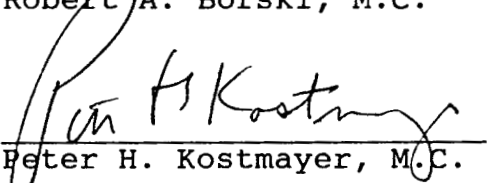

Bill Bradley, U.S.S.

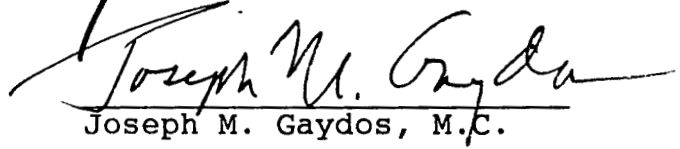

William H. Gray, III


Frank Lautenberg, U.S.S.


Robert A. Borski, M.C.

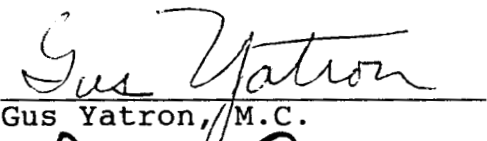

Joseph R. Biden, Jr. U.S.S.


Peter H. Kostmayer, M.C.


Joseph M. Gaydos, M.C.


Paul E. Kanjorski, M.C.


Austin J. Murphy, M.C.

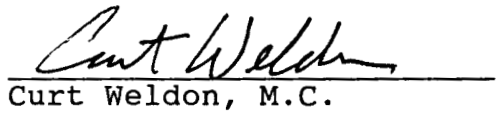

Gus Yatron, M.C.


Joseph M. McDade, M.C.


Lawrence Coughlin, M.C.


Thomas J. Ridge, M.C.


George W. Gekas, M.C.


Curt Weldon, M.C.

Robert E. Andrews

Robert E. Andrews

Bernard J. Dwyer

Bernard J. Dwyer, M.C.

Robert A. Roe

Robert A. Roe, M.C.

Frank J. Guazini

Frank J. Guazini, M.C.

Matthew J. Rinaldo

Matthew J. Rinaldo, M.C.

Donald M. Payne

Donald M. Payne, M.C.

Thomas R. Carper

Thomas R. Carper, M.C.

Joe Kolter

Joe Kolter, M.C.

William J. Hughes

William J. Hughes, M.C.

Frank Pallone Jr.

Frank Pallone, Jr., M.C.

Jim Saxton

Jim Saxton, M.C.

Christopher Smith

Christopher Smith, M.C.

Robert G. Torricelli

Robert G. Torricelli, M.C.

William J. Coyne

William J. Coyne, M.C.

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ES-46

JIM COURTER
CHAIRMAN

1625 K STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20006
202-653-0823
202-653-1028 - FAX

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET.)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

April 24, 1991

The Honorable Robert E. Andrews
1005 Longworth House Office Building
Washington, D.C. 20515-3001

Dear Congressman Andrews,

Thank you for your letter inviting the Defense Base Closure and Realignment Commission to hold one of its regional field hearings in the Philadelphia area. You will be pleased to know we have scheduled a hearing for Friday, May 24, 1991, beginning at 9:00 a.m. at the Philadelphia Civic Center, Pennsylvania Hall, 34th Street and Civic Center Boulevard.

I, too, share your desire that all communities potentially affected by base closures should have the opportunity to express their concerns, and that is one of the reasons we are holding eight separate regional hearings. You may be interested to know that I personally plan to visit both the Philadelphia Naval Station and Naval Shipyard to better understand some of the issues at hand.

Again, thank you for your genuine interest and concern in the most difficult task before us.

Sincerely,

JIM COURTER
Chairman

DEFENSE BASE CLOSURE AND REALIGNMENT

EXECUTIVE SECRETARIAT

CONTROL NUMBER 046

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN					COMMISSION MEMBERS	
CHAIRMAN COURTER			✓		COMMISSIONER BALL	
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MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA					COMMISSIONER TROWBRIDGE	
DIRECTOR OF COMMUNICATIONS						
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	
SENATE LIAISON					DEPUTY DIRECTOR, [REDACTED]	
HOUSE LIAISON			✓		[REDACTED] D.O.D. LIAISON	
EXECUTIVE SECRETARIAT					ARMY TEAM LEADER	
					NAVY TEAM LEADER	✓
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	<input checked="" type="checkbox"/> Appropriate Action
<input type="checkbox"/> Prepare Reply for Commissioner's Signature	<input type="checkbox"/> Comments and/or Recommendations
<input type="checkbox"/> Prepare Reply for Staff Director's Signature	<input checked="" type="checkbox"/> Clear Reply with <i>Wagner, Matt + Wendle</i>
<input type="checkbox"/> Reply Direct (forward copy to Exec Sec)	<input type="checkbox"/> Coordinate Reply with

SUBJECT/REMARKS

CONGRESSIONAL

CLEARANCE SIGNATURES

ACTION DUE DATE 24 April 1991 ROUTING DATE 22 Apr 91 RECEIPT DATE 18 APR 1991 EXEC SEC MAIL DATE

ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

WASHINGTON OFFICE:
5 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

18 APR 1991

ES-46

April 12, 1991

Hon. James A. Courter
Chairman
Defense Base Closure Commission
1625 K Street, NW
Suite 400
Washington, DC 20006

Re: Base Closure Commission Schedule of Hearings;
Proposed Philadelphia Meeting.

Dear Mr. Courter:

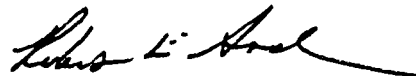
I write to you today on behalf of the residents of New Jersey's First Congressional District, and the thousands of employees at the Philadelphia Naval Shipyard, to request that the Defense Base Closure Commission schedule a hearing in the Philadelphia area to discuss the Commission's base closure recommendations.

As a former member of the New Jersey Congressional delegation, I am certain that you share our desire to provide the hard-working men and women at the Philadelphia Naval Shipyard a fair and proper opportunity to speak to the members of the Commission about the first-rate work completed at the yard. It is crucial to the work of the Commission that it receive all possible information pertaining to the potential base closures, especially from those involved in the day to day operation of a shipyard.

Thank you in advance for your kind attention to my request. As always, if you have additional questions on this or other matters of concern to you, please do not hesitate to contact my District office, at (609) 546-888, or my Washington office, at (202) 225-6501.

I look forward to working with you and the Base Closure Commission in the near future.

Sincerely,



ROBERT E. ANDREWS
Member of Congress

REA:rf

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ES-61²⁻

THE PENJERDEL COUNCIL



**Triad of Excellence: A Proposal to Establish a Delaware Valley Synergistic
Naval Engineering and Overhaul Complex**
by

The PENJERDEL Council

in cooperation with the
Greater Philadelphia Economic Development Coalition

April 15, 1991

*Copies to R+D
of all Divisions
for review*

The PENJERDEL Council, in cooperation with the Greater Philadelphia Economic Development Coalition, is pleased to present **Triad of Excellence: A Proposal to Establish a Delaware Valley Synergistic Naval Engineering and Overhaul Complex.**

The PENJERDEL Council is a tri-state association of business and industry dedicated to improving the quality of life of southeastern Pennsylvania, southern New Jersey, and northern Delaware.

The PENJERDEL Council acknowledges the efforts of the Chamber of Commerce of Southern New Jersey, which provided technical research and support.

I. THE PROPOSAL

Three organizations in the Delaware Valley distinguish themselves by creatively and cost effectively supporting today's Navy. The Naval Ship Systems Engineering Station (NAVSSSES) is the national leader in the development, testing, and engineering of Hull, Mechanical, and Electrical (HM&E) systems for the Navy. The Philadelphia Naval Shipyard (PNSY), the most cost-effective shipyard in the public sector, has a distinguished record of performance in the construction, repair, overhaul, and modernization of all types of technologically advanced Naval combatants and support ships. The Moorestown (New Jersey)-area AEGIS Combat System Complex excels in AEGIS combat system engineering. The current national emphasis is on decreasing the cost of our military outlays. Congress, the Department of Defense, and the Navy must look for ways to do things better. Recognizing this need, we have developed an innovative proposal that establishes NAVSSSES, the Philadelphia Naval Shipyard, and the Moorestown-area AEGIS Combat System Complex as the **Triad of Excellence** to meet this challenge.

In this cost-effective, quality-minded environment, it is most logical for the Navy to establish a **Delaware Valley Synergistic Naval Engineering and Overhaul Complex**, by strengthening NAVSSSES, designating the Philadelphia Naval Shipyard as the AEGIS overhaul and repair facility, and incorporating the Moorestown-area AEGIS Combat System Complex into this triad. With a small number of additional functions, NAVSSSES, the Philadelphia Naval Shipyard and the AEGIS Combat System Complex are uniquely positioned to deliver an innovative thrust at the overhaul of AEGIS and other gas turbine-equipped ships. In effect, the Navy would establish a Delaware Valley Synergistic Naval Engineering and Overhaul Complex to support the Navy and the AEGIS fleet of the 21st century. We discuss this approach in this paper.

To establish this Delaware Valley Synergistic Naval Engineering and Overhaul Complex and the **Triad of Excellence** to support the Navy and the AEGIS fleet of the 21st century, the Navy need only:

With regard to NAVSSSES:

- Establish NAVSSSES as the Ship Systems Engineering Center within the Surface Warfare MEGA Center.

- Transfer the remaining In-Service Engineering (ISE) and Life Cycle Engineering Management responsibilities from Naval Sea Systems Command (NAVSEA) to NAVSSES.
- Transfer surface ship hull, mechanical, and electrical systems development responsibilities to NAVSSES.
- Transfer maintenance, engineering, and alteration and repair planning functions to NAVSSES.

With regard to the Philadelphia Naval Shipyard:

- Assign the first overhaul of the USS TICONDEROGA to the Philadelphia Naval Shipyard.
- Designate the Philadelphia Naval Shipyard as the AEGIS Center of Excellence Overhaul and Repair Facility.
- Designate the Philadelphia Naval Shipyard as the planning yard for AEGIS class ships.
- Designate the Philadelphia Naval Shipyard as the overhaul yard for Foreign Military Sales (FMS).

With regard to the AEGIS Combat System Complex:

- Recognize and integrate the AEGIS Complex as an integral part of the **Triad of Excellence**.
- Retain testing, refurbishment, and training capabilities on older AEGIS systems.

II. INTRODUCTION

With Operation Desert Storm now over, the Department of Defense is turning, once again, to the military drawdown to meet Congress' goal of cutting 25 percent from the force structure by 1995. The budget agreement reached last year fixes military personnel levels and defense spending caps for the next five years. Major decisions lie ahead as the Department of Defense and the Navy plan for the drawdown. As three carrier battle groups (KENNEDY, SARATOGA, and MIDWAY) are returning from the Persian Gulf, the stage is set for hard choices. The Navy is looking toward a revised force of perhaps 12 aircraft carriers, 21 fewer attack and fleet ballistic missile submarines, 11 fewer amphibious ships, and 28 fewer combat support ships. Force adjustments could lead to a reduction from our current level of 515 ships in the active and 31 ships in the reserve forces to 448 ships in the active and 16 in the reserve forces by 1995.

To meet cost-reduction goals, total Navy civilian end strength is projected to decline by 65,000. Projections indicate that the naval industrial civilian work force must be reduced by some 20,000. Most of these personnel cuts would come from the public shipyards and air rework facilities.

Currently, NAVSSES is being considered for possible consolidation and relocation. This is being considered despite the fact that NAVSSES is the only naval activity that can conduct full-power, land-based testing of propulsion plants, including gas turbine systems — the principal power plant of ships of our 21st century Navy. Relocation studies estimate the cost to move NAVSSES at more than \$800 million, with an expected amortization pay-back of over 100 years.

Every American recognizes the need to reduce military outlays, lessen the cost of government, and control the deficit. Many are looking for the "peace dividend". However, military reductions must be done rationally. Dollars must be saved, not costs increased. The effectiveness of our naval forces must be maintained.

The Soviet threat may appear to be passing, yet we are in turbulent times. Grenada, our Persian Gulf convoys during the Iraqi-Iranian war, Panama, and Operation Desert Storm are strong indicators. The USS STARK, USS SAMUEL B. ROBERTS, USS PRINCETON, and USS TRIPOLI were all heavily damaged during either the Iraqi-Iranian war or during the recent Persian Gulf crisis, mostly by rather primitive mines. Three of the four were gas turbine ships. Repairs to one of these, the gas turbine-powered, AEGIS-capable PRINCETON, will probably cost more than \$100 million. The PRINCETON's repair is scheduled to take place in July at the Long Beach Naval Shipyard — a non-nuclear shipyard.

Over 70 percent of the fleet, 95 percent of the surface fleet, projected for 1995 will be conventionally powered, mostly gas turbine ships, a large number of which will be AEGIS-equipped. Because a majority of the fleet is conventionally powered, it is of significant benefit to retain the more cost-effective, non-nuclear shipyards for overhauls and repairs. In the past, the Philadelphia Naval Shipyard was considered for closure because it is not permitted to overhaul nuclear-powered ships. The Philadelphia Naval Shipyard was on a past closure list despite the fact that it is the most cost-effective and productive naval shipyard in the United States.

"We are in a state of transition from the Cold War to a new world order. The shift will require us to change our way of doing business," Admiral Leon Edney, Commander in Chief, Atlantic Command, said recently. To maintain the readiness of 70 percent of the fleet with the

projected defense caps certainly will require an innovative way of handling the repair, overhaul and modernization of our 21st century Navy, including the overhaul of the costly AEGIS-equipped, gas turbine-powered ships. Our Triad of Excellence would meet Admiral Edney's goals.

III. DELAWARE VALLEY COMPLEX AND REGIONAL ASSETS

Brief History

The confluence of two great rivers — the Delaware and the Schuylkill — together flowing south and east to the Atlantic Ocean has been a choice settlement and strategic location for many people throughout history. Before the 17th century exploration by the Europeans, the Delaware Valley was the home of the Lenni-Lenape Indians, a tribe that realized that its importance and influence could be better achieved by membership in a large tribal confederation later known as the Delaware Indians. They recognized that great things could result from collective action.

The economy of the valley has always been industrially based — strong in engineering, manufacturing, shipbuilding, and ship repair. The Delaware Valley consistently delivers exciting new technologies to the Navy and the maritime industry. Joshua and Samuel Humphrey distinguished themselves by building the 38-gun frigates of the Continental and Federal navies. John Fitch's steamboat made history on the Delaware River in July of 1786 when he made the first successful trial runs of a steam-driven ship averaging a speed of eight miles per hour over a one-mile test range. During the 19th century, the Delaware River shipbuilders, continuing the tradition of the Humphreys, earned the name "the Clyde of the New World". The contribution of the Hog Island-built merchant fleet to the World War I victory and the efforts of Delaware Valley-based shipbuilders and ship repairers in World War II are unparalleled. The post-World War II period brought the continued introduction of new technology by Delaware Valley-based industry with the construction of the first nuclear-powered merchant ship, NS SAVANNAH, the first testing of a gas turbine propulsion plant in a naval environment at NAVSSES, the introduction of zone technology in overhauls and modernizations at the Philadelphia Naval Shipyard, and the development of the AEGIS Combat System at Moorestown, New Jersey.

The Philadelphia Naval Shipyard, the Naval Ship Systems Engineering Station, and the Philadelphia Naval Base are an integral part of this tradition of excellence. The shipyard's work with guided missile cruisers, destroyers, and frigates and in CV-SLEP and the NTU program has contributed much to the readiness and sustainability of today's modern Navy. The Naval Ship Systems Engineering Center through its gas turbine, diesel, and steam propulsion systems

development, testing, and engineering leadership enables the Navy to meet its military commitments worldwide.

Regional Naval Assets

The Naval Ship Systems Engineering Station, the Philadelphia Naval Shipyard, the Moorestown-area AEGIS Combat System Complex, and the existing support structure of the Philadelphia Naval Base are modern national assets contributing significantly to the effectiveness of our new and upgraded Navy. These are unique assets virtually collocated and not duplicated anywhere in the United States or the world. They exist today as powerful elements of a Navy-contractor team that develops and provides state-of-the-art technology systems to the U.S. and friendly world navies.

• NAVSSES

The Naval Ship Systems Engineering Station is a modern ship systems development, testing, and engineering center located in 58 buildings on the Naval Base Complex. Its existing plant value is over \$350 million, with a significantly greater replacement value. NAVSSES is a world leader in gas turbine, diesel, and steam system development, testing, and engineering. Approximately 1,850 people develop, test, and engineer the many systems integrated into today's naval combatants on the station's 640,000 square feet of test floor and in its 166,000 square feet of office space. For testing, NAVSSES can produce 1,300,000 lbs/hr of steam and has 180,000 gals/min of cooling water capacity, 1,200,000 gallons of fuel storage capacity, 14,000 KVA electrical power available, 450,000 gallons of feedwater storage capacity, and 100,000 gals/day feedwater production capacity. These give maximum versatility to its 146 test sites. Key to its developmental testing efforts is its capability to absorb 100,000 HP of propulsion energy at many of its test sites.

The latter enabled NAVSSES very early to espouse and refine the Land-Based Engineering Site concept. Under this concept, NAVSSES actually replicates the propulsion system in its shipboard configuration within any number of its large, special, foundation-reinforced test buildings. The DDG 963, FFG 7, LSD 1, and portions of the AEGIS CG 47 propulsion plants were so tested. Currently, NAVSSES is testing the DDG 51 and submarine propulsion systems. Its engineering, scientific, and technical personnel are analyzing the results of these tests and developing engineering changes that are integrated into the design and construction processes. Taxpayer dollars are saved, and ships are delivered to the fleet combat-ready.

Subsequently, these same facilities are used in the life-cycle engineering, maintenance, repair and upgrading processes when the ships are operating, commonly called In-Service Engineering (ISE). Engineers, along with trained and experienced scientific and technical personnel, are instrumental in helping to keep the Navy in its powerful force-projection role. Each day, hundreds of NAVSSES personnel are working on fleet problems in Philadelphia or on any ship, at any location, anywhere in the world. Yet, NAVSSES does not do all of the Navy's HM&E equipment testing, nor does it do all of the ship system ISE. The redundancy that now exists causes the Navy to lose some of its effectiveness, and it costs more to the American taxpayer.

- **The Philadelphia Naval Shipyard**

The Philadelphia Naval Shipyard is the most cost-effective and efficient naval shipyard in the United States. The facility provides depot-level maintenance for all types of conventional surface ships including complex combatants, aircraft carriers, and auxiliary and amphibious ships. The Philadelphia Naval Shipyard can also provide industrial repair capability to address battle damage to the fleet during periods of war. The Philadelphia Naval Shipyard has a highly skilled, strike-free work force that efficiently performs its mission in peacetime while maintaining its readiness for war.

The Philadelphia Naval Shipyard is a vital mobilization asset for the United States Navy. A total of 116 mobilization functions relative to production capability are performed by the shipyard. These functions have been identified as essential for the Philadelphia Naval Shipyard to fulfill its mobilization obligations in support of our nation's defense. The decline of the private shipbuilding and repair industry in the United States has resulted in increased emphasis on the mobilization capabilities of public shipyards such as Philadelphia. In late November 1990, the Philadelphia Naval Shipyard was tasked to reactivate three cargo ships, SS SCAN, SS LAKE, SS PRIDE. These ships are part of the strategic sea-lift force managed by MIRAD and were needed to support Operation Desert Storm. The Philadelphia Naval Shipyard responded immediately and successfully completed the reactivation in record time despite the very poor material condition of the ships and other ongoing overhauls in the shipyard.

The Philadelphia Naval Shipyard stands out from most government activities because it is designed to operate as a private enterprise. The Philadelphia Naval Shipyard is not funded directly from the defense budget. All overhead activities and operating expenses at the yard are paid for by selling services to customers. The Naval Industrial Fund (NIF) was established by an Act of Congress in 1949 to provide a working capital base to finance shipyard operations from the time

charges are incurred on behalf of a customer until repayment is made to the shipyard by the customer. Customers include any other Navy, U.S. Government, or recognized foreign government activities. The Philadelphia Naval Shipyard does not receive annual appropriations to support its operations. It generates revenues by charging customers for work performed.

The Philadelphia Naval Shipyard occupies 904 acres on the Philadelphia Naval Base. The yard's activities are housed in 128 buildings and occupy 2.5 million square feet of material storage and warehouse space. The Philadelphia Naval Shipyard also has the following unique assets:

- PNSY has 14,650 continuous feet of wharfs.

• PNSY has six piers of 495 feet to 1000 feet in length, which are capable of berthing all AEGIS ships and all other DD,CG, DDG, FF, AOE, CV, and amphibious ships.

- PNSY has three of the five AEGIS-capable public dry docks on the East Coast. This represents 40 percent of all available East Coast docks (public or private) that are fully capable of supporting a docking overhaul for CG 47 class ships and 35 percent of all available East Coast docks (public or private) capable of supporting a docking overhaul for the DDG 51 class.
- PNSY has overhauled six gas turbine powered ships since 1984. This included removal, installation, alignment, grooming, calibration and test of both propulsion and ships service generator gas turbines.
- PNSY is the Navy's Test Development Director for all AEGIS ships.
- PNSY is the only East Coast Depot Overhaul Point (DOP) for Naval Tactical Data Systems (NTDS).
- PNSY maintains a Reference Standards Laboratory for the calibration of electrical, electronic, mechanical, and dimensional test, measuring and diagnostic equipment.
- PNSY is the In-Service Engineering Agent (ISEA) for Surface Ships Damage Control Drawings/Documentation and Damage Control Standards.
- PNSY is the Expanded Planning Yard (EPY) for DDG 2, LST 1179, LCC 19, LPH 2 ship classes and selected Coast Guard vessels. As such, PNSY is the sole engineering agent for configuration planning, improvement studies, installation planning, drawing development, and technical documentation maintenance.
- PNSY is the only naval propeller manufacturing facility. This facility includes the in-house capability for casting and final machining of propellers for nuclear submarines. It is the sole source for Navy Propeller Gauge Certification.

The Philadelphia Naval Shipyard is located on the Delaware River in a safe, fresh-water harbor that is not subject to coastal storms, earthquakes, or coastal interdiction. The channel is federally authorized, maintained to a depth of 40 feet, and supports the largest fresh-water commercial maritime port in the world. The channel has sufficient disposal areas for dredged material through the year 2020. The U.S. Army Corps of Engineers plans to increase the channel depth to 45 feet. No vertical height restrictions exist.

When defining or assessing a shipyard's facilities for construction, modernization, or repair of today's highly specialized ships, the dry-dock capacity is a primary indicator of national value. In recent years, the Navy has given special attention to the development of the national ship-repair base. The Navy is increasingly aware of the importance of ship repair as one of the principal elements in maintaining the combat readiness of the Navy and of the increased complexity and scope of repair work on ships outfitted with modern propulsion and sophisticated electronic weapons systems.

A strategic asset for the Navy in terms of combat readiness is the Philadelphia Naval Shipyard's dry-dock capability. The Philadelphia Naval Shipyard has five certified dry docks, including two of the three East Coast public yard dry docks that are capable of docking aircraft carriers. Three of the five dry docks are capable of docking CG 47, LHD 1, AOE 1, DD 963, DD 993, BB 61, and LHA 1 class ships. Philadelphia Naval Shipyard has three of the five AEGIS capable public dry docks on the East Coast. This represents 35 percent of all available East Coast docks (public or private) that are capable of supporting a docking overhaul for the DDG 51 class.

The Philadelphia Naval Shipyard possesses a highly skilled work force capable of performing multiple tasks in support of specialized ship overhaul and repair activities. It employs approximately 8,000 individuals with a full range of engineering, naval architecture, and trade skills.

In addition, the Philadelphia Naval Shipyard has completed four New Threat Upgrade (NTU) overhauls, far more than any other public or private shipyard. NTU overhauls are designed to make existing cruisers and destroyers similar to the Navy's new AEGIS ships for survivability. This includes the prototype NTU installation on the USS BIDDLE and the following ships: USS DALE, USS SCOTT, and USS KIDD. Gas turbine propulsion system work was done on the following ships: USS SCOTT, USS KIDD, USS SPRUANCE, USS SPRAGUE, USS ESTOCIN, and USS OLIVER HAZARD PERRY. This work included the removal, installation, and testing of gas turbine propulsion systems.

Expanded entertainment facilities are emerging on the Camden, New Jersey and Philadelphia waterfronts. For example, a world-class aquarium, currently under construction, is scheduled to open in Camden in 1992.

Transportation

The region's transportation infrastructure is comprehensive. An integrated network of subways, commuter trains, buses, and trolleys — operated by the Southeastern Pennsylvania Transportation Authority (SEPTA) — serves the Pennsylvania portion of the Delaware Valley. Southern New Jersey and central Philadelphia are connected by the PATCO High-Speed Line and New Jersey Transit bus service. The Philadelphia International Airport is only three miles from the Philadelphia Naval Base Complex. The Delaware Valley is also served by 2,500 miles of interstate, state, and local highways and roads. Interstate 95 has a major interchange at the main gate of the complex.

The Delaware Valley has one of the best public transportation networks of any major metropolitan area in the nation. SEPTA's 13 commuter rail lines transport about 95,000 people each day in the five counties of southeastern Pennsylvania. SEPTA also operates a network of subway-elevated systems, trolley lines, and bus services within the region. The Delaware River Port Authority's automated high-speed line runs from center city Philadelphia to Lindenwold, New Jersey — carrying about 16,000 New Jersey residents to and from Philadelphia each day. The Delaware Authority for Regional Transportation provides bus service in the Wilmington, Delaware area, and New Jersey Transit provides bus service from New Jersey to Philadelphia.

Amtrak rail service connects Philadelphia; Wilmington, Delaware; and Trenton, New Jersey with most major cities in the nation. Amtrak's metroliner provides fast service to New York, New York; Washington, D.C.; and New England.

IV. TRIAD OF EXCELLENCE

Overview

Regionally, we recognize the need to do things better at less cost.

Our objective is to establish a Delaware Valley Synergistic Naval Engineering and Overhaul Complex for total support of the AEGIS fleet of the 21st century. The three legs of a powerful **Triad of Excellence** — the Naval Ship Systems Engineering Station (NAVSSSES), the Philadelphia Naval Shipyard, and the AEGIS Combat System Complex with its supporting base

structure — need only be so directed by the Navy. The commands today perform cost-effective and quality work in existing facilities with people aboard, trained, and working. They are ready for Admiral Edney's "change in the way of doing business". To date, a shipyard has yet to overhaul an AEGIS-equipped ship, although the Navy has stated that the overhaul of the first of the CG 47 class, the Norfolk-based USS TICONDEROGA, will be accomplished under public/private competition.

The Delaware Valley Synergistic Naval Engineering and Overhaul Complex's primary mission would be the support of gas turbine AEGIS-equipped ships during the operational phase. NAVSSES, while continuing its mission of In-Service Engineering and Test & Evaluation (T&E) to support all surface ships, would concentrate on development, testing, engineering, and upgrading both existing and new classes of AEGIS ships within a common maintenance envelope for the numerous ship systems.

The Philadelphia Naval Shipyard would serially overhaul these ships, thereby achieving the significant savings possible through such an overhaul concept. Both NAVSSES and the AEGIS Combat System Complex would support the Philadelphia Naval Shipyard in systems design, testing, grooming, and trouble-shooting during overhauls. Systems upgrade and block modifications could be handled smoothly and at considerably reduced costs, since the legs of the Triad of Excellence are virtually collocated. New construction of AEGIS-equipped ships would remain in the private sector, where it is fully developed today. All activities would still be available to support their other Navy work. For example, NAVSSES would continue its role in the new Electric Drive program, whereas the Philadelphia Naval Shipyard would continue to overhaul any ships assigned, including amphibious ships or ships designated in the Foreign Military Sales (FMS) program.

Naval Ship Systems Engineering Station (NAVSSES) — The First Leg

The required 25-percent reduction in the Navy support infrastructure, coupled with the need to draw upon existing expertise and facilities, require careful consideration so that the war fighting capability required for national defense is not degraded. During the last ten years, NAVSSES significantly improved its engineering and facilities. The command is now placed in a preeminent position to cost effectively and functionally consolidate ship systems engineering. In August of 1990, the Secretary of the Navy directed his staff to undertake a review of the department's Research, Development, Testing and Evaluation (RDT&E) efforts to develop a concept for consolidation of RDT&E facilities. Personnel were to include all facilities executing

RDT&E and develop a plan to reduce the size of shore infrastructure and overhead, streamline internal management, and reduce the potential for duplication of effort. In achieving the reduction goals, according to the Secretary, the Navy was to preserve essential capabilities including unique facilities, engineering and technical skills, and its critical mass of technology.

A Research and Development (R&D) working group considered all 76 navy field activities executing RDT&E work. Of the 76, the group removed 42 activities from the study list. These were basically concerned with education, depot-level repair, and tri-service support. The remaining 34 activities continued as candidates for consolidation into four Warfare Centers (or MEGA Centers): the Naval Air Warfare Center; Naval Undersea Warfare Center; Naval Command, Control and Ocean Surveillance Center; and Naval Surface Warfare Center.

The guidance also allows each service to maintain a basic research laboratory. Cost savings for each Warfare Center were to be achieved through the closure or realignment of activities, overhead and material reduction, the elimination of functional duplication, and the avoidance of capital investment. Of all the field activities considered for consolidation realignment, only two — the David Taylor Research Center (DTRC) and the Naval Ship Systems Engineering Station (NAVSSSES) are responsible for shipboard Hull, Mechanical and Electrical (HM&E) systems. Both activities will be part of the Surface Warfare Center.

The Surface Warfare MEGA Center concept requires a strong Ship Systems Engineering and Test Center. Cost realism requires the Navy to focus on the massive investment already made at NAVSSSES. Rationally, then, the Navy should designate NAVSSSES as the Ship Systems Engineering and Test Center and continue to transfer the remaining Life Cycle Engineering and ISE to NAVSSSES.

Over the past decade, the Navy has already moved approximately 2,000 man-years per year of HM&E test and ISE effort to NAVSSSES. The remaining functions, performed either at the Naval Sea Systems Command in Washington or the David Taylor Research Center (DTRC) are the final segments of total ship systems engineering outside of the NAVSSSES envelope. These functions include the ISE performed at the Naval Sea Systems Command and the Research and Development (R&D) performed at DTRC in Annapolis, an activity threatened by imminent closure. The opportunity now arises to integrate this into the Test and Evaluation (T&E) work now done at NAVSSSES. This transition is logical. The result would allow the Navy to consolidate the total lifetime support of ship systems and HM&E equipment at one location, NAVSSSES.

Within its current mission, NAVSSES also executes significant engineering in support of the maintenance and overhaul of naval ships. This includes the preparation and installation of alteration packages and the development of expert systems to more effectively predict equipment maintenance and overhaul requirements. To reduce cost and better align maintenance and overhaul engineering, the Navy should transfer maintenance engineering and alteration and repair planning functions to NAVSSES. Currently, this activity reports to elements of the Naval Sea Systems Command in Washington. This reassignment is simple, since it is merely one of reporting authority. Little is involved. No unique facilities or additional specially trained people are needed.

Assignment of these functions would strengthen NAVSSES as a leg in the **Triad of Excellence**. This leg would provide the total ship systems and HM&E support for AEGIS ships.

Philadelphia Naval Shipyard — The Second Leg

The Philadelphia Naval Shipyard, as the second leg of the **Triad of Excellence**, is ready to provide the required industrial support. It can do this cost-effectively and capably because of its preparation, facilities, experience, Total Quality Management program (Philadelphia Quality Process — PQP), and zone technology.

The Philadelphia Naval Shipyard has pursued an aggressive approach to preparation for certification for AEGIS overhaul and repair including the following:

- The FY 1990 and 1991 AEGIS training budgets totalled \$1.8 million.
- To date, 121 engineers, technicians, trades-people, and managers have been trained on AEGIS systems.
- AEGIS training continues at the Moorestown-area AEGIS Complex, other Navy schools, and on-the-job advanced installation teams.

These efforts have made the Philadelphia Naval Shipyard the most qualified shipyard in the United States for the overhaul and repair of AEGIS class cruisers and destroyers. This approach to the emerging AEGIS opportunities, coupled with the yard's past performance, resulted in the shipyard's designation by PMS 400 as the Navy's Test Development Director for the CG 47 and DDG 51 AEGIS class ships.

The Philadelphia Naval Shipyard has the best-suited facilities to complete Aegis overhaul and repair. For example:

- The Philadelphia Naval Shipyard has three of the five public dry docks that are capable of docking AEGIS class ships on the East Coast. These represent 43 percent of all available East Coast docks (public or private) capable of docking and overhauling AEGIS class ships.
- The Philadelphia Naval Shipyard serves as the Land-Based Test Site capable of testing many of the non-core AEGIS equipment and systems.
- The Philadelphia Naval Shipyard has the most modern and best-equipped electronics and overhaul, repair, and test facilities in the Navy.
- The Philadelphia Naval Shipyard is collocated with the gas turbine ship Land-Based Test Site (LBTS) at NAVSSES.
- The Philadelphia Naval Shipyard is virtually collocated with the Navy's AEGIS Combat System Complex in Moorestown, New Jersey.
- The AEGIS planning yard function is performed in Pascagoula, Mississippi and is directly analogous to PNSY's EPY duties described earlier. Transfer of this function to PNSY, the second leg of the triad, is a logical step to further enhance the synergistic effects of this proposal. Development of plans and planning documents by the Philadelphia Naval Shipyard to support the zone technology execution at PNSY would speed the process and eliminate the need for costly work package restructure.
- Total Quality Management at the Philadelphia Naval Shipyard is embodied in the Philadelphia Quality Process (PQP). PQP is the Philadelphia Naval Shipyard's adaptation and distillation of Dr. W. Edwards Deming's 14 Points on Quality and the Crosby Zero-Defects Quality Program. The PQP has become a way of life for management and the work force at PNSY.
- The Philadelphia Naval Shipyard received the U.S. Senate Productivity Award in 1989 as the most productive public shipyard in the United States.

In addition, the Philadelphia Naval Shipyard has performed several complex overhauls on gas turbine ships including the USS SCOTT, USS KIDD, and the USS SPRUANCE. The Philadelphia Naval Shipyard is a leader in the overhaul, repair, and modernization of sophisticated electronics, weapons and fire control systems for surface combatants since the 1950's. The Naval Tactical Data Systems Land-Based Test Site (NTDS) has been in operation at the Philadelphia Naval Shipyard for 21 years, resulting in a level of experience and technical expertise found nowhere else in the Navy.

The Philadelphia Quality Process, combined with our industry-leading Zone Technology Method of planning and executing work, provide the optimum management style and systems approach to successfully accomplish complex AEGIS overhaul and repair activities for the Navy into the 21st Century.

AEGIS Combat System Complex — The Third Leg

The location of the Moorestown, New Jersey AEGIS Combat System Complex in the Philadelphia area affords the Navy a unique opportunity: To overhaul AEGIS ships under an umbrella of expert technical support that includes not only Hull, Mechanical and Electrical; but also Combat System Integration and Testing.

Using the facilities and experience resident in and around Moorestown would greatly enhance the efficiency and quality of the Combat System maintenance and overhaul work performed on any AEGIS ship at PNSY. Within the complex reside designers, integration and test engineers, manufacturing and repair technicians, computer programmers, and logistics support experts, all experienced in one or more aspects of the AEGIS Combat System. By retaining testing, refurbishment, and training capabilities including a test site for the older versions of computer programs and equipments, the AEGIS Combat System Complex will be ideally suited to serve the AEGIS fleet and Philadelphia Naval Shipyard well into the 21st century.

The value of having this concentration of expertise within a 30-minute commute of the overhaul activity is difficult to over-emphasize. Overhauling the world's most complex combat system will generate a variety of new and unforeseen problems. The opportunity to solve these problems quickly and personally — with all the necessary expertise and without the need to resort to long-distance transfers of personnel, equipment, and data — is unique to AEGIS overhauls at the Philadelphia Naval Shipyard. With the addition of the Moorestown-area AEGIS Combat System Complex as the third leg, the Philadelphia area contains a true **Triad of Excellence**.

V. THE TRIAD OF EXCELLENCE — A COMPETITIVE ADVANTAGE

For the functional changes proposed, the required capabilities exist in each of the commands and, with regard to the AEGIS triad, because each command is virtually collocated with the other, cost savings, economies of operation, and quality can be achieved easily. Synergism will result at no cost.

- This collocation of the partners itself significantly reduces planning and overhaul travel, per diem, and shipping costs. Moreover, the location of the Philadelphia Naval Complex in relation to the operational, technical, and administrative hierarchies is optimal. (Please see the attached Figure No. 1.) A number of AEGIS-equipped ships will operate from either Norfolk, Virginia; Staten Island, New York; or Newport News, Virginia. The complex is within reasonable driving distance from each of these homeports. For those families not desiring to relocate during the overhaul, shipboard personnel would not have an unreasonable commute. Distance is a relative concept to each of us. However, almost all would agree that assigning a Staten Island- or Norfolk-based ship to overhaul at Ingalls in Pascagoula, Mississippi might have significant effect on family stability if a family chose not to relocate during overhaul.
- The Navy would take a quantum step in streamlining how ship systems HM&E and ISE are performed. NAVSSES, as the single agency within the Navy for technical responsibility for HM&E systems, could ensure that decisions that influence efficiency, reliability, and cost are made in consonance within the prescribed maintenance plan and within a common maintenance envelope. Consistency leads to cost reduction through less duplication, re-engineering, and re-work. This would reduce AEGIS ship overhaul costs significantly.
- The long-term benefits from this concept are significant. By taking these actions, the Navy provides not only for future cost economies, but also for significant surge capacity for future crises. The trained engineering and technical personnel with the required facilities, including the all-important dry docks, would be readily available to handle the heightened tempo that war brings and the resulting battle damage.
- The Delaware Valley as a community is committed to the **Triad of Excellence**. Our local government, citizenry, businesses, and educational institutions will collectively and enthusiastically create an environment receptive to increased engineering and technical responsibility and to sustaining navy personnel and their families. We are sensitive to the needs and quality of life aspirations that those in the "Navy family" expect and so rightly deserve.

Delaware Valley Community Commitment

Three primary areas exist through which the regional business, academic, and civic community will pledge their support for the **Triad of Excellence** proposal. The first is the integration of the academic, advanced technology, and research and development institutions into the three distinct legs of the triad.

- **Academic Community**

Under the auspices of the Ben Franklin Technology Center of Southeastern Pennsylvania, area colleges and universities will form a Technical Access Committee to establish relationships with the Naval Base Complex, Naval Air Development Center, and other naval facilities, which will complement the **Triad of Excellence**. The following academic institutions have agreed to strengthen and explore new relationships with the Navy.

Drexel University: Since 1987, Drexel University has had 350 students employed in cooperative education programs with the Navy; 329 of these students participated within the Greater Philadelphia region. Of those, 66 percent were located at the Philadelphia Naval Base Complex, and 20 percent are at the Naval Air Development Center. The university will explore increased opportunities for part-time and full-time study in high-technology and advanced engineering programs including lightwave technology, neural networks, microwaves and communications, composite materials, and materials processing.

Lehigh University: A \$24 million Department of Defense Navy Mantech grant to Lehigh University will provide the Navy with new base materials and designs for shipbuilding, innovative manufacturing systems, advanced information and logistics systems, and proof of principal testing at the university's Mountaintop Campus.

The ATLSS Large-Scale Multidirectional Experimental Laboratory is a world-class facility chosen by the National Science Foundation in a national competition to add major new structural testing and experimental capabilities at Lehigh University. The facility — the only one of its kind and size in the nation — offers full-scale testing of ship designs and materials in support of many naval activities

Widener University: Widener University currently offers both a doctoral and a master's program in electrical, civil, and mechanical engineering with an orientation toward naval engineering systems. Expanded and directed research programs and required professional senior projects will be expanded that are focused in signal, computer engineering, and networks and devices — including neural networks that augment many navy projects.

University of Pennsylvania: The University of Pennsylvania's School of Engineering currently has \$2 million in Navy-sponsored research. Nearly \$1 million of the research is in CIS, including robotics, logic, and computers. Fifty-five percent is in radar imaging, 30 percent in sensor technology, and 15 percent in signal processing. Current research includes an operational electro-optical learning machine based on a model of the brain. Opportunities exist to incorporate these Navy-oriented research and development projects into the **Triad of Excellence**.

University of Delaware: The Office of Naval Research has sponsored more than \$500,000 worth of research in engineering at the University's Center for Composite Materials.

Directed and related research has included electrical properties of composites, wave fields, and floating ice covers. The Center of Composite Materials provides a center of excellence for the Navy in the transfer of polymeric, metallic, and ceramic composites.

Pennsylvania State University: Since 1980, Penn State's Delaware County Campus has taught nearly 200 courses in the Greater Philadelphia region for more than 4,000 students at all levels for the Navy. In response to the Navy's needs, Penn State designed a Master of Engineering in Engineering Science, which emphasizes computer design. To date, 300 students from nearby satellite campuses have earned this degree. An additional program of software engineering was designed for the Navy, and Penn State stands ready to expand these programs to support the **Triad of Excellence**.

Villanova University: Villanova offers an introductory and intermediate Auto-CAD course in conjunction with the Navy. Possibilities exist to fully integrate the program with the **Triad of Excellence**.

Temple University: Temple has more than 600 engineering technology students, and 230 Ph.D. and master's students provide a large pool of talent for the Navy.

- **Business Community**

The second area of support being offered by the regional community for the **Triad of Excellence** is the commitment of the private sector to establish a mechanism for quality management in the defense contracting process and to provide specific technology transfers in support of the ongoing operation of the triad.

Quality in Defense Contracting: The more than 30 regional chapters of national engineering and technical societies, through the leadership of the 1991 Delaware Valley Engineer of the Year, Mark Z. Hanlon, President & Chief Executive Officer of BCM Engineers, have agreed to establish a mechanism to develop a program of quality control in the defense contracting process as it relates to private activities associated with the **Triad of Excellence**. Specific issues related to promised and delivered level of expertise will be addressed by the regional engineering community.

Delaware Valley Industrial Resource Center (DVIRC): The Delaware Valley Industrial Resource Center is a project funded by the Commonwealth of Pennsylvania to provide

technical assistance and technology transfer to small and medium manufacturing firms in the region. The DVIRC helps smaller, private entities in the development of new technology to improve quality in the manufacturing process. The DVIRC has agreed to support private contractors who do business at the Philadelphia Naval Base Complex. Its goal will be to ensure that products and services provided to the Navy meet the facility's total quality management standards.

Philadelphia Area Council for Excellence (PACE): Building on the theme of Total Quality Management at the Philadelphia Naval Base Complex, the Delaware Valley's most comprehensive Total Quality Management program will provide support to the **Triad of Excellence**. Founded in 1983 by the Greater Philadelphia Chamber of Commerce — with the support of Dr. W. Edwards Deming — PACE is a nationally recognized program for developing and incorporating quality management techniques in the private and public sectors.

- **Civic Community**

The third area of regional civic commitment to the **Triad of Excellence** proposal is to provide an incomparable quality of life for the officers and crews of future AEGIS class ships assigned to the Philadelphia Naval Shipyard for overhaul and repair. Building on our historic relationship with the Navy and using our unique assets, the Delaware Valley community commits to the following on behalf of the "Navy family":

Housing: A fundamental measure of an area's quality of life is suitable and affordable housing. The Korman Corporation, a full-service condominium and apartment corporation, has agreed to provide housing opportunities for naval personnel at a Korman community located seven minutes from the Philadelphia Naval Base Complex to support the **Triad of Excellence** proposal.

Education: The City of Philadelphia and the School District of Philadelphia will provide a system of open assignment for the dependents of the officers and crew in support of the **Triad of Excellence**.

Cultural: The Arts & Culture Council — a nonprofit, cultural organization for the Delaware Valley — will provide opportunities for the officers, crew, and their families to take advantage of the many arts and entertainment institutions in the region.

Sports and Entertainment: The Philadelphia Convention and Visitors Bureau will provide opportunities for the officers, crew, and their families to take advantage of the many ongoing and special sports, recreation, and entertainment activities in the region.

Religious Opportunities: The Philadelphia Leadership Foundation, a nonprofit organization that serves the Delaware Valley religious community, will act as a liaison for the officers, crew, and their families with regional religious institutions of many denominations.

VI. FEASIBILITY OF THE TRIAD OF EXCELLENCE

Simply stated, these changes in NAVSSES and to the Philadelphia Naval Shipyard's workload are realistic and feasible. Start-up costs are minimal. There are neither extensive transition nor long pay-back periods to consider. Immediate and long-term cost savings result with positive impact on the Congressionally mandated funding caps. The Navy's structure makes it feasible. The attached Figure No. 2 shows this interrelationship. The community is desirous of and receptive to the assignments. Additionally, there is no adverse environmental impact to weigh.

VII. CURRENT NAVY PROPOSAL

On the other hand, the Delaware Valley as a community is deeply perplexed by the Secretary of Defense's announcement on April 12, 1991 regarding the Philadelphia Naval Base Complex.

• NAVSSES

Within the MEGA Center concept for the Surface Warfare Center integration, the Navy considered three proposed alignments, two of which continue to concentrate ship systems, HM&E engineering within the Capitol region. The first is to establish David Taylor Research Center (DTRC) Carderock as the R&D Center and NAVSSES as the Ship Systems Engineering Center. The second is to establish DTRC as the Ship Systems Center and NAVSSES as a detachment to DTRC. The third is to close NAVSSES and consolidate its functions with DTRC. In all three proposals, DTRC Annapolis would be consolidated with DTRC Carderock.

Of the three proposals, the first and least likely, would establish NAVSSES as the Engineering Center for HM&E equipment, which would allow it to retain its current ISE responsibilities with some duplication at Carderock and other activities. The second proposal —

NAVSSSES as a detachment to DTRC — would result in a 25 percent reduction at NAVSSSES in the short term, with a longer term transition of additional engineering responsibilities to DTRC and eventual significant reduction at NAVSSSES. The last proposal would eliminate all but major facilities at NAVSSSES.

Significant negative effects result from transferring engineering functions out of NAVSSSES. NAVSSSES is the only navy activity that provides extensive HM&E system ISE, T&E, and fleet support services. As discussed earlier, NAVSSSES has the only submarine and ship propulsion system test capability in the Navy. Closure would result in unrecoverable delays to on-going testing programs and also result in a severe impact on fleet support and readiness. Based on the most recent cost studies, the cost to relocate NAVSSSES is approximately \$800 million. Return on investment studies indicate a pay-back period exceeding 100 years.

There is also a technical impact to the Navy's corporate knowledge. Since a significant number of experienced NAVSSSES engineers would not relocate, a majority of the Navy's HM&E systems expertise would be lost. Also, it is difficult to attract good engineers, especially in the high-cost Capitol region, so mission-critical positions could go unfilled, with the resultant loss of effective, timely, and efficient engineering support to the fleet. The Delaware Valley area benefits greatly from an excellent engineering feeder network from local colleges and universities.

The environmental issues presented in a Naval Facilities Command Environmental Impact Statement, are significant. The target location, Carderock, is in a predominantly high-cost residential area not readily suitable for construction of heavy industrial equipment. This, coupled with the over \$800 million associated in moving NAVSSSES, makes relocation proposals extremely questionable in the light of the Congressional and Department of Defense spending caps.

• Philadelphia Naval Shipyard

On April 12, 1991, the Secretary of Defense announced his decision to include the Philadelphia Naval Shipyard and the Philadelphia Naval Station on his list of recommended base closures.

Closing the Navy's most productive and most efficient public shipyard is impossible to support under the guise of the need to reduce cost due to budget constraints. The cost of doing work at the Philadelphia Naval Shipyard is approximately \$50 less per man day than the next low-cost competitor. If the Philadelphia Naval Shipyard closes, work will be transferred to another

facility at a higher cost. Well into the 21st Century, approximately 70 percent of the Navy's fleet will be non-nuclear and the Philadelphia Naval Shipyard will be one of only two naval shipyards capable of cost effectively maintaining the non-nuclear fleet. Nuclear control and work requirements increase overall costs in nuclear-capable shipyards. Why pay this added cost to overhaul conventionally powered ships like the gas turbine AEGIS fleet? Additionally, the direct costs associated with closing the Philadelphia Naval Shipyard are estimated to be \$1.6 billion, with a pay-back period to the federal taxpayer of 300 years.

VIII. DECISIONS REQUIRED

To establish this Delaware Valley Synergistic Naval Engineering and Overhaul Complex and the **Triad of Excellence** to support the Navy and the AEGIS fleet of the 21st century, the Navy need only,

With regard to NAVSSES:

- Establish NAVSSES as the Ship Systems Engineering Center within the Surface Warfare MEGA Center.
- Transfer the remaining ISE and Life Cycle Engineering Management responsibilities from Naval Sea Systems Command (NAVSEA) to NAVSSES.
- Transfer surface ship hull, mechanical, and electrical systems development responsibilities to NAVSSES.
- Transfer maintenance, engineering, and alteration and repair planning functions to NAVSSES.

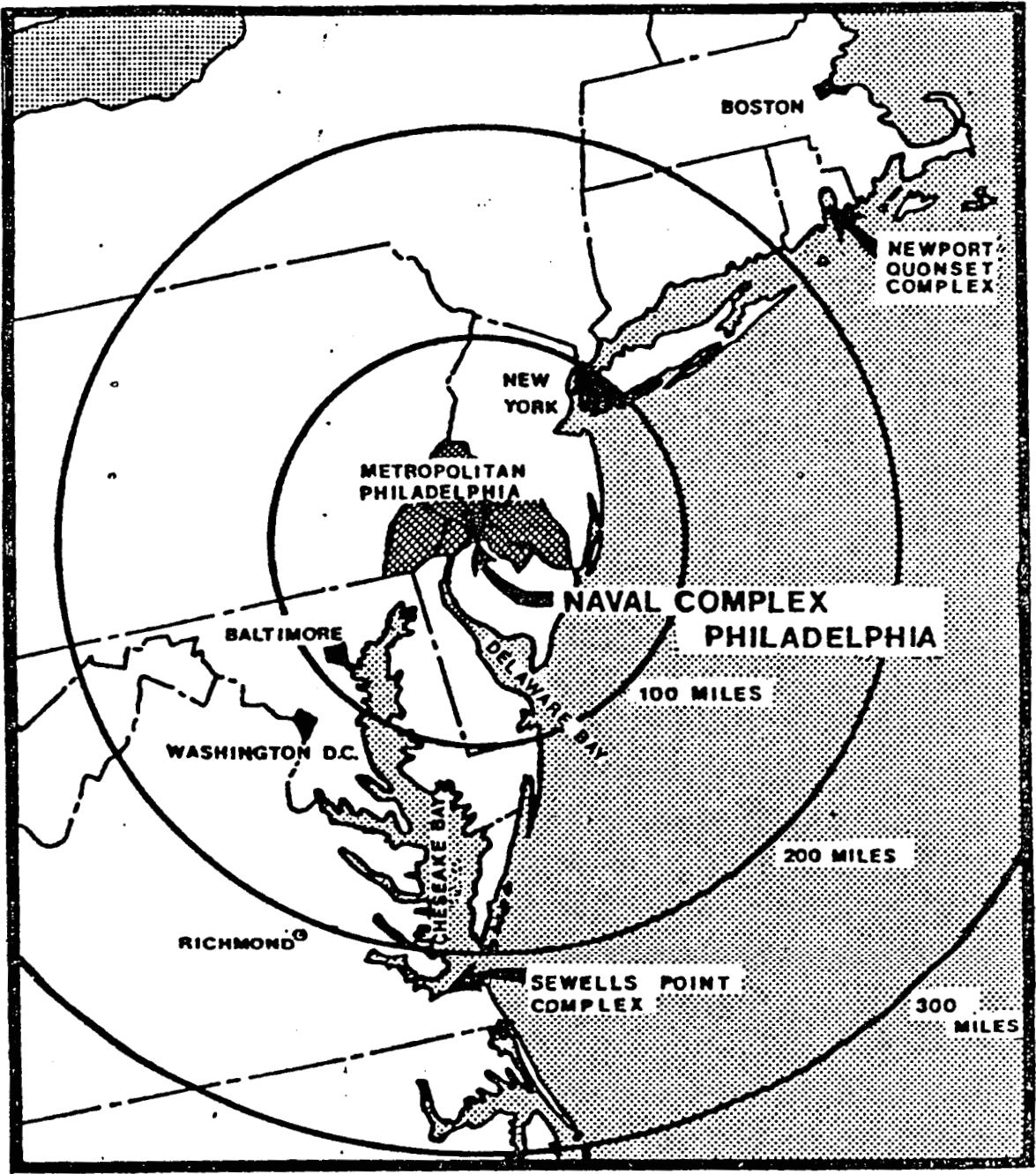
With regard to the Philadelphia Naval Shipyard:

- Assign the first overhaul of the USS TICONDEROGA to the Philadelphia Naval Shipyard.
- Designate the Philadelphia Naval Shipyard as the AEGIS Center of Excellence Overhaul and Repair Facility.
- Designate the Philadelphia Naval Shipyard as the planning yard for AEGIS class ships.
- Designate the Philadelphia Naval Shipyard as the overhaul yard for Foreign Military Sales (FMS).

With regard to the AEGIS Combat System Complex:

- Recognize and integrate the AEGIS Complex as an integral part of the **Triad of Excellence**.
- Retain testing, refurbishment, and training capabilities on older AEGIS systems.

FIGURE NO. 1



REGIONAL PLAN

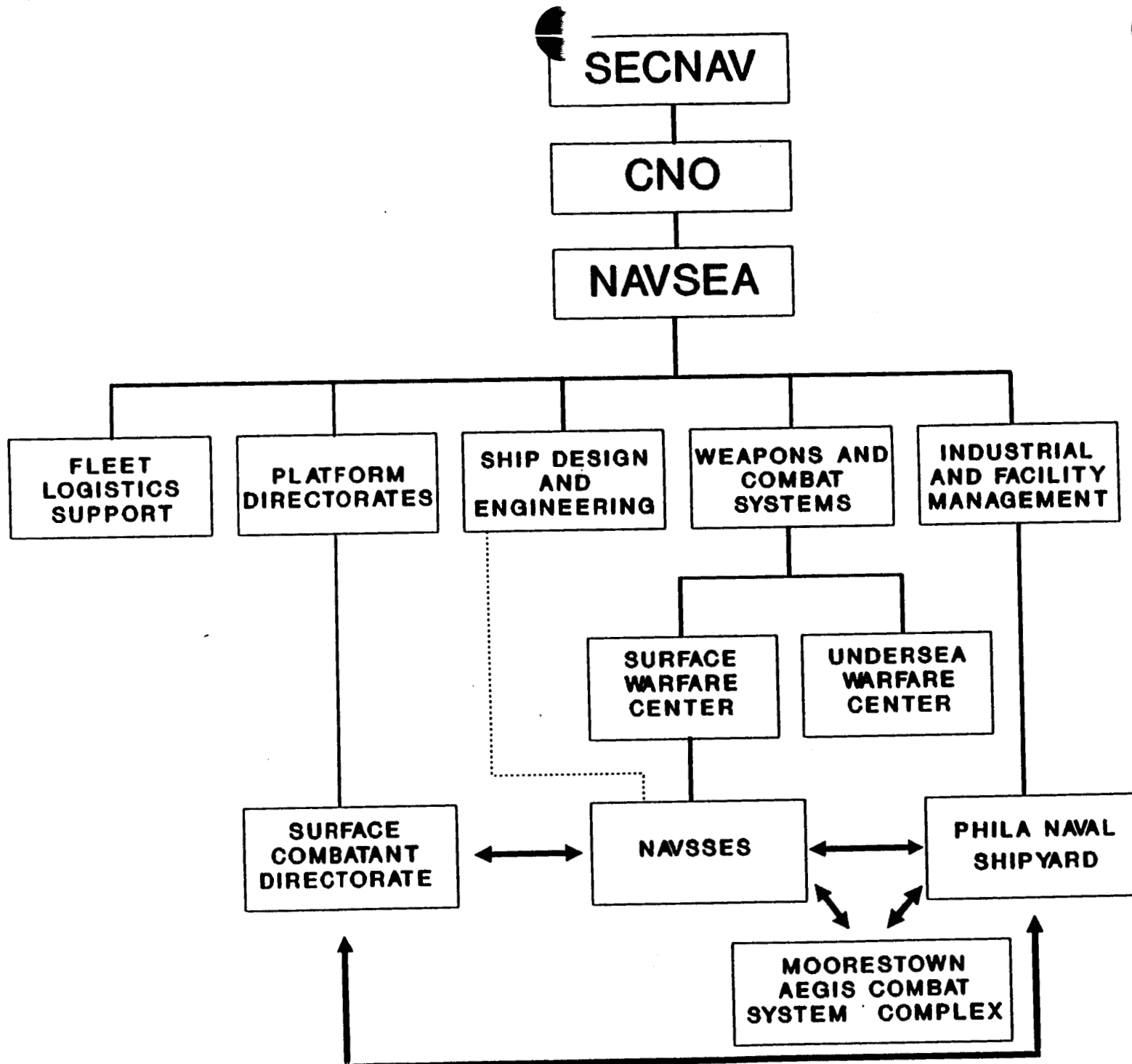


FIGURE NO. 2

SUPPORTERS

Academic

Drexel University
Lehigh University
The Pennsylvania State University
Temple University
University of Delaware
University of Pennsylvania
Villanova University
Widener University

Business/Civic

Advanced Marine Enterprises
American Systems Engineering Corporation
Arts & Culture Council of the Greater Philadelphia Chamber of Commerce
Ben Franklin Technology Center of Southeastern Pennsylvania
Betz ENTEC Corporation
CDI Marine
W. J. Castle & Associates
Chamber of Commerce of Southern New Jersey
Columbia Research Corp.
Delaware County Chamber of Commerce
Delaware Valley Engineer Week Committee and
affiliated engineering & technical societies
Delaware Valley Industrial Resource Center
Greater Philadelphia Chamber of Commerce
Greater Philadelphia Economic Development Coalition
S. T. Hudson Engineers, Inc.
JJH, Incorporated
King of Prussia Chamber of Commerce
The Korman Corporation
MGP Enterprise
Newport News
The PENJERDEL Council
Philadelphia Area Council for Excellence
Philadelphia Convention & Visitors Bureau
Philadelphia Electric Company
Philadelphia Industrial Development Corporation

(continued)

Supporters (continued)

Philadelphia Leadership Foundation
Philadelphia Metal Trades Council
QED
Stellar Associates
Stone & Webster Engineering Corporation

Labor

Joint Committee for Yard Development
Apprentice Alumni Association
Apprentice Association
Federal Managers Association
IFPTE
Industrial Test Lab Technical Supervisors Association
International Association of Firefighters
National Association of Naval Technical Supervisors
National Association of Superintendents of Naval Shore Establishments
Planners, Estimators, Progressmen, and Schedulers, Locals 1 & 2

Philadelphia Area AFL-CIO

State and City Government

City of Philadelphia
Commonwealth of Pennsylvania, Department of Commerce
Philadelphia Regional Port Authority
State of Delaware, Department of Commerce
State of New Jersey, Department of Commerce

SELECTED BIBLIOGRAPHY

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Department of the Navy. Draft Environmental Impact Statement for Base Closure/Realignment of Naval Complex Philadelphia, Pennsylvania (1990).

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Philadelphia Naval Shipyard: A National Resource. Volumes 1 through 8 (1991).

Pennsylvania Economy League, Inc. and the WEFA Group, Inc. Economic Impact of the Philadelphia Naval Base and Shipyard on the Philadelphia Metropolitan Area (1990).

Document Separator

AND REALIGNMENT COMMISSION
ET, N.W. SUITE 400
N, D. C. 20006-1604
2-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

May . . , 1991

Mr. Michael T. Waske
Executive Vice- President, IFPTE
2900 Eastlake Avenue East, Suite 300
Seattle, Washington 98102

Dear Mr. Waske:

Thank you for contacting the Defense Base Closure and Realignment Commission and sharing your concerns about the Defense Department's proposed closure of Philadelphia Naval Shipyard.

The Commission is an independent and nonpartisan panel whose eight members were appointed by the President in consultation with Congress. We are now in the process of collecting and analyzing the data on those bases which were recommended for closure and realignment by the Secretary of Defense.

To ensure a fair and independent review, Commissioners will visit each of the major installations recommended for closure by the Pentagon. In addition, we are holding hearings across the United States and in Washington, D.C. to give all communities potentially affected by base closures or realignments the opportunity to present their concerns.

We will examine all available information concerning the installations identified by the Defense Secretary and submit our recommendations to the President by July 1, 1991. Our principal responsibility is to determine whether the Department of Defense proposal conforms to the approved U.S. force structure. Consequently, we will analyze each site primarily in terms of its military value. However, we will not ignore the economic and social impact of base closures and realignments, and we will adhere to the statutory obligations concerning these nonmilitary value criteria.

I appreciate your comments and assure you that they will receive our careful consideration.

Sincerely,



JIM COURTER
Chairman

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 140

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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STAFF DIRECTOR			✓		COMMISSIONER CALLAWAY	
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MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA					COMMISSIONER TROWBRIDGE	
DIRECTOR OF COMMUNICATIONS						
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON					DEPUTY DIRECTOR, ██████████	
HOUSE LIAISON					██████████ D.O.D. LIAISON	
EXECUTIVE SECRETARIAT		✓			ARMY TEAM LEADER	
					NAVY TEAM LEADER	
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	Appropriate Action
<input type="checkbox"/> Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
<input type="checkbox"/> Prepare Reply for Staff Director's Signature	<input checked="" type="checkbox"/> Clear Reply with <i>mat</i>
<input type="checkbox"/> Reply Direct (forward copy to Exec Sec)	<input checked="" type="checkbox"/> Coordinate Reply with <i>D. R + A</i>

SUBJECT/REMARKS PNSY - Union VP <i>Same letter to all Commissioners - single response</i>	CLEARANCE SIGNATURE
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ACTION DUE DATE 25 APR 1991	ROUTING DATE 23 APR 1991	RECEIPT DATE 25 APR 1991	EXEC SEC MAIL DATE
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INTERNATIONAL
FEDERATION OF
PROFESSIONAL
AND
TECHNICAL
ENGINEERS

LOCAL NO. 17
AFL CIO

2900 EASTLAKE AVENUE EAST
SUITE 300
SEATTLE, WA 98102
(206) 328-7321

ES-140
23 APR 1991

April 19, 1991

The Honorable James A. Courter
Chairman
Base Closure Commission
1625 "K" Street N.W.
Washington, D.C. 20006

Dear Mr. Courter:

I am writing to voice my strong opposition to the proposed closure of the Philadelphia Naval Shipyard. I have become familiar with the work performed by the shipyard through my longstanding affiliation with the International Federation of Professional and Technical Engineers with which thousands of the Philadelphia Naval Shipyard workers are also affiliated. Based on my personal knowledge and experience I can state, without reservation, that my union brothers and sisters throughout the country, my family and I rely upon the contribution the Philadelphia Naval Shipyard makes to our national security. It would be a terrible mistake to close this, or any other public shipyard, at this time.

The Philadelphia Naval Shipyard has performed high quality work, under budget and on time for nearly 200 years. Presently, the shipyards' 10,000 plus workforce is responsible for implementing the Navy's Service Life Extension Program (SLEP). Through the overhaul, maintenance and repair work performed under the SLEP program, the shipyard employees extend the life of the Navy's existing aircraft carriers by up to 50% at less than one-third of the cost to the taxpayer of purchasing new aircraft carriers. This work was recently put to the test when the USS Kennedy and USS Saratoga, which were overhauled at the Philadelphia Naval Shipyard, provided critical support to our forces deployed to the Persian Gulf. The shipyard has also performed a variety of other industrial work including the new construction of naval vessels which continue to serve in the fleet.

Given its exemplary performance record, one might ask how the Philadelphia Naval Shipyard could be selected for closure. The answer lies in the Navy's work assignment decisions over the past twenty years which have gradually shifted new construction and other overhaul, repair and maintenance work orders to private shipyards. Now 100% of the Navy's new construction and 30-40% of other work orders are placed with private shipyards. Consequently, an alarming proportion of our national defense responsibilities have been delegated to private shipyards whose financial stability and performance have been repeatedly called into question. Indeed it is this trend - not the shipyard's performance record nor the Navy's force structure requirements - which has created the "case" for closing the Philadelphia Naval Shipyard.

It is ironic when we look at the fact that today less than 4% of cargo using U.S. ports is carried by U.S. flag vessels compared with 50% in 1950. The emphasis by Navy and Congress should be to increase U.S. flag ships being built and repaired in private shipyards, not shift defense sensitive work on to private shipyards.

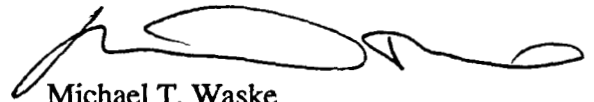
When war broke out in the Persian Gulf, the Navy did not have enough U.S. cargo ships to transport ammunition and guns. One-third of the supply ships flew

The Honorable James A. Courter
April 19, 1991
Page 4

foreign flags, a situation that caused problems when some foreign crews refused to enter the war zone. I would think the Navy should be concerned.

We strongly disagree with the current policy and believe that the public's defense interests would be better served by reversing the trend toward reliance on private shipyards. We request that you protect our interest in a reliable naval defense by taking immediate action to prevent the closure of the Philadelphia Naval Shipyard.

Sincerely yours,



Michael T. Waske
Executive Vice-President

MTW:dc
opeiu8

cc: President Sommerhauser

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 234

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SPECIAL ASSISTANT			COMMISSIONER SMITH		
			COMMISSIONER STUART		
			COMMISSIONER TROWBRIDGE		
COMMUNICATIONS/PA					
DIRECTOR OF COMMUNICATIONS					
PRESS SECRETARY			REVIEW AND ANALYSIS		
FOIA OFFICER			DIRECTOR OF REVIEW & ANALYSIS		
SENATE LIAISON			DEPUTY DIRECTOR, ██████████		
HOUSE LIAISON			██████████ D.O.D. LIAISON		
EXECUTIVE SECRETARIAT			ARMY TEAM LEADER		
			NAVY TEAM LEADER		
			AIR FORCE TEAM LEADER		
ADMINISTRATION			SPECIALTY TEAM LEADER		
DIRECTOR OF ADMINISTRATION					

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	Appropriate Action <i>file ES</i>
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

SUBJECT/REMARKS CONGRESSIONAL	CLEARANCE SIGNATURES
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ACTION DUE DATE 30 APR 1991	ROUTING DATE 26 APR 1991	RECEIPT DATE 25 APR 1991	EXEC SEC MAIL DATE
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25 APR 1991

ES234

United States Senate

WASHINGTON, DC 20510

April 19, 1991

The Honorable H. Lawrence Garrett III
Secretary
Department of the Navy
The Pentagon
Washington, D.C.

Dear Secretary Garrett:

Upon reviewing the "detailed analysis" that the Navy is using as justification for making its base closure recommendations, I am extremely concerned by what looks to be a significant deviation from the base closure criteria.

According to Navy documents, during a process called Phase I, all installations were to be evaluated against the first four OSD closure criteria (military value) developed by the Secretary of Defense. This was done. At the end of Phase I, the Base Structure Committee (BSC), the group charged with determining which Navy facilities should close, then excluded from further review those bases "that received an overall rating of 'green' after applying all four military value criteria." In the case of the naval shipyards, the only base that merited exclusion from further review on this basis was NSY Puget Sound.

One would therefore assume that if the Navy were strictly following the base closure criteria, as mandated by law, seven remaining shipyards should have been evaluated during Phase II. However, only one shipyard -- Philadelphia -- was evaluated during Phase II against the final four criteria! The five remaining nuclear shipyards and the one other conventional shipyard (none of which received an overall rating of "green") were summarily excluded from consideration for closure. This decision was based not on the eight criteria developed by the Secretary of Defense, but on criteria the Navy unilaterally and arbitrarily decided was more important.

According to Navy documents, the BSC excluded the six nuclear capable shipyards from further consideration because of the nuclear workload scheduled for the naval shipyards in the remainder of the century. The documents state that "this scheduling is based upon the best information available and takes into consideration the known force structure reductions."

Phase I - Puget Sound eliminated
Phase II - all eliminated because of nuclear save Phila,

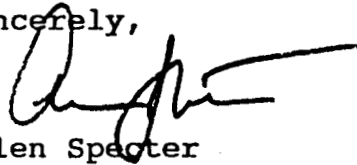
The Honorable H. Lawrence Garrett, III
Page 2

If this information carried such weight that it allowed the Navy to supersede evaluation against the Secretary of Defense's final criteria, then it is imperative that this "workload" data be made available to Members of Congress, the Base Closure Commission, and the GAO. Accordingly, I hereby request that all documentation concerning both the nuclear and conventional workload for the naval shipyards for the remainder of the century immediately be made part of the public record.

Thank you for your attention to this matter.

My best.

Sincerely,



Arlen Specter

AS/dgb

cc: Secretary of Defense
Base Closure Commission
General Accounting Office

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
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HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 12, 1991

The Honorable W. Wilson Goode
Mayor, City of Philadelphia
1660 Municipal Services Building
Philadelphia, Pennsylvania 19102

Dear Mayor Goode:

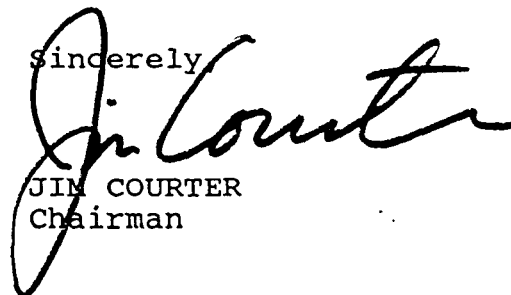
Thank you for contacting the Defense Base Closure and Realignment Commission and sharing your concerns about the Defense Department's proposed closure of the Philadelphia facilities. I am quite glad we had the opportunity to meet and further discuss your concerns during my recent visit to Philadelphia.

The base visit and briefing I received during my stay in Philadelphia proved to be very informative. Your testimony of May 24, along with the submissions from the Tri-State Congressional Delegation have also provided useful data for Commission review.

Currently the staff is reviewing Philadelphia compilations, along with all available information concerning the installations that are potential candidates for closure or realignment. We will submit our recommendations to the President by July 1, 1991. Our principal responsibility is to determine whether the Department of Defense proposal conforms to the approved U.S. force structure. Consequently, we will analyze each site primarily in terms of its military value. However, we will not ignore the economic and social impact of base closures and realignments, and we will adhere to the statutory obligations concerning these nonmilitary value criteria.

I appreciate your continuing comments regarding the Philadelphia facilities, and assure you that they will receive further consideration at the upcoming deliberation hearings.

Sincerely,



JIM COURTER
Chairman

JC/sp
ES-257

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 257

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SPECIAL ASSISTANT		(✓)		COMMISSIONER SMITH	
				COMMISSIONER STUART	
COMMUNICATIONS/PA				COMMISSIONER TROWBRIDGE	
DIRECTOR OF COMMUNICATIONS					
PRESS SECRETARY				REVIEW AND ANALYSIS	
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON				DEPUTY DIRECTOR, ██████████	
HOUSE LIAISON				██████████ D.O.D. LIAISON	
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER	
				NAVY TEAM LEADER	
ADMINISTRATION				AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER	

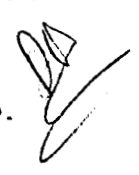
TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	Appropriate Action
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

SUBJECT/REMARKS

① Please meeting with you in Philly.
 ② Base Visit + Briefing I Received while there were very informative, Along with all info recved from you + tri-state cong. delegation.
 ③ Staff is currently reviewing the data that we have compiled.
 ④ Philly will be considered in great detail at upcoming INTERGOVERNMENTAL deliberation hearings.

CLEARANCE SIGNATURES



ACTION DUE DATE <u>April 30</u>	ROUTING DATE <u>1661 APR 9 2</u>	RECEIPT DATE <u>9 6 APR 1991</u>	EXEC SEC MAIL DATE
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26 APR 1991 ES 257

C I T Y O F P H I L A D E L P H I A

W. WILSON GOODE
MAYOR

April 25, 1991

Honorable Jim Courter
Chairman
Defense Base Closure and
Realignment Commission
1625 K Street, N.W.
Washington, D. C. 20006

Dear Mr. Chairman:

Congratulations on your selection as Chairman of the Defense Base Closure and Realignment Commission. It is a position of great honor and I wish you well in carrying out your responsibilities.

When the Secretary of Defense announced on April 12 that the Philadelphia Naval Shipyard and the Philadelphia Naval Station were recommended for closure, it was tempting to fire off a letter denouncing the recommendation because, were it to be implemented, it would have a devastating impact on the 47,000 men and women who rely on these facilities for their livelihoods. The resulting loss in economic activity also would represent a serious setback to our efforts to solve the City's financial difficulties.

What I decided to do instead was to spend the past two weeks reviewing the Department of Defense Base Closure and Realignment Report, meeting with Members of our tri-state Congressional delegation and with the leadership of our business community, and beginning the process of responding to the closure recommendation.

Having done so, I have firmly concluded that the recommendation to close the Shipyard and the Naval Station is a product of faulty analysis and that the national interest is demonstrably best served by retaining these facilities. I will present our facts and reasons to the Commission in the weeks ahead and welcome the Commission's plan to hold one of

Honorable Jim Courter
Page 2
April 25, 1991

its field hearings in Philadelphia on May 24, 1991. The City is working with the Commission to assist in the arrangements for that hearing. I plan to testify personally and I am asking others from the City's political, civic and business leadership to join me.

I trust that the Commission will examine thoroughly the DoD's closure recommendation of the Philadelphia Shipyard and Naval Station and give full consideration to the reasons we will offer why that decision is not right. If the facts are fairly weighed, I believe you and your fellow members on the Commission will agree with us and remove the Philadelphia facilities from the list.

As you know from your many years in Congress, we know the Shipyard well. The arguments for its continuation as a national asset are compelling. In summary, we will show that:

1. The U.S. Government will save more money by retaining the Navy Yard and Station than by closing them. The Philadelphia Yard has led all eight Naval Shipyards in the Navy's criteria for ~~cost-effectiveness and productivity~~ throughout the past decade. In spite of that enviable record, Philadelphia was the only Naval Shipyard whose closure was considered. Given this sterling record, it is impossible for me to understand why the Navy and Secretary Cheney recommended closure for Philadelphia. My administration is judged on how cost-effective and productive we are. If that measure is applied to the Philadelphia Naval Shipyard, it should stay in business.

2. The DoD's rationale for closure is flawed. The reason the DoD gave for considering only Philadelphia for closure was the projected need to work on nuclear ships, which require costly nuclear qualified Naval Shipyards. The fact is, however, that only 30 percent of the total Navy fleet and only 5 percent of the surface fleet is nuclear-powered. Do we need 86 percent of our Naval Shipyards to be nuclear qualified and, hence, more expensive to operate, in order to per-

Honorable Jim Courter
Page 3
April 25, 1991

form work on 30 percent and 5 percent, respectively, of the fleet? Conversely, is it cost-effective in the present fiscal environment for the nation to have 70 percent of the fleet repaired and overhauled in costly nuclear qualified Naval Shipyards when that work could be more cost-effectively performed in Philadelphia? Put another way, Philadelphia, which is the national's most cost-effective Naval Shipyard for 95 percent of the surface fleet is recommended for closure because it does not work on the remaining 5 percent of nuclear surface ships. ~~If the DoD's recommendation is allowed to stand, almost the entire non-nuclear fleet would have to be overhauled in the more expensive nuclear Naval Shipyards. That just doesn't make sense.~~ Although we need a certain number of nuclear Naval Shipyards for the nuclear ships, that number is clearly less than the six which the DoD proposes to retain. For conventional-powered ships, the DoD should retain Naval Shipyards that can overhaul and repair them most cost-effectively. No shipyard rivals Philadelphia in its ability to do that. Philadelphia can efficiently perform work on the Navy's fleet of the future which consists of the dozens of new conventionally-powered AEGIS destroyers and cruisers and its other large non-nuclear ships. This makes Philadelphia the Naval Shipyard for the future while the nuclear Naval Shipyards are, except for our submarines and the few nuclear-powered aircraft carriers, the shipyards of the past.

3. Shipyards are capital-intensive, heavy industrial facilities. Once closed, they disappear from the mobilization and defense preparedness base. The Philadelphia Naval Shipyard has two of the Navy's three East Coast carrier-capable drydocks, and three of its five AEGIS cruiser-capable drydocks. These drydocks are critically important to sustain the fleet. Once closed, they will be lost forever. When the Boston and Brooklyn Naval Shipyards closed, they were for all

Honorable Jim Courter
Page 4
April 25, 1991

practical purposes eliminated from the nation's industrial preparedness base. So, too, would Philadelphia.

4. The economic impact of closure on Philadelphia and the surrounding region is devastating and was not accorded appropriate weight. The DoD's closure document itself projects 47,000 direct and indirect jobs and ship-associated personnel lost (the largest number of any facility proposed for closure) and our analysis shows a loss of \$2.1 billion in annual economic activity. The law lists "economic impact" as a criterion. It seems to have been considered, but only in passing. When the economic impact is as overwhelming as it would be in our region, there is a compelling reason for excluding a facility from closure, particularly at this time when we are only in phase one of the three-stage, multi-year closure process.

These facts and considerations will be presented to the Commission here at the May 24 hearing and at the other hearings that are scheduled. When they are fully weighed, I am confident that the Commission will exercise its responsibilities by deleting the Philadelphia facilities from the closure list.

Thank you for the continuing opportunity to present our views.

Sincerely,



W. WILSON GOODE
Mayor

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

May 15, 1991

Honorable Anna C. Verna
City Council of Philadelphia
City Hall, Room 405
Philadelphia, PA 19107

Dear Councilwoman Verna:

Thank you for contacting the Defense Base Closure and Realignment Commission and sharing your concerns about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The Commission is an independent and nonpartisan panel whose eight members were appointed by the President in consultation with Congress. The Commission is now in the process of collecting and analyzing the data on those bases which were recommended for closure and realignment by the Secretary of Defense.

To ensure a fair and independent review, Commissioners will visit each of the major installations recommended for closure by the Pentagon. In addition, we are holding hearings across the United States and in Washington, D.C. to give all communities potentially affected by base closures or realignments the opportunity to present their concerns.

We will examine all available information concerning the installations identified by the Defense Secretary and submit our recommendations to the President by July 1, 1991. Our principal responsibility is to determine whether the Department of Defense proposal conforms to the approved U.S. force structure. Consequently, we will analyze each site primarily in terms of its military value. However, we will not ignore the economic and social impact of base closures and realignments, and we will adhere to the statutory obligations concerning these nonmilitary value criteria.

I appreciate your comments and assure you that they will receive our careful consideration.

Sincerely,


A handwritten signature in black ink, appearing to read "Jim Courter".

JIM COURTER
Chairman

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER **000544**

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STAFF DIRECTOR				COMMISSIONER CALLAWAY		
GENERAL COUNSEL				COMMISSIONER CASSIDY		
MILITARY EXECUTIVE				COMMISSIONER LEVITT		
SPECIAL ASSISTANT			✓	COMMISSIONER SMITH		
				COMMISSIONER STUART		
COMMUNICATIONS/PA				COMMISSIONER TROWBRIDGE		
DIRECTOR OF COMMUNICATIONS						
PRESS SECRETARY				REVIEW AND ANALYSIS		
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS		✓
SENATE LIAISON				DEPUTY DIRECTOR		
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EXECUTIVE SECRETARIAT			(✓)	ARMY TEAM LEADER		
				NAVY TEAM LEADER		
ADMINISTRATION				AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		
TYPE OF ACTION REQUIRED						
✓	Prepare Reply For Chairman's Signature			Appropriate Action		
	Prepare Reply for Commissioner's Signature			Comments and/or Recommendations		
	Prepare Reply for Staff Director's Signature			Clear Reply with		
	Reply Direct (forward copy to Exec Sec)			Coordinate Reply with		
SUBJECT/REMARKS					CLEARANCE SIGNATURE	
<p><i>ES. Consult / write for Dave A. Standard: TR</i></p>						
ACTION DUE DATE	ROUTING DATE	RECEIPT DATE	EXEC SEC MAIL DATE			
<i>16 May 91</i>	<i>14 MAY 1991</i>	<i>9 May 91</i>				

RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

09 MAY 1991



000544

CITY COUNCIL

CITY OF PHILADELPHIA

ANNA C. VERNA
ROOM 405, CITY HALL
PHILA., PA 19107
MU 6-3412/3413
MAJORITY LEADER
COUNCILWOMAN—2ND DISTRICT

COMMITTEES
CHAIRWOMAN
STREETS AND SERVICES
VICE CHAIRWOMAN
RULES
MEMBER
ALL COMMITTEES

May 3, 1991

Honorable James Courter, Chairman
Defense Base Closure and Realignment Commission
1625 K Street, NW
Washington, DC 20006

Dear Mr. Chairman:

Congratulations on your recent selection as Chairman of the Defense Base Closure and Realignment Commission. It is a position of great honor and I wish you well in carrying out your responsibilities.

Enclosed is a copy of City Council Resolution #1119 which was approved with the unanimous, bi-partisan support of the City Council of Philadelphia.

As the councilmember whose district encompasses the Philadelphia Naval Shipyard and the Philadelphia Naval Base, I implore you to consider the devastating impact this closure will have. 47,000 men and women who rely on these facilities for their livelihoods will be out of work. The loss of these jobs and the ensuing decrease in economic activity would also represent a serious setback to our efforts to solve the City's financial difficulties.

Upon reviewing the Department of Defense Base Closure and Realignment Report, I have reached the only logical and sane conclusion that the recommendation to close the Shipyard and the Base is the result of a flawed analysis.

I trust that the Commission will thoroughly examine the Defense Department's closure recommendation and give full consideration to the numerous reasons why this decision is not in the best interest of the nation or the City of Philadelphia.

Honorable James Courter
page two
May 3, 1991

1. The U.S. Government will save more money by retaining the Navy Yard and Base than by closing them. The Philadelphia Shipyard has led all eight Naval Shipyards in the Navy's criteria for cost effectiveness and productivity throughout the past decade. In spite of that record, Philadelphia was the only Naval Shipyard whose closure was considered. Given this outstanding record, it is impossible for me to understand why the Navy and Secretary Cheney recommended closure for Philadelphia.

2. The DoD's rationale for closure is seriously flawed. The reason the DoD gave for considering only Philadelphia for closure was the projected need to work on nuclear ships, which require costly nuclear qualified Naval Shipyards. The fact is, however, that only 30 percent of the total Navy fleet and only 5 percent of the surface fleet is nuclear powered. I sincerely doubt that we need 86 percent of our Naval Shipyards to be nuclear qualified and, hence, more expensive to operate, in order to perform work on 30 percent and 5 percent, respectively, of the fleet.

3. Shipyards are capital-intensive, heavy industrial facilities. Once closed, they disappear from the mobilization and defense preparedness base of the country. When the Boston and Brooklyn Naval Shipyards closed, they were for all practical purposes eliminated from the nation's industrial preparedness base. So, too, would Philadelphia.

4. The economic impact of closure on Philadelphia and the surrounding region is devastating and was not accorded appropriate weight. The DoD's closure document itself projects **47,000** direct and indirect jobs and ship-associated personnel lost (the largest number of any facility proposed for closure) and our analysis shows a loss of **\$2.1 billion** in annual economic activity. The law lists "economic impact" as a criterion. It seems to have been considered, but only in passing.

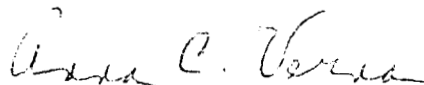
Honorable James Courter
page three
May 3, 1991

Certainly, when the economic impact is as overwhelming as it is projected to be in our region, there is a compelling reason for rejecting the recommendation of the Defense Department.

I look forward to presenting testimony to the Commission at the May 24th hearing. I maintain the utmost confidence that the Commission will responsibly exercise its option of deleting the Philadelphia facilities from the closure list after the Commission has a chance to fully examine the recommendation and weigh the devastating impact that closure would have.

I thank you for your careful consideration of this matter. The residents of the Tri-State region and the City of Philadelphia look with hope towards the Commission in assisting us in our efforts to save our Shipyard and Base facilities.

Sincerely,



Anna C. Verna
Majority Leader
Councilwoman-2nd District

ACV:kmm



COUNCIL OF THE CITY OF PHILADELPHIA
OFFICE OF THE CHIEF CLERK
ROOM 402, CITY HALL
PHILADELPHIA

(Resolution No. 1119)

RESOLUTION

Memorializing the Base Closure and Realignment Commission to reject Secretary of Defense Richard B. Cheney's recommendation to close the Philadelphia Naval Shipyard and the Philadelphia Naval Base.

WHEREAS, The Philadelphia Naval Shipyard had been the Navy's most cost effective and most efficient public shipyard for the past decade; and

WHEREAS, The Philadelphia Naval Shipyard was the only one among all eight Naval Shipyards ultimately considered for closure; and

WHEREAS, The continued operation of the Philadelphia Naval Shipyard and the Philadelphia Naval Base is essential to the economic well being of the City of Philadelphia and the Tri-State Region; and

WHEREAS, A 1990 study done by the Pennsylvania Economy League demonstrates that closure of the Base will have a disastrous impact on the people and economy of the region. The City of Philadelphia is projected to lose 26,000 jobs of which 13,000 are held by Philadelphia residents; and

WHEREAS, The Defense Department's Base Closure report estimates that the Tri-State region will lose 47,000 jobs and that regional unemployment will increase by 2.1 percent as a result of this closure; and

WHEREAS, The City of Philadelphia will lose over \$43 million in taxes annually and the Tri-State region stands to realize a loss of over \$2 billion in shipyard/base related revenues;

WHEREAS, The Congress has debated whether the Philadelphia Naval Shipyard should perform work on the USS KENNEDY; they squarely addressed the question of keeping the Yard open and decided the matter in Philadelphia's favor; and

WHEREAS, The Base Closure Act passed by the Congress of the United States of America requires the Defense Department to look at all possible candidates for closure; and

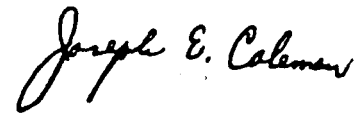
WHEREAS, It is the express sentiment of this Council that the Philadelphia Naval Shipyard and the Philadelphia Naval Base have been summarily selected for closure and the base closure process was based on skewed assumptions that prejudiced Philadelphia; now therefore

Hereby resolved by the Council of the City of Philadelphia, That we memorialize the Base Closure and Realignment Commission to reject Secretary of Defense Richard B. Cheney's recommendation to close the Philadelphia Naval Shipyard and Philadelphia Naval Base.

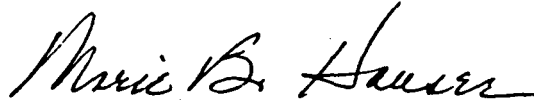
Further resolved, That certified copies of this resolution shall be forwarded to the Honorable James Courter, Chairman of the Base Closure and Realignment Commission, President George Bush, Secretary of Defense Richard B. Cheney and members of the Tri-State Region congressional delegation.

CERTIFICATION: This is a true and correct copy of the original Resolution adopted by the Council of the City of Philadelphia on the twenty-fifth day of April, 1991.

ATTEST:



President of City Council



Deputy Chief Clerk of the Council

Introduced by
ANNA C. VERNA

Sponsors

ANNA C. VERNA
AUGUSTA A. CLARK
DAVID COHEN
JACK P. KELLY
JOAN L. KRAJEWSKI
W. THACHER LONGSTRETH
BRIAN J. O'NEILL

ANGEL L. ORTIZ
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JAMES J. TAYOUN

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 11, 1991

The Honorable Arlen Specter
United States Senate
Washington, D.C. 20510

Dear Senator Specter:


Thank you for your letter dated June 6, 1991 as well as the accompanying letter directed to Secretary of Defense Cheney. I greatly appreciate the cooperative spirit which you and your staff have fostered with our Commission through a steady exchange of information.

As staff indicated to you in a June 4, 1991 meeting, our review of the DoD recommendation of Navy facility realignments and closures is continuing, as it is for all service-specific recommendations. Additionally, we will also be reviewing for closure/realignment those installations added during our deliberation hearings conducted last Thursday and Friday.

Our Commission has entered the deliberation stage of our process, during which we will consider specific closure or realignment issues. The Commission will carefully review all factors that resulted in these specific recommendations and make decisions on this data. You can be sure that both objective measures and subjective judgments will be reviewed for merit.

I appreciate your concern in this area as well as your tireless commitment to ensure that all relevant data is considered regarding the proposed closure of the Philadelphia Naval Shipyard.

Sincerely,


JIM COURTER
Chairman

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER ES-812

DOCUMENT ROUTING SLIP	ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN				COMMISSION MEMBERS	
CHAIRMAN COURTER		✓		COMMISSIONER BALL	✓
STAFF DIRECTOR		✓		COMMISSIONER CALLAWAY	✓
GENERAL COUNSEL				COMMISSIONER CASSIDY	✓
MILITARY EXECUTIVE				COMMISSIONER LEVITT	✓
SPECIAL ASSISTANT				COMMISSIONER SMITH	✓
				COMMISSIONER STUART	✓
COMMUNICATIONS/PA					
DIRECTOR OF COMMUNICATIONS		✓			
PRESS SECRETARY				REVIEW AND ANALYSIS	
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON				DEPUTY DIRECTOR	
HOUSE LIAISON				D.O.D. LIAISON	
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER	
				NAVY TEAM LEADER	
ADMINISTRATION				AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	Appropriate Action
<input type="checkbox"/> Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
<input type="checkbox"/> Prepare Reply for Staff Director's Signature	Clear Reply with
<input type="checkbox"/> Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

SUBJECT/REMARKS

- FAXED TO MATT 7 JUN 1991

Wench

CLEARANCE SIGNATURE

CONGRESSIONAL

ACTION DUE DATE

ROUTING DATE

14 JUN 1991

RECEIPT DATE

12 JUN 1991

EXEC SEC MAIL DATE

RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

United States Senate

WASHINGTON, DC 20510-3802

June 6, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter ✓
Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II

Gentlemen:

With this letter, I am enclosing for you a copy of my letter to Secretary Cheney of today. This is the tip of the iceberg and my staff and I shall be forwarding to you other information.

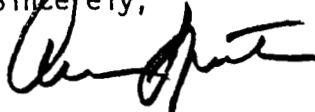
At this juncture, I do want to raise one other matter which arose at the June 4 meeting attended by staff from the Base Closing Commission, Navy Department personnel, Congressman Weldon and myself.

In the course of that meeting, we discussed the absence of hard data up to the present time for the Navy's decision to close the Philadelphia facilities notwithstanding your Commission's news releases of May 22. At that time, your staff members, Mr. Matt Behrmann, Mr. Paul Hirsch and Mr. Alex Yellon, advised that the Commission was still acquiring information; and, in addition, was seeking to determine whether the Navy consistently applied its subjective standards on other bases which might be a justification for the use of subjective interpretations on the Navy's decision to close the Philadelphia facilities.

At that time, I raised the question as to whether it was possible realistically, to evaluate the consistency of subjective judgments. I respectfully submit that cannot be done.

If Secretary Cheney does not delete the Philadelphia facilities as called for in my letter to him today, I ask your Commission to delete the Philadelphia facilities from the base closure list since there cannot be an adequate factual basis as a matter of law under the statute, when it is admitted by all parties that it was a subjective determination.

Sincerely,



Arlen Specter

AS/kr
Enclosure

cc: Members, Pennsylvania Congressional Delegation
Members, New Jersey Congressional Delegation

United States Senate

WASHINGTON, DC 20510-3802

June 6, 1991

The Honorable Dick Cheney
Secretary of Defense
Department of Defense
The Pentagon
Washington, D.C. 20301

Philly - PUBLIC
Norfolk - PUBLIC
Newport News - PRIVATE

Dear Secretary of Defense Cheney:

I urge your immediate, personal action on serious wrongful conduct by Department of the Navy personnel in withholding critical information favorable to the Philadelphia Navy Yard.

We have now caught Navy personnel "red-handed" in concealing data which supports keeping the Philadelphia Naval Shipyard open.

On June 4, 1991, Congressman Weldon and I met with Navy Department personnel and asked about a report, which we had heard about, favorable to the Philadelphia Naval Shipyard which Naval personnel denied existed. When I received a copy, or at least a part of that report yesterday, I asked for a followup meeting which was held yesterday at 6:00 p.m. in the Pentagon at which time I confronted Navy personnel with the document. At that point, I was handed what appears to be the same document with additional documents with a transmittal letter to me dated June 5.

This is only part of an incredible sequence of events involving false denials and withholding of documents. I know you do not have the time to get into the many, many facets of the Navy Department's wrongful conduct so I will limit this request to the two pages of the document which I enclose.

As you will note, the cover page states:

"We recommend that option 2 be approved for Philadelphia Naval Shipyard, i.e., that Philadelphia Naval Shipyard be drawn down to a small size activity in the mid 90's as workload declines in order to provide a government controlled CV dry dock site and ship repair capability for the north east."

As you will further note, the second page specifies the underlying factual basis which is so favorable to the Philadelphia Naval Shipyard:

"Closure of Philadelphia Naval Shipyard, without retention of the large carrier capable dry docks creates a shortfall in dry dock capability for emergent dockings of aircraft carriers. The only carrier capable dry dock available on the east coast, under Navy control is at Norfolk Naval Shipyard, and will be fully utilized. Without the dry docks available at Philadelphia, the only other

*downsize, but keep open.

dock capable of taking an emergent carrier docking is at Newport News Shipbuilding (NNSB). Exhibit C-7 illustrates this situation graphically. This dock is privately owned and its docking schedule is not controlled by the Navy. The cost to have NNSB provide a dedicated dock under contract is considered prohibitive. The only alternatives are to use the NNSB dock if available or to physically remove a ship already in dock at Norfolk Naval Shipyard if possible.

"The closure departs from a long standing Navy strategic and operational requirement which provided for two Naval shipyards on each coast capable of docking and repairing aircraft carriers."

When I confronted Navy Department personnel with this material yesterday, Rear Admiral John S. Claman, Deputy Commander for Industrial and Facility Management, replied that this information was in documentation previously provided to my office. After further discussion, Ms. Mary O. MacKinnon, Deputy, Shipyard/Maintenance Policy (OP-431), conceded that the information was in fact not previously provided.

I ask for your personal explanation of this important matter.

After I had a letter hand-delivered to you at the May 22 Appropriations Defense Subcommittee hearing, you replied by letter dated May 24 that Secretary Garrett had responded to the outstanding questions. That was not done by Secretary Garrett's letter dated May 22, and, in fact, the pending questions have not been answered even though Assistant Secretary of the Navy for Installations & Environment Jackie Schafer handed me additional materials at the conclusion of yesterday's meeting.

Mr. Secretary, the Navy Department's integrity is at issue which goes far beyond the subject matter of base closing.

On this state of the record, in light of the Navy Department's failure to provide relevant information to allow for compliance with the terms of the Base Closure Act, it seems to me that the only appropriate course of action is for the Philadelphia Naval Shipyard to be removed from the base closure list, which I ask you to do forthwith.

Sincerely,

Arlen Specter
Arlen Specter

MR. SECRETARY -

*This is not evidence of a
smoking gun -*

*This is evidence of a
firing gun.*

AS/kr
Enclosures

cc: Secretary of the Navy H. Lawrence Garrett III
Assistant Secretary of the Navy Jackie Schafer
Rear Admiral John S. Claman
Rear Admiral James R. Lang
Ms. Mary O. MacKinnon
All Members Pennsylvania Congressional Delegation
All Members New Jersey Congressional Delegation

Facility (NISMF) and the Naval Systems Engineering Station (NAVSSSES) in Philadelphia.

The Secretary of the Navy approved Option 1.

STRATEGIC AND OPERATIONAL CONSEQUENCES

Given the assumption that the Navy's carrier force will be predominantly or entirely nuclear powered in the next century, the work force and most facilities at Philadelphia Naval Shipyard must be considered excess to requirements. There are two east coast facilities capable of conducting all repairs (including nuclear repairs) to aircraft carriers: Norfolk Naval Shipyard and Newport News Shipbuilding and Dry Dock Company. These shipyards are located in the same local area, but the decrease in the threat of nuclear war with the Soviet Union has reduced the necessity for strategic geographical dispersion where sufficient capacity exists. The sunk costs of existing facilities at Philadelphia are significant, and the rare, if not unique, nature of the dry docks, make keeping the dry docks operable (if not operational) a necessity.

Closure of Philadelphia Naval Shipyard, without retention of the large carrier capable dry docks creates a shortfall in dry dock capability for emergent dockings of aircraft carriers. The only carrier capable dry dock available on the east coast, under Navy control is at Norfolk Naval Shipyard, and will be fully utilized. Without the dry docks available at Philadelphia, the only other dock capable of taking an emergent carrier docking is at Newport News Shipbuilding (NNSB). Exhibit C-7 illustrates this situation graphically. This dock is privately owned and its docking schedule is not controlled by the Navy. The cost to have NNSB provide a dedicated dock under contract is considered prohibitive. ~~The only alternatives are to use the NNSB dock if available or to physically remove a ship already in dock at Norfolk Naval Shipyard if possible.~~

The closure departs from a long standing Navy strategic and operational requirement which provided for two Naval shipyards on each coast capable of docking and repairing aircraft carriers. The resultant demand for use of the remaining dock at Norfolk Naval Shipyard would have long term impact on the Navy's flexibility in workload assignments and will reduce the effectiveness of the shore establishment in supporting fleet operational and maintenance requirements. Retention of the Philadelphia drydocks provides backup capability for emergency situations.

The Propeller Facility consists of specialized equipment and 100 highly skilled management, engineering, programming, machine shop and foundry personnel. There is no comparable facility in terms of capacity or capability in the United States, in either the Public or Private sector.

The unique and necessary capabilities represented by NAVSSSES as well as the increasing need for berthing for inactive ships mandate that NAVSSSES and the NISMF detachment remain.



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20362 5101

IN REPLY REFER TO
4700
OPR: 07FB
Ser: 07/F0084
29 MAR 1991

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-43)

Subj: BASE CLOSURE FINAL DOCUMENTATION

Encl: (1) Philadelphia Naval Shipyard - Option 1
(2) Philadelphia Naval Shipyard - Option 2
(3) TAB A Report Documentation - Naval Shipyards

1. Enclosures (1) and (2) provide the COBRA options for the naval shipyards as requested on 28 March 1991. They are as follows:

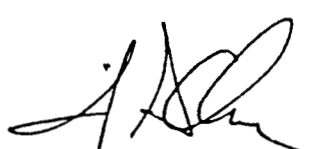
a. Philadelphia Naval Shipyard - Option 1. Close and preserve Philadelphia Naval Shipyard in FY 93 after completing the USS CONSTELLATION (CV 64) SLEP and the USS FORRESTAL (CV 59) dry docking availability. Retain the propeller facility, the Navy Inactive Ship Maintenance Facility (NISMF) and the Naval Ship Systems Engineering Station (NAVSSSES) in Philadelphia. Move the USS JOHN F. KENNEDY (CV 67) overhaul to Norfolk Naval Shipyard.

b. Philadelphia Naval Shipyard - Option 2. Commence realignment of Philadelphia Naval Shipyard in FY 93 and complete downsizing to approximately 1200 people in FY 95. Retain the propeller facility, the Navy Inactive Ship Maintenance Facility (NISMF) and the Naval Ship Systems Engineering Station (NAVSSSES) in Philadelphia.

3. Enclosure (3) provides the revised documentation for the above options.

4. We recommend that option 2 be approved for Philadelphia Naval Shipyard, i.e., that Philadelphia Naval Shipyard be drawn down to a small size activity in the mid 90's as workload declines in order to provide a government controlled CV dry dock site and ship repair capability for the north east.

Copy to:
CNO (OP-44)


J. S. Claman
REAR ADMIRAL, USN
DEPUTY CHIEF OF NAVAL OPERATIONS FOR INDUSTRIAL
AND FACILITY MANAGEMENT

ENCL (2)

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 26, 1991

The Honorable Lawrence Coughlin
U.S. House of Representatives
2309 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Coughlin:

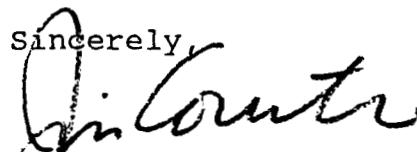
Thank you for sharing your concerns and questions about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The "Triad of Excellence" report prepared by the PENJERDEL Council and the report sent on May 20, 1991, under separate cover are especially appreciated. These documents will receive our careful analysis.

As you know, the proposed closure of the Philadelphia Naval Shipyard was discussed before the Commission both during the hearing held in Washington, D.C. on May 22, and during the regional hearing held on May 24, 1991. In addition, a tour of the Naval Shipyard was accomplished on June 4. The Commission will carefully examine testimony collected during these hearings as well as all available information concerning the Philadelphia Naval Shipyard.

Thank you again for bringing your concerns to the Commission's attention. You have my solemn assurance that the Philadelphia Naval Shipyard will receive our full, fair and independent evaluation. If you have questions, please contact me or Mr. Jamie Gallagher, House Liaison Officer for the Commission, at (202) 653-0823.

Sincerely,


JIM COURTER
Chairman

ES:252-816
JC:tk



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

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ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 26, 1991

The Honorable Thomas M. Foglietta
U.S. House of Representatives
231 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Foglietta:

Thank you for sharing your concerns and questions about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The "Triad of Excellence" report prepared by the PENJERDEL Council and the report sent on May 20, 1991, under separate cover are especially appreciated. These documents will receive our careful analysis.

As you know, the proposed closure of the Philadelphia Naval Shipyard was discussed before the Commission both during the hearing held in Washington, D.C. on May 22, and during the regional hearing held on May 24, 1991. In addition, a tour of the Naval Shipyard was accomplished on June 4. The Commission will carefully examine testimony collected during these hearings as well as all available information concerning the Philadelphia Naval Shipyard.

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Sincerely,

JIM COURTER
Chairman

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ROBERT D. STUART, JR.

June 26, 1991

The Honorable William H. Gray, III
U.S. House of Representatives
2454 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Gray:

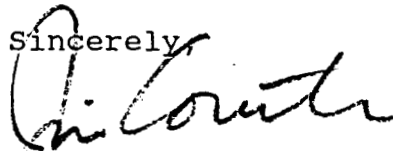
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Sincerely,


JIM COURTER
Chairman

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ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 26, 1991

The Honorable Curt Weldon
U.S. House of Representatives
316 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Weldon:

Thank you for sharing your concerns and questions about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The "Triad of Excellence" report prepared by the PENJERDEL Council and the report sent on May 20, 1991, under separate cover are especially appreciated. These documents will receive our careful analysis.

As you know, the proposed closure of the Philadelphia Naval Shipyard was discussed before the Commission both during the hearing held in Washington, D.C. on May 22, and during the regional hearing held on May 24, 1991. In addition, a tour of the Naval Shipyard was accomplished on June 4. The Commission will carefully examine testimony collected during these hearings as well as all available information concerning the Philadelphia Naval Shipyard.

Thank you again for bringing your concerns to the Commission's attention. You have my solemn assurance that the Philadelphia Naval Shipyard will receive our full, fair and independent evaluation. If you have questions, please contact me or Mr. Jamie Gallagher, House Liaison Officer for the Commission, at (202) 653-0823.

Sincerely



JIM COURTER
Chairman

ES:252-816
JC:tk



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GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 26, 1991

The Honorable Bill Bradley
United States Senate
731 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Bradley:

Thank you for sharing your concerns and questions about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The "Triad of Excellence" report prepared by the PENJERDEL Council and the report sent on May 20, 1991, under separate cover are especially appreciated. These documents will receive our careful analysis.

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Thank you again for bringing your concerns to the Commission's attention. You have my solemn assurance that the Philadelphia Naval Shipyard will receive our full, fair and independent evaluation. If you have questions, please contact me or Miss Wendi Petsinger, Senate Liaison Officer for the Commission, at (202) 653-0823.

Sincerely,

A handwritten signature in cursive script that reads "Jim Courter".

JIM COURTER
Chairman

ES:252-816
JC:tk



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

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JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 26, 1991

The Honorable Robert A. Borski
U.S. House of Representatives
407 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Borski:

Thank you for sharing your concerns and questions about the Defense Department's proposed closure of the Philadelphia Naval Shipyard.

The "Triad of Excellence" report prepared by the PENJERDEL Council and the report sent on May 20, 1991, under separate cover are especially appreciated. These documents will receive our careful analysis.

As you know, the proposed closure of the Philadelphia Naval Shipyard was discussed before the Commission both during the hearing held in Washington, D.C. on May 22, and during the regional hearing held on May 24, 1991. In addition, a tour of the Naval Shipyard was accomplished on June 4. The Commission will carefully examine testimony collected during these hearings as well as all available information concerning the Philadelphia Naval Shipyard.

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June 26, 1991

The Honorable Arlen Specter
United States Senate
303 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Specter:

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ROBERT D. STUART, JR.

June 26, 1991

The Honorable Frank R. Lautenberg
United States Senate
506 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lautenberg:

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Sincerely

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JIM COURTER
Chairman

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

000816

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Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

*Matt B.
P. Gene H.*

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22 MAY 1991

000816

Congress of the United States
Washington, DC 20515

May 20, 1991

James A. Courter
Chairman
Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Mr. Chairman:

We write to direct your attention to the enclosed report on the Philadelphia Naval Shipyard (PNSY).


In the report, we document the Navy's flawed and incomplete analysis regarding PNSY. We believe that the facts lead to only one conclusion: that the Philadelphia Naval Shipyard is an integral part of the naval strategy of the 1990's and the 21st century and should remain open.

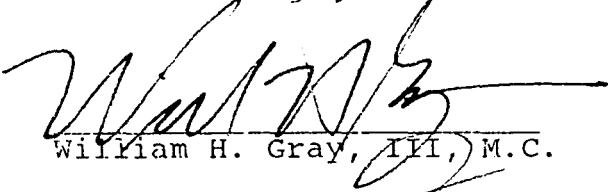
As you know, the General Accounting Office (GAO) has accused the Navy of inadequately documenting the rationale for its recommended base closures. In addition, GAO has charged that the Navy did not establish an internal control plan to ensure the validity and accuracy of information used in its analysis. We believe this apparent lack of cooperation is another reason to question the Navy's base closure recommendations.


Thank you for your attention to this report. We look forward to continuing to work with you in your review.

Sincerely,

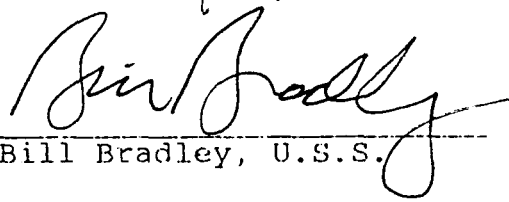
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Thomas M. Foglietta, M.C.

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Arlen Specter, U.S.S.

2 
William H. Gray, III, M.C.


Harris Wofford, U.S.S.

2 
Robert A. Borski, M.C.

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Bill Bradley, U.S.S.

2 Lawrence Coughlin
Lawrence Coughlin, M.C.

2 Curt Weldon
Curt Weldon, M.C.

Thomas J. Ridge
Thomas J. Ridge, M.C.

2 Frank R. Lautenberg
Frank Lautenberg, U.S.S.

Joseph Biden
Joseph Biden, Jr., U.S.S.

2 Robert E. Andrews
Robert E. Andrews, M.C.

**ANALYSIS OF THE RECOMMENDATION
OF THE BASE CLOSURE AND
REALIGNMENT REPORT TO CLOSE
THE PHILADELPHIA NAVAL SHIPYARD
AND THE PHILADELPHIA NAVAL STATION**

May 16, 1991

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I. SUMMARY

The Defense Base Closure and Realignment Act (Act) directed the Secretary of Defense to submit to Congress a six-year, force-structure plan for the Armed Forces, to develop criteria for making recommendations for the closure of military installations^{1/} and to provide a list of military installations recommended for closure or realignment "on the basis of the force-structure plan and the final criteria."^{2/} The purpose of the Act is to provide a "fair process" in selecting military institutions for closure.^{3/} As part of this fair process, Congress directed the Secretary to "consider all military installations . . . equally."^{4/}

The Commission may make changes in any of the Secretary's recommendations if the Commission determines that the Secretary "deviated substantially from the force-structure plan and final [base closure] criteria."^{5/}

Secretary Cheney issued the Base Closure and Realignment Report (Base Closure Report) on April 12, 1991. The Base Closure Report includes a recommendation

1 Act, § 2903(a) and (b).

2 Act, § 2903.

3 Act, § 2901(b).

4 Act, § 2903(c)(2).

5 Act, § 2903(d)(3).

that the Philadelphia Naval Shipyard (PNSY) be closed.^{6/}

Based on a review of the process, it is clear that:

1. The Secretary's force structure plan lacks sufficient detail for the Commission to evaluate the recommendation to close PNSY;
2. The Secretary did not engage in a fair, objective process and did not treat all military installations equally in recommending the closure of PNSY; and,
3. The Secretary deviated substantially from the force structure plan and the base closure criteria in recommending the closure of PNSY.

II. THE NAVY'S FORCE STRUCTURE PLAN
REQUIRES THAT PNSY REMAIN OPEN.

Under the Act, any decision to close a naval shipyard must be based on the force structure plan for FY 1992 through FY 1997.^{7/} The plan must include a description of the anticipated force structure, including the number and types of units and a description of the anticipated

6 With the recommended closure of PNSY, the Secretary also recommends the closure of the Philadelphia Naval Station. Since the record does not support the closure of PNSY, the Philadelphia Naval Station also should not be closed.

7 Act, § 2903(a)(1).

implementation of the plan.^{8/} The Navy's force structure plan, as set forth in the Base Closure Report, does not comply with these requirements and does not provide a basis to close PNSY.

The Navy's force structure plan indicates only in very general terms that the number of battle force ships will be reduced from 545 in FY 1990 to 451 in FY 1995 and that the number of carriers will be reduced from 13 to 12.^{9/} The plan, as set forth in the Base Closure Report, does not discuss FY 1996 and FY 1997. Using this broad, generalized plan, the Navy stated that "[s]ubstantial ship reductions and changes in the planned force structure shall lead to reductions in ship repair requirements and termination of the Carrier Service Life Extension Program."^{10/}

However, the effect of ship reductions on naval shipyards depends on numerous factors, including the specific number and types of ships that will remain in the fleet and the number of repairs, overhauls and refuelings required over the next decade. The force structure plan contains none of these requisite details. Except for aircraft carriers, the plan does not specify precisely the

8 Act, § 2903(a)(2).

9 Base Closure Report at 22.

10 Base Closure Report at 64.

number and types of other ships that remain in or will be added to the fleet, such as large amphibious ships (LHDs and LHAs), AEGIS cruisers and AEGIS destroyers or the exact number of conventional ships versus nuclear ships. Consequently, the force structure plan is not sufficiently detailed for determining how many naval shipyards are needed.

Indeed, the Navy's own analysis contradicts the conclusion that one of the naval shipyards should be closed. In its Report, the Navy determined that:

While the Navy fleet in general is downsizing by 19%, the types of ships worked on by the Naval Shipyards is downsizing by only 1%, and in some cases is increasing (large Amphibious and AEGIS ships). Thus, the need for certain facilities to accomplish this work is not diminished.¹¹

The Navy also indicates that it is fully utilizing its drydocks.

Drydock utilization is calculated on the basis of 304 ship dock days available for use in a year. The drydocks are unavailable for use for the balance of the year to allow for maintenance and for drydock set-up. Drydock utilization for FY-90 at all naval shipyards was in excess of 100%.¹²

With the Navy's workload virtually unaffected and, in some cases, increasing and with drydocks at full utilization,

11 Navy Report, TAB C, p. 2 (emphasis added).

12 Navy Report, TAB C, p. 2 (emphasis added).

the force structure plan clearly requires that all eight naval shipyard be kept open.

The Navy's acknowledgement that there will be an increase in work on large amphibious and AEGIS ships requires that PNSY, in particular, be kept open. As detailed below, PNSY has two of only three East Coast drydocks capable of handling carriers, three of only five East Coast drydocks capable of handling large amphibious ships, three of only five East Coast drydocks capable of unrestricted docking of AEGIS-class cruisers, and the most highly-trained AEGIS workforce.

The Navy also incorrectly states that the SLEP program will be terminated and, as a consequence, PNSY should close. Congress has explicitly authorized and appropriated funding for KENNEDY SLEP, which will not be completed until 1995. Since PNSY is the Navy's only shipyard for carrier SLEP, it must be kept open for this work.

In summary, the Navy's force structure plan does not justify closing any naval shipyards. To the contrary, the plan justifies keeping all eight shipyards, particularly PNSY, open.

III. THE NAVY DID NOT USE AN OBJECTIVE PROCESS IN APPLYING THE BASE CLOSURE CRITERIA.

The purpose of the Act is to provide a fair, objective process for determining whether to close military installations.^{13/} As part of this objective process, Secretary Cheney was required to establish selection criteria to be used in making closure recommendations. The Secretary established eight such criteria. However, the Navy did not apply each of these criteria fairly and objectively, as required by the Act. Instead, the Navy used a completely arbitrary process designed to reach a pre-determined conclusion to close PNSY.

Under Phase I, the Navy applied only the first four criteria:

- * [
1. Current and future mission requirements.
 2. Availability of land and facilities.
 3. Ability to accommodate contingency. mobilization and future force requirements.
 4. Cost and manpower implications.

The results of this evaluation, which used an ill-conceived color-coded rating system, are shown below.

13 The Act specifically states that "[t]he purpose . . . is to provide a fair process". Act, § 2901(b).

Overall Rating (PH 7)	Phase I				Phase II				
	Installation	Mission (1)	Land/Facil. (2)	Cont/Mob. (3)	Cost/Manpwr. (4)	ROI* Impact (5)	Econ Impact (6)	Comm Suppt (7)	Enviro Impact (8)
Y	NSY Charleston	Y	Y	G	G			Step 5	
Y	NSY Long Beach	Y	Y	G	Y			Step 5	
G	NSY Mare Island	G	Y	G	Y			Step 5	
G	NSY Norfolk	G	Y	G	G			Step 5	
G	NSY Pearl Harbor	G	G	G	R			Step 5	
Y	NSY Philadelphia	Y	Y	G	G	+129.8/-36.0	Y	R	R
Y	NSY Portsmouth	Y	Y	G	G			Step 5	
G	NSY Puget Sound	G	G	G	G			Step 5	

* ROI (Return on Investment): One Time Costs/Steady State Savings (SM)

After Phase I was completed, the Navy excluded those bases which it determined "were distinguished by virtue of their operational value," i.e., those that it gave an overall rating of "green" under the first four military criteria. Puget Sound was given an overall "green" rating and excluded from further consideration because it received "green" ratings for each of the first four criteria.

- The Navy, also gave overall "green" ratings to three other shipyards:
 - (1) Mare Island, which, like PNSY, received two individual "yellow" ratings,
 - (2) Norfolk, which received one individual "yellow" rating, and
 - (3) Pearl Harbor, which received one "red" rating, i.e., favoring closure.
- The Navy gave absolutely no explanation as to how these three bases could receive overall "green" ratings or, in particular, how Mare Island received an overall "green" rating but PNSY did not.

Under the Navy's rating system, a "green" rating receives one point, a "yellow" rating two points, and a "red" rating three points. This point approach results in the following:

<u>Shipyard</u>	<u>Points</u>
Puget Sound	4
Norfolk	5
Philadelphia	6
Charleston	6
Mare Island	6
Pearl Harbor	6
Portsmouth	6
Long Beach	7

- Using the Navy's own formula, Long Beach should be closed because it received the most points and PNSY should be treated the same as Charleston, Mare Island, Pearl Harbor and Portsmouth, i.e., PNSY should be kept open.

In its so-called "Step 5," the Navy then arbitrarily, unilaterally and without reference to any one of the eight criteria, excluded each of the six nuclear-capable shipyards from any further review.

- The Navy excluded two yards, i.e., Charleston and Portsmouth, that received the same overall "yellow" rating that PNSY received.
- The Navy did not provide adequate support for its general statement that workload for the remainder of the century includes a large number of availabilities for nuclear ships.

As part of its "Step 5", the Navy then excluded a seventh yard, Long Beach, from further consideration, apparently because one of its drydocks could be used "to

handle West Coast aircraft carriers (including CVN emergency work)."^{14/}

- The Navy excluded Long Beach even though it scored poorly in three of the four military criteria and, in particular, scored below PNSY.
- The Navy did not acknowledge that two of PNSY's drydocks could be used "to handle East Coast aircraft carriers (including CVN emergency work)."

By this irrational process of elimination, the Navy was left with one yard, PNSY. Despite the Navy's admission that naval shipyard work is down by only one percent, and is increasing for the large amphibious ships and AEGIS ships that PNSY is uniquely qualified to handle, the Navy decided that PNSY must close. After this arbitrary decision was made, the Navy then applied criteria five through eight in a pre-determined fashion to confirm the conclusion it had already reached under Phase I and "Step 5."

These actions by the Navy violated the requirements of the Act that there be a "fair process"^{15/} and that the Navy "consider all military installations . . . equally."^{16/}

14 Navy Report, TAB C, p. 10.

15 Act, § 2901(b).

16 Act, § 2903(c)(3).

IV. THE NAVY INCORRECTLY APPLIED THE
BASE CLOSURE CRITERIA.

A. The Navy Did Not Justify the Exclusion
of All Six Nuclear-Capable Yards from
Consideration for Closure.

The Navy seeks to justify closing PNSY on the basis that six of its remaining seven shipyards must be nuclear-capable. This would imply that most of the Navy's fleet must be nuclear. In fact, the Navy's nuclear fleet is relatively small.

- Only about 25 percent of the Navy's combatants are nuclear vessels.
- In 1995, only about 30 percent of the total fleet and only 5 percent of the surface fleet will be nuclear.
- The emerging nuclear fleet is relatively new and has been designed to need fewer overhauls than its predecessors and the conventional fleet.
- By properly allocating work for the relatively small nuclear fleet among five nuclear yards and, if necessary, Newport News, the Navy may be able to close the sixth nuclear yard and keep PNSY open.

With such a relatively small percentage of the fleet being nuclear, the Navy must, but has not, explained why 85 percent of its shipyards must be nuclear-capable.

B. The Navy Ignored the Importance of PNSY's
Substantial Drydock Facilities in Meeting
Mission Requirements.

The Navy states that naval shipyards have several critical missions and that the "controlling factor in the

execution of these missions is the presence and availability of appropriate drydocks and repair facilities."^{17/} Nonetheless, in applying the criteria, the Navy did not properly consider, nor even mention, the importance of PNSY's extensive drydock capabilities, particularly compared with most other naval shipyards, as clearly illustrated in the attached diagrams.^{18/}

- PNSY has two of only three East Coast drydocks capable of handling carriers.
- Norfolk has one such drydock and it will be tied up for nuclear cruiser and nuclear carrier overhauls. Charleston, Portsmouth and Mare Island have no large drydocks capable of handling carriers.

The Navy states that the number of large amphibious ships is increasing.^{19/}

- PNSY has three drydocks capable of handling large amphibious assault ships (LHDs and LHAs). PNSY's three large drydocks could also be used for conventional cruisers and destroyers.
- Norfolk has only two drydocks capable of handling LHDs and LHAs, each of which will be tied up over the next several years with nuclear work. Charleston, Portsmouth and Mare Island do not have any large drydocks with this capability.

The Navy states that, despite the overall decrease in the fleet, the number of AEGIS ships will be

17 Navy Report, TAB C, p. 2.

18 Attachment 1.

19 Navy Report, TAB C, p. 2.

increasing.^{20/} The AEGIS fleet will total 39 ships in FY 1994 and 61 ships in FY 1998, approximately 15 percent of the entire fleet. Between 1995 and 1999, the Navy will have 21 overhauls and 21 drydock repairs for AEGIS cruisers. Despite this large and growing amount of work, the Navy failed to give any credit to PNSY's unique AEGIS capabilities.

- PNSY has the most highly-trained AEGIS workforce.
- PNSY has three of only five East Coast drydocks capable of unrestricted docking of AEGIS-class cruisers.^{21/}
- Norfolk has only two such drydocks, each of which will be tied up over the next several years with nuclear work. Charleston, Portsmouth and Mare Island have none.
- PNSY is located in a center of AEGIS expertise. The developers of AEGIS technology are located in New Jersey, across the Delaware River from PNSY, and the AEGIS technology was tested by the Naval Ship Systems Engineering Station (NAVSES) at PNSY.

The Navy emphasizes the importance of drydocks for emergency repairs, stating:

Drydocks seldom are projected to operate at 100% of available capacity since this is a very high risk posture. Navy prudently

20 Navy Report, TAB C, p. 2.

21 The capacity for drydocks to handle AEGIS-class cruisers assumes the use of standard techniques to remove and replace the sonar dome, rudders, propellers and shafting. One drydock at Charleston may be able to hold an AEGIS cruiser using superflooding or other non-standard techniques.

reserves some capacity for emergency work, including voyage repairs; Navy targets for 70% utilization, allow response to fleet emergency work.^{22/}

The Navy also requires that one large drydock on each coast be available for emergency docking for aircraft carriers.^{23/}

- With Norfolk's one carrier-capable drydock tied up with nuclear carrier work, PNSY provides the only emergency capability on the East Coast. Conversely, if PNSY were to close, Norfolk's one carrier drydock would have to be kept vacant for emergencies and could not be used for nuclear carrier overhauls.
- The Navy eliminated Long Beach from consideration for closure because of the "unique" ability of one of its drydocks to handle West Coast carriers, including CVN emergency work. Since Norfolk's only carrier-capable drydock will be tied up with nuclear carrier work, the same analysis applies even more strongly to PNSY, i.e., the Navy should have eliminated PNSY from consideration for closure because of the unique ability of its two drydocks to handle East Coast carriers, including CVN emergency work. The Navy ignored this important point.

The Navy states that "the sunk costs of existing facilities at Philadelphia are significant, and the rare, if not unique, nature of the drydocks, make preserving them a necessity."^{24/} The Navy further acknowledges that "[o]nce inactivated [drydocks] are lost to naval use

22 Navy Report, TAB C, p. 2 (emphasis added).

23 Navy Report, TAB C, p. 4.

24 Navy Report, TAB C, p. 12.

primarily due to waterfront private encroachment and private development."^{25/}

- Given the rare, unique nature of PNSY's drydocks, which are capable of handling carriers, LHDs, LHAs, and AEGIS cruisers, the significant sunk costs, and the fact that inactivation of the drydocks would cause them to be lost to naval use, the inescapable conclusion is that PNSY's drydocks should continue to be used.
- The Navy does not address the loss of PNSY's experienced, efficient workforce of 7,700 individuals nor the loss of local contractors that provide necessary support to the shipyard and will shut down if the yard shuts down. Without these experienced workers and suppliers, the drydocks will not be available for emergencies.

Based on its strategic goals,^{26/} the Navy should not have considered ~~the availability of carrier-capable drydocks at Newport News,~~ a private shipyard, in deciding to close PNSY.

- The Navy specifically states that its strategic goals require shipyards that are "geographically dispersed." Newport News is right next to Norfolk Naval Shipyard.
- The Navy's stated strategic goals require "strike-free, industrial capacity." Newport News is not strike-free.
- The Navy's stated strategic goals require a "work force whose priorities are controlled by the Navy." Newport News sets its own priorities.

25 Navy Report, TAB C, p. 7.

26 The Navy's strategic goals are set forth at page 1 of the Navy Report, TAB C and in Op.Nav.Inst. 3050.22 (Sept. 27, 1983).

- Moreover, Newport News' drydocks will be tied up with the construction of CVN-74 and CVN-75 and various CVN overhauls for years to come and, thus, are not available for emergency repairs. The Navy did not address this problem.

If the Navy is to consider the availability of private drydocks in making its closure decisions, it should be consistent and consider the excess capacity at private nuclear shipyards.

- Both Electric Boat and Newport News have the excess drydock capacity to perform refuelings, overhauls and repairs on nuclear submarines.
- Giving nuclear overhaul and repair work to Newport News, which did not receive the new SSN-22 contract, will keep this private yard's nuclear capabilities alive, and enable the Navy to close one of its extra nuclear shipyards.

C. The Navy Improperly Analyzed the Cost Implications of Closing PNSY, the Navy's Most Cost-Efficient Yard.

Since base closings are budget driven, two of the base closure criteria concern costs: Cost and Manpower (criterion 4) and Return on Investment (criterion 5). The Navy did not apply these criteria properly.

1. The Navy Did Not Consider PNSY's Cost-Effectiveness.

In evaluating "Cost and Manpower," the Navy rated PNSY as high as four other yards and better than Long Beach, Mare Island and Pearl Harbor. In fact, PNSY is the most productive and most cost-effective of the eight naval

shipyards and should have been the only yard to receive a "green" rating in this category.

<u>Cost Factors</u>	<u>PNSY FY 1990 Ranking</u>
Net Operating Results	Number 1
Manday Rate	Number 1
Productive Ratio	Number 1
Indirect Labor Rate	Number 1
Overhead Cost	Number 1

The Navy's Report does not even mention PNSY's superior cost-effectiveness nor the fact that closure of PNSY would require shifting its entire workload to some other, more expensive naval shipyard, resulting in higher costs to the Navy.

a. PNSY Makes a Profit

Naval shipyards do not receive direct appropriated funding; they are funded by the costs of their workload projects. If the work is delivered under budget, the shipyard makes a profit and the money is returned to the Navy. PNSY is the only naval shipyard to show a profit each of the past two years and is one of only two yards to show a profit for FY 1989 and FY 1990 combined.

NET OPERATING RESULTS

	<u>FY 1989</u>	<u>FY 1990</u>
PHILADELPHIA	+\$ 111,000	+\$ 244,000
PORTSMOUTH	- 48,853,000	- 40,922,000
NORFOLK	- 49,605,000	- 33,351,000
CHARLESTON	- 22,713,000	+ 10,549,000
PUGET SOUND	- 26,880,000	- 35,982,000
MARE ISLAND	- 48,752,000	- 3,965,000
LONG BEACH	+ 19,207,000	- 2,671,000
PEARL HARBOR	- 70,024,000	- 44,961,000

Despite the large losses at Portsmouth, Norfolk, Charleston and Puget Sound, the Navy gave these yards "green" ratings for "Cost and Manpower."

b. PNSY has the Lowest Man-Day Rate of the Naval Shipyards.

PNSY leads all naval shipyards in terms of man-day rate (the cost of employing one worker for an eight-hour day) and has had the Navy's lowest rate for four consecutive years. Set forth below is a comparison of the FY 1990 man-day rates calculated by the Navy for the eight naval shipyards:

	<u>Man-Day Rate</u>	<u>Excess Above PNSY</u>
PHILADELPHIA	\$321.62	-----
CHARLESTON	\$340.46	\$ 18.84
PORTSMOUTH	\$372.87	\$ 52.92
LONG BEACH	\$379.04	\$ 57.42
NORFOLK	\$386.59	\$ 64.97
PUGET SOUND	\$387.46	\$ 65.84
MARE ISLAND	\$460.79	\$139.17
PEARL HARBOR	\$532.78	\$211.16

During 1989 and 1990, PNSY received approximately 14 ship overhaul availabilities in addition to the SLEP. The jobs cost a total of \$104.9 million. Every project was delivered at or under budget. Using the man-day rate as a comparison with other naval shipyards, the savings incurred by accomplishing this work at PNSY range from \$9 million to \$85 million. Comparing the cost of accomplishing the same

number of man-days of work on the USS CONSTELLATION SLEP at PNSY, rather than at other naval shipyards, the savings range from \$21.7 million to \$242.8 million (an average savings of \$100.05 million).

c. PNSY Has Highest Productive Ratio of the Naval Shipyards.

The productive ratio is calculated as a percentage of direct workers to indirect (overhead) workers. PNSY has maintained the Navy's highest productive ratio for eight consecutive years. For FY 1990, the productive ratios were:

	<u>Productive Ratio</u>	<u>Excess Below PNSY</u>
PHILADELPHIA	55.8	----
CHARLESTON	51.4	4.4
LONG BEACH	51.4	4.4
PUGET SOUND	49.9	5.9
NORFOLK	48.5	7.3
PORTSMOUTH	47.6	8.2
MARE ISLAND	47.5	8.3
PEARL HARBOR	45.3	10.5

Dismantling this efficient workforce will mean that overhauls and repairs will have to be done at less productive yards, resulting in higher costs to the Navy. The Base Closure Report does not address this point.

2. The Navy Did Not Consider All the Costs That Will Be Incurred in Closing PNSY

The Navy, using the COBRA model, estimates that closing PNSY will cost \$130 million and that annual savings

will be \$30 million. It is unclear what specific costs the COBRA model includes or excludes. However, the Navy's COBRA estimates differ from its prior estimates and might not consider the additional costs incurred each year in having work done at more expensive shipyards rather than PNSY, the Navy's most cost-effective yard.

In the Final Environmental Impact Statement ("EIS") prepared by the Navy as part of its earlier consideration of whether to close PNSY, the Navy estimated that the military construction costs in closing PNSY would be about \$284,800,000, as follows:

<u>Naval Facility</u>	<u>Component</u>	<u>Cost</u>
Naval Complex Phil.	Cost to Close	\$20,000,000
Severance Pay		118,800,000
Lump Sum Annual Leave		38,300,000
ASO Philadelphia	Office Space	3,300,000
Naval Complex Mayport	BEQ	1,000,000
	Student Barracks	10,100,000
NSY Norfolk	Office Space	1,800,000
NAVSTA New York	BEQ	8,200,000
	Utilities	20,000,000
	Dredging	10,000,000
	Pier	50,000,000
NAS Willow Grove	Office Space	1,200,000
	BEQ	<u>2,100,000</u>
Minimum Military Construction Costs.....		<u>\$284,800,000</u> ^{27/}

Moreover, the EIS estimate appears to be low because the Navy failed to consider the following costs:

27 Source: Navy's Final Environmental Impact Statement (Dec. 1990).

1. Cost of preserving PNSY's drydock and equipment.
2. Cost of higher wages for approximately 4,000 additional workers at receiving bases.
3. Cost of recruiting approximately 4,000 additional workers at receiving bases.
4. Cost of training approximately 4,000 additional workers.
5. Cost of added parking at receiving bases.
6. Cost of new shops at Norfolk NSY.
7. Cost of new warehouse space at Norfolk NSY.
8. Cost of new training space at Norfolk NSY.
9. Cost of building additional healthcare facilities.
10. Cost of bringing in electrical engineering personnel from other areas to Norfolk (due to the fact that there is a shortage of engineering specialists in the Virginia area, and a concentration of engineering specialists in the Delaware County area).
11. Cost of upgrading the Norfolk water supply to meet the increased workload (which is deficient even with a pre-relocation workload).
12. Cost of adding to existing utilities for proposed construction at Norfolk.
13. Cost of relocating employees, equipment and offices.
14. Cost of family housing.
15. Cost of upgrading the electrical system at ASO Philadelphia.

The Navy's estimate that closing PNSY will cost \$130 million thus appears to be substantially less than the actual costs.

D. The Navy Did Not Properly Consider
the Economic Impacts of Closing PNSY.

The sixth base closure criteria is the economic impact that closing a base will have on the surrounding community. According to the Base Closure Report, closing PNSY would result in the loss of 31,000 direct and indirect jobs and 7,000 ship-associated personnel.^{28/} The related closing of the Philadelphia Naval Station would cause the loss of another 9,100 direct and indirect jobs.^{29/} The total loss would thus be 47,000 jobs with a 2.1 percent reduction in the Philadelphia area's employment rate. Despite these staggering economic burdens, the Base Closure Report merely stated:

While causing an oversupply of housing in an already slow market, no additional impacts are anticipated.^{30/}

This casual comment completely ignores the following economic impacts:

- Out-migration of about 14,000 civilian workers, military personnel, and dependents would further diminish Philadelphia's declining population.
- PNSY's blue collars workers will have long-term difficulties obtaining new jobs.
- Many of those workers who eventually get jobs will receive reduced wages.
- About 35 percent of the displaced workers will lose their health insurance benefits.

28 Base Closure Report at 65.

29 Base Closure Report at 66.

30 Base Closure Report at 65.

- Closure will cause a decline in Philadelphia as a commercial port.
- Utility usage will drop substantially.

These impacts were previously documented by the Navy in its EIS process and should not have been ignored in the Base Closure Report.

The Navy's DEIS and a study by the Pennsylvania Economy League (PEL) determined that the Philadelphia area would suffer the following affects:

	<u>PEL</u>	<u>DEIS</u>
Total Regional Job Loss	35,179	29,286
Regional Unemployment Rate Change	1.2%	1.0%
Total Income Loss (in millions)	\$914,900,000	\$712,500,000
Total Local Fiscal Tax Loss (in millions)	\$ 62,000,000	\$ 58,900,000
State Tax Revenue Loss (in millions)	\$ 37,600,000	\$ 26,700,000
State Unemployment Expenditures Increase (in millions)	\$ 53,000,000- \$ 69,000,000	\$ Not Provided

Given the Base Closure Report's estimate of a loss of 47,000 jobs, rather than 35,179 or 29,286, the losses in income and taxes and the unemployment expenditures will be far greater than those estimated above and should have been given far more consideration.

E. The Navy Did Not Properly Consider the Environmental Impacts of Closing PNSY.

The Base Closure Report estimates that environmental restoration costs in closing PNSY would be \$7.6 million and \$68 million in asbestos removal. The DEIS estimate is about \$217 million for total restoration costs. The Navy does not explain the difference.

V. CONCLUSION

A review of the Base Closure Report reveals a host of glaring errors and omissions, including lack of a detailed force structure plan, no analysis of PNSY's extensive drydock and workforce capabilities, incorrect cost estimates and a failure to consider fully the staggering economic impacts that closure will have on the Philadelphia region. Moreover, it is clear that the Navy did not follow the procedures mandated under the Act in a fair, consistent and logical manner.

In summary, the Navy simply did not do the careful, thorough job necessary to support a decision to close PNSY, one of the nation's major industrial facilities and a valuable national asset. Accordingly, the Secretary's recommendation should be disapproved and PNSY should be removed from the closure list.

Attachment 1

ASSUMPTIONS

AEGIS Cruisers, CG-47 Class, require 38' maximum depth over sill for graving docks and 38' maximum depth to floor for floating docks.

This requirement is based on:

15.0' Keel blocks (allows 5' under dome for removal, cleaning and painting).

21.5' Ship draft (waterline to keel).

1.5' Clearance over blocks.

AEGIS Destroyers, DDG-51 Class, require 36' maximum depth based on ship draft, waterline to keel, of 19.5'.

Ship placement in docks is based on "UNRESTRICTED" availabilities which include capability, using standard techniques, to remove and replace sonar dome, rudders, propellers and shafting.

Placement of ships in specific drydocks is based on physical characteristics only. Analysis does not consider the ability of the shipbuilder to perform complex work required (experienced manpower, especially in critical trades, shop facilities, purchasing and material handling functions, logistics support, etc.).

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

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TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	Appropriate Action
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with A+A + S.D.

SUBJECT/REMARKS

1. Exec Sec Copy Commissioners w/ reply attached.

2. Exec Sec request 10 copies of Penzance report

CLEARANCE SIGNATURES

Wendi + Jamie
in Cary's absence
please reply.

Response to Foglietta
faced ad sent
J.S.

ACTION DUE DATE

3 May 91

ROUTING DATE

3 May 91

RECEIPT DATE

30 April 91

EXEC SEC MAIL DATE

CURT WELDON

7TH DISTRICT, PENNSYLVANIA

ANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2011

DISTRICT OFFICE:

1554 GARRETT ROAD
UPPER DARBY, PA 19082
(215) 259-0700



30 APR 1991 ES 252

Congress of the United States

House of Representatives

Washington, DC 20515

April 23, 1991

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Robert Stuart, Jr.

Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Sirs:

As you review the recommendation of the Department of Defense to close the Philadelphia Naval Shipyard (PNSY), we urge your full consideration of the attached ~~Triad of Excellence~~ report.

This report, prepared by business, labor, academic and civic leaders in the Delaware Valley, outlines the unique naval assets in the region and proposes a plan to provide quality, cost-effective work for the Navy into the next decade. Specifically, the leaders propose coordinating neighboring operations at the Naval Ship Systems Engineering Station, the Moorestown Aegis Combat System Complex, and PNSY to establish an Aegis Center of Excellence for ship engineering and overhaul. Not only does this novel plan address ongoing Navy efforts to achieve savings through consolidation, but it offers the Navy a variety of additional incentives to bring work into the region.

We have already submitted materials demonstrating that PNSY meets the future missions of the Navy, and will be submitting additional information showing that the recommendation to close this installation conflicts with future national security needs. After reading the attached report, we trust you will agree that Philadelphia remains critical to our defense industrial base and that it will serve as a cost-effective, productive operation in the future.

Thank you for your consideration. We look forward to discussing this matter further in upcoming forums.

Sincerely,

2 Curt Weldon
Curt Weldon

2 Thomas M. Fogietta
Thomas M. Fogietta

2 Robert A. Borski
Robert A. Borski

2 Lawrence Coughlin
Lawrence Coughlin

2 William H. Gray III
William H. Gray III

2 Robert E. Andrews
Robert E. Andrews

2 Arlen Specter
Arlen Specter

2 Bill Bradley
Bill Bradley

Peter H. Kostmayer
Peter H. Kostmayer

2 Frank R. Lautenberg
Frank R. Lautenberg

Thomas R. Carper
Thomas R. Carper

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

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ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

May 24, 1991

The Honorable Arlen Specter
United States Senate
303 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Specter:

Thank you for submitting to the Defense Base Closure and Realignment Commission the report on the Naval Air Development Center prepared by the Delaware Valley Science and Technology Association.

The Commission continues its process of collecting and analyzing the data on those bases which were recommended for closure and realignment by the Secretary of Defense. We will examine all available information concerning the installations identified by the Defense Secretary and submit our recommendations to the President by July, 1, 1991.

Although we will analyze each site primarily in terms of its military value, we will address also the economic and social impact of base closures and realignments. We will adhere to the statutory obligations concerning these nonmilitary value criteria.

The deliberations which lie ahead will be difficult. I appreciate your contribution to our consideration of the Naval Air Development Center, and assure you that it will receive our full, fair and careful consideration.

Sincerely,

JIM COURTER
Chairman

ES:820
JC:wp

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

Closed

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Prepare Reply For Chairman's Signature	<input checked="" type="checkbox"/>	Appropriate Action
Prepare Reply for Commissioner's Signature	<input type="checkbox"/>	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	<input type="checkbox"/>	Clear Reply with
Reply Direct (forward copy to Exec Sec)	<input type="checkbox"/>	Coordinate Reply with

SUBJECT/REMARKS		CLEARANCE SIGNATURE	
<p><i>Wendi: Use standard reply and make sure ES Copy note only we have TEAM. NADC report on file - jh.</i></p> <p><i>CONGRESSIONAL Specter (NADC)</i></p>			
ACTION DUE DATE	ROUTING DATE	RECEIPT DATE	EXEC SEC MAIL DATE
<i>24 May</i>	<i>22 May</i>	<i>22 MAY 1991</i>	

RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

ARLEN SPECTER
PENNSYLVANIA

22 MAY 1991

United States Senate

WASHINGTON, DC 20510

000820

May 16, 1991

The Honorable Jim Courter
Chairman
Base Closure Commission
1625 K Street, NW
Suite 400
Washington, DC 20006

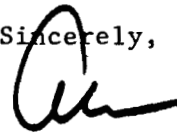
Dear Jim:

Enclosed please find a copy of a report prepared by the Delaware Valley Science and Technology Association) entitled "Analysis of Proposed NADC Relocation."

I believe this report presents a very persuasive case for striking the Naval Air Development Center from the Base Closure List.

My best.

Sincerely,



Arlen Specter

AS/mrp

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

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ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

May 29, 1991

The Honorable Thomas Foglietta
231 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Foglietta:

Thank you for sharing with me your concerns about the Navy's decision-making process for base closure and realignment.

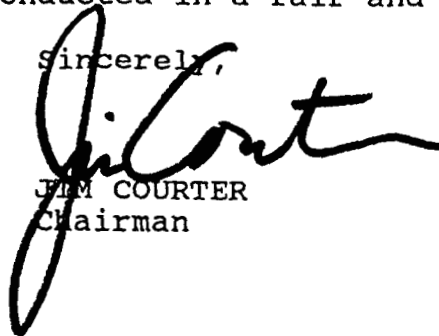
In recent days, Navy representatives have been forthcoming with information requested by the Commission. You can be sure, however, that we will continue to press for their full cooperation.

In response to your letter, I have directed that the Commission's record for testimony be held open until June 6. Moreover, I will ask representatives of the Navy's Base Structure Committee to meet face-to-face with affected Members of Congress. You and your colleagues deserve a full explanation of how the Navy reached its recommendations. I welcome your participation in the base closure and realignment process and invite you or a designated member of your staff to join any of the Commission's meetings with Department of Defense personnel. All we ask is that your staff notify our office in writing prior to any such meeting you would like to attend.

The Commission has made a determined effort to give all communities and their elected officials every opportunity to defend their facilities against closure or realignment. We intend to keep all Members fully informed of our activities.

Thank you again for your contribution to the Commission's review and analysis. Your thoughts will help ensure that our decision-making process is conducted in a fair and open manner.

Sincerely,



JIM COURTER
Chairman

JC:jg
ES-1028

cc: The Honorable Patricia Schroeder
The Honorable Bill McCollum
The Honorable Arlen Specter



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

May 29, 1991

JIM COURTER, CHAIRMAN

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JAMES SMITH II, P.E.
ROBERT D. STUART, JR.
ALEXANDER B. TROWBRIDGE

The Honorable Patricia Schroeder
Chairwoman
Armed Services Subcommittee
on Military Installations and Facilities
2208 Rayburn House Office Building
Washington, D.C. 20515-0601

Dear Congresswoman Schroeder:

Thank you for sharing with me your concerns about the Navy's decision-making process for base closure and realignment.

In recent days, Navy representatives have been forthcoming with information requested by the Commission. You can be sure, however, that we will continue to press for their full cooperation.

In response to your letter, I have directed that the Commission's record for testimony be held open until June 6. Moreover, I will ask representatives of the Navy's Base Structure Committee to meet face-to-face with affected Members of Congress. You and your colleagues deserve a full explanation of how the Navy reached its recommendations. I welcome your participation in the base closure and realignment process and invite you or a designated member of your staff to join any of the Commission's meetings with Department of Defense personnel. All we ask is that your staff notify our office in writing prior to any such meeting you would like to attend.

The Commission has made a determined effort to give all communities and their elected officials every opportunity to defend their facilities against closure or realignment. We intend to keep all Members fully informed of our activities.

Thank you again for your contribution to the Commission's review and analysis. Your thoughts will help ensure that our decision-making process is conducted in a fair and open manner.

Sincerely,



JIM COURTER
Chairman

JC:jg
ES-1028

cc: The Honorable Thomas M. Foglietta
The Honorable Bill McCollum
The Honorable Arlen Specter

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

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				COMMISSIONER STUART	
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DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER	

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✓ Prepare Reply For Chairman's Signature	Appropriate Action
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	✓ Clear Reply with <i>mett</i>
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

SUBJECT/REMARKS

PRIORITY: TIMELY (Responded to on day of receipt... see Tish.)
 request... delay may 30 deadline
 written submissions (for) Naval facilities.
 CONGRESSIONAL: Foglietta
 Schroeder

CLEARANCE SIGNATURE

[Signature]

ACTION DUE DATE

29 M 91

ROUTING DATE

29 M 91

RECEIPT DATE

29 M 91

EXEC SEC MAIL DATE

29 MAY 1991

001028

CONGRESSMAN TOM FOGLIETTA
(202) 225-4731

FAX TRANSMISSION COVER SHEET

TO: JIM COURTER
DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

FAX NUMBER: 653-1028

FROM: CONGRESSMAN FOGLIETTA

RE: NAVY BASE CLOSURE RECOMMENDATIONS

NUMBER OF PAGES 3 **(INCLUDING COVER SHEET)**

**IF THERE ARE ANY QUESTIONS WITH THIS
TRANSMISSION, PLEASE CALL US AT (202) 225-4731.**

CHARLES E. BENNETT, FLORIDA
B.V. (SONNY) MONTGOMERY, MISSISSIPPI
RONALD V. DELLUMS, CALIFORNIA
PATRICIA SCHROEDER, COLORADO
VERLY B. BYRON, MARYLAND
NOLAN MAVROULES, MASSACHUSETTS
HUTTO, FLORIDA
SKELTON, MISSOURI
DAVE MCGURDY, OKLAHOMA
THOMAS M. FOGLETTA, PENNSYLVANIA
DENNIS M. HERTEL, MICHIGAN
MARILYN LLOYD, TENNESSEE
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JOHN M. SPRATT, JR., SOUTH CAROLINA
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SLOMON P. ORTIZ, TEXAS
GEORGE (BUDDY) DARDEN, GEORGIA
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BARBARA BOXER, CALIFORNIA
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M. MARTIN LANCASTER, NORTH CAROLINA
LANE EVANS, ILLINOIS
JAMES H. BILBRAY, NEVADA
JOHN TANNER, TENNESSEE
MICHAEL R. McNULTY, NEW YORK
GLEN BROWDER, ALABAMA
GENE TAYLOR, MISSISSIPPI
NEIL ABERCROMBIE, HAWAII
THOMAS M. ANDREWS, MAINE
CHET EDWARDS, TEXAS

U.S. House of Representatives
COMMITTEE ON ARMED SERVICES
Washington, DC 20515

ONE HUNDRED SECOND CONGRESS
LES ASPIN, WISCONSIN, CHAIRMAN

May 29, 1991

WILLIAM L. DICKINSON, ALABAMA
FLOYD SPENCE, SOUTH CAROLINA
BOB STUMP, ARIZONA
LARRY J. HOPKINS, KENTUCKY
ROBERT W. DAVIS, MICHIGAN
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HERBERT H. BATEMAN, VIRGINIA
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ANDY IRELAND, FLORIDA
JAMES V. HANSEN, UTAH
CURT WELDON, PENNSYLVANIA
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ROBERT K. DORNAN, CALIFORNIA
JOEL HEFLEY, COLORADO
JIM MCCREERY, LOUISIANA
RONALD K. MACHTAY, RHODE ISLAND
JIM SAXTON, NEW JERSEY
RANDY "DUKE" CUNNINGHAM, CALIFORNIA
GARY A. FRANKS, CONNECTICUT

RUDY DE LEON, STAFF DIRECTOR

James A. Courter
Chairman
Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Mr. Chairman:

We write to express our concern about the Navy's apparent lack of documentation and accountability in its process of selecting bases for closure.

As you know, the General Accounting Office (GAO) has charged that the Navy "did not adequately document its decision making process or the results of its deliberations." GAO also stated that the Navy did not establish an internal control plan to ensure the accuracy of information used in its assessment as required by the Office of the Secretary of Defense. In addition, we know you have publicly stated your disapproval of the Navy's "inadequate" documentation and the "alarming lack of information about the Navy's decision-making process."

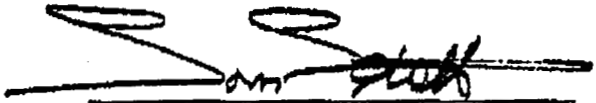
We applaud your efforts to receive this documentation from the Navy. We believe a public hearing is required to return some credibility to the Navy's base closure process. Beyond that, it is imperative that you make public all information that the Commission staff gathered from the Navy during its extensive interviews on this subject. We hope this would insure there is information documenting the Navy's base selection process, within each category of bases, of a level comparable to the information available from the other services.

It has been crucial from the beginning that the base closure law insure that Congress has the opportunity to respond to the documentation supplied by the Defense Department. The Navy has had months to prepare its case and ample opportunity to present it to the GAO and to the Commission. At this late date, we believe that, if the Navy does provide additional documentation, Members of Congress and the affected workers will not have a fair opportunity to review it and comment on it in public hearings. Therefore, we request that you delay the May 30 deadline for written submissions relating to all naval facilities.

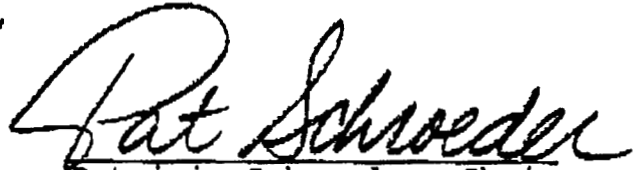
James A. Courter
May 29, 1991
Page Two

Thank you for your attention to this request. We appreciate your continued assistance and cooperation.

Sincerely,



Thomas M. Foglietta, Member,
Armed Services Subcommittee
on Military Installations
and Facilities



Patricia Schroeder, Chair
Armed Services Subcommittee
on Military Installations
and Facilities

CHARLES E. BENNETT, FLORIDA
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30 MAY 1991

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U.S. House of Representatives
COMMITTEE ON ARMED SERVICES

Washington, DC 20515

ONE HUNDRED SECOND CONGRESS

LES ASPIN, WISCONSIN, CHAIRMAN

May 29, 1991

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James A. Courter
Chairman
Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Mr. Chairman:

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RECORD OF BASE CLOSURE AND REALIGNMENT COMMISSION MEETING WITH THE
NAVY'S BASE STRUCTURE COMMITTEE

NAVY

BSC

May 24, 1991; Pentagon Room 4E630

Participants: See attached listing.

Purpose: To receive the BSC's written and oral responses to the Commission's plan of action presented on May 22, 1991.

1. The BSC presented a report, along with oral explanations, in response to the first three requirements in the Commission's plan, i.e. written explanation of decisions made by the Navy, "mapping" between the five VCNO major factors and the the DOD criteria; and explanations for the changes made by the BSC to the VCNO ratings. (RADM Oliver and others are now referring to the VCNO study as the "OPNAV Study".)
2. The Commission staff gave the BSC a listing of four analysis initiatives with specific information the Commission requires as soon as possible. These are: (a) excess berthing capacity and the potential for additional closures, (b) options to the total closure of NTC Orlando, (c) options to the closure of NAS Chase Field, and (d) further information on the NAS Whidbey closure.
3. The BSC is to provide additional information with respect to the plan and to respond to the request in item 2. The BSC repeatedly stated that they were ready and willing to give us all the help we needed. Commission staff will be working with BSC staff to try to resolve missing gaps in the information provided.
4. The next meeting with the BSC is scheduled for Wednesday, May 29, 1991, at 4:00 p.m. in Room 4E630, Pentagon.
5. Considerable discussion took place with respect to the report the BSC put together and the additional questions we want the BSC to address. The Commission staff is now digesting the new information received and intends to respond as appropriate.
6. Additional comments, requests for information, and promised actions.

-- Listing was given to the BSC requesting data underlying the VCNO's evaluation factor color codings.

-- Naval Air Stations Meridian, Chase, and Kingsville: rationale and factors used in the decision process were discussed with reference to the BSC report.

--BSC said that Lemoore has tremendous overcapacity, for

example, Lemoore supported some 400 aircraft in the 1970s, about twice what it has now; moreover, the move from Whidbey would involve some reduction of aircraft.

-- The Blue Air Study was concerned with air encroachment and was done by the Navy and Marine Corps in 1987; and later the Air Force did one.

-- In response to when the Commission would announce it is looking at other bases/options, the answer was June 1st.

-- The Navy believes that it complied with DOD's recordkeeping requirements.

-- RADM Oliver agreed to provide numbers of trainees migrating from recruit training to other training and to the fleet -- for Great Lakes, San Diego and Orlando.

-- BSC member said if there were no base closure account (to pay for costs involved) Tustin Marine Corps Air Station would not be closed.

Filename: BSCMTG.524

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MAY 24, 1991

Navy Base Structure Committee Meeting

<u>NAME</u>	<u>ORGANIZATION</u>	<u>PHONE #</u>
Cdr. Jerry Wong	OASN (I & E)	703-602-2686
Cdr. Jim Morrow	OASN (I & E)	703-602-2686
Capt. G.N.Tzavaras	NDW	703-433-2554
Vic Zangla	BCRC	202-653-1832
Robert Salthouse	LMI	301-320-7289
Trevor Neve	LMI	301-320-7287
Capt. W. F. Burke	OPNAV-44B	703-695-2420
Col. E. L. Bufton	HQMC (LFL)	703-696-0865
LCdr. Bill Sonntag	OASN (I & E)	703-602-2348
Paul J. Hirsch	BCRC	202-653-1899
Alex Yellin	BCRC	202-653-0859
VAdm. Stephen F. Loftus	DCNO (Logistics)	703-695-2154
Capt. A.L. Wynn	OP-802	703-697-9862
RAdm. David R. Oliver	OP-80	703-697-0517
MGen. Don R. Gardner	Marine HQ	703-614-3435

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

Navy Base Structure Committee Meeting

Wednesday, May 22, 1991

Attending:

Navy- Mr. Rose, RAdm. Oliver, MGen. Gardner, Capt. Burke, Capt. Tsavaras, Capt. Wynn, Mr. Anderson, Cdr. Morrow, Mr. Nemfakos, Cdr. Wong and LCdr. Sonntag.
Commission- Mr. Behrmann, Mr. Hirsch, Mr. Borden, Mr. Yellin, Mr. Crosslin, Mr. Neve and Ms. Armfield.

Topic: Discussion and presentation by Commission to Navy Base Structure Committee concerning the Commission "Plan of Action and Milestones" for the Navy.

General Discussion

The Commission inquired as to any apparent problems with the request by Senator Specter's office for information about the proposed base closures and realignments. It was explained that the letter was mistakenly assigned the normal routing (approximately 2 weeks) without regard to the content or the office from which it came. Once the error was detected, a quick response was given.

Mr. Behrmann relayed to the members of the Navy Base Structure Committee his appreciation on behalf of the Commission for taking the time to meet with the members and discuss a proposed "Plan of Action and Milestones" for the Navy to follow. He also expressed concern that the deadlines listed in the plan be met and, accordingly, if anyone could foresee problems therein, that this meeting be used as an opportunity to discuss potential problems.

In addition, the topic of possible missing data in the Navy section of the report was discussed. The Commission staff members explained that the order in which the Navy placed its report slowed the analysis process down because it was chronological and not organized by base. It was agreed that should any information be missing, the Navy would be sure to respond in a courteous and timely manner.

The primary topic of discussion was the absence of Navy mapping between VCNO major factors and DoD criteria used by the BSC. The Commission asked that perhaps a separate mapping for each category could be done if needed; the important point being that a connection must be drawn between the two. BSC explained that when the VCNO study began in February 1990, it was not known that a law would exist requiring the formation of DoD criteria. For example, military value was not stressed then. And while a conceptual relationship underlies the whole process, a more clear and precise connection must be made.

In turn, the BSC expressed some concern regarding the tone of a press release given out by the Commission. The staff members assured the BSC that it is the purpose of the Commission to analyze and justify the Navy BSC process to the President, Senators, Congressman and the general public. In order to do so, the BSC must work with the Commission to be as open as possible in their transmittal of information.

BSC members explained that in computing savings, much of the data received from local commanding officers was parochial because they have vested interests in keeping their bases open. For example, some of the reports included added costs that did not make sense - for new computers, new kitchens, etc. Nevertheless, the Commission staff recognized the many years of experience that went into a "sanity check" of the data received. The BSC was informed that COBRAs may need to be done on different case scenarios.

The BSC explained that the other services may not have had the problem of parochialism. The Air Force has "cleaner kills" and makes it easier to justify replacement costs. The tenancy structure is different in the Navy. In Philadelphia, for example, the BSC listened to a great deal of argument concerning tenants and not just the shipyard function.

The Commission asked that further data be organized by installation within a category and that an explanation be provided as to why two greens and two yellows sometimes yielded different overall grades. BSC replied that they usually rated green because of surge. For RTCs, we saw we needed two, rather than three. All possible combinations were studied and Orlando came out the lowest in each case. Therefore, it was given the yellow rating. The BSC would further explain why San Diego was the only base the Navy would keep if necessary and how it decided which of the others should be considered for closure or realignment.

In concluding the meeting, it was agreed that the Commission and the BSC would work closely with regard to the time constraints and the process followed by the BSC. The Commission explained that should the analysis prove fruitless, a fall-back plan was prepared and that the BSC would be offered a role in that plan.

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

NAVY BASE STRUCTURE COMMITTEE MEETING

Monday May 20, 1991

Attending:

Navy: Ms. Schafer, VAdm. Loftus, LtGen. Winglass, MajGen. Gardner, RAdm. Oliver, Capt. Tzavaras, Mr. Nemfakos, Cdr. Wong, Mr. Herron, Ms. Ryan

Commission: Mr. Behrmann, Mr. Hirsch, Mr. Borden, Mr. Moore, Mr. Yellin, Mr. Zangla, Mr. Crosslin, Mr. Neve, Ms. Armfield

Meeting began with Navy expressing, "We're here to help you. We have no pitches to make." (Schafer). The BSC will be happy to meet with the commissioners, should they wish. Our recommendations make the best operational sense for the Navy. We want to persuade you of this. We thought our detailed analysis was enough record of our decision--that we provided adequate documentation.

The following is the record on a number of questions presented to the BSC:

Question: What relative weights were used for criteria 1-4?

Schafer: Two-step process: if there was excess capacity in a category, we rated each installation in that category. Even looked at categories where excess capacity was not calculated, but the numbers did not make sense (ex. training: were told there was no excess capacity, but knowing forces were decreasing made us hold interviews to determine there was excess capacity.)

We did not give a percentage weight to each criteria. After we did military rating, did overall grading, incorporating the military ratings. We used color ratings on each military criteria to develop the overall final military grade.

All of the greens were placed aside. Then eliminated the yellows with special circumstances (called "step-5 check-off"). Looked closely at closing scenarios, COBRA, etc. for all reds.

Question: No agreement to give any given criteria a certain weight?

Schafer: Mission suitability was weighted as heavily or more so than the others. But there was no number grade. Sometimes other factors outweighed criterion #1, or the criteria were fuzzy (ex. air space fit under mission criterion or facilities criterion).

Nemfakos: We gave no weight values to any category. Navy's strategy: activities not uniquely focused. For example, a naval station provides berthing, but also is a training asset because it might be near a training command establishment. With such uncertainty, absolute numerical values would distort the record. Therefore, not all the yellows were the same.

Difficult to come up with dead-set absolutes. A base might, for example, get a yellow for cost, but that is not the same yellow as for other activities that satisfied a different set of requirements.

Schafer: For example, Treasure Island is a naval station and has berthing. But it's limited as a naval station. It's really used for administration, training, and housing to support Alameda. This is why we didn't offer it up--because we plan to keep carriers at Alameda. So when you see excess berthing capacity, you can't look at Treasure Island as a homeport we can close to cut the excess capacity.

Behrmann: Why was there not a narrative to explain the differences?

Schafer: In retrospect, it would have been easier.

Loftus: We could do that now. We thought we did with GAO. We answered all their questions, and asked if they needed any more help. They said no. We'll do the same thing with you as long as you want. Let's go down the list, category by category....

Behrmann: Instead of that, provide a narrative to explain why you gave the overall military rankings.

Schafer: We gave the reasons for ones we proposed closing. Now you are asking us to give you the reasons for not closing the yellows.

Nemfakos: It's subjective. We started with the comments of operators and then questioned them. There was a lot of give and take. We can't reconstruct that. We didn't use numbers for four criteria and plug them into a machine. The answers would make us close the wrong bases. That's the process we used in 1988, and we weren't happy with it. You can't reduce such subjective things to numbers. For example, one can say it's good for a shipyard to be within 50 miles of open water. That sounds good for a LCdr who doesn't have the big picture. We in this room can see that picture: a shipyard doesn't need to be near open water because a ship spends six months in the yard.

Question: We want to see the pattern leading to the selection of one base over another within a category. We need to understand at least the subjective processes and rules--the application of decision rules. We just don't understand your process, and thus can't defend it.

Answer: It's very important for the Navy to be able to close facilities it no longer needs. We want to help you.

Gardner: We each bring more than 30 years experience to the table. We did objective, honest, hard work, and left here with clear consciences. If there's a fairer way to do this, I don't know what it is. We had no preconceptions or political notions. I never thought the Secretary expected us to quantify to the extent that you don't need us.

Oliver: We avoided quantifiable things, to steer away from the mistakes of the 88 Commission.

Question: VCNO data--did you take exception to the data provided or the conclusions? Specific examples?

Answer: Ms. Schafer read it and had it open in front of her as we marked our own grades. But we looked at it critically. Ex: Bangor was downgraded operationally because it had more than

75 days of fog a year. But why put a sub base there if fog is relevant? We wanted to bring military judgment to bear. We used it as a starting point. The VCNO staff couldn't answer a lot of our questions; that's why we had people come in-- those who owned the places. We had them explain the data to us. We didn't have time to recreate the whole study, so we took our own time to interview the operators, to get to some kind of truth and draw a conclusion.

Question: Did you record the corrections?

Answer: In the backup books, which you have. We never reran the OpNav input to show where it ought to be if we did the color coding as opposed to the staff doing it.

Question: How did your system work with the capacity analysis? Take training for example. What data did you use to correct the original errors? (This is a sizing and force structure question.) Take training as an example.

Answer: Training capacity was originally calculated in 1000 square feet of classroom space. But with that analysis, a deficiency was revealed. The person in charge of training said he'd need more in the future to get money from Congress. But we know the force was being reduced. Logic shows that there will be excess capacity in future. We saw the VCNO group internally rated the quality of the classrooms. We were operating at cross purposes with the VCNO data.

So then we looked at the loading establishment. There are peak training periods, such as after high school graduation. Then we need more capacity. But there was still excess overall.

We determined feeding and sleeping space were the key data, and used that to replace 1000 square feet of classrooms. From that, we developed our recommendation to close Orlando. It resulted from a capacity and sizing analysis--the ability to move all activities of one base to another.

Question: Did you look at training in nontraining, nongovernment-owned spaces to try to bring it all into cheaper, government-owned property?

Answer: We looked at all sorts of training. A lot is co-located with fleet activities. Trying to pull together all of it in one place can be more expensive than leasing land. For example, if you bring a sailor from a fleet area to Memphis you lose time and travel expense. Also, you have to replace that sailor on the ship where he works. This is an example of how numbers lie. And you can't quantify this.

We looked at the Aegis weapon center in NJ, for closure, for example. It's contractor-operated. But too expensive to move. We looked at the 19 biggest training centers; not everything.

Question: In your 28 Jan 91 memo, step 6 of the Navy process determines a target number of bases to close based upon the capacity analysis. For naval stations, what was that target number and how was it determined?

Answer: There was no target in terms of number of bases to close or keep open. This is a disconnect with the memo. The word "target" was meant as a verb, not a noun.

We knew we had enough excess capacity in naval stations with the yellows and reds, and didn't need to look beyond.

We looked at where to park the ships when they come home. With the uncertain budget, we might not be able to maintain the OpTempo. We have to have enough space to allow for contingency and mobilization. We didn't try to get to zero.

Question: Did you determine an amount of excess berthing capacity that it was desirable to retain after the recommended closures?

Answer: The Commission has three phases. We will wait for 1993 and 1995 to address the closures we can't address now. Once we lose a naval station, we can't get it back.

Lots of our excess capacity is on loading piers, Earle, NJ, for example. But safety regulations prevent us from homeporting ships there.

Schafer: DoD didn't tell us to explain why we did not propose to close certain bases. We know we need to bring that out more.

Discussion about how BSC reasoning not clear. BSC suggests that specifics be addressed.

Charleston: Mission: VCNO group rated green, but BSC yellow. Why? BSC looked at the Charleston channel and the ease of passage. It could easily be interdicted or bottled up in combat. But the VCNO group measured access to ocean in terms of miles to open water. This is misleading. This is why the BSC recoded Charleston yellow for mission.

Question: Why, if you knew the questions the VCNO group was answering were the wrong ones, didn't you fix it before you got to that point? Why use the same format?

Answer: We used the same format as in 1988 because GAO and the Congress had approved it. We went out and got new data in 1990. We in this room had never seen the format before, so we didn't know it was bad before we saw results.

Question: Why no internal controls?

Answer: DoD guidance came out in February or March. Our review was a kind of internal control. Our interviews of operators acted as a check.

Commission request: Do narratives on paper (ex. Charleston and reason it changed from green to yellow). And explain why, if 2 bases each got 2 yellows and 2 greens, that their overall ratings differed.

Question: No excess capacity was shown for carrier airwing bases, so why was this subcategory chosen as a closure target?

Answer: We didn't do subcategories (This is Commission's own term). Had 2 master jet bases on each coast. We had excess capacity and looked at what we could move. We had excess capacity at Lemoore. If we replaced the attack community at Whidbey, where would it go? - Lemoore. Whidbey became more and more vulnerable the more you looked at it.

Question: What about the uncertainty of what's going to replace the A-6 now at Whidbey? The uncertain timing?

Answer: The A-6s are going away. The F/A-18 is left, and it's at

Lemoore. You can't fit Lemoore into Whidbey, but you can do the reverse. The AX will go to Lemoore no matter what. The Navy will only build the infrastructure to support them once. Part of what we'd build at Lemoore would be to support the A-6, but not all.

The military construction money spent at Lemoore will support the A-6; not the follow-on since we don't know what those requirements will be. There would be no hangar construction at Lemoore. Just hangar rehab and training and maintenance rehab and construction and a new runway.

Question: Can you do electronic jamming at Lemoore?

Answer: Yes. Must be more careful, but the ranges are set up. Ex., Fallon. Access to range is only a scheduling problem; it's not insurmountable. The ordnance ranges in Lemoore are over the deserts; at Whidbey they are over water. There are tradeoffs.

Commission request: Please verify all the housing that will be built at Lemoore.

Question: At Whidbey: if an aircraft based at Everett is damaged and must be repaired, where would it go if Whidbey NAS was gone?

Answer: Either repair it on the carrier, or barge it somewhere and have NARF fly in (from wherever--Alameda, Jacksonville, etc.) to repair it. Not having NAS nearby is no problem.

Question: Jet training facilities: what other options considered?

Answer: We talked about all three. Wetlands: three options: avoid loss, minimize loss, replace them. We will do the latter. We won't know the value until the actual survey. The runways don't have to be built on the wetlands. In earlier years, we'll need Chase OLF more than later. Might be able to close totally.

Question: Projected training requirement (PTR) for Meridian is 160 per year. A 1990 CNATRA analysis said that air space saturation at Meridian precluded absorbing any more PTR over a 5% surge capability. At that time, Meridian PTR was 130. How did you consider this?

Answer: This was not a major issue to the training command people.

Question: Did you consider the potential efficiencies of having all jet pilot training in south Texas?

Answer: Kingsville and Chase wouldn't fit all required. There's more at Meridian than air training; there are A-schools, etc. Chase is as clean a shutdown as possible; keep slightly more than two airfields.

Question: Why not close Meridian, move its pilot training mission to south Texas, its school to Orlando, and move the RTC to Great Lakes?

Answer: We don't have enough capacity to do without Meridian. There isn't enough room in two Texas bases. We didn't look at costs of moving Meridian.

We had a brief discussion about whether there was anything else in South Texas, only very old Air Force runways in bad condition. Easier to use Chase as bounce field. Kingsville has larger capacity than Chase. Meridian is too far away to be bounce field for Chase and Kingsville.

Question: Is there encroachment at Meridian?

Answer: None of the operators ever mentioned it to the BSC. It's an air space management issue, not a stopper.

Question: Since there's no excess capacity in the Marine Corps air station category, why was Tustin proposed for closure?

Answer: There is excess capacity in hangar space (air maintenance) and parking apron space.

Question: Some cleanup sites at Tustin will not be cleaned for twenty to thirty years. How was this considered when calculating the land sale return?

Answer: Much of the cleanup will be groundwater, so the surface probably still can be used. There are lots of overflight restrictions now. These will go away and raise the value of the land. Thus, we should get more for land sale than we calculated.

Question: If the corrected COBRA data for Tustin increased the ROI to 100 years, as GAO states, would your recommendations change?

Answer: Even if the ROI was 100 years, Tustin would still have been on the list for operational reasons. We'd like to be able to look at all our bases from such an operational perspective.

Nemfakos: "The Marine Corps is small enough, you can more easily do that kind of thing. The people in Tustin want us out. Operationally, we need to get out."

BSC: We insisted on an absolute consensus in BSC. Sometimes it took a long time, but we always came to it, after talking to fleet, platform sponsor, and resource sponsor. Philadelphia Naval Shipyard, for example, took a long time for us to develop consensus.

Question: After closing Orlando, how much recruit training surge capacity is left without military construction?

Answer: We have a short-term surge capability now (have low loads and high ones at different times of year). Long term, we would have to build new facilities. In Orlando there is no room to build. San Diego may be harder to expand, but it's next to A-schools, to the fleet--its location is "perfect."

Commission will request in writing two things:

1. A major force-level review for every installation, concentrating on the ones where the VCNO data did not match the BSC data. The BSC will build us a bridge from one to another.
2. Explain how the BSC system tracked with the DoD criteria.

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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HOUSE LIAISON					D.O.D. LIAISON		
EXECUTIVE SECRETARIAT					ARMY TEAM LEADER		
					NAVY TEAM LEADER		
ADMINISTRATION					AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER		
TYPE OF ACTION REQUIRED							
Prepare Reply For Chairman's Signature			✓	Appropriate Action			
Prepare Reply for Commissioner's Signature				Comments and/or Recommendations			
Prepare Reply for Staff Director's Signature				Clear copy with <i>Matt</i>			
Reply Direct (forward copy to Exec Sec)				Coordinate copy with <i>Bob Moore, Paul</i>			
SUBJECT/REMARKS					CLEARANCE SIGNATURE		
<p><i>Cary - please advise on 31 May.</i> <i>Tish - if response required.</i> <i>No response reqd.</i> <i>Cong. / Sen. Specter: Phil N54</i></p>					<p><i>ASAP</i></p>		
ACTION DUE DATE	ROUTING DATE	RECEIPT DATE	EXEC SEC MAIL DATE				
<i>31 M91</i>	<i>30 M91</i>	<i>29 M91</i>					

RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

29M91 001041



FACSIMILE

Office of U.S. Senator Arlen Specter
303 Hart Senate Office Building
Washington, DC 20510
202-224-4254

TO: Wendy Pensinger

FROM: Morrie Ruffin

DATE: 5/29 TIME: 9:56

NUMBER OF PAGES (including header): 4

PHONE: _____

CONTACT: _____

MESSAGE: _____

United States Senate

WASHINGTON, DC 20510-3802

May 24, 1991

The Honorable Dick Cheney
Secretary of Defense
Department of Defense
The Pentagon
Washington, D.C. 20301

Dear Dick:

Thanks very much for your letter of May 22.

After I raised the issue with you at the Defense Appropriations Subcommittee hearings on May 21, I did receive a telefax from Secretary Garrett late in the afternoon.

However, many questions, which we have raised in a series of letters remain unanswered.

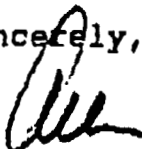
I shall be returning to Pennsylvania shortly after dictating this letter this morning, but I am asking my staff to compile a list of the unanswered questions for you and Secretary Garrett for enclosure with this letter.

In the event you have not already seen the releases by the Base Closing Commission on May 22, I am enclosing them for your review. That Commission, along with the GAO, has confirmed our contention that the Department of the Navy has not provided the requisite data.

Pursuant to the requisite statutes, we were entitled to that information in advance of the hearings of the Base Closing Commission in Washington on May 22 and in Philadelphia today, May 24, 1991. In the absence of that data, we have obviously been precluded from an opportunity to analyze it, refute it where possible and consider it in our arguments to the Base Closing Commission.

In this context, as a matter of law, it is my judgement that the Philadelphia Navy Yard and the Naval Air Development Center must be stricken from the base closing list.

Sincerely,



Arlen Specter

AS/kr
Enclosures

QUESTIONS

- 1) In addition to the Force Structure Plan required to be submitted by the 1991 Base Closure Law, what other documents can you provide that describe the operational requirements of the Navy? Since the classified Force Structure Plan is only 12 pages long, and includes no detail beyond troop end-strength numbers and the number of carriers anticipated for a future force, could you please provide us with any documents that relate operational requirements to a detailed force structure plan which includes the estimated size and composition of the future fleet?
- 2) In the FY 1991 Depot Level Maintenance Schedule provided to our office, could you please explain why amphibious and auxiliary ships were scheduled to yards other than Philadelphia, and upon what criteria these decisions were based?
- 3) Since the Navy briefers at the May 13 meeting with my staff suggested that Philadelphia should be closed based on projected workload trends, I feel it is important to understand workload trends in the context of the fleets composition beyond the year 2000. Could you please make available, all information describing availabilities on all Navy vessels, including work scheduled for public/private competition, until the year 2010? This should allow for a more accurate view of the Navy's fleet composition after near-term submarine decommissionings.
- 4) Could you please provide me a list of changes made to the Navy's workload schedule as a result of the April 1991 Scheduling Conference?
- 5) How does the depot maintenance schedule reflect the Navy's projected operational requirements? Please provide a detailed explanation.
- 6) On page two of Tab C in the Navy's "Detailed Analysis" it is mentioned that the workload on large Amphibious and Aegis ships is increasing. Could you please describe the peacetime and wartime berthing capacity available to handle this workload?
- 7) Since a large number of the nuclear availabilities at the end of the decade are comprised of submarine decommissionings, could you please provide further justification for excluding the naval nuclear yards from further review given that these decommissionings will obviously distort trends in the future nuclear workload?

- 8) When work on conventional ships is performed at nuclear yards, how do manday rates reflect the overhead costs of maintaining nuclear capable facilities? Could you please provide depot maintenance records of the ten most recent availabilities completed on conventional ships at naval nuclear yards? Please include all cost and overhead data.
- 9) The Navy's other argument to recommend Philadelphia for closure, instead of considering any of the other seven Naval Shipyards, is the requirement for two carrier-capable shipyards to perform emergent work on each coast. Where is the Navy's analysis of carrier-capability on the East Coast, which, if Philadelphia were closed, would rely upon the availability of capacity at a private shipyard (whose carrier drydocks, I am told, are kept continually full by the Navy)?
- 10) Well-informed sources have stated that the Navy's data, rejected by its Base Structure Committee, supported the retention of all eight Naval Shipyards, but with significant downsizing and some realignment. Public statements by the General Accounting Office and the Base Closure Commission indicate that these sources are correct. What became of this information? Similarly, why was the "VCNO study" whose existence was revealed by the Commission on May 22, 1991, withheld?
- 11) Has the Navy analyzed its shipyard workload to consolidate its nuclear work into five (or fewer) Naval Shipyards and one or both of the nuclear-capable private shipyards (one of which has just announced that it will shut down nuclear submarine capacity for lack of work and lay off 12,000 workers in the mid-1990s)?

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

001033

EXECUTIVE SECRETARIAT

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SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
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TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action <i>No reply needed</i>
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
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SUBJECT/REMARKS

hand copy of fax

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CONGRESSIONAL

ACTION DUE DATE

7 JUN 1991

ROUTING DATE

29 MAY 1991

RECEIPT DATE

29 MAY 1991

EXEC SEC MAIL DATE

RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

31 May

United States Senate

WASHINGTON, DC 20510-3802

May 24, 1991

Base Closing Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Mr. Chairman and Members of the Commission:

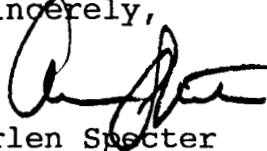
I very much regret that I cannot be present at your hearings this morning to present opposing views on the Department of Defense's proposed action on the Philadelphia Navy Yard, the Naval Air Development Center and Letterkenny Army Depot.

Although the Senate was in session until late last night, debate was not concluded on very important legislation involving the "Fast Track" and a vote has been set for 12 noon today which precludes my being present in Philadelphia for your hearings.

My office and I have participated in arrangements for the presentation of a number of witnesses.

My staff and I will be in touch with the Commission further in your deliberative process.

Sincerely,



Arlen Specter

AS/kr

BY TELEFAX ON MAY 24, 1991

*TELEFAX TO Commission
in Philadelphia*

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

1625 K STREET, N.W. SUITE 400

WASHINGTON, D. C. 20006-1604

202-653-0823

JIM COURTER, CHAIRMAN

June 26, 1991

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

The Honorable Robert E. Andrews
U.S. House of Representatives
Washington, D.C. 20515

closed

Dear Representative Andrews:

Thank you for your letter of May 29, 1991, regarding the Philadelphia Naval Station and Shipyard. I know that Commission staff members have already had discussions with members of your staff about your concerns, but I wanted to personally address them.

In your letter, you referred to the Commission's "stated goal of an open and public process." This is indeed one of our primary aims, and I believe we have successfully achieved it.

Your letter also contended that a meeting between the Commission staff and the Navy on May 29 was "conducted without the benefit of public scrutiny." In fact, my staff provided your office with all the records of that meeting, just as you requested. All of the work of the Commission-- all of its meetings, all of its deliberations, all of its information-- is available to everyone upon written request.

I believe the Commission has made every effort to ensure a just and thorough review of the Philadelphia Naval Station and Shipyard. A regional hearing was held on May 24, and Commissioner Arthur Levitt and I conducted a fact-finding tour of the Naval Station and Shipyard on June 4.

Your letter underscores the importance of subjecting the Commission's work to public scrutiny. By so doing, we can help to ensure the accuracy of information used to reach our decisions.

Sincerely,

JIM COURTER
Chairman

ES-1112
JC:ps

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

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001112

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GENERAL COUNSEL					COMMISSIONER CASSIDY	
MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA					COMMISSIONER TROWBRIDGE	
DIRECTOR OF COMMUNICATIONS			✓			
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FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON					DEPUTY DIRECTOR	
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DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

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✓ Prepare Reply For Chairman's Signature	✓ Appropriate Action <i>Phone</i>
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	✓ Clear Reply with <i>JAMIE</i>
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SUBJECT/REMARKS
Lynn - priority for Mr. Courter
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Jamie - Response spoke w/ Fran and Rep. Andrews on 6/5.

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[Signature]

ACTION DUE DATE <i>4 JUN 1991</i>	ROUTING DATE 31 MAY 1991	RECEIPT DATE 31 MAY 1991	EXEC SEC MAIL DATE
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31 MAY 1991

WASHINGTON OFFICE:
1005 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

May 29, 1991

The Honorable James A. Courter
Chairman
Defense Base Closure Commission
1625 K Street, NW
Washington, D.C. 20006

Dear Mr. Chairman:

Thank you for your letter of May 29, 1991. Your cooperation is most appreciated.

Three points arise after a review of the minutes attached to that letter.

First, comments made by Mr. Nemfakos, Comptroller of the Navy, in the May 20, 1991 meeting confirm the criticism made by many of us that the Navy failed to follow the base closing statute and has instead engaged in a subjective process. In Mr. Nemfakos' own description of the report he states:

"It's subjective. We started with the comments of operators and then questioned them. There was a lot of give and take. We can't reconstruct that. We didn't use numbers for four criteria and plug them into a machine. The answers would make us close the wrong bases. That's the process we used in 1988, and we weren't happy with it."

Is the Philadelphia Shipyard one of the "wrong bases?" This statement is further reason for the Commission to reject the Navy's recommendations and sustain the Philadelphia Naval Shipyard. Let us end this fraud on the American people and reject the Navy's conclusions.

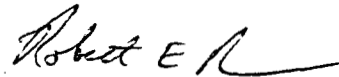
Also I note that another meeting between Commission staff and the Navy was scheduled for today at 4:00 PM. These private meetings, conducted without the benefit of public scrutiny, undermine the integrity of the base closure process. I would finally note that there has been no discussion of the irregularities surrounding the alleged nuclear certification of the Long Beach Naval Shipyard which I outlined in my testimony of May 22, 1991. This issue must be fully and publicly addressed.

Chairman Courter
May 29, 1991
Page 2

In keeping with your stated goal of an open and public process, I am renewing my request for an open public hearing on the Philadelphia naval Shipyard, at which time the Navy would be required to make public the positions taken in these private meetings, and at which time we would have an opportunity to question the Navy under oath.

Due process and sound policy mandate rejection of the Navy's recommendation to close Philadelphia Naval Shipyard. This new evidence simply confirms that conclusion.

Sincerely,



ROBERT E. ANDREWS
Member of Congress

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

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DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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STAFF DIRECTOR				COMMISSIONER CALLAWAY		
GENERAL COUNSEL				COMMISSIONER CASSIDY		
MILITARY EXECUTIVE			✓	COMMISSIONER LEVITT		
SPECIAL ASSISTANT				COMMISSIONER SMITH		
				COMMISSIONER STUART		
COMMUNICATIONS/PA				COMMISSIONER TROWBRIDGE		
DIRECTOR OF COMMUNICATIONS						
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SENATE LIAISON			✓	DEPUTY DIRECTOR		
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ADMINISTRATION				AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓ <input checked="" type="checkbox"/> Appropriate Action
Prepare Reply for Commissioner's Signature	<input type="checkbox"/> Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	<input type="checkbox"/> Clear Reply with
Reply Direct (forward copy to Exec Sec)	<input type="checkbox"/> Coordinate Reply with

SUBJECT/REMARKS

*Jamie faxed Philby Sch...
+ confirmed by phone
with Congressman*

CLEARANCE SIGNATURES

CONGRESSIONAL

Robert E. Andrews

ACTION DUE DATE

3 June 91

ROUTING DATE

JUN 1991

RECEIPT DATE

03 JUN 1991

EXEC SEC MAIL DATE

ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

03 JUN 1991

001194

WASHINGTON OFFICE:
105 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

May 31, 1991

The Honorable James Courter
Chairman
Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006-1604

Dear Chairmen Courter:

It is my understanding that Colonel Wayne Perser of the Commission staff will hold a meeting at the Philadelphia Naval Shipyard on Tuesday, June 4 at 1:00 PM. I would like to attend this meeting and any others that are scheduled next week between Commission members and the Shipyard officials.

Thank you for your prompt consideration of this request. I appreciate the help which you and your staff have afforded me throughout this process.

Sincerely,


Robert E. Andrews
Member of Congress

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 18, 1991

The Honorable Robert S. Walker
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Walker:

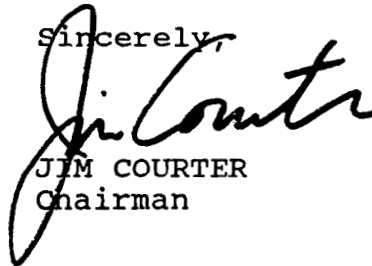
Thank you for writing to share your concerns about the proposed realignment of Fort Indiantown Gap. Thanks also for your testimony yesterday.

The Commission has held hearings across the United States and in Washington, D.C., giving all communities potentially affected by base closures or realignments the opportunity to present their concerns. Presently, Fort Indiantown Gap is still under consideration by the Commission for transfer of base management.

We are examining all available information concerning the installations that are potential candidates for closure or realignment. We will submit our recommendations to the President by July 1, 1991. Our principal responsibility is to determine whether the Department of Defense proposal conforms to the approved U.S. force structure. Consequently, we will analyze each site primarily in terms of its military value. However, we will not ignore the economic and social impact of base closures and realignments, and we will adhere to the statutory obligations concerning these nonmilitary value criteria.

I appreciated your comments and testimony and assure you that they will receive our careful consideration.

Sincerely,



JIM COURTER
Chairman

JC:ps
ES-1360



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
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ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 18, 1991

The Honorable George W. Gekas
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Gekas:

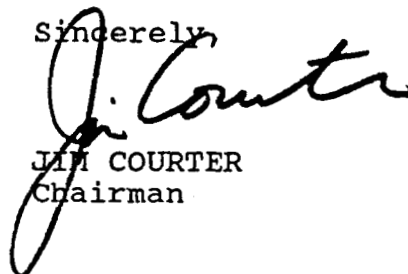
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Sincerely,



JIM COURTER
Chairman

JC:ps
ES-1360



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
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JIM COURTER, CHAIRMAN

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JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 18, 1991

The Honorable Arlen Specter
United States Senate
Washington, D.C. 20510

Dear Senator Specter:


Thank you for writing to share your concerns about the proposed realignment of Fort Indiantown Gap. Thanks also for your testimony yesterday.

The Commission has held hearings across the United States and in Washington, D.C., giving all communities potentially affected by base closures or realignments the opportunity to present their concerns. Presently, Fort Indiantown Gap is still under consideration by the Commission for transfer of base management.

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Sincerely,



JIM COURTER
Chairman

JC:ps
ES-1360



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
WILLIAM L. BALL, III
HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 18, 1991

The Honorable Harris Wofford
United States Senate
Washington, D.C. 20510

Dear Senator Wofford:

Thank you for writing to share your concerns about the proposed realignment of Fort Indiantown Gap. Thanks also for your testimony yesterday.

The Commission has held hearings across the United States and in Washington, D.C., giving all communities potentially affected by base closures or realignments the opportunity to present their concerns. Presently, Fort Indiantown Gap is still under consideration by the Commission for transfer of base management.

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I appreciated your comments and testimony and assure you that they will receive our careful consideration.

Sincerely,

JIM COURTER
Chairman

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001360 CLOSE

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	GENERAL COUNSEL				COMMISSIONER CASSIDY	
	MILITARY EXECUTIVE				COMMISSIONER LEVITT	
	SPECIAL ASSISTANT				COMMISSIONER SMITH	
					COMMISSIONER STUART	
	COMMUNICATIONS/PA				COMMISSIONER TROWBRIDGE	
	DIRECTOR OF COMMUNICATIONS					
	PRESS SECRETARY				REVIEW AND ANALYSIS	
	FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS	✓
	SENATE LIAISON				DEPUTY DIRECTOR	
	HOUSE LIAISON				D.O.D. LIAISON	
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					NAVY TEAM LEADER	
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	DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER	

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Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
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Wendell
 Harris Wofford
 Robert S. Walker
 Arlen Specter
 George W. Gebas

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ACTION DUE DATE

7 June 91

ROUTING DATE

25 JUN 1991

RECEIPT DATE

05 JUN 1991

EXEC SEC MAIL DATE

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ROBERT S. WALKER
5TH DISTRICT, PENNSYLVANIA
DEPUTY REPUBLICAN WHIP

COMMITTEE:
REPUBLICAN CHAIRMAN
SCIENCE, SPACE, AND TECHNOLOGY

001360

STAFF IN CHARGE:
CONNIE L. THUMMA
WASHINGTON OFFICE
MARC T. PHILLIPS
DISTRICT OFFICES

Congress of the United States JUN 1991
House of Representatives
Washington, DC 20515
June 6, 1991

The Honorable James Courter
Chairman
Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Chairman Courter:

We are writing to you in support of Fort Indiantown Gap in Pennsylvania, and to protest its inclusion on the Base Closing and Realignment Commission's list for possible realignment.

Fort Indiantown Gap is a state-owned property leased to the Federal Government for one dollar for sixty years. It is operated by the U.S. Army Garrison, with 71 military and 419 civilian personnel, of which 151 operate a regional financial center. In addition, also employed at the Gap are 221 individuals in support of Garrison/USAR activities and 1,081 individuals in support of the Pennsylvania Department of Military Affairs, the Pennsylvania Army National Guard and the Pennsylvania Air National Guard. The Gap is the largest employer and buyer in Lebanon County, Pennsylvania.

The Pennsylvania Department of Military Affairs, along with the Governor of Pennsylvania, and the Lebanon County Commissioners, agree with us that the status quo under which the state leases the ground and the Federal Government operates the base is the optimal association. This arrangement has provided the best training facilities for Active, National Guard and Reserve component soldiers from all over the Northeast for the least cost.

The United States Army also opposes realignment. They have not yet been able to complete their study on the drawdown in forces, and feel that any decision about the future of Fort Indiantown Gap is premature.

Military sources inform us that the Gap is one of the most cost effective training bases in the country. At this time, the entire Federal yearly expenditures are \$26,074,000. For this sum, approximately 140,000 soldiers per year are trained at this facility. Therefore, the Federal cost per soldier trained averages \$186 per year, a bargain for taxpayers.

Operating costs are certainly a major consideration in these times of budgetary constraints. In considering the costs, the Army has recommended that Fort Dix, for example, be closed. If you compare the Gap with Fort Dix, the benefits of maintaining Indiantown Gap are obvious. The annual Federal expenditures at Fort Dix total \$330,000,000 with 3,075 military personnel and 3,929 civilians, for the training of 60,000 individual soldiers (Basic entry) a year. Federal costs at Fort Dix, therefore, average \$5,500 per soldier trained.

Indisputably, much about the two installations is different, but the point is clear: for 1/13 of the expenses, Fort Indiantown Gap trains 2-1/2 times the soldiers trained at Fort Dix. For a relatively small amount of money, the Federal Government is able to turn out highly qualified and trained soldiers who are ready and able to take part in any mission their country requires.

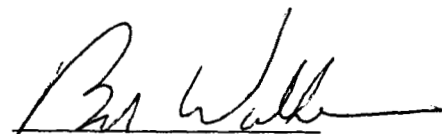
Fort Indiantown Gap is also ideally suited to both individual and unit training. On its grounds, entire infantry brigades are able to maneuver over reduced distances, and in addition, fire simultaneously at as many as four artillery battalions. This is far better than at Fort Dix, which is used primarily for individual training.

It also possesses a tactical air bombing range, only one of three in the Northeastern United States. In addition, the Gap is an important mobilization station for the Army as was seen during Operation Desert Shield/Storm when thirteen units were mobilized and nineteen units were demobilized.

This base already operates at minimal funding levels. Because of the small budget and the small number of military and civilian employees, there are little savings to be affected by a closure or realignment of Fort Indiantown Gap.

In conclusion, we would sincerely hope that the Commission assiduously reviews the myriad of benefits available at the Gap. With the increased reliance of our nation on the reserve components forces in peacetime, it is essential that the training bases for these units be protected and retained to ensure their combat readiness. Fort Indiantown Gap is the best training bargain in the country.

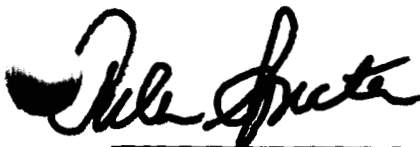
Cordially,



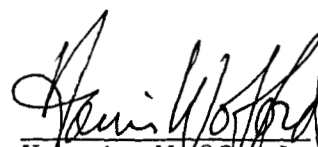
Robert S. Walker
U.S. Representative



George W. Gekas
U.S. Representative



Arlen Specter
U.S. Senator



Harris Wofford
U.S. Senator

NEWS RELEASE

**COMMONWEALTH OF PENNSYLVANIA
Office of the Governor
Commonwealth News Bureau
Room 608, Capitol
Harrisburg, PA 17120**

FOR IMMEDIATE RELEASE

**CONTACT: Frank Lynch
Deputy Press Secretary
(717) 783-1116**

GOV. CASEY VOWS TO FIGHT JOB CUTS AT FORT INDIANTOWN GAP

HARRISBURG (May 31) -- Gov. Robert P. Casey issued this statement following a proposal today by the federal Defense Base Realignment and Closure Commission to study the possible closure of Fort Indiantown Gap in Lebanon County:

"Last week, I appeared before the federal Defense Base Closure and Realignment Commission to voice Pennsylvania's strong opposition to plans by the U.S. Defense Department to close the Philadelphia Naval Shipyard and the Philadelphia Naval Station, and to cut jobs at the Naval Air Development Center in Warminster, Bucks County, and at the Letterkenny Army Depot in Franklin County.

"Now the commission itself is recommending that another Pennsylvania military installation, Fort Indiantown Gap, be studied for realignment, placing at risk the jobs of as many as 500 Pennsylvanians working at the Lebanon County facility.

"This proposal adds insult to injury, since nearly one-third of all civilian jobs the Pentagon proposes cutting are in Pennsylvania, a state that lost more sons and daughters in Operation Desert Storm than any other state but one.

"Fort Indiantown Gap has been invaluable in the training of reserve components and in mobilizing national Guard and Reserve units for Operation Desert Storm.

"I will continue to work with Pennsylvania's Congressional Delegation to vigorously fight job losses and save military installations that are important to the nation's defense as well as to the people of our Commonwealth."

The commission released the names of 36 military installations that are being studied as preliminary candidates for closure or realignment. The list is in addition to 43 facilities the Pentagon plans to close or realign.

The seven-member commission, chaired by former U.S. Rep. James Courter, R-NJ, is charged with reviewing the Pentagon's plans and making recommendations to the president by July 1.

* * *



THE ADJUTANT GENERAL OF PENNSYLVANIA
DEPARTMENT OF MILITARY AFFAIRS
ANNVILLE, PENNSYLVANIA 17003-8002

June 3, 1991

The Honorable Robert S. Walker
U.S. House of Representatives
Rayburn House Office Bldg., Rm. 2445
Washington, D.C. 20515

RE: The Continued Usefulness of such Posts as Ft. Dix,
Ft. Indiantown Gap, Ft. A.P. Hill and Ft. Pickett

Dear Congressman Walker:

As you know, Ft. Dix has been primarily committed to training of recruits by the Active Army. With the decline in the sizing of the Army and perhaps the Reserve Components, Ft. Dix has lost its principal mission, and may be closed. The issue is not whether it should be kept open and semi-active installations such as Ft. A.P. Hill, Ft. Pickett and Ft. Indiantown Gap closed. The only issue is whether it should be a semi-active installation.

My interest is to protect the training bases for the Reserve Components. Our Pennsylvania Guardsmen use principally Ft. Indiantown Gap, Ft. A.P. Hill, Ft. Pickett and now Ft. Drum. We make very little use of Ft. Dix and that is principally for small arms ranges used by soldiers from our Philadelphia area units. We also send some to the high-tech center, but the numbers are really quite small. To assert that Ft. Dix should remain open and these other semi-active installations closed is to totally misunderstand the nature of the problem and our needs. Ft. Dix, as an Active installation, had over 3,075 military personnel assigned to it (not including recruits) and almost 3,929 civilians with an operating budget of about \$330 million per year. For that, they trained some 60,000 personnel a year. The training at that base is primarily individual. We send no units there for collective or unit training because it is poorly adapted for such use..

On the other hand, Ft. Indiantown Gap has 71 military people assigned and 419 civilian (of these 151 are in the finance regional center and are not really part of the post operation). The operating budget for FY91 is \$26 million. The Gap trains about 115,000 soldiers on weekends and another 25,000 are here for their annual training per year. Unlike Ft. Dix, we not only conduct individual training here but we conduct principally unit training. We can maneuver an entire infantry brigade here albeit over reduced distances and we have fired simultaneously as many as four artillery battalions. These kinds of activities cannot be conducted at Ft. Dix.

The Honorable Robert S. Walker
Page 2
June 3, 1991

At this post, all of the weapon systems of an infantry division and most from an armor division can be fired here. We have a full complement of small arms ranges from pistol through machinegun, mortar firing points, artillery firing points, and fire the Dragon, the TOW and even tank firing. Indeed, New Jersey armor units come to Ft. Indiantown Gap to do some of their tank gunnery work. We also have a tactical air bombing range, one of three in northeastern United States, used by Active and Air Guard aircraft and many other important activities here.

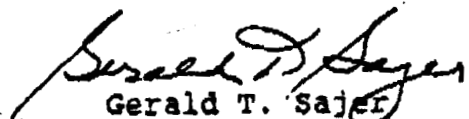
I think you can assert that Ft. Indiantown Gap is probably the most cost effective training facility in the nation. Over the years, the U.S. Army has spent very little money here and that has been for repairs and renovations of our WWII structures and a new electrical distribution system and sub-station. While these buildings may not be as fancy as those at Ft. Dix, they satisfy all our needs. Because of the small budget, obviously, there are little savings to be affected by a closure or realignment of this base.

Because the Gap is on the principal East-West/North-South highway and rail systems and is close to an international airport at Harrisburg and not far from other seaports and major airports it will always be an important mobilization station for the Army as it was during Desert Storm/Desert Shield.

As long as there is a National Guard and other Reserve Components, there will always be a Ft. Indiantown Gap. Troops from all services come here from all over the northeast. I ask that you protect the training bases of the Reserve Components because I do believe Representative Saxton does not understand the high usage and the little cost involved in maintaining the semi-active installations and their critical need to the training of the Reserve Components.

Thank you for your interest in this matter.

Sincerely,


Gerald T. Sajer
Major General, PAARNG
The Adjutant General

FACT SHEET ON FT. INDIANTOWN GAP, PA

Fort Indiantown Gap is a state-owned property leased for One Dollar (\$1.00) for sixty (60) years to the federal government. The post is operated by the U.S. Army Garrison of 71 military personnel and 419 civilian personnel, of whom 151 operate a Regional Financial Center.

The operating budget for FY91 was \$26,074,000 million of which \$1,944,000 was military pay, \$12,382,000 civilian pay, \$2,818,300 construction and repair and \$8,929,700 operating.

The principal Garrison/USAR tenant activities and the personnel involved in operating them are as follows: Readiness Group = 87; 56th Ordnance Detachment = 9; First U.S. Army Academy = 19; Equipment Concentration Site = 67; Regional Training Site Maintenance = 11; U.S. Army Reserve Center = 18; 1079th USAR Garrison = 10.

Also located at Fort Indiantown Gap are the following state/National Guard activities: Department of Military Affairs, Commonwealth of Pennsylvania = 673; Pennsylvania National Guard Army and Air Units = 207; National Guard Bureau units (Eastern Army Aviation Training Site = 105, Logistic Support Center = 14, Regional NCO Academy = 55, and the Regional Medical Training Site - 27.

In addition, the Pennsylvania Army National Guard has located here an Army Aviation Support facility, one of the largest in the nation and which provides operating and maintenance support to over 100 aircraft of various types.

The post provides a full range of support activities, e.g., troop housing, ration point, an extensive range complex as described below, with maneuver areas and a Post Exchange, Community Club, Chapel, field house, and other morale, welfare and recreation facilities.

The post ranges and impact areas for the firing of the weapons systems of an infantry division are individual and unit training: 22 small arm ranges, 17 mortar firing points, 25 artillery battery firing points, tank gunnery, TOW and dragon missiles and a tactical air bombing range which services over 3,000 fighter aircraft from throughout the northeast.

The post is suitable for individual training but provides sufficient space for maneuver training. A full infantry brigade has maneuvered at the Fort. In addition, as many as four artillery battalions have fired simultaneously.

The location of the post in Central Pennsylvania along the main East-West highway systems and rail systems and its proximity

to the Harrisburg International Airport and ready access to sea ports at Norfolk, Baltimore, Philadelphia, and other airports in those areas has made it a desirable mobilization and demobilization station and was used for such purposes during Operation Desert Shield/Storm.

Fort Indiantown Gap is also the largest employer and buyer in Lebanon County.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

June 5, 1990



Mr. Jim Courter
Chairman
Defense Base Closure and
Realignment Commission
1625 "K" Street, N. W.
Suite 400
Washington, D. C. 20006

Dear Mr. Courter:

Attached is the analysis you requested in your letter of 17 May 1991. That letter outlined four initiatives and requested detailed cost analysis on each. I would like to address each in turn.

The Commission's initiative 1, close Fort Richardson, is neither militarily nor economically sound. As we stated in DOD's Report to the Defense Base Closure and Realignment Commission and in our recent letter to you on Fort Drum, it is not appropriate to make a final decision on the specific divisions to be eliminated in FY 95 at this time. The world situation remains volatile as recent experiences in Eastern Europe and the Middle East have demonstrated, and the current events in the Philippines, India, and Pakistan remind us.

Therefore, the option to station a separate light infantry brigade (SIB) at Fort Wainwright and close Fort Richardson was eliminated from consideration by the Army. Predicting future contingencies is difficult at best, and premature force structure decisions limit our flexibility in the future. The unacceptable long-term risk of making such decisions far outweigh the short-term gains of closing additional bases at this time.

Further, the operational/strategic qualities of Fort Richardson support its retention. Fort Richardson is essential to the U.S. Pacific Command from an operational viewpoint. With the declining Soviet threat, the mission to defend Alaska is less significant, allowing CINCPAC to use the 6th Infantry Division in contingency roles. The division currently provides CINCPAC the only no-notice conventional forced entry capability and complements the Marine Corps short-notice forced entry capability. As such, it is a vital portion of CINCPAC's strategic reserve, as well as the Army component of the Alaskan Command.

An emerging element of our national strategy is the rapid projection of sustainable land combat power from CONUS bases. The 6th Infantry Division complements this strategy since it is a light division with airborne capability. It is, therefore, imperative that the division be proximate to an airfield capable of handling the various aircraft (C-17s and C-141s) necessary for its mission. Elmendorf AFB provides this capability in addition to the airfield at Fort Wainwright. Rapid deployment is greatly enhanced by the use of both locations. Under any scenario, airborne units will remain in Alaska and should be stationed at Fort Richardson.

Fort Richardson is also in close proximity to seaport at the port of Anchorage and rail links. This facilitates rapid staging and deployment. Therefore, the greater the distance from these facilities, the longer the response time. For these reasons, Fort Richardson is the primary destination for units deploying to Alaska and for Army reserve component forces mobilizing in Alaska.

Another important capability the division provides CINCPAC is mountain and glacier fighting expertise. This capability is critical to CINCPAC in many regions within his area of responsibility, and is particularly crucial for his forced entry mission. Maintaining this expertise requires constant rigorous training. There are mountains and glaciers available to the Army outside Fort Richardson through exclusive agreements with the State of Alaska which provide a significant military training area unique within the State.

Currently, the 6th Infantry Division's support elements are located at Fort Richardson making it the division's logistical support base (war reserves, supporting activities). Anchorage is the largest city in Alaska. As such, the availability of companies and industry for contracting of services and facilities for operations out of Fort Richardson cannot be replicated elsewhere in Alaska.

COBRA economic analysis of both options under initiative 1 are enclosed at Tab 1 as requested. The drawbacks of the SIB option have been discussed above. The requirement to analyze the cost of stationing a roundout light division produces an alternative that does not provide a return on investment within 100 years. Fort Wainwright has very few excess facilities or family housing. The cost

to construct facilities to support the elements of the 6th Infantry Division currently stationed at Fort Richardson is approximately \$.6 billion. The potential steady state savings of \$46 million are insufficient to offset this cost.

Fort McCoy's active mission is scheduled to expand since it assumes the Area Support Mission being relocated from Fort Sheridan, IL, which will close under P.L. 100-526. McCoy is also one of the best candidates to assume that mission from Fort Benjamin Harrison, IN, should the Army's recommendations to close be accepted. In addition, there are USAR schools currently located at Fort McCoy which would have to operate on a reimbursable basis or relocate. These alternatives could possibly increase operating costs.

Forts Pickett, A.P. Hill, Indiantown Gap, and Buchanan have some active training, but are primarily designated as RC training areas. Unlike the organizations being realigned from Fort Chaffee and Fort Dix, active duty units and individuals are stationed there to support Army National Guard and Army Reserve training. If these units are relocated, their operations and maintenance requirements would simply be shifted to the new site. If leased space is required, the cost could increase.

As stated in the DOD's report to the Commission, Forts Indiantown Gap, McCoy, A.P. Hill, and Pickett were deferred from further study for this round of base closures because not enough information about future force structure and training requirements was known. A study of Reserve Component (RC) training strategies and management of training areas for the RC is not projected to be completed until August 1991. Completion cannot be accelerated because the results of the Total Army Analysis - 97, which will define the content of the RC force structure in greater detail than the number of division flags, will not be completed before then.

Once the remaining Reserve and National Guard units and their geographic locations are determined, the Army can optimize the RC training areas. It may be that transfer to state control through the National Guard is a viable option in some cases, but not others. The National Guard Bureau has stated that while it may be able to operate installations for less, because they support fewer services, it feels that the current status of the posts allows for better management of Total Army resources. We may wish to set up a new Reserve Component installation management strategy. Nonetheless, current studies must be completed

and a careful case by case review is required before any action can be taken. The Army has the authority to make changes in administrative control or garrison configurations as needed outside of the P.L. 101-510 Base Realignment and Closure Commission framework. If, after the Total Army Analysis process, we have excess capacity in the Major Training Area category, the Army will address the issue during the 1993 Commission process.

It is important to note that an earlier study of the issue of administrative control, completed in 1986, found that the status quo of Active Army control was the best since it maintained potential for increased utilization by all current users and increased productivity enhancements. It was also found that resources would simply be transferred between appropriations. With Congressional ceilings on Active Guard and Reserve (AGR) spaces, it would be difficult to man the installations if responsibility were passed to the RC. The large majority of active duty units on the installations in question have a direct relationship to the support of the RC units that train there. If they were relocated, that relationship would be degraded and the resources needed to support them would have to be transferred to the new location. Final savings would likely be far less than initially anticipated.

We are unable to provide COBRA economic analyses for initiative 2, transfer management of installations used primarily by the Reserve Component to the National Guard. However, attached at Tab 2 are the FY 91 operations and maintenance cost estimates for those installations as requested. With the exception of Fort McCoy, these posts already have reduced garrisons and are sub-installations of other, larger posts.

The Army sees no military or economic value in pursuing initiative 3, closure of Savanna Depot Activity. Savanna's primary mission is the receipt, storage, and issue of conventional ammunition and critical strategic material for all Services. It also has a conventional ammunition demilitarization program. The installation's net ammunition storage capacity of 1.5 million square feet is integral to the Army's total requirement at this time. The 1988 Base Closure Commission closed Forts Wingate and Navajo, Pueblo Army Depot and Umatilla Army Depot, reducing our net conventional ammunition storage capacity by 5.5 million square feet. While those reductions were warranted to cut excess capacity, our requirement to process, demilitarize, and store the materiel currently being returned from South

West Asia and Europe has significantly increased. The high volume of conventional ammunition being returned from overseas will bring our utilization rate to nearly 100 percent. Further closures at this time would result in a shortfall.

A COBRA analysis of the initiative is attached at Tab 3. The Commission's proposal does not provide a return on investment within 100 years, due to the requirement to replicate ammunition storage facilities at Tooele Army Depot. There is also a requirement to provide administrative and instructional space for the portion of the Defense Ammunition Center and School currently operating at Savanna. The high cost of relocation of Savanna Depot Activity's mission makes this alternative unsound.

Initiative 4, merger and movement of AVSCOM/TROSCOM, was considered by the Army during its deliberations on Army Materiel Command's Vision 2000 and rejected due to the high cost. The COBRA output attached at Tab 4 shows a payback period of 10 years if this new command is relocated to Redstone Arsenal. New administrative space and the high cost associated with the movement of civilians lengthen the payback period unacceptably. AVSCOM/TROSCOM will not fit in the excess space of Building One, Fort Benjamin Harrison, IN. That space will accommodate 2,400 people; the combined strength of the new command is approximately 4,000 people. Further, there is no operational value of stationing AVSCOM/TROSCOM there. The only motivation to relocate this new command would be to further consolidate functions, which if it were to occur at all, should take place at Redstone Arsenal.

Thank you for this opportunity to comment. I will provide a copy of this letter to Mr. Colin McMillan, Assistant Secretary of Defense (Production & Logistics).

Sincerely,



Susan Livingstone
Assistant Secretary of the Army
(Installations, Logistics, & Environment)

Attachments

3. The strength associated with operating Fort Indiantown Gap:

<u>OMA</u>	<u>Military</u>	<u>Civilian</u>	<u>Civilian Work Years</u>
FY 90 Actual	65	259	268
FY 90 Authorized	72	307	
FY 91 Authorized	64	311	
FY 92 Authorized	64	316	

OMAR

FY 90 Actual	0	1	79
FY 90 Authorized	0	3	
FY 91 Authorized	1	3	
FY 92 Authorized	1	3	

* Six AGR positions not included.

**FORT INDIANTOWN GAP
INSTALLATION ASSESSMENT**

INSTALLATION: Fort Indiantown Gap, Pennsylvania, is located in south-central Pennsylvania, approximately 22 miles northeast of Harrisburg. Fort Indiantown Gap is a subinstallation at Fort Meade.

1. Current Mission:

a. Fort Indiantown Gap's primary mission is to provide training facilities and support for Active Component units, Reserve Components, Reserve Officers Training Corps and other Department of Defense activities. It provides base operations support to all assigned, attached and tenant units.

b. During peactime, Fort Indiantown Gap develops plans to accomplish assigned mobilization missions.

c. Fort Indiantown Gap executes plans for emergency operations, to include support of the land defense of CONUS; disaster relief and civil disturbance; survival, recovery and reconstitution in a nuclear environment; increase security and suppression of civil distrubances.

. Direct funded costs associated with operating Fort Indiantown Gap are as follows.

<u>Appropriation</u>	<u>Program Level</u>	<u>FY90 Obligations (\$000)</u>	<u>FY91 Budget Estimates (\$000)</u>
OMA	P2 TOTAL	11,043	10,466
	*RPMA	5,217	4,319
	BOS-	4,858	5,147
	MSN	968	1,000
OMA	P7	354	288
OMA	P8	38	0
TOTAL OMA		11,435	10,754
OMAR	P5	1,869	**1,667
TOTAL OMAR		1,869	1,667
AFH	1900	49	47
TOTAL AFH		49	47
TOTAL DIRECT		13,353	12,468

* FY 90 OMA RPMA excludes \$1.1M and FY91 OMA RPMA excludes an estimated \$1.2M for Environmental Class 1 Projects. This is a ne time cost.

** FY91 OMAR P5 does not include \$2.1M for operation of the Reserve Pay Input Station.

Majority Policy Chairman



DAVID J. BRIGHTBILL
337 MAIN CAPITOL BUILDING
HARRISBURG, PA 17120-0030
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48TH DISTRICT
LEBANON, NORTHERN BERKS AND
NORTHERN LEHIGH COUNTIES

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RULES AND EXECUTIVE NOMINATIONS

Senate of Pennsylvania

June 6, 1991

The Honorable James Courter
Chairman
Base Closing Commission
1625 K Street, N.W.
Suite 400
Washington, PA 20006

Attention: Jamie Gallagher

Dear Chairman Courter:

The news that the Defense Base Closure and Realignment Commission has decided to put Fort Indiantown Gap on the list of military bases to be studied for possible closure or realignment concerns me greatly. Please add my name, as the state Senator representing the facility, to the list of officials opposing such action.

The Gap is home to the Pennsylvania Department of Military Affairs, headquarters for the State National Guard. A regional financial center is also there. There are 1,792 military and civilian employees, making it the largest employer and buyer in Lebanon County. Obviously a change in the status of the base would have a major economic impact on the community.

Construction on Fort Indiantown Gap began in 1933 and the federal government first leased it in 1940. The state ownership and federal leasing is believed to be the most desirable arrangement.

Our troops were trained there during World War II, the Korean War, the Vietnam War and the Persian Gulf War. Training is conducted for both individuals and units. We have been advised by military sources that it is one of the most cost effective training bases this country has.

Honorable James Courter
June 5, 1991
Page 2

During Desert Storm, we became accustomed to pictures on the evening news of troops being mobilized at Fort Indiantown Gap. Additionally, it was also used as a major demobilization station. A change in its status would have an impact on the country's defenses.

Based on the impact on both the community and the military, it is hoped that the Commission will permit Fort Indiantown Gap to continue in its current capacity.

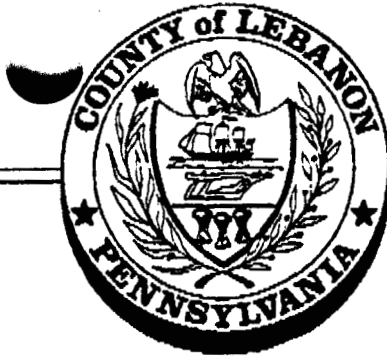
Your consideration on this important matter is very much appreciated. If I can provide any additional information, please do not hesitate to contact me.

Very truly yours,


David L. Brightbill

DJB:kjh

cc: Congressman Robert S. Walker



Lebanon County Commissioners

ROOM 207, MUNICIPAL BUILDING
400 SOUTH EIGHTH STREET
LEBANON, PENNSYLVANIA 17042
TELEPHONE - 717-274-2801

ROSE MARIE SWANGER
WILLIAM G. CARPENTER
PHILIP H. FEATHER
County Commissioners

June 3, 1991

DONALD J. RHINE
Chief Clerk
ROSAMOND A. PRESBY
Solicitor

Honorable Jim Courter, Chairman
Base Closure Commission
625 K Street North West, Suite 400
Washington, DC 20006

Dear Chairman Courter:

We were very stunned and disappointed when our office received the surprising announcement that the Base Closure and Realignment Commission listed Fort Indiantown Gap on the list of potential bases for review for either closure or realignment.

Fort Indiantown Gap is very important to our local economy in that it is the largest employer in Lebanon County, with over 2200 military and civilian personnel employed. With all the regular United States Army, Army Reserves and Department of the Army civilians, the Pennsylvania National Guard military and technical personnel, well over \$78 million federal dollars flows into our area.

We are very much concerned with the economics of the potential closing, but just as important should be the strength that Fort Indiantown Gap plays in our national defense posture and the vital training that takes place at the Gap.

The Gap serves as an important and valuable training base at which over 135,000 Guard and Reserve personnel train each year at a considerable cost savings to the federal budget. We are sure you are aware of the important role the Gap played, and continues to play, in the mobilization, and now the demobilization, of many thousands of Guardsman and Reservists during the recent Desert Storm War.

Many of the operations at the Gap are unique to the Northeast, as in the case of the Regional Training Site for the Army's new field medical hospital, one of only a few in the Country. People come from all over the Country to train at this hospital.

Chairman Courter
June 3, 1991
Page 2

Fort Indiantown Gap has many other advantages to consider, one namely, the helicopter training program wherein over 1500 helicopter pilots are trained each year. This is very vital to our defense as recognized in the recent Persian Gulf War.

Fort Indiantown Gap is probably the most heavily used facility for training soldiers in the 10-state region in the Northeast United States! To close a facility of this magnitude would be not only a major set-back to our national defense plan but a waste of tax dollars for all our citizens.

Thank you very much for allowing us this opportunity to present just a few of our concerns and we are certain Fort Indiantown Gap's valuable merits will prevail and continue as status quo for the national defense of all people.

Thank you.

William G. Carpenter

R. M. Swanger
Rose Marie Swanger

P. H. Feather
Philip H. Feather

LEBANON COUNTY COMMISSIONERS

WGC/RMS/PHF

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

COMMISSIONERS:
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HOWARD H. CALLAWAY
GEN. DUANE H. CASSIDY, USAF (RET)
ARTHUR LEVITT, JR.
JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 20, 1991

The Honorable Robert P. Casey
Governor of the Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Casey:

Thank you for your letter of June 4, 1991. The Commission recently completed our scheduled tour of the Philadelphia Naval Shipyard and the Philadelphia Naval Station. I believe this visit will be extremely useful to our deliberations.

Our final deliberations will take place June 27, 28 and 30. We intend to complete a full and fair review of all installations that are candidates for closure or realignment, and present our final report to the President by July 1, 1991.

I appreciate your confidence in our ability to reach a fair and independent judgment. Your testimony at the Philadelphia hearing and your continuing interest in our evaluation process has been most helpful.

If you have any questions about the Commission's activities, I encourage you to call me or Mr. Cary Walker, Director of Communications and Public Affairs at (202) 653-0823.

Sincerely,

JIM COURTER
chairman

ES:1509
JC:tk

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

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					NAVY TEAM LEADER
ADMINISTRATION					AIR FORCE TEAM LEADER
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER

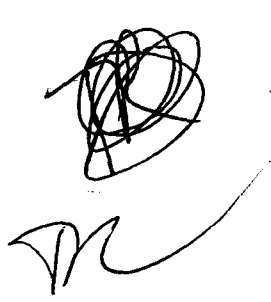
TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	<input checked="" type="checkbox"/>	Appropriate Action
Prepare Reply for Commissioner's Signature	<input type="checkbox"/>	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	<input type="checkbox"/>	Clear Reply with
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SUBJECT/REMARKS

INTERGOVERNMENTAL

CLEARANCE SIGNATURES



ACTION DUE DATE 11 Jun 1991	ROUTING DATE 7 Jun 1991	RECEIPT DATE 07 JUN 1991	EXECSEC MAIL DATE
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07 JUN 1991

001509



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

June 4, 1991

Mr. James Courter, Chairman
Defense Base Closure and
Realignment Commission
1625 K Street, N.W. Suite 400
Washington, D.C. 20006-1604

Dear Mr. Courter:

Thank you for inviting me to join you on your scheduled tour of the Philadelphia Naval Shipyard and the Philadelphia Naval Station. I will be unable to accompany you because of the need to work on our budget.

I want to thank you for your courtesy on the occasion of my giving testimony before the commission in Philadelphia. I appreciate the public statements and positions, which give hope to all of us who are so vitally interested in protecting Pennsylvania jobs, that the commission will make its own independent judgment on these closures.

Thank you for inviting me to join you and my best wishes to you in this important work.

Sincerely,

A handwritten signature in cursive script that reads "Robert P. Casey".

Robert P. Casey
Governor

Document Separator

EXECUTIVE SECRETARIAT

CONTROL NUMBER

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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MILITARY EXECUTIVE				COMMISSIONER LEVITT		
SPECIAL ASSISTANT				COMMISSIONER SMITH		
				COMMISSIONER STUART		
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY						
				REVIEW AND ANALYSIS		
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS		✓
SENATE LIAISON				DEPUTY DIRECTOR		
HOUSE LIAISON				D.O.D. LIAISON		
			✓	ARMY TEAM LEADER		
				NAVY TEAM LEADER		
ADMINISTRATION				AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

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SUBJECT/REMARKS: *Tish/Wenchi*

Responded to concerns in ES-1914

CLEARANCE SIGNATURE: *[Signature]*

CONGRESSIONAL

ACTION DUE DATE: *17 JUN 1991* ROUTING DATE: *13 JUN 1991* RECEIPT DATE: *13 JUN 1991* EXEC SEC MAIL DATE:

13 JUN 1991 001679

COMMITTEES:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS
INTELLIGENCE

United States Senate

WASHINGTON, DC 20510-3802

June 10, 1991

The Honorable James Courter
Chairman
Defense Base Closure and Realignment
Commission
1675 K Street, Suite 400
Washington, DC 20006

Dear Chairman Courter:

I am writing to express my concern about the Army Corps of Engineers' proposed restructuring plan and your consideration of separate legislation for reorganization of the Corps. While I understand the need to streamline current operations, I believe that full consideration by Congress is necessary for any reorganization plan.

As you know, on April 12, 1991, the Secretary of Defense transmitted the military services' recommendations for the realignment and closure of military installations in the United States to the BRAC Commission under Title XXIX of the National Defense Authorization Act. One of the most important recommendations which Secretary Cheney made was to exclude the reorganization plan for the Army Corps of Engineers. Instead, the Secretary has proposed that separate legislation be considered by Congress dealing with reorganization of the Corps.

I object to consideration by the Commission of adding the Corps offices to the base closure list because I believe sufficient time has not been afforded for consideration and comment by the public and the Congress. In addition, I question the authority of the Commission to review this matter since the purpose of BRAC is to downsize military operations. As you know, the Corps has both military and civilian functions. However, the water resources responsibilities constitute the bulk of the Corps' mission in the United States which are civil, not military, missions.

The Corps of Engineers' reorganization study proposes the closure of two district offices in the Commonwealth of Pennsylvania, and I believe a solid case can be made for the retention of both offices. The Pittsburgh District contains 11 percent of the nation's locks and dams, with the Pittsburgh Port being the largest inland waterway system in the nation and, therefore, heavily dependent on a responsive Corps of Engineers. The Pittsburgh Port handles approximately 67 million tons annually, while other districts that are retained by the Corps' study handle significantly less tonnage.

The Honorable James Courter
June 10, 1991
Page 2

The Philadelphia District office is vital to the operations of the Philadelphia Port. Approximately 3,000 ships each year pass through the Port which make it first in the Northeast for total amounts of international cargo handled. The Delaware River channel is 80 miles from the sea and unique in that it requires quick action from the Corps when sandbars appear. It is highly unlikely that dredging procedures can be executed in a timely manner unless the Corps is in closer proximity. In addition, the Philadelphia District office provides environmental and safety protection on the Delaware River. With nearly 1.2 billion barrels of imported crude oil transported along the Delaware River per day, ongoing dredging activities are vital to ensure an adequate draft. Only a Corps District office in close vicinity can ensure the Port of its ongoing operations and security to the environment.

Given the public service mission of the Corps and the crucial support these two offices serve the Commonwealth of Pennsylvania, I urge that the proposal receive full consideration by Congress. The proper means to achieve a reorganization of the Corps is to pursue legislative and administrative options with the Congress outside the base closure process. Accordingly, I request that the Commission allow the restructuring to proceed through the legislative process as directed by Secretary Cheney.

Thank you for your attention to this important matter.

My best.

Sincerely,



Arlen Specter

AS:dl

Document Separator

DOCUMENT ROUTING SLIP	ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN				COMMISSION MEMBERS	
CHAIRMAN COURTER		✓		COMMISSIONER BALL	✓
STAFF DIRECTOR		✓		COMMISSIONER CALLAWAY	✓
GENERAL COUNSEL				COMMISSIONER CASSIDY	✓
MILITARY EXECUTIVE				COMMISSIONER LEVITT	✓
SPECIAL ASSISTANT				COMMISSIONER SMITH	✓
				COMMISSIONER STUART	✓
COMMUNICATIONS/PA					
DIRECTOR OF COMMUNICATIONS	✓				
PRESS SECRETARY				REVIEW AND ANALYSIS	
FOIA OFFICER				DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON				DEPUTY DIRECTOR	
HOUSE LIAISON				D.O.D. LIAISON	
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER	
				NAVY TEAM LEADER	
ADMINISTRATION				AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)	✓	Coordinate Reply with <i>Matt</i>

SUBJECT/REMARKS
ES- Copy Commissioners with Response attached
 CONGRESSIONAL Rep. Weldon

CLEARANCE SIGNATURE

ACTION DUE DATE <i>18 Jun 1991</i>	ROUTING DATE <i>14 Jun 1991</i>	RECEIPT DATE <i>14 JUN 1991</i>	EXEC SEC MAIL DATE
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316 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2011

DISTRICT OFFICE:

1554 GARRETT ROAD
UPPER DARBY, PA 19082
(215) 259-0700



Congress of the United States

House of Representatives

Washington, DC 20515

June 13, 1991

SUBCOMMITTEES

PROCUREMENT AND MILITARY
PERSONNEL AND COMPENSATION
SEAPOWER AND STRATEGIC AND
CRITICAL MATERIALS
DEFENSE POLICY PANEL

COMMITTEE ON MERCHANT MARINE
AND FISHERIES
SUBCOMMITTEES

FISHERIES AND WILDLIFE CONSERVATION
AND THE ENVIRONMENT
OCEANOGRAPHY

SELECT COMMITTEE ON
CHILDREN, YOUTH, AND FAMILIES

CONGRESSIONAL FIRE SERVICES CAUCUS
CHAIRMAN

The Defense Base Closure Commission
1625 K Street, N.W.
Washington, D.C. 20006

The Honorable James A. Courter
Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II

Gentlemen:

Last week, I met with Admiral James Lang, Admiral John Claman and Members of your staff to request internal Navy documentation prepared during the base closure review process. In addition to other data, I requested all base closure correspondence from the recently retired Commander of the Naval Sea Systems Command, Admiral Peter Hekman. I would like to call to your immediate attention the enclosed memos which I received this afternoon.

As you can see, Admiral Hekman was aware that the Secretary of the Navy was considering a proposal to mothball the Philadelphia Naval Shipyard as early as December 19, 1990. In his memo to the Chief of Naval Operations (CNO), Admiral Hekman said it would be more prudent to downsize the Philadelphia Naval Shipyard than close it. He concluded that "a Navy industrial capability is required in the Philadelphia area to provide a safety valve when a private sector shipyard is unable to complete awarded ship work." This is precisely the argument I have made against the Navy's recommendation to rely on Newport News Shipbuilding for emergent work.

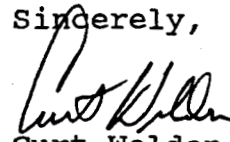
One month before the Navy announced its recommendation to close PNSY, Admiral Hekman stated that retention of a downsized Yard is the most cost-effective solution. He specifically noted that retention would provide the fleet with a low-cost, reliable repair capability and help spread the cost of continued operations at the base. At a time when Admiral Hekman was fully aware of the five-year budget plan and proposed reductions he cautioned against any realignment of Philadelphia before FY95. He emphatically stated that realignment of PNSY in FY93 would cause "significant perturbations to carrier overhauling yard assignments and could result in an East Coast CV overhauling on the West Coast."

I think these statements speak for themselves, and greatly overshadow the confusing, color-coded rating systems and data that the Navy has presented to date. I am troubled that the Navy would ignore this strong advice and question why it was not made available to the congressional delegation and the Commission before.

After reviewing Admiral Hekman's correspondence and the additional materials I have provided to you, I am confident that you will have all the documentation you need to remove Philadelphia Naval Shipyard from the base closure list.

Thank you for your consideration.

Sincerely,



Curt Weldon
Member of Congress



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20382-3101

IN REPLY REFER TO
5000
CPR: 0773/F0308
Ser: 00/6312
19 Dec 90

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT DATA FOR PHILADELPHIA NAVAL SHIPYARD

Ref: (a) COMNAVSZA ltr 5000 CPR: 0773/F0373 Ser: 00/6224 of
20 Nov 90
(b) CINCLANTFLT ltr 4700 Ser N436/007378 of 14 Sep 90

1. In reference (a), I provided information relative to the proposed realignment of Philadelphia Naval Shipyard, while maintaining the propeller shop and foundry, the Naval Ship Systems Engineering Station (NAVSES) and the Naval Inactive Ship Maintenance Facility (NISMF). While I realize that the Secretary has been briefed and has concurred with the proposal to mothball Philadelphia Naval Shipyard, I strongly recommend that this decision be reconsidered. It is more prudent to downsize Philadelphia Naval Shipyard to approximately the size of a Ship Repair Facility (SRF) in order to support Navy ships in the New York and Fable homeport areas. In reference (b), CINCLANTFLT outlined the history of Atlantic Fleet depot maintenance problems with marginal ship repair contractors. A Navy industrial capability is required in the Philadelphia area to provide a safety valve when a private sector shipyard is unable to complete awarded ship work.

2. Further, recommend that the drawdown of Philadelphia Naval Shipyard to an SRF-size shipyard not be done until FY 95, as the shipyard is required to support scheduled workload until that time.

P. M. Hexman, Jr.
P. M. HEXMAN, JR.

Copy to:
CNO (OP-43)
CNO (OP-44)

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TO

OP 431 P.01



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON, DC 20382-5101

IN REPLY REFER TO

8000
OPR: 07FB/F0373
SER: 00/6224
20 NOV 90.

FOR OFFICIAL USE ONLY

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: DRAFT REALIGNMENT DATA ON THE PHILADELPHIA COMPLEX

Encl: (1) Revised Draft Realignment Data on Philadelphia Naval Shipyard

1. As requested, enclosure (1) has been revised to reflect the most current information relative to the proposed realignment of Philadelphia Naval Shipyard.

P. M. Hexman, Jr.
P. M. HEXMAN, JR.

Copy to:
CNO (OP-43)
CNO (OP-44)

CAPT Williams

FOR OFFICIAL USE ONLY

a. Naval Shipyard, Philadelphia, PA

(FOUO) The Advisory Committee recommends Philadelphia Naval Shipyard, Philadelphia, PA, for realignment.

(FOUO) The primary work requirement of Philadelphia Naval Shipyard (PNSY) is the maintenance and modernization of non-nuclear aircraft carriers. This extensive modification and modernization program is collectively known as the Service Life Extension Program (SLEP). As part of the projected force level reduction, it was determined that SLEP overhauls would no longer be necessary at PNSY. Since workload associated with non-nuclear aircraft carriers will decline, PNSY was identified for a significant drawdown. The shipyard production shops and drydocks would be maintained in caretaker status such that they could be re-activated and put into operation in the event of emergent need. Philadelphia possesses 50 percent of the carrier capable drydocks on the east coast. Closure of these facilities reduces the carrier drydock capability to two drydocks (one under government control and the other under private ownership).

(FOUO) Due to their unique characteristics and requirements, three field activities will remain when the shipyard is mothballed: the Naval Ship Systems Engineering Station (NAVSSSES), the Philadelphia Naval Shipyard Propeller Shop and Foundry, and the Naval Inactive Ship Maintenance Facility (NISMF). Additionally, one Naval Reserve Unit will remain.

(FOUO) Total Costs/Savings (\$M)

Conversion Costs:		
MILCON/O&M,N	301.8	
Environmental Cleanup	50.0	
Total Costs	351.8	
Annual Savings	6.0	BOS only

(U) The major (over 100 personnel) tenants of this shipyard include:

- NAVSSSES (will stay on site)
- NAVAL HOSPITAL
- Two NAVAL RESERVE UNITS

(FOUO) Tenants to be moved as a result of this action:

- Integrated Logistics Office Program (ILOP)
- One Naval Reserve Unit
- Navy Damage Control Training Center

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(FOUO) Tenant relocation sites for this action include:

- Norfolk Area Facilities: NAVSTA Norfolk, NAS Norfolk, Norfolk Naval Shipyard, and St. Juliens Creek Annex.

(FOUO) Tenants to be disestablished as a result of this action:

- Naval Audit Service Office
- Defense Reutilization Management Office
- Navy Publications & Printing Service Office
- Reserve Readiness Command Reg 4 Cryptological Office
- ROICC NAVFAC
- Naval Dental Clinic
- Naval Hospital

(FOUO) The following obstacles and constraints pertain to this action:

- MILCON of an estimated \$19M is required to build and equip a repairables Depot Overhaul Point in Norfolk.
- Strong political opposition expected.



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20382 5101

IN REPLY REFER TO

5000
CPR: 07F3/0029
Ser: 00/0344
15 MAR 91

FOR OFFICIAL USE ONLY

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT OF PHILADELPHIA NAVAL SHIPYARD

Ref: (a) CNO ltr Ser 431F/1U596399 of 11 Jan 91
(b) NAVSEA ltr Ser 00/6312 of 19 Dec 90

1. In reference (a), you indicated that my recommendation that Philadelphia Naval Shipyard be downsized rather than closed was not accepted by the Base Closure/Realignment Advisory Committee. ~~The fleet needs the capability of a naval shipyard to provide a credible repair capability able to services the Newport, Philadelphia, New York and Earle area, as well as to provide a source of repair when a private sector shipyard is unable to complete the assigned work in the areas, as stated in reference~~

2. Under the closure option and in interest of clarification, the 30 people mentioned in reference (a) were an estimate of the number of people required to man the drydock in a mothball status. In addition to this, 255 people would be required to man the remaining facilities: 155 to provide residual facilities support and 100 to run the propeller shop and foundry. This compares with approximately 1,200 personnel under the "small repair capability" option: 155 residual facility support, 100 to run the propeller shop and approximately 945 to perform repair work for the fleet. Any required additional support for this facility would be from another larger naval shipyard such as Norfolk Naval Shipyard.

3. I continue to take the position that retention of a credible repair capability at Philadelphia for naval ships homeported in the Northeast area is the most cost effective solution:

(1) It provides the fleet with low cost, reliable repair capability.

(2) It helps spread the effects of the costs to Navy Programs of the other repair facilities (foundry, utilities, etc.).

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Subj: REALIGNMENT OF PHILADELPHIA NAVAL SHIPYARD

Further, the workload distribution for naval shipyards in the 90's supports full operations at Philadelphia through mid FY 95. As previously briefed, executing a realignment of Philadelphia Naval Shipyard in FY 93 will cause significant perturbations to carrier overhauling yard assignments and could result in an East Coast CV overhauling on the West Coast.


P. M. HERMAN, JR.

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CNO (OF 43)

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SEA 07
078
072
072EA

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

001725

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GENERAL COUNSEL					COMMISSIONER CASSIDY	
MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS		✓				
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON					DEPUTY DIRECTOR	
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					NAVY TEAM LEADER	
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	
TYPE OF ACTION REQUIRED						
Prepare Reply For Chairman's Signature			✓	Appropriate Action <i>Phone 6/17</i>		
Prepare Reply for Commissioner's Signature				Comments and/or Recommendations		
Prepare Reply for Staff Director's Signature				Clear Reply with		
Reply Direct (forward copy to Exec Sec)				Coordinate Reply with		
SUBJECT/REMARKS					CLEARANCE SIGNATURE	
<p><i>FAxED Already - 14 JUN 1991 (RT)</i></p> <p><i>CONGRESSIONAL Sen. Specter</i></p>						
ACTION DUE DATE	ROUTING DATE	RECEIPT DATE	EXEC SEC MAIL DATE			
	<i>14 JUN 1991</i>	<i>14 JUN 1991</i>				

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

001725 CLOSED

EXECUTIVE SECRETARIAT

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DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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GENERAL COUNSEL					COMMISSIONER CASSIDY	
MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS		✓				
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON					DEPUTY DIRECTOR	
HOUSE LIAISON					D.O.D. LIAISON	
EXECUTIVE SECRETARIAT					ARMY TEAM LEADER	
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DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

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Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS

→ Bio was faxed on 6/17. Courter met w/ him on 6/20.
 FAXED Already - 14 JUN 1991 (RT)

CLEARANCE SIGNATURE

[Signature]

CONGRESSIONAL Sen. Specter

ACTION DUE DATE

ROUTING DATE 14 JUN 1991

RECEIPT DATE 14 JUN 1991

EXEC SEC MAIL DATE

ES - WJG
~~XXXXXXXXXX~~

United States Senate

WASHINGTON, DC 20510-3802

June 14, 1991

17 JUN 1991

The Honorable James A. Courter
Chairman
The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

Dear Jim:

I am informed that due to your full schedule you are considering canceling your visit to the Naval Air Development Center (NADC) in Warminster, Pennsylvania. I strongly urge you to take a few hours to visit this facility.

As you are probably aware, NADC is the only Navy Research and Development facility for which the Department of Defense has proposed a near total transfer of personnel. The DoD recommendation is to transfer 1,655 civilian/143 military jobs to Patuxent River and eliminate 263 civilian/92 military jobs. It is proposed that roughly 300 people will be retained to maintain the unique, immovable facilities such as the centrifuge and the large ejection tower.

The estimated cost savings for realigning NADC, \$25.2 million per year, is based on \$20 million which is attributable directly to the personnel drawdown mandated by Congress and is independent of relocation. This drawdown is a one-time savings and will not accrue in future years. Furthermore, the savings are also predicated on the assumption that 80 percent of the personnel will transfer to Patuxent River. Previous experience with similar transfers indicate that this assumption is wildly optimistic. (See attached transcript of Defense Appropriations Subcommittee hearing with Assistant Secretary Cann).

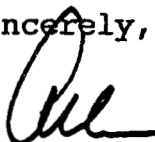
Given these important issues, and the irrefutable fact that the next five years will be a critical period in naval aviation research and development, I again urge you to consider a short visit to the Naval Air Development Center.

In order that I may accompany you, please have your office contact my scheduler, Sylvia Nolde, once you are able to identify an appropriate time.

On another matter, I would appreciate a copy of Mr. Paul Hirsch's bio in addition to the bios of the principal analysts on your Navy research team. I have also enclosed some additional information on the Navy Yard.

Thank you for your attention to these matters.

Sincerely,


Arlen Specter

*I hope we can
work out a time
to visit it together.*

AS/emr
Enclosures

1 So we are not going to take expensive units -- as you
2 said, the centrifuge would be impossible to move on a cost
3 effective basis, and it would be much less expensive for us to
4 maintain a cadre of people there.

5 Senator Specter: How about the ejector?

6 Mr. Cann: I am not sure. I think it stays. I will
7 check that for the record. I just do not remember.

8 Senator Specter: Does that not bear significantly on the
9 cost saving, if you have to leave those facilities? What else
10 are you going to leave there?

11 Mr. Cann: I think those are the only ones.

12 Senator Specter: The only ones?

13 Mr. Cann: I think. I have to get it for the record.

14 Senator Specter: Would you supply that for the
15 subcommittee?

16 Mr. Cann: I would be happy to do that.

17 Senator Specter: And when you supply that, would you
18 supply an analysis of how that impacts on the cost savings by
19 taking some and moving others?

20 Mr. Cann: That was factored into the analysis, but I
21 would be glad to show that.

22 [The information referred to follows:]

23 [SUBCOMMITTEE INSERT]

24

25

1 Senator Specter: The item which you are counting on
2 moving more easily is personnel. Personnel are allegedly
3 moveable.

4 Mr. Cann: Allegedly.

5 Senator Specter: I am glad you agree with me on
6 "allegedly."

7 Your report says that the estimate is up to 80 percent of
8 the Naval Air Development Center technical personnel will
9 relocate. And my staff, my excellent staff, I might add --
10 where else would I get these questions? Maury, do you want to
11 take a bow now or later? -- brings me statistics. If it is
12 analyzing Supreme Court decisions, I do somewhat better than
13 all these statistical matters.

14 Referring to just a couple for present purposes, the
15 Frankfort Arsenal to Picatinny Arsenal, found that 7 to 11
16 percent moved. The consolidation of Electro-Optics Lab to the
17 Night Vision Lab, Electro-Optics Lab at Fort Monmouth, New
18 Jersey, to the Night Vision Lab at Fort Belvoir in north
19 Virginia, a pretty short move, 104 people asked to move, only
20 7 moved. It took between four to five years for the Electro-
21 Optics Lab to move.

22 I can give you some first-hand evidence about the people
23 at the Naval Air Development Center. I can even give you an
24 affidavit.

25 Where do you get an 80 percent figure, Mr. Secretary?

1 Mr. Cann: Let me try to put this in perspective, if I
2 can. First of all, I am probably one of the great supporters
3 of the Navy lab system. I have been involved with the Navy
4 lab system both inside and out of the Government for over 25
5 years. I have been in this business 37 years.

6 This is not a happy time for us, as you can probably
7 imagine. The problem that exists is that we are required by
8 law to draw down 19,000 people. In addition to that -- across
9 the lab structure. In addition to that, we are also required,
10 because of the budget and the budget summit last year, we took
11 22 percent or thereabouts out of the budget from May to
12 December.

13 One of my concerns and one of the things that is helping
14 to drive this issue, all of our laboratories and facilities
15 are NIF, or industrial funded, as you are probably aware. And
16 the concern that I have is if we do not do the consolidation
17 and simultaneously reduce the overhead in a number of places,
18 not just at NADC, we are going to be in the position of to
19 maintain those facilities in the fashion that they are being
20 maintained right now over time, we are going to have increased
21 overhead and continue to reduce the direct labor, and be in a
22 position where we are doing less and less meaningful work.

23 Not a happy business, but we have a mandate to try to
24 preserve the technical capability of the Navy, and we are
25 trying to put that in different places.

1 To make one other point which I feel necessary to make,
2 and I regret having to make it, but the naval officers in our
3 Navy move every two or three years, and those of us who have
4 been in industry have moved in our careers a number of times.

5 Unfortunately, this is one of those first times or few
6 times when we are going to be asking key Navy civilians to
7 move, because we need to get people co-located in such a way
8 that we can optimize the resources that we are going to have
9 left to preserve the Navy's technical capability.

10 Senator Specter: Well, Mr. Secretary, I am not
11 disagreeing with the issue of asking people to move. I am
12 dealing with the practicality about what is going to happen.
13 The experience shows that it is a very small percentage. I
14 have just been able to put my hands on a couple of statistics.
15 I do not have any which support your proposition. If I did I
16 would make them available. But they are minuscule.

17 But when you release a publication that says "estimated
18 at up to 80 percent of the NADC technical personnel will
19 relocate," I just do not think that is realistic, not to use
20 one of Senator D'Amato's characterizations.

21 So when you say you do not feel badly about asking people
22 to relocate, I am not asking you to feel badly about it. I am
23 just saying who is going to move? When you have these highly
24 skilled people who have done such extraordinary work for such
25 a long time, how realistic -- let me just ask you flatly, Mr.

1 Secretary: How realistic do you really think it is that 80
2 percent of those people will relocate?

3 Mr. Cann: I guess I would have to read the reference
4 that you are reading from, but I will be very honest: I do
5 not think 80 percent will move.

6 Now, those who want to stay in this business and who are
7 dedicated to staying in this business will move, and the
8 others will go off into something different. Also, the
9 marketplace is going to dictate what some people do, and if
10 there are other places for them to go into in that area they
11 will stay there. But some will have to move because if they
12 want to stay in the business they are going to have to go
13 where the business is.

14 Senator Specter: Mr. Secretary, the 80 percent figure
15 comes from your reply to Congressman Kostmayer, April 23rd,
16 1991: "Dear Congressman Kostmayer: Thank you for your letter
17 of April 3rd. As you request in this letter," et cetera, et
18 cetera. "Here is the information responsive to your
19 questions."

20 I want you to take a look at Congressman Kostmayer's
21 questions and your answers, and see if there are any others
22 you disagree with.

23 I am approaching the issue, Mr. Secretary, solely on the
24 basis of national security. I understand the mandate you are
25 under and this subcommittee is struggling with a 25 percent

1 cut and we know what has to be done.

2 When I see a facility like the Naval Air Development
3 Center, with the centrifuge and the pilot ejector and the
4 personnel that have been accumulated there for a very long
5 time and what seems to me to be very strong national security
6 reasons, and I take a look at an estimate of 80 percent
7 moving, and then I see what is happening a few miles to the
8 south on the Navy yard -- and one set of figures provided to
9 me shows that 43 percent of the civilian personnel coming out
10 of the Navy are coming from Pennsylvania.

11 And I do not talk much about the job issue, even though
12 that is one of the factors to be considered on closure, one of
13 the criteria established by the Department of Defense and the
14 Department of Navy.

15 I just wonder. And when I take a look at the strong case
16 for the Naval Air Development Center and see your basis for
17 moving it, it just, candidly, does not make a lot of sense.

18 Mr. Chairman, I have quite a number of other questions,
19 but the hour is late, and I appreciate the chair's indulgence
20 as always, and I will submit them for the record.

21 I do not want to curtail you from responding to my last
22 statement, Mr. Secretary, because if you wish to reply I am
23 sure the chairman will permit you to answer.

24 Mr. Cann: Well, I will certainly take them all under
25 advisement. Unfortunately, it sounds like I am being hoisted

1 on my own petard on this one question. I need to get back
2 into it and see what the basis for that statement was, and I
3 will clarify if necessary. But I will make sure that my
4 rationale is available in the record.

5 Senator Specter: Well, I would appreciate that. And I
6 would appreciate while you revisit the 80 percent figure if
7 you would take a look at closing the NADC.

8 Thank you.

9 Senator Inouye: Thank you.

10 Gentlemen, as I indicated, this is the first of a series
11 of meetings and hearings in which this subcommittee will
12 participate to discuss the future of naval aviation. Both of
13 us are facing a very difficult and challenging task, when one
14 considers available resources and the mission of the Navy.

15 This subcommittee will do everything possible to assist
16 you in resolving this. So we look forward to seeing you much
17 more often and working with you.

18 We would like to thank you, Admiral, and thank you, Mr.
19 Secretary, for joining us this morning and assisting us in
20 starting off our debate. And we would like to thank CBO and
21 Mr. Hale for doing the same. It has been very helpful to me
22 and to the subcommittee to begin our debate as we have.

23 The subcommittee will stand in recess until tomorrow, May
24 the 9th, at 9:00 a.m., and at that time we will receive
25 testimony from the Commander in Chief of the U.S. European

1 Command, General John R. Galvin.

2 [Whereupon, at 12:45 p.m., the subcommittee was
3 adjourned, to reconvene at 9:00 a.m. on Thursday, May 9,
4 1991.]

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**Response to Base Closure Staff
Concerns about PMSY Quality of Life Issues**

Navy policy towards the quality of life experienced by Navy personnel and their families during overhauls can best be expressed in terms of the length of the overhaul.

For overhauls of less than one year, the homeport of the ships remains unchanged and no permanent change of station allowance is authorized for Navy personnel and their families. To mitigate the effects of this policy, the Navy attempts to have overhauls of short-time duration performed in or near the homeport of the ship, either in a public or private shipyard. However, the deciding factor in determining where an overhaul is performed is the degree of competition and the cost of the overhaul to the Navy. The quality of life is not an overriding consideration. If there is insufficient competition within the homeport area, or the Navy can get a better price for the overhaul outside the homeport, the Navy almost always takes that option. Some of the private repair shipyards that are awarded contracts for short availabilities are located outside homeport areas. In these instances, the quality of life always takes a back seat to the primary consideration: competition and low cost.

For overhauls of greater than one year, quality of life is basically a non-issue. Navy policy is to authorize a permanent change of station for all Navy personnel and their families to the location of the overhaul. This effectively mitigates many of the adverse effects of the relocation. During SLEP, for example, the homeport of the aircraft carrier was changed to Philadelphia. All the crews were volunteer and there was no problem in either filling the billets or in finding quality schools and affordable housing for their families in the Philadelphia area.

Document Separator



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1625 K STREET, N.W. SUITE 400
WASHINGTON, D. C. 20006-1604
202-653-0823

JIM COURTER, CHAIRMAN

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June 20, 1991

The Honorable Curt Weldon
U.S. House of Representatives
Washington, D.C. 20515

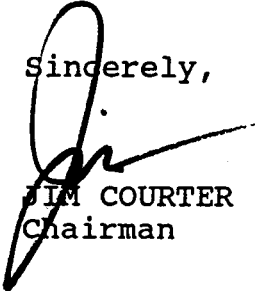
Dear Representative Weldon,

Thank you for writing to share your additional concerns about the Philadelphia Naval Shipyard.

As you know, the Commission is an independent and nonpartisan panel. We will continue to examine all the facts associated with a proposal to close the Philadelphia Naval Shipyard and allow these facts to be our sole guide in making recommendations. No final decisions on the Shipyard will be made until June 30.

I appreciate your comments and assure you that they will receive our careful consideration.

Sincerely,


JIM COURTER
Chairman

JC:ps
ES-1705

EXECUTIVE SECRETARIAT

CONTROL NUMBER ES-1705

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✓ Prepare Reply For Chairman's Signature	Appropriate Action
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	✓ Coordinate Reply with <i>R+A</i>

SUBJECT/REMARKS *Jamie - Please respond ASAP*

We're independent. We will look at the facts & only the facts in making our decisions.

CONGRESSIONAL

CLEARANCE SIGNATURE

ACTION DUE DATE <i>20 Jun 1991</i>	ROUTING DATE <i>18 Jun 1991</i>	RECEIPT DATE <i>17 JUN 1991</i>	EXEC SEC MAIL DATE
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CURT WELDON
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JAC
already
got a copy
filed

17 JUN 1991
 ES-1705
 COMMITTEE ON ARMED SERVICES
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 PROCUREMENT AND MILITARY
 PERSONNEL AND COMPENSATION
 SEAPOWER AND STRATEGIC AND
 CRITICAL MATERIALS
 DEFENSE POLICY PANEL

Congress of the United States
House of Representatives
 Washington, DC 20515
 June 13, 1991

COMMITTEE ON MERCHANT MARINE
 AND FISHERIES
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 FISHERIES AND WILDLIFE CONSERVATION
 AND THE ENVIRONMENT
 OCEANOGRAPHY
 SELECT COMMITTEE ON
 CHILDREN, YOUTH, AND FAMILIES
 CONGRESSIONAL FIRE SERVICES CAUCUS
 CHAIRMAN

The Defense Base Closure Commission
 1625 K Street, N.W.
 Washington, D.C. 20006

The Honorable James A. Courter
 Chairman

The Honorable William L. Ball, III
 The Honorable Howard D. Callaway
 The Honorable Duane H. Cassidy
 The Honorable Arthur Levitt, Jr.
 The Honorable James C. Smith II

Gentlemen:

Last week, I met with Admiral James Lang, Admiral John Claman and Members of your staff to request internal Navy documentation prepared during the base closure review process. In addition to other data, I requested all base closure correspondence from the recently retired Commander of the Naval Sea Systems Command, Admiral Peter Hekman. I would like to call to your immediate attention the enclosed memos which I received this afternoon.

As you can see, Admiral Hekman was aware that the Secretary of the Navy was considering a proposal to mothball the Philadelphia Naval Shipyard as early as December 19, 1990. In his memo to the Chief of Naval Operations (CNO), Admiral Hekman said it would be more prudent to downsize the Philadelphia Naval Shipyard than close it. He concluded that "a Navy industrial capability is required in the Philadelphia area to provide a safety valve when a private sector shipyard is unable to complete awarded ship work." This is precisely the argument I have made against the Navy's recommendation to rely on Newport News Shipbuilding for emergent work.

One month before the Navy announced its recommendation to close PNSY, Admiral Hekman stated that retention of a downsized Yard is the most cost-effective solution. He specifically noted that retention would provide the fleet with a low-cost, reliable repair capability and help spread the cost of continued operations at the base. At a time when Admiral Hekman was fully aware of the five-year budget plan and proposed reductions he cautioned against any realignment of Philadelphia before FY95. He emphatically stated that realignment of PNSY in FY93 would cause "significant perturbations to carrier overhauling yard assignments and could result in an East Coast CV overhauling on the West Coast."

I think these statements speak for themselves, and greatly overshadow the confusing, color-coded rating systems and data that the Navy has presented to date. I am troubled that the Navy would ignore this strong advice and question why it was not made available to the congressional delegation and the Commission before.

After reviewing Admiral Hekman's correspondence and the additional materials I have provided to you, I am confident that you will have all the documentation you need to remove Philadelphia Naval Shipyard from the base closure list.

Thank you for your consideration.

Sincerely,



Curt Weldon
Member of Congress



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20382-3101

IN REPLY REFER TO
5000
OPR: 077B/T0308
Ser: 00/6312
19 Dec 90

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT DATA FOR PHILADELPHIA NAVAL SHIPYARD

Ref: (a) COMNAVSSEA ltr 5000 OPR: 077B/T0373 Ser: 00/6224 of
20 Nov 90
(b) CINCLANTFLT ltr 4700 Ser N436/007378 of 14 Sep 90

1. In reference (a), I provided information relative to the proposed realignment of Philadelphia Naval Shipyard, while maintaining the propeller shop and foundry, the Naval Ship Systems Engineering Station (NAVSES) and the Naval Inactive Ship Maintenance Facility (NISMF). While I realize that the Secretary has been briefed and has concurred with the proposal to mothball Philadelphia Naval Shipyard, I strongly recommend that this decision be reconsidered. It is more prudent to downsize Philadelphia Naval Shipyard to approximately the size of a Ship Repair Facility (SRF) in order to support Navy ships in the New York and Earle homeport areas. In reference (b), CINCLANTFLT outlined the history of Atlantic Fleet depot maintenance problems with marginal ship repair contractors. A Navy industrial capability is required in the Philadelphia area to provide a safety valve when a private sector shipyard is unable to complete awarded ship work.

2. Further, recommend that the drawdown of Philadelphia Naval Shipyard to an SRF-size shipyard not be done until FY 95, as the shipyard is required to support scheduled workload until that time.

P. M. Hexman, Jr.
P. M. HEXMAN, JR.

Copy to:
CNO (OP-43)
CNO (OP-44)

UX TELETYPE 290 6-12-91 4:48 PM
JUN-12-1991 17:13 FROM NAUSEA-87A

703 8023491 *

4300170360000 1 P 1

TO

OP 431 P.81



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON, DC 20352-5101

IN Reply Refer to

8000
OPR: 07FB/T0373
SER: 00/6224
20 NOV 90

FOR OFFICIAL USE ONLY

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: DRAFT REALIGNMENT DATA ON THE PHILADELPHIA COMPLEX

Encl: (1) Revised Draft Realignment Data on Philadelphia Naval Shipyard

1. As requested, enclosure (1) has been revised to reflect the most current information relative to the proposed realignment of Philadelphia Naval Shipyard.

F. H. HEKMAN, JR.
F. H. HEKMAN, JR.

Copy to:
CNO (OP-43)
CNO (OP-44)

CAPT Williams

FOR OFFICIAL USE ONLY

a. Naval Shipyard, Philadelphia, PA

(FOUO) The Advisory Committee recommends Philadelphia Naval Shipyard, Philadelphia, PA, for realignment.

(FOUO) The primary work requirement of Philadelphia Naval Shipyard (PNSY) is the maintenance and modernization of non-nuclear aircraft carriers. This extensive modification and modernization program is collectively known as the Service Life Extension Program (SLEP). As part of the projected force level reduction, it was determined that SLEP overhauls would no longer be necessary at PNSY. Since workload associated with non-nuclear aircraft carriers will decline, PNSY was identified for a significant drawdown. The shipyard production shops and drydocks would be maintained in caretaker status such that they could be re-activated and put into operation in the event of emergent need. Philadelphia possesses 50 percent of the carrier capable drydocks on the east coast. Closure of these facilities reduces the carrier drydock capability to two drydocks (one under government control and the other under private ownership).

(FOUO) Due to their unique characteristics and requirements, three field activities will remain when the shipyard is mothballed: the Naval Ship Systems Engineering Station (NAVSES), the Philadelphia Naval Shipyard Propeller Shop and Foundry, and the Naval Inactive Ship Maintenance Facility (NISMF). Additionally, one Naval Reserve Unit will remain.

(FOUO) Total Costs/Savings (\$M)

Conversion Costs:		
MILCON/O&M,N	301.8	
Environmental Cleanup	50.0	
Total Costs	351.8	
Annual Savings	6.0	BOS only

(U) The major (over 100 personnel) tenants of this shipyard include:

- NAVSES (will stay on site)
- NAVAL HOSPITAL
- Two NAVAL RESERVE UNITS

(FOUO) Tenants to be moved as a result of this action:

- Integrated Logistics Office Program (ILOP)
- One Naval Reserve Unit
- Navy Damage Control Training Center

JUN 13 1991 18:00 FROM NAVSTA-NORFOLK

TO

OP 431 P.04

FOR OFFICIAL USE ONLY**(FOUO) Tenant relocation sites for this action include:**

- Norfolk Area Facilities: NAVSTA Norfolk, NAS Norfolk, Norfolk Naval Shipyard, and St. Juliens Creek Annex.

(FOUO) Tenants to be disestablished as a result of this action:

- Naval Audit Service Office
- Defense Reutilization Management Office
- Navy Publications & Printing Service Office
- Reserve Readiness Command Reg 4 Cryptological Office
- ROICC NAVFAC
- Naval Dental Clinic
- Naval Hospital

(FOUO) The following obstacles and constraints pertain to this action:

- MILCON of an estimated \$19M is required to build and equip a repairables Depot Overhaul Point in Norfolk.
- Strong political opposition expected.



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20380 5101

IN REPLY REFER TO

5000

CPR: 07FB/0029

SER 00/0344

15 MAR 91

FOR OFFICIAL USE ONLY

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT OF PHILADELPHIA NAVAL SHIPYARD

Ref: (a) CNO ltr Ser 431F/1U596399 of 11 Jan 91
(b) NAVSEA ltr Ser 00/6312 of 19 Dec 90

1. In reference (a), you indicated that my recommendation that Philadelphia Naval Shipyard be downsized rather than closed was not accepted by the Base Closure/Realignment Advisory Committee. ~~The fleet needs the capability of a naval shipyard to provide a credible repair capability able to services the Newport, Philadelphia, New York and Erie areas, as well as to provide a source of repair when a private sector shipyard is unable to complete the assigned work in the areas, as stated in reference (b).~~

2. Under the closure option and in interest of clarification, the 30 people mentioned in reference (a) were an estimate of the number of people required to man the drydock in a mothball status. In addition to this, 255 people would be required to man the remaining facilities: 155 to provide residual facilities support and 100 to run the propeller shop and foundry. This compares with approximately 1,200 personnel under the "small repair capability" option: 155 residual facility support, 100 to run the propeller shop and approximately 945 to perform repair work for the fleet. Any required additional support for this facility would be from another larger naval shipyard such as Norfolk Naval Shipyard.

3. I continue to take the position that retention of a credible repair capability at Philadelphia for naval ships homeported in the Northeast area is the most cost effective solution:

(1) It provides the fleet with low cost, reliable repair capability.

(2) It helps spread the effects of the costs to Navy Programs of the other repair facilities (foundry, utilities, etc.).

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Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS

ES-FILE HEARING TESTIMONY 6/24 Suzanne
has

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CONGRESSIONAL

ACTION DUE DATE

21 Jun 1991

ROUTING DATE

19 Jun 1991

RECEIPT DATE

18 JUN 1991

EXEC SEC MAIL DATE



1 8 JUN 1991

001836

FACSIMILE

Office of U.S. Senator Arlen Specter
303 Hart Senate Office Building
Washington, DC 20510
202-224-4254

TO: The Honorable James Courter

FROM: Arlen Specter

DATE: 6-18-91 TIME: _____

NUMBER OF PAGES (including header): 9

PHONE: _____

CONTACT: Morrie Ruffin

MESSAGE: Attached herein is the prepared testimony on the Fort Indiantown Gap
and the Army Corps of Engineers which I presented to you yesterday.

FORT INDIANTOWN GAP SHOULD BE REMOVED FROM THE BASE CLOSURE LIST

**Submitted by Senator Arlen Specter
June 17, 1991**

Mr. Chairman, members of the Commission, I recommend that Fort Indiantown Gap be excluded from further review by the Base Closure and Realignment Commission because the Army at this time is still in the process of conducting its cost-effectiveness analysis of its Reserve components and lacks any data to suggest that it would be cost-effective to close the facility. In fact, I am informed that the Army wishes to defer any decisions on this facility and the Army National Guard facilities until all of the ongoing studies are completed. Absent such data, I do not believe it would be prudent to act on any proposals to realign Fort Indiantown Gap.

Fort Indiantown Gap is a state-owned property leased to the Federal Government for one dollar for sixty years. The Gap's primary mission is to provide training facilities and support for Active Component units, Reserve Components, Reserve Officers Training Corps and other Department of Defense activities. It is operated by the U.S. Army Garrison, with 71 military and 419 civilian personnel, of which 151 operate a regional financial center. In addition, the Gap also employs 221 individuals in support of Garrison/US Army Reserve activities and 1,081 individuals in support of the Pennsylvania Department of Military Affairs, the Pennsylvania Army National Guard and the

Pennsylvania Air National Guard. The Gap is the largest employer and buyer in Lebanon County, Pennsylvania.

Mr. Chairman, since one of the principal objectives of the Base Closure process is to save money and maximize the return on investment in our defense facilities, I would like to first focus on the issue of cost-effectiveness. Operating costs are certainly a major consideration in these times of budgetary constraints. Army sources suggest that the Gap rates among one of the most cost-effective training bases in the country. Presently, the entire yearly expenditures are \$26,074,000. For this amount, approximately 140,000 soldiers per year are trained at this facility. This computes to an average cost per soldier trained of \$186 per year, one of the best in the military. By comparison, at Fort Dix the average cost per soldier trained is \$5,500 per year. Therefore, for 1/13 of the expenses, Fort Indiantown Gap trains 2.5 times the number of soldiers trained at Fort Dix.

In a letter to the Commission from the Department of the Army dated June 5, 1991, reference was made to a study on administrative control completed in 1986 which stated that "the large majority of active duty units on the installations in question have a direct relationship to the support of the reserve units that train there. If they were relocated, that relationship would be degraded and the resources needed to

support them would have to be transferred to the new location. Final savings would likely be far less than initially anticipated."

The letter also points out that in the Pentagon's report to the Commission "Fort Indiantown Gap [and other Reserve Component training installations] were deferred from further study for this round of base closures because not enough information about future force structure and training requirements was known. A study of Reserve Component (RC) training strategies and management of training areas is not projected to be completed until August 1991." According to the letter, earlier completion of the Reserve Component study "cannot be accelerated" because the study's results are dependent upon the Total Army Analysis - 97 which will examine the content of the RC force structure and is yet to be completed.

In addition to being an important training facility, Fort Indiantown Gap is an important mobilization station for the Army, as was proven during Operation Desert Shield/Storm when thirteen units were mobilized and nineteen units were demobilized.

Mr. Chairman, members of the Commission, I recommend that in your review of Fort Indiantown Gap you give strong consideration to the Army's own reluctance to move forward with realignments at this time. Given the nation's increased reliance on reserve

forces in peacetime, and the requirement for convenient and cost-effective training facilities, it is paramount that these facilities be preserved to ensure the wartime robustness of our reserves. Accordingly, I recommend that Fort Indiantown Gap be removed from the base closure list.

STATEMENT BY SENATOR ARLEN SPECTER
BEFORE THE BASE CLOSURE AND REALIGNMENT COMMISSION
REGARDING THE PROPOSED REALIGNMENT OF THE
CORPS OF ENGINEERS

June 17, 1991

Mr. Chairman, I appreciate this opportunity to testify before the Commission today about the Army Corps of Engineers' proposed restructuring plan that the Commission currently is considering for inclusion in the base closure list.

While I understand the need to streamline current Corps operations, I believe that full consideration by Congress is necessary for any reorganization plan. Only after months of rumored reorganization plans was Congress officially notified of the proposed reorganization plan. It was not until May 24, 1991, that the Secretary of the Defense transmitted the military services' recommendations for realignment of the Army Corps of Engineers.

Secretary Cheney's communication of April 12, 1991, to the Commission on the Department of Defense's recommendations for realignment and closure of military installations expressed the intent of the Secretary to exclude the reorganization plan for the Corps from the base closure list. Instead, the Secretary proposed that separate legislation be considered by Congress to best handle the reorganization effort of the Corps.

Mr. Chairman, I respectfully submit that the Commission does not have jurisdiction to review this matter since the purpose of BRAC is to downsize military operations. As you know, the Corps has both military and civilian functions. However, the water resources

responsibilities constitute the bulk of the Corps' mission in the United States which are civil, not military, missions.

The Corps of Engineers' reorganization study proposes the closure of both district offices presently located in the Commonwealth of Pennsylvania. I believe a solid case can be made for the retention of these offices.

The Pittsburgh Corps of Engineers District office contains 11 percent of the nation's locks and dams, with the Pittsburgh Port being the largest inland waterway system in the nation. Considering these important systems, the Pittsburgh region is heavily dependent on a responsive Corps of Engineers. For example, if the Pittsburgh District were to move to Huntington, as proposed by the report, it would take nearly six hours for the Corps to respond to an emergency on the rivers near Pittsburgh. With time being the biggest priority and the largest cost in river transportation, such delay would greatly inhibit the flow of barge traffic on the rivers and would, therefore, have severe economic impact on the region. It is my understanding that there were as many as 20 such emergencies last year reported to the Pittsburgh District office.

The Philadelphia Corps of Engineers District office is vital to the operations of the Philadelphia Port. Approximately 3,000 ships each year pass through the Port which make it the first in the Northeast for total cargo handled. The Delaware River Channel is 80 miles from the sea and unique in that it requires quick action from the Corps when sandbars appear. It is highly unlikely that dredging procedures can be executed in a timely

manner unless the Corps is in close proximity. In addition, the Philadelphia District office provides environmental and safety protection on the Delaware River. With nearly 1.2 billion barrels of imported crude oil transported along the Delaware River per day, ongoing and quick response dredging activities by the Corps are vital to ensure an adequate draft to prevent spills. Only a Corps District office in close vicinity can ensure the Port's ongoing operations and security to the environment.

Of the 36 Corps District offices with civil works missions presently in operation, the Corps recommends the closure of 15. Consequently, of this number proposed for closure, the Pittsburgh and Philadelphia offices scored the highest and in the top 8 out of all Corps offices, according to the Corps' own evaluation based upon merit. In fact, of the 14 District offices which scored the best, only 2 are being closed: Pittsburgh and Philadelphia. Pittsburgh, for example, scored within the top 8 offices in the Corps' merit evaluation. However, the Corps recommends that it be consolidated with the Huntington District, which does not have a better score. It is important to note here that the Pittsburgh Port handles 67 million tons annually, while the Huntington District handles only 17 tons annually.

Mr. Chairman, given the crucial support these two offices serve the Commonwealth of Pennsylvania, I urge that the Commission give full consideration to retaining the function of the Philadelphia and Pittsburgh Districts and their present location. Also, considering the Corps of Engineers' public

service and natural resource mission, I urge you to recognize that the proper means to achieving reorganization of the Corps is not through the Base Realignment and Closure process, but rather, through the legislative and administrative process. Accordingly, I request that the Commission allow the restructuring of the Corps of Engineers to proceed through the legislative process as directed by Secretary Cheney.

Thank you for the opportunity to testify before the Commission and for your attention to this important matter.

Document Separator


DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN					COMMISSION MEMBERS	
CHAIRMAN COURTER			✓	COMMISSIONER BALL		
STAFF DIRECTOR			✓	COMMISSIONER CALLAWAY		
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MILITARY EXECUTIVE				COMMISSIONER LEVITT		
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				COMMISSIONER STUART		
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY						
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				DIRECTOR OF REVIEW & ANALYSIS		✓
SENATE LIAISON			✓	DEPUTY DIRECTOR		
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EXECUTIVE SECRETARIAT				ARMY TEAM LEADER		
				NAVY TEAM LEADER		
ADMINISTRATION				AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	Appropriate Action
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	Clear Reply with
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with

SUBJECT/REMARKS
REA responded via Paul Hirsch.

CONGRESSIONAL SPECTER

CLEARANCE SIGNATURE


ACTION DUE DATE <i>21 JUN 1991</i>	ROUTING DATE <i>19 JUN 1991</i>	RECEIPT DATE <i>19 JUN 1991</i>	EXEC SEC MAIL DATE
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19 JUN 1991

001860

COMMITTEE:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510-3802

June 18, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter
Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

As you know from my oral presentation on May 22, 1991, before your Commission and my follow-up letter of June 6, I am very much concerned about the failure of the Navy Department to provide me and others with important factual materials in advance of the arguments before your Commission in Washington on May 22 and Philadelphia on May 24, 1991. In addition, Congressman Weldon sent to you further information by letter dated June 13.

Obviously, it is impossible to say how much material there is in the Navy files, withheld by the Navy Department, which would support keeping the Philadelphia Navy Yard open.

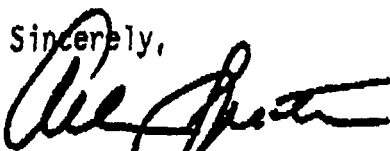
On the state of the record, it is obvious that there has not been compliance by the Navy Department with the Defense Base Closure and Realignment Act of 1990. Beyond failure to comply with the statute, the process has been fatally flawed since there has not been due process with the availability of important information (data in my letter of June 6, Congressman Weldon's letter of June 13, and other data) to me and others for presentation to your Commission at the oral argument.

On the issue of due process and fairness, we are concerned about the presence and positioning of so many people from the Department of Defense on the staff of the Base Closure Commission. By letter dated June 14, 1991, I wrote asking for bios of Mr. Paul Hirsch and the bios of other analysts working on your Navy research team. As a matter of Congressional intent, I think it is fair and accurate to say that Congress never intended Department of Defense personnel to be in key positions on the Commission Staff or in any other position that may affect the objectivity of the base closure process.

With this letter, I am enclosing for you my floor statement of June 17, 1991, which documents the failure of compliance with the statute and Constitutional procedures.

In my judgement, the only remedy at this juncture is to strike the Philadelphia Navy Yard from the base closure list.

Sincerely,



Arlen Specter

AS/kr
Enclosure

cc: Members Pennsylvania, New Jersey and Delaware Congressional Delegations
w/Enclosure

United States Senate

WASHINGTON, DC 20510-3902

June 19, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

This will supplement my letter of June 18, because of additional information which has come to my attention as a result of two lengthy telephone conversations with former Admiral Peter M. Hekman, Jr. including one late last night.

As you know, it has been an extremely difficult process to extract material from the Navy Department concerning their decision to close the Philadelphia Navy Shipyard. Only very recently have we found documents prepared by Admiral Hekman which supported keeping the Philadelphia Navy Yard open. Yesterday morning, I talked at length with Admiral Hekman and found that he had important supplemental information to provide on the issue of Navy Yard closures. I talked to him again late last night and requested that he permit me to present him as a witness before the Commission.

Admiral Hekman advised me that he had been urged by Mr. J. Daniel Howard, Undersecretary of the Navy, not to testify before your Commission. A requested had been made to Admiral Hekman to testify at your Philadelphia hearing on May 24, 1991 and Undersecretary of the Navy Howard urged Admiral Hekman not to appear.

Admiral Hekman advised me that he had told Mr. Howard that he would not appear before the Commission providing all of his materials were submitted to the Commission. From my discussions with Admiral Hekman, it is obvious that all of his materials have not been submitted to the Commission.

In my second conversation with Admiral Hekman yesterday (late last night), he advised me that he had spoken extensively in mid-afternoon yesterday to Mr. Alex Yellin from your Commission. This, according to Admiral Hekman, was his first contact with anyone from the Commission.

The Defense Base Closure Commission

Page 2

June 19, 1991

I request that your Commission call Admiral Hekman as a witness so that I and others can bring out vital information which he has bearing on the closing of the Philadelphia Navy Yard. Fundamental fairness and due process of law mandate that such information be placed before your Commission from his testimony, which we have an opportunity to hear, and then an opportunity to submit our arguments in support of keeping the Philadelphia Navy Yard open.

Sincerely,



Arlen Specter

AS/kr

P.S. I am having this telefaxed so that you will have it at the earliest possible moment.



United States
of America

CONGRESSIONAL RECORD

PROCEEDINGS AND DEBATES OF THE 102^d CONGRESS, FIRST SESSION

Vol. 137

WASHINGTON, MONDAY, JUNE 17, 1991

No. 93

Senate

BASE CLOSURES

Mr. SPECTER. Mr. President, I have been looking for some time that I might speak without interrupting the Senate's other business concerning the matter of the base closure law and some really startling developments as they relate to the Philadelphia Navy Yard. When I make these comments, obviously as a Pennsylvania Senator, I am vitally concerned about what happens to an installation in my State, but I make the comments about the Philadelphia Navy Yard because of its established value to national defense.

We have just been through a traumatic experience in the gulf war where it is claimed that air power was the critical factor in our victory there. Much of the air power flew off aircraft carriers in the region, and those carriers, to a substantial extent, were rehabilitated under the Philadelphia Navy Yard's service life extension programs.

When the Congress passed the base closure procedures pursuant to a decision by the Congress with the executive to downsize the Department of Defense by some 25 percent over 5 years, there were specific provisions enacted to provide standards and basic fairness in the decisions which were to be made. I submit, Mr. President, that as a result of disclosures which have come to light earlier this month, the Department of the Navy has failed to disclose relevant information in what amounts to grossly inappropriate conduct. I would characterize it only in that manner at this point. The specifics will become clear as I outline precisely what has happened.

Mr. President, a starting point, although not really the beginning point, would be a letter which I sent to the Secretary of the Navy on April 19, 1991, where I asked for certain information which demonstrated that there had been a deviation from the base closure criteria.

Mr. President, I ask unanimous consent that the full text of that letter be printed in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibit 1.)

Mr. SPECTER. I thank the Chair.

Mr. President, there was concern expressed by a number of us, both in the House and in the Senate, concerning what was happening with respect to the information provided by the Department of Defense. Then the General Accounting Office published a report on May 5, 1991 which has portions which are very pertinent to what we are considering at this moment. At page 46, the General Accounting Office said as follows:

Due to the limited documentation of its process, we also could not assess the reasonableness of the Navy's recommendation for closures. However, we reviewed and recalculated the Navy's ship berthing capacity analysis and found that excess capacity would remain even with the closure of the recommended bases.

The Navy's Base Structure Committee, which was charged with making base closure realignment recommendations, began its review of the Navy's basing structure in late January 1991. However, the committee did not fully explain its process to us until May 7, 1991, when it informed us that after review of data prepared by its working group the Base Structure Committee decided that much of its data were biased in favor of keeping bases open and were inadequate for an objective assessment of the Navy's basing needs.

I underscore, Mr. President, the GAO's conclusion that the data was "inadequate for an objective assessment of the Navy's basing needs."

Then at page 48 the General Accounting Office report specified three reasons that the Navy's process were inadequate.

First, due to a lack of supporting documentation, the GAO "could not determine the basis for the committee's military value ratings for Navy installations." Next the GAO found that in explanation committee members stated that "not all yellows are equal" and "not all greens are equal," which was the coding system. So the very basics of the Department of the Navy's conclusions were muddled. And, last, the GAO concluded, "al-

though required by the Office of the Secretary of Defense policy guidance to develop and implement an internal control plan for its base structure reviews, the Navy did not assign responsibility for developing and implementing such a plan."

Mr. President, I ask unanimous consent that at the conclusion of my remarks the full text of pages 46 and 48 be included in the CONGRESSIONAL RECORD, which will save time in the presentation at this moment.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SPECTER. I thank the Chair again.

Mr. President, I later wrote Secretary of Defense Cheney by letter dated May 17, 1991, because of a failure of the Department of the Navy to provide information, and this letter bears upon the sequence of events. So I ask unanimous consent at this point that the full text of the letter be printed at the conclusion of my remarks which will enable me to abbreviate the comments at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. SPECTER. Mr. President, a report was made to me by Mr. Morrie Ruffin of my staff about his continuing efforts to secure information from the Department of the Navy, and his finding that the Navy may have made a calculation not to answer our request until May 24, 1991. The relevancy of that day is that the Base Closure Commission had scheduled a hearing for May 22, in Washington, and a hearing in Philadelphia for May 24. If I did not receive the information until May 24, it would be too late for me to use that information in the presentation of arguments. It is obviously an indispensable matter for due process to have the information to use in argumentation before the Base Closure Commission in objecting to the closure of the Philadelphia Navy Yard.

Mr. President, we could not receive a

copy of that routing slip because the Navy refused to let Mr. Ruffin have it. This sequence is set forth in some detail in a memorandum from Mr. Morrie Ruffin to me dated May 18, 1991, where Mr. Ruffin pointed out "He then mentioned to me that he had a copy of a routing slip attached to the letter which gave a due date for the response of May 24, 1991." But when Mr. Ruffin asked for a copy of the transmittal memo it was refused.

Again my comments can be abbreviated by including this full memo at the conclusion of my remarks. So I ask unanimous consent that it be included at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. SPECTER. Mr. President, slightly out of sequence but relevant structurally, I later obtained a copy of this memorandum from former Secretary of the Navy, Will Ball which shows conclusively that the Navy's intent to answer the inquiries of my letter of April 19, 1991, was to have a response on May 24, 1991, which as I have noted precluded my using the information in scheduled hearings on May 22d and May 24th. I ask unanimous consent that this routing slip be included in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. SPECTER. Mr. President, in the context of what was happening I was gravely concerned and decided to take this matter up directly with the Secretary of Defense. And there was fortuitously scheduled on May 21, a meeting of the Defense Appropriations Subcommittee where Secretary of Defense Cheney was scheduled to testify for his one appearance, which in the tradition of the Defense Appropriations Subcommittee is scheduled at the conclusion of the other hearings.

At that time, Mr. President, I raised the matter with the Secretary of De-

fense and handed him a letter, which is very brief, as follows:

DEAR DICK: I have decided to hand you this letter with the enclosed memo at today's hearing to be certain you get it forthwith. I am very concerned about the Navy's department routing slip which gives a due date of May 24th to my letter of April 19th, 1991, since the response would be too late for my presentation on the Philadelphia Navy yard at either the Washington hearing of May 22nd or the Philadelphia hearing of May 24th. I would appreciate your personal review of the situation and your prompt response with a copy to Secretary of the Navy Garrett.

Later that day, I received a one-page response from the Secretary of the Navy which on its face obviously was totally inadequate. So that the RECORD may be complete, Mr. President, I ask unanimous consent that the letter from Secretary Garrett to me dated May 21, 1991, together with an enclosed chart be included in the RECORD at the conclusion of my comments.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 6.)

Mr. SPECTER. Mr. President, on the face of this record, when the Base Closure Commission had its hearing on May 22, 1991, where the evidence was conclusive that the Navy had deliberately withheld information until after the Base Closure Commission hearing on May 22, and did not plan to provide the information to me until May 24, I made a very strong charge which I think was totally supported by the facts: At the May 24 hearing with the Base Closure Commission, I said that the Navy was guilty of fraud, which is the intentional withholding of relevant material. That is a strong charge but I said that and I repeat it today, because I think the facts support it.

Later on May 22, the Base Closure Commission released two documents which supported the assertions I had made about the Navy's failure to reveal relevant documents. It is my conclusion that the Base Closure Commission had these prepared in advance

but they fit hand in glove with the assertions, with the representations and arguments which I have made earlier.

One document, Mr. President, said that the Base Closure Commission found "gaps of information in the Navy process"; that the "staff learned that the Navy's BSC applied—that is the Navy's Base Structure Committee—a great deal of undocumented subjective judgment to a major Navy facility study"; that "despite general explanations of the process, the Commission is still unable to determine if the subjective judgment of the Navy's group was applied fairly and consistently to all bases in all categories in accordance with the force structure plan and the Department of Defense criteria mandated by law."

I ask unanimous consent that the full two-page text be included again at the conclusion of my floor statement today.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 7.)

Mr. SPECTER. I thank the Chair.

Mr. President, then there was an additional document captioned "Chairman Courter today released the following statement"—and it specifies in part "On Monday of this week, members of the Commission staff met for 4½ hours with the Navy's base closure group in an effort to determine how their conclusions were reached."

Then he goes on to say, "The Navy group employed a great deal of subjective judgment in drawing up their list of recommendations for closure and alignment."

Further, Chairman Courter's statement said, "GAO and the commission staff have pointed to an alarming lack of information about the Navy's decisionmaking process."

Mr. President, following the May 22 hearing, where I concluded the Navy had engaged in fraud, and the Base Closure Commission itself had supported the conclusive fact that the Navy had not been as forthcoming

with the materials as they should have been, many members of the Pennsylvania delegation and I then continued to try to find out precisely what the underlying facts were. We then had access to materials which were supposed to have been in the files of the Department of the Navy, which the Department of Navy had never given to us and which supported the conclusion that the Philadelphia Navy Yard should remain open.

On June 4, 1991, Congressman WELBOS and I met with Department of the Navy personnel and some staff from the Base Closure Commission and went through, in a very protracted meeting lasting almost 2 hours, our sense that the Navy had withheld specific information and that there was a document where a recommendation had been made by responsible naval personnel that the Philadelphia Navy Yard should be kept open.

I then returned, Mr. President, the next day, on June 5, late in the afternoon. The Senate was in session, and we were voting until close to 6 o'clock. I met on that day again with Navy personnel and, at that time, confronted them with a page from a document which had not been turned over to me, or others requesting information. Page 10 of the document, Mr. President, stated:

Closure of the Philadelphia Naval Shipyard, without retention of the large carrier-capable docks, creates a shortfall in dry dock capability for emergent docking of aircraft carriers. The only other carrier capable drydock available on the East Coast under Navy control is at Norfolk Naval Shipyard.

And then the memorandum goes on to point out, "The cost of providing a dedicated dock under contract is considered prohibitive." The upshot of this memorandum, Mr. President, is a factual basis saying that the Philadelphia Navy Yard should remain open.

Mr. President, I ask unanimous consent that the full text of this be printed at the end of my floor statement.

THE PRESIDING OFFICER (MR. KERRY). Without objection, it is so ordered.

(See exhibit 8.)

Mr. SPECTER. After confronting the naval officials present at the meeting, they then gave me a report which contained that page and other pages, with a letter of transmittal dated 5 June 1991.

I emphasize and repeat that this was not given to me until after I had confronted them with the document and the page just referred to.

Mr. President, I ask unanimous consent that the cover letter from Admiral Lang to me dated June 5, 1991, be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 9.)

Mr. SPECTER. Two key pages of a very voluminous document, which I am not including in the Record at this time because it is too voluminous, but one key page contains a percentage utilization at naval shipyard dry docks, which shows conclusively that there would be utilization way in excess of 70 percent, which is the standard the Navy has sought to comply with so there would be at least a 30-percent vacancy for emergencies.

I ask unanimous consent that this page be printed in the Record at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 10.)

Mr. SPECTER. Here is the cover sheet specified in a letter from Admiral Claman, Commander of Naval Systems Command, Chief of Naval Operations, recommending option two, that the Philadelphia Naval Shipyard be left open.

I ask unanimous consent that the letter be printed in the Record at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 11.)

Mr. SPECTER. Mr. President, it seems to me just astounding that, given the status of the law and the requirement that the Navy provide interested members of the Pennsylvania delegation, or other interested parties, including the Base Closure Commission, the Navy would in fact not make such documentation available.

That prompted me to write to the Secretary of Defense on June 6, 1991, asking for his immediate personal action. Let me read a couple of paragraphs:

Dear Secretary of Defense Cheney, I urge your immediate personal action on serious wrongful conduct by Department of Navy personnel in withholding critical information favorable to the Philadelphia Navy Yard. We have now caught Navy personnel redhanded in concealing data which supports keeping the Philadelphia Naval Shipyard open.

On June 4, 1991—

And then I recite the activities Congressman WELDON and I had undertaken and I recite the critical documents, and then I conclude with the handwritten notation:

Mr. Secretary, this is not evidence of a smoking gun. This is evidence of a firing gun.

Copies were sent to the Secretary of the Navy, relevant naval personnel, and members of the Pennsylvania and New Jersey delegations.

I ask unanimous consent that my letter of June 6, 1991, to Secretary Cheney, be printed in the Record at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 12.)

Mr. SPECTER. I ask unanimous consent that my letter of the same date to the Defense Base Closure Commission also be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 13.)

Mr. SPECTER. Congressman WELDON, Mr. President, then supplemented these findings by locating additional data which favored keeping the Philadelphia Naval Shipyard open. And Congressman WELDON made those documents available to the Base Closure Commission by a letter dated June 13, 1991.

I ask unanimous consent that Congressman WELDON's letter be printed in the Record following my floor statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 14.)

Mr. SPECTER. Congressman WELDON forwarded to the Base Closure Commission a memorandum from Admiral Hekman dated December 19, 1990, which said:

While I realize that the Secretary has been briefed and has concurred with the proposal to mothball the Philadelphia Naval Shipyard, I strongly recommend that this decision be reconsidered.

Admiral Hekman went on to say that the Philadelphia Shipyard ought to be kept open.

I ask unanimous consent that Admiral Hekman's memo be printed in the Record at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 15.)

Mr. SPECTER. Admiral Hekman submitted an additional memorandum dated March 15, 1991, where he says in part:

I continue to take the position that retention of a credible repair capability at Philadelphia for naval shipyards homeported in the northeastern area is the most cost-effective solution.

I ask unanimous consent that Admiral Hekman's memorandum dated March 15, 1991, be printed in the Record at the conclusion of my floor statement.

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 1891

DOCUMENT ROUTING SLIP	ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN			COMMISSION MEMBERS		
CHAIRMAN COURTER			COMMISSIONER BALL		✓
STAFF DIRECTOR			COMMISSIONER CALLAWAY		✓
GENERAL COUNSEL			COMMISSIONER CASSIDY		✓
MILITARY EXECUTIVE			COMMISSIONER LEVITT		✓
SPECIAL ASSISTANT			COMMISSIONER SMITH		✓
			COMMISSIONER STUART		✓
COMMUNICATIONS/PA					
DIRECTOR OF COMMUNICATIONS					
PRESS SECRETARY			REVIEW AND ANALYSIS		
FOIA OFFICER			DIRECTOR OF REVIEW & ANALYSIS		✓
SENATE LIAISON			DEPUTY DIRECTOR		
HOUSE LIAISON			D.O.D. LIAISON		
EXECUTIVE SECRETARIAT	✓		ARMY TEAM LEADER		
			NAVY TEAM LEADER		
ADMINISTRATION			AIR FORCE TEAM LEADER		
DIRECTOR OF ADMINISTRATION			SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS FILE - HEARING TESTIMONY	CLEARANCE SIGNATURE
CONGRESSIONAL	

ACTION DUE DATE 25 JUN 1991	ROUTING DATE 21 JUN 1991	RECEIPT DATE 20 JUN 1991	EXEC SEC MAIL DATE
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ARLEN SPECTER
PENNSYLVANIA

20 JUN 1991

COMMITTEES:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS

United States Senate

ES-1891

WASHINGTON, DC 20510-3802

June 18, 1991

The Honorable Arthur Levitt, Jr.
Defense Base Closure and Realignment
Commission
1625 K Street, NW
Suite 400
Washington, DC 20006

Dear Mr. Levitt:

Enclosed herein is the prepared testimony on the Fort
Indiantown Gap and the Army Corps of Engineers which I presented
to you yesterday.

Sincerely,


Arlen Specter

AS/mrp

Enclosure

STATEMENT BY SENATOR ARLEN SPECTER
BEFORE THE BASE CLOSURE AND REALIGNMENT COMMISSION
REGARDING THE PROPOSED REALIGNMENT OF THE
CORPS OF ENGINEERS

June 17, 1991

Mr. Chairman, I appreciate this opportunity to testify before the Commission today about the Army Corps of Engineers' proposed restructuring plan that the Commission currently is considering for inclusion in the base closure list.

While I understand the need to streamline current Corps operations, I believe that full consideration by Congress is necessary for any reorganization plan. Only after months of rumored reorganization plans was Congress officially notified of the proposed reorganization plan. It was not until May 24, 1991, that the Secretary of the Defense transmitted the military services' recommendations for realignment of the Army Corps of Engineers.

Secretary Cheney's communication of April 12, 1991, to the Commission on the Department of Defense's recommendations for realignment and closure of military installations expressed the intent of the Secretary to exclude the reorganization plan for the Corps from the base closure list. Instead, the Secretary proposed that separate legislation be considered by Congress to best handle the reorganization effort of the Corps.

Mr. Chairman, I respectfully submit that the Commission does not have jurisdiction to review this matter since the purpose of BRAC is to downsize military operations. As you know, the Corps has both military and civilian functions. However, the water resources

responsibilities constitute the bulk of the Corps' mission in the United States which are civil, not military, missions.

The Corps of Engineers' reorganization study proposes the closure of both district offices presently located in the Commonwealth of Pennsylvania. I believe a solid case can be made for the retention of these offices.

The Pittsburgh Corps of Engineers District office contains 11 percent of the nation's locks and dams, with the Pittsburgh Port being the largest inland waterway system in the nation. Considering these important systems, the Pittsburgh region is heavily dependent on a responsive Corps of Engineers. For example, if the Pittsburgh District were to move to Huntington, as proposed by the report, it would take nearly six hours for the Corps to respond to an emergency on the rivers near Pittsburgh. With time being the biggest priority and the largest cost in river transportation, such delay would greatly inhibit the flow of barge traffic on the rivers and would, therefore, have severe economic impact on the region. It is my understanding that there were as many as 20 such emergencies last year reported to the Pittsburgh District office.

The Philadelphia Corps of Engineers District office is vital to the operations of the Philadelphia Port. Approximately 3,000 ships each year pass through the Port which make it the first in the Northeast for total cargo handled. The Delaware River Channel is 80 miles from the sea and unique in that it requires quick action from the Corps when sandbars appear. It is highly unlikely that dredging procedures can be executed in a timely

manner unless the Corps is in close proximity. In addition, the Philadelphia District office provides environmental and safety protection on the Delaware River. With nearly 1.2 billion barrels of imported crude oil transported along the Delaware River per day, ongoing and quick response dredging activities by the Corps are vital to ensure an adequate draft to prevent spills. Only a Corps District office in close vicinity can ensure the Port's ongoing operations and security to the environment.

Of the 36 Corps District offices with civil works missions presently in operation, the Corps recommends the closure of 15. Consequently, of this number proposed for closure, the Pittsburgh and Philadelphia offices scored the highest and in the top 8 out of all Corps offices, according to the Corps' own evaluation based upon merit. In fact, of the 14 District offices which scored the best, only 2 are being closed: Pittsburgh and Philadelphia. Pittsburgh, for example, scored within the top 8 offices in the Corps' merit evaluation. However, the Corps recommends that it be consolidated with the Huntington District, which does not have a better score. It is important to note here that the Pittsburgh Port handles 67 million tons annually, while the Huntington District handles only 17 tons annually.

Mr. Chairman, given the crucial support these two offices serve the Commonwealth of Pennsylvania, I urge that the Commission give full consideration to retaining the function of the Philadelphia and Pittsburgh Districts and their present location. Also, considering the Corps of Engineers' public

service and natural resource mission, I urge you to recognize that the proper means to achieving reorganization of the Corps is not through the Base Realignment and Closure process, but rather, through the legislative and administrative process. Accordingly, I request that the Commission allow the restructuring of the Corps of Engineers to proceed through the legislative process as directed by Secretary Cheney.

Thank you for the opportunity to testify before the Commission and for your attention to this important matter.

FORT INDIANTOWN GAP SHOULD BE REMOVED FROM THE BASE CLOSURE LIST

**Submitted by Senator Arlen Specter
June 17, 1991**

Mr. Chairman, members of the Commission, I recommend that Fort Indiantown Gap be excluded from further review by the Base Closure and Realignment Commission because the Army at this time is still in the process of conducting its cost-effectiveness analysis of its Reserve components and lacks any data to suggest that it would be cost-effective to close the facility. In fact, I am informed that the Army wishes to defer any decisions on this facility and the Army National Guard facilities until all of the ongoing studies are completed. Absent such data, I do not believe it would be prudent to act on any proposals to realign Fort Indiantown Gap.

Fort Indiantown Gap is a state-owned property leased to the Federal Government for one dollar for sixty years. The Gap's primary mission is to provide training facilities and support for Active Component units, Reserve Components, Reserve Officers Training Corps and other Department of Defense activities. It is operated by the U.S. Army Garrison, with 71 military and 419 civilian personnel, of which 151 operate a regional financial center. In addition, the Gap also employs 221 individuals in support of Garrison/US Army Reserve activities and 1,081 individuals in support of the Pennsylvania Department of Military Affairs, the Pennsylvania Army National Guard and the

Pennsylvania Air National Guard. The Gap is the largest employer and buyer in Lebanon County, Pennsylvania.

Mr. Chairman, since one of the principal objectives of the Base Closure process is to save money and maximize the return on investment in our defense facilities, I would like to first focus on the issue of cost-effectiveness. Operating costs are certainly a major consideration in these times of budgetary constraints. Army sources suggest that the Gap rates among one of the most cost-effective training bases in the country. Presently, the entire yearly expenditures are \$26,074,000. For this amount, approximately 140,000 soldiers per year are trained at this facility. This computes to an average cost per soldier trained of \$186 per year, one of the best in the military. By comparison, at Fort Dix the average cost per soldier trained is \$5,500 per year. Therefore, for 1/13 of the expenses, Fort Indiantown Gap trains 2.5 times the number of soldiers trained at Fort Dix.

In a letter to the Commission from the Department of the Army dated June 5, 1991, reference was made to a study on administrative control completed in 1986 which stated that "the large majority of active duty units on the installations in question have a direct relationship to the support of the reserve units that train there. If they were relocated, that relationship would be degraded and the resources needed to

support them would have to be transferred to the new location. Final savings would likely be far less than initially anticipated."

The letter also points out that in the Pentagon's report to the Commission "Fort Indiantown Gap [and other Reserve Component training installations] were deferred from further study for this round of base closures because not enough information about future force structure and training requirements was known. A study of Reserve Component (RC) training strategies and management of training areas is not projected to be completed until August 1991." According to the letter, earlier completion of the Reserve Component study "cannot be accelerated" because the study's results are dependent upon the Total Army Analysis - 97 which will examine the content of the RC force structure and is yet to be completed.

In addition to being an important training facility, Fort Indiantown Gap is an important mobilization station for the Army, as was proven during Operation Desert Shield/Storm when thirteen units were mobilized and nineteen units were demobilized.

Mr. Chairman, members of the Commission, I recommend that in your review of Fort Indiantown Gap you give strong consideration to the Army's own reluctance to move forward with realignments at this time. Given the nation's increased reliance on reserve

forces in peacetime, and the requirement for convenient and cost-effective training facilities, it is paramount that these facilities be preserved to ensure the wartime robustness of our reserves. Accordingly, I recommend that Fort Indiantown Gap be removed from the base closure list.

Document Separator



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JIM COURTER, CHAIRMAN

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable William H. Gray, III
U.S. House of Representatives
Washington, D.C. 20515

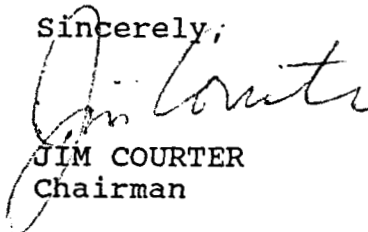
Dear Representative Gray:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

I appreciate your comments and assure you that they will receive our careful consideration during our final deliberations.

Sincerely,


JIM COURTER
Chairman

JC:ps
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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Thomas M. Foglietta
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Foglietta:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

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JIM COURTER
Chairman

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June 27, 1991

The Honorable Lawrence Coughlin
U.S. House of Representatives
Washington, D.C. 20515

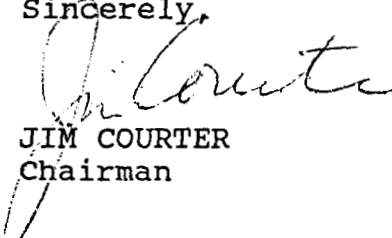
Dear Representative Coughlin:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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June 27, 1991

The Honorable Curt Weldon
U.S. House of Representatives
Washington, D.C. 20515

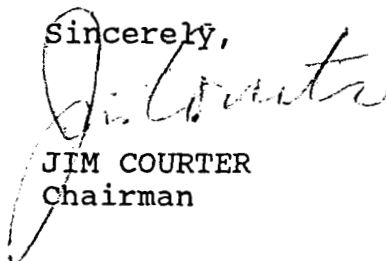
Dear Representative Weldon:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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June 27, 1991

The Honorable Robert E. Andrews
U.S. House of Representatives
Washington, D.C. 20515

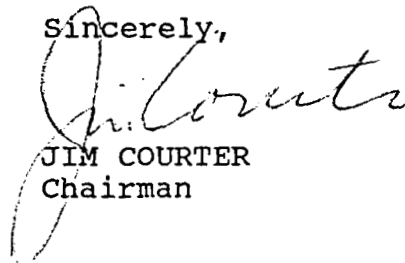
Dear Representative Andrews:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Robert A. Borski
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Borski:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

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Sincerely,

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JIM COURTER
Chairman

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Tom Ridge
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Ridge:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

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JAMES SMITH II, P.E.
ROBERT D. STUART, JR.

June 27, 1991

The Honorable Arlen Specter
United States Senate
Washington, D.C. 20510

Dear Senator Specter: *Arlen*

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

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Sincerely,

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JIM COURTER
Chairman

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Harris Wofford
United States Senate
Washington, D.C. 20510

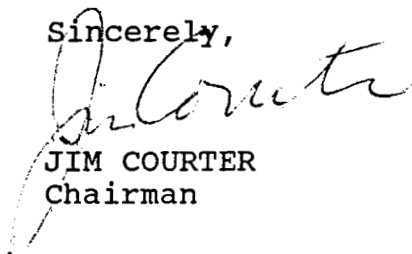
Dear Senator Wofford:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Frank Lautenberg
United States Senate
Washington, D.C. 20510

Dear Senator Lautenberg:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

As you know, the Commission will publicly hold its final deliberations this weekend and submit its recommendations to the President on Monday, July 1. No final decisions are expected to be made before Sunday, June 30.

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Sincerely,

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JIM COURTER
Chairman

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Joseph Biden
United States Senate
Washington, D.C. 20510

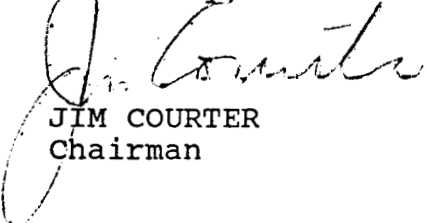
Dear Senator Biden:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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ROBERT D. STUART, JR.

June 27, 1991

The Honorable Bill Bradley
United States Senate
Washington, D.C. 20510

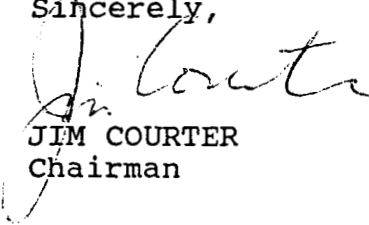
Dear Senator Bradley:

Thank you for your letter of June 19 summarizing your arguments regarding the Philadelphia Naval Shipyard.

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I appreciate your comments and assure you that they will receive our careful consideration during our final deliberations.

Sincerely,


JIM COURTER
Chairman

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CONTROL NUMBER

001514

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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CHAIRMAN COURTER			✓		COMMISSIONER BALL	
STAFF DIRECTOR			✓		COMMISSIONER CALLAWAY	
GENERAL COUNSEL					COMMISSIONER CASSIDY	
MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	
SENATE LIAISON					DEPUTY DIRECTOR	
HOUSE LIAISON					D.O.D. LIAISON	
EXECUTIVE SECRETARIAT					ARMY TEAM LEADER	
					NAVY TEAM LEADER	
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS

Wendell - Based reply:

- 1) Thank you for ltr & memo.
- 2) Will review it.
- 3) Am aware of the arguments in favor of PMS.
- 4) Get a fair hearing from Comm.

CONGRESSIONAL

CLEARANCE SIGNATURE

ACTION DUE DATE <i>25 Jun 1991</i>	ROUTING DATE <i>21 Jun 1991</i>	RECEIPT DATE <i>21 JUN 1991</i>	EXEC SEC MAIL DATE
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21 JUN 1991 001914

Congress of the United States

Washington, DC 20515

June 19, 1991

The Honorable James A. Courter
Chairman
Defense Base Closure Commission
1625 K Street, NW
Washington, D.C. 20006

Dear Mr. Chairman:

We urge you to personally read the attached memo summarizing our arguments in favor of keeping the Philadelphia Naval Shipyard open.

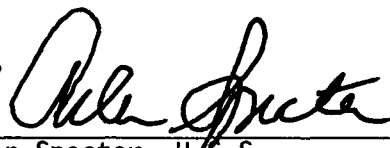
As Navy documentation and information about its analytical process has been uncovered over the last two months, we have submitted a series of arguments supporting the Philadelphia Naval Shipyard to you and your staff. We remain concerned that the Navy has been permitted to introduce new material after our opportunity on May 25, 1991, to present our oral arguments. Nevertheless, we believe that the facts are on our side and that our testimony to date has been able to rebut each of the Navy's reasons for closure. This memo represents a summary of the arguments we consider essential to your deliberations.

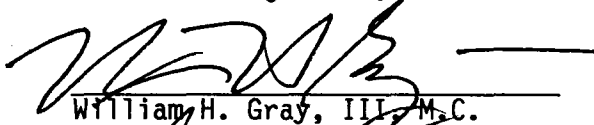
Before you make any final decisions on naval shipyards, we ask you to please read and study this critical document.

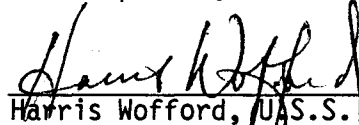
Thank you for time and attention.

Sincerely,

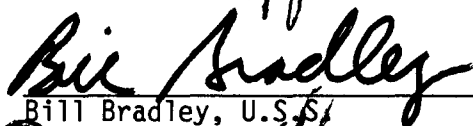

Thomas M. Foglietta, M.C.

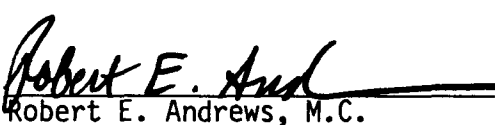

Arlen Specter, U.S.S.

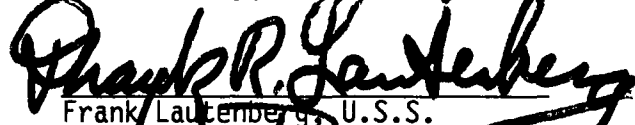

William H. Gray, III, M.C.


Harris Wofford, U.S.S.

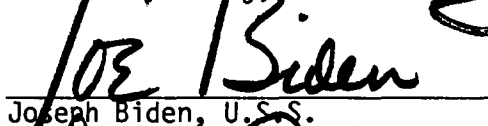

Curt Weldon, M.C.


Bill Bradley, U.S.S.

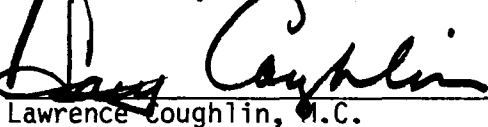

Robert E. Andrews, M.C.


Frank Lautenberg, U.S.S.


Robert A. Borski, M.C.


Joseph Biden, U.S.S.


Tom Ridge, M.C.


Lawrence Coughlin, M.C.

THE PHILADELPHIA NAVAL SHIPYARD SHOULD BE
REMOVED FROM THE NAVY'S BASE CLOSURE LIST

The record conclusively shows the following:

1. PNSY's large drydocks and highly-skilled workforce are essential to our national defense.
2. The most cost-effective option is to remove PNSY from the list of recommended closures because of its record for cost-efficiency and productivity.
3. The Services were required to engage in a fair, open and objective process. As shown by the GAO and other authorities, the Navy did not do this and, therefore, its recommendation to close PNSY is invalid.

1. The National Defense Requires PNSY's Large Drydocks.

The Navy's fleet maintenance schedule requires extensive drydock capacity to perform work on aircraft carriers, AEGIS cruisers and other large ships. Additional capacity must also be maintained for emergency repairs.

- A decision to close PNSY would mean that the Navy would lose three of its five East Coast drydocks capable of unrestricted handling of large ships. The entire Atlantic Fleet would have only Norfolk's two large drydocks and they are tied up with work.
- A decision to close PNSY would mean that the Navy would lose two if its three East Coast carrier-capable drydocks. The entire Atlantic Fleet would have only Norfolk's one carrier drydock and the Navy has acknowledged that it will be "fully utilized."
- Newport News is the only private shipyard with a carrier-capable drydock. The Navy has acknowledged that Newport News' "docking schedule is not controlled by the Navy" and that the "cost to have [Newport News] provide a dedicated dock under contract is considered prohibitive." Thus, there is no private shipyard capability as an alternative to PNSY.

- Throughout the 1990s, the utilization rate for the Navy's large drydocks will exceed 80 percent and average 94 percent, far above the Navy's 70 percent target.
- Although PNSY is not a nuclear yard, it is fully capable of performing certain repairs and overhauls on nuclear ships and, with a small investment comparable to the one at Long Beach, could have two drydocks capable of handling emergency CVN work.
- The Navy states that there is a great deal of nuclear work over the next several years and that this work requires the retention of nuclear yards. However, much of the work on nuclear ships creates a one-time bubble, consisting of decommissionings and final refuelings. This work will be completed in the near term, after which a greater percentage of the work will be on the fleet's large non-nuclear ships.
- In a recently discovered memorandum dated March 13, 1991, Admiral Hekman, then-Commander of NAVSEA, urged that PNSY be kept open, stating that the "workload distribution for naval shipyards in the 90's supports full operation at Philadelphia through mid FY 95" and that "a realignment of [PNSY] in FY 93 will cause significant perturbations to carrier overhauling assignments."
- On March 29, 1991, Admiral Claman, Deputy Commander at NAVSEA, also urged that PNSY be kept open because the Navy needs "a government controlled CV drydock site and ship repair capability for the north east".

2. Keeping PNSY Open Is the Most Cost Effective Solution.

Since base closures are budget driven, cost is a major consideration. The record shows that (1) it is more cost-effective to keep PNSY open and (2) the Navy did not fully consider all the costs of closing PNSY.

- PNSY is the most cost-effective of the eight naval shipyards, with the lowest manday rates, the highest productive ratio, and the lowest percentage of indirect employees, and it is the only naval shipyard to make a profit during each of the past two years.

- The Navy has proposed hiring 4,400 new workers at Norfolk and 600 new workers at Puget Sound to do work that PNSY would have done. Since the Navy intends to keep PNSY's facilities, it does not make economic sense to disband PNSY's cost-efficient, experienced workforce and then recruit, hire and train 5,000 new workers at these other yards.
- PNSY operates on the cost of its workload. If the work is not done at PNSY, it will be done elsewhere. The COBRA model is not applicable to industrial facilities such as PNSY.
- In determining the costs to close PNSY, the Navy's COBRA Model failed to include certain initial costs and understated other costs.
- The Navy acknowledged that shifting work on the KENNEDY and the FORRESTAL to other, less cost-effective yards would cost it an additional \$102 million. Moreover, the Navy did not consider the additional costs of having work done elsewhere on six other large ships that were specifically scheduled for PNSY: SAIPAN, SARATOGA, SIMON LAKE, AMERICA, CANOPUS and NASSAU.
- The Navy treated the cost of shifting work elsewhere as a one-time cost and not as a recurring cost of \$102 million for each and every year over a twenty-year period.
- On March 13, 1991, NAVSEA Commander Hekman stated that keeping PNSY open is "the most cost effective solution."

3. The Navy's Entire Process Is Tainted and Violates the Spirit and Letter of the Base Closure Act.

The record shows that the Navy did not do the careful, thorough and objective job necessary to support a decision as significant and irreversible as closing PNSY, including its three key drydocks, and disbanding its 7,700-member workforce. This inappropriate process resulted in the incorrect recommendation to close PNSY.

- Even though closures are budget-driven, the Navy provided no comparative cost analysis of the eight naval shipyards to determine which alternative would be the most cost-effective.

- The Base Closure Act mandates that the Navy use a fair and objective process, but the Navy has admitted that its process was "subjective."
- Using an inconsistent color-coding system, which was heavily criticized by the GAO, the Navy eliminated Long Beach from closure consideration even though it scored below PNSY and eliminated three other yards that scored the same as PNSY.
- The VCNO Study does not provide a valid rationale for including PNSY on the Base Closure List because it was not performed in accordance with the eight selection criteria under the Base Closure Act. Moreover, the Navy's after-the-fact efforts to show a correlation between the eight statutory criteria and the VCNO Study's six criteria are unsupportable.
- In May, 1991, only after extensive criticism from the Commission, GAO and Congress, the Navy started to release additional information used in making its recommendation and began developing after-the-fact arguments to support its recommendation.
- After extensive pressure, the Navy only recently released memoranda from Admiral Hekman and Admiral Claman urging that PNSY remain open.
- It is believed that the Navy has still not released all the documentation that underlies the recommendations of Admiral Hekman and Admiral Claman.

The Navy, in fact, needs PNSY's large drydocks and it is more cost-effective to keep PNSY open. Since the Navy has not made, and cannot make, the necessary case before the Commission, Congress and the public, the Navy's recommendation should be rejected. In summary, PNSY should remain open because it is needed to support the Navy's force structure plan and for reasons of national defense.

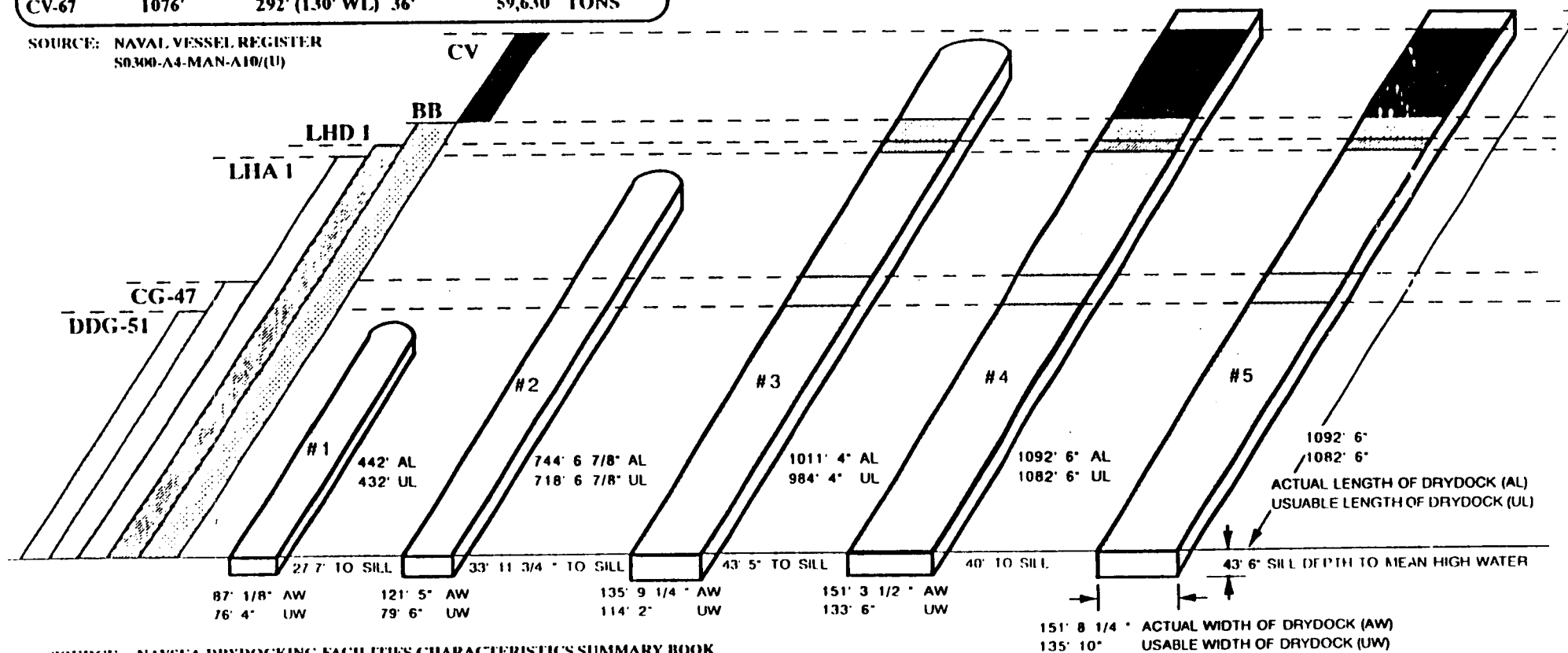
PHILADELPHIA NAVAL SHIPYARD

15 MAY 1991

DRYDOCKS

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHTSHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
BB-61	888'	109'	36'	45,500 TONS
CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
50300-A4-MAN-A10(U)



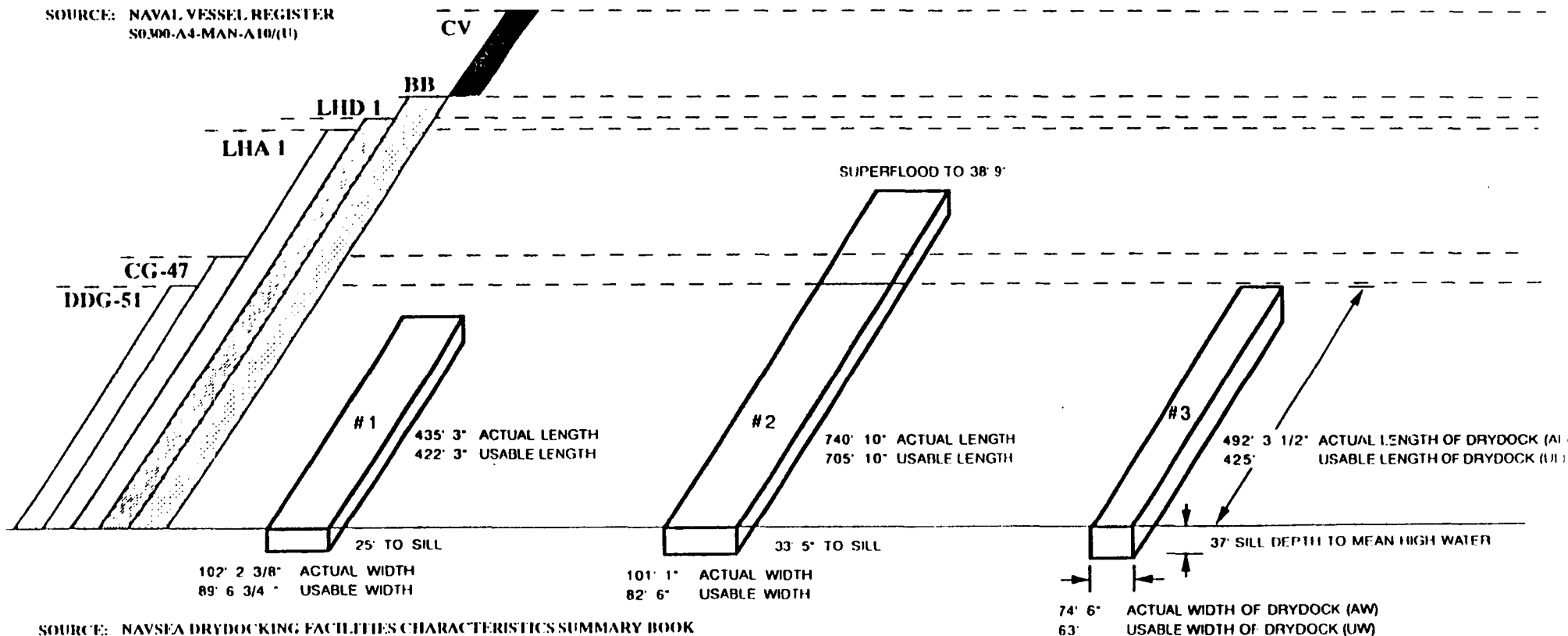
SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

PORTSMOUTH NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHT SHIP DISPLACEMENT
CG-47	567	55	33	7,392
DDG-51	506	66	31	6,515
LHA-1	820	106	26	25,537
LHD-1	844	106	27	28,023
BB-61	888	109	36	45,500
CV-63	1069	265 (130 WL)	37	61,057
CV-67	1076	292 (130 WL)	36	59,630

SOURCE: NAVAL VESSEL REGISTER
SO.MO-A4-MAN-A10/(U)



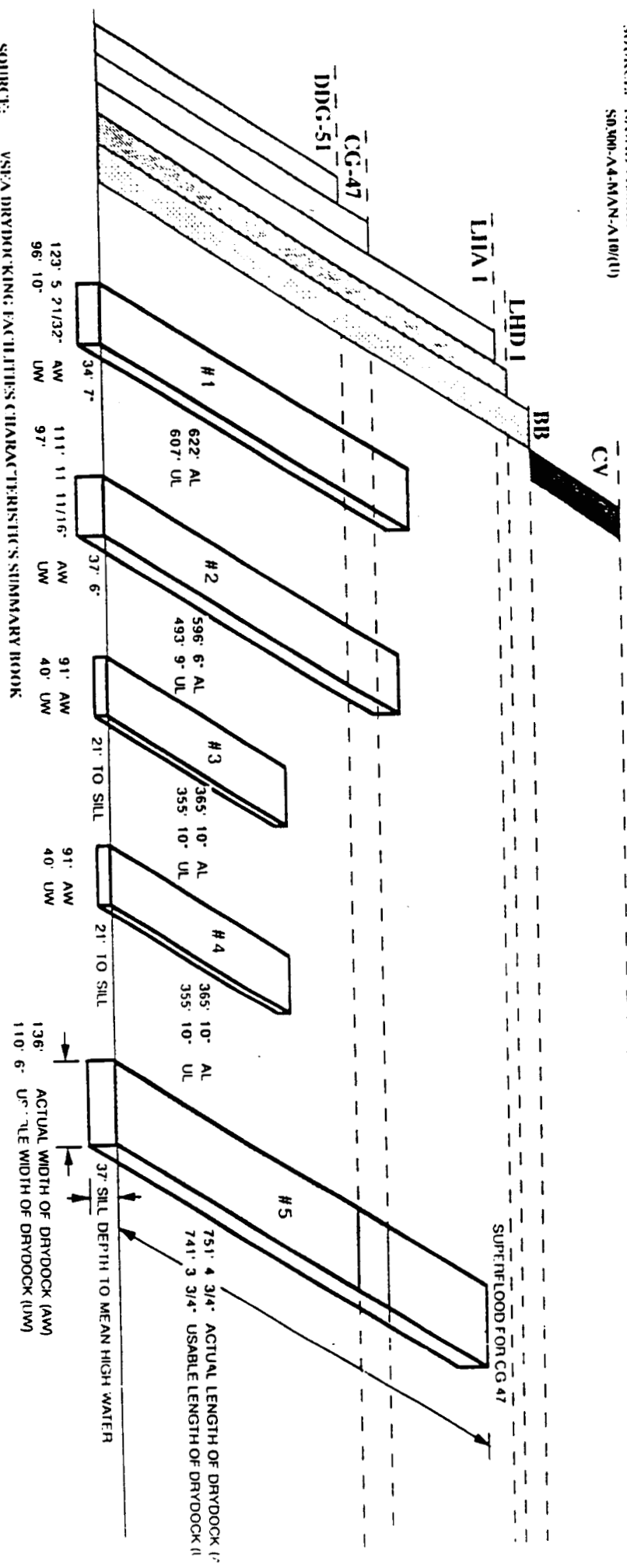
SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

CHARLESTON NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHTSHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
BB-61	888'	109'	36'	45,500 TONS
CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
SD300-A4-MAN-A100(U)



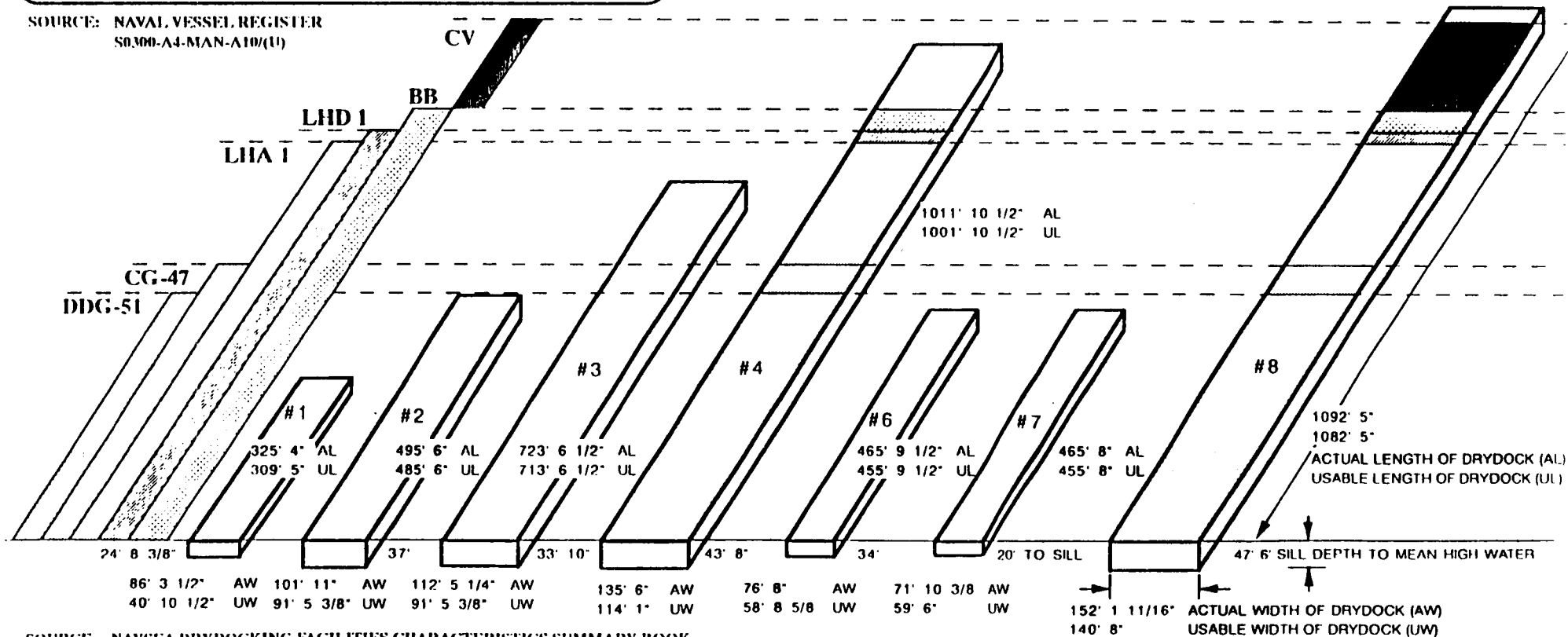
SOURCE: VSEA DRYDOCK KING FACILITIES CHARACTERISTIC'S SUMMARY BOOK

NORFOLK NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHT SHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
BB-61	888'	109'	36'	45,500 TONS
CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
S0300-A4-MAN-A10(U)



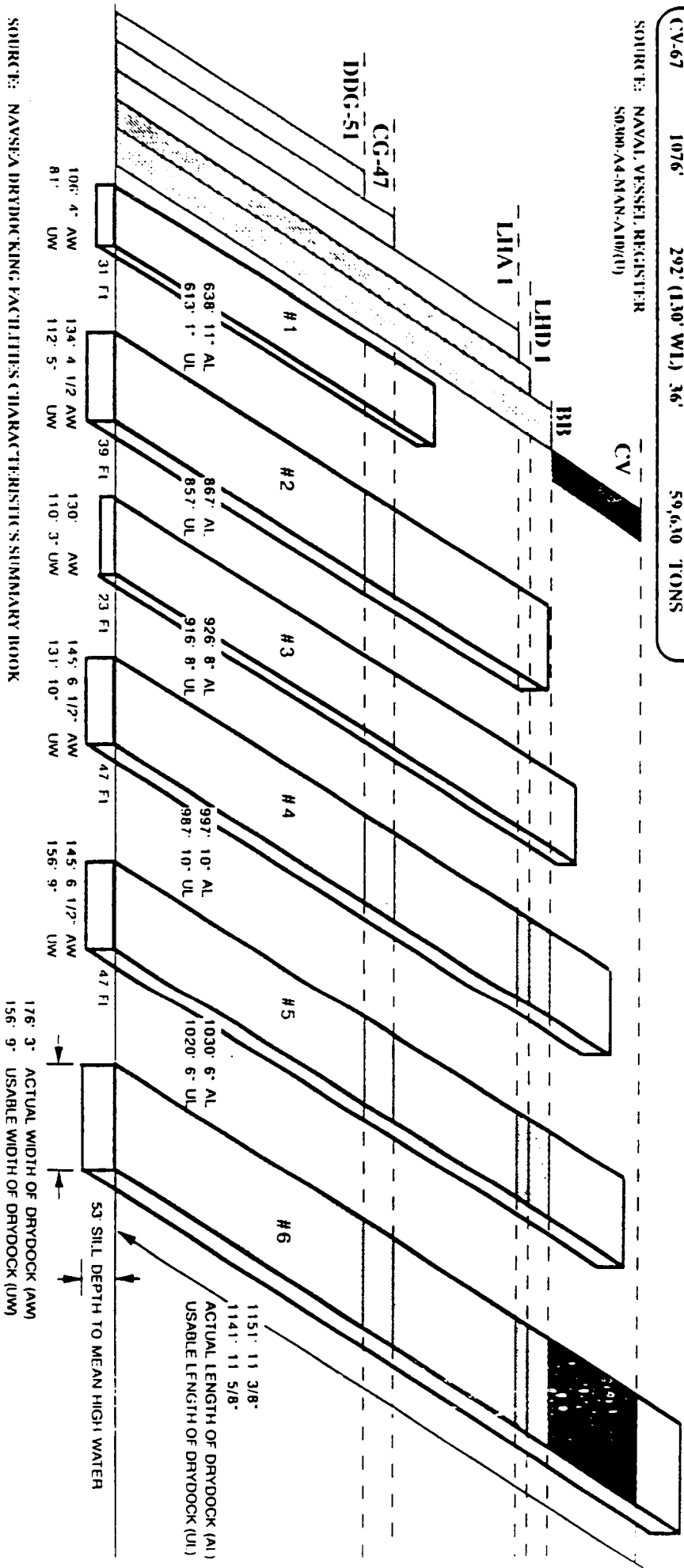
SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

PUGGET SOUND NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHTSHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
BB-61	888'	109'	36'	45,500 TONS
CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
SO 000-04-MAN-AM0(11)



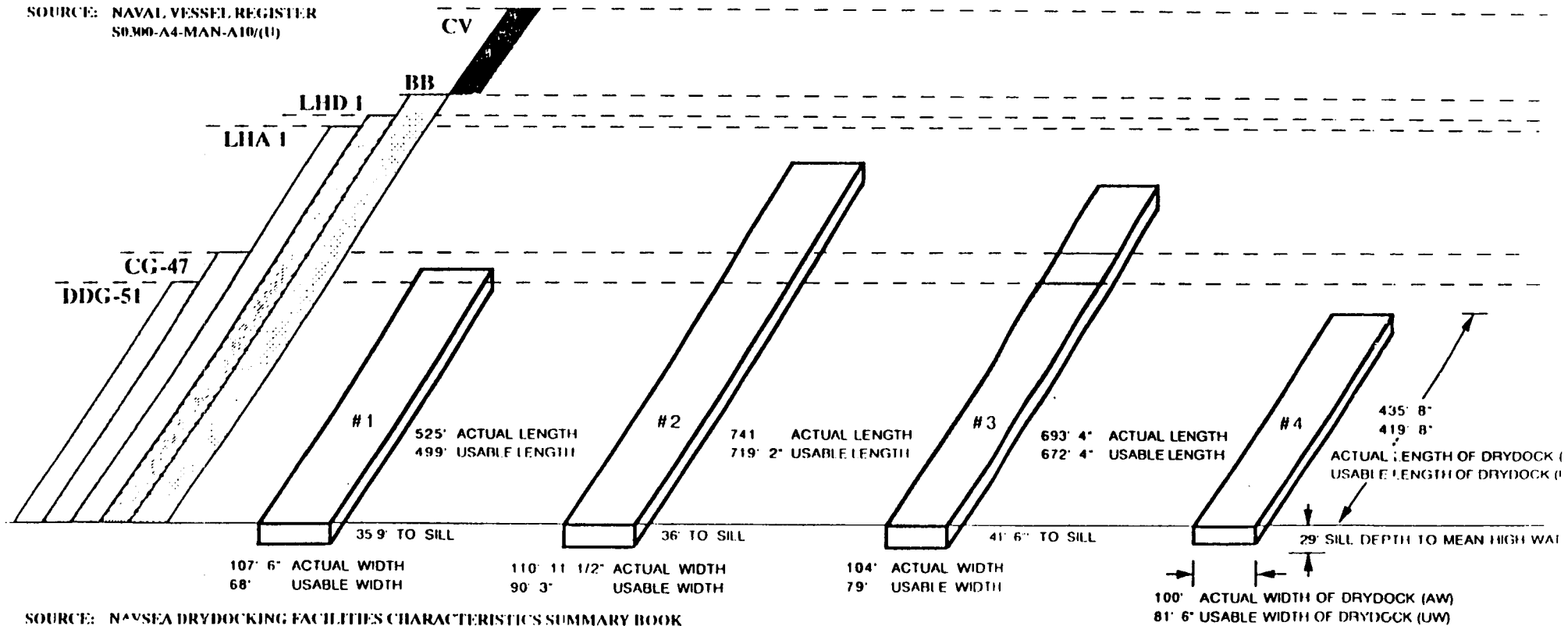
SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

MARE ISLAND NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHTSHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
BB-61	888'	109'	36'	45,500 TONS
CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
S0300-A4-MAN-A10(U)



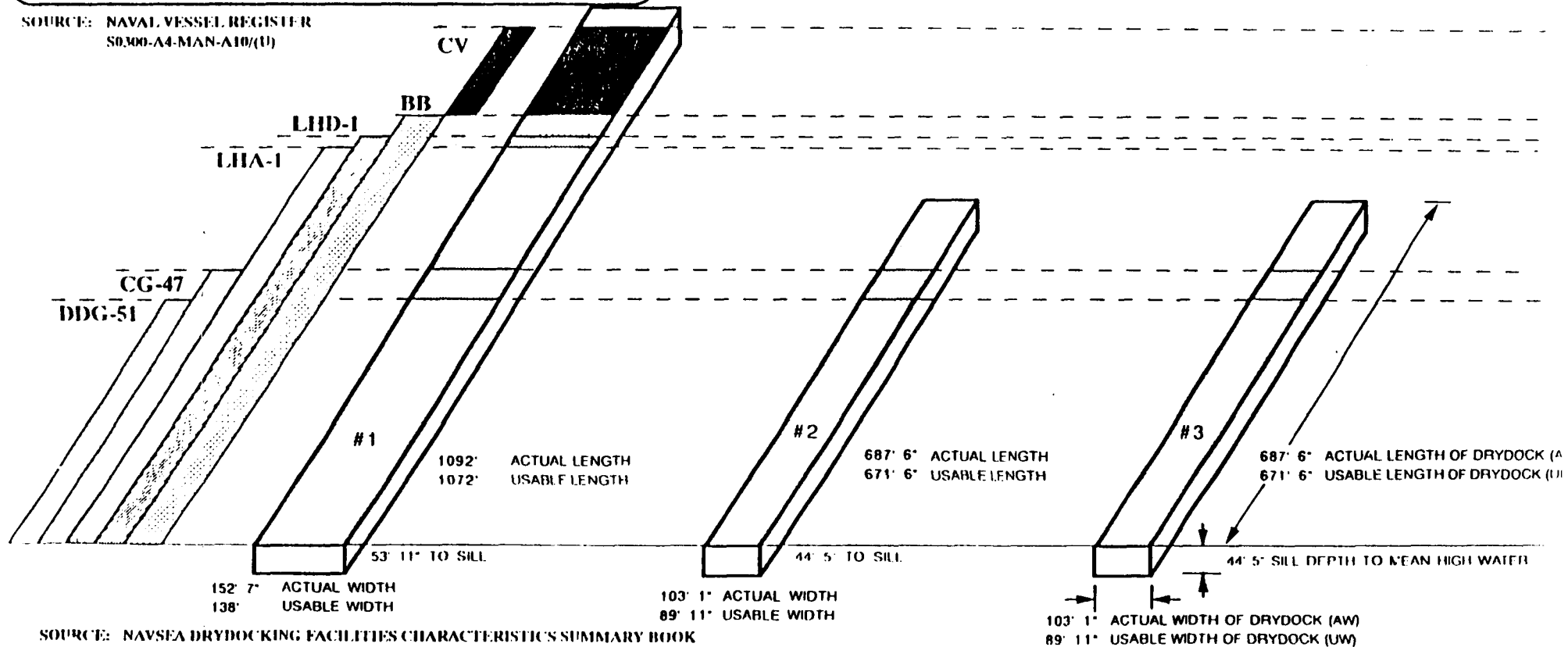
SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

LONG BEACH NAVAL SHIPYARD DRYDOCKS

15 MAY 1991

CLASS	LENGTH OVERALL	EXTREME BEAM	MAXIMUM DRAFT	LIGHT SHIP DISPLACEMENT
CG-47	567'	55'	33'	7,392 TONS
DDG-51	506'	66'	31'	6,515 TONS
LHA-1	820'	106'	26'	25,537 TONS
LHD-1	844'	106'	27'	28,023 TONS
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CV-63	1069'	265' (130' WL)	37'	61,057 TONS
CV-67	1076'	292' (130' WL)	36'	59,630 TONS

SOURCE: NAVAL VESSEL REGISTER
S0300-A4-MAN-A10(U)



SOURCE: NAVSEA DRYDOCKING FACILITIES CHARACTERISTICS SUMMARY BOOK

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION **CLOSED**

EXECUTIVE SECRETARIAT

CONTROL NUMBER 002038

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN					COMMISSION MEMBERS	
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MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON			✓		DEPUTY DIRECTOR	
HOUSE LIAISON			✓		D.O.D. LIAISON	
EXECUTIVE SECRETARIAT			✓		ARMY TEAM LEADER	
					NAVY TEAM LEADER	
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

✓ Prepare Reply For Chairman's Signature	✓ Appropriate Action	<u>Phone Call - Wendi.</u>
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations	
Prepare Reply for Staff Director's Signature	Clear Reply with	
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with	

SUBJECT/REMARKS: *Wendi spoke w/ Marzic on 6/26.*

CLEARANCE SIGNATURE: *[Signature]*

CONGRESSIONAL

ACTION DUE DATE: <i>28 Jun 1991</i>	ROUTING DATE: <i>26 Jun 1991</i>	RECEIPT DATE: <i>28 Jun 1991</i>	EXEC SEC MAIL DATE:
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25 JUN 1991 002038



F A C S I M I L E

Office of U.S. Senator Arlen Specter
303 Hart Senate Office Building
Washington, DC 20510
202-224-4254

TO: The Honorable James Courtes

FROM: Arlen Specter

DATE: 6/25 TIME: 4:30pm

NUMBER OF PAGES (including header): 3

PHONE: 224-9007

CONTACT: Fam Weddle

MESSAGE: _____

ARLEN SPECTER
PENNSYLVANIA

COMMITTEES:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510-3802

June 25, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20005

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

I write to supplement previous information provided on Fort Indiantown Gap, Pennsylvania.

Yesterday, June 24, 1991, I visited Fort Indiantown Gap to inspect the facility which was the first opportunity I had to do so after your Commission added that installation on May 31, 1991. While I had visited Fort Indiantown Gap on many occasions in the past, yesterday's visit confirmed my strongly-held view that the installation should be retained.

It is a very impressive installation covering some 19,000 acres, housing a wide variety of military equipment including planes, helicopters and tanks. It served as a mobilization station for the Persian Gulf War and trained, inter alia, pilots for the Cobra helicopter which was so important in our success in the Persian Gulf War. It is, in fact, a key mobilization station which can billet over 15,000 soldiers.

The statistics demonstrate that it is an extremely cost-effective installation which trains 140,000 military personnel annually with 553,000 soldier training days at a total cost of less than \$13 million. Included among the trainees are 150 pilots who are assigned to Fort Indiantown Gap, with another 600 pilots being brought in for training from all over the country. It has one of the three aerial bombing ranges in the entire northeastern part of the United States.

One of the most compelling arguments against closure is that the Army at this time is in the process of conducting its cost-effectiveness analysis of its reserve component and lacks any data which would suggest the desirability of closing Fort Indiantown Gap. As you know, the Department of Defense has not proposed closing Fort Indiantown Gap and it is a source of some concern,

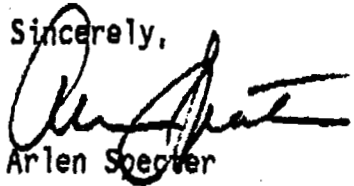
Base Closure Commission
June 25, 1991
Page 2

as well as surprise, that the Commission added this installation for consideration for closure.

I am advised that the 1986 study, the most recent one conducted on this installation, found strong arguments for its retention.

In addition to the excellent physical facilities, I was very much impressed with the military personnel at the base led by Major General Gerard T. Sajer, the Adjutant General of the Commonwealth of Pennsylvania. General Sajer, a distinguished attorney at law, has provided extraordinary leadership as the Adjutant General for the Commonwealth of Pennsylvania. General Sajer emphasized to me the fact that Fort Indiantown Gap is a "no frills post" with no commissary, no golf course, no bank and virtually none of the facilities which are frequently found on similar installations. While I realize that it is not possible for the Commission to visit every installation, I believe that if members of the Commission were to visit Fort Indiantown Gap, you would agree with my observation that it is an installation well worth retaining.

Sincerely,



Arlen Specter

AS/kr

It is a very impressive installation!

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

CLOSE

EXECUTIVE SECRETARIAT

CONTROL NUMBER

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MILITARY EXECUTIVE					COMMISSIONER LEVITT	
SPECIAL ASSISTANT					COMMISSIONER SMITH	
					COMMISSIONER STUART	
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS						
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	
SENATE LIAISON					DEPUTY DIRECTOR	
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EXECUTIVE SECRETARIAT					ARMY TEAM LEADER	
					NAVY TEAM LEADER	
ADMINISTRATION					AIR FORCE TEAM LEADER	
DIRECTOR OF ADMINISTRATION					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	<input checked="" type="checkbox"/>	Appropriate Action Phone Call!
Prepare Reply for Commissioner's Signature	<input type="checkbox"/>	Comments and/or Recommendations
Prepare Reply for Staff Director's Signature	<input type="checkbox"/>	Clear Reply with
Reply Direct (forward copy to Exec Sec)	<input type="checkbox"/>	Coordinate Reply with

SUBJECT/REMARKS

Spoke w/ Tom Kane and covered all pts. in letter.

CLEARANCE SIGNATURE



CONGRESSIONAL

ACTION DUE DATE

27 Jun 1991

ROUTING DATE

25 Jun 1991

RECEIPT DATE

25 Jun 1991

EXEC SEC MAIL DATE

ROBERT E. ANDREWS
1ST DISTRICT, NEW JERSEY

WASHINGTON OFFICE
1005 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

JUN 25 1991 002039

June 24, 1991

Honorable Jim Courter
Defense Base Closure and Realignment Commission
1625 K Street, N.W.
Suite 400
Washington, D.C. 20006

Dear Chairmen Courter:

As the Commission approaches its final week of work, many parties are interested in the Commission's agenda for this week. In particular, I would ask that you provide me with the following information:

- 1) What is the schedule for deliberations on June 27, 28, and 29? When will the Navy recommendation be discussed? When will the Philadelphia Naval Shipyard and Naval Station be discussed?
- 2) What will be the format for voting on June 30? When can votes be expected on the Navy recommendations?
- 3) Where will these final sessions take place? Are there any plans for these sessions to be televised on C-Span?
- 4) What arrangements can be made for receiving a copy of the Committee's report on Monday, July 1?

I would appreciate your prompt response to this request for information.

Sincerely,


Robert E. Andrews
Member of Congress

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 002080

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
OFFICE OF THE CHAIRMAN					COMMISSION MEMBERS	
CHAIRMAN COURTER					COMMISSIONER BALL	✓
STAFF DIRECTOR					COMMISSIONER CALLAWAY	✓
GENERAL COUNSEL					COMMISSIONER CASSIDY	✓
MILITARY EXECUTIVE					COMMISSIONER LEVITT	✓
SPECIAL ASSISTANT					COMMISSIONER SMITH	✓
					COMMISSIONER STUART	✓
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY	<i>letters re:</i>				REVIEW AND ANALYSIS	
FOIA OFFICER	(A) Warminster				DIRECTOR OF REVIEW & ANALYSIS	✓
SENATE LIAISON	(B) Warminster				DEPUTY DIRECTOR	
HOUSE LIAISON	(C) Indian Town Group				D.O.D. LIAISON	
	(D) Corps of Engineers				ARMY TEAM LEADER	
EXECUTIVE SECRETARIAT	(E) Defense Labs				NAVY TEAM LEADER	
	(F) PNSY				AIR FORCE TEAM LEADER	
ADMINISTRATION					SPECIALTY TEAM LEADER	
DIRECTOR OF ADMINISTRATION						

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	Appropriate Action	<i>letters re: (A) Warminster "Sup"</i>
Prepare Reply for Commissioner's Signature	Comments and/or Recommendations	<i>documentation for the Realignment of the South Air Development Center</i>
Prepare Reply for Staff Director's Signature	Clear Reply with	
Reply Direct (forward copy to Exec Sec)	Coordinate Reply with	

SUBJECT/REMARKS

To meet by hand to Congress - for 6 different letters from Sen. Specter

Mr. Paul S. one letter address all issues. "Thank you for your arguments"

CONGRESSIONAL Specter

CLEARANCE SIGNATURE

ACTION DUE DATE	ROUTING DATE	RECEIPT DATE	EXEC SEC MAIL DATE
	27 JUN 1991	26 JUN 1991	

ES-2080(A)

United States Senate

WASHINGTON, DC 20510-3802

June 26, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400, NW
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith, II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

Enclosed herein please find a copy of a document entitled "Supporting Documentation for the Realignment of the Naval Air Development Center, Warminster PA," which proves conclusively that the Navy has misrepresented the facts on savings to be realized by realigning the Naval Air Development Center (NADC).

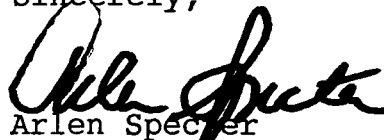
I received this document subsequent to the delivery of letter dated this same day which contains a final summation of the substantive arguments for removing the NADC from the 1991 base closure list. The information contained in this document underscores my contention that the cost information provided by the Navy on NADC was misleading and factually inaccurate. The report states the following:

"As a result of the COBRA analysis, the realignment of the NADC to NATC/NESEA would result in a return on investment of 17 years. Following the submission by NAVAIRSYSCOM of this analysis, an adjustment was made by higher authorities which reduced the return on investment to 9 years."

As you can see, the Navy's "higher authorities" did not accept the results of their own cost analysis, so they derived a return on investment result to suit their desired conclusion.

I hope you will find this information useful.

Sincerely,


Arlen Specter

AS/emr

FOR OFFICIAL USE ONLY

2 April 1991

SUPPORTING DOCUMENTATION

FOR THE REALIGNMENT OF THE

NAVAL AIR DEVELOPMENT CENTER, WARMINSTER, PA

COMMANDER, NAVAL AIR SYSTEMS COMMAND
NAVAL AIR WARFARE CENTER

COBRA MODEL
INPUT DATA

- Enclosure: (1) COBRA Input Data Form
(2) Annual Base Costs
(3) Revised Fence Location Drawing for Warminster Complex
(4) Environmental Mitigation Costs from OP-44E
(5) One Time additional Costs
(6) One Time Cost Avoidances
(7) Annual Cost Avoidance
(8) Construction Worksheet Data

1.0 OVERVIEW:

This report documents the data generated for the COBRA model that is being used for the Proposed Realignment of the Naval Air Development Center, Warminster, Pa. The action would start in FY-91 with the administrative transfer of 244 (navigation and command/control) billets to the Space and Naval Warfare Systems Command C³ and Ocean Surveillance Warfare Center. At the present time, these personnel would physically remain in place at the Warminster site. In FY-93 the Warminster airfield is scheduled to be shut down and air operations would transfer to the Aircraft Division-Naval Air Warfare Center, Patuxent River, MD (AD-NAWC). Some of the functions transferred to AD-NAWC would be relocated to the site of the Naval Electronic Systems Engineering Activity (NESEA), St. Indigoes, MD which is approximately 10 miles from the AD-NAWC. This air operations transfer would result in 8 Officer and 78 enlisted personnel transferring to AD-NAWC. In FY-95 the Tactical Combat Systems function (21 civilians) would be transferred to the Weapons Division-Naval Air Warfare Center (WD-NAWC), China Lake, CA and the Sub-Scale Targets function (25 personnel supported by a 3000 sq. ft. laboratory) would be transferred to the WD-NAWC, Pt. Mugu, CA. The bulk of the remaining personnel (1656 civilians, 20 Officers and 37 Enlisted) would be transferred in FY-95 to the AD-NAWC with the balance of the Warminster Aircraft Vehicle Engineering and Airborne ASW development mission. At the end of FY-95 the 274 personnel remaining at the Warminster site would be composed of the SPAWAR detachment of 244 supported by a 30 person detachment from the AD-NAWC which would also maintain/operate the Dynamic Flight Simulator in a caretaker status. As a result of the COBRA analysis, the realignment of the NADC to NATC/NESEA would result in a return on investment of 17 years. Following the submission by NAVAIRSYSCOM of this analysis, an adjustment was made by higher authorities which reduced

the return on investment to 9 years. The adjusted total new construction and rehabilitation requirements at NATC/NESEA are 333,915 SF and 270,936 SF respectively. The adjusted total Military Construction costs, including design, are \$115,873,944 (\$86.6 M for new construction and \$29.3 M for rehabilitation). NOTE: THIS DOCUMENTATION CONTAINS THE DATA SUBMITTED BY NAVAIRSYS COM FOR THE COBRA ANALYSIS AND DOES NOT REFLECT THE CHANGES MADE BY HIGHER AUTHORITIES.

2.0 ASSUMPTIONS:

The planning assumption for the relocation of the Warminster operations was that the transferring NADC functions would be integrated with the present operations of the Naval Air Test Center in order to form a consolidated AD-NAWC. Efficiency savings resulting from the collocation of responsibilities by 1995 have been included in the analysis. The results of the following analysis are fully contingent on the total availability of all existing facilities at the St. Inigoes, MD for use by the AD-NAWC. No new buildings will be constructed under the Military Construction program at the St. Inigoes, MD site. Warminster aircraft hangar support needs will be accommodated at the AD-NAWC within hangar 109 (again dependent planning contingent upon the departure of the VQ-4 squadron) and other existing hangars. No other new aviation support facilities at the AD-NAWC will be required to support the Warminster aircraft mission. No attempt was made to adjust facility requirements at the AD-NAWC to include present NATC facility deficiencies in order to "get well" at the expense of the proposed realignment. The BFRs were prepared, several years ago, to reflect the then expected increases in assigned personnel and workload. The BFRs figures used in this analysis were instead adjusted downward to indicate 1990 figures less reductions in workload and other efficiencies resulting from the formation of the Naval Air Warfare Center.

No other major new assignments requiring existing facility spaces will be made to the AD-NAWC during the time period of the Warminster relocation, except for 156 people from the Naval Air Propulsion Center (NAPC). The potential of locating NAPC requirements at the St. Inigoes, MD activity will be investigated. No major relocation of present functions with available space at NATC will be made to other locations outside of the NATC during the time period of the Warminster relocation except for the VQ-4 squadron.

The Warminster activity would not close completely. Accordingly, the COBRA analysis is based on "realignment" vice "closure" actions. The present Warminster satellite

facilities would be transferred to the custody of the AD-NAWC. The following functions would remain operational at the present NADC Warminster site: Dynamic Flight Simulator (buildings 70, 71 & 72), the Navigation facility (building 125), the Inertial Facility (building 108), and the TACAMO/GPS (building 138).

3.0 COBRA DATA:

All inputs to the COBRA model have been generated from existing baselines using best available engineering judgement to account for proposed actions including:

- Transfer of Navigation/C³ function to SPAWAR
- Maintenance of the Dynamic Flight Simulator at Warminster
- Consolidation efficiency and cost savings
- Transfer of Air Warfare Center functions to AD-NAWC, WD-NAWC

Data items that follow refer to the COBRA input data form that is enclosure (1).

3.1 SPECIFIC COBRA INPUTS:

ITEM 1: Timeframe for Closure/Realignment:

a/b. The Closure/Realignment would start in FY-91 and would be complete in FY-95 as described in the "overview" above.

ITEM 2: Gaining Bases:

Gaining Base No. 1	AD-NAWC, Patuxent River	188 miles
Gaining Base No. 2	AD-NAWC, St. Indigoes	198 miles
Gaining Base No. 3	WD-NAWC, China Lake	2810 miles
Gaining Base No. 4	WD-NAWC, Pt. Mugu	2745 miles

The activities listed as gaining bases would undergo actions as listed in the overview statement above. The mileage figures indicated are between NADC and the gaining bases, and they are the standard PCS mileage numbers used for travel reimbursement.

ITEM 3: Personnel Data:

- A. Activity Scheduled for Closure/Realignment (Losing Activity):
- B. Gaining Activities
- C. Number of Positions Eliminated

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ENCLOSURE (4)

ENVIRONMENTAL MITIGATION COSTS

The following cost information is provided for environmental costs associated with closure of NADC Warminster and relocation to AD-NAWC Patuxent River, MD

Warminster

IWTP RCRA closure cost	\$2,000,000
Underground Storage Tank closure (54 tanks)	\$756,000
Hazardous Waste Disposal (close, clean & dispose)	\$100,000
Total	\$2,856,000

ENVIRONMENTAL RESTORATION COST* \$9,700,000

AD-NAWC Patuxent River, MD

New IWTP \$1,000,000

* Environmental restoration costs are those costs associated with the Navy's IR Program, and would occur regardless of closure status. The remaining environmental compliance costs are those associated solely with closure. If the activity did not close, these costs would not be incurred. AD-NAWC Patuxent River costs do not include requirements for new hazardous wastes/materials conforming storage facilities which may be required for relocated Warminster assets.

Jim Omens, OP-44E

ENCLOSURE (5)

SUMMARY OF ONE-TIME SPECIAL COSTS

NADC TO NATC/NESEA

1. "Delta" construction costs for specialized facilities.

("Delta" costs are costs associated with the NADC laboratory requirements which are above the COBRA standard costs for facilities in the RDT&E construction category.)

SUMMARY OF ONE-TIME SPECIAL CONSTRUCTION COSTS

- A. Specialized laboratories	- \$11.3M
- B. Clean rooms	- \$1.3M
- C. Special compartmental intelligence facility	- \$3.0M
- D. Magnetic media laboratory	- \$2.4M
- E. Site preparation/bunker/support bldg.	- \$0.5M
- F. Consolidate remaining fac. at NADC	- \$3.2M

Total	- \$21.7M

Note: OP443 has chosen to not include environmental costs with other one-time costs. Accordingly, the costs of the environmental abatement measures have been deleted from the total. In order to accommodate the above construction costs in the COBRA model, these costs have been converted to comparable (109,090 SF) square feet requirements at NATC in IC 09.

A. Delta costs due to the exceptional requirements of some of the laboratories to be relocated.

The delta costs are based on a recent (October 1989) NAVFAC estimate of \$194/ft² for constructing a Military Construction (MILCON) project P-163, which is identical or similar in kind to the approximately 195,000 ft² of specific laboratory space which would be duplicated at NATC. This cost per square foot does not include the supporting facilities, utilities, site improvement or contingencies. Also not included are the costs of supervision, inspection, or overhead. Some the distribution features of the

germane laboratories included in this item consist of such requirements as raised floors, chilled water, explosion proofing, special power, halon-like sprinkler systems, Tempest requirements, etc. To be conservative, the average costs were only applied to the actual lab space involved, and not to any accompanying office or storage spaces as was done in the NAVFAC estimate. To calculate the delta cost involved, the normal laboratory construction costs of \$136/ft² were deducted.

$$195,000 \text{ ft}^2 \times (\$194 - \$136) \text{ per ft}^2 = \$11.31\text{M}$$

B. Delta costs due to the exceptional requirement for 8000 ft² of clean room space (Class 10,000).

Work in certain laboratories such as interferometry, spectroscopy, EO sensors, magneto-optics etc. requires space which is deemed clean under Federal Std. No. 209B - Class 10,000. The estimated cost for providing this space for this class is \$300/ft². To calculate the delta cost involved, the normal laboratory constructions costs of \$136/ft² were deducted.

$$8,000 \text{ ft}^2 \times (\$300 - \$136) \text{ per ft}^2 = \$1.31\text{M}$$

C. Construction of special compartmental intelligence facilities.

As part of the NADC mission, there is extensive requirement for special spaces needed for work on specially classified projects. Over the past several years there has been a significant increase in the project work required on LIMDIS (formally SNTK), special access required (SAR), and other special projects. Ample justification can be provided for this requirement. A recent MILCON project (P-180) necessary to satisfy a 40,000 ft² need at NADC was estimated at \$210/ft². To calculate the delta cost involved the normal laboratory construction cost of \$136/ft² was deducted.

$$40,000 \text{ ft}^2 \times (\$210 - \$136) \text{ per ft}^2 = \$3.04\text{M}$$

D. Special construction costs for the Magnetic Media Laboratory.

This laboratory is a DoD unique facility which was recently built, under contract N62472-86-C-0025, to parametrically characterize, evaluate and test magnetic media and other memory devices. The tape laboratory is housed in a class 100 (Fed. Std. No. 209B) clean room, has two large temperature and humidity chambers and a large vibration system. Magnetic tape is considered to be a strategic commodity and warranted the use of emergency MILCON funding to comply with this urgent requirement. The purpose of this facility is to support all DoD users with qualified instrumentation tape. In addition to being the DoD technical agent for conformance testing, the NADC performs

research and development to study magnetic media discrepancies and develop the technology requirements for advanced state-of-the-art media. This facility would have to essentially be rebuilt at an estimated cost of \$3.1 M. To calculate the delta cost involved, the normal laboratory construction costs of \$136/ft² were deducted.

$$\$3.1 \text{ M} - (5000 \text{ ft}^2 \times \$136/\text{ft}^2) = \$2.42\text{M}$$

E. Site preparation for ejection tower/Bunker/Support building \$0.48M

F. Consolidation of remaining facilities at NADC.

Retained at the NADC will be the NAVSTAR/GPS building (#138), the navigation building (#125), the inertial facility building (#108), and the dynamic flight simulator building (#70). All facilities associated with the functions remaining behind are to be relocated to other buildings at NADC which will be inside a fence area. The Scorsby equipment will be removed from building #2. There is a need for heating, sewage, and phone/water utilities.

cost - \$3.17M

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2. One time costs for disassembly/assembly/recertification of NADC technical equipment.

SUMMARY OF ONE TIME COSTS

- A. Disassembly/assembly of ejection tower facility	- \$0.42M
- B. Instrumentation/certification of ejection tower	- \$0.95M
- C. Exhaust/scrubbers for fuel fire test facility	- \$1.0M
- D. Disassembly/assembly of horizontal accelerator	- \$0.53M
- E. Relocation of aircraft structures facility	- \$1.08M
- F. Relocation of anechoic chambers #1 through #4	- \$ 3.7M
- G. Relocation and certification of lab equipment	- \$10.5M
- H. Relocation of central computer system	- \$5.45M

Total	- \$23.63M

Note: OP443 has chosen to not include environmental costs with other one time costs. Accordingly, costs of the underground storage tank closure, decontamination/disposal of HAZMAT, and closing of the industrial waste treatment plant have been deleted from the total. Previous data from NAVAIR for The COBRA model indicated \$25.65M for one-time special costs.

A. Ejection tower facility.

This facility is a unique outdoor test facility used to replicate dynamic ejection forces by simulating the catapult stroke and the propulsion of the seat's occupant above the cockpit floor at acceleration forces up to 500 G/sec. It is the only man-rated facility in the United States, and is used by the U.S. Navy, Air Force, Army, NASA, as well as domestic and foreign contractors. It is located on a total of 30,000 ft² of space which includes: a reinforced concrete base of 600 ft² by 15 feet deep; a 300 ft² bunker for cutting specially-shaped charges and for storing explosive cartridges; a 2000 ft² support building/structure housing electronic equipment for data reduction and biomedical preparation; and a mandatory RF-free zone. The estimated weight of the facility exceeds 100 tons of structure and equipment. Estimated costs of the basic structure relocation are based on an update of a prior relocation from the

Philadelphia Naval Base to NADC in 1976, under contract N62472-75-C-4783, as well as additional costs for site preparation, equipment assembly, instrumentation, and certification. The costs are primarily for equipment installation and certification vice construction.

Cost of structure disassembly/assembly - \$0.42M

B. Ejection tower facility.

Cost of equipment instrumentation/certification - \$0.95M

C. Exhaust containment and scrubbers for fuel fire test facility.

The fuel fire test facility is a unique outdoor test facility designed to test the flammability of aviator protective clothing. It is the only one of its kind in the United States, and provides the only facility that allows full scale tests to be conducted by the Department of the Navy, other services, and private industry. The primary potential impact of moving this facility to NATC is the need to provide exhaust containment and scrubbers to mitigate the open air burning of JP-4 fuel.

Cost of exhaust containment and scrubbers - \$1.0M

D. Horizontal accelerator facility.

This facility is a pneumatically driven crash-impact simulator consisting of a 110 ft. rail system, control center, high-intensity photographic lighting system (200,000 watt halogen arc) and a 50 channel data acquisition system. The facility is used for crash testing of aviation life support equipment including crash-resistant seats, ejection seats, restraint systems, etc. The major cost impact is in the re-installation of the facility equipment in an existing laboratory space at NATC. There is no addition cost assumed here for construction. The installation costs are based on those incurred when the facility was originally installed under contract N62472-81-C-5915. Of the installation costs, 30% are assumed to be needed to un-install the facility (rails, lighting, data media) at NADC.

Estimated un-install/install costs - \$0.53M

E. Aircraft structures facility.

This facility is a state-of-the-art laboratory capable of static and fatigue testing of aircraft structural specimens ranging in size and complexity from small copies to full scale aircraft. Due to the extensive commitment to the use of composites in Navy aircraft, the laboratory force has more experience with the evaluation of these materials than any one

else in other government facilities. The landing-loads capability of the facility, principally needed to address the forces of a carrier aircraft's landing, has no DoD or commercial counterpart. The major cost impact is not in construction, but rather in the contract costs associated with the disassembly and reassembly of the equipment. The cost to relocate are based on a prior move of the facility from the Philadelphia Naval Base under contracts N62472-71-C-4767, N62472-72-C-4717, and N62472-72-C-4718.

Total relocation costs	-	\$1.08M
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F. Anechoic chambers.

NADC currently utilizes four existing anechoic chambers; each with specialized usage, and all with very high utilization time. The most recent chamber (anechoic chamber #4) became operational just this year. Prior to fabricating and installing this facility, an extensive study was done to assure decision-makers that no other facility in the U.S. could meet its technical requirements and it was not cost effective to modify an existing chamber. The anechoic chamber at NATC was considered impractical since it is not designed to do antenna pattern and RCS measurement on a component basis. The modifications required for NADC purposes would render the NATC chamber unacceptable for its intended use, which is for the measurement of on-aircraft interference between RF systems using full scale aircraft. Ample additional technical justification is available to provide the detailed rationale for maintaining the full operation of the NADC as well as NATC anechoic facilities.

Anechoic chamber #1 is a 90 ft. pyramidal facility with a utilization rate of 95%. It is a general purpose facility used to perform standard antenna measurements on scale mockups and scale model aircraft.

Anechoic chamber #2 is a 40 ft. rectangular facility with a utilization rate of 95%. The inside walls of this chamber were refurbished in 1986 with a special absorber to optimize for radar cross section (RCS) measurement.

Anechoic chamber #3 is an 18 ft. conical facility with a 75% utilization rate. This facility supports the design process for radomes and antennas. Measurements can be made quickly and the facility requires only one person for its operation.

Anechoic chamber #4 is a 100 ft. rectangular facility with the unique capability of being able to measure both monostatic and bistatic RCS. Its large scale performance requirements exceed any former existing capability. Much of the work is done on special SNTK Navy programs.

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The major impact of relocating these needed facilities is not in construction costs (which are less than \$500k), but rather in the replacement of some of the equipment that would be ruined in relocation process. The estimated costs to relocate these facilities were based on the most recent contract experience for the installation of anechoic chamber #4.

Anechoic chamber #1	\$0.6M
Anechoic chamber #2	\$1.2M
Anechoic chamber #3	\$0.2M
Anechoic chamber #4	\$1.7M

Total costs \$3.7M

G. Disassembly, reassembly, calibration, and recertification of distinctive laboratory equipment and systems.

There is over 1500 tons of sophisticated computer systems and laboratory precision equipment that must be disassembled, reassembled, calibrated and recertified. Each of these facilities which is planned to be relocated was assessed with respect to the number and size of the pieces of equipment to be relocated, and the number of cables and interfaces that must be removed and tagged. Consideration was given to the recalibration of equipment and the recertification of the system laboratories. Laboratory integration software would be used to trouble shoot and benchmark testing would be conducted. Assuming a reasonable amount of the work would be done by in-house employees, contracts exceeding \$10.0M would be necessary.

Estimated costs \$10.50M

H. Central computer system.

The central computer system at NADC is the largest hybrid system in the Navy. The system is integral to and is required for the support of most of the scientific and engineering work at the center and forms the corner stone of the NADC business operation. The current mainframe complement at NATC consists of two AMDAHL systems, one Burroughs systems, and a Convex C-120. These systems are not compatible with the Cyber systems at NADC. Even if the NATC computer systems were totally available and compatible, they could support only 20% of the NADC workload requirements. Close to 500 pieces of equipment with attendant cables must be disassembled/reassembled and relocated.

Estimated costs \$5.45M

ENCLOSURE (6)
OTHER ONE TIME COST AVOIDANCES

The NAVAIR/NADC/NATC Base Closure Team collectively defined the COBRA data element "Other One Time Cost Avoidance" as:

Items presently planned for FY-91 purchase or movement that due to the consolidation of NADC and NATC, will no longer need to be purchased, or will not move, therefore, a future cost can be avoided.

The criteria will be those items planned by NADC to be purchased in FY-91, of which NATC already has in custody, will no longer be required. In addition, items that both NADC and NATC have in custody will not need to be sent from NADC, thereby avoiding shipping costs.

Non-technical items were identified for possible cost avoidance. Functional areas considered to generate possible cost avoidance were:

- Public Works - e.g. Class III/IV equipment
- Supply - e.g. Class III/IV equipment
- Air Operations - e.g. Runway/Control Tower equipment
- Range - e.g. Calibration
- Fire Support
- Messing Equipment

Other non-technical functional areas that were identified but not considered to have potential one-time equipment cost avoidances were:

- Communications - Under cognizance of a separate command
- Comptroller - personnel intensive, minor equipment to move
- Civilian Personnel - personnel intensive, minor equipment to move
- Aircraft Intermediate Maintenance - not existent at NADC
- Morale, Welfare & Recreation - personnel intensive, minor equipment to move
- Computer Services - all equipment to move
- Photographic Laboratory - all equipment to move except large processor
- Security - personnel intensive, minor equipment to move
- Technical Information - all equipment to move
- Safety - personnel intensive, minor equipment to move
- Procurement - personnel intensive, minor equipment to move
- Administration - personnel intensive, minor equipment to move
- Medical Services - Under cognizance of a separate command

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A summary of the support equipment that would not be moved along with their potential salvage value is attached. In addition, furniture associated with the billets not being retained has been estimated and is attached below.

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EQUIPMENT IN SUPPORT CODES THAT WOULD NOT RELOCATE
PREPARED 03/06/91

ITEM DESCRIPTION	ESTIMATED COST	ESTIMATED SALVAGE
=====	=====	=====
TRAILERS (4 EA)	21,456	6,115
LEKTRIEVERS (7 EA)	50,863	14,496
EARTH STATION RECEIVER	8,250	2,351
TAPE DRIVES (3 EA)	74,121	21,124
MESSAGE SYSTEM	7,105	2,025
COMPUTER	8,257	2,353
PRINTER	5,308	1,513
CONTROLLER	8,173	2,329
LEKTRIEVERS (5 EA)	55,350	15,775
COMPUTER	9,232	2,631
PAPER BURNER	5,275	1,503
DISINTEGRATOR	104,846	29,881
SURVEILLANCE SYSTEM	6,995	1,994
CAMPER TRAILER	5,289	1,507
CASH REGISTER	6,131	1,747
OUTDOOR GRILL	5,800	1,653
SATELLITE PROCESSING UNIT	51,000	14,535
SATELLITE COUPLER (6 EA)	53,894	15,360
PORT SELECTOR	9,960	2,839
SAT COMM SYSTEM	366,000	104,310
INTERFACE SAT	150,000	42,750
RF SYSTEM	208,530	59,431
SATELLITE SIMULATOR (2 EA)	38,780	11,052
CHAIN HOIST	7,625	2,173
WIRE MARKING MACHINE	9,990	2,847
RECORDER/EDITOR VIDEO	5,765	1,643
VIDEO PROJECTOR	8,805	2,509
RECORDER	10,234	2,917
VIDEO RECORDER	18,340	5,227
CAMERAS (6 EA)	53,835	15,343
16MM MOTION CAMERA	15,405	4,390
SATELLITE DISH	24,990	7,122
GENERATOR/MOTOR SET	9,135	2,603
AIR CONDITIONER	6,600	1,881
SPOT COOLING SYSTEM	5,990	1,707
POWER CHECK FACILITY	29,663	8,454
SPOT COOLING SYSTEM	5,990	1,707
SENTRY (2 EA)	780,623	222,478
AIR CONDITIONER (3 EA)	16,806	4,790
SEWAGE PUMP	5,575	1,589
GENERATOR	16,722	4,766
MANLIFT	25,900	7,381
REFRIGERANT MANAGEMENT SYSTEM	7,125	2,031
TRUCK WRECKER	32,457	9,250
SNOW REMOVAL UNIT	47,094	13,422
DUMP TRUCK (2 EA)	14,000	3,990

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ITEM DESCRIPTION	ESTIMATED COST	SALVAGE
=====	=====	=====
GRADER MOTOR	58,000	16,530
TRUCK LIFT	15,200	4,332
TRUCK PICK UP	5,189	1,479
TRUCK STAKE	10,356	2,951
SEMI-TRAILER	20,000	5,700
SCHOOL BUS	14,701	4,190
MISC TRUCKS (3 EA)	126,303	35,996
TRACTOR	12,821	3,654
COMPRESSOR - ROTARY	5,910	1,684
LOADER/SCOOP TYPE	26,673	7,602
F-100 PICK UPS (2 EA)	10,378	2,958
SEMI TRAILER	5,000	1,425
TRUCK- MAINTENANCE	39,897	11,371
TRUCK TRACTOR	18,341	5,227
TRUCK (2 EA)	10,550	3,007
TRUCK TRACTOR	17,927	5,109
SEDAN	6,813	1,942
TANK TRUCK	48,367	13,785
SEDAN (3 EA)	20,060	5,717
TRUCK- CARRY ALL	5,038	1,436
PICK UP TRUCKS (2 EA)	14,046	4,003
ETHERNET NETWORK	157,943	45,014
COPIER	13,394	3,817
LETTERING SYSTEM	5,551	1,582
LAB TABLE SYNC UNIT	11,261	3,209
MASTER LAN NODE	1,800	513
LAN NODE (3 EA)	2,862	816
LOCAL NET (3 EA)	31,841	9,075
FILM PROCESSOR	28,500	8,122
PROCESSOR	12,347	3,519
LEKTRIEVER	8,307	2,367
FILM PROCESSOR	12,750	3,634
READER PRINTER (2 EA)	19,458	5,546
RF PLUG IN UNIT	20,540	5,854
MEASURING RECEIVER	20,368	5,805
CALCULATOR	16,092	4,586
NETWORK ANALYZER	11,362	3,238
ACOUSTICS CHAMBER (2 EA)	15,064	4,293
LEKTRIEVER	8,050	2,294
UNIVERSAL COUNTERS (2 EA)	10,988	3,132
COMPUTER CYBER 1708	131,055	37,351
LOCAL NET (20 EA)	231,562	65,995
ETHERNET NETWORK SYSTEM	20,444	5,827
SAT TRANSMISSION UNIT	14,680	4,184
GENERATOR	8,772	2,500
TESTING MACHINE	18,000	5,130
POWER HYDRAULIC SUP	15,000	4,275
FRAME LOAD (2 EA)	34,130	9,727

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COMPUTER & OFFICE EQUIPMENT THAT WOULD NOT RELOCATE PREPARED 03/06/91

ITEM DESCRIPTION	ESTIMATED	
	COST	SALVAGE
=====	=====	=====
DESKS (420 EA)	84,000	12,500
CHAIRS (420 EA)	42,000	6,300
COMPUTER STANDS (420 EA)	63,000	9,450
FILE CABINETS (420 EA)	31,500	4,725
COAS COMPUTERS (420 EA)	840,000	126,000
TOTAL	1,060,500	158,975
		=====

6-25-91 - B 2080(B)

United States Senate

WASHINGTON, DC 20510-3802

June 24, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

I urge the Defense Base Closure Commission not to act on the Naval Air Development Center at Warminster, Pennsylvania until the Advisory Commission on the Consolidation and Conversion of Defense Research and Development has an opportunity to make its recommendations by September 1, 1991.

As a matter of basic Congressional intent, it is clear that the Defense Base Closure Commission should not act, and in fact does not have jurisdiction to act, until the Advisory Commission makes its recommendation.

If the Defense Base Closure Commission takes no action on the Naval Air Development Center, as illustrative of RDT&E laboratories, it would be my position not to challenge the jurisdiction of the Defense Base Closure Commission to consider laboratories in the FY93 process.

Thank you very much for your consideration of this important matter.

Sincerely,



Arlen Specter

AS/kr

6-26-91-B-2080(6)
United States Senate

WASHINGTON, DC 20510-3802

COMMITTEES:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS

June 25, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

I write to supplement previous information provided on Fort Indiantown Gap, Pennsylvania.

Yesterday, June 24, 1991, I visited Fort Indiantown Gap to inspect the facility which was the first opportunity I had to do so after your Commission added that installation on May 31, 1991. While I had visited Fort Indiantown Gap on many occasions in the past, yesterday's visit confirmed my strongly-held view that the installation should be retained.

It is a very impressive installation covering some 19,000 acres, housing a wide variety of military equipment including planes, helicopters and tanks. It served as a mobilization station for the Persian Gulf War and trained, inter alia, pilots for the Cobra helicopter which was so important in our success in the Persian Gulf War. It is, in fact, a key mobilization station which can billet over 15,000 soldiers.

The statistics demonstrate that it is an extremely cost-effective installation which trains 140,000 military personnel annually with 553,000 soldier training days at a total cost of less than \$13 million. Included among the trainees are 150 pilots who are assigned to Fort Indiantown Gap, with another 600 pilots being brought in for training from all over the country. It has one of the three aerial bombing ranges in the entire northeastern part of the United States.

One of the most compelling arguments against closure is that the Army at this time is in the process of conducting its cost-effectiveness analysis of its reserve component and lacks any data which would suggest the desirability of closing Fort Indiantown Gap. As you know, the Department of Defense has not proposed closing Fort Indiantown Gap and it is a source of some concern,

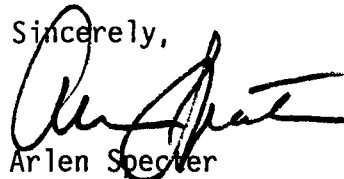
Base Closure Commission
June 25, 1991
Page 2

as well as surprise, that the Commission added this installation for consideration for closure.

I am advised that the 1986 study, the most recent one conducted on this installation, found strong arguments for its retention.

In addition to the excellent physical facilities, I was very much impressed with the military personnel at the base led by Major General Gerard T. Sajer, the Adjutant General of the Commonwealth of Pennsylvania. General Sajer, a distinguished attorney at law, has provided extraordinary leadership as the Adjutant General for the Commonwealth of Pennsylvania. General Sajer emphasized to me the fact that Fort Indiantown Gap is a "no frills post" with no commissary, no golf course, no bank and virtually none of the facilities which are frequently found on similar installations. While I realize that it is not possible for the Commission to visit every installation, I believe that if members of the Commission were to visit Fort Indiantown Gap, you would agree with my observation that it is an installation well worth retaining.

Sincerely,



Arlen Specter

AS/kr

It is a very impressive installation!

26 JUN 1991

002030 (D)

COMMITTEES:
JUDICIARY
APPROPRIATIONS
VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510-3802

June 26, 1991

TO: The Defense Base Closure Commission
1675 K Street, Suite 400
Washington, DC 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith, II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

As the Commission reviews the proposed realignment of the Corps of Engineers, I thought it would be important to again summarize the importance of the two Corps district offices in the Commonwealth of Pennsylvania.

The Corps' proposed realignment plan includes the closure of both district offices presently located in the Commonwealth of Pennsylvania. The Pittsburgh Corps District office handles 11 percent of the nation's locks and dams, with the Pittsburgh Port being the largest inland waterway system in the nation. By closing the Pittsburgh office, the Corps would be unable to fully service these systems and would result in very costly delays to the flow of traffic on the rivers.

The Corps' proposal also calls for the closure of the Philadelphia Corps District office, which is vital to the operations of the Philadelphia Port. As you may be aware, the Philadelphia Port receives approximately 3,000 ships each year on the Delaware River. The Port, being 80 miles from the sea, is unique in that it requires quick action from the Corps to ensure proper depth of the Delaware River Channel. It is highly unlikely that dredging procedures can be executed in a timely manner to protect the ongoing operations and the environmental safety of the Port unless the Corps is in close proximity.

As I stressed in my testimony of June 17, 1991, I believe that full consideration by Congress is necessary of any reorganization plan. Secretary Cheney has urged that separate legislation be considered by Congress to best handle the reorganization effort of the Corps. Further, I would argue that the Commission does not have jurisdiction to review this matter since the purpose of BRAC is to downsize military operations. As you would agree, the water resource functions constitute the bulk of the Corps' mission in the United States which are civil, not military, missions.

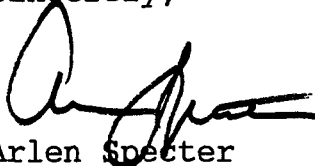
The Defense Base Closure and Realignment Commission
Page 2

Given the public service mission of the Corps and the crucial support these two offices provide the Commonwealth of Pennsylvania, I urge the Commission to allow the restructuring of the Corps to proceed through the legislative process.

Thank you for your attention to this important matter.

My best.

Sincerely,

A handwritten signature in black ink, appearing to read 'Arlen Specter', written over the typed name.

Arlen Specter

AS:dl

26 June 91 - ES-2080(E)

United States Senate

WASHINGTON, DC 20510-3802

June 26, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400, NW
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith, II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

With all of the attention being focused recently on the issue of whether it is appropriate for the Base Closure Commission to act on defense laboratories before it has received input from the Advisory Commission on the Consolidation and Conversion of Research and Development Laboratories, I thought it would be helpful to briefly summarize the two most important substantive reasons for removing the Naval Air Development Center in Warminster (NADC), Pennsylvania, from the closure list.

MILITARY RATIONALE:

The most important substantive issue to consider on NADC is whether the proposed realignment will adversely affect the Navy's ability to develop the next-generation Navy attack aircraft. As Defense Secretary Cheney was reported to have said in the June 17, 1991, edition of the New York Times, "Naval aviation is an area that I worry about more than the others, frankly, because we've had more problems there." The cancellation of the A-12 has forced a rapid redirection of naval aviation priorities back toward what type and design of aircraft will best meet our future naval aviation needs. With the current fleet of A-6s in urgent need of replacement, we no longer have the luxury of time to gradually move through the research and development phase for the next-generation aircraft. For this reason alone, there is no logical military rationale for moving NADC, the Navy's only laboratory for the development of advanced flight engineering concepts critical to the future of naval aviation.

COST CONSIDERATIONS:

If cost is the driving force in the proposed realignment of NADC, then the Base Closure Commission should take a serious look at how the Navy has derived its estimated cost savings. Based on the facts, they are grossly misleading and simply inaccurate. For example, the bulk of the cost savings claimed by the Navy in moving NADC to Patuxent River, Maryland, is based on the assumption that 80 percent of the personnel will relocate.

There is no historical evidence anywhere to support assumptions of such a high relocation rate. In fact, the information available to us based on previous realignments is that at most 10 percent of the civilian personnel will move. According to a Congressional Research Service memorandum of May 17, 1991, "\$19.2 million of the \$25.2 million projected savings [from relocating NADC] will be derived from the mandated 20 percent reduction in the acquisition force. These are 'savings' the Navy must make whether or not NADC is [realigned]."

I am also advised that a GAO analyst tasked to NADC last week discovered a number of additional costs which the Navy failed to consider in its estimates. I am informed that this information has been provided to your staff.

Thank you for your consideration of these matters.

My best.

Sincerely,



Arlen Specter

AS/emr

United States Senate

WASHINGTON, DC 20510-3802

June 26, 1991

TO : The Defense Base Closure Commission
1625 K Street, Suite 400
Washington, D.C. 20006

The Honorable James A. Courter
Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith, II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

With all of the attention being focused recently on the Navy's withholding of key documents on naval shipyards relevant to base closure, I thought it might be helpful to provide you with a final capsule summary of the substantive arguments regarding the merits of keeping the Philadelphia Naval Shipyard open.

Dry Docks:

Far and away the most critical issue in defining the relative military value of the eight naval shipyards is the dry dock capacity available for the berthing of large navy surface vessels. Through the review process, we have repeatedly asked the Navy to justify its recommendation to close Philadelphia in light of the fact that such action would result in the loss of two of the three large East Coast dry docks capable of berthing aircraft carriers, and three of the five capable of berthing LHAs, AOE's, and other large amphibious and auxiliary ships. As the March 29, 1991, NAVSEA memo from Admiral Claman to the Chief of Naval Operations states on the subject of aircraft carriers:

"Closure of the Philadelphia Naval Shipyard, without retention of the large carrier capable dry docks creates a shortfall in dry dock capability for emergent dockings of aircraft carriers. The only carrier-capable dry dock available on the East Coast under Navy control is at Norfolk Naval Shipyard, and will be fully utilized."

As you may be aware, in recommending the closure of PNSY, the Navy plans to use a private yard, Newport News Shipbuilding, to help make up for the loss of dry dock space in meeting emergent dry docking requirements. In addition to being insufficient from a capacity standpoint, such a plan should be

considered simply inappropriate for the purposes of justifying Navy base closure recommendations. As the March 29 NAVSEA memo suggests, the one dry dock in Newport News capable of handling an aircraft carrier is privately owned and "its schedule is not controlled by the Navy." Since the base closure process was designed to review exclusively how the inventory of government-owned defense installations may be reduced, assumptions about capacity at private facilities should be deemed out of the scope of the base closure process and not permissible for purposes of justifying Department of Defense recommendations. Nevertheless, even if private yard capacity was considered to be relevant, according to NAVSEA, "the cost to have Newport News provide a dedicated dry dock under contract is considered prohibitive."

PNSY vs. Long Beach:

The Navy's own "Detailed Analysis" provided PNSY with a higher rating than Long Beach Naval Shipyard. In consideration of the four military criteria, Philadelphia received two "yellows," whereas Long Beach received three. However, after the initial analysis, the Navy excluded Long Beach from further review because of its "unique" No.1 dry dock which can perform emergent work on nuclear carriers. Not only does this determination ignore the fact that with a small investment Philadelphia could also perform emergent work on nuclear carriers, but also it obscures the fact that Pearl Harbor and Yokosuka in Japan could perform emergent work on carriers if Puget Sound's dry docks are full.

On the critical issue of dry dock capacity for large surface vessels, Philadelphia has two dry docks capable of handling aircraft carriers, and three drydocks capable of berthing large Navy auxiliary and amphibious ships, whereas Long Beach only has one. Since the Navy estimates that the utilization rate for its large dry docks will average 94 percent for the 1990s, it would appear far more sensible to retain the three large drydocks at PNSY in order to more readily handle the projected workload.

In terms of cost-effectiveness, Philadelphia is rated more cost-effective than Long Beach given its lower manday rate and higher productivity ratio. The Navy's own analysis gave Long Beach a "yellow" on the cost and manpower rating, whereas Philadelphia received a "green."

The Nuclear Bias:

The Navy has still yet to explain how it can exclude its six nuclear yards from review for closure because of the "nuclear workload." According to the most recent ship scheduling information, the majority of the availabilities on nuclear

The Base Closure Commission
Page 3

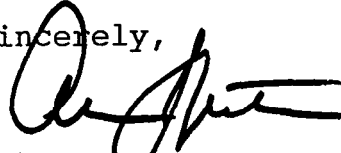
submarines over the next decade is for decommissionings and one-time refuelings.

It simply does not stand to reason that 5 percent of the surface fleet and 30 percent of the total fleet will require 75 percent of the Navy's shipyards to be excluded from base closure review because of the nuclear workload. It is important to note that this decision was made even after three of the nuclear yards received the same preliminary rating as Philadelphia. More importantly, this exclusion allowed the Navy to avoid review of these facilities under the final four criteria, some of which would undoubtedly reveal some very troubling data concerning nuclear facilities.

I hope that you will find this summation of the substantive arguments regarding Philadelphia useful. For your review, I have also enclosed the relevant portions of the March 29, 1991 memorandum from Admiral Claman to the Chief of Naval Operations (CNO); the December 19, 1990 memo from Admiral Hekman to the CNO; and the March 13, 1991 memo from Admiral Hekman to the CNO.

Please do not hesitate to call if you have any further questions.

Sincerely,



Arlen Specter

AS/emr
Enclosures

DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, DC 20362 5101

4700
OPR: 0111
Ser: 0111
29 176 191

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-43)

Subj: BASE CLOSURE FINAL DOCUMENTATION

Encl: (1) Philadelphia Naval Shipyard - Option 1
(2) Philadelphia Naval Shipyard - Option 2
(3) TAB A Report Documentation - Naval Shipyards

1. Enclosures (1) and (2) provide the COBRA options for the naval shipyards as requested on 28 March 1991. They are as follows:

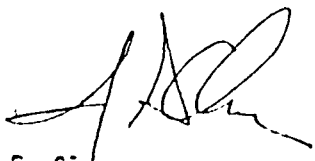
a. Philadelphia Naval Shipyard - Option 1. Close and preserve Philadelphia Naval Shipyard in EY_93 after completing the USS CONSTELLATION (CV 64) SLEP and the USS FORRESTAL (CV 59) dry docking availability. Retain the propeller facility, the Navy Inactive Ship Maintenance Facility (NISMF) and the Naval Ship Systems Engineering Station (NAVSSSES) in Philadelphia. Move the USS JOHN F. KENNEDY (CV 67) overhaul to Norfolk Naval Shipyard.

b. Philadelphia Naval Shipyard - Option 2. Commence realignment of Philadelphia Naval Shipyard in EY_93 and complete downsizing to approximately 1200 people in EY_95. Retain the propeller facility, the Navy Inactive Ship Maintenance Facility (NISMF) and the Naval Ship Systems Engineering Station (NAVSSSES) in Philadelphia.

3. Enclosure (3) provides the revised documentation for the above options.

4. We recommend that option 2 be approved for Philadelphia Naval Shipyard, i.e., that Philadelphia Naval Shipyard be drawn down to a small size activity in the mid 90's as workload declines in order to provide a government controlled CV dry dock site and ship repair capability for the north east.

Copy to:
(10) (OP-44)


J. S. Claman
DEAR ADMIRAL, NEW
BUREAU OF SHIP REPAIR FOR INDUSTRIAL
AND FLEET SUPPORT

ENC (2)

for dry dock set-up. Dry dock utilization for FY-90 at all naval shipyards was in excess of 100% as shown in the table below. This is due to some special cases where there is more than one ship in the dry dock such as the special case of submarine inactivations where these ships can be worked in series without significant impact on operational requirements: or where a ship is in the same dry dock for greater than 10 months at a time, in the case of nuclear ship refuelings. In those latter cases, dry dock maintenance must be deferred until a subsequent period when the dry dock is vacant.

Capacity Analysis

The projected utilization rates for the next three years are shown in Exhibits C-2 through C-5 and the table below. While the FY 90 and 91 rates reflect all work assigned in the shipyards, FY 92 through FY 99 projected usage do not.

NAVAL SHIPYARD DRYDOCKS
PERCENTAGE UTILIZATION
BY SHIPYARD MISSION CATEGORY

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
SSN/CGN Refueling	125.3	137.0	86.7	94.9	72.4	89.5	94.7	109.9	101.3	119.8
Large/CV/CVN Capable	112.3	102.8	90.1	95.3	106.9	84.2	85.5	103.6	80.2	82.2
Other Nuclear Capable	139.7	130.0	103.7	83.7	85.4	65.3	75.0	79.7	86.9	94.2
Other	78.0	23.0	36.0	18.6	5.5	48.8	26.9	5.3	12.5	14.6

includes decommissioning

Dry dock #4, at the former Hunters Point Naval Shipyard in San Francisco, a large, CV/CVN capable dry dock, has been used for several years to dock emergent fleet work on the west coast. It will be decommissioned in FY 1991 when a large section of the former naval shipyard is leased to commercial interests in accordance with public law. Dry dock #2, at the Portsmouth Naval Shipyard, a nuclear refueling dry dock, will be unavailable during part of FY 1991 and all of FY 1992 while it undergoes modification.

- * Dry docks in naval shipyards fall into four categories based upon their contribution to the mission requirements which they satisfy: dry docks in which nuclear submarines or nuclear cruisers may be refueled; nuclear capable dry docks other than refueling dry docks or large dry docks capable of handling aircraft carriers; large, aircraft carrier capable dry docks; and other dry docks.

A primary critical mission of the naval shipyards is the refueling of nuclear submarines and nuclear cruisers. Critical to accomplishing this mission is the availability of nuclear refueling dry dock complexes. The projected utilization of the available complexes is shown on Exhibit C-2. Dry dock use can exceed available capacity due to the unique nature of nuclear submarine inactivations, when more than two submarines are in a dry dock at a time.

The usage of the navy dry docks capable of nuclear refueling operations is projected to remain high for the remainder of the century as nuclear submarines undergo refueling operations. While there may be some unused capacity from time to time, this extra capacity may in fact be unusable. For example, if there are only 2-3





DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20386 6101

IN ADDITION TO

5000

CPR: 0772/0029

SER 00/0344

15 MAR 91

FOR OFFICIAL USE ONLY

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT OF PHILADELPHIA NAVAL SHIPYARD

Ref: (a) CNO ltr Ser 431F/1U596599 of 11 Jan 91
(b) NAVSEA ltr Ser 00/6312 of 19 Dec 90

1. In reference (a), you indicated that my recommendation that Philadelphia Naval Shipyard be downsized rather than closed was not accepted by the Base Closure/Realignment Advisory Committee. ~~The fleet needs the capability of a naval shipyard to provide a credible repair capability able to service the Newport, Philadelphia, New York and Erie area, as well as to provide a source of repair when a private sector shipyard is unable to complete the assigned work in the areas, as stated in reference (b).~~

2. Under the closure option and in interest of clarification, the 30 people mentioned in reference (a) were an estimate of the number of people required to man the drydock in a mothball status. In addition to this, 255 people would be required to man the remaining facilities: 155 to provide residual facilities support and 100 to run the propeller shop and foundry. This compares with approximately 1,200 personnel under the "small repair capability" option: 155 residual facility support, 100 to run the propeller shop and approximately 945 to perform repair work for the fleet. Any required additional support for this facility would be from another larger naval shipyard such as Norfolk Naval Shipyard.

3. I continue to take the position that retention of a credible repair capability at Philadelphia for naval ships homeported in the Northeast area is the most cost effective solution:

(1) It provides the fleet with low cost, reliable repair capability.

(2) It helps spread the effects of the costs to Navy Programs of the other repair facilities (foundry, utilities, etc.).

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DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, DC 20380-5101

A COPY TO:

5000

OPR: 0773/F0308

Ser: 00/6312

19 Dec 90

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)

Subj: REALIGNMENT DATA FOR PHILADELPHIA NAVAL SHIPYARD

Ref: (a) COMNAVSSEA ltr 5000 OPR: 0773/F0373 Ser: 00/6224 of
20 Nov 90
(b) CINCLANTFLT ltr 4700 Ser N436/007378 of 14 Sep 90

1. In reference (a), I provided information relative to the proposed realignment of Philadelphia Naval Shipyard, while maintaining the propeller shop and foundry, the Naval Ship Systems Engineering Station (NAVSES) and the Naval Inactive Ship Maintenance Facility (NISMF). While I realize that the Secretary has been briefed and has concurred with the proposal to mothball Philadelphia Naval Shipyard, I strongly recommend that this decision be reconsidered. It is more prudent to downsize Philadelphia Naval shipyard to approximately the size of a Ship Repair Facility (SRF) in order to support Navy ships in the New York and Earle homeport areas. In reference (b), CINCLANTFLT outlined the history of Atlantic Fleet depot maintenance problems with marginal ship repair contractors. A Navy industrial capability is required in the Philadelphia area to provide a safety valve when a private sector shipyard is unable to complete awarded ship work.

2. Further, recommend that the drawdown of Philadelphia Naval Shipyard to an SRF-size shipyard not be done until FY 95, as the shipyard is required to support scheduled workload until that time.

P. M. Hexman, Jr.
P. M. HEXMAN, JR.

COPY TO:
CNO (OP-43)
CNO (OP-44)

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

002095


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MILITARY EXECUTIVE				COMMISSIONER LEVITT		✓
SPECIAL ASSISTANT				COMMISSIONER SMITH		✓
				COMMISSIONER STUART		✓
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DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

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Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS - Letter w/ information on PDSY CONGRESSIONAL Andrews	CLEARANCE SIGNATURE 
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ACTION DUE DATE	ROUTING DATE 27 Jun 1991	RECEIPT DATE 26 JUN 1991	EXEC SEC MAIL DATE
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ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

002095

26 JUN 1991

WASHINGTON OFFICE
1006 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

FAX TRANSMISSION

DATE: 6/26/91

TO: BASE CLOSURE COMMISSION STAFF

FROM: CONGRESSMAN ANDREWS

PAGES (including cover sheet): 5

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REMARKS: PLEASE DISTRIBUTE TO:

1) CHAIRMAN COURTER

2) REMAINING MEMBERS OF COMMISSION

3) ALIX YELIN

THANK YOU.

T. E. ANDREWS
FIRST DISTRICT, NEW JERSEY

WASHINGTON OFFICE
1005 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

June 26, 1991

Hon. James A. Courter
Chairman
Base Closure and Realignment Commission
1625 K Street, NW, Suite 400
Washington, DC 20006

Re: PHILADELPHIA NAVAL SHIPYARD AND AEGIS WORK.

Dear Chairman Courter:

As we discussed on Tuesday, June 25, 1991, Philadelphia Naval Shipyard (PNSY) is ideally suited to the repair and overhaul of the Navy's newest classes of combatant ships, the Aegis cruisers and destroyers. In addition to the PNSY as the most efficient in the nation, as proven by man-day rates offered by the Navy, there are a number of factors which contribute to Philadelphia's advantage:

*** COLLOCATION WITH NAVSSES AND THE AEGIS COMBAT SYSTEM COMPLEX**

NAVSSES has the technical experts in nearly all of the hull, mechanical and electrical systems on AEGIS ships. The complex in Moorestown, NJ has the experts in the total AEGIS Combat System. Each of these organizations has an extensive support infrastructure. This means that expert technical support for an entire AEGIS ship, bow to stern, exists within a 30 mile circle around PNSY. Shipyard personnel are able to be trained on and keep abreast of new technical developments to all the systems on an AEGIS ship, and this service is available locally. PNSY will continue to be the best trained and most knowledgeable naval shipyard for AEGIS ships, and they will always have the most extensive local support network. Local support and training translates into substantial savings for the Navy.

*** EXTENSIVE INVESTMENT BY THE SHIPYARD IN AEGIS TRAINING**

PNSY has invested over \$1.8 million in AEGIS training, which conducted at the complex in Moorestown, NJ. More than 120 shipyard workers and managers participated; this makes PNSY by far the best AEGIS trained naval shipyard.

*** CURRENT SUPPORT CONTRACT WITH THE AEGIS COMBAT SYSTEM CONTRACTOR, GENERAL ELECTRIC**

The shipyard is already working with the local AEGIS infrastructure; they have a contract with General Electric for GE to provide technical support for planning the

PAGE TWO
JUNE 26, 1991

pre-overhaul, installation and testing for AEGIS Combat Systems.

*** THREE DRYDOCKS CAPABLE OF DOCKING EITHER CLASS OF AEGIS SHIP**

PNSY has the greatest drydocking capacity of any east coast naval shipyard.

- Portsmouth has one drydock capable of the AEGIS destroyer only;
- Charleston has one drydock capable of either class AEGIS ship; and,
- Norfolk has two drydocks capable of either class of AEGIS ship.

*** EXTENSIVE EXPERIENCE IN SURFACE GUIDED MISSILE SHIP OVERHAULS, INCLUDING NEW THREAT UPGRADES (NTU)**

Over the years, PNSY has overhauled all classes of guided missile surface combatants, including ships of the Talos, Terrier and Tartar Weapons systems; the latest underwater and gun weapon systems; cruise missile systems; and Naval Technical Data Systems. The yard also has recent experience with New Threat Upgrades, more than any other shipyard. This work history on sophisticated combat systems, extending through the most complex upgrades being completed today, means that PNSY is poised to provide quality repairs and overhauls to the AEGIS fleet of today and tomorrow.

On April 15, 1991, the PENJERDEL Council, a regional business development organization, delivered a proposal called the Triad of Excellence to the Congressional Delegation for submission to the Secretary of the Navy. This proposal highlights in greater detail the points I have outlined above, and proposes that the Navy use the shipyard, NAVSSES and the AEGIS Complex in Moorestown as the foundation for a Delaware Valley Engineering and Overhaul Center focusing on the AEGIS ships. Copies of this proposal were delivered to the Commission; I have additional copies if you desire.

I would also like to point out that there are other missions which the Philadelphia shipyard performs exceedingly well. During the period from December 4, 1990 to January 10, 1991, PNSY reactivated three Maritime Administration dry cargo ships so that they could transport material in support of the Desert Shield/Desert Storm operation. These ships - USNS Scan; USNS Pride; and, USNS Lake - were in relatively bad condition, yet were made operational by the

PAGE THREE
JUNE 26, 1991

yard in five weeks. This project, which involved 26,400 mandays, is an excellent example of the type of wartime mobilization task at which PNSY excels, and it is these skills which the nation cannot afford to lose.

The skills listed above were honed by a program called the Service Life Extension Program, SLEP, which basically rebuilds a 30 year old aircraft carrier from the keel up, and extends its usable life to 45 years. This rebuilding includes replacing or refurbishing nearly every piece of equipment, pipe, valve, wire and system aboard. PNSY is the only shipyard in the world which has accomplished this task, and they have completed four carriers to date, with another in progress. It is this experience by the PNSY workforce which allows them to tackle any task - rebuilding large combatants and amphibious ships; reactivation of cargo ships; reactivation of battle ships; refurbishing ships for the foreign military sales program; and, overhauling the newest classes of cruisers and destroyers - with the confidence that only that kind of work history can bring. The carrier Saratoga (SLEP); the battleship Wisconsin (constructed and repaired); and, the command ship Blue Ridge (constructed) are only three examples of the ships in Desert Storm which owe their performance to PNSY.

PNSY can also help solve the ever present problem of navy family separations. There are a number of large support ships (ammunition and oiler ships) homeported in the New York/New Jersey area. Assigning these ships to PNSY for overhaul and repair makes sense for two reasons: (1) PNSY has extensive experience in large amphibious and support ship work; and, (2) there would be less impact on Navy families with a 30 minute commute, rather than facing the options of either extended separation or a move to another location.

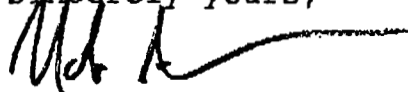
By keeping the Naval Station at Philadelphia open, the Navy would have the option to homeport ships right in the heart of existing facilities for crew and families, and the capabilities and experience of the shipyard and NAVSSES, the Philadelphia Naval Shipyard and Station combination offers the Navy an attractive package for consolidation and centralization of resources - crew members can spend more time close to their families, and ships can spend more time close to expert technical assistance. Philadelphia can truly be not only a homeport, but a home to ship and sailor alike.

PAGE FOUR
JUNE 26, 1991

In summary, PNSY has positioned itself to serve the Navy of the 1990s and beyond - as an AEGIS overhaul center; as the place to overhaul large and complex east coast ships; as a mobilization facility to rapidly meet the maritime needs for any emergent world crisis; and, as a consolidated homeport to Atlantic Fleet Ships. Philadelphia is confident, flexible and cost-effective - the perfect place to service the new trimmed down fleet of the future.

Please serve the needs of the country, and save the Philadelphia Naval Shipyard.

Sincerely yours,



ROBERT E. ANDREWS
Member of Congress

REA:rf

cc: All Members, Base Closure Commission

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

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<input type="checkbox"/>	Prepare Reply for Staff Director's Signature	<input type="checkbox"/>	Clear Reply with
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NO new response see 1914

CONGRESSIONAL

ES-2082

28 JUN 1991



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WEAPONRY AND STRATEGIC AND
CRITICAL MATERIALS
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AND FISHERIES
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AND THE ENVIRONMENT
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SELECT COMMITTEE ON
CHILDREN, YOUTH, AND FAMILIES

CONGRESSIONAL FIRE SERVICES CAUCUS
CHAIRMAN

CURT WELDON

7TH DISTRICT, PENNSYLVANIA

316 CANNON HOUSE OFFICE BUILDING
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1554 GARRETT ROAD
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Congress of the United States
House of Representatives
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FAX COVER SHEET

TO: Buso Closure Commission
FROM: Rep. Curt Weldon
DATE: 6-27-91
of PAGES: 4
(including cover sheet)

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urgent - for Friday's
hearing

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ES-08:00 28 June 91 ES-2082

CURT WELDON

7TH DISTRICT, PENNSYLVANIA

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1554 GARRETT ROAD
UPPER DARBY, PA 19082
(215) 259-0700**Congress of the United States**
House of Representatives
Washington, DC 20515

June 27, 1991

The Defense Base Closure Commission
1625 K Street, N.W.
Washington, D.C. 20006**The Honorable James A. Courter**
Chairman**The Honorable William L. Ball, III**
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith II
The Honorable James Stuart

Gentleman:

I am deeply troubled by the biased testimony presented this morning on naval shipyards, and ask that you pursue some related issues at tomorrow's deliberations.

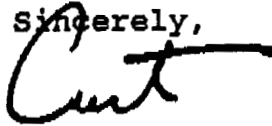
The tri-state delegation has submitted a substantial amount of material pointing out the flaws in the Navy's analysis of shipyards and identifying specific problems that would result from closure of PNSY. It is clear from today's presentation that the staff has fully accepted the Navy's arguments for closing PNSY, and that none of the data provided by the service has been challenged. The only time arguments supporting PNSY were raised was when they were being rebutted.

There are some serious issues which must be addressed before the Commission votes on the closure recommendations. First, the Commission should consider Navy violations of the base closure process and its continued adjustment of data to support closure of PNSY. Second, there are some scheduling and shipyard capability issues which I believe the Commissioners must address before deciding which, if any, naval shipyards will close. Since these matters were not fully addressed at today's hearing, I ask that you pursue them during final deliberations. I have attached a list of questions for your consideration, and ask your support for a full airing of these issues tomorrow.

COMMITTEE ON ARMED SERVICES
SUBCOMMITTEES
PROCUREMENT AND MILITARY
PERSONNEL AND COMPENSATION
SEAPOWER AND STRATEGIC AND
CRITICAL MATERIALS
DEFENSE POLICY PANELCOMMITTEE ON MERCHANT MARINE
AND FISHERIES
SUBCOMMITTEES
FISHERIES AND WILDLIFE CONSERVATION
AND THE ENVIRONMENT
OCEANOGRAPHYSELECT COMMITTEE ON
CHILDREN, YOUTH, AND FAMILIESCONGRESSIONAL FIRE SERVICES CAUCUS
CHAIRMAN

I respect your efforts to pursue all issues in a fair and open manner, and appreciate your continued cooperation and assistance. If you need any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Curt". The signature is written in black ink and is positioned above the typed name.

Curt Weldon
Member of Congress

1. The Navy's own data has consistently shown PNSY to be the most cost-effective yard with the lowest man-day rate, the highest rate of productivity and a profit-making operation. Now, curiously, the Navy Comptroller has generated new data contradicting these findings.

A. What date were these numbers produced?

B. Please describe the methodology used to determine these new findings, and the methodology previously used to rate shipyard efficiency. What is the rationale for changing the methodology?

2. Yesterday's presentation showed that Philadelphia was not the most cost-effective yard for national threat upgrades (NTU) on cruisers and destroyers. Yet, the tri-state delegation submitted data showing that PNSY is the most cost-effective yard for NTUs.

A. Did the staff check out the data generated by Philadelphia supporters?

B. During yesterday's testimony, it was pointed out that the NTUs done at Philadelphia and Long Beach were not identical work packages, and that each NTU varies in cost. Yet, the conclusion reached by comparing NTU costs at the two yards was that Long Beach fared better on NTUs. If we're not comparing the same work packages, how can that conclusion be justified?

3. I am told that the Navy just decided to do a SLEP on the USS Kennedy. This means that there will be at least 6000 workers at PNSY until 1996. Doesn't this invalidate the Navy's recommendation to close PNSY now? Does staff review take this into account?

4. The Navy makes the assumption that private yards will compensate for closure of Philadelphia, and provide necessary docking for emergent work. Can private yards handle large ships? carriers?

5. Congressman Weldon recently submitted a Memo prepared by the former Commander of NAVSEA, Admiral Peter Hekman, urging the SECNAV reconsider his decision to close PNSY.

A. How do you explain the difference between Admiral Hekman's conclusion that keeping PNSY open is the most cost-effective solution and the Navy's contention that it is more cost-effective to close PNSY?

B. Admiral Hekman said as late as April 15 that PNSY is required to support scheduled workload until FY95. Staff said yesterday that the reduced workload does not justify this. Was this discrepancy pursued?

C. Hekman warned that a realignment of PNSY in FY93 would cause significant perturbations to carrier overhauling yard assignments and could result in an East coast CV overhauling on the West Coast. Was this issue pursued by staff? Discuss impact of closure on scheduling and overhaul costs.

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE SECRETARIAT

CONTROL NUMBER 002096

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				COMMISSIONER STUART		✓
COMMUNICATIONS/PA						
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DIRECTOR OF ADMINISTRATION				SPECIALTY TEAM LEADER		

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action <i>Indicated</i>
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS	CLEARANCE SIGNATURE
<p>- Letter to Com. Stuart from Rep. Andrews providing further information on <u>PROSY</u>.</p> <p>CONGRESSIONAL <i>Andrews</i></p>	<p><i>TR</i></p>

ACTION DUE DATE	ROUTING DATE <i>27 JUN 1991</i>	RECEIPT DATE <i>26 JUN 1991</i>	EXEC SEC MAIL DATE
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002096

26 JUN 1991

ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

WASHINGTON OFFICE
1005 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

FAX TRANSMISSION

DATE: 6-26-91

TO: BASE CLOSURE COMMISSION STAFF

FROM: CONGRESSMAN ANDREWS

PAGES (including cover sheet): 5

If there is a problem with this transmission, please call
(609) 627-9000. Our fax number is (609) 627-9406.


REMARKS: PLEASE DISTRIBUTE TO:

1) COMMISSIONER STUART

2) REMAINING MEMBERS OF COMMISSION

3) ALEX YELIN.

THANK YOU.


ROBERT E. ANDREWS
FIRST DISTRICT, NEW JERSEY

WASHINGTON OFFICE
1005 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

June 26, 1991

Hon. Robert D. Stuart
Member
Base Realignment and Closure Commission
1625 K Street, NW, Suite 400
Washington, DC 20006

Re: PHILADELPHIA NAVAL SHIPYARD & COBRA MODEL.

Dear Commissioner Stuart:

Thank you for your generous allocation of time for me to speak with you today. I wanted to reiterate a fact - that closing the Philadelphia Naval Shipyard does not save a dime from federal appropriations. I also wanted to suggest a market oriented cost savings approach.

If the Commission wishes to promote savings from base closings, there is a more direct method than the present process. The money paid by the Treasury to the Philadelphia Naval Shipyard is essentially in the nature of a contract for services rendered in repairing ships. The Commission could direct industrial facilities such as Philadelphia Naval Shipyard to save a targeted number from their contracts, or face reevaluation in future Base Realignment and Closure Commission proceedings. For example, if the net savings from closing Philadelphia aggregate to \$180 million over the next ten years (a contention we believe is false but will assume for the sake of argument here), then the operators of the shipyard should be told that the yard will be taken off the list and reevaluated in 1993 to determine its performance toward achieving those efficiencies. This is a performance-driven, market-oriented approach to achieving savings and efficiencies.

I also wish to again review the COBRA model put forward by the Navy as an evaluation tool for return-on-investment. The Navy's COBRA analysis is inappropriately used to review the economic impact of the Philadelphia Naval Shipyard (PNSY) closure, for the following reasons:

1. Public shipyards bid on contracts, in the same fashion as private yards. Revenue comes from the Navy Industrial Fund, which provides funding exclusively for public shipyards. The NIF is a fund which received a one-time appropriation from the government, and is monitored on a yearly basis for profit and loss. The Navy then negotiates with individual yards, to determine the number of man-days; the cost of the man-days; and, materials cost; and then agrees to a fixed

price.

2. Once the agreement is finalized, the shipyard then works toward contract completion. If the funding request is properly made, the yard should request no more and no less than what is needed to complete the work. The shipyard then must comply with budgetary objectives as established by the Navy in the contract. Once the work is completed and accepted, the Navy then releases money into the fund. Thus, the shipyard has either added money to the fund, or subtracted money from the fund.
3. Over the past two years, only the PNSY has returned money to the Navy Industrial Fund each year. Thus, the PNSY has bettered the Navy's own funding objectives.

The following example will illustrate how the NIF works:

- * In 196X, the U.S. Congress appropriated \$1,000,000, and created the Navy Industrial Fund (NIF).
- * In 196X+1, the PNSY was awarded a contract to build a destroyer, at a projected cost of \$500,000. The PNSY then reduces the NIF by its operating costs. Because of the yard's efficiency, it needs less than \$460,000 to complete the project.
- * The destroyer is built, and accepted by the Navy as completed. The Navy then releases \$500,000 into the NIF. Thus, the NIF remains static on a yearly basis, except for the additional revenues (\$40,000) gained by efficiencies at PNSY.

Even if the COBRA analysis is considered appropriate for NIF facilities, it also significantly understates costs associated with PNSY closure, as follows:

<u>ONE-TIME COSTS OMITTED BY THE NAVY</u>	<u>\$ MILLIONS</u>
- Moving	\$17.2
- Environmental Impact	34.2
- Early Out Retirement Cost	34.4
- Severance Pay	14.7

Based on the Navy's Draft Environmental Impact Statement (August, 1990), additional costs were identified but, for some reason, omitted from COBRA analysis, as follows:

- Military Construction Costs \$139.6 Million

PAGE THREE
JUNE 26, 1991

- Environmental Clean-up Costs 217.0 Million

The Navy did not identify costs for the following and other items:

- Cost of hiring 4,000 workers at receiving bases
- Cost of recruiting new workers at receiving bases
- Cost of training new workers
- Cost of additional parking at receptor bases
- Cost of new facilities at James River
- Cost of office space at SPCC Mechanicsburg
- Cost of new shops and training space at Norfolk NSY
- Cost of personnel relocation and new family housing
- Cost to upgrade Norfolk water supply and import sufficient electrical engineers (shortage in Norfolk area)

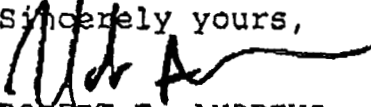
Productivity and rate differential costs of \$102 million borne by shifting work from PNSY to the Naval Shipyards at Norfolk and Puget Sound are improperly reported as one-time costs.

According to tenets of the COBRA model, differences in the cost of services at gaining and losing bases must be computed as recurring costs to adequately evaluate the cost effectiveness of a realignment action. Proper identification of the \$102 million in lost efficiency costs as a recurring cost, instead of the COBRA one-time assumption, is critical to a realistic closure evaluation.

The \$36 million annual savings reported by the Navy instead is an annual cost of \$66 million. The attached chart details a Year 1 through Year 6 review of the actual results following PNSY closure.

Based on a COBRA analysis which accurately reflects the efficiency losses of closing PNSY, there is no evidence of saving to the U.S. government. Rather, the facts disclose that such an action will have the opposite effect, causing an increased cost burden to the American taxpayer for many years to come.

Sincerely yours,

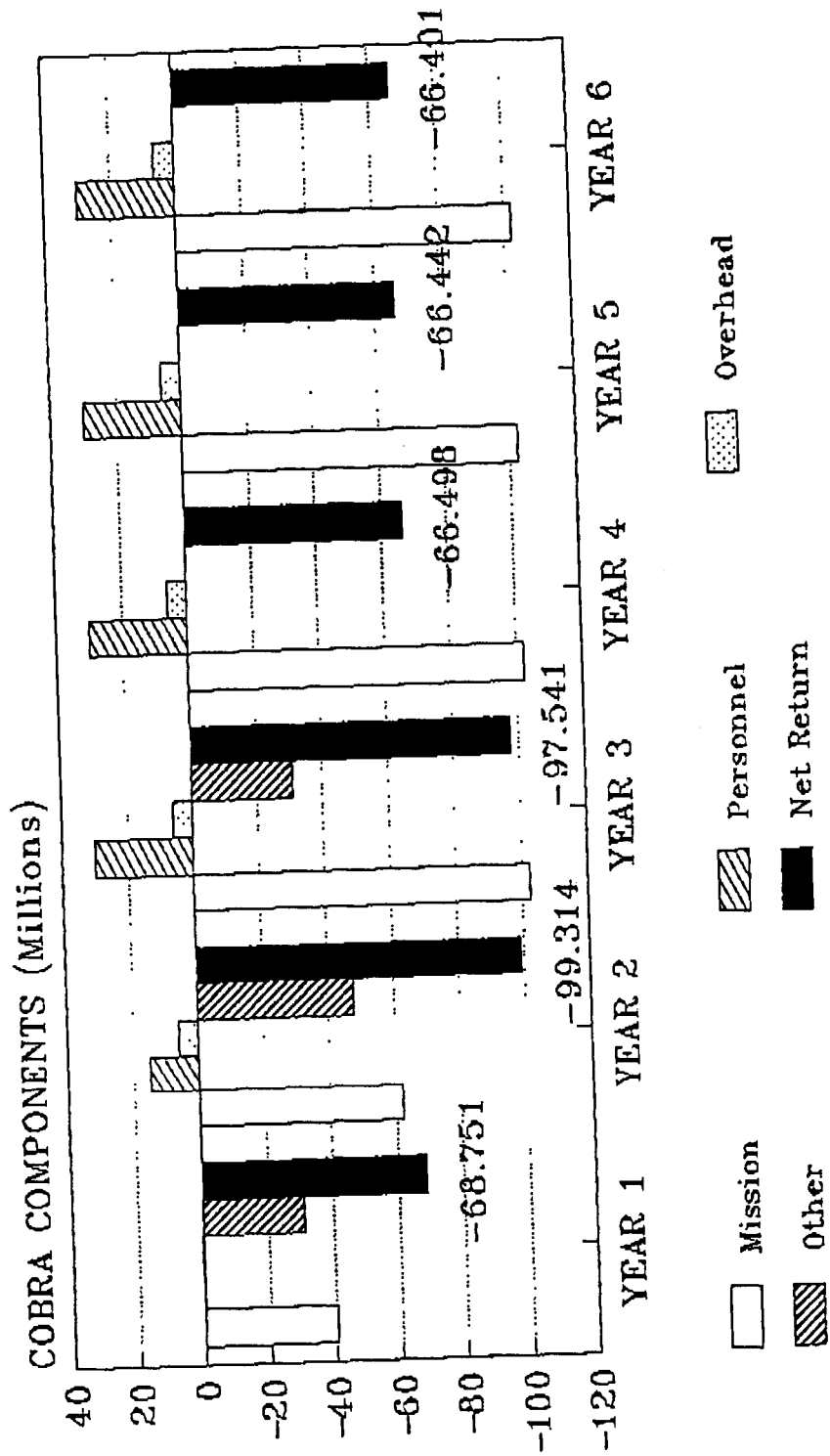

ROBERT E. ANDREWS
Member of Congress

REA:rf
cc: All Members, Base Closure Commission

JUN 26 '91 16:42

PAGE.004

REVISED REALIGNMENT SUMMARY COBRA FORMAT



PNSY CLOSURE & NET RETURN

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EXECUTIVE SECRETARIAT

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TYPE OF ACTION REQUIRED

<input checked="" type="checkbox"/> Prepare Reply For Chairman's Signature	Appropriate Action
<input type="checkbox"/> Prepare Reply for Commissioner's Signature	Comments and/or Recommendations
<input type="checkbox"/> Prepare Reply for Staff Director's Signature	<input checked="" type="checkbox"/> Clear Reply with <i>Cory</i>
<input type="checkbox"/> Reply Direct (forward copy to Exec Sec)	<input checked="" type="checkbox"/> Coordinate Reply with <i>Jamie</i>

SUBJECT/REMARKS

- PNEY - RE - U.S.S. Kennedy

- Sent to all Commissioners.

Responded to concerns in ES-2128

CONGRESSIONAL Rep. Andrews

CLEARANCE SIGNATURE

[Signature]

ACTION DUE DATE <i>3 July 1991</i>	ROUTING DATE <i>29 JUN 1991</i>	RECEIPT DATE <i>29 JUN 1991</i>	EXEC SEC MAIL DATE
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29 JUN 1991

002193

WASHINGTON OFFICE
5 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 225-6501

Congress of the United States
House of Representatives
Washington, DC 20515-3001

June 28, 1991

The Honorable James A. Courter
Chairman
Base Closure and Realignment Commission
1625 K Street, NW, Suite 400
Washington, DC 20006

Dear Chairman Courter:

We wish to call to the attention of the Commission the fact that the law mandates the SLEP of the U.S.S. Kennedy at the Philadelphia Naval Shipyard. This SLEP is scheduled to extend until early 1996 and would keep employment levels at approximately 6,000 workers throughout completion of the SLEP.

In November 1990, Congress enacted \$113.1 million in the FY 1991 Defense Authorization Act and also enacted \$405 million in the FY 1991 Defense Appropriations Act only for the Kennedy SLEP at the Philadelphia Naval Shipyard. (See Exhibit 1.) The \$113.1 million was in the President's FY 1991 budget request for Kennedy SLEP; the \$405 million provides for advanced procurement in FY 1991 and FY 1992 plus some funding to begin the work in FY 1993. The remainder of the funding for SLEP, \$465 million, would be provided in FY 1993.

In March 1991, Congress enacted a provision (Section 202) in the Dire Emergency Supplemental Appropriations Act which barred any funds from being spent on any other work on the Kennedy -- a statutory bar against a complex overhaul or any other type of work on the Kennedy at Norfolk Naval Shipyard or at any other facility. (See Exhibits 2, 2a, and 2b, respectively.)

Although, during this time, the Navy requested that the \$405 million for SLEP be rescinded, this request was vitiated by the enactment of the Dire Emergency Supplemental Appropriations Act, and has now expired under the law in any event. The House Appropriations Subcommittee reports no pending request for a rescission. Further, the attached Exhibit 3, released by the Navy this Wednesday, June 26, 1991, demonstrates the Navy's plan to use Drydock 5 at the PNSY for a SLEP in FY '93 and FY '94. This work would extend into FY '95 and FY '96, when the SLEP would be completed the Yard's Pier 4. Naturally, work to be performed at piers does not appear on Drydock Utilization Charts.


Chairman Courter
June 28, 1991
Page 2

The law is clear -- the U.S.S. Kennedy is to undergo SLEP at the Philadelphia Naval Shipyard.

As Chairman Murtha made clear in his letter (Exhibit 4), his Subcommittee wants to avoid the costs and complications of having to undo a closing of PNSY. The Navy's cost savings projections derived from closing Philadelphia are wrong. No savings could possibly obtain from closing until at least 1997 because of the U.S.S. Kennedy SLEP which would keep 6,000 workers employed at the Shipyard until completion of that work.

Accordingly, the correct decision is to remove the Philadelphia Naval Shipyard from the BRAC '91 list and, if appropriate, to reexamine this issue in future proceedings.

Sincerely,



ROBERT E. ANDREWS
Member of Congress

MAKING APPROPRIATIONS FOR THE DEPARTMENT OF
DEFENSE

OCTOBER 24, 1990.—Ordered to be printed

Mr. MURTHA, from the Committee of Conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5803]

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5803) "making appropriations for the Department of Defense for the fiscal year ending September 30, 1991, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 18, 24, 26, 35, 41, 53, 64, 66, 67, 68, 71, 74, 77, 78, 86, 97, 101, 103, 104, 105, 106, 109, 110, 112, 113, 117, 119, 120, 121, 124, 125, 126, 139, 140, 143, 145, 149, 151, 152, 156, 161, 165, 167, 169, 171, 173, 176, 180, 181, 182, 183, 184, 186, 187, 188, 189, 192, 193, 194, 195, 196, 197, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 221, 225, 227, 229, 232, 237, 241, 244, 245, 246, 248, 250, 252, 254, 256, 261, 265, 268, 270, 272, 273, 275, 277, 283, 287, 294, 298, 304, 306, 308, 310, 313, 315, 317, 318, 334, 337, and 361.

That the House recede from its disagreement to the amendments of the Senate numbered 20, 28, 36, 38, 39, 40, 42, 44, 45, 47, 49, 51, 56, 57, 60, 63, 69, 72, 82, 84, 88, 91, 92, 93, 96, 98, 111, 116, 127, 134, 135, 136, 144, 146, 147, 148, 150, 153, 155, 157, 158, 159, 160, 162, 163, 164, 166, 168, 170, 172, 174, 175, 177, 185, 190, 191, 198, 199, 200, 223, 234, 235, 236, 243, 263, 279, 280, 289, 290, 291, 292, 295, 296, 297, 299, 300, 320, 339, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

video tape recorder system to an A-6 aircraft.

IR PARTS

\$1,953,000 for procurement of equipment is a reduction of \$1,000,000 and includes F/A-18, CH-53E to ensure compatibility with aircraft quantities. The Navy to procure spare parts to the extent possible to alleviate short-

MENT, NAVY

\$5,825,171,000 for Weapons and activity instead of \$5,825,171,000 as proposed by the House and \$5,825,171,000 as proposed by the Senate. The conference is as follows:

	House	Senate	Conference
808,733	658,733	662,500	658,733
421,916	351,916	297,000	280,000
339,382	339,382	284,582	339,382
607,762	345,802	607,762	607,762
70,383		70,383	
142,421	149,700	167,421	149,700
7,076	7,076		
3,809	3,809	76,809	63,809
24,986	24,986	38,086	38,086
249,599		249,599	249,599
38,039	28,739	32,739	32,739

ITIES

\$5,000 for standoff land attack speed anti-radiation missiles \$5,315,000 in Air Force funds as many missiles as possible.

UNCHED DECOY

\$25,000,000 for the tactical air launched decoy program. \$8,000,000 in conference note that the De-5,000,000 in fiscal year 1990. None of those funds have development problems and program, the conferees urge D with all deliberate speed. A reasonable time could be an engineering change current Memorandum of Un-

derstanding and the existing contracts. In the interest of administrative time, the conferees encourage the Department Navy to explore the benefits of proceeding in this manner.

SHIPBUILDING AND CONVERSION, NAVY

Amendment No. 60: Appropriates \$1,331,201,000 for TRIDENT ballistic missile submarine program as proposed by the Senate instead of \$1,244,629,000 as proposed by the House.

Amendment No. 61: Appropriates \$1,783,000,000 for SSN-21 attack submarine program instead of \$2,106,500,000 as proposed by the House and \$1,382,000,000 as proposed by the Senate and includes provisions regarding acquisition strategy.

Amendment No. 62: Appropriates \$405,000,000 for the carrier service life extension program instead of \$963,068,000 as proposed by the House and \$113,068,000 as proposed by the Senate and restores the House provisions regarding the location of the industrial availability.

Amendment No. 63: Appropriates \$959,800,000 for the LHD-1 amphibious assault ship program as proposed by the Senate instead of \$933,800,000 as proposed by the House.

Amendment No. 64: Appropriates \$204,000,000 for the MHC coastal mine hunter program as proposed by the House.

Amendment No. 65: Appropriates \$900,000,000 for sealift ships instead of \$1,500,000,000 as proposed by the House and \$1,000,000,000 as proposed by the Senate and provides that \$30,000,000 is available only for procurement of one tanker.

Amendment No. 66 and No. 67: Appropriates \$409,800,000 for craft, outfitting and post delivery as proposed by the House instead of \$465,400,000 as proposed by the Senate.

Amendment No. 68: Appropriates \$5,800,000 for first destination transportation as proposed by the House.

Amendment No. 69: Deletes House proposed funding for Maritime Prepositioning, Ready Reserve Fleet and Ship Contract Reserve.

Amendment No. 70: Appropriates a total of \$10,160,804,000 instead of \$12,329,800,000 as proposed by the House and \$9,313,672,000 as proposed by the Senate.

The conference agreement on the items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conference
Shipbuilding and Conversion, Navy:				
Trident (Nuclear)	1,244,629	1,244,629	1,331,201	1,331,201
SSN-21	2,342,900	1,457,000	1,382,000	1,382,000
SSN-21 (AP-CY)	1,139,100	649,500		401,000
CV SLEP			963,068	401,000
CV SLEP (AP-CY)	113,068		113,068	
DDG-51 (MYP)	3,566,403	3,109,403	3,109,403	3,209,403
LHD-1 Amphibious Assault Ship (MYP)	959,800	933,800	959,800	959,800
MHC Mine Hunter Coastal	268,100	204,000		204,000
Service Craft	27,300	75,400	27,300	75,400
Sealift Ship		1,500,000	1,000,000	900,000
Maritime Prepo/Ready Res FLT/Ship Cont Res		900,000		

1 RESEARCH, DEVELOPMENT, TEST AND
2 EVALUATION

3 RESEARCH, DEVELOPMENT, TEST AND EVALUATION,
4 ARMY

5 For an additional amount for "Research, Develop-
6 ment, Test and Evaluation, Army", \$58,000,000 for de-
7 velopment of a Patriot Missile Quick Response Program,
8 to remain available until September 30, 1992.

9 GENERAL PROVISIONS

10 SEC. 201. Restrictions provided under subsection
11 (b)(2) of section 301d of title 37, United States Code, as
12 authorized by the National Defense Authorization Act for
13 1991 shall not apply in the case of flag or general officers
14 serving as practicing physicians.

15 SEC. 202. Of the funds appropriated for fiscal year
16 1991 for the account "Aircraft Procurement, Navy", the
17 amount of \$987,936,000 provided for the F-14 remanu-
18 factured program shall be obligated for the twelve F-14
19 aircraft, not later than thirty days after the enactment of
20 this Act.

H/R
1281
3/5/9

21 SEC. 203. None of the funds available to the Depart-
22 ment of Defense may be used for advance procurement
23 of material and other efforts associated with the industrial
24 availability of the U.S.S. Kennedy other than the service

1 life extension program for the U.S.S. Kennedy at the
2 Philadelphia Naval Shipyard.

3 SEC. 204. Of the funds appropriated in the Depart-
4 ment of Defense Appropriations Act (Public Law 100-
5 463) for fiscal year 1989 under the heading, "Aircraft
6 Procurement, Navy", \$200,000,000 shall be made avail-
7 able to the Department of the Navy and shall be obligated
8 for the V-22 Osprey tilt rotor aircraft program: *Provided,*
9 That notwithstanding any other provision of law, these
10 funds shall remain available until such time as they are
11 expended for the V-22 Osprey tilt rotor program.

12 (TRANSFER OF FUNDS)

13 SEC. 205. Upon enactment of this Act, the Secretary
14 of Defense shall make the following transfer of funds: *Pro-*
15 *vided,* That the amounts transferred shall be available for
16 the same purposes as the appropriations to which trans-
17 ferred, and for the same time period of the appropriation
18 from which transferred: *Provided, further,* That funds
19 shall be transferred between the following appropriations
20 in the amounts specified:

21 From:

22 Under the heading, "Shipbuilding and Conver-
23 sion, Navy, 1991/1995":

24 AOE combat support ship program,
25 \$237,000,000;

26 To:

EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE CONSEQUENCES OF OPERATION DESERT SHIELD/DESERT STORM, FOOD STAMPS, UNEMPLOYMENT COMPENSATION ADMINISTRATION, VETERANS COMPENSATION AND PENSIONS, AND OTHER URGENT NEEDS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

MARCH 5, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WHITTEN, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 1281]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making dire emergency supplemental appropriations for the consequences of Operation Desert Shield/Desert Storm, food stamps, unemployment compensation administration, veterans compensation and pensions, and other urgent needs for the fiscal year ending September 30, 1991, and for other purposes.

RECOMMENDATION

Overall, the bill as recommended by the Committee provides a new budget authority of \$4,136,377,100. This includes dire emergency appropriations of \$151,113,000 which are primarily to offset the consequences of "Operation Desert Shield/Desert Storm" and \$650,000,000 which will assist Israel with costs it has incurred in the Persian Gulf conflict. In addition, the Committee recommends funding of \$1,500,000,000 for the Food Stamp Program; \$482,500,000 for nuclear waste cleanup; \$303,084,000 for veterans compensation and pensions; \$270,000,000 for the CHAMPUS medical program of the Department of Defense; \$200,000,000 for depot maintenance of the Department of Defense; \$232,000,000 for the Supplemental Security Income program of the Social Security Administration; \$200,000,000 for the States' share of the Unemployment Compensation program; and \$100,000,000 for an increased federal payment to the District of Columbia.

AIRCRAFT CARRIER SERVICE LIFE EXTENSION PROGRAM

The Committee directs the Navy to begin expending the funding enacted in fiscal year 1991 solely for the Service Life Extension Program (SLEP) of USS *Kennedy* at the Philadelphia Naval Shipyard.

Despite the force structure reduction to twelve deployable carriers recommended by the Department of Defense, the Committee understands that USS *Kennedy*, the newest non-nuclear carrier, will be required in the fleet for many years before it could be replaced by a nuclear carrier to attain an all-nuclear carrier fleet.

SLEP is designed and proven to extend the thirty year service life of non-nuclear aircraft carriers by at least fifteen years. The Philadelphia Naval Shipyard has completed SLEP of USS *Saratoga*, USS *Forrestal* and USS *Independence*; will soon complete SLEP of USS *Kitty Hawk*; and has begun SLEP of USS *Constellation* with a completion date in FY 1993. To ensure that USS *Kennedy* can serve as long as necessary, the Committee strongly supports SLEP for USS *Kennedy* and has included bill language to prohibit the expenditure of funds on any lesser USS *Kennedy* overhaul.

The Committee understands that immediate direction is needed for SLEP for USS *Kennedy*, because design and advance procurement are falling behind schedule for the FY 1993—FY 1995 execution of this work.

V-22 OSPREY

The Committee has included a general provision which directs the Department of Defense to obligate previously appropriated funds for the V-22 Osprey aircraft. The provision also extends the availability of the funds appropriated in fiscal year 1989.

F-14 AIRCRAFT PROGRAM

The Committee has included a general provision which calls for the obligation of \$987,936,000 for the F-14 program. This funding includes \$897,236,000 for production of aircraft and \$90,700,000 for spare parts.

AOE COMBAT SUPPORT SHIPS

The Committee has included a general provision which transfers funding among various prior years' AOE combat support ship programs. The Committee is aware that claims submitted by the contractor have not yet been fully evaluated and the Committee's action is not intended to prejudice those claims. The Committee directs the Navy to expeditiously evaluate the claims to arrive at an equitable settlement and to assure delivery of these ships to the Navy in a timely and cost effective manner.

MAKING DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE CONSEQUENCES OF OPERATION DESERT SHIELD/DESERT STORM, FOOD STAMPS, UNEMPLOYMENT COMPENSATION ADMINISTRATION, VETERANS COMPENSATION AND PENSIONS, AND OTHER URGENT NEEDS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

MARCH 22, 1991.—Ordered to be printed

Mr. WHITTEN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 1281]

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1281) "making dire emergency supplemental appropriations for the consequences of Operation Desert Shield/Desert Storm, food stamps, unemployment compensation administration, veterans compensation and pensions, and other urgent needs for the fiscal year ending September 30, 1991, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 32, 35, 39, 42, 48, 52, 54, 57, 75, 92, 93, 94, and 98.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 19, 20, 23, 26, 27, 29, 30, 41, 61, 63, 67, 68, 88, 89, and 91, and agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: , *to remain available until expended*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$6,239,000*; and the Senate agree to the same.

USE OF U.S. INTELLIGENCE SYSTEMS AND RESOURCES FOR PERSIAN GULF
ENVIRONMENTAL AND ECOLOGICAL ASSESSMENTS

The catastrophic environmental and ecological damage done in the Persian Gulf region and beyond resulting from the sabotage of Kuwaiti oil wells and associated facilities is without precedent in modern history. As a consequence of this unique situation, the Conferees strongly urge the Director of Central Intelligence to support the overall United States national government damage assessment effort by assembling a special Community-wide task force, in order to (1) identify all intelligence systems and analytical assets capable of assessing the nature, impacts, and extent of such damage; and (2) direct expeditiously and on a high priority basis those systems and assets to conduct such assessments. Further, under appropriate precautions to safeguard the security of intelligence assets, sources and methods, the Director of Central Intelligence is requested to (1) cooperate closely with the Secretary of Defense, the Administrator of the Environmental Protection Agency, the Director of the National Oceanographic and Atmospheric Administration and other federal departments and agencies in sharing resources, information, and analytical work and assessments that might result from the efforts on this matter; (2) make sharing arrangements to draw upon the information and analysis being done by other nations on this matter; and (3) provide a preliminary report, in both classified and unclassified forms, on the activities he has initiated on this matter 60 days after the enactment of this Act.

GENERAL PROVISIONS

Amendment No. 51: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

SEC. 201. Restrictions provided under subsection (b)(2) of section 301d of title 37, United States Code, as authorized by the National Defense Authorization Act for 1991 shall not apply in the case of flag or general officers serving as practicing physicians.

SEC. 201A. Of the funds made available to the Department of Defense for Chemical Agents and Munitions Destruction, Defense, an amount not to exceed \$2,000,000 shall be available only for an off-island leave program: Provided, That notwithstanding any other provision of law, the Secretaries concerned may, pursuant to uniform regulations, prescribe travel and transportation allowances for travel performed by participants in the off-island leave program: Provided further, That funds appropriated for the off-island leave program shall remain available until expended.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

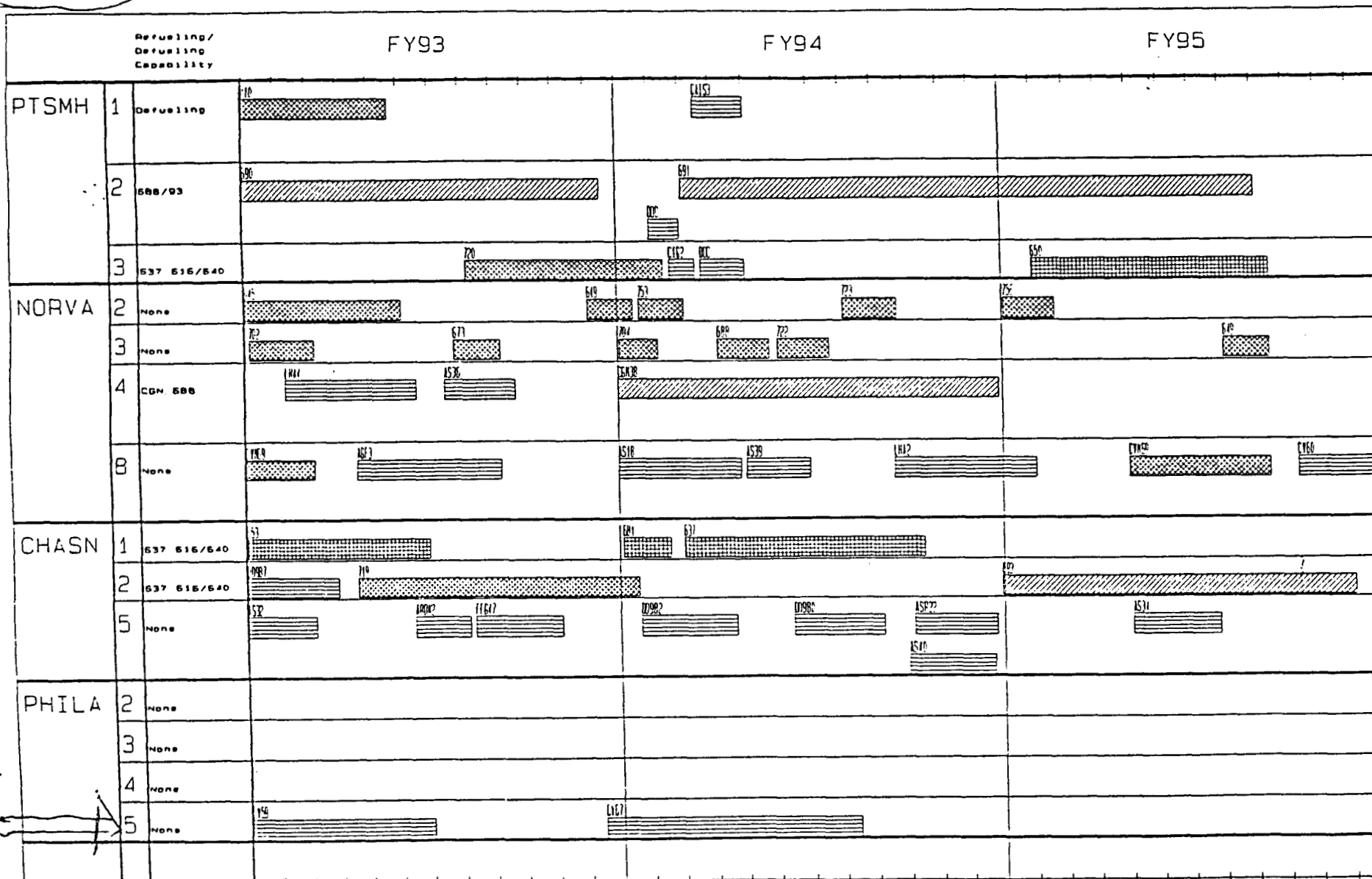
Amendment No. 52: Restores House language which calls for a service life extension program for the U.S.S. KENNEDY at the Philadelphia Naval Shipyard.

Amendment No. 53: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede

DRYDOCK USAGE REPORT

Date 6/25/1991

PAGE: 1



NUC REF CONVENTIONAL RC-RC REMOVAL OOC -DRYDOCK OUT OF COMMISS
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 BARBARA F. VUJICICH, NEVADA
 JIM LIGHTFOOT, IOWA

Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515

CLERK AND STAFF DIRECTOR
 PHILIP K. BISHOPMAN
 TELEPHONE
 202-225-2771

June 18, 1991

Honorable Jim Courter
 Chairman
 The Defense Base Closure and
 Realignment Commission
 1625 K Street
 Suite 400
 Washington, D.C. 20006

Dear Mr. Courter:

I am writing to you and each of your fellow Commissioners to convey my very deep concerns with the Navy's performance with respect to the recommendation to close the Philadelphia Naval Shipyard and the likelihood that it will have to be reopened at some future time if your Commission concurs in the closure recommendation.

I have been informed that since the General Accounting Office strongly criticized the Navy's work in making its closure recommendations, and since I and other Members of Congress testified before the Commission with regard to the Philadelphia Yard, your staff has had a number of meetings with the Navy at which the Navy presented new arguments to justify its proposals. These arguments still disagree with the recommendation of Admiral Hekman, then-Commander, Naval Sea Systems Command, to keep PNSY open. (See enclosed memorandum.)

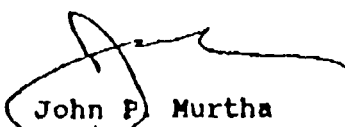
Reportedly, to try to substantiate the closure of PNSY, the Navy has stressed that there is a private shipyard alternative on the East Coast to provide necessary drydock capacity for aircraft carriers, and that there is another Naval Shipyard to provide necessary drydock capacity for the other large ships in the fleet. I strongly question these assertions, as did Admiral Hekman.

Honorable Jim Courter
June 18, 1991
Page Two

As you know, PNSY has three drydocks large enough to handle the Navy's biggest ships, including LHDs, LHAs, AOE's and carriers. The FY 1992 Defense Appropriations Bill just passed by the House includes \$972 million for another LHD necessary for the Marine Corps. In fact, as the number of ships in the fleet declines, the percentage of the fleet represented by the larger ships that require PNSY's drydocks will increase markedly. The Navy itself has indicated that it would be unwise to rely upon a private yard to drydock these ships, and that Naval Shipyard drydock utilization for such ships is expected to increase. Meanwhile, the Navy proposes to keep open three nuclear Naval Shipyards with only small drydocks that cannot handle these larger ships and will be utilized at a very low capacity, particularly in the years ahead when the workload of decommissioning and refueling nuclear submarines declines dramatically. These factors have not been adequately considered, with the result that the Navy has taken a short-term view of the proper mix for future shipyard requirements.

My testimony before the Commission on May 22, 1991 noted my concern that, in the past, some closures had to be reversed at great expense. As Chairman of the Defense Appropriations Subcommittee, I will have to deal with such mistakes. Closure of PNSY would be a mistake and I urge you to keep it from happening by rejecting the Navy's recommendation to close the Philadelphia Naval Shipyard.

Sincerely,


John P. Murtha
Chairman
Defense Subcommittee

Enclosure

Document Separator

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
EXECUTIVE SECRETARIAT **CONTROL NUMBER** 002205

DOCUMENT ROUTING SLIP		ACTION COPY	INFO COPY		ACTION COPY	INFO COPY
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CHAIRMAN COURTER			✓		COMMISSIONER BALL	✓
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GENERAL COUNSEL			✓		COMMISSIONER CASSIDY	✓
MILITARY EXECUTIVE					COMMISSIONER LEVITT	✓
SPECIAL ASSISTANT					COMMISSIONER SMITH	✓
					COMMISSIONER STUART	✓
COMMUNICATIONS/PA						
DIRECTOR OF COMMUNICATIONS			✓			
PRESS SECRETARY					REVIEW AND ANALYSIS	
FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
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DIRECTOR OF ADMINISTRATION					AIR FORCE TEAM LEADER	
					SPECIALTY TEAM LEADER	

TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action <i>Informations</i>
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

<p>SUBJECT/REMARKS</p> <p><i>FR: Baker, Worthington Crossley, Starisberry, WdF - Attorneys</i></p> <p><i>- copy of 2 congressional letters & information on NABC</i></p> <p><i>- Sent to all Commissioners</i></p>	EXEC SEC CLEARANCES
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ACTION DUE DATE <i>/</i>	ROUTING DATE 29 JUN 1991	RECEIPT DATE 29 JUN 1991	EXEC SEC MAIL DATE
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RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

Congress of the United States

House of Representatives

Washington, DC 20515

June 28, 1991

The Honorable James A. Courter
Defense Base Closure Commission
1625 K Street NW
Suite 400
Washington, D.C. 20006

Dear Mr. Chairman:

After reviewing the testimony from representatives of the Departments of the Army and Navy at yesterday's meeting of your commission, we thought it would be appropriate to provide some summary points on why we feel that defense military laboratories should not be included in this round of base closures.

First, it is clear from the testimony that the proposals to realign military laboratories are comprehensive proposals that will have far-reaching effects on this nation's technological base well into the 21st Century. Indeed, the Navy proposes to realign 90% of all of its laboratories. Distinct from issues of jurisdiction, we contend that a more thorough review would be in the best long-term national security interests of the nation. As previous correspondence, including the letter of June 24 to your commission, signed by 11 Members of Congress, stated, it is our view that the Advisory Commission on the Consolidation and Conversion of Defense Research and Development Laboratories could recommend closure and consolidation of these facilities for the 1993 base closure process.

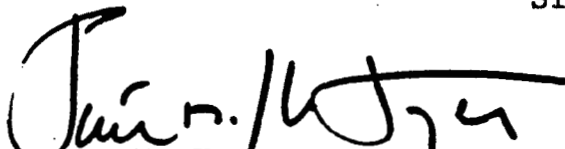
Second, the Services have overestimated the percentage of personnel that would agree to stay in the military laboratory system, rather than seek employment elsewhere. In the Department of the Navy's proposal, 84% of the total personnel to be transferred (4,368) are in the Science and Engineering fields. Optimistically, if 20% of these highly-skilled individuals will agree to be moved and 80% flee to the private sector, this would mean that nearly 3,500 of America's best scientists and engineers currently working in Navy laboratories will be lost to the Navy. The resulting impact on the on-going research in a variety of fields would be devastating and comes at a particularly crucial time for Naval research. The "human intelligence" that will be lost to the Navy will set back our research efforts five to ten years and require an enormous recruiting campaign to replace these people.

Also, it should be noted that under the Navy plan described yesterday, the majority of the laboratory positions to be eliminated are in the clerical/administrative field. Yet the Navy acknowledges that a substantial number of clerical/administrative positions could also be eliminated through an administrative consolidation which would not pose the same risks to the nation's R&D infrastructure as a wholesale physical consolidation.

Third, the Navy has not fully demonstrated that its realignment plan will achieve the cost savings put forth in their representatives' testimony. The General Accounting Office's report of May 1991 on the Defense Department's recommendation outlined the inadequacies of the Department of the Navy's proposal. In examining the specific pay-back possibilities for individual facilities, the expected savings may not be realized if the Navy's projections are even slightly overestimated. In the last few weeks, the Navy has attempted to provide additional information of a highly technical nature to substantiate its claims. However, it is difficult to independently confirm its conclusions at this late date.

As you consider the future of this nation's technological base, we hope you will consider these arguments and opt to postpone any action regarding all military laboratories. Thank you for your consideration of this matter. With best wishes,

Sincerely,


Peter H. Kostmayer
Member of Congress


Tom McMillen
Member of Congress


Lawrence Coughlin
Member of Congress

United States Senate

WASHINGTON, DC 20510-3802

June 26, 1991

TO: The Defense Base Closure Commission
1625 K Street, Suite 400, NW
Washington, D.C. 20006

The Honorable James A. Courter, Chairman

The Honorable William L. Ball, III
The Honorable Howard D. Callaway
The Honorable Duane H. Cassidy
The Honorable Arthur Levitt, Jr.
The Honorable James C. Smith, II
The Honorable Robert D. Stuart, Jr.

Gentlemen:

With all of the attention being focused recently on the issue of whether it is appropriate for the Base Closure Commission to act on defense laboratories before it has received input from the Advisory Commission on the Consolidation and Conversion of Research and Development Laboratories, I thought it would be helpful to briefly summarize the two most important substantive reasons for removing the Naval Air Development Center in Warminster (NADC), Pennsylvania, from the closure list.

MILITARY RATIONALE:

The most important substantive issue to consider on NADC is whether the proposed realignment will adversely affect the Navy's ability to develop the next-generation Navy attack aircraft. As Defense Secretary Cheney was reported to have said in the June 17, 1991, edition of the New York Times, "Naval aviation is an area that I worry about more than the others, frankly, because we've had more problems there." The cancellation of the A-12 has forced a rapid redirection of naval aviation priorities back toward what type and design of aircraft will best meet our future naval aviation needs. With the current fleet of A-6s in urgent need of replacement, we no longer have the luxury of time to gradually move through the research and development phase for the next-generation aircraft. For this reason alone, there is no logical military rationale for moving NADC, the Navy's only laboratory for the development of advanced flight engineering concepts critical to the future of naval aviation.

COST CONSIDERATIONS:

If cost is the driving force in the proposed realignment of NADC, then the Base Closure Commission should take a serious look at how the Navy has derived its estimated cost savings. Based on the facts, they are grossly misleading and simply inaccurate. For example, the bulk of the cost savings claimed by the Navy in moving NADC to Patuxent River, Maryland, is based on the assumption that 80 percent of the personnel will relocate.

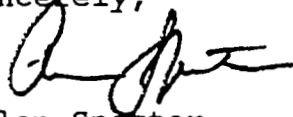
There is no historical evidence anywhere to support assumptions of such a high relocation rate. In fact, the information available to us based on previous realignments is that at most 10 percent of the civilian personnel will move. According to a Congressional Research Service memorandum of May 17, 1991, "\$19.2 million of the \$25.2 million projected savings [from relocating NADC] will be derived from the mandated 20 percent reduction in the acquisition force. These are 'savings' the Navy must make whether or not NADC is [realigned]."

I am also advised that a GAO analyst tasked to NADC last week discovered a number of additional costs which the Navy failed to consider in its estimates. I am informed that this information has been provided to your staff.

Thank you for your consideration of these matters.

My best.

Sincerely,



Arlen Specter

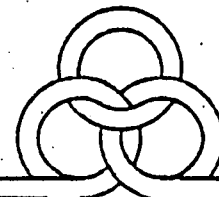
AS/emr

Reasons To Keep NADC Intact

**Presented to
The Honorable James A. Courter
Chairman, Defense Base Closure
and Realignment Commission**

June 18, 1991

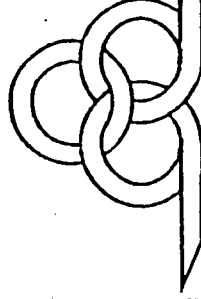
**Presented by
The Delaware Valley Science and Technology Association**



DVS&TA

Why Keep NADC Intact?

- NADC is the Navy's *only* lab dedicated to developing and integrating aircraft weapons systems.
- NADC is a leader in developing the acoustic and non-acoustic sensors used to detect hostile submarines, surface ships, and aircraft.
- NADC is the Navy's *exclusive* developer of current tactical reconnaissance systems, all of which were used in Desert Storm.
- NADC is the Navy's *only* integrated aircrew systems development lab.
- NADC is the Navy's *only* navigation lab for aircraft, submarines, and surface ships.
- For over 20 years, NADC has remained a pioneering leader in platform aerodynamics, airframe structures, and aviation materials.

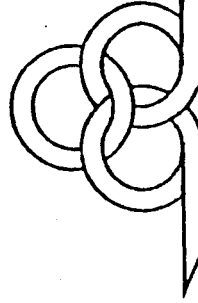


DVS&TA

The Dilemma of Naval Aviation

"Naval aviation is an area that I worry about more than the others, frankly, because we've had more problems there,' Mr. Cheney said recently."

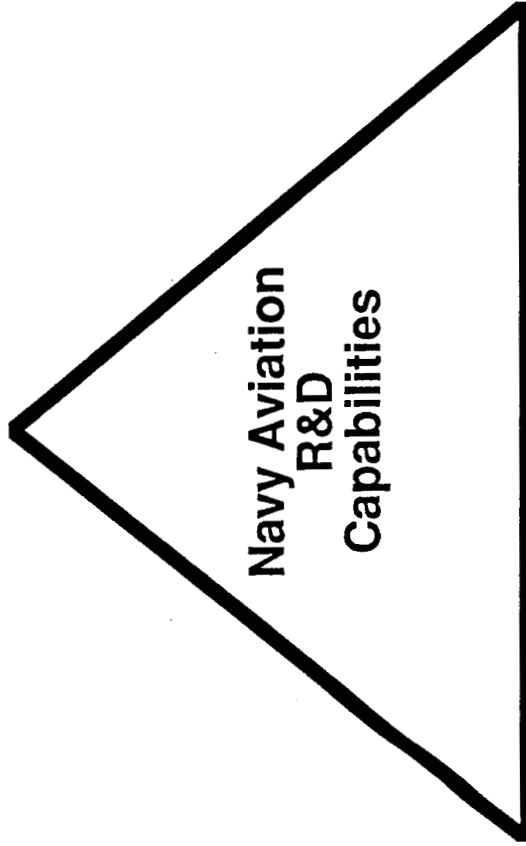
- N.Y. Times, Monday, June 17, 1991,
Page A12.



DVS&TA

The Essence of Military Value

2500 NADC
Employees

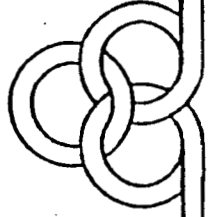


Navy Aviation
R&D
Capabilities

1500
Supporting
Contractors

37 Local
Colleges and
Universities

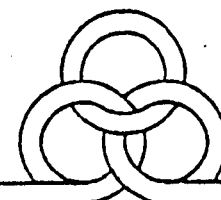
Moving NADC Is a One Trillion Dollar Gamble.



DVS&TA

NADC's Military Value Is Its People

- **R&D Professionals Will Not Move**
 - History shows that less than 10% move
 - CRS Study cites several typical examples
- **Reasons Why R&D Professionals Will Not Move**
 - Inadequate educational environment
 - Loss of spousal jobs
 - Lack of metropolitan opportunities



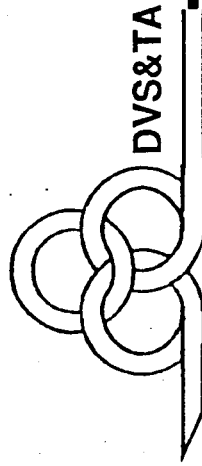
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The Navy's Cost Analysis Is Flawed

	<u>Fiction</u>	<u>Fact</u>
Relocation Costs	\$184M	\$304M
Yearly Savings	\$25M	\$5M
Payback Period	9 Yrs.	Infinite*

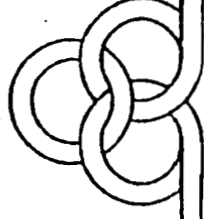
*Refer to GAO Report, Sensitivity Analysis

Bottom Line: Taxpayers Get No Return on Their Investment.



Don't Gamble

- **Keep NADC Intact**
- **Preserve Military Value**
- **Save Taxpayers' Dollars**



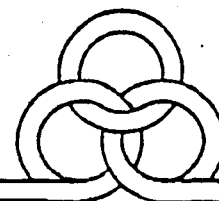
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EXECUTIVE SECRETARIAT

CONTROL NUMBER

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SPECIAL ASSISTANT					COMMISSIONER SMITH	✓
					COMMISSIONER STUART	✓
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DIRECTOR OF COMMUNICATIONS						
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FOIA OFFICER					DIRECTOR OF REVIEW & ANALYSIS	✓
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ADMINISTRATION					NAVY TEAM LEADER	
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TYPE OF ACTION REQUIRED

Prepare Reply For Chairman's Signature	✓	Appropriate Action
Prepare Reply for Commissioner's Signature		Comments and/or Recommendations
Prepare Reply for Staff Director's Signature		Clear Reply with
Reply Direct (forward copy to Exec Sec)		Coordinate Reply with

SUBJECT/REMARKS

EXEC SEC CLEARANCES

*- Received at hearing
 PPSY allegations that "the Secy. of Defense
 deviated from the force structure plan" → re-
 SLEP.*

ACTION DUE DATE <i>3 July 91</i>	ROUTING DATE <i>1 July 1991</i>	RECEIPT DATE <i>30 JUN 1991</i>	EXEC SEC MAIL DATE
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RETURN THIS ROUTING SLIP WITH DOCUMENT ATTACHED DIRECTLY TO EXEC SEC

30 JUN 1991

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WASHINGTON, D.C. 20004
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WASHINGTON OFFICE
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DIRECT DIAL NUMBER

June 30, 1991

Robert J. Moore, Esq.
General Counsel
Defense Base Closure
and Realignment Commission
1625 K Street, N.W., Suite 400
Washington, D.C. 20006-1604

Dear Mr. Moore:

To summarize the City of Philadelphia's ("City") position, the facts make it clear that the Secretary of Defense's ("Secretary") recommendation to close the Philadelphia Naval Shipyard ("PNSY") substantially deviates from the ¹force structure plan and the final selection criteria ² within the meaning of the Defense Base Closure and Realignment Act of 1990 ("Act").

Under the Act, the Defense Base Closure and Realignment Commission ("Commission") "may make changes in any of the recommendations made by the Secretary" when there is a "substantial deviation." It is the City's position that the deviation in this case is so substantial and fundamental to the Navy's entire closure recommendation that it requires the Commission to reject the Secretary's recommendation and remove PNSY from the Secretary's list of recommended closures.

The documents previously submitted to the Commission by the City and the City's Congressional delegation, including the May 16 Report and the June 6 Analysis, show numerous instances in which the Navy has failed to comply with the Act and has substantially deviated from the force structure plan and the selection criteria. One of these

1 56 Fed. Reg. 6374 (Feb. 15, 1991).

2 Act, § 2903(d)(2)(B).

Robert J. Moore, Esq.
June 30, 1991
Page 2

critical instances involves the Navy's initial failure to acknowledge that the USS KENNEDY will undergo the Service Life Extension Program ("SLEP").

The first fatal error in this regard is that each and every document released by the Secretary in connection with his April 12, 1991 base closure announcement states that the SLEP was being terminated and that USS CONSTELLATION would be the last aircraft carrier to undergo SLEP at Philadelphia.^{3/} In fact, the Navy has now scheduled USS KENNEDY into PNSY in conformance to applicable law^{4/} to begin at the end of FY 1993.^{5/}

Four facts must be noted in connection with the Navy's June 25, 1991 Drydock Usage Report, transmitted to the Commission on June 26, 1991, which shows USS KENNEDY's drydocking to last about nine months. First, if the drydocking availability were for only a complex overhaul, it would have been for significantly less time. Second, SLEP is always a multi-year procurement which is funded in stages, with initial advance procurement first and then further funding later. USS KENNEDY SLEP has already been funded for \$405 million, almost half the amount of \$870 million budgeted by the Navy for KENNEDY SLEP. Third, the entire 28 or more months duration of a SLEP does not take place in a drydock -- as soon as the work which requires drydocking is completed, the carrier is usually floated out of the drydock so that the remaining work can take place at Pier 4 at PNSY and to free the drydock for emergent or other work. Thus, the actual SLEP extends substantially beyond the FY 1994 designation in the Drydock Usage Chart. Fourth, Congress has legislated twice thus far that USS KENNEDY shall undergo a SLEP and that it shall be in PNSY. These enactments were extensively debated in Congress in the face of amendments to strike these directives but, each time, they were defeated. It is extremely significant to note here that the Committee Report accompanying the FY 1992 House Defense Authorization Bill increased the \$113.1

-
- 3 Base Closure Report, pp. 64 and 65; Navy Report on Naval Shipyards, TABC, pp. 10, 11, and 12.
- 4 FY 1991 Defense Authorization Act; FY 1991 Defense Appropriations Act; and FY 1991 Dire Emergency Supplemental Appropriations Act. Exhibit 1.
- 5 Drydock Usage Report. Exhibit 2.

Robert J. Moore, Esq.
June 30, 1991
Page 3

million amount in the FY 1991 Defense Authorization Act to \$405 million for USS KENNEDY SLEP at PNSY while acknowledging, and notwithstanding, the fact that PNSY was at that time on the Secretary of Defense's list of recommended closures.

Thus, the Navy's entire analysis, ranging from military value to the COBRA Model, all of which have already been seriously called into question, is based on the fatally incorrect and fundamental assumption that the Shipyard would close upon completion of USS CONSTELLATION SLEP in 1992-1993. In fact, PNSY will not be closing or closed in 1993, but will be commencing the performance of a multi-year SLEP on USS KENNEDY SLEP with a Shipyard workforce in excess of 6,000.

There is also the practical absurdity, recognized by several Commissioners in open session of the Commission on Friday afternoon, June 28, 1991, of deciding to close a Shipyard today (June 30, 1991) when that very Shipyard, two years from now (1993), is to begin a major piece of work (\$800-900 million) on a major capital ship of the Navy (USS KENNEDY) that will not be completed until early 1996, almost five years from now. In that connection, we call your attention to the legal question of whether, in fact, the base closure process at PNSY could proceed within the time-frames under the Act, i.e., closure could not be initiated within two years (1993),⁶ if PNSY will be starting a major SLEP project at that same time, and⁷ closure can not be completed within six years (1997) because PNSY will just be finishing KENNEDY SLEP.

The second fatal legal error in the Secretary's closure recommendation which constitutes a "substantial deviation" is that the Navy's force structure assumed that the KENNEDY would be needed only in the short-term and would undergo merely an overhaul at Norfolk Naval Shipyard (or "at a shipyard to-be-determined"). The Navy has now indicated it is willing to comply with the clear directions

6 Act, § 2904(a)(3).

7 Act, § 2904(a)(4).

Robert J. Moore, Esq.
June 30, 1991
Page 4

of Congress and the law of the land by proceeding with a KENNEDY SLEP at PNSY.

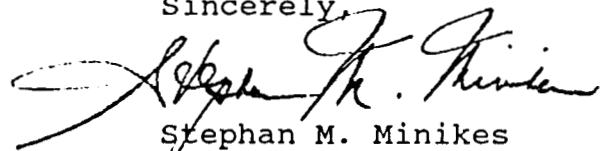
Thus, the Navy's force structure plan now keeps the KENNEDY in the fleet for a longer period than was factored into the base closure recommendation, which means PNSY will operate at about a 6,000 workforce at least until 1996. Consequently, the Navy's recommendation to close PNSY substantially deviates from its now-acknowledged force structure plan.

Finally, you asked at our meeting yesterday about the duration of the Congressional authorization and appropriation of USS KENNEDY SLEP. The SLEP program has always been authorized and appropriated as a line item in the "Ship Construction - Navy ("SCN") account. It has been legislated on a multi-year basis to allow advance procurement of long-lead items. The current authorization and appropriation envisions the \$405 million thus far made available by Congress to be spent over at least a three-year (FY 1991-93) period. Those funds are permanently fenced for the designated purpose of proceeding with advance procurement, planning and the initiation of work on USS KENNEDY SLEP over the next three years. The permanent existence of this fund cannot be separated from its legislated purpose even though, generally, appropriations bills expire at the end of each fiscal year. If you were to hold otherwise, all multi-year procurements would be potentially meaningless.

The facts and legal analysis herein set forth may be determinative in the Commissioners' deliberations today and we ask that you please bring this letter to each of their attention before today's vote.

Thank you.

Sincerely,



Stephan M. Minikes
Counsel to the City
of Philadelphia

Exhibit 1

MAKING APPROPRIATIONS FOR THE DEPARTMENT OF
DEFENSE

OCTOBER 24, 1990.—Ordered to be printed

Mr. MURTHA, from the Committee of Conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5803]

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5803) "making appropriations for the Department of Defense for the fiscal year ending September 30, 1991, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 18, 24, 26, 35, 41, 53, 64, 66, 67, 68, 71, 74, 77, 78, 86, 97, 101, 103, 104, 105, 106, 109, 110, 112, 113, 117, 119, 120, 121, 124, 125, 126, 139, 140, 143, 145, 149, 151, 152, 156, 161, 165, 167, 169, 171, 173, 176, 180, 181, 182, 183, 184, 186, 187, 188, 189, 192, 193, 194, 195, 196, 197, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 221, 225, 227, 229, 232, 237, 241, 244, 245, 246, 248, 250, 252, 254, 256, 261, 265, 268, 270, 272, 273, 275, 277, 283, 287, 294, 298, 304, 306, 308, 310, 313, 315, 317, 318, 334, 337, and 361.

That the House recede from its disagreement to the amendments of the Senate numbered 20, 28, 36, 38, 39, 40, 42, 44, 45, 47, 49, 51, 56, 57, 60, 63, 69, 72, 82, 84, 88, 91, 92, 93, 96, 98, 111, 116, 127, 134, 135, 136, 144, 146, 147, 148, 150, 153, 155, 157, 158, 159, 160, 162, 163, 164, 166, 168, 170, 172, 174, 175, 177, 185, 190, 191, 198, 199, 200, 223, 234, 235, 236, 243, 263, 279, 280, 289, 290, 291, 292, 295, 296, 297, 299, 300, 320, 339, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

understanding and the existing contracts. In the interest of administrative time, the conferees encourage the Department of the Navy to explore the benefits of proceeding in this manner.

SHIPBUILDING AND CONVERSION, NAVY

Amendment No. 60: Appropriates \$1,331,201,000 for TRIDENT ballistic missile submarine program as proposed by the Senate instead of \$1,244,629,000 as proposed by the House.

Amendment No. 61: Appropriates \$1,783,000,000 for SSN-21 attack submarine program instead of \$2,106,500,000 as proposed by the House and \$1,382,000,000 as proposed by the Senate and includes provisions regarding acquisition strategy.

Amendment No. 62: Appropriates \$405,000,000 for the carrier service life extension program instead of \$963,068,000 as proposed by the House and \$113,068,000 as proposed by the Senate and restores the House provisions regarding the location of the industrial availability.

Amendment No. 63: Appropriates \$959,800,000 for the LHD-1 amphibious assault ship program as proposed by the Senate instead of \$933,800,000 as proposed by the House.

Amendment No. 64: Appropriates \$204,000,000 for the MHC coastal mine hunter program as proposed by the House.

Amendment No. 65: Appropriates \$900,000,000 for sealift ships instead of \$1,500,000,000 as proposed by the House and \$1,000,000,000 as proposed by the Senate and provides that \$30,000,000 is available only for procurement of one tanker.

Amendment No. 66 and No. 67: Appropriates \$409,800,000 for craft, outfitting and post delivery as proposed by the House instead of \$465,400,000 as proposed by the Senate.

Amendment No. 68: Appropriates \$5,800,000 for first destination transportation as proposed by the House.

Amendment No. 69: Deletes House proposed funding for Maritime Prepositioning, Ready Reserve Fleet and Ship Contract Reserve.

Amendment No. 70: Appropriates a total of \$10,160,804,000 instead of \$12,329,800,000 as proposed by the House and \$9,313,672,000 as proposed by the Senate.

The conference agreement on the items in conference is as follows:

(In thousands of dollars)

	Budget	House	Senate	Conference
Shipbuilding and Conversion, Navy:				
Trident (Nuclear)	1,244,629	1,244,629	1,331,201	1,331,201
SSN-21	2,342,900	1,457,000	1,382,000	1,382,000
SSN-21 (AP-CY)	1,139,100	649,500	.....	401,000
CY SLEP .....	.....	963,068	.....	401,000
CY SLEP (AP-CY)	113,068	.....	113,068	.....
DDG-51 (MYP)	3,566,403	3,109,403	3,109,403	3,209,403
LHD-1 Amphibious Assault Ship (P)	959,800	933,800	959,800	959,800
MHC Mine Hunter Coastal	268,100	204,000	.....	204,000
Service Craft	27,300	75,400	27,300	75,400
Sealift Ship .....	.....	1,500,000	1,000,000	900,000
Maritime Prepo/Ready Res FLT/SH Cont Res .....	.....	900,000	.....	.....

o tape recorder system to -6 aircraft.

ARTS

\$53,000 for procurement of equipment is a reduction of \$1,000,000 and includes F/A-18, CH-53E and other aircraft quantities. The Navy to procure spare parts as far as possible to alleviate short-

T, NAVY

\$825,171,000 for Weapons and activity instead of \$825,171,000 as proposed by the House and \$825,171,000 as proposed by the Senate.

The conference is as follows:

Budget	House	Senate	Conference
808,733	658,733	662,500	658,733
421,916	351,916	297,060	290,000
339,382	339,382	284,582	339,382
607,762	345,802	607,762	607,762
70,383	.....	70,383	.....
142,421	149,700	167,421	149,700
7,076	7,076	.....	.....
3,809	3,809	76,809	63,809
24,986	24,986	38,086	38,086
249,599	.....	249,599	249,599
38,039	28,739	32,739	32,739

\$10 for standoff land attack and anti-radiation missiles \$5,000 in Air Force funds as many missiles as possible.

LAUNCHED DECOY

\$25,000,000 for the tactical launched decoy program. The conferees note that the Department of the Navy proposed \$8,000,000 in fiscal year 1990 and \$8,000,000 in fiscal year 1990. None of those funds have been allocated for development problems and the conferees urge the Department of the Navy to deliberate speed. The conferees believe that valuable time could be saved by an engineering change program. The Department of the Navy Memorandum of Un-

1 life extension program for the U.S.S. Kennedy at the
2 Philadelphia Naval Shipyard.

3 SEC. 204. Of the funds appropriated in the Depart-
4 ment of Defense Appropriations Act (Public Law 100-
5 463) for fiscal year 1989 under the heading, "Aircraft
6 Procurement, Navy", \$200,000,000 shall be made avail-
7 able to the Department of the Navy and shall be obligated
8 for the V-22 Osprey tilt rotor aircraft program: *Provided,*
9 That notwithstanding any other provision of law, these
10 funds shall remain available until such time as they are
11 expended for the V-22 Osprey tilt rotor program.

12 (TRANSFER OF FUNDS)

13 SEC. 205. Upon enactment of this Act, the Secretary
14 of Defense shall make the following transfer of funds: *Pro-*
15 *vided,* That the amounts transferred shall be available for
16 the same purposes as the appropriations to which trans-
17 ferred, and for the same time period of the appropriation
18 from which transferred: *Provided, further,* That funds
19 shall be transferred between the following appropriations
20 in the amounts specified:

21 From:

22 Under the heading, "Shipbuilding and Conver-
23 sion, Navy, 1991/1995":

24 AOE combat support ship program,
25 \$237,000,000;

26 To:

DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE CONSEQUENCES OF OPERATION DESERT SHIELD/DESERT STORM, FOOD STAMPS, UNEMPLOYMENT COMPENSATION ADMINISTRATION, VETERANS COMPENSATION AND PENSIONS, AND OTHER URGENT NEEDS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

MARCH 5, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WHITTEN, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 1281]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making dire emergency supplemental appropriations for the consequences of Operation Desert Shield/Desert Storm, food stamps, unemployment compensation administration, veterans compensation and pensions, and other urgent needs for the fiscal year ending September 30, 1991, and for other purposes.

RECOMMENDATION

Overall, the bill as recommended by the Committee provides total new budget authority of \$4,136,377,100. This includes dire emergency appropriations of \$151,113,000 which are primarily to offset the consequences of "Operation Desert Shield/Desert Storm" and \$650,000,000 which will assist Israel with costs it has incurred in the Persian Gulf conflict. In addition, the Committee recommends funding of \$1,500,000,000 for the Food Stamp Program; \$482,500,000 for nuclear waste cleanup; \$303,084,000 for veterans compensation and pensions; \$270,000,000 for the CHAMPUS medical program of the Department of Defense; \$200,000,000 for depot maintenance of the Department of Defense; \$232,000,000 for the Supplemental Security Income program of the Social Security Administration; \$200,000,000 for the States' share of the Unemployment Compensation program; and \$100,000,000 for an increased federal payment to the District of Columbia.

AIRCRAFT CARRIER SERVICE LIFE EXTENSION PROGRAM

The Committee directs the Navy to begin expending the funding enacted in fiscal year 1991 solely for the Service Life Extension Program (SLEP) of USS *Kennedy* at the Philadelphia Naval Shipyard.

Despite the force structure reduction to twelve deployable carriers recommended by the Department of Defense, the Committee understands that USS *Kennedy*, the newest non-nuclear carrier, will be required in the fleet for many years before it could be replaced by a nuclear carrier to attain an all-nuclear carrier fleet.

SLEP is designed and proven to extend the thirty year service life of non-nuclear aircraft carriers by at least fifteen years. The Philadelphia Naval Shipyard has completed SLEP of USS *Saratoga*, USS *Forrestal* and USS *Independence*; will soon complete SLEP of USS *Kitty Hawk*; and has begun SLEP of USS *Constellation* with a completion date in FY 1993. To ensure that USS *Kennedy* can serve as long as necessary, the Committee strongly supports SLEP for USS *Kennedy* and has included bill language to prohibit the expenditure of funds on any lesser USS *Kennedy* overhaul.

The Committee understands that immediate direction is needed for SLEP for USS *Kennedy*, because design and advance procurement are falling behind schedule for the FY 1993—FY 1995 execution of this work.

V-22 OSPREY

The Committee has included a general provision which directs the Department of Defense to obligate previously appropriated funds for the V-22 Osprey aircraft. The provision also extends the availability of the funds appropriated in fiscal year 1989.

F-14 AIRCRAFT PROGRAM

The Committee has included a general provision which calls for the obligation of \$987,936,000 for the F-14 program. This funding includes \$897,236,000 for production of aircraft and \$90,700,000 for spare parts.

AOE COMBAT SUPPORT SHIPS

The Committee has included a general provision which transfers funding among various prior years' AOE combat support ship programs. The Committee is aware that claims submitted by the contractor have not yet been fully evaluated and the Committee's action is not intended to prejudice those claims. The Committee directs the Navy to expeditiously evaluate the claims to arrive at an equitable settlement and to assure delivery of these ships to the Navy in a timely and cost effective manner.

MAKING DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR THE CONSEQUENCES OF OPERATION DESERT SHIELD/DESERT STORM, FOOD STAMPS, UNEMPLOYMENT COMPENSATION ADMINISTRATION, VETERANS COMPENSATION AND PENSIONS, AND OTHER URGENT NEEDS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

MARCH 22, 1991.—Ordered to be printed

Mr. WHITTEN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 1281]

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1281) "making dire emergency supplemental appropriations for the consequences of Operation Desert Shield/Desert Storm, food stamps, unemployment compensation administration, veterans compensation and pensions, and other urgent needs for the fiscal year ending September 30, 1991, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 32, 35, 39, 42, 48, 52, 54, 57, 75, 92, 93, 94, and 98.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 19, 20, 23, 26, 27, 29, 30, 41, 61, 63, 67, 68, 88, 89, and 91, and agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: , *to remain available until expended*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: \$6,239,000; and the Senate agree to the same.

USE OF U.S. INTELLIGENCE SYSTEMS AND RESOURCES FOR PERSIAN GULF
ENVIRONMENTAL AND ECOLOGICAL ASSESSMENTS

The catastrophic environmental and ecological damage done in the Persian Gulf region and beyond resulting from the sabotage of Kuwaiti oil wells and associated facilities is without precedent in modern history. As a consequence of this unique situation, the Conferencees strongly urge the Director of Central Intelligence to support the overall United States national government damage assessment effort by assembling a special Community-wide task force, in order to (1) identify all intelligence systems and analytical assets capable of assessing the nature, impacts, and extent of such damage; and (2) direct expeditiously and on a high priority basis those systems and assets to conduct such assessments. Further, under appropriate precautions to safeguard the security of intelligence assets, sources and methods, the Director of Central Intelligence is requested to (1) cooperate closely with the Secretary of Defense, the Administrator of the Environmental Protection Agency, the Director of the National Oceanographic and Atmospheric Administration and other federal departments and agencies in sharing resources, information, and analytical work and assessments that might result from the efforts on this matter; (2) make sharing arrangements to draw upon the information and analysis being done by other nations on this matter; and (3) provide a preliminary report, in both classified and unclassified forms, on the activities he has initiated on this matter 60 days after the enactment of this Act.

GENERAL PROVISIONS

Amendment No. 51: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

SEC. 201. Restrictions provided under subsection (b)(2) of section 301d of title 37, United States Code, as authorized by the National Defense Authorization Act for 1991 shall not apply in the case of flag or general officers serving as practicing physicians.

SEC. 201A. Of the funds made available to the Department of Defense for Chemical Agents and Munitions Destruction, Defense, an amount not to exceed \$2,000,000 shall be available only for an off-island leave program: Provided, That notwithstanding any other provision of law, the Secretaries concerned may, pursuant to uniform regulations, prescribe travel and transportation allowances for travel performed by participants in the off-island leave program: Provided further, That funds appropriated for the off-island leave program shall remain available until expended.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 52: Restores House language which calls for a service life extension program for the U.S.S. KENNEDY at the Philadelphia Naval Shipyard.

Amendment No. 53: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede

Date 6/25/1991

DRYDOCK USAGE REPORT

Revolving/
Drydocking
Capability

FY93

FY94

FY95

PTSMH	1	2	3	4	5	6	7	8	9
PTSMH	4	none	none	none	none	none	none	none	none
	2	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	3	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	2	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	3	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
NORVA	2	none	none	none	none	none	none	none	none
	3	none	none	none	none	none	none	none	none
	4	CCM 608	CCM 608	CCM 608	CCM 608	CCM 608	CCM 608	CCM 608	CCM 608
CHASN	1	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	2	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	5	none	none	none	none	none	none	none	none
	2	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640	637 618/640
	5	none	none	none	none	none	none	none	none
PHILA	2	none	none	none	none	none	none	none	none
	3	none	none	none	none	none	none	none	none
	4	none	none	none	none	none	none	none	none
	5	none	none	none	none	none	none	none	none
	5	none	none	none	none	none	none	none	none

NUC REF

CONVENTIONAL

RC-RC REMOVAL

DDC - DRYDOCK OUT OF COMMISS

NUC SHIP ROH

NUC DEF

C - CAISSON REPAIR

RPRS-REPAIRS TO DRYDOCK

Document Separator

DOCUMENTS FOR USE IN DEPOSITION PREPARATION

TABLE OF CONTENTS

TO: Proposed Deponents
FROM: General Counsel

We have put together this binder of information for your review prior to your upcoming deposition. While a complete review of the included documents is not necessary, at least a cursory review may increase your comfort level. Behind Tab 1, you will find a summary of all the correspondence received by the Commission from the Philadelphia Plaintiffs. After reviewing this summary, if you wish to see a specific piece of correspondence, General Counsel's office can make that document available for your further review. Also, the documents produced to Philadelphia during discovery are available for review.

Tab 1	Summary of Correspondence from Plaintiffs
Tab 2	Summary of Meetings Involving Navy Personnel
Tab 3	DoD Recommendation on Philadelphia
Tab 4	Transcripts of Hearings where Philadelphia was Discussed, June 7, 14, 27, 28, and 30
Tab 5	Summary of Congressional Contacts
Tab 6	Summary of House Liaison Contacts with Plaintiffs
Tab 7	July 15, 1991 letter from Hekman to Enquirer
Tab 8	Briefing Material for June 7 and 14 Hearings
Tab 9	Briefing Material for June 27, 28 and 30 Hearings

Document Separator

REPORT OF CLERK'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
4	Director John Maier, Board of Chosen Freeholders, Gloucester County, NJ	Chr		PNSY	IGA	17 Apr 91	23 Apr 91	closed
46	Rep. Robert Andrews	Chr	Requests hearing in the Philadelphia area	PNSY	Mil Exec.	18 Apr 91	24 Apr 91	Closed
56	R.L. Donnelly	Chr		PNSY	NTL	18 Apr 91	24 Apr 91	closed
51	Bd. of Com., Borough of Colingswood, NJ	Com	Opposing closing of PNSY	PNSY	IGA	18 Apr 91	24 Apr 91	closed
69	Gary Stuhltrager, Assemblyman NJ	Chr		PNSY	IGA	18 Apr 91	24 Apr 91	closed
73	Wayne Bryant, Assemblyman NJ	Chr		PNSY	IGA	18 Apr 91	24 Apr 91	closed
93	Joseph Ricciardi	Chr	PNSY	PNSY	ES	22 Apr 91	24 Apr 91	closed
94	J.R. Billups, Jr.	Chr	PNSY	PNSY	ES	22 Apr 91	24 Apr 91	closed
95	C.F. Madden	Chr	PNSY	PNSY	ES	22 Apr 91	26 Apr 91	closed
50	Haley Campbell	Chr	PNSY	PNSY	ES	18 Apr 91	24 Apr 91	closed
12	David Buiro	chr	PNSY	PNSY	ES	03 Apr 91		closed
140	Michael Waske, Union	Chr		PNSY	ES	23 Apr 91	25 Apr 91	closed
137	Waske	Com. Callaway	cc: file es-140	PNSY	es	23 Apr 91		closed
161	gp	Chr		PNSY	ES	23 Apr 91		closed
58	Whilucke	Chr		PNSY	ES	18 Apr 91		closed
59	starke	Chr		PNSY	ES	18 Apr 91		closed
60	Whilucke	Chr		PNSY	ES	18 Apr 91		closed

REPORT OF
 RMAN'S
 CORRE
 JENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
62	Billingsley	Chr		PNSY	ES	18 Apr 91		closed
257	Mayor W. Wilson Goode, Philadelphia, PA	Chr		PNSY	IGA	26 Apr 91	30 Apr 91	closed
287	Powers			PNSY	ES	26 Apr 91		closed
321	cook			PNSY	ES	26 Apr 91		closed
322	gp	chr		PNSY	ES	26 apr 91		closed
320	Distefano			PNSY	es			closed
350	Jedwabney	com	cc: response to all com.	PNSY	ES			closed
362	cook	chr	Questions Nay's criteria	psny	es	26 apr 91		closed
468	McCarthy	Com. Callaway		PNSY	es	2 may 91		closed
209	cribbs	Com	suggests questions that need to be addressed	psny	Dir R & A	25 Apr 91	7 May 91	closed
61	Rep Curt Weldon	Com	Copy of Triad of Excellence Report	PNSY	DC	30 Apr 91	3 May 91	closed
297	Mitura	Com Trowbridg e	Attach to other copies to com from same individual	PNSY	ES			closed
9	32 MOC	Com	Forwarding a report	PNSY	Senate liaison	17 Apr 91	23 Apr 91	closed

REPORT OF CHAIRMAN'S CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
816	Reps. Folgietta, Gray, Borski, Coughlin, Weldon, Ridge, Andrews, and Sens. Lautenberg, Biden, Specter, Wofford, and Bradley	chr	forwarding report: Analysis of the Recommendation of the BBR Report to close PNSY and naval station/ Also included is file 252 (numbered incorrectly as the log already contains file 252) which is a 23 April 91 letter from almost same group of congressmen	pnsy	dc	22 may 91	24 may 91	closed
848	william angus, director coc of southern NJ	chr	personal	pnsy	chr	22 May 91	25 may 91	closed
75	Jack Casey, Assemblyman, NJ	chr		pnsy	iga	18 Apr 91		closed
620	Bill Hamilton, GAO, Philadelphia	Vic Zangla	Base Closure Data Verification	PNSY	es file	23 may 91		closed
880	Bill Hamilton, GAOPhila	Vic Zangla	Base Closure Data Verification	PNSY	es file copy	23 may 91		closed
1041	Morrie Ruffin	Wendy Pensinger	cc: fax to Sec. Cheney from Sen. Arlen Specter	PNSY	DC	29 May 91	30 May 91	closed
983	John Tompson, President Norfolk Naval Shipyard	chr		PNSY	ES	28 May 91	29 May 91	closed
900	Rev. Foote, First United Methodist Church	chr	letter concerning impact of navy yard closing on National Park, NJ	PNSY	ES	24 May 91	24 May 91	closed

REPORT OF CONGRESSMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1112	Rep. Robert Andrews	chr	reply to 29 May 91 letter concerning PNSY	PNSY	DC	31 May 91	31 May 91	closed
850	Ellen Yount of Rep. Tom Ridge's office	Jamie Gallagher	Testimony of Rep. Tom Ridge	PNSY	ES	23 May 91	23 May 91	closed
463	Catherine McCarthy	com. Callaway	PNSY	PNSY	ES	2 May 91	10 May 91	closed
812	Sen. Arlen Specter	chr	11 June 91	PNSY	DC		11 June 91	closed
234	Sen. Arlen SPECTER	Sec. Lawrence Garrett, NAVY	Copy of letter suggesting significant deviation from base closure criteria	PNSY	es file copy	25 Apr 91		closed
155	Christopher Morris	chr		pnsy	SA	23 Apr 91	26 Apr 91	closed

REPORT OF CHAIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1193	Mayor Ralph Ragomo, Riverton, NJ	chr		PNSY	iga		7 june 91	closed
1434	Jeff Flood, President of Delaware Valley Hospital Council	chr	PNSY	PNSY	ES	6 June 91	8 June 91	closed
1183	chr	Mayor Wilson Goode, Philadelphia	change of date for philadelphia base visit	pnsy	es file		30 May 91	closed
1189	chr	Gov. Robert Casey	date change for philadelphia base visit	pnsy	es file		30 May 91	closed
1194	Rep. Robert Andrews	chr	request to attend meeting	pnsy	me		3 june 91	closed
1509	Governor Robert Casey	chr	PNSY	PNSY	SD		11 June 91	closed
1539	chamber of commerce, southern new jersey		evaluation of the costs premises and other factors relating to closing of PNSY/triad of excellence report by the penjerdel council	pnsy	es		12 june 91	closed
1391	Rep. Robert Andrews	com	testimony concerning PNSY	PNSY	ES		11 June 91	closed
1723	Rep. Curt Weldon	chr/com		PNSY	dc		18 june 91	closed
1860	sen. arlen specter	chr/com	thinks too many dod personnel in key positions at DoD	PNSY	dc		21 june 91	closed

REPORT OF CIRMAN'S
CORRECTION

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
1848	Tracy Warren, state office CA	cary walker	congressional record/Sen. specter's statement	PNSY	dc		22 June 91	closed
1850	Rep. John Murtha	chr		PNSY	es		24 June 91	closed
2028	Stephan Minikes	Com. Ball		PNSY	ES file		25 June 91	closed
1932	Bruce Christensen	Alex Yellin, chr		PNSY	ES		28 June 91	closed
2096	Rep. Robert Andrews	chr,com	fax letter on PNSY	PNSY	ES file	26 June 91		closed
2095	Rep. Robert Andrews	chr, com	fax letter on PNSY different from 2096	PNSY	ES file only	26 June 91		closed
2193	Rep. Robert Andrews	chr		PNSY	ES		3 July 91	closed
2218	Chr	Michael Mills, Philadelphia Inquirer	PNSY PSA	PNSY	es file	26 June 91		closed
2222	Stephan Minikes, Counsel to the city of Philadelphia	Bob Moore	Service Life Extension Program of USS Kennedy	PNSY	NTL	30 June 91	3 July 91	
2128	Rep. Robert Andrews	chr	Philadephia naval shipyard and ageis work	pnysy	es	27 June 91		closed

REPORT AIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
816	Reps. Folgietta, Gray, Borski, Coughlin, Weldon, Ridge, Andrews, and Sens. Lautenberg, Biden, Specter, Wofford, and Bradley	chr	forwarding report: Analysis of the SecDef's Recommendation to close PNSY and naval station. Also included is file 252 (numbered incorrectly as the log already contains file 252) which is a 23 April 91 letter from almost same group of congressmen (Tri-state deleg.) accompanying a copy of the Triad of Excellence report	pnsy	dc	22 may 91	24 may 91	closed
820	Sen. Arlen specter	chr	forwarding copy of Delaware Valley Science and Technology assn's "Analysis of Proposed NADC relocation"	Naval Air Development Center, warminster, PA	dc	22 may 91	24 may 91	closed
1033	Sen. Arlen Specter	chr	cannot be present at 24 may 91 hearing	PNSY, NADC, and Letterkenny Army Depot	DC	29 May 91		closed
812	Sen. Arlen Specter	chr	11 June 91	PNSY	DC		11 June 91	closed
234	Sen. Arlen SPecter	Sec. Lawrence Garrett, NAVY	Copy of letter suggesting significant deviation from base closure criteria	PNSY	es file copy	25 APR 91		closed

Head

REPORT AIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
2205	Rep. Peter Kostmayer, Rep. Tom McMillen, Rep. Lawrence Coughlin, Sen. Arlen Specter	chr	Labs	Labs and NADC, Warminster	ES info only	29 June 91		closed
1679	Sen. Arlen Specter	chr	Army Corps of Engineers		dc		17 june 91	closed
1725	Sen. Arlen Specter	chr	do not cancel visit to Warminster facility	NADC, warminster, pa	dc	14 june 91		closed
1836	sen. arlen specter	chr	written testimony for 17 june 91 hearing	fort indiantown gap	es		21 june 91	closed
1860	sen. arlen specter	chr/com	Thinks too many DoD personnel in key positions at the Base Closure Commission	PNSY	dc		21 june 91	closed
1891	Sen. Arlen Specter	com.	hearing testimony, ie.: Ft. Indiantown Gap	Ft. indiantown Gap	es		25 june 91	closed
2038	Sen. Arlen Specter	chr	fax	Indiantown Gap	ES		28 June 91	closed
2080	Sen. Arlen Specter	chr	6 letters covering all issues		sd	26 June 91		closed
1360	Sen. Arlen Specter, Harris Wofford, reps george gekas and robert walker	chr	have included various pieces of correspondence from intergovt'al officials	Fort Indiantown Gap	dc		7 june 91	closed

REPORT AIRMAN'S
CORRESPONDENCE

Control Number	From	To	Subject	Base	Action Agency	Date Rcvd	Susp Date	Status
2334	Sen. Arlen Specter	com	Concerned with data presented by Alex Yellin		es file copy	28 June 91		closed

Document Separator

PRIVILEGED INFORMATION

RECONSTRUCTED LIST OF MEETINGS INVOLVING NAVY TEAM PERSONNEL

DATE	DAY	MEETING WITH...	PLACE	TOPIC
5/2/91	THU	NAVY STAFF	DBCRC	NAVSTA, SHPYDS, TRNG
5/3/91	FRI	RADM DRENNON	DBCRC	STRAT. HOMEPORTS
5/7/91	TUE	MARINE CORPS STAFF	DBCRC	MARINE BASES
5/16/91	THU	COMMUNITY GROUP	DBCRC	WHIDBEY ISLAND
5/20/91	MON	JERRY VERNON VISIT	BASE	NTC ORLANDO
5/20/91	MON	NAVY BSC	NAVASN	BSC PROCESS
5/22/91	WED	MCBURNETT/LABGRP	PENTAG	RDT&E CONSOL. PLAN
5/22/91	WED	NAVY BSC	NAVASN	BSC PROCESS
5/24/91	FRI	NAVY BSC	PENTAG	BSC CROSSWALK
5/29/91	WED	NAVY BSC	PENTAG	BSC PROCESS
5/31/91	FRI	RELEASE	DBCRC	COMMISSION ADDS
6/3/91?	MON	CAPT WILLIAMS OP43	PENTAG	SHIPYARDS (week of)
6/3/91	MON	CDR BRAD SMITH	PENTAG	RDT&E CONSOL. PLAN
6/3/91?	MON	PATRICK MCCLAIN	DBCRC	NAVSTA EVERETT
6/3/91	MON	MAURY RUFFIN	DBCRC	PHILADELPHIA
6/4/91	TUE	SEN GRAMM'S STAFF	DBCRC	NAS KINGSVILLE
6/4/91	TUE	SEN. SPECTER & NAVY	PENTAG	SHIPYARDS
6/4/91	TUE	VADM KIHUNE OP03	DBCRC	BSC INPUT-NAVSTA
6/5/91	WED	DELIBERATIONS	CAPHIL	RDT&E PRESENTATION
6/5/91	WED	MCBURNETT/LABGRP	PENTAG	RDT&E CONSOL. PLAN
6/5/91	WED	PETE ADOLPH	PENTAG	DOD LAB COMMISSION
6/5/91	WED	VADM BOORDA OP01	DBCRC	BSC INPUT-TRAINING
6/5/91	WED	VADM DUNLEAVY OP05	DBCRC	BSC INPUT-NAVAIR
6/7/91	FRI	DELIBERATIONS	TRTSAV	NAVY ADDS PRESENT.
6/11/91	TUE	LARRY FREEMAN, NSEA	DBCRC	RDT&E CONSOL. PLAN
6/12/91	WED	MCBURNETT/BALL	DBCRC	RDT&E CONSOL. PLAN
6/12/91	WED	REP. LAUGHLIN	DBCRC	NAS CHASE
6/12/91	WED	REP. MCCOLLUM	DBCRC	NTC ORLANDO
6/14/91	FRI	DELIBERATIONS	GSA	NAVY CATEG. PRESENT.

6/15/91	SAT	REP MOLINARI STAFF	DBCRC	NAVSTA STATEN ISL.
6/17/91 ?	MON	CAPT WILLIAMS OP43	PENTAG	SHIPYARDS (week of)
6/17/91	MON	JERRY VERNON VISIT	BASE	NTC & MCRD S. DIEGO
6/18/91	TUE	KARALEKAS&MCCA HILL	DBCRC	NAS CHASE FIELD
6/18/91	TUE	NAVY OP44, OP95, 03	DBCRC	NRF SHIPS
6/18/91	TUE	VADM HEKMAN, RET	PHONCN	SHIPYARDS
6/19/91	WED	WM WALDEN, NAVLABS	NC-1	RDT&E CONSOL. PLAN
6/19/91	WED	WISE	DBCRC	WHIDBEY/COUPEVILLE
6/21/91	FRI	BEN BORDEN VISIT	BASE	NAVSTA STATEN ISL.
6/21/91	FRI	REID & PRIEST	R&POFF	PHILA SHIPYARD
6/21/91	FRI	JOHN HART VISIT	BASE	NAS KINGSVILLE
6/21/91	FRI	JOHN HART VISIT	BASE	NAS MERIDIAN
6/24/91	MON	ROHRABACHER STAFF	DBCRC	LONG BEACH COMPLEX
6/25/91	TUE	CONG. MCCOLLUM	DBCRC	NTC ORLANDO
6/25/91	TUE	REP. WEISS STAFF	DBCRC	NAVSTA STATEN ISL.
6/26/91	WED	CAPT FRANZ/HUNT	NAVAIR	NAVAIR RDT&E PLAN
6/27/91	THU	DELIBERATIONS	CAPHIL	NAVY CATEG. PRESENT.
6/27/91	THU	DR M. BOYLAN, NSF	NSF	R&D MANPOWER TREND
6/28/91	FRI	DELIBERATIONS	CAPHIL	NAVY SUMMARY
6/28/91	FRI	DILLON READ LAWYER	DBCRC	S.I. 801A FINANCING
6/29/91	SAT	REID & PRIEST	DBCRC	CV SLEP PROGRAM
6/30/91	SUN	DELIBERATIONS	CAPHIL	VOTE ON NAVBASES

PRIVILEGED INFORMATION

RECONSTRUCTED PARTIAL LIST OF CONTACTS

CONTACTS BY TELEPHONE AND INFORMAL MEETINGS

The principal working level DoD contacts with which the Commission's Navy Team dealt on a regular basis were on the staff of OP-44, specifically Capt. George Tsvaros and Cdr. Jerry Wong, both of whom moved to other assignments toward the end of April, Cdrs. Clay Ching, Bruce Kendall, and Jim Bullock, Lt. Cdr. Mulliner, and Mr. Charles Maca and his civilian staff in the OP-44 group responsible for the COBRA model. Frequent contact was also made with Rear Adm. Drennon, the head of OP-44.

The Navy Team also had frequent working level contact with the office of the Assistant Secretary of the Navy (Installations and Environment), which forwarded a considerable amount of Navy-related data in the earlier part of the Commission process, and which continued to provide official data on Marine Corps bases throughout the process. Capt. Rick Rice, USN, Ms Schafer's executive assistant, was the principal point of contact at ASN (I&E). Mr. Rich Anderson provided information on COBRA modeling of prospective Marine Corps base closures.

Naval Shipyards. The principal working level points of contact for official DoD information relating to Naval Shipyards were Capt Tom Williams and Ms Mary MacKinnon in OP-43, as well as Capt. Tsavaros and Rear Adm. Drennon in OP-44. The Navy Team's more frequent Congressional contacts for Philadelphia shipyard included Congressman Robert Andrews of New Jersey, Keith Morrison of Congressman Foglietta's office, and Maurie Ruffin of Sen. Specter's office. Steve Minikes of Reid and Priest communicated frequently representing the City of Philadelphia. Rick Dykema and Gary Curran of Congressman Rohrabacher's office communicated with the Navy Team in regard to the Long Beach Shipyard, as did Laurence Taub of E. Del Smith and Company, who represented Long Beach community interests. Finally, a Team member spoke with retired Vice Admiral Peter Hekman, former head of the Naval Sea Systems Command, and with Sy Nunn of the American Shipbuilders Council.

Naval and Marine Training Bases. The Navy Team's principal DoD contacts for Naval Training Centers and Marine Corps Recruit Depots were the OP-44 and ASN (I&E) personnel noted above. Staff had working discussions of proposed San Diego closures at length with Representatives Bill Lowry, Duncan Hunter, and Duke Cunningham and with Karl Higgins in Rep. Lowry's San Diego office. Frequent working discussions on the proposed closure of NTC Orlando took place with Rep. McCollum and with John Ariale of his Orlando office.

Naval and Marine Air Stations. Two calls to CINCUSNAVEUR in London have not succeeded in reaching John Hart, so it has been

impossible to discuss with him the principal contacts he made use of during the Commission process. However, he is expected to be at CINCUSNAVEUR next week and to return the calls then. In the meantime, a review of his binders indicates the following contacts for Naval and Marine Corps air stations:

The principal DoD contacts for Naval and Marine Corps air stations, in addition to previously named personnel in OP-44 and ASN (I&E), appear to have been Capt. Reynolds and Cdr. Bill Kolster in OP-554. In addition, Cdr. Hart communicated with Cdr. Morrow of ASN (I&E), Cdr. Patrick Nelson and Lt. Cdr. Bob Williams at Chief of Naval Air Training (CNATRA/N33) in Corpus Christi, with Capt. Bill Beaty, CO of Air Training Wing One, and with Capt. Joe Hart, CO of NAS Lemoore, with Marine Major R.C. Brown at the Naval Oceanography Command at Bay St. Louis, and with a Capt. Ryan regarding required dredging at Pensacola. Cdr. Hart may also have been in direct contact with Capt Moulton of OP-095 concerning to Pacific Northwest reserve issues, with Richard Melaas, assistant to the CO of Whidbey in regard to AICUZ data, and with Captains identified only as Williams and Wagner concerning Whidbey issues, and with a Capt. Meier in regard to Kingsville.

In terms of Congressional contacts, review of the binders, personal recollection, and discussion with Jamie Gallagher indicate that Cdr. Hart made personal contact with Rep. Greg Laughlin, and possibly also with his staffer Steve Foster, with Rep. Sonny Montgomery and his staffer Al Bemis, with Rep. Solomon Ortiz and his staffer Shiela McReady, with Sen. Trent Lott and his staffer Sam Adcock, and with Sen. Thad Cochran and his staffer Jack Hoggard.

The binders indicate the following community contacts for air stations: Jim Seeley, Bill Massey, Mac McDowell and possibly others involved with the NAS Whidbey Island Task Force, Larry Caldwell and Ross Hatch of Whidbey Islanders for a Sound Environment (WISE), and Steve Karalekas of the "Case for Chase" group, Dick Messbarger and of the Greater Kingsville Economic Development Council and Bill Donaldson, also Kingsville. There may have been additional contacts, including with Meridian groups.

The binders indicate that the following civilian officials also may have been contacted: Gerald J. Markey of the FAA (re electromagnetic interference at Lemoore), Don Cass (sp?) and/or James Wright of the FAA Southern Region (re airspace encroachment at Meridian) and Tom Williams, manager of the Meridian Airport (airspace encroachment). Other names that appear in the binders include Gary Connors and A Zusman (re noise issues), and Steve Uhle (EM interference at Lemoore).

RDT&E Installations. Marv Casterline's most frequent contacts while gathering information on the proposed consolidation of Navy RDT&E facilities were with personnel in the office of the Assistant Secretary of the Navy for Research, Development and Acquisition, specifically Ms. Genie McBurnett, Principal Deputy to the Assistant

Secretary, and Cdrs. Brad Smith and Larry Newman. Alex Yellin and Marv Casterline also had one meeting at which the other attendees were Adm. Oliver, OP-80, Adm. Sterner of the Naval Sea Systems Command, and ASNRD&A personnel.

On other occasions, Marv Casterline had telephone or personal interviews with the following:

- o William Walden, Director of the R&D Center Management Division under the Director of Navy Labs,
- o Dr. Miles Boylan of the Division of Research and Analysis at the National Science Foundation (re engineering personnel trends),
- o Pete Adolph, Chairman, Commission on Conversion/Consolidation of DoD RDT&E Laboratories,
- o Tom Newburger and Greg Hanford of the Office of the Director of Navy Labs,
- o Mike Reich, Technical Director, Naval Electronic Systems Engineering Center, Charleston, SC,
- o Ray Davis of the Joint Frequency Management Office (re electromagnetic consequences of relocating St. Inigoes, MD, activities to Portsmouth, VA.), and
- o Larry Freeman and Dave Anderson of the Naval Sea Systems Command, both of whom contributed to the formulation of the Navy's lab consolidation plan.

Naval Stations. The principal DoD contact for Naval Station Information in addition to the OP-44 contacts enumerated above was Capt. Dave Mattis of OP-33, who dealt in particular with berthing and other capacity-related issues. In addition, the following Navy sources were interviewed by telephone:

- o Lt. Cdr. Dwayne Curry and Lt. Cdr. Nancy Avila of Naval Station Pascagoula,
- o Lt. Cdr. Deborah Mowery of Naval Station Mobile,
- o Mr. Greg York, Resident Engineer at Naval Station Everett,
- o Capt. Gnerlich, the CO of Naval Station New York (Staten Island), as well as Cdr. Paul Stasiewics, the Engineering Officer; Lt. (JG) Joseph Matis and Ms. Cathy Ankrom, who heads the housing office at the base,
- o Ms. Murel Coast and Dave Winnegren of the COBRA organization in OP-44,
- o Capt. Bruce Bradshaw and Lt. Cdr. Pete Menio of the office of

the Director of Naval Reserves (OP-95), and Cdr. Tom Plichta, Naval Reserve Coordinator in OP-03,

The principal Congressional contacts included Rep. Susan Molinari and her staffer Kevin Tyne, Jennifer Brown of Rep. Weiss's office, and Perry Floyd of Rep. Sisisky's office in regard to Naval Station Staten Island, and Rick Dyukema and Gary Curran of Rep. Rohrabacher's office in regard to Long Beach.

Other civilian contacts included the following:

- o Patrick J. McClain of the Maritime Alliance of the Pacific Northwest, representing the proponents of Naval Station Everett,
- o Laurence S. Taub of E Del Smith and Company, representing the supporters of Naval Station Long Beach,
- o Joseph E. Callo, Executive Director of the Homeport Information Task Force, Steve Karalekas of Karalekas and McCahill, and Brian P. Harty of Brooklyn Union Gas, supporting Naval Station Staten Island,
- o Anita P. Molino of Dillon Read, financial backers of the Aspen Knolls 801A housing project at Staten Island, and Mr. Robert Mazzuoccola, the contractor for the Aspen Knolls 801A project,
- o Michael Immerso of the National Campaign on Strategic Homeporting, advocating the closing of Naval Station Staten Island,
- o Retired Rear Adm. Eugene Carroll of the Center for Defense Information and retired Vice Adm. John Shanahan, also advocating the closing of Naval Station Staten Island,
- o Daniel P. Cosgrove, President of Defense Facilities Corporation, an expert in financing of DoD housing, particularly 801A housing.

08 JUL 1991

002265

SERIOUS INCONSISTENCIES AND DISCREPANCIES IN THE PUBLIC DEBATE

on the

RECOMMENDATION TO CLOSE PHILADELPHIA NAVAL SHIPYARD

submitted to

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

by the

Chamber of Commerce, Southern New Jersey
Government Affairs Subcommittee
Cheryl B. Newton, Chairman

July 5, 1991

copies to:

President George Bush
Vice President Dan Quayle
Secretary Dick Cheney
Mr. Brent Scowcroft
Gen. Colin Powell
Mr. John Sununu





July 5, 1991

Defense Base Closure and Realignment Commission
Honorable James Courter, Chairman
1625 K Street NW, Suite 400
Washington, DC 20006

Re: Public Debate on the Recommendation to Close Philadelphia Naval Shipyard (PNSY)

Gentlemen:

This report compiles what we believe to be the most serious inconsistencies and discrepancies evident during your public debate of June 27 - June 30. We do believe that your intent was to conduct a fair and open process, but that given the extremely limited time available and the plethora of data to digest on a widely dispersed set of bases and issues, the urgency to reduce the military's infrastructure and hence its budget overcame the need to perform a logical and non-biased review of all available data, at least in the case of Philadelphia.

We are reasonably certain that the President will see the wisdom of disapproving the recommendation to close Philadelphia Naval Shipyard, and will return the process to you for further study and subsequent resubmittal. If this is the case, please consider the points iterated herein, and please use the expert resource available within the community to ensure that the ultimate decision will be constructed on a fair and balanced debate.

Very truly yours,

Cheryl B. Newton
Chairman, Government Affairs Subcommittee
TEL (609)778-1616 FAX (609)778-7305

copies to:

Hon. George Bush, President
Hon. Dan Quayle, Vice President
Mr. Dick Cheney, Secretary of Defense
Mr. Brent Scowcroft, National Security Advisor
Gen. Colin Powell, Chairman, Joint Chiefs of Staff
Mr. John Sununu, White House Chief of Staff

SERIOUS INCONSISTENCIES AND DISCREPANCIES IN THE PUBLIC DEBATE
on the
RECOMMENDATION TO CLOSE PHILADELPHIA NAVAL SHIPYARD

1. During the June 30th debate, Commissioner Smith stated that the Navy is decreasing by 25%, that the naval shipyards' workload is going down by 25% as well, and that the private yards are still there. By viewgraph #49 (EXHIBIT A), his assumption about workloads in naval shipyards is incorrect. As the viewgraph shows, the naval shipyard workload levels out for the 1990s and is actually higher in the years 1999 & 2000 than in 1991. In addition, in Secretary Cheney's Base Closure Report (Tab C), the Navy says "While the Navy fleet is downsizing by 19%, the types of ships worked by the NAVAL SHIPYARDS is downsizing by only 1% and in some cases is increasing (large Amphibious and Aegis ships)." This quote from the DOD report was repeated in all five reports we submitted to you, and is substantiated by your own viewgraph #49. In spite of this, not a single member of the Commission's Navy Staff chose to correct Commissioner Smith's remark, thus allowing the remaining debate to be constructed on this vital piece of misinformation.

THE STAFF FAILED TO CORRECT
MR. SMITH'S ASSUMPTIONS ABOUT
WORKLOAD AND PRIVATE YARDS!

Furthermore, in our paper to you of June 6, 1991, we pointed out that closures of private yards during the 1980s represented 25% of the privately accomplished Navy work, and that the decline in private large ship capability (over 600 feet in length) was even more severe (55%). These statements were based on an easily verifiable list of private shipyard closures; this list was attached to our report. Yet the Commission's Navy Staff allowed Mr. Smith's statement about private yards to go uncorrected, adding another faulty assertion on which to make your final decision.

2. A single viewgraph, #67 (EXHIBIT B), listed the "Community Comments" for Philadelphia Naval Shipyard. Missing from this slid

are two of the most important and most oft repeated community "comments", namely that (1) the COBRA Model was incorrectly used by the Navy to depict an annual savings rather than an annual cost, and (2) there is no excess capacity in naval shipyards, particularly in the type of work for which PNSY is most qualified.

The community did more than "comment", it delivered detailed analyses by respected experts and organizations using Navy data. The results, including

COMMUNITY CONCERNS WERE GIVEN NO CREDENCE, EVEN THOUGH THEY USED NAVY DATA!

the backup data and step-by-step logical arguments, were submitted to the commission many times during the review cycle. These submissions covered all of the points made on viewgraph #67, the two major missing points mentioned above, and other pertinent points such as Philadelphia's excess land for consolidation, additional closure costs, the Navy's use of their grading system, Philadelphia's maintenance of efficiency in spite of a decreasing workload, and the proper interpretation of Navy Industrial Funding. These submissions included the Chamber of Commerce papers of April 24th, May 9th, May 31st, June 6th and June 14th; public testimony in Philadelphia on May 24th by the Pennsylvania Economy League, the Joint Committee for Yard Development comptroller, and other experts in financial and mission related topics; and many other documents submitted by various members of the local congressional delegation.

During the public debate on June 27th, viewgraph #67, the single item which refers to any community objections to the Navy's proposal, was displayed for possibly 15 seconds without comment or question from the commission. There were no visual comparisons between the community positions and the Navy's, there were no point-by-point presentations of the community's arguments (which used Navy data and were more logically developed than the Navy's) there were no data graphs or charts presented from the community's reports, there was not even a complete listing of the "Community Comments." The Commission's Navy staff was able to counter each and every concern opposed to closing Philadelphia with the phrase

"the Navy told me ..."; "the Navy indicated ..."; and "the Navy's position is ..." This view of the Navy's position as omnipotent, and this complete public disregard for the coherency and cogency of the community's arguments and the thousands of hours spent in their development, was a blatant display of non-objectivity by the staff, and certainly had a major effect on the ultimate decision.

3. On June 30th Commissioner Levitt raised the concern which had been submitted in a letter from Senator Specter that because of the man/day rate differential between Philadelphia, Norfolk and Puget Sound, there is really an annual cost rather than an annual savings associated with closing Philadelphia and shifting work to these other yards. The staff countered that this was

"based on the rate differential at the time of the analysis between, for example, Philadelphia and Norfolk",
that

"the man/day rates change dramatically from year to year based on workload and the performance and organization of the shipyards",

that

"the differential is not a continuing issue because the workload that's available for Philadelphia in relationship to the other public and private shipyards on the east coast would not in the future continue to display this kind of differential"

and that

"the differential for fiscal year '91 for repair work between Norfolk and Philadelphia is only a few dollars."

In fact, the annually recurring increase in cost incurred by shifting work from Philadelphia to Norfolk, mentioned by Senator

SENATOR SPECTER WAS RIGHT,
THERE ARE NO SAVINGS!

Specter, is based on the aggregate of the past two years of man/day rate differentials and NOT "the rate differential at the time of the analysis." This was pointed out in our paper to you of May 9th. Philadelphia has had the lowest man/day rate of any naval shipyard for nine of the past ten years, so this differential is

favor of Philadelphia does NOT "change dramatically from year to year" and would certainly be a "continuing issue". "The differential for FY '91", which is the data from only one quarter, was used by the Navy to assert that there would only be a savings of "a few dollars" between Philadelphia and Norfolk. This ignores the fact that Philadelphia has continued to be the lowest cost shipyard for nine of the last ten years.

Every corporation adjusts their business operation based on financial data from each quarter to reach a year end goal. Philadelphia has been doing this successfully for years, and 1991 will be no different. The Navy's argument, using only first quarter FY '91 data, is shallow and without merit. However, if the Navy decides to decrease the "workload that's available for Philadelphia in relationship to the other public and private shipyards on the east coast" to the point that Philadelphia "would not in the future continue to display this kind of differential", then of course there would be no annual rate differential between Philadelphia and other yards because Philadelphia would become more expensive. This is a circular argument that must be recognized as fallacious. Removing work from the most efficient shipyard to make it more expensive so that there will be no additional cost to doing the work elsewhere is a ploy which needs no further discussion. During the June 28th debate, Commissioner Callaway correctly described closing Philadelphia in favor of Norfolk as a "homeport issue"; it has been disguised as a cost saving issue. "Homeport" is not one of the eight criteria in the law, but with ships being homeported in Staten Island, Earle, NJ and the possibilities for future homeports right in Philadelphia, the true issue requires much further debate and discussion.

4. During the debate of June 30th, the staff presented to the commission the fact that Long Beach Naval Shipyard is the only

WHY IS THE WEST COAST
DIFFERENT THAN THE EAST?

public yard on the west coast capable of participating in Public/Private Competition. This, they said, was due to the fact that Puget Sound and Mare Island do "specialized work" which makes

their rates higher and therefore not competitive. The specialized work is nuclear refueling and defueling, which is also performed by Norfolk, Charleston and Portsmouth on the east coast (see viewgraph # 45 attached). The commission never questioned why Philadelphia shouldn't be retained since it is the only east coast yard not doing "specialized work" and thus the only one eligible for Public/Private Competition.

5. During the debate on June 27th, the staff presented figures to the commission indicating that, in FY '90, Philadelphia received \$51 million and Long Beach received \$28 million in pass-through funding to replenish the Naval Industrial Fund for each activity. The presentation was made by staff in response to questions on NIF funding, and to show that naval shipyards really do not pay for themselves, and that Philadelphia in particular operated in the red.

In the first place, the figures themselves are incorrect. In FY '90 Philadelphia received \$45 million and Long Beach received \$57 million. These corrected

PASS-THROUGH FUNDING WAS
INCORRECTLY EXPLAINED, AND
NEVER CORRECTED!

figures are from a navy comptroller message of September 1990. More importantly, the figures are meaningless to use as judgements about current shipyard financial health. These pass-through dollars are to infuse the respective industrial funds with capital to offset an accumulated operating result (i.e. the net losses over the life of the fund), not for current or even recent operating results. As did all shipyards, Philadelphia from time to time operated at a loss in years past. What is important, though, is that since 1989 Philadelphia has reorganized their operating structure and has been returning money to the fund, and will continue to do so. This reorganization is why Philadelphia not only has the lowest man/day rate but the highest productive ratio (production staff to overhead staff) of any naval shipyard.

A handwritten explanation of pass-through funding, with the comptroller message attached, was passed to the staff on June 28th

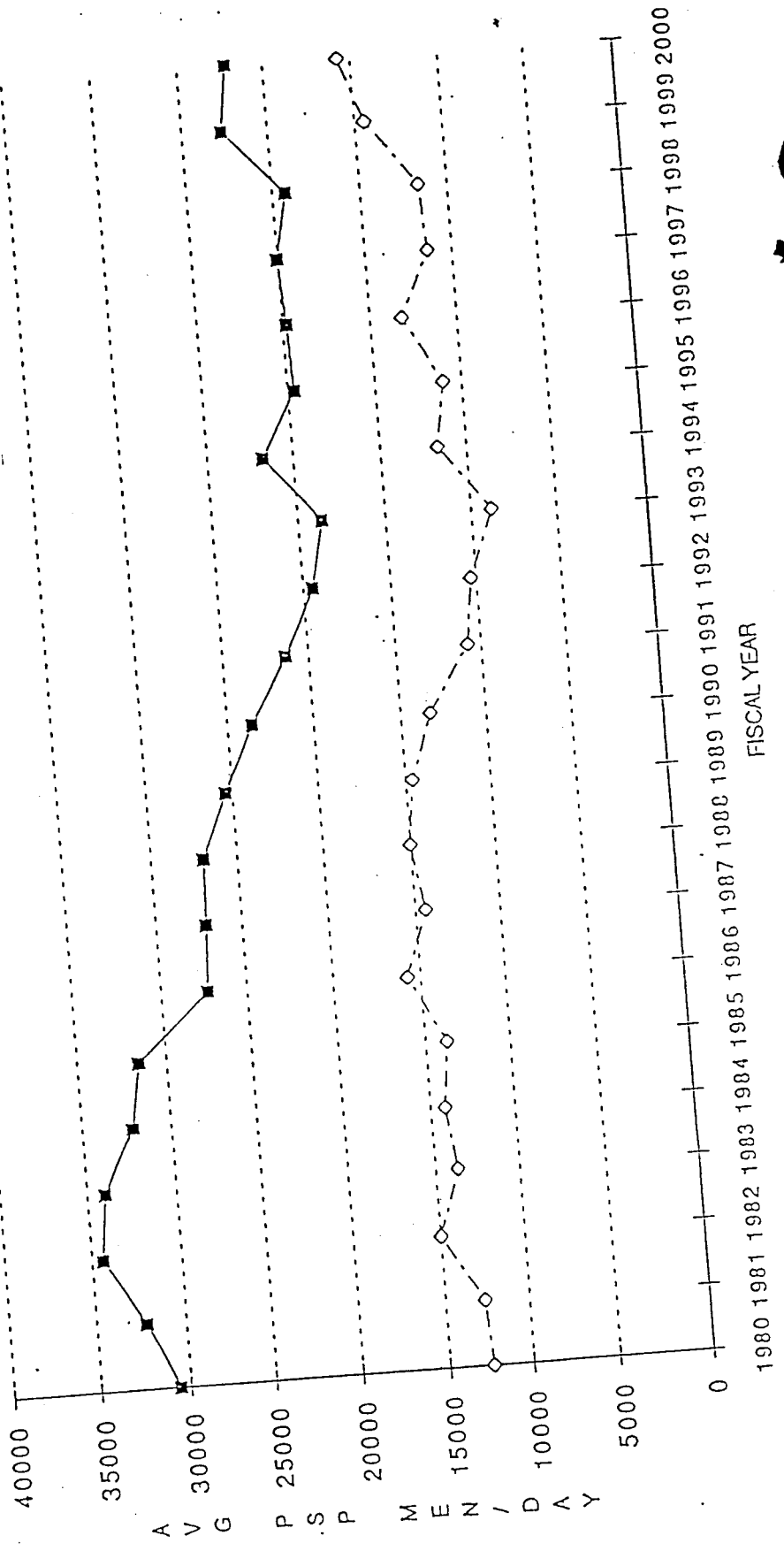
but no mention was made in public to the commission. We assume that the ensuing debate was predicated on the belief that Philadelphia Naval Shipyard cost the government \$51 million in 1990. This is patently false, and this should have been pointed out by the staff.

6. A major argument was made in favor of not closing the base at Staten Island, New York, by making the point that "New York needs a naval presence", and that it was ridiculous for the world's greatest natural harbor not to have a naval presence. We submit that for the birthplace of our nation to lose it's naval presence after over 200 continuous years is equally ridiculous, and that in as much as this "criteria" was applied to New York, let it be also applied to Philadelphia.

A NEW CRITERIA?

ALL NAVAL SHIPYARD WORKLOAD

■ TOTAL WKLD
 ◇ NUCLEAR SHIP WKLD



JFA

NAVY TEAM

NUCLEAR REFUEL / DEFUEL DRYDOCKS
FY 90 - FY 2000

<u>SHIPYARD</u>	<u>UTILIZATION %</u>
-----------------	----------------------

PORTSMOUTH	93
NORFOLK	92
CHARLESTON	91
PUGET SOUND (2)	107
MARE ISLAND	<u>119</u>
AVERAGE	102

Document Separator

o The expansion and surge capability at NTC Great Lakes, and the lack of surge or expansion capability at NTC Orlando.

The BSC concluded that NTC Orlando was the most likely candidate for closure. Given the support role relationship of naval hospitals to active duty military population in a given area (i.e., hospitals are "follower" installations), if NTC Orlando were to close, Naval Hospital Orlando would also close.

The BSC then considered other DOD selection criteria as they pertain to the closure to the Orlando complex. Closure of the Orlando Naval Complex will affect over 18,400 direct and indirect positions and reduce area employment by approximately 3.2%. The reduction is expected to be temporary because of the growth potential of the area. While NTC Orlando is not an industrial polluter, removal of the operation will improve environmental quality by reducing congestion. An increase of positions and students at Great Lakes, however, will not significantly contribute to environmental problems. NTC Orlando is not on the Environmental Protection Agency's National Priorities List.

Implementing this recommendation will cost about \$456 million. The anticipated land value is \$130 million. Annual savings after implementation is expected to be \$69 million.

Philadelphia Naval Shipyard, Pennsylvania

Recommendation: Naval Shipyard (NSY) Philadelphia is recommended for closure and preservation for emergent requirements. The propeller facility (shops and foundry), Naval Inactive Ships Maintenance Facility, (NISMF), and Naval Ship System Engineering Station (NAVSSSES) will remain in active status on shipyard property.

Justification: Substantial ship reductions and changes in the planned force structure will lead to reductions in ship repair requirements and termination of the Carrier Service Life Extension Program (CV-SLEP). Closure of a NSY is necessary to balance the Navy's industrial workforce with this reduced workload.

The Navy's Base Structure Committee (BSC) considered all NSYs for closure on an equal basis in conformance with the Defense Base Closure and Realignment Act of 1990. Initially, the military value of each NSY was evaluated, using the first four DOD selection criteria. However, because workload in the remainder of the century includes a large number of availabilities (inactivations, overhauls and refuelings) on nuclear ships, the nuclear-capable NSYs were excluded from further consideration at this time. Also, the need to preserve drydock capability on the West Coast for contingency or emergency work on nuclear carriers, and recurring availabilities for large surface ships, necessitated exclusion of NSY Long Beach, CA, from further consideration for closure. This left only NSY Philadelphia still under consideration for closure. Given excessive yard capability for non-nuclear work and the termination of the CV-SLEP, NSY Philadelphia was determined to be a likely candidate for closure. Additional study by the BSC determined that the propeller facility, NAVSSES and NISMF should be retained.

The BSC then considered the other DOD selection criteria. Specifically, closure of the shipyard would result in the loss of nearly 31,000 direct and indirect positions, and 7000 additional ship-associated personnel. This, together with the job loss associated with closure of the Naval Station, equates to a 2.1% cumulative employment reduction in the metropolitan area. While causing an oversupply of housing in an already slow market, no additional impacts are anticipated. Termination of shipyard operations will reduce the source of potential pollution and will have a positive environmental effect. NSY Philadelphia is not on the Environmental Protection Agency's National Priorities List.

Implementing this recommendation will cost about \$130 million. The anticipated land value is \$10 million. Annual savings after implementation is expected to be \$36 million.

Philadelphia Naval Station, Pennsylvania

Recommendation: Naval Station (NAVSTA) Philadelphia is recommended for closure. Ships assigned to the Naval Station will be reassigned to other Atlantic Fleet homeports. COMNAVBASE Philadelphia will close. Naval Damage Control Training Center (NAVDAMCONTRACEN), a major tenant, will also close and move

to Naval Training Center (NTC) Great Lakes, IL. Other tenants will transfer to other bases or remain in leased space. The regional brig will remain.

Justification: Substantial ship reductions in the planned force structure will result in excess berthing capacity and unneeded infrastructure. Berthing can be accomplished more economically and efficiently by consolidating remaining ships at other naval stations, enabling closure of some homeports.

The Navy's Base Structure Committee (BSC) considered all naval stations for closure on an equal basis in conformance with the Defense Base Closure and Realignment Act of 1990. Initially, using the first four DOD selection criteria, the military value of all eighteen naval stations was evaluated. NAVSTA Philadelphia was graded lower in military value for these key reasons:

- o Significant facility deficiencies exist at NAVSTA Philadelphia, which require construction to correct.
- o Philadelphia is a high cost location.
- o Mission reduction will occur at NAVSTA Philadelphia as a result of eliminated support requirements for the Naval shipyard, which is also recommended for closure.

The BSC concluded that NAVSTA Philadelphia was a likely candidate for closure, although the brig would remain. Additionally, because of its tenant relationship to the NAVSTA and the desirability of consolidating damage control training at NTC Great Lakes, if NAVSTA Philadelphia were closed, NAVDAMCONTRACEN would also be closed and relocated to Great Lakes.

The BSC then considered the other DOD selection criteria as they pertain to Philadelphia. Specifically, closure of NAVSTA and NAVDAMCONTRACEN Philadelphia would affect over 9100 direct and indirect positions. This employment loss, together with the loss associated with closure of the shipyard, is a 2.1% employment loss. In addition to employment impacts, a resultant over-abundance of housing is anticipated with the prospect of slow home sales. Since receiving stations have adequate capacity to accept the functions

transferred from NAVSTA Philadelphia, and these assets will replace force structure losses, no environmental impacts are anticipated. NAVSTA Philadelphia is not on the Environmental Protection Agency's National Priorities List.

Implementing this recommendation will cost about \$53 million. The anticipated land value is \$20 million. Annual savings after implementation is expected to be \$40 million.

Sand Point (Puget Sound) Naval Station, Washington

Recommendation: Naval Station Puget Sound (Sand Point) is recommended for closure. A majority of the functions and activities will be relocated to Everett, WA. The regional brig and a small surrounding parcel of land will be retained. The Navy will dispose of the remainder of the property. This is a change to the 1988 Base Closure Commission recommendation to partially close this installation.

Justification: The Navy's Base Structure Committee (BSC) considered all naval stations for closure on an equal basis in conformance with the Defense Base Closure and Realignment Act of 1990. Initially, using the first four DOD selection criteria, the military value of all eighteen naval stations was evaluated. NAVSTA Puget Sound (Sand Point) was graded low in military value for these key reasons:

- o Previous reductions of missions and functions at Sand Point due to base realignments, culminating in loss of nearly one-half of the property from action by the 1988 Base Realignment and Closure Commission.
- o Planned relocation of Commander, Naval Base Seattle, WA, who is the Navy's Pacific Northwest regional coordinator, to Submarine Base Bangor, consistent with his concurrent responsibilities as Commander, Submarine Group Nine.
- o Need to eventually move Commanding Officer, NAVSTA Puget Sound from Sand Point to Everett as construction at Everett is completed.

Document Separator

7 JUNE 91

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1 like to discuss is the Shipyard category.

2 Next slide, please.

3 SHIPYARDS

4 This is a map locating the eight public shipyards of
5 the Navy.

6 Next slide on the left.

7 CHAIRMAN COURTER: Typically, I guess, I have a
8 question.

9 MR. YELLIN: Yes, sir.

10 CHAIRMAN COURTER: I interrupt you, and I apologize.

11 MR. YELLIN: No, that's fine.

12 CHAIRMAN COURTER: One of the things that -- I guess
13 we can't deal with perfect information in the world of private
14 shipyards. Could you just comment on that?

15 MR. YELLIN: Yes, sir. I do have an additional
16 chart a few later.

17 CHAIRMAN COURTER: Okay, if you get to it later,
18 that's fine.

19 MR. YELLIN: Yes, sir, we are going to talk about
20 that, because that certainly is an issue here that we need to
21 consider, and there is an issue related to both Philadelphia
22 and Long Beach that relate to private capacity and

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1 capabilities.

2 I would like to begin by talking a little bit about
3 the capacity issue with shipyards. One of the things that is
4 confronting the Navy right now is a dramatic decrease in the
5 amount of work that they are projecting for their public
6 shipyards. In 1990, public shipyard employment was about
7 70,000 people. In 1995, they project it to be at 50,000, with
8 a continuing decrease.

9 If you could put the next slide up on the right,
10 please.

11 This is a projection prepared by the Navy that shows
12 the workload for the public shipyards between 1985 and the
13 year 2000, and I think dramatically shows the dropoff in
14 requirements, and also it shows the peak of work for nuclear,
15 which is the bottom part of the chart, between 1990, rising,
16 and then continuing at a fairly high level through the late
17 1990s.

18 CHAIRMAN COURTER: Wait a minute. Continue at a
19 high level?

20 MR. YELLIN: It's decreasing after 1990, but
21 above --

22 CHAIRMAN COURTER: Let me make sure I understand

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1 that. Everyone else probably does except me. On the nuclear
2 -- and you have not -- which is which?

3 MR. YELLIN: The nuclear is at the bottom, the white
4 section at the bottom.

5 CHAIRMAN COURTER: All right. The nuclear is the
6 white section?

7 MR. YELLIN: Right. That begins to rise --

8 CHAIRMAN COURTER: So it shows a dramatic drawdown
9 in need for nuclear shipyards by the year 2000.

10 MR. YELLIN: Yes, sir, it does. It shows an
11 increase, though, above traditional work, and most of that is
12 related to the submarine refuelings and deactivations in the
13 late 1990s.

14 CHAIRMAN COURTER: Yes.

15 MR. YELLIN: As you can see, the workload does
16 increase over traditional levels for the nuclear work in the
17 late 1990s. There is a peak there.

18 Go back to the other slide, please. No, the
19 previous one.

20 The Navy did a capacity analysis that looked at the
21 capacity of the major drydocks as the key capacity limiter in
22 shipyards, and in their analysis they came up with a capacity

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1 excess during the period that we are discussing of
2 approximately two drydocks. An additional factor based on --

3 CHAIRMAN COURTER: The Navy came up with a two
4 drydock excess?

5 MR. YELLIN: Excess.

6 CHAIRMAN COURTER: What year?

7 MR. YELLIN: That is -- that capacity analysis was
8 based on a look at the years 19 -- Fiscal Year '92, '93 and I
9 think '94 as an approximate range. They took the requirement
10 during that period and matched that against the capabilities
11 of the public yards.

12 CHAIRMAN COURTER: So, in essence, if there is a
13 capacity overage of two in the early to mid 1990s, there will
14 be that much more excess capacity in the year 2000, pursuant
15 to the other chart.

16 MR. YELLIN: Yes, sir.

17 CHAIRMAN COURTER: Now, what kind of drydocks are
18 they? I mean, are they -- for which types of ships?

19 MR. YELLIN: The drydocks -- they are for
20 conventional ships.

21 CHAIRMAN COURTER: Well, which types of conventional
22 ships? How big? I mean, there is a big difference in

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1 drydocks.

2 MR. YELLIN: The analysis did not go to that level
3 of detail.

4 COMMISSIONER BALL: Whose analysis is this?

5 MR. YELLIN: This is the Navy's analysis at a
6 capacity level. Now, there is scheduling information that we
7 have that deals with that information in more detail.

8 COMMISSIONER STUART: Well, specifically, is Mare
9 Island comparable to Long Beach?

10 MR. YELLIN: No, sir. Mare Island handles the
11 nuclear submarine work, primarily. Long Beach has a large
12 drydock which is capable of handling up to a conventional
13 carrier --

14 COMMISSIONER STUART: It sounds like we've got
15 apples and oranges here.

16 MR. YELLIN: That's right. There are some problems
17 with the single-capacity analysis, but the overall level, as
18 you can see from looking at the next series of numbers that I
19 have on your chart -- and I think you have them now -- the
20 Naval Shipyard, Philadelphia -- and this is based on
21 scheduling of work by the Navy prior to the closure decisions
22 -- that during the period through the end of the century, the

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1 Philadelphia Naval Shipyard had a drydock utilization of 49
2 percent projected in the Navy's scheduling. This is across
3 all their major drydocks.

4 In comparison, since we are going to be talking
5 about Long Beach in a few minutes, their percentage was 92
6 percent. The next lower after Philadelphia was 68 percent,
7 and overall the drydock utilization was 92 percent during that
8 period of time.

9 COMMISSIONER STUART: That doesn't help me on that.

10 MR. YELLIN: Excuse me?

11 COMMISSIONER STUART: You've got 49, 42 and 68, and
12 you come up with an average 42 -- of 92.

13 MR. YELLIN: I didn't include the numbers for the
14 other five drydocks, and they are all up in the high 70s or up
15 in the 90 percent range. I should have included a complete
16 list.

17 CHAIRMAN COURTER: What time frame are we dealing
18 with?

19 MR. YELLIN: This is between -- the numbers for the
20 drydock utilization are between this year and the year 2000,
21 Fiscal Year 2000.

22 COMMISSIONER BALL: I think we had better be careful

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1 how we characterize this for the Commissioners, Alex. I note
2 that the -- I don't question that these numbers reflect
3 current projections, but we have to say such things as, "This
4 presumes peacetime. This presumes carriers don't bump into
5 other carriers" --

6 MR. YELLIN: Yes, sir.

7 COMMISSIONER BALL: -- "or that carriers don't have
8 problems that might require emergency drydock."

9 MR. YELLIN: That is true.

10 COMMISSIONER BALL: The assumption, if you look at
11 numbers, is that a high number is good, a low number is bad,
12 but I would caution that there is a certain -- there is a
13 great national security advantage to having the availability
14 of drydocks and especially large ones that can accommodate
15 capital ships for emergency ships.

16 MR. YELLIN: Yes, sir. Typically, the shipyards in
17 the out years only schedule to 70 to 75 percent utilization of
18 drydocks to retain some additional capacity.

19 COMMISSIONER STUART: That is an important point to
20 know.

21 MR. YELLIN: That's right. But this reflects the
22 fact, though, that for the shipyards that have nuclear work in

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1 them, their drydock utilization is much above that in their
2 current planning.

3 Next, please.

4 This discusses, to some extent, Commissioner, the
5 question that you mentioned before about private capability.
6 This is a presentation of the companies that are currently
7 working for the Navy doing new construction and conversion.
8 This is certainly not a complete list of all the companies
9 doing private work for the Navy. The reason --

10 COMMISSIONER BALL: I don't --

11 MR. YELLIN: That is not in there?

12 CHAIRMAN COURTER: It is several pages down, five or
13 six pages down. While we are looking at this chart, I just
14 have another observation, and although it is important to keep
15 in mind when you are dealing with drydocks and shipyards,
16 private yards, there is no guarantee that you can use them.

17 MR. YELLIN: That's right.

18 CHAIRMAN COURTER: And I would imagine the Navy is
19 not going to pay a charge to keep them vacant so they can use
20 them when they want to, so it adds a great deal of
21 uncertainty, does it not --

22 MR. YELLIN: It does.

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1 CHAIRMAN COURTER: -- with respect to private yards?

2 MR. YELLIN: That's right. This reflects --

3 COMMISSIONER STUART: You are agreeing to that very
4 easily, but there --

5 MR. YELLIN: No, if you have more capacity in your
6 system, you are going to have more flexibility.

7 COMMISSIONER STUART: Right.

8 MR. YELLIN: It is the Navy's position --

9 COMMISSIONER STUART: And the commercial yards
10 generally are hungry for more business, are they not?

11 MR. YELLIN: Yes, sir. The question comes in when
12 you talk about the very large drydocks, which now are
13 currently occupied by -- in part, by new construction, so that
14 does limit the flexibility, if you have emergent work on a
15 carrier, if you have a drydock that is occupied by new
16 construction.

17 COMMISSIONER STUART: But if new construction is
18 going to decrease, the hunger for business is going to
19 increase, isn't it?

20 MR. YELLIN: That's true, and there is --

21 COMMISSIONER STUART: Just surmising.

22 MR. YELLIN: There is significant excess capacity in

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1 the private shipbuilding business.

2 COMMISSIONER STUART: That is my point.

3 MR. YELLIN: Yes, sir, that is true. What I have
4 tried to present here in this chart is to present the
5 locations of the shipbuilders that do new construction and
6 conversion work. This identifies those shipbuilders that have
7 large facilities, typically are more able to do work on a
8 similar basis to a public shipyard, although not totally
9 equal, but these are the shipyards that have the larger
10 drydocks and the larger equipment.

11 One of the things that is an issue related to a
12 drydock on the West Coast versus one on the East Coast is
13 that, as you can see here, there is very little capability
14 relative to -- on the West Coast relative to the East Coast,
15 as far as major private shipyard capacity. There is quite a
16 bit on the East Coast, comparatively.

17 COMMISSIONER BALL: There used to be.

18 MR. YELLIN: On the West Coast.

19 COMMISSIONER BALL: I'm not being facetious. There
20 used to be considerably more ship construction on both the
21 East and West Coasts, but, of course, the Navy is the only
22 purchaser of ships from these shipyards, commercial

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1 construction having gone overseas.

2 MR. YELLIN: Certainly with the bankruptcy of Todd
3 in the Los Angeles area, that takes a major capacity source
4 out of the West Coast.

5 COMMISSIONER BALL: And I think you should note,
6 Alex, that in addition to these major facilities, this is not
7 by any means the extent of ship repair --

8 MR. YELLIN: Of ship repair, that's right.

9 COMMISSIONER BALL: -- capability in private
10 shipyards.

11 MR. YELLIN: There is a very extensive -- what I
12 tried to do here, since a lot of the issues related to Long
13 Beach and Philadelphia deal with large drydock availability,
14 which is what you have certainly asked questions about
15 already.

16 The next chart is a presentation of the current
17 fleet concentrations, where they are located. It is
18 advantageous -- I apologize for these being out of order.

19 CHAIRMAN COURTER: Yes.

20 MR. YELLIN: It is back up in the front, sir.

21 A PARTICIPANT: Where you left off.

22 MR. YELLIN: The fleet concentrations reflect where

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1 ships are home ported. There is a desire to have overhaul
2 work done on ships as close to their home port as possible.
3 This minimizes the cost for moving families and crew and
4 actually moving the ships.

5 Next, please.

6 LONG BEACH NAVAL SHIPYARD

7 What I would proceed to do now with the Naval
8 Shipyard, Long Beach, is to go through a few points we want to
9 make on why we think that Long Beach is a valid consideration
10 to add to our list for future evaluation, and then some
11 reasons why we think that it also should be considered for
12 deletion today.

13 The Naval Shipyard, Long Beach, was on the list as
14 an alternative to Philadelphia. The Navy analysis of the
15 shipyard category projected that all the public shipyards that
16 are capable of doing nuclear work would be full enough to
17 eliminate any of them from elimination and closure.
18 Therefore, the only two that were considered by the Navy for
19 closure were Long Beach and Philadelphia, and that is why we
20 think, based on their analysis, that we should look at that as
21 an alternative.

22 There certainly is excess capacity, as we have seen,

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1 with the drawdown of workload. In fact, I didn't mention, but
2 in the earlier Eighties, there were about 80,000 employees in
3 shipyards, and we will be down by '95 to 50,000, so that shows
4 the dramatic decrease in excess -- increase in excess
5 capacity.

6 Pearl Harbor also has a drydock that can hold a
7 carrier, a nuclear carrier. Now, it is certainly not on the
8 West Coast, but it is in the Pacific, and if you are looking
9 at requiring a drydock in the Pacific for emergent work, it
10 may be some justification to say that you've got two already,
11 if you include Pearl Harbor, although it is certainly a long
12 way from the West Coast, if that is where the casualty occurs.

13 And Long Beach is currently not designated -- it
14 does not have the capability to do nuclear repair work. They
15 have a capability to put a nuclear ship into their drydock,
16 but to do work there, they would have to move in crews and
17 specialists from, for example, Puget Sound who know how to do
18 that work in order to actually repair the ship there.

19 As far as a discussion for reasons for possibly
20 deleting Long Beach today, Long Beach is the primary West
21 Coast yard for repair and overhaul of the conventional surface
22 ships. Many of the ships that are planned for Long Beach,

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1 which are West Coast ships, during the 1990s, there is no
2 other drydock available, because Puget Sound has got such a
3 full schedule, to be done on the West Coast. There is no
4 private capability on the West Coast to do that; therefore,
5 you would have to move that ship to an East Coast shipyard,
6 and if Long Beach was closed and Philadelphia was left open,
7 then Philadelphia would be probably a typical one where some
8 of that ship work would go. But that is a long way to--
9 according to the Navy, a long way to relocate the ships and
10 their crews for a period of overhaul, but it certainly could
11 be done.

12 There is a requirement for a nuclear carrier
13 emergent capacity. We have certainly talked about that a
14 little bit already. There is only one other drydock on the
15 West Coast, up at Puget Sound, that can hold the carrier, and
16 therefore the Navy has indicated their desire to have two
17 drydocks on the West Coast for emergency work, and therefore
18 Long Beach is the one that they propose to have for that.

19 CHAIRMAN COURTER: Are there any private yards that
20 have that capability on the West Coast?

21 MR. YELLIN: No, sir.

22 CHAIRMAN COURTER: But there are two public yards?

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1 MR. YELLIN: Two, yes, sir, Long Beach and Puget
2 Sound.

3 CHAIRMAN COURTER: Puget Sound.

4 MR. YELLIN: And a third is Pearl Harbor, if you
5 include that in the Pacific area.

6 CHAIRMAN COURTER: Yes.

7 MR. YELLIN: And if you are considering that the
8 Navy is trying to do public/private competition and increase
9 that in the shipyard overhaul work, for the work that can be
10 done with the private yards on the West Coast, Long Beach has
11 been the one that has been participating in that competition,
12 so you would be eliminating on the West Coast a local yard,
13 public yard, that could compete with the private companies for
14 that work.

15 CHAIRMAN COURTER: But wouldn't there still be
16 competition among the private yards?

17 MR. YELLIN: Yes, sir.

18 CHAIRMAN COURTER: So you are not eliminating
19 competition; you are eliminating a public yard in the mix of
20 that competition?

21 MR. YELLIN: That's right, public/private
22 competition in that.

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1 Now, the next chart is a list of the carrier capable
2 drydocks. This goes to what we have already talked about, and
3 it notes here that Philadelphia does have two drydocks that
4 can hold a carrier, Norfolk has one, Puget Sound on the West
5 Coast. Hunters Point is on our list for being closed, and it
6 is no longer going to be considered. Long Beach --

7 COMMISSIONER BALL: How -- excuse me. Go ahead.

8 MR. YELLIN: -- Pearl Harbor and the two drydocks at
9 Newport News, which, as noted on here, are currently being
10 used for new construction.

11 CHAIRMAN COURTER: Leave that on there just one
12 second. So, with regard to carrier capable drydocks, given
13 that Newport News is tied up with construction, if you close
14 Philadelphia, what do you have on the East Coast?

15 MR. YELLIN: You have Norfolk.

16 COMMISSIONER BALL: Norfolk Naval Shipyard.

17 MR. YELLIN: That's right. This is a public yard--

18 CHAIRMAN COURTER: You have one.

19 MR. YELLIN: That's right, we've got one. That's
20 right.

21 CHAIRMAN COURTER: I guess the question is, if there
22 is logic to have two on the West Coast that are available for

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1 public purposes, why not two on the East Coast that are
2 logical for and usable for defense purposes?

3 MR. YELLIN: The Navy's position is that --

4 CHAIRMAN COURTER: They could use the private ones?

5 MR. YELLIN: Yes, sir, that is their position, that
6 as long as a drydock of some capability is there, that is
7 sufficient, they feel, for their insurance policy for emergent
8 work.

9 COMMISSIONER SMITH: When do the Norfolk drydocks
10 become -- the Tenneco drydocks become available, the ones that
11 are under -- have the new construction in them?

12 MR. YELLIN: I don't know. John, do you know when?

13 We can get that information for you, the schedule.
14 I do not have that. There is work scheduled typically for all
15 the drydocks. These large drydocks are very capable, and
16 there is work scheduled typically in all of them, not all the
17 time, but they are typically very heavily scheduled.

18 The considerations that the Navy has is that if
19 there is emergent requirements, they would have to -- if the
20 ship that was in there could be floated and removed and then
21 put back in, that's what they would do. If they were in a
22 situation where they could not pull what work they have in the

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1 drydock out, they would have to look elsewhere for repair
2 capability.

3 CHAIRMAN COURTER: Is it fair to say -- I mean, it's
4 my assumption that if you are talking about a carrier capable
5 drydock, and you demolish it and you remove it from the
6 inventory, private and public, number one, you would probably
7 never get another one back. You are not going to build a new
8 one. And, number two, it would cost probably half a billion
9 dollars to build one. Is that at all an outrageous figure?

10 CAPT. VERNON: No, I would say that is probably a
11 good figure.

12 CHAIRMAN COURTER: So when you close Philadelphia,
13 you know, just -- if you are looking at two drydocks, you are
14 getting rid of \$1 billion of assets that you never get back?

15 MR. YELLIN: The proposal, Commissioner, calls for
16 holding those in a mothball status.

17 CHAIRMAN COURTER: Mothball status.

18 MR. YELLIN: To retain them, because the Navy
19 recognized that Philadelphia has some unique capabilities. It
20 is a very large and capable facility.

21 CHAIRMAN COURTER: I guess one of the decisions the
22 Commission has to make, which is a very difficult one, is

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1 that, given the community pressures and community needs, can
2 you really mothball something for a long period of time?

3 MR. YELLIN: That does eliminate that from other use
4 by the community. It certainly does.

5 CHAIRMAN COURTER: Yeah, but will it hold for 20
6 years, just mothballing a drydock, considering the fact that
7 every governor and every mayor is going to want to use it for
8 other -- for a useful purpose?

9 COMMISSIONER LEVITT: Didn't you do that with the
10 Brooklyn Navy Base, mothball that?

11 MR. YELLIN: I don't -- sir, I'm not sure of the
12 status of that. We could check on what the status is right
13 now.

14 COMMISSIONER LEVITT: It's still around.

15 MR. YELLIN: The Navy proposal calls for them to
16 maintain sufficient people at the shipyard to maintain these
17 facilities in a status that could be reconstituted. There
18 will be -- they are also going to retain, or are proposing to
19 retain, the inactive ship facility, the mothball fleet
20 facility there, as well as the propeller shop and the foundry
21 and the Ship Engineering Center Station will stay there also.
22 That is in the proposal.

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1 They feel that -- and drydocks can be retained in a
2 reasonable status. They do require some repair and some
3 ongoing maintenance, but the proposal does not indicate
4 significant cost to do that.

5 Now, we are still waiting for some information back
6 from the Navy about what the cost would actually be in the
7 future if -- after this was -- after Philadelphia was pulled
8 out of active status, what the cost would be to reconstitute
9 it in its current capacity, and that is something that we will
10 be able to report to you later.

11 COMMISSIONER CASSIDY: Has there ever been a notion
12 to the Navy to buy excess capacity in a drydock that is taken
13 over by commercial, by the private sector, whereas the private
14 sector uses the drydock and the Navy buys from it 20, 30
15 percent of its capacity as excess, and compare the cost of
16 that to mothballing it completely?

17 MR. YELLIN: I am not aware. We could certainly ask
18 the Navy that question.

19 COMMISSIONER CASSIDY: That would mitigate the
20 Chairman's point. The pressures will be there, and if the
21 Navy does need some excess capacity, just buy the excess
22 capacity, and that is normally better, anyhow, in a working

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1 drydock than it would be in a mothballed drydock, more readily
2 available.

3 MR. YELLIN: We will certainly approach the Navy
4 about that as an option. Any other questions?

5 (No response.)

6 MR. YELLIN: Next, please.

7 Also, just since we are talking about this as an
8 alterative -- Long Beach as a potential alternative to
9 Philadelphia, I thought we would just briefly go through some
10 of the similar issues that we have for Philadelphia. Its
11 rationale for inclusion on the Navy's proposed closure list
12 is, going back to the excess capacity, it does currently not
13 have capability to handle nuclear ships.

14 The East Coast is a location where there is private
15 capacity to substitute for some public capacity. It is a SLEP
16 specialist. The SLEP program, because of the decline in the
17 number of carriers is -- the Navy has indicated they are not
18 going to continue with that program, so they have -- their
19 specialty work is no longer on the Navy's program for
20 construction.

21 And going back to the VCNO study that I mentioned to
22 you earlier that was done in 1990, the shipyard rated eighth

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1 out of eight on the list.

2 And we have certainly discussed already the
3 rationale for keeping Philadelphia. They have two very large
4 drydocks. They have some very unique facilities. The
5 propeller shop is one, and the Ship Engineering Station is
6 another.

7 There is an alternative that we are currently
8 getting some information from the Navy on, about an option to
9 -- and the relative cost of downsizing all eight shipyards
10 versus closing one and distributing its work to others, and
11 there is some information that we have been presented by
12 Philadelphia that indicates that they are a cost effective
13 shipyard, and we are getting data from the Navy to discuss
14 relative cost effectiveness of the various yards.

15 CHAIRMAN COURTER: On that cost effectiveness, I
16 have seen Navy studies. Of course, there's lots of different
17 Navy studies, but I've seen Navy studies that indicate that
18 Philadelphia is the most efficient shipyard in the United
19 States, so that is what you mean by cost effective, I'm sure.

20 MR. YELLIN: Right.

21 CHAIRMAN COURTER: But we can get those Navy
22 studies. I have seen them. I assume they are accurate and

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1 correct. And I don't think there is too much debate on that
2 issue.

3 One of the reasons that they are cost effective--
4 and I am treading in an area where you have a lot more
5 expertise than I do, and so does Will Ball -- is that they are
6 not as expensive because they are not nuclear capable. When
7 you have something that has to be certified for nuclear, you
8 have different, higher standards and requirements that are not
9 only up front but ongoing, and therefore, for example, to
10 repair or service life extend, or to do other types of
11 refueling on a ship that is non-nuclear, it is a squandering
12 of taxpayer money to do it at a facility that has a nuclear
13 capability. I mean, is that a true statement, or is there
14 flaws in that statement?

15 MR. YELLIN: The Navy has indicated to us, because
16 we have posed that same question to them --

17 CHAIRMAN COURTER: Yes.

18 MR. YELLIN: They have indicated that some of their
19 accounting systems currently in place do distort the cost of
20 conventional work in nuclear shipyards, and they have
21 indicated to us, and we are getting more information from
22 them, that they are going to institute in the next fiscal year

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1 a change in the accounting process at the nuclear shipyards
2 where overhead centers that are currently considered in the
3 overall overhead for the station, which are imposed on all
4 work, including conventional work -- that work will in the
5 future, as much as possible, be identified and charged to the
6 nuclear ship on which those people are working. That will
7 lower the overall man-day rate significantly for that yard,
8 and --

9 CHAIRMAN COURTER: For non-nuclear ships?

10 MR. YELLIN: For non-nuclear ships, and will --

11 CHAIRMAN COURTER: Well, that makes me very nervous,
12 you know, that they are going to come up with a new accounting
13 measure or method to determine the cost effectiveness of doing
14 a non-nuclear ship in a nuclear yard. It seems to me that if
15 you do a non-nuclear ship in a nuclear yard, you are
16 prohibiting that nuclear yard from doing a nuclear ship, and
17 what is going to go on here, what they are going to do, is to
18 say there is no competitive advantage, from an efficiency
19 standpoint, to do a non-nuclear ship in a non-nuclear yard,
20 because you are going to put all the costs of the standards
21 that are required on a nuclear facility just on the nuclear
22 ships, which, in my mind, is an accounting method, but, you

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1 know, a skewed one that doesn't show the real picture.

2 MR. YELLIN: The reason why they have been working
3 to prepare this new system was generated by complaints from
4 the private yards which were trying to compete for nuclear
5 work with the public shipyards, and they indicated that the
6 non-nuclear work in the public shipyards was subsidizing the
7 cost of the nuclear work in the public shipyards, and
8 therefore they were not getting a fair shake. So the change
9 in this accounting was done to try to identify cost to the
10 work, to the specific ship, rather than to the overall
11 shipyard.

12 CHAIRMAN COURTER: Yeah, I understand why they are
13 going to do it, but it seems to me that if you have a facility
14 that is 20 percent or 50 percent more expensive every day of
15 the year, and if it is used 50 days of that year for non-
16 nuclear, it is 50 percent more expensive for the non-nuclear.
17 You can't lump it all on when they do nuclear work.

18 MR. YELLIN: We are getting information from the
19 Navy to try to get a handle on that to present to you during
20 the deliberations on that, because it is certainly a key issue
21 and a factor that needs to be considered.

22 Next, please.

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1 COMMISSIONER SMITH: Mr. Chairman?

2 CHAIRMAN COURTER: Yes.

3 COMMISSIONER SMITH: Are we ready to go to vote on
4 this? Have you got more to present on it? That's all the
5 charts I had seen.

6 MR. YELLIN: Yes, sir, this is the end of the
7 shipyards.

8 MOTION

9 COMMISSIONER SMITH: Okay. What I would do, Mr.
10 Chairman, is move that we include Long Beach for further
11 consideration by the staff.

12 COMMISSIONER CASSIDY: Second.

13 CHAIRMAN COURTER: Any discussion on the motion?

14 COMMISSIONER BALL: Could we point out, I believe
15 that Commissioner Cassidy will be visiting Long Beach, and so
16 it's --

17 COMMISSIONER CASSIDY: Well, I thought it
18 appropriate that I second the motion.

19 (Laughter.)

20 CHAIRMAN COURTER: Any other discussion?

21 (No response.)

22 CHAIRMAN COURTER: We will have a roll call vote.

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1 Jim Smith?

2 COMMISSIONER SMITH: Aye.

3 COMMISSIONER STUART: Aye.

4 COMMISSIONER BALL: Aye.

5 CHAIRMAN COURTER: Aye.

6 COMMISSIONER CALLAWAY: Aye.

7 COMMISSIONER LEVITT: Aye.

8 COMMISSIONER CASSIDY: Aye.

9 CHAIRMAN COURTER: If you are going to leave, please
10 leave quietly. Thank you very much. You may proceed.

11 NAVAL STATIONS

12 MR. YELLIN: I would like to now go into the Naval
13 Station functional category.

14 CHAIRMAN COURTER: Where are we going? Which
15 category?

16 MR. YELLIN: Naval Stations.

17 COMMISSIONER CALLAWAY: Are we going to home ports?

18 CHAIRMAN COURTER: Are we going to lump the
19 strategic home ports with Treasure Island?

20 MR. YELLIN: Treasure Island I would like to discuss
21 separately, since it is a separate issue.

22 CHAIRMAN COURTER: Let's discuss it -- if there is

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1 here some of the issues, and if there are any question, we can
2 deal with them.

3 CHAIRMAN COURTER: Well, let's move on. That's not
4 controversial.

5 MR. YELLIN: Let's go to No. 14, please.

6 CHAIRMAN COURTER: Hunter's Point.

7 MR. YELLIN: Hunter's Point, and the Navy is
8 recommending Hunter's Point be closed. You see below here also
9 another result of the program analysis, which has --

10 CHAIRMAN COURTER: Let me just suggest we move on from
11 there, too. Naval Station Philadelphia.

12 MR. YELLIN: Yes, sir. No. 19, please. Naval Station
13 Philadelphia is also recommended for closure. The Naval Station
14 Philadelphia primarily provides support to the shipyard in
15 Philadelphia, and as a result of the proposal to close the
16 shipyard, the Navy is recommending that the naval station also
17 be closed.

18 As you see here again, this is a cost analysis that
19 indicates a zero year payback. Onto the matrices, please. We
20 summarized some of the issues here. One of the things that we
21 don't want to point out about Philadelphia is that there are no
22 piers in Philadelphia.

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1 The Naval Station Philadelphia, the ships that are
2 home-ported there utilize piers at the shipyard. So the naval
3 station is strictly a support facility. It does not maintain
4 any piers; primarily reserve ships at Philadelphia. Let's go on
5 to page 24, please.

6 CHAIRMAN COURTER: Before we go on, Will Ball
7 mentioned something that I had forgotten. I think the
8 Commission added Treasure Island.

9 MR. YELLIN: Yes, sir.

10 CHAIRMAN COURTER: Are we going to come up to that, or
11 is that part of Hunter's Point.

12 MR. YELLIN: The way I'd organized it is we'd talk
13 about the ones that were on the Navy list first, and then the
14 ones we added. So we have Naval Station Staten Island first,
15 and then Treasure Island as the second.

16 The Navy recommended that Naval Station Staten Island
17 be retained and completed, and it's one of the new strategic
18 home ports. One of the key issues involved with New York, with
19 Staten Island, is the provision of housing for the sailors due
20 to the cost of living in New York City.

21 The Navy currently has 444 Navy-built houses and has a
22 contract to build 801 housing, which is a lease arrangement of

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1 purposes up here. Is that what it is?

2 CDR HART: Yes, sir.

3 CHAIRMAN COURTER: Okay. Fine.

4 CDR HART: It's in a subcategory we considered
5 "other unique." There is no essential requirements. Midway
6 Island is the only base within the category. It's located in
7 the Hawaiian Island chain right in the middle of the Pacific
8 Ocean.

9 The DOD recommendation was to realign the mission
10 and eliminate the air facility requirement and provide a
11 contract surveillance with caretaker presence. The mission at
12 Midway Island is to provide support services for transiting
13 ships, aircraft, and joint "Pony Express" operations.

14 The DOD rationale was the reduce site, specific
15 mission, and acceptable degradation to Pony Express
16 operations. We didn't see any closure realignment issues with
17 regard to this facility. That's all I have on Midway Island.

18 CHAIRMAN COURTER: All right. I think that's pretty
19 noncontroversial. Let's move on. We're going to move on to
20 shipyards, right.

21 MR. YELLIN: Yes, sir. The next category is
22 shipyards. I'd like to start with No. 43. This is a map--

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1 when it gets up there -- this is a map showing the locations
2 of the eight public shipyards in the United States. If you
3 could keep that up, and then put up 44, please.

4 I'd like to begin by just going through a series of
5 discussions about what of staff feels are some of the key
6 issue related shipyards. These are listed on the chart. What
7 is the future workload for the public shipyards and the Navy
8 for repair and overhaul of their fleet?

9 What's the distribution of that workload between
10 coasts, in other words, between fleets? What is a way to look
11 at what are the emergent requirements that are coming up in
12 the future? Also, I thought it would be worthwhile, since
13 this is an industrial, series of industrial funded facilities,
14 to have a couple brief slides that talk to some of the
15 concepts related to Navy Industrial Fund facilities, which are
16 kind of an introduction to a series of charts that we have
17 that talk about relative measures of efficiency and
18 effectiveness and financial performance of the shipyards.

19 Then also, since it is an issue related to
20 Philadelphia in particular: what is the future of the Carrier
21 Service Life Extension program, which is a question that's a
22 key factor in looking at the shipyard in Philadelphia. Go to

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1 45, please.

2 When we had our previous discussion, introductory
3 discussion on shipyards, one the presentations made was a
4 discussion of the overall capacity and utilization
5 requirements for dry docks, which the Navy has indicated is
6 the pacing factor in looking at the capacity issue in
7 shipyards.

8 One of the comments made, which was accurate, was
9 that we were looking at all of the dry docks together. Now,
10 I'd like to show a couple charts to talk about specific
11 categories of dry docks and to see how they affect our
12 analysis.

13 The first one is the nuclear refueling and defueling
14 dry docks at the yards listed here. As you can see, the
15 projected utilization percentage for the '90s, shows an
16 average utilization of over 100 percent. This indicates the
17 level of workload that is planned for these dry docks.

18 The reason why you can have numbers that exceed 100
19 percent involves the fact that much of this work is for
20 submarines. In fact, the bulk of it is for submarine work,
21 and many of the dry docks can hold two submarine at one time.
22 So double-docking gives you a higher percentage.

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1 COMMISSIONER SMITH: Would you please define for us
2 what is a large dry dock?

3 MR. YELLIN: Forty-five. The 45 is the nuclear
4 refueling docks. Now, the next one, the 46, the large dry
5 docks, these are the carrier-capable dry docks.

6 COMMISSIONER SMITH: And what does it take to have a
7 carrier-capable dry dock?

8 MR. YELLIN: It's a dry dock that, I think the
9 dimensions are exceed 1,000 feet in length. I don't have the
10 exact dimensions.

11 COMMISSIONER SMITH: 90,000 tons, 80,000 tons?

12 MR. YELLIN: The weight capacity, I don't know --

13 MR. BEHRMANN: I think it's right around 80,000
14 tons, Mr. Smith. That's the number that kind of jumps into my
15 mind. We'll check for you, sir.

16 COMMISSIONER SMITH: I'd like to know what you mean
17 by large dry docks.

18 MR. YELLIN: The category of large dry docks, these
19 are the dry docks that the Navy considers could hold carriers,
20 fully outfitted carriers, that's right. So that would be in
21 the 80,000 up range. So there are dry docks that are not
22 included.

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1 These are the six dry docks within the public
2 shipyard structure that can hold fully operational carriers.

3 COMMISSIONER STUART: I hope, during your
4 presentation, at some point, you're going to comment on the
5 private shipyards' capabilities, because the Navy's entire
6 emphasis is always just on government owned shipyards, and we
7 must recognize there are alternatives in the private yards,
8 and in many cases, hungry for business.

9 MR. YELLIN: Yes, sir, and we do have that as a
10 discussion point later on.

11 COMMISSIONER BALL: But I think we ought to clarify
12 if we're going to do that. Are there any privately owned dry
13 docks that can be used for carrier overhaul and repair?

14 MR. YELLIN: For a fully operational carrier, there
15 is one dry dock at Newport News, and that's the only private-

16 -
17 COMMISSIONER BALL: If you'd verify -- it was my
18 understanding that the distinction here is between a dry dock
19 that can be used for new carrier construction which can be
20 smaller than a dry dock for carrier repair, correct?

21 MR. YELLIN: Yes, sir.

22 COMMISSIONER BALL: And there's some docks at

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1 Newport News in which the carriers are constructed that cannot
2 be utilized for or would not accommodate a carrier overhaul.

3 MR. YELLIN: The construction docks at Newport News
4 are too shallow in draft to hold a fully loaded, fully
5 operational carrier, that's right. They are used during
6 construction, and then at a period of time during the
7 construction process, they are floated out and the remaining
8 work is done outside that dry dock.

9 Chart 46 indicates the utilization currently planned
10 by the Navy for the six large dry docks, the carrier-capable
11 dry docks. This is chart 46. The left-hand column gives the
12 percentage of utilization during the '90s up to the Fiscal
13 Year 2000. Then, to give a picture about the change in the
14 projected usage is the second column includes the percentages
15 for the last half of the decade. 47, please.

16 In the documentation, provided to the Base Structure
17 Committee of the Navy during their deliberations, there was a
18 series of presentations made by Naval Sea Systems Command
19 earlier this year.

20 The community approached the Commission's staff with
21 a question concerning the chart that's shown here, and I've
22 marked on it, and we have some comments to respond to this,

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1 because if you look at this chart, it indicates with the
2 vertical bars the requirement by year for these six dry docks.

3

4 By the way, the factor used by the Navy for looking
5 at per dry dock for this factor is about 300 dock days a year
6 for utilization. This indicates that the horizontal line with
7 the dots on it indicate the capacity of the six current dry
8 docks.

9 If you take, and looking at the Philadelphia
10 closure, for example, if you would drop that line down
11 approximately 600 dock days. In looking at that, that clearly
12 shows that there is insufficient capacity throughout that
13 period for the use of these dry docks.

14 Since that conflicted with information we'd had,
15 which I've previously shown you on number 46, which indicates
16 that there is significant time available during the
17 scheduling, I went back and in the last few days asked the
18 Navy and received a response on "What was the basis for the
19 requirement bars here?"

20 They indicated, and in fact it is noted at the
21 bottom of this chart, which we reminded me of, that when they
22 did this chart, they made an assumption that they needed for

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1 emergent capacity, for nonscheduled needs, they needed to keep
2 of the equivalent of one of these large dry docks empty at all
3 times on each coast.

4 So in other words, then, the requirement bar
5 includes 600 dock days that is not based on a budgeted,
6 scheduled requirement for work.

7 CHAIRMAN COURTER: Did they do the same on the West
8 Coast?

9 MR. YELLIN: Yes. This chart shows it by total, by
10 category.

11 COMMISSIONER BALL: Both?

12 MR. YELLIN: For both. It's a consolidated
13 requirement. So what I did, and by hand marked on each of the
14 bars starting from Fiscal Year '92. The open bar on the
15 right-hand side is the equivalent requirement deleting that
16 600 dock day emergent requirement.

17 So in other words, the open bar here indicates the
18 actual requirement based on scheduled and budgeted
19 requirements. So as you can see from that, even if you take
20 out the two dry docks in Philadelphia, with the exception of
21 Fiscal Year '94, you have excess capacity shown here within
22 the carrier-capable dry dock category.

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1 The Navy indicated that what would happen if the
2 scheduling still continued for a requirement indicated here
3 for Fiscal Year '94, that would be accomplished either by
4 putting work in the private dock at Newport News or
5 rescheduling and delaying some of that work to future years
6 where there is excess capacity.

7 COMMISSIONER BALL: What is the assumption here on
8 the Kennedy SLEP? The assumption here is that the Kennedy
9 SLEP does or does not occur?

10 MR. YELLIN: My understanding from the Navy is that
11 this includes the Kennedy SLEP.

12 CHAIRMAN COURTER: The Kennedy SLEP, although often
13 things get slipped, but that's supposed to be completed when?

14 MR. YELLIN: In Fiscal Year '95.

15 CHAIRMAN COURTER: So it's not necessarily
16 incompatible

17 --

18 MR. YELLIN: We have another chart to talk about
19 -- no, and I have comments, and we've gotten a formal comment
20 back from the Navy concerning that issue, and I'll talk to
21 that a little bit later.

22 Chart No. 48 is a chart that describes the

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1 employment levels, total employment levels at the eight public
2 shipyards, and what the staff tried to do here is to present
3 maybe a little different way to look at capacity and
4 capability of the yards by looking at historical levels of
5 employment.

6 The first column, this high average column, is the
7 peak average employment at the shipyards, and for most of the
8 shipyards this was '83, '84 period. The Fiscal Year '90 is
9 the actual average employment at the shipyards during that
10 period, and as you can see, that indicates between the high
11 period and the mid- to early '80s of approximately 80,000
12 employees down to 65,000 or 66,000 in Fiscal Year '95--
13 Fiscal year '90, excuse me.

14 Then the final column, Fiscal Year '95, is an
15 estimate by the Navy of employment at the shipyards based on
16 the schedule that they currently have, and this is based on,
17 not on requirements, this is based on their current budget
18 projections. This is driven not by requirements, but by the
19 amount of money that they expect to have for ship repair and
20 overhaul.

21 As you can see, there's a major reduction, and this
22 goes down to 47,000. I want to make clear that there has been

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1 some questions about this number from some people in the
2 community related to this number in relationship to projected
3 requirements.

4 The projected requirements are certainly higher than
5 this, but the Navy did have what they feel is now good
6 information on what they expect to have as far as budget
7 information.

8 COMMISSIONER STUART: May I ask, does this include
9 the assumption of the closure of Philadelphia, according to
10 DOD recommendations?

11 MR. YELLIN: No. It does not.

12 COMMISSIONER STUART: It does not?

13 MR. YELLIN: The workload schedule for the Navy that
14 they have done earlier this year indicated that Philadelphia's
15 workload would drop down but would be maintained at a 1200
16 employment level, total employment level. This number, then,
17 reflects the dropoff of employment from the 5,000 to 6,000
18 person level, based on a Kennedy overhaul or SLEP at
19 Philadelphia, by the end of '95 into '96, dropping down to
20 1200 people.

21 I have a follow-on chart here that shows some
22 additional information. In chart 49, this is a chart provided

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1 by the Navy based on their current schedule, and the numbers
2 on the left reflect the staffing at the key craft shops in the
3 shipyard. It's not total employment. You have to factor that
4 up by approximately 2.7 to 2.9, depending on the shipyard, to
5 come up with a total employment.

6 This is the way they currently project and schedule
7 their work, because these are the pacing capacity limitations
8 within each of the yards. As you can see, there has been a
9 dropoff of the total workload, and the numbers, as I
10 mentioned, through the '95 period, are based on what they
11 expect to have as far as budget available to them.

12 The projections after that, have more of an
13 influence in the actual requirements that they expect, and
14 that's why they have a tendency to rise. They are not
15 influenced as much by specific budget information. It's their
16 best guess right now but what they'll have available and what
17 they'll need.

18 This also indicates the rise during the '90s of the
19 workload for nuclear work. That's reflected in the open
20 diamond line at the bottom. I'd like to then put up charts 50
21 and 51. These are the comparable charts for the individual
22 shipyards, Norfolk and Philadelphia, to give you an idea about

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1 what the total employment is reflected in these lines, the
2 lines showing for Norfolk reflects an average or typical
3 employment level for that shipyard of in the 10,000 to 11,000
4 range.

5 Philadelphia's chart, which indicates a dropoff to
6 about 1200 people in 1996 in later, if you go to the level off
7 in the '93 to '95 period, that's in the 5,000 to 6,000
8 employment range, and that does include the modified service
9 life extension for Kennedy. That is included in this
10 schedule.

11 CHAIRMAN COURTER: Alex, let me ask you a question.
12 In Philadelphia for '96 on out, where you show a real
13 reduction in workload and also man-hours, those people that
14 are there, what does this graph reflect that they're doing
15 after '96?

16 MR. YELLIN: In this plan, there is work scheduled-
17 -

18 CHAIRMAN COURTER: For ship repair?

19 MR. YELLIN: For ship repair and overhaul work, and
20 its approximate total number of productive people. And this
21 is one of the two options that the Navy considered in their
22 analysis, because it is their feeling, kind of a steady state

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1 look at what their schedule showed that they were going to put
2 in Philadelphia after this period of time, and it was about
3 600 direct labor productive personnel.

4 If you did a schedule assuming the closure option,
5 then you have a different chart than this. These charts were
6 done based on the scheduling for the work for the remainder of
7 the decade. It was done earlier this year and did not
8 presuppose, according to the Navy, did not presuppose a
9 closure but did indicate to them that in order to maintain
10 work at appropriate levels at Norfolk and to keep a continuing
11 level, consistent level of work to the private sector on the
12 East Coast, it indicated that the Philadelphia workload was
13 going away, and it was going down to this level.

14 COMMISSIONER BALL: Is this -- excuse me for one
15 quick question. Does this include the propeller? Is this
16 level line due to the propeller shop and other unique --

17 MR. YELLIN: The propeller shop only employs, in
18 round numbers, about 100 people. So they are included.

19 COMMISSIONER BALL: But they are part of this --

20 MR. YELLIN: Yes, sir. And one of the issues that
21 we'll talk about a little bit later is that as this option,
22 one of the things that happens is that as your workload

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1 changes, that affects the rates you charge, because you have
2 to spread your overhead and fixed costs over more or less
3 work.

4 The Navy has not done a detailed analysis, but their
5 preliminary analysis was that a man-day rate for Philadelphia
6 would be probably about 50 percent higher than they're
7 currently charging if they were to operate the shipyard at
8 this 600 productive person level. Fifty-two, please.

9 Fifty-two is the presentation of the same chart for
10 Long Beach, and one of the things that's important to notice
11 here is that there's a very dramatic dropoff of employment
12 from the early '80s to the 1990s.

13 Long Beach's work level traditionally has been much
14 higher than it is right now. They are currently operating at
15 about 4,000 total employees. In fact, during World War II, I
16 was told that they actually had up to, I think, 16,000 or
17 17,000 people working in that shipyard.

18 Because of the reduction in requirements for Pacific
19 Coast work that is appropriate for Long Beach, they went
20 through a very substantial reorganization and downsizing. In
21 essence, they are now about half the size that they were back
22 in the '80s, and although there are effects during the period

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1 when they're downsizing, they now are downsized, and the Navy
2 considers that their operation has been properly reorganized
3 to be efficient at that level.

4 COMMISSIONER STUART: Going back to what you just
5 said a second ago, what does this do to the spread of their
6 overhead costs? Because you've got that big facility, there's
7 overhead involved in that. In you're doing much less work,
8 obviously, the overhead per unit has got to move up.

9 MR. YELLIN: Yes, sir. And as you'll see, I do have
10 a chart that talks about the man-day rates for Norfolk,
11 Philadelphia, and Long Beach, and Long Beach does have higher
12 man-day rates. Now, some of that is affected by the salary
13 levels in California versus Virginia and Pennsylvania. Some
14 of that is affected by the size of the facility and the amount
15 of work going through it.

16 What the Navy has indicated is that over a period of
17 time -- and it's not easy to do it quickly -- but over a
18 period of time, it is possible to restructure your operations
19 so that your costs can be put in line at a much smaller level,
20 and they feel that Long Beach has done that.

21 But as you'll see though, and it is partly an effect
22 of the fact that the yard is smaller, that their man-day rate

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1 is considerably higher than Philadelphia or Norfolk.

2 COMMISSIONER STUART: One of the numerous
3 Congressmen that have weighed in on this issue raised the
4 question I flagged to Paul yesterday. The contention is there
5 is no budgeted support for a shipyard from Navy resources, and
6 their entire revenue is derived from construction work on a
7 so-called "bid basis." Is that statement correct?

8 MR. YELLIN: That is looking at it in a very limited
9 way. That is a true statement, and I do have, as I mentioned,
10 a couple charts where we're going to introduce some of the
11 concepts of the Navy Industrial Fund process, and I think we
12 can talk about that at that time, because that is not alone, I
13 think, an accurate, totally accurate statement, as far as the
14 relative costs to the government related to closing or not
15 closing an industrially funded facility.

16 The next category I'd like to talk about is the one,
17 which is an important factor for commissioners to consider,
18 and this is: What does the Navy really need to maintain for
19 emergent, in essence, unscheduled requirements?

20 The Navy proposal acknowledges that they to need to
21 maintain capability to do unscheduled work, and particularly,
22 when you have unscheduled work for carriers where there is

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1 such a limited number of dry docks available for that work.
2 This is their proposal for answering that question about it.

3 If you now take, for example, with Philadelphia, if
4 you close Philadelphia, that's two of the six, in the public
5 shipyard. Two of the six large dry docks are now no longer in
6 active status. How do you maintain your capability to do
7 emergent work?

8 They've indicated that Newport News Shipbuilding, as
9 we discussed, has a repair dry dock that is capable of
10 accepting a fully loaded, fully operational carrier, and in
11 talking to the Navy, they are constantly working with Newport
12 News, and the information they have from Newport News is that
13 in the current schedule for that dry dock at Newport News,
14 that repair dry dock, that there is 30 to 40 percent of that
15 capacity in that dry dock available during the mid- to late
16 1990s.

17 One of the uncertainties here, obviously, is that
18 Newport News is a private company. The Navy is not proposing
19 to pay Newport News to guarantee availability of that dry
20 dock. Newport News is actively out soliciting work from the
21 Navy and from private companies, so there is the possibility
22 that that dry dock would not be available, and the same way on

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2 the West Coast, where the Navy's proposal is that the emergent
3 requirements would be taken care of by the two large docks,
4 one at Puget Sound and one at Long Beach.

5 They feel that the workload mix within those would
6 provide them with adequate capacity to take of their
7 uncertainties. On the East Coast, the uncertainty may be more
8 because of the fact that Newport News is a private company.
9 What the Navy has indicated, and that's one the reasons why
10 their proposal for Philadelphia calls for, in essence,
11 mothballing and preserving the facility, keeping it available
12 for use in emergencies, for unscheduled work, if the dry dock
13 at Norfolk Naval Shipyard is full or the other dry dock at
14 Newport News is also full. Let's go up to No. 54, please.

15 COMMISSIONER BALL: The dry dock at Newport News,
16 the one dry dock available, 30 to 40 percent during 1994 to
17 2000, that dry dock can accommodate a fully loaded Nimitz
18 class carrier for an emergent repair job, yes or no?

19 MR. YELLIN: Yes. In fact, that dry dock is
20 currently occupied by the Enterprise, which is undergoing --

21 COMMISSIONER BALL: That's the one repaired --

22 MR. YELLIN: The dry dock that is occupied by the
Enterprise right now is the dry dock at Newport News that

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1 we're talking about. So, basically, what the Navy is saying
2 is that they can take care of -- and they recognize that they
3 are going to have less capacity, less flexibility with this
4 drawdown of potentially closing Philadelphia. But they feel
5 that they can maintain the requirement, the emergent
6 requirement, that they need through the process of reserving
7 Philadelphia's assets in a -- their proposal calls for
8 maintenance crews to be there so that the dry dock could be
9 reactivated with crews sent in from, for example, Norfolk
10 Shipyard to dock the ship and to perform the repairs, the dry
11 dock itself would be available.

12 One of the options to look at is, on the West Coast:
13 could that same thing be done related to Long Beach? Because
14 one of the justifications the Navy used for retaining the
15 naval shipyard at Long Beach was that they wanted to have the
16 two dry docks available for potential needs on the West Coast.

17
18 Unlike Philadelphia, the land title at Long Beach
19 -- and I want to correct something that it was stated before,
20 this is the property that is occupied by the shipyard, not the
21 naval station, although it also encompasses restrictions on
22 the title to the water within the breakwater area at the

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1 harbor at Long Beach.

2 There are restrictions on the ability of the Navy to
3 change its current usage of the property without having it
4 revert to the city. So the current information that we have,
5 which is based on the decision, or the judgment from the
6 Navy's general counsel is that the Navy could not mothball the
7 Long Beach Naval Shipyard and still retain its use as a
8 potential emergent facility, that you need to continue to
9 operate it as a naval shipyard for purposes of national
10 defense in order to retain it.

11 CHAIRMAN COURTER: We have to be right on that,
12 obviously, because this is an important issue, and we're
13 continuing to look into it. We have our counsel examining the
14 deed documents, to examine the reverter clause, because it's
15 an important consideration.

16 MR. YELLIN: Yes, sir, and what I was stating was
17 just the information that the Navy counsel has, and we will
18 pass on our review also, as we get it.

19 MR. BEHRMANN: Mr. Chairman, we understand there are
20 three separate leases for that parcel, and our general counsel
21 is in the process of getting each deed document to review it,
22 give his opinion on it.

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1 CHAIRMAN COURTER: Bob Stuart.

2 COMMISSIONER STUART: In connection with that same
3 issue, if Long Beach were to be turned over on a lease basis
4 to a contractor in the ship-building business, it would still
5 be retained, ownership would be retained by the Navy, but it
6 would be operated by a private contractor. Is that any problem
7 with the title retention?

8 MR. YELLIN: The issue as described by the response
9 from the Navy counsel was that if there is any private work
10 done in that shipyard, that is a violation of the requirements
11 of the title.

12 MR. BEHRMANN: That's been the representation to us,
13 Mr. Stuart. I haven't seen the language at all, and I am not
14 an attorney. I wouldn't even guess on it anyway.

15 COMMISSIONER STUART: That's extraordinary, if the
16 title still remains in the Navy, but I hope you check that
17 further.

18 MR. BEHRMANN: We're going to get into that.

19 COMMISSIONER STUART: Thanks.

20 MR. YELLIN: One of the issues, and it's been a
21 discussion point with some community representatives from
22 Philadelphia, and we certainly have this in a number of other

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1 cases, where the Navy is proposing to close a facility and yet
2 to retain it for limited use, and that is certainly what
3 they're proposing for much of Philadelphia Shipyard.

4 The community is very concerned that they do not
5 have an opportunity to get economic benefit from this facility
6 while it's being held in mothball status, which is certainly
7 true. On the West Coast, up until this -- in fact it's still
8 currently the case, but as of October 1st, it will not be, the
9 Navy has been using the large dry dock and Hunter's Point in
10 San Francisco Bay as a portion of their emergent capability,
11 and, in fact -- let's put up No. 55, please.

12 Fifty-five is a listing of six unscheduled carrier
13 dry dockings, which have been required since 1970. As you'll
14 note here, the last dry docking in 1985 involved a carrier
15 that ran aground in San Francisco Bay and required unscheduled
16 dry docking for repairs. That dry docking was done at
17 Hunter's Point.

18 What has happened now is there was legislation
19 passed that requires the Navy to outlease a portion of the
20 unused facilities at Hunter's Point to private organizations.
21 That was a legislated requirement. Because of this
22 requirement, the Navy is no longer able -- because of the

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1 development and occupation of property right adjacent to the
2 dry dock, will no longer be able to use that dry dock for
3 emergent requirements.

4 This is certainly a consideration related to
5 Philadelphia, and I'm discuss it a little later based on the
6 Navy's response. Maybe I'll just discuss it now, then, since
7 we're talking about it. I asked the Navy related to this
8 issue, because certainly it's a key point of their proposal is
9 that they feel they need to have the dry docks at Philadelphia
10 available for unscheduled use.

11 I approached the Navy and said, "What happens if a
12 similar thing happens to you, that Philadelphia, in trying to
13 pursue economic reuse of this property, does get legislation
14 passed that San Francisco did to allow them to obtain or
15 require the Navy to outlease a portion of that facility?"

16 Obviously, this is an uncertain situation. The Navy
17 indicated that their case to retain Hunter's Point was very
18 weak because they were not using any of the property on an
19 ongoing basis at Hunter's Point. It had really been, in
20 essence, completely abandoned.

21 The requirement in Philadelphia, though, has a
22 significant amount of the property in continual use. It has

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1 the propeller shop and foundry. The ship system's engineer
2 station, a major R&D development center is going to be
3 retained, and probably even more important, the facility will
4 be still used as an inactive ship facility, a mothball fleet
5 location, and, in fact, that fleet there, for the mothball
6 fleet will significantly be growing over the next few years as
7 ships are inactivated, instead of being scrapped are being
8 held in mothball status.

9 So there will be a lot more ships in Philadelphia.
10 So the Navy's response was "We feel confident that our
11 continuing use of a major part of the property in Philadelphia
12 will allow us to retain the rights to preserve those dry docks
13 and to use them in emergencies, but that is an uncertainty,
14 and I wanted to make sure the commissioners were aware of that
15 issue.

16 To go back to the question concerning the carrier,
17 the carrier dry dock requirements, the CVN, the nuclear dry
18 dock requirements, are a minimum of 1,080 feet long, 140 feet
19 wide, and 85,000 tons capacity. I'd like to go on to 56 and
20 57.

21 What I've tried to do on 56 is just to indicate a
22 few points concerning the concept of Navy Industrial Fund,

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1 which all the shipyards are industrially funded activities.
2 This creates an organization within the Navy that is --

3 CHAIRMAN COURTER: Alex, why don't you do this: Why
4 don't you state the argument that the community or their
5 elected represents are making, to frame the issue properly so
6 we understand it.

7 MR. YELLIN: Sure. The argument is that an
8 industrial funded activity charges customers for the costs of
9 the work that they do. So therefore, the Navy customer pays
10 for those costs. If there is no work in that shipyard, there
11 are no costs charged, so the Navy does not save any money.
12 The costs of operating that yard are borne by the customers
13 directly, and closing that does not eliminate the requirement
14 for doing that work, which will be charged at another
15 shipyard.

16 The reason why that is not totally accurate,
17 although, in large part, it is the concept that each yard
18 recovers its cost from its customers, and that includes the
19 fixed costs and others at that shipyard or other industrially
20 funded facility.

21 COMMISSIONER STUART: Doesn't that mean that as the
22 workload diminishes, the costs will escalate, and you got a

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1 point of diminishing returns and inefficiency?

2 MR. YELLIN: Yes, sir. That's exactly the point,
3 Commissioner, that if you have more shipyards open, for
4 example, which is the category we're talking about now, if you
5 have more shipyards open than you need, if you can more
6 heavily load, if you can build up the baseload at fewer
7 shipyards to take care of the work product than more of them
8 with less load, then as your workload increases at those other
9 yards, their rate will go down because the fixed costs are
10 spread out over more work.

11 COMMISSIONER STUART: So you're really helping the
12 efficiency of other publicly owned, and you also have the
13 alternative of privately owned in this picture.

14 MR. YELLIN: Yes, sir. That is the position of the
15 Navy, that to maintain a shipyard like Philadelphia at a low
16 level of work means moving work from other public shipyards or
17 private shipyards to Philadelphia to maintain them at a viable
18 employment level.

19 COMMISSIONER STUART: Might that comment not also
20 apply on the West Coast, to Long Beach?

21 MR. YELLIN: The issue on Long Beach is, and this
22 gets to the spread of work between coasts. One of the

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1 important things in relationship to work going to private
2 shipyards -- and the Navy feels it's been a very successful
3 program in reducing their costs -- is to maintain the
4 public/private competition, and that requires the work to be
5 bid not only among private shipyards but among public
6 shipyards and private shipyards.

7 On the West Coast, because of the workload at Puget
8 Sound and Mare Island, being primarily nuclear work or above
9 the scope of the private shipyards, the only yard available to
10 do public/private competition on the West Coast is Long Beach,
11 and the Navy's position is that that is a very important
12 factor in maintaining both public and private capacity on the
13 West Coast.

14 COMMISSIONER STUART: Why isn't Puget Sound
15 available? You're saying distance rules it out for the
16 southern area?

17 MR. YELLIN: That is one issue, but it's not the
18 only issue. The main issue is that Puget Sound is very
19 heavily loaded with nuclear work and carrier work and that it
20 is a full-service yard, and it is not -- it has been on
21 public/private competition, but because of the cost structure
22 there, due to their mix of work, it is not an even competition

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1 between the public and private there.

2 Long Beach is a much more even public/private
3 competition, and that is an important factor. Since you've
4 brought up the point --

5 COMMISSIONER STUART: Just following the syllogism
6 you've just announced, Long Beach would seem to be, with the
7 reduced workload, inevitably increased costs, it will be at an
8 increasing disadvantage to private shipyards, and so you
9 suggest its days are numbered anyway.

10 MR. YELLIN: No. The thing to remember about Long
11 Beach is that they, unlike the other shipyards, did a dramatic
12 reorganization from their workload levels in the '80s, to the
13 '90s, and they are now very competitively, they're very
14 competitively organized at the 4,000 employment level.

15 So they have won some competitions in the
16 public/private competition, and the Navy considers them to be
17 properly structured at this lower level. Even though the rates
18 may be a little higher than the other yards because of that
19 size, they have been structured now to reflect the proper
20 level of employment and activity that meets the requirements.

21 I don't know if we can go back, but in an earlier
22 slide I indicated the schedule of loading for the large--

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1 that's No. 46, if you could put that up -- indicates that
2 during the 1990s, the large dry dock at Long Beach is
3 scheduled for 80 percent, 79 percent usage. So the Navy's
4 current schedule calls for that shipyard to be, although this
5 is only one measure, but it calls for that shipyard to be very
6 well manned with work.

7 Now, I was going to go into it a little bit later,
8 but the Navy's current guidance is that -- and this is in part
9 from guidance from Congress, but it's the Navy policy -- is to
10 have 30 percent of their repair work go to private shipyards,
11 and they've been maintaining a percentage of work that goes
12 from 30 percent up to the high 30 percent range of their work,
13 to keep a mix of both public and private shipyards operating.

14 So right now, they were exceeding 30 percent of
15 their work going to private shipyards. I'd like to talk about
16 that a little bit further later.

17 COMMISSIONER STUART: Thank you.

18 MR. YELLIN: If there's any questions on any of
19 these points that I've made on the Navy Industrial Fund, and
20 the, if you go back to those, and the flow chart, certainly
21 that's something we want to deal with in detail, but what that
22 indicates is that the NIF activity really runs very much like

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1 a business.

2 It has a working capital corpus, which is provided
3 by the government, and it takes orders from people at a
4 certain cost, estimated cost that it provides, and it builds
5 the customers as it does the work, and then they reimburse the
6 working capital funds of the industrial fund.

7 COMMISSIONER CALLAWAY: Your last chart showed
8 Philadelphia going down No. 4 to 8 percent, and you showed
9 down to 1200 employees, which, to me, sort of says the Navy's
10 closing Philadelphia whether we do or not, it's coming down so
11 fast.

12 All the people in Philadelphia have testified to me
13 that the Philadelphia Navy Yard has the best price and the
14 best cost of anybody.

15 If the bids are going out on a price basis, why, and
16 if it is true that Philadelphia has the best cost, why is
17 Philadelphia coming down? Who makes the decision to send it
18 somewhere else?

19 MR. YELLIN: That goes to my next series of slides,
20 and if we could go to those now, then. Put up 58, please.

21 (Slide)

22 MR. YELLIN: Several factors have been presented by

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1 the Philadelphia community to indicate that they are the most
2 cost-effective shipyard.

3 One of the factors is the man-day rate, and what
4 I've gotten from the Navy is the updated Fiscal Year '90 and
5 '91 budget numbers, what they call "stabilized man-day rate
6 for repair work," which is the comparable number for across
7 the different shipyards.

8 For example, Philadelphia has a rate that is just
9 for the Service Life Extension Program, and since that's
10 unique there, that rate is not appropriate for comparisons.
11 The information here is the Navy controllers approve numbers,
12 these are the numbers that are used to bill Navy customers for
13 work during the fiscal years indicated here.

14 As you can see, the numbers, looking down the Fiscal
15 Year '90 information, Philadelphia does have a -- and
16 Philadelphia's number is the lowest with all the shipyards.
17 I've listed just Norfolk, since a lot of the work that could
18 be done in Philadelphia the Navy is planning to do in Norfolk,
19 and in private yards, I decided to include the Norfolk
20 information, and then Long Beach, as you came see, has a
21 significantly, \$100-a-day higher man-day rate than
22 Philadelphia.

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1 The second column is the new information, Fiscal
2 Year '91. That is what the shipyards are currently billing
3 their Navy customers for repair work on a man-day rate basis.
4 As you can see, this number changes significantly year to
5 year. This is affected by a number of things.

6 One factor that has caused the -- one of several
7 factors that's caused the Philadelphia rate to go up between
8 Fiscal Year '90 and '91 is the dropoff, slight dropoff in work
9 there, which has caused their rate to go up, but each year
10 this is adjusted to the accounting process, and this is the
11 Navy audited amount that is used to charge.

12 So as you see, the change that happened between
13 Fiscal Year '90 and '91 indicates that Philadelphia and
14 Norfolk's rates are very close. It may turn out that in
15 Fiscal Year '92, the difference will be much more significant
16 again. It could go the other way, depending on the financial
17 calculations.

18 As I said, these are really run like businesses.
19 These are all audited amounts, because these are the rates
20 that are basically charged to their customers. So like any
21 business, these are rates that can be justified.

22 As we discussed, if you downsize workload and do not

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1 dramatically restructure your operations, as Long Beach did,
2 you get to a very large man-day rate cost very quickly, if the
3 workload goes away.

4 Now, one of the other factors that a number of the
5 communities have pointed up, both Long Beach and Philadelphia,
6 and they've been using the term "profit"; that the shipyards
7 make a profit or don't make a profit, but they do make
8 something called "profit."

9 But what they're talking about is the net operating
10 result, and that's not exactly a profit, that is the end
11 result of the difference between their costs and their
12 revenues, but subject to a number of adjustments. For
13 example, in Fiscal Year '90, Long Beach Naval Shipyard decided
14 to write off over \$20 million of materials that they had on
15 their books that were no longer usable. So they took a
16 writeoff, and that's what drove their net operating result
17 from Fiscal Year '90 down to 2.7.

18 As you can see here, both of these shipyards have
19 shown variance in their financial results, as reflected in the
20 net operating result over the years. The most current
21 information I could find was the results through March of '91,
22 which shows that Philadelphia has a \$17.5 million loss so far

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1 in Fiscal Year '91, and Long Beach was showing a \$15 million
2 profit or increase, using that term.

3 Now, one of the things -- go to 60, please -- one of
4 the things that has a major effect on these net operating
5 results, and one of the adjustments that's made that is a bit
6 different than I think you would see with a private company--
7 as I mentioned, the industrially funded facilities work off
8 of working capital fund, a corpus, and that's what they
9 replenish with receipts from their customers, and they deplete
10 it with charges to expenses for doing their work.

11 What has happened over the last few years is that
12 most of the Navy shipyards have been showing a deficit. In
13 essence, their price that they are proposing to their
14 customers and charging their customers is less than their
15 actual costs to do the work.

16 Like any business, the working capital has to be
17 replenished if you are to stay in business, and with the
18 industrial fund facilities, that's done by an appropriation
19 which is called a "budgeted pass-through." These are the
20 amounts provided to the shipyards during Fiscal Year '90 and
21 '91.

22 As you can see, in Fiscal Year '91, Philadelphia

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1 received about \$51 million in replenishment of their capital,
2 and Long Beach received \$28 million. These numbers are
3 reflected

4 -- these are one of the adjustments that is reflected in the
5 net operating result. So it's a distortion during that period
6 of time.

7 So in other words, the net operating results, which
8 I showed -- and maybe you could put back up 59 -- those net
9 operating results include the effect of adding back in to the
10 financial situation within each of these yards the amount of
11 the budgeted pass-through.

12 CHAIRMAN COURTER: Another way of saying that, that
13 budgeted pass-through is an additional kind of an ad hoc
14 appropriation, because the fund needs to be replenished, and
15 the community is making the argument that -- because they have
16 the money, it shows there's a profit.

17 MR. YELLIN: The communities have really strictly
18 gone to look at slide 59, and they have picked out information
19 here that indicates that the shipyard, for example,
20 Philadelphia, has indicated, and it is actually an accurate
21 statement that, based on that operating result, the
22 Philadelphia Naval Shipyard is the only shipyard to show a

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1 positive net operating result for Fiscal Year '89 and '90.

2 CHAIRMAN COURTER: But they're not including slide
3 60; is that what you're saying?

4 MR. YELLIN: The explanation, in part, is because of
5 slide 60.

6 CHAIRMAN COURTER: But when you subtract the money
7 they get --

8 MR. YELLIN: They show a loss.

9 CHAIRMAN COURTER: -- for the pass-through is no
10 longer profit.

11 MR. YELLIN: Yes, that's right. In fact, that goes
12 to slide No. 61, which you could put up. Just keep the one on
13 the right.

14 (Slide)

15 MR. YELLIN: There are several reasons why the
16 shipyard would not be able to -- would not do the work for the
17 actual cost that they estimated. One reason is that the
18 amount of the shipyard is different than they expected when
19 they did their budget.

20 When they do the man-day rate budgeting exercise,
21 that assumes a certain level of workload in the shipyard. If
22 that workload goes up or down, they will either overabsorb or

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1 underabsorb their overhead, and they will show a profit or a
2 loss.

3 That is really outside the control, to a large
4 extent, of the shipyard. As an example, Norfolk will show a
5 problem with their results related to this overhead workload
6 effect, because some of the ships planned for overhaul and
7 repair in Norfolk this year were delayed because of Desert
8 Storm. That is outside of their control, and although it is
9 an accounting factor that causes either a gain or a loss.

10 Now, the other portion of the gain or loss at a
11 shipyard is identified by the Navy as a "fixed price
12 variance." That is the difference between what the Navy is--
13 what the shipyard has told the Navy customer they will do the
14 work for reflected in number of man-days in relationship to
15 the number of man-days that they actually spend.

16 So what you show here is a series of positive and
17 negative results for both Philadelphia and Long Beach over the
18 period '83 to '90. Now, one of the other differences that I
19 do want to point out between a NIF facility and a private
20 shipyard, for example, or a private company in general, is
21 that the relationship with the customer is different.

22 A private shipyard and the Navy, it's a commercial

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1 relationship. Now, there is, in essence, a contract between
2 the Navy and the naval shipyard, but they're both Navy groups.
3 The naval shipyards traditionally do not as aggressively
4 pursue identification of change orders and changes to work
5 scope and other things that affect the cost of the work. So
6 that is a partial effect to the, kind of the benefit of the
7 shipyards to explain why these numbers may be so big.

8 But so extent, a portion, and I think it's probably
9 a large portion of this, is a reflection of the difference in
10 what the shipyard says it will come in number of man-days to
11 do the work and what they actually do take to do the work.

12 One of the things, the conclusions from this, is
13 that Long Beach is doing a better job of that than
14 Philadelphia. I think that, at least in part, that is an
15 accurate statement. It may be that Long Beach has been more
16 aggressive with their Navy customers in getting adjustments to
17 the amount of their contract with the Navy, whereas,
18 Philadelphia has not, and I do not have information on that.

19 I think it's clearly because the numbers are so
20 different that there are differences in the performance of the
21 two shipyards in relationship to number of man-days. This
22 goes back to Commissioner Callaway's question concerning what

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1 is the relative efficiency of one, and cost effectiveness of
2 one yard over another.

3 One of the ways to do this, and I'd like to go to
4 62, please, is to try to find work that's done at both the
5 shipyards, similar work. Now, one of difficulties in doing
6 this, when you're talking about Philadelphia, is that the
7 large bulk of their work has been the service life extension,
8 the SLEP work.

9 That has been an overriding percentage of their
10 work. So it is difficult to find a lot of work that is
11 comparable between Philadelphia and Long Beach or Philadelphia
12 and other yards, but there has been comparable work done in
13 Philadelphia and in Long Beach on work for the New Threat
14 upgrades for both cruisers and destroyers, and those are
15 indicated here.

16 I do want to point out that these are not exactly
17 the same work. Each ship goes into the shipyard, and it gets
18 the alteration for the New Threat upgrade, which is basically
19 the same from ship to ship. The additional work that's done,
20 which is reflected in the numbers here, reflects a repair
21 component that's also done while the ship is in the dry dock
22 or in the shipyard for work, that varies from ship to ship.

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1 The ships here have been, basically, assigned to
2 Philadelphia or Long Beach based on where they are home-
3 ported. West Coast ships were assigned to Long Beach, the
4 East Coast ships are assigned to Philadelphia.

5 The Navy has indicated that although there is
6 variation, the variation was not substantial enough within the
7 total group of ships indicated here to state that clearly--
8 well, the Navy says that clearly the workload on the Navy
9 ships done in Philadelphia was not significantly different
10 than the workload on the ships in Long Beach.

11 So what this indicates is that Long Beach has done
12 this work more efficiently in looking at final price than the
13 work that's been done in Philadelphia. As I said, there are
14 differences in the amount of work but -- yes, sir.

15 COMMISSIONER SMITH: Did you take time value out of
16 this? I assume this is constant dollars.

17 MR. YELLIN: Well, we have two factors here. Now,
18 these are actual dollars. The work was done over a period of
19 only two or three years, so there were not significant
20 differences. One of the statements from Philadelphia
21 community related to their costs, and this is something that I
22 don't know that there's any way for us to judge, but most of

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1 the work in Philadelphia was done a little bit earlier than
2 the work in Long Beach.

3 Philadelphia's position is that there was a
4 significant learning curve involved in the work done in
5 Philadelphia that was passed on, and those lessons learned
6 assisted the people in Long Beach. So that even though the
7 work in Long Beach was done, in part, later than the work in
8 Philadelphia, these are two factors, and we really didn't have
9 any way to take one out of the other, but these are actual
10 costs billed -- final costs billed to the customer.

11 Now, in trying to continue to look at comparable
12 work between Philadelphia and some other shipyards, the Navy
13 had identified a series of alterations to carriers. These
14 were performed, these were work alterations that were of a
15 significant size, in essence, \$1 million or more, and they
16 were performed on different carriers, but the same alteration,
17 in essence, was done on different carriers.

18 They were performed over a five- or six-year period
19 in the mid-'80s. The Navy was able to identify 27 alterations
20 that were done where you could compare figures between
21 Norfolk, Philadelphia, and Puget Sound. When you looked and
22 analyzed the final cost to the Navy for those 27 jobs, Norfolk

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1 was the lowest cost on 11 of them, Philadelphia on 8, and
2 Puget Sound on 8.

3 So it's an indication that, for this work,
4 Philadelphia's performance was probably comparable to those
5 other two, but not significantly cheaper.

6 COMMISSIONER STUART: Was there any similar work
7 done at Long Beach?

8 MR. YELLIN: No. We were not able to find any
9 comparisons between Long Beach and Philadelphia other than the
10 New Threat upgrade activities. Slide 64.

11 (Slide)

12 MR. YELLIN: One of the factors that the Navy has
13 presented as a key point in their analysis of the capacity
14 requirements is their desire to have the repair work done on
15 ships as close to their home port as possible.

16 If you have a lengthy repair availability shipyard
17 period for a Navy ship, the Navy changes the home port of that
18 ship because the crew has to follow the ship and stay with the
19 ship while it's in the shipyard.

20 If you move a ship a great distance, that means that
21 you have a certain number of moves of families or extended
22 family separations. If you have work, for example, done on

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1 ships in San Diego, and you schedule that work into Long
2 Beach, although that is considered a potential move of the
3 families, because the distance it relatively short, very few
4 of the families actually move, and, in fact, it's to their
5 benefit to stay in -- for example, if they're in family
6 housing or own a house in San Diego for the period of the
7 repair, to stay in that house and have the sailor or the naval
8 officer commute on weekends or occasionally to visit.

9 On the East Coast, the shipyards, they have four
10 shipyards with Portsmouth, Philadelphia, Norfolk, and
11 Charleston, and the Navy, with the fleet concentration in
12 Norfolk and a part of that in Charleston, feels that with
13 those yards they can do work closer to the fleet locations
14 than they can in Philadelphia. So assigning a ship to
15 Philadelphia means a move, particularly if you're moving that
16 ship from a repair in a public or private yard in the
17 Norfolk/Tidewater area to Philadelphia, it's a quality of life
18 detriment to the families and the sailors on the ship to have
19 to move, if the work can be done with capacity in their home
20 port area.

21 One other thing that is a factor, although we have
22 not been able to quantity an issue is that, in the Pacific,

1 unlike the Atlantic, there are three major ship repair
2 facilities; one at Yokuska, one at Guam and one at Subic,
3 although I don't know the current status of the one at Subic.

4 That does provide repair capability on the West
5 Coast that is not available as added capacity for East Cost.
6 So that means that work can be done out at those ship repair
7 facilities while the ships are deployed.

8 COMMISSIONER CALLAWAY: This shows 56.5 percent on
9 the East Coast and 35 percent on West Coast. Does that match
10 the shipyards, roughly?

11 MR. YELLIN: Well, there is a shipyard in Pearl
12 Harbor, so that's the other 8.5 percent. There are more ships
13 on the Atlantic Fleet than there are on the Pacific.

14 COMMISSIONER CALLAWAY: Does the shipyard capacity
15 roughly -- I'm just talking about two costs, not Hawaii--
16 does it roughly match the 56 percent versus 35 as the shipyard
17 capacity, if we close Philadelphia as a shipyard capacity,
18 still about right?

19 MR. YELLIN: We didn't do that calculation. We can
20 look at that. The capacity is affected. In fact, if you
21 could put up 65 with 64, this gets back to the issue, also,
22 that it has has an effect on -- what is the true capacity in

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1 an area is a reflection of what is the private capacity
2 available to do work.

3 We've had conversations, and we're aware that there
4 is private capacity to do significant amounts of repair work
5 on the West Coast as well as the East Coast. The capacity on
6 the East Coast is much more substantial.

7 The private shipyards, which now do all of the new
8 construction for the Navy, are all Atlantic, primary for major
9 ships are all Atlantic, Gulf Coast, private shipyards. The
10 shipyards on the West Coast are, although they do have
11 significant capabilities, are much less substantial, and we
12 now get into, and I'd like to talk briefly, Commissioner
13 Stuart, about the issue related to the need and the desire of
14 the Navy to maintain private capacity in addition to public
15 capacity and those issues.

16 As we're all aware, the private shipbuilding
17 business has been in difficulty due to the drop-off of the
18 amount of private work available. The Navy has really been
19 the primary game in town for shipyards in United States.
20 Whether that will change, I don't know. It's certainly, right
21 now, the bulk of that work is still in the -- the private work
22 is done for the Navy.

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1 And the Navy has indicated that they are in
2 agreement with the desires of Congress to -- the guidance from
3 Congress, to maintain a minimum of 30 percent of their repair
4 work in the private sector. And they are very serious about
5 trying to maintain this and not do a restructuring of their
6 public yards which would affect that negatively.

7 One of the issues, which I don't know that -- I have
8 not heard the Navy discuss it in detail, and I think it's
9 certainly a big issue that I think the commissioners have to
10 keep in mind, but I don't know how we can really quantify it,
11 is the significant drop-off in the amount of new construction
12 work that the Navy is going to do in the future with the
13 reduction in the fleet and their budget.

14 We have shipyards like Newport News, Electric Boat,
15 Bath and Ingall's in the Atlantic and Gulf Coasts which are
16 major new fleet construction, new boat builders for the Navy.
17 With a reduction in work load for new construction to them, is
18 there a requirement? I would think, certainly, it would be a
19 desire of the Navy and the U.S. Government to maintain that
20 capacity in some way. That's a key part of the industrial
21 base.

22 How do you maintain that, if you're not putting

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1 sufficient ships in there for new construction to maintain the
2 financial viability of those organizations? One potential way
3 to do that would be to give them repair work to do to
4 supplement the -- to provide employment and other work for
5 them during that period of time.

6 I have not had any really detailed discussions with
7 the Navy about their plans, and I'm sure they don't -- my
8 impression is that they don't really have a firm set of
9 guidelines on that. But I would think that there would be an
10 effort made, and that's, I think, certainly one of the things
11 behind the 70/30 split to try to maintain this private
12 capacity.

13 And then, as I talked before, the public-private
14 competition is a factor that goes both ways. It both keeps
15 the private shipyards cross-competitive, because they know
16 they are bidding against the public shipyard, but it also
17 creates a need for the public shipyards to maintain their cost
18 efficiencies, because their numbers are going to be compared
19 with the private shipyard.

20 And so I think those are issues that we certainly
21 have to consider when we talk about what's to be retained as a
22 public shipyard capacity as versus a private.

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1 And one other key factor involved with this is that
2 the -- as has been brought up by people that we have both
3 talked to recently -- that if sufficient amounts of Navy
4 repair work are not put into private yards, the financial
5 viability of those facilities are really in question. Now,
6 it's unclear to me, and I have not seen any data that
7 indicates that at what level of Navy repair work do these
8 facilities need to be maintained at financial viability.

9 The question comes in then is, if you do increase
10 the amount to a higher amount for certain yards and they still
11 cannot make it financially, and then they go out of business
12 and what you've done, in order to provide that work to them,
13 you've closed public shipyards. Then you do not have the
14 backup capacity to do that work.

15 You've been counting on -- and this is a point that
16 the communities both of Philadelphia and Long Beach have made
17 extensively to us is, that does the United States Government,
18 does the Navy, want to depend on financially shaky
19 organizations to be the key link in their repair capacity?

20 Now, the closure proposals from the Navy for
21 Philadelphia, they factor in a significant amount of repair
22 capacity in the private sector to do their work. If there was

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1 no private sector repair capacity, the whole question about
2 whether you could do without Philadelphia would have to be
3 restudied.

4 So the Navy's position, and I think, and has been
5 stated clearly by the communities in Long Beach and
6 Philadelphia, that we recognize the need to have a viable
7 private sector repair and shipbuilding business in the United
8 States. But can the United States Government and the Navy
9 afford to divert work away from public shipyards to those
10 properties and then, because of economics, be forced to close
11 some public shipyards when the private shipyards could still
12 go out of business, and then we wouldn't have the public
13 shipyards available to us to provide that work?

14 So the Navy's feeling is that the 70/30 being
15 continually studied as a factor that they will consider in the
16 future in an ongoing basis, they feel that that adequately
17 provides work for a level of private shipbuilding and ship
18 repair facilities in the United States and also provides for
19 viable requirement for public shipyards.

20 COMMISSIONER STUART: Alex, you've done a super job
21 of analyzing this thing. You're on the horns of a dilemma
22 because, particularly on the West Coast, those private

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1 shipyards, if you follow the policy as recommended, it's the
2 cautious policy. They're going to go kaput and they won't be
3 around probably. And the difficulty is to analyze whether we
4 have so much insurance and you can always
5 -- as individuals, you know we can have too much insurance to
6 protect the public facility, if we've got enough other
7 capacity elsewhere so as to maintain the possibility of the
8 70/30 split, and -- this is a tough one.

9 MR. YELLIN: That's right. It's a very different--

10
11 COMMISSIONER STUART: You did a very good job, a
12 thorough job analysis. Thank you.

13 COMMISSIONER CALLAWAY: A minute ago, Alex, you were
14 talking about there's a difference between how private
15 companies operate from the naval shipyards. Are you saying
16 that when the Navy bids with a private shipyard, that that is
17 the kind of a contract that we're used to, that you bid for a
18 price and then they either make money or lose money, and
19 there's not all of these adjustments at the end?

20 MR. YELLIN: The public shipyards, when they bid?

21 COMMISSIONER CALLAWAY: The private. In a private
22 shipyard, do you have the same adjustments, or is it a fixed

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1 price that the Navy gets a price and the contractor does it at
2 his own peril. He either makes money or loses money; is that
3 the way it works or not?

4 MR. YELLIN: The shipyard contract with a private
5 company is a contract with the Navy that is subject to
6 adjustments, based on changes in work. And, unfortunately, I
7 didn't bring it with me today but we did have an analysis done
8 by the Navy of work on the West Coast, related to work that
9 was in the public/private competition, and the private
10 companies have been winning most of those competitions.

11 But any analysis of the final cost to the Navy
12 indicates that the final cost from the public shipyards is
13 very comparable to the final cost from the private shipyards,
14 due to what's termed "a request for re-equitable adjustment
15 change orders," in essence. The public shipyard -- private
16 shipyards do get significant amounts of change orders to these
17 contracts.

18 COMMISSIONER CALLAWAY: So the private shipyards
19 play the old procurement game, they bid low and then change
20 it?

21 MR. YELLIN: Well, and that's up to the Navy
22 Superintendent of Ships in that area to properly manage those

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1 contracts to try to make sure that --

2 COMMISSIONER CALLAWAY: But there may be some of
3 that; there certainly is a procurement component.

4 MR. YELLIN: Absolutely. That is a significant
5 factor.

6 COMMISSIONER CALLAWAY: Well, let me ask you the
7 question. On chart 48 you have the naval shipyard going down
8 from 8,100 people in '90 to 1,200 in '95. That's down to 15
9 percent of where they were in '90. No other shipyard goes
10 down as much as 50 percent, so Philadelphia's being treated
11 very different from anybody else, assuming it remains open is
12 treated very different.

13 I'm told this is done on a bid basis; is that
14 because Philadelphia bids are not competitive? Or why is
15 Philadelphia going down so much and the others are not going
16 down?

17 MR. YELLIN: The Philadelphia shipyard has primarily
18 been doing the service life extension program for the
19 carriers.

20 COMMISSIONER CALLAWAY: But they're qualified to do
21 all the other things, are they not?

22 MR. YELLIN: They're qualified to do that work, but

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1 the Navy's scheduling has indicated that they prefer to do the
2 work close to home ports, if that's available.

3 COMMISSIONER CALLAWAY: So it's the home-port
4 decision, it's not a price decision?

5 MR. YELLIN: Home port and the capacity in both
6 Norfolk naval shipyard to do the work and in private shipyards
7 to do the work on the East Coast. The Navy, as I've said, the
8 Navy tried to maintain a 70/30 split between public/private.

9 COMMISSIONER CALLAWAY: Well, I understand all of
10 that, but why did Philadelphia go down three, four, five times
11 as much as anybody else? You're saying it's the home port
12 decision and not a -- it's not because they're so expensive?

13 MR. YELLIN: The work load that has traditionally
14 gone to Philadelphia is going away, and that is a reflection
15 of that. To some extent --

16 COMMISSIONER CALLAWAY: And when they take SLEP
17 away, they're not going to put anything else in its place; is
18 that what you're saying?

19 MR. YELLIN: The work that Philadelphia has been
20 doing that has been directed toward it typically is not
21 available to Philadelphia in the future because it's not
22 there.

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1 COMMISSIONER CALLAWAY: But is not Philadelphia
2 qualified to do the other work that Norfolk is going to be
3 doing?

4 MR. YELLIN: Yes, they're qualified to do a
5 significant amount of this work.

6 COMMISSIONER CALLAWAY: So the Navy's making a
7 conscious decision to give it to Norfolk and not Philadelphia,
8 and I'm just trying to find out why.

9 MR. YELLIN: The decision has been made in large
10 part because of the home port location of the ships, a desire
11 to keep Norfolk loaded at an efficient level, and to provide
12 the 30 percent minimum of work to private shipyards on the
13 East Coast.

14 COMMISSIONER CALLAWAY: No, but I'm just talking
15 about the public shipyards now. Within the public shipyards,
16 the Navy's made a very conscious decision to cut Philadelphia
17 four or five times more than any other shipyard on the East
18 Coast, and you say that's because of home-porting.

19 MR. YELLIN: No. The reason why it's been cut is
20 that Philadelphia, without the SLEP program, would have been
21 down
22 to --

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1 COMMISSIONER CALLAWAY: Yes, but we've talked about
2 that. You take SLEP away, they still have the capacity for
3 the other things that Norfolk's doing, so it's a decision by
4 the Navy.

5 MR. YELLIN: Yes, sir. It's a decision by the Navy
6 not to take work out of Norfolk and move it to Philadelphia.
7 That is the case.

8 COMMISSIONER CALLAWAY: And it's the home-porting
9 reason is what I'm trying to get to.

10 MR. YELLIN: Home-porting reason and the reason that
11 there is capacity at Norfolk to do it, and that's an efficient
12 use of the Norfolk naval shipyard.

13 COMMISSIONER CALLAWAY: It's also capacity at
14 Philadelphia, and that's an efficient use.

15 MR. YELLIN: That's right, but if you have two
16 shipyards that are inefficiently loaded, your costs will be
17 higher than having Norfolk to --

18 COMMISSIONER CALLAWAY: So they made the decision to
19 load Norfolk and not Philadelphia.

20 MR. YELLIN: Yes, sir.

21 COMMISSIONER CALLAWAY: Primarily on the home port.
22 I'm just coming back to that, is that --

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1 MR. YELLIN: Home-porting and the desire to
2 efficiently put work in --

3 COMMISSIONER CALLAWAY: Yeah, but they could have
4 put it in Philadelphia and been efficient, and I keep coming
5 back to that.

6 MR. YELLIN: Well, they could have put the work in
7 Philadelphia, but it would have increased costs at Norfolk for
8 other work because of a decrease in their baseload.

9 COMMISSIONER CALLAWAY: Sure, and you put it in
10 Norfolk, it increases costs in Philadelphia. You still --

11 MR. YELLIN: Yes, sir.

12 COMMISSIONER CALLAWAY: I think you want to answer
13 my question, but I think it's a home-porting reason. I think
14 that's the reason.

15 MR. BEHRMANN: Mr. Callaway, if you split it, you're
16 going to get inefficiencies in both places.

17 COMMISSIONER CALLAWAY: Sure, I understand that.

18 CHAIRMAN COURTER: He understands. I understand his
19 point; I think we all do.

20 MR. YELLIN: Well, there was --

21 COMMISSIONER CALLAWAY: I just want you to tell me
22 if it's the home-porting reason why you don't know what -- But

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1 you could have put it in Philadelphia and taken -- don't split
2 it 50/50, you could have made Philadelphia the main one and
3 Norfolk not and still had the same efficiencies, presumably.

4 MR. YELLIN: Mr. Callaway, the amount of work that
5 is appropriate to be done in Philadelphia, that Philadelphia
6 is capable of doing that is in the Norfolk shipyard, is a
7 relatively small amount. Now, obviously, it would keep
8 Philadelphia at a higher level than the 600 productive workers
9 that the Navy had projected, but the bulk of the work that is
10 appropriate for Philadelphia to do on the East Coast is now
11 being done by private shipyards.

12 And the Navy has indicated that to keep Philadelphia
13 up to a reduced level, such as a Long Beach 4,000 person level
14 after SLEP goes away, which is the big bulk of their work, but
15 if you try to keep Philadelphia to a productive level, that
16 means taking most of the combatant -- surface combatant work
17 -- out of the private shipyards on the East Coast and moving
18 it to Philadelphia.

19 COMMISSIONER CALLOWAY: I guess the new thing to
20 me is that I've not understood until today is Philadelphia is
21 downsizing so much that 85 percent of its work force is going
22 away, whether it's closed or not.

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1 MR. YELLIN: Yes, sir. That is the Navy's -- the
2 Navy has scheduled that.

3 COMMISSIONER CALLOWAY: That was new. I didn't
4 understand that until today.

5 MR. YELLIN: It's not -- the Navy's position is that
6 they have not arbitrarily taken work away from Philadelphia
7 without good reasons. The reasons are they want to do work
8 and efficiently load Norfolk, and they also want to maintain a
9 minimum of 30 percent private repair work. And the bulk of
10 the work that would go to Philadelphia to keep that at an
11 effective level would be a transfer of work and jobs from
12 Norfolk Naval Shipyard and private firms in the Norfolk area,
13 primarily.

14 Number 66. I think we've talked about this to some
15 extent, but this is a key factor for Philadelphia. The Navy
16 position was that looking at the future they don't need to do
17 a service life extension for Kennedy, they could just do an
18 overhaul and have the Kennedy available to them during the
19 period of time they feel they need the Kennedy.

20 Congress has appropriated \$405 million as the first
21 part of an appropriation for a SLEP for Kennedy and the
22 appropriations require that that work be done at Philadelphia.

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1 I asked the Navy if Congress is successful in requiring the
2 Navy to -- and provides the funds to do a SLEP for Kennedy at
3 Philadelphia, does that effect your recommendation? And
4 they've come back and said no, that the SLEP can be done at
5 Philadelphia and the shipyard could still be closed within the
6 window for our closure review.

7 Now, if you could put up 67 and 68 together. I'm
8 not going to go through these in detail, but the Commissioners
9 can certainly look at these. These are issues, I think we've
10 talked about a number of them already, that the communities
11 have mentioned related to Long Beach and Philadelphia. Are
12 there any questions about any of them?

13 If not, let's go to Number 69. Yes, sir?

14 COMMISSIONER STUART: Tell me about the Sonar Dome
15 GOCO facility.

16 MR. YELLIN: Okay. Both Philadelphia and Long Beach
17 have some unique facilities that are required. They are
18 unique to the Navy, unique to the United States, and they're
19 required to be maintained there or somewhere else if the
20 shipyard is closed.

21 One of the facilities at Long Beach is a GOCO
22 facility that produces the sonar domes. It's the only one

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1 that does that. It's a contractor operation to produce these
2 large sonar domes that go on the front of submarines.

3 It's a unique facility. It produces composite
4 material structures that are the largest in the world. And if
5 the shipyard is closed because of the reversion requirement
6 for that property back to the city, it does not appear likely
7 that that facility could be maintained there and just
8 transferred, continued on a GOCO operation.

9 COMMISSIONER STUART: That is a private contractor
10 that builds those GOCO sonar domes?

11 MR. YELLIN: Yes, it's a -- I think it's a
12 subsidiary of BP that does that, and they would have to
13 rebuild that facility, and the capital cost for that facility
14 is about \$47 million. When we get to the cover analysis
15 that's included in the military construction cost related to
16 Long Beach.

17 COMMISSIONER STUART: Thank you.

18 MR. YELLIN: Okay. We'll put up 69 and take those
19 two down. This is a summary chart, basically trying to
20 summarize the issues that we've been talking about. The one
21 we really haven't talked about at all and I wanted to -- it
22 goes back to the community comments -- is the last one, the

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1 community impact.

2 These are -- shipyards are large employers, they are
3 very important economic factors in their communities and
4 certainly this will be, if Philadelphia is closed, it will be
5 a very large economic impact on that community. Certainly, we
6 don't want to ignore that fact. It's a large amount.

7 In fact, if you add up the Naval station and the
8 shipyard with a direct and indirect cost, it does -- it adds
9 several percent to the -- well, it adds 25 percent
10 approximately to the unemployment rate in the Philadelphia
11 area, without other things happening.

12 I'd like to go to 70, please. This is a summary
13 chart that shows the cover analysis for both Long Beach and
14 Philadelphia. Long Beach includes, in this cover, the cost--
15 the military construction cost -- for the GOCO facility, for
16 example. And the other costs are related to costs that are in
17 effect for moving personnel and eliminating positions.

18 Philadelphia, the one-time costs are primarily costs
19 that the Navy identified for the effect of moving work,
20 potential work, to Norfolk -- and this relates to the Kennedy.
21 At the time the cover was done, the Navy had anticipated doing
22 the Kennedy in Norfolk. About \$70 million of this was one-

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1 time costs that were based on the rate differential between
2 doing the work in Philadelphia and doing the work in Norfolk.

3 Annual savings for both cases are an assessment of
4 the avoided costs related to the savings of fixed overhead and
5 operations cost of the two shipyards. And as you can see,
6 Philadelphia has a relatively short payback. Long Beach has a
7 longer payback.

8 The Navy also came back and said that we do not feel
9 that we can live with only one dry dock on the West Coast.
10 If you have to build another dry dock, which the Navy has
11 proposed for Puget Sound, if the dry dock in Long Beach is not
12 available, that adds \$250 million to the cost of the Long
13 Beach closure and puts that payback at 100 years.

14 Going to 71. The options we believe before the
15 Commission are to accept the DOD proposal which is to close
16 Philadelphia, retain the unique facilities, and preserve it
17 for future emergent use. The next option, which was the Navy
18 indicated in their document as Option 2, would be to continue
19 with the scheduling that they have done for Philadelphia,
20 which is to drop the employment down to 1,200 and to keep it
21 operational at a much reduced level.

22 A third option is one that we've received from the

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1 community just yesterday and it was a statement that relates
2 to a desire -- if the closures are based on a desire to create
3 savings and the cover analysis demonstrates about \$36 million
4 a year in steady-state savings for Philadelphia -- their
5 response was well, what if the shipyard could realign and
6 adjust their operations to generate that level of savings over
7 their current workload costs. Isn't that a viable option to
8 be considered by the Commission?

9 To say that we are going to give Philadelphia an
10 opportunity to demonstrate that they can change their
11 operations to generate savings over their current operations.
12 In essence, savings to the government equal to or exceeding
13 the cost that -- savings that are generated from closing
14 Philadelphia. And then if they cannot do it then they would
15 be subject to a closure, but give them an opportunity to show
16 that they can still operate at a reduced level and make those
17 savings. This is a -- I think a difficult --

18 CHAIRMAN COURTER: Is that kind of difficult to
19 measure?

20 MR. YELLIN: Well, I think there's certainly a lot
21 of potential problems with that, although it certainly would
22 generate savings to the government. But the -- a lot depends

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1 on what period of time you end up looking at these savings.
2 The closure shows that there will be savings continuing in the
3 future because the fixed costs of operating Philadelphia
4 shipyard are no longer to be spent.

5 If the workload in Philadelphia does drop off to a
6 significant extent and they realign after the SLEP program
7 ends at a much lower level, can they really maintain the level
8 of savings that they possibly could show over the next few
9 years?

10 The other factor which goes to your point I think
11 about measuring it is that there are opportunities over any
12 limited period of time to do things to effect savings that are
13 not necessarily in the long term best interests of that
14 facility or the Navy. And this would really force a level of
15 management and review, which would be, I think, difficult.

16 For example, a lot of the costs to operate a
17 shipyard like Philadelphia relate to doing maintenance on that
18 facility. If you defer maintenance over that period of time,
19 that deferral is the added savings over what you traditionally
20 spent.

21 So the community did present this to us and I felt
22 an obligation to present to the Commission for your comments.

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1 COMMISSIONER CALLOWAY: Well, Congressman Andrews
2 has talked to me and probably to all Commissioners, and I told
3 him I love free enterprise and I just think that's a wonderful
4 idea. But I think you're right, there are just a lot of ways
5 of really -- difficult ways to make it work and I'm not sure
6 we ever could. But wherever we can encourage free enterprise,
7 I think it would be wonderful.

8 You said sometime back that Long Beach used to
9 be much bigger than it is now. It has been downsized and now
10 it has gotten used to that downsizing. It has forced its
11 administrative load and all of that, so it is now very
12 efficient at the lower size.

13 Do you have any way of knowing if Philadelphia went
14 down to 1,200, to this lower size that the Navy is now
15 planning whether it's closed or not, could they get down to an
16 efficient operation, or are there such fixed costs there that
17 they couldn't do that?

18 MR. YELLIN: The Navy has indicated that the 1,200
19 level -- and one of the main reasons why they rejected that
20 option is that it is much too small for that size facility to
21 be an effective level. Long Beach went from 8,000 people to
22 4,000 people.

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1 I think the opportunities for a restructuring of
2 Philadelphia from their eight or nine thousand level to a four
3 or five thousand level probably would have some potential for
4 a viable restructuring and reorganization. But the problem
5 comes in as where do you get the work for Philadelphia that
6 can get them from the 1,200 up to the 4,00 or 5,000 level?

7 COMMISSIONER CALLOWAY: Well, the Navy has said,
8 according to what you say, that they are going to the 1,200 if
9 Philadelphia stays open. I assume that's a decision the Navy
10 should make and that's not a decision we make at all.

11 MR. YELLIN: Yes, sir.

12 COMMISSIONER CALLOWAY: Where they put the work is
13 their decision, obviously. So they're going to do that
14 anyway, at least that's their current plan. And is the fixed
15 cost just by having the huge size that's there, it's already
16 sunk cost and you're never going to get it back? In which
17 case that doesn't bother me much.

18 Or is it the ongoing cost of just administration of
19 that and the overhead of that is ongoing cost to the
20 government? In other words, what you're saying is that if you
21 go to 1,200, it probably can never be efficient. It will
22 probably be very high cost.

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1 MR. YELLIN: That's right.

2 COMMISSIONER CALLOWAY: If that high cost is sunk
3 cost that we're never going to get back anyway, sort of an
4 allocation of the sunk costs that are already there, that's
5 one thing. But if they're ongoing cost to the government,
6 they will always be there and it will never be efficient, then
7 that's not as sound a plan for the government.

8 MR. YELLIN: The Navy analysis, the cover analysis,
9 takes into account the continuing stream of people that are
10 there to preserve the facility and operate the facilities that
11 are maintained. This is at a 200-300 person level.
12 Basically, a key cadre force to maintain the facility.

13 The problem comes in if you do keep it at 1,200,
14 independent of the analysis of whether you can do work
15 efficiently or not. What you are foregoing is the savings
16 from the closure option of the \$36 million a year. Those are
17 savings that you would not generate if you --

18 COMMISSIONER CALLOWAY: Not any of them? Wouldn't
19 you -- part of it, if you're going down that small?

20 MR. YELLIN: Well, you would, and you could save
21 some of it. But you would not save that amount. And then you
22 would be losing some money over more efficient operations at

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1 another yard that would be doing the 1,200 person work at a
2 more efficient rate.

3 If there are no further questions on shipyards, I'd
4 like to quickly do the last --

5 COMMISSIONER SMITH: Let me ask some questions on
6 shipyards.

7 MR. YELLIN: Sure.

8 COMMISSIONER SMITH: Have you seen the position
9 paper taken by the private yards on the West Coast that's
10 addressed to Chairman Courter?

11 MR. YELLIN: Yes, sir.

12 COMMISSIONER SMITH: Have you had a chance to look
13 at that and react to that, as to whether or not what they
14 contend is accurate or not accurate?

15 MR. YELLIN: There is the capability to do a
16 significant amount of repair work in the private facilities on
17 the West Coast. They have the dry dock capacity.

18 COMMISSIONER SMITH: They contend they can do
19 everything except a CVN, they can't dry dock a CVN. Is that
20 accurate?

21 MR. YELLIN: They cannot do the CVN work, that's
22 true. I think the -- we have looked at it and I'm pretty sure

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1 that they could possibly dry dock all the other work.

2 COMMISSIONER SMITH: They contend they've got 10
3 Navy certified dry docks on the West Coast and that they can
4 do everything except the CVN. Yeah, we need to have that
5 validated.

6 MR. YELLIN: Yes, sir.

7 COMMISSIONER SMITH: Now, the other thing is that
8 they have provided a listing of what they claim is the entire
9 list of work that was put out competitively since 1986. And
10 what they show is that the private yards won 87 percent of all
11 the work that was put out on competition with Long Beach since
12 1986.

13 MR. YELLIN: Yes, sir.

14 COMMISSIONER SMITH: Have you been able to validate
15 that?

16 MR. YELLIN: That is true. Now, one piece of
17 information which I unfortunately did not bring with me today
18 and we will include that in the summary discussion tomorrow on
19 shipyards, is an analysis of final costs to the Navy for the
20 work done in the private yards versus the public yards.

21 COMMISSIONER SMITH: Versus the bid costs. Yes,
22 that would be good to have.

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1 MR. YELLIN: And I think that will demonstrate--
2 the information I've been provided demonstrates clearly that
3 the final cost to the Navy is basically the same or a little
4 more in many of the private work because of added -- because
5 of these adjustments, change order adjustments to the -- in
6 the private yards versus the public yards.

7 COMMISSIONER SMITH: This is original bid an --
8 and what happens to that original bid as there are delays or
9 changes the amount of that total contract goes up over the
10 life of the contract.

11 MR. YELLIN: Yes, sir. The decision to award a job
12 to a private firm versus a public yard is based on the going
13 in cost.

14 COMMISSIONER SMITH: Right.

15 MR. YELLIN: And I think it's very accurate to say
16 that the way you should be looking at it is what's the coming
17 out cost, what's the total cost to the Navy when they get the
18 ship back.

19 COMMISSIONER SMITH: Yeah, but you've got to also
20 assume that the shipyards would have increased costs over the
21 life of this activity, too.

22 MR. YELLIN: That's right. And that's comparably

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1 been presented by the -- in this information that I've gotten
2 from the Navy.

3 COMMISSIONER SMITH: I think it's important that we
4 see that.

5 MR. YELLIN: Yes, sir. I'll have that as part of
6 the summary tomorrow. We have that information, I just didn't
7 include it today.

8 I'd like to now go on to the construction battalion
9 centers.

10 COMMISSIONER BALL: One last question.

11 MR. YELLIN: Yes, sir?

12 COMMISSIONER BALL: You have a paper, I believe
13 provided by the community in the instance of Philadelphia that
14 addresses itself to some comments by a former commander of the
15 Naval Sea Systems Command, Admiral Heckman?

16 MR. YELLIN: Yes, sir.

17 COMMISSIONER BALL: And I don't want to hold up the
18 proceedings now, but I would like to get your comments later
19 on his observations, which center around the reallocation of
20 work on ships that were scheduled for Philadelphia to other
21 yards, and the costs that may be associated with that, which I
22 think he argues would serve to minimize or even eliminate the

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1 projected savings.

2 MR. YELLIN: Savings. Yes, sir.

3 COMMISSIONER BALL: I think he's made the point that
4 while we've talked a lot about carriers this morning, the Navy
5 has built a lot of large ships that are not carriers in the CV
6 sense of the term.

7 MR. YELLIN: Yes, sir.

8 COMMISSIONER BALL: And he refers to some of those
9 large ships, tenders, LPDs, LPHs, other types of large ships
10 that are affected by that.

11 MR. YELLIN: Yes, sir. I will put together
12 information and discuss that in the summary presentation
13 tomorrow on shipyards.

14 COMMISSIONER BALL: Good.

15 MR. YELLIN: There are three construction battalion
16 centers, one in California, Port Hueneme, one in Mississippi
17 at Gulfport, and one in Rhode Island at Davisville. The DOD
18 recommendation is to close the construction battalion center
19 at Davisville and relocate the reserve equipment, which is at
20 Davisville to new warehouses at Gulfport or Port Hueneme.

21 Davisville is the oldest construction battalion
22 center. In the '70s it's mission was changed to be strictly a

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1 we've received from the Navy, and this incorporates the new
2 dry dock at Puget Sound, the new carrier dry dock -- \$250
3 million for that.

4 The other information we had was certainly a much
5 lower, although still a significant -- significant payback for
6 this. The Navy's position is that the contingent requirement
7 for potential repairs to a carrier requires them to have a
8 minimum of two dry docks on the West coast and that's
9 incorporated into the costs on this analysis.

10 COMMISSIONER SMITH: Can I ask a question? I think
11 the issue of dry dock in Long Beach, I think, this vote may
12 turn on. There was -- I think it was from the private
13 shipbuilders. They raised the issue of whether or not you
14 can, in fact, dry dock a CVN at Long Beach because of
15 structural problems associated with oil field operations in
16 the regions. They question and I don't remember the details
17 but they brought up the issue of whether or not you can, in
18 fact, put a CVN in that dry dock at Long Beach.

19 MR. YELLIN: We did inquire of the Navy about that
20 and the Navy came back and, in fact, I don't know if I have it
21 with me, but they sent me the certification for the dry dock
22 number 1 at Long Beach, which indicates that it has the

1 capacity for 95,000 long tons for a carrier in there and that
2 -- a letter that we received said the capacity was only 74 to
3 80,000 long tons.

4 COMMISSIONER SMITH: What -- they had a battleship
5 in there, obviously, because they've done the battleship
6 overhauls recently. What's the tonnage on the battleship?

7 MR. YELLIN: I don't know.

8 COMMISSIONER SMITH: Could you get that for us?
9 Have they ever had a CV in that dry dock?

10 MR. PATRICK: The battleship is about 60,000 tons.
11 We'll verify for you that it's in the neighborhood of 60,000
12 tons.

13 COMMISSIONER SMITH: A battleship is 60,000 tons?
14 So --

15 MR. PATRICK: It is considerably smaller than a
16 carrier.

17 COMMISSIONER SMITH: Have they ever had a CV or CVN
18 in that dry dock?

19 MR. PATRICK: I'll have to defer to Mr. Yellin on
20 that.

21 COMMISSIONER STUART: I think that's an important
22 fact because I heard the same thing you did, that there has

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1 never been a CVN in the Long Beach Naval Shipyard and it is
2 often used as one of the reasons as why we've got to keep that
3 shipyard, but let's just check if there's ever been one in
4 there.

5 MR. YELLIN: Right. The Ranger was in for repairs
6 in that dry dock several years ago.

7 COMMISSIONER STUART: Okay. The Ranger is a CV,
8 isn't it?

9 MR. YELLIN: The potential for putting a nuclear
10 carrier in there is they have received approval for the
11 nuclear offset requirements, the nuclear safety distances.
12 That's been determined. And there are modifications being
13 made now to the -- to the dry dock to incorporate some of the
14 utility and other requirements.

15 They do not have personnel at Long Beach that can do
16 work on the nuclear portions of the ship. They would have to
17 come in from Puget Sound or Merritt Island, but they do have
18 provisions there to put a nuclear carrier in. If they do not
19 have the upgrades utility -- electrical upgrades done, they
20 could bring in mobile units, put them on the pier to provide
21 the services for the carrier.

22 COMMISSIONER SMITH: Well, I think at some point we

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1 have run into the ground this structural issue and I'm not --
2 I don't know if it's a smoke screen or whether it's real, but
3 I'd like to when the certification was done and how you would,
4 in fact, go about certifying, given the substructure situation
5 in the Long Beach area that you do have the structural
6 capacity to dry dock a CVN.

7 I don't want us to make any assumptions that you can
8 dry dock -- we can't disregard what the private ship owners
9 are saying here. I think we've got to run that to ground.

10 MR. YELLIN: Yes, sir. We're in the process -- one
11 of the things we're in the process of getting answers to all
12 those comments. We have some answers back and some comments
13 back but we do not have a complete list yet.

14 COMMISSIONER CASSIDY: I think we should do that as
15 well. And I think just before I visited the shipyard, there
16 was a ship, a vessel -- CV size -- that had been in and out of
17 there and I wish I could remember the name of it. I can't.

18 The point is there have been -- and I asked that
19 specific questions and was told and shown how that could be
20 done and was done. I believe it was one of the largest dry
21 docks in existence. So the capacity is there. We just need
22 to verify it, I think.

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1 MR. YELLIN: That's true. At least, the Navy has
2 given us that information and as I said, we have a copy of the
3 certificate that gives the loading requirements and we have
4 the dimensions of the dry dock.

5 COMMISSIONOER CASSIDY: Now is the question a
6 question of just the dry dock capacity or a question of
7 ability to put the vessel in and out of the dry dock?

8 COMMISSIONER SMITH: The issue is a structural one.
9 It's will the floor of the dry dock support 90,000 tons, given
10 the fact that you've been pumping oil for underneath the bay
11 and you've changed the soil structure underneath the Long
12 Beach Bay. I don't know how you would check such a thing but
13 I assume there's ways to test and do test drilling and that
14 sort of thing that would validate the structural capacity of
15 the floor of that dry dock.

16 MR. YELLIN: Yes, sir. We'll collect further
17 information.

18 COMMISSIONER STUART: Alex, following Commissioner
19 Smith's thought, how are you analyzing the capabilities of the
20 private yards to balance and offset if Long Beach shipyard
21 were to be closed? Have you looked at that? We saw some very
22 persuasive figures, but they came from a certain source.

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1 MR. YELLIN: Yes, sir, that's right. We are trying
2 to check that information. Now, what we do have -- and I
3 don't have all the information with me right now, but we are
4 getting information back on -- because the Navy has analyzed
5 the four floating dry docks, for example, that are included in
6 the letter. It had indicated their capacity in the letter.

7 The capacity that the Navy has indicated back to me,
8 that is their certification of the loading capacity -- for
9 example, the only information I have right in front of me
10 relates to the Portland dock, the floating dry dock in
11 Portland owned by the Port of Portland. The letter indicates
12 that the capacity of that floating dry dock is 82,000 long
13 tons.

14 The Navy has come back that because of stability
15 problems or limitations based on a floating dry dock versus a
16 graving dock, as dry dock number one is in Long Beach, that
17 their rated capacity for that Portland dry dock is only 56,000
18 long tons versus the 82,000 that's mentioned in the letter.
19 There are similar, although not as extensive, similar
20 reductions in each of the others that were mentioned in the
21 letter.

22 COMMISSIONER STUART: Well, there's also this sort

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1 of issue of principle here. If the Navy is determined to
2 maintain at least -- I mentioned this yesterday -- 30 percent
3 private contracting, but the continuation of Long Beach puts
4 those private contractors, in effect, out of business, then
5 it's impossible for them to maintain a policy of having any
6 private contractors bidding on the work.

7 MR. YELLIN: Well, that's an ongoing question about
8 -- the Navy has been maintaining that 30 percent level of --

9 COMMISSIONER STUART: They can do that in the east,
10 but can they -- if Long Beach continues, would they reduce the
11 naval force? That being the principal customer, can those
12 private yards exist?

13 MR. YELLIN: I do not have information on the
14 percentage of work on the west coast that is put out to
15 public/private partnership. But it is a very active
16 public/private competition in that area for work. The only
17 public shipyard that has participated successfully in that is
18 Long Beach. They have bid on approximately half of the
19 public/private competition opportunities that have been
20 presented to them, and they have won about half of those.

21 Information that I did want to present related to
22 the performance, because it was mentioned in the letter about

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1 relative cost efficiency. We did discuss yesterday some
2 issues related to the ultimate cost of the work being the key
3 goal to evaluate rather than the incoming bid price.

4 GAO has done several studies. The most recent
5 completion was in July 1990. They did a study of private
6 sector ship repair work from the period 1985 through 1988 and
7 compared that to public sector repair work done in the same
8 period, 1985 to 1988.

9 They looked at 402 projects done in the private
10 sector, the average cost growth. A difference between the bid
11 price and the final price in the private sector was 31
12 percent, and 357 of the 402 project repair jobs were more
13 expensive than the bid price. The remainder were the same or
14 lower.

15 COMMISSIONER STUART: In those numbers, were
16 those -- you used the word yesterday, or your associate Jerry
17 did, the supplemental funds that were necessary to balance the
18 working capital funds of the yard? Were they factored in?

19 MR. YELLIN: In the public --

20 COMMISSIONER STUART: Or the public yards.

21 MR. YELLIN: The public yards, their performance on
22 these jobs was a cost growth of 3 percent versus 31 percent in

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1 the private. There is a process for trying to even the
2 playing field for costs related to the bidding between the
3 public and private yards.

4 Now, if the public yard has cost growth that is not
5 absorbed by a change in the price with their Navy customer,
6 then that is a loss to that shipyard, which has to then have
7 all of it made up by either gains on other work or a funding
8 increase to their corpus.

9 But the overall performance, as measured by GAO, was
10 that they felt that clearly competition in the private sector
11 forced them to go in with very low prices, which they then, in
12 part, made up through what they characterized as cost growth;
13 in other words, change orders or equitable adjustments in
14 their contract prices.

15 The Navy public shipyards had a cost growth
16 experience during that period of only three percent. Only 97
17 of 238 jobs actually ended up being more costly than the
18 going-in proposed price. The Navy has indicated, and I have
19 some additional information coming to me, that demonstrates
20 that for comparable work, the end result cost to the
21 government, the United States Government, is not an
22 improvement by going to the private sector. It's, in part,

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1 comparable and then sometimes it exceeds the public sector
2 capability.

3 Another factor is the capabilities of the yards on
4 the west coast. They are smaller than a typical public
5 shipyard or the larger east coast shipyards. So they are less
6 full service. They have to do a lot more subcontracting.
7 There has been instances where, in fact, Long Beach has had to
8 participate in their prepare work where specialty work could
9 not be adequately done by the shipyard or its subcontractors.

10 COMMISSIONER STUART: Thank you.

11 COMMISSIONER BALL: Mr. Chairman, if I could just
12 ask one of a couple of quick questions. Among the private
13 repair shipyards that have been in touch with the Commission
14 on this issue, can you tell us if any of them have pending
15 claims against the Navy? If so, roughly what magnitude?

16 MR. YELLIN: I have not asked that. I will ask
17 that, though.

18 COMMISSIONER BALL: I'm curious as to whether or not
19 -- I want the Commission to understand the distinctions here,
20 that when these competitions are held, that, on occasion,
21 private repair yards have filed claims against the Navy which
22 has driven up the overall cost of the repair for conversion

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1 work that is not reflected in the original repair award. I
2 think that's pertinent in this instance.

3 The second point I wanted to ask is in the Navy's
4 response to the fact that Long Beach was on the list, did they
5 make any comment about the limitations on the
6 public/private -- the ability to manage public/private
7 competitions on the west coast?

8 MR. YELLIN: Yes. They indicated that Long Beach
9 was the public shipyard on the west coast. That was the one
10 that was participating in the public/private competitions.
11 Puget Sound and Mare Island, I think Puget Sound has bid on
12 several, but their cost structure, because of some of their
13 specialized work, and Mare Island being particularly a nuclear
14 submarine yard, were not really available and appropriate
15 competitors to the public sector for the conventional surface
16 ship repair work.

17 So the Navy's position is that if Long Beach was
18 closed, then there would not be a public/private competition
19 available to them for this type of work on the west coast.

20 COMMISSIONER BALL: Thus, would that be beneficial
21 for private repair yards in San Diego?

22 MR. YELLIN: I would certainly think that it would

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1 be.

2 COMMISSIONER BALL: So we may have a business
3 interest here in this question.

4 MR. YELLIN: Yes, sir. If we get a commentary on
5 this from a private competitor on the west coast, he is
6 proposing to close his primary competition.

7 COMMISSIONER BALL: Okay.

8 MR. YELLIN: That's one reason why we're attempting
9 to look at the information very carefully.

10 CHAIRMAN COURTER: Is there another issue here, and
11 that is if Long Beach is closing -- correct me if I'm wrong--
12 and the repairs are done quite a number of miles away, I
13 think we discussed yesterday an added cost by virtue of the
14 families and dependents having to relocate?

15 MR. YELLIN: Yes, sir. If it's a significant repair
16 availability, then the ship is home ported at the shipyard.
17 So if it is not a local area shipyard, then the families are
18 moved or given the opportunity to move. So that is an added
19 cost and a disruption, because many of them may not move.
20 That means when the families are typically together with the
21 sailor, they are not going to be together with him.

22 CHAIRMAN COURTER: Is there any numbers to that, the

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1 added cost to that, that you can possibly figure out, or is it
2 just impossible because you are dealing with such intangible
3 consequences or intangible contingencies?

4 MR. YELLIN: I do not have any. We can ask the Navy
5 if they can generate that.

6 CHAIRMAN COURTER: If we could generate some
7 numbers, I don't know whether they can be very accurate
8 numbers, but it may be helpful in adding a component, a cost
9 component that we don't otherwise have.

10 COMMISSIONER SMITH: Mr. Chairman, with 31 percent
11 cost growth in the contracts in the private sector, I can
12 assure my cohort that there will be claims that these
13 contractors have pending against the Navy. Thirty-one percent
14 cost growth can come from several sources: one, the inability
15 to define the work in sufficient detail initially so that
16 you've got lots of changes that occur during the course of the
17 contract; or two, the late delivery of government-furnished
18 equipment and materials.

19 I suspect the 31 percent cost growth reflects the
20 Navy's ability to do this kind of contracting as much as
21 anything. I think I detected a bias on those questions toward
22 maybe the government can do something here better than private

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1 enterprise. I think that that's an issue that we need to --

2 COMMISSIONER BALL: They probably can in this
3 instance, but I will -- I think the record of evidence
4 probably would show that they could. But we'll reserve
5 judgment until we see what these -- I recognize that the Navy
6 certainly changes and the scope of work can generate claims.

7 On the other hand, the submission of certain of
8 these claims has been an ongoing and continuing problem for
9 the Navy. They've sought to manage that as best they could.
10 In the instance of San Diego, since we have had some
11 communications from interests here that seek the closure of
12 the shipyard, I think we should take a look at those
13 questions.

14 To follow up what Commissioner Courter said, there
15 are quantifiable costs for personnel moves and relocations.
16 There is not a quantifiable cost to the impact of family
17 separations, unlike the other services, the Navy's most
18 serious manpower challenge, personnel challenge, is dealing
19 with family separation, which occurs day in an day out for
20 everyone who is attached to a ship that deploys.

21 For a fleet concentration area such as San Diego, if
22 there is not a shipyard at Long Beach, then ships that

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1 overhauled or repaired in the public yards would go to other
2 public yards some distance from San Diego and incur additional
3 burdens in the family separation and all the consequences that
4 that entails.

5 That's probably not a quantifiable cost, but I would
6 submit that if you ask the leadership of the Pacific fleet as
7 to whether that would have an impact on their overall
8 personnel readiness, the answer would be a decided yes.

9 MR. YELLIN: If you had a ship being repaired in
10 Portland, for example, instead of being repaired in Long
11 Beach, San Diego home ported ship, you have a significant
12 separation of the family potentially or requiring them to move
13 for a short period of time.

14 The shipyard starts on 71, and if you could put up
15 71 and 72. We did discuss a lot of this yesterday when we
16 talked about --

17 (Slide.)

18 CHAIRMAN COURTER: Yes. We discussed most of this
19 yesterday.

20 MR. YELLIN: Is there any information -- if you
21 could maybe put up No. 73 on the right side.

22 (Slide.)

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1 CHAIRMAN COURTER: On 73, at the bottom right-hand
2 time, our own staff findings, remember we discussed the legal
3 consequences to a mothballing situation out there? I'm just
4 wondering whether we have any information on that.

5 MR. YELLIN: I don't know. We provided information
6 just yesterday to the counsel. I don't know whether they've
7 had a chance to review it. It was information both from the
8 City of Long Beach and from the Navy. We also have
9 information on the analysis that the Navy general counsel had
10 done, which my reading of it, not being a lawyer, but my
11 reading of it is that they concurred on the limitations on the
12 flexibility of the Navy to use this for other purposes or to
13 modify its use as a shipyard and still retain the property.

14 CHAIRMAN COURTER: Yes. Could we have -- I'm just
15 going to ask -- I don't know whether you've had a chance to
16 look at it yet -- I'm just talking to Bob Moore, our counsel,
17 you know, on that reverter clause in the lease agreements in
18 Long Beach. Have you had a chance to look at that? Could you
19 just brief us quickly?

20 MR. MOORE: Yes, sir. At issue is 1,039 acres of
21 which 349 is owned in fee simple by the U.S. Government. The
22 balance, however, there are two types of reverter clauses that

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1 exist on the balance of the acreage. If it is not used for
2 federal purposes or for federal use -- and I can provide for
3 the record the exact language -- but what it does is the land
4 would revert back to the city.

5 The city has informed the commission that they would
6 seek, obviously, to exercise their reversion clauses and
7 enforce those should the facility be shut down. They would
8 seek to obtain that land back.

9 CHAIRMAN COURTER: The question, then, of course, is
10 putting something in a reserve status or mothballing it, is
11 that a "federal use"?

12 MR. MOORE: In our opinion, it is. What would need
13 to take place would have to be some Navy presence there, even
14 if it was a small caretaker status. We believe that the
15 national security decision by the Navy, should they decide to
16 keep it a mothball status for a long period, that that is a
17 valid federal purpose. Based on national security aspects of
18 it, it would be sustained in federal district court.

19 CHAIRMAN COURTER: Could another attorney argue the
20 reverse? Is it litigatable?

21 MR. MOORE: Yes, sir. We're also --

22 CHAIRMAN COURTER: I guess everything is.

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1 MR. MOORE: We're also subject to the same issue,
2 Mr. Chairman, that we've discussed related to Philadelphia and
3 Hunters Point, where the community could aggressively get
4 legislative assistance to force the Navy to do something
5 different with the property.

6 There's a very active development all around the
7 naval station-naval shipyard area in Long Beach. In fact, I
8 guess there's been some discussions and comments about actual
9 use of the naval station-naval shipyard property itself for
10 other uses.

11 So I think that clearly that would be a potential
12 negative to the future use potential for the Navy. I think the
13 case would be even weaker if you really had it in a strictly
14 caretaker status rather than --

15 CHAIRMAN COURTER: You have that potential threat of
16 the community. I don't think it's a potential threat. I
17 think all communities will inevitably do that. They will try
18 to pass legislation through their congressional representative
19 such that they can have beneficial use of the property. I
20 think that's inevitable.

21 It becomes a more dangerous situation from the
22 standpoint of the services if there's a reverter clause as

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1 well. Is there any other new data on Long Beach that you
2 picked up?

3 MR. YELLIN: I just got some information based on
4 your previous questions. The battleship tonnage is
5 approximately 50,000 long tons. A CVN is in the 80,000 ton
6 range. In December 1990, the CV ranger was in the dry dock,
7 and it's configuration is approximately 80,000. So, as of a
8 little over a year ago, there was a carrier in that dry dock,
9 not a nuclear conventional carrier. It was approximately the
10 same physical size also.

11 I don't know if that was the question, but the
12 information that we have is that the -- but we will certainly
13 pursue it in more detail with the Navy to discuss the issue
14 that Commissioner Smith brought up and it was mentioned to us.

15 CHAIRMAN COURTER: Is there any new data on Long
16 Beach or on any of the other facilities that are open for
17 debate?

18 MR. YELLIN: We have some additional information on
19 the Marine Corps Recruit Depot.

20 CHAIRMAN COURTER: All right, let's go to those
21 then. It's my intention to wrap up new additional information
22 on Navy facilities. Then, when we've completed the new

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1 politically, it's been impossible for them to do anything
2 about that.

3 Now they're trying to do it. Now it's up to us to
4 decide how to approach what it is that's surfaced through
5 their process.

6 CHAIRMAN COURTER: Any other discussion on the Army
7 Corps?

8 (No response)

9 CHAIRMAN COURTER: All right. Thank you very much.
10 We'll go into Navy, start with Hunter's Point.

11 MR. BEHRMANN: Mr. Chairman, as Alex gets to the
12 table here with the Navy team, we are going to be going out of
13 Tab 13, and we'll start out on page 18, Hunter's Point.

14 CHAIRMAN COURTER: Wait a minute now.

15 MR. BEHRMANN: The Navy slides are in Tab 13, page
16 18.

17 CHAIRMAN COURTER: Tab 13, page 18?

18 MR. BEHRMANN: Page 18.

19 CHAIRMAN COURTER: Let me, as you're sitting down,
20 Hunter's Point was a fait accompli years ago, actually.
21 There's no reason why we have to spend much time with it. I
22 was there myself. Everybody recognizes that has to be closed.

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1 It is de facto closed, and there are significant environmental
2 concerns. Is there anything that staff wants to add to that?

3 COMMISSIONER BALL: I'd like to make a --

4 MR. YELLIN: Excuse me, sir. The recent change in
5 the requirements for the Navy to out-lease a portion of the
6 naval station to, based on legislation to the city and private
7 interests has made the usage to the Navy even less than it was
8 before.

9 For example, the Navy in the past has used the dry
10 dock at Hunter's Point for emergent carrier repairs, and now,
11 because of the out-lease requirements, that will no longer be
12 available to them because of development and other personnel
13 near the dry dock. So, therefore, it is even less useful to
14 the Navy now, based on the recent out-lease requirement.

15 So we certainly don't see any reason not to go ahead
16 with this proposal.

17 CHAIRMAN COURTER: Any discussion? Will Ball?

18 COMMISSIONER BALL: I just wanted to ask a question
19 for point of clarification where the origin of those out-lease
20 restrictions, what is the original of those new restrictions?

21 MR. YELLIN: There is legislation in the --

22 COMMISSIONER BALL: California, or --

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1 MR. YELLIN: No, it's federal legislation in, I
2 think it was in an authorization act that required the Navy to
3 out-lease, since they weren't a portion of it, to out-least
4 that to -- so, I believe it's to be out-leased to the City for
5 their use.

6 COMMISSIONER BALL: The City of San Francisco?

7 MR. YELLIN: I believe that's the case, sir.

8 COMMISSIONER BALL: Well, that's my understanding. I
9 just wanted to make that point that that least requirement to
10 the City, and I was not present at the San Francisco hearings.
11 I understand this subject came up.

12 I just want to emphasize that those dry docks are,
13 once this action is taken, they are essentially no longer
14 available to the Navy for emergent use by carriers and other
15 large ships, and this is a point I wish, I hope, my fellow
16 commissioners will take into account when tomorrow we discuss
17 this dry dock case, because we are here in one fell-swoop, so
18 to speak, taking steps to limit the future availability of
19 emergent dry docks to the Navy on the West Coast, such that
20 the only remaining in dry docks would be those Pearl Harbor,
21 Long Beach and Puget Sound.

22 MR. YELLIN: Yes, sir, that's correct.

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1 COMMISSIONER CASSIDY: Could I ask for some comment
2 on that, as well. Specially, is mothballing a dry dock, and
3 assuming that you can get it out of there, is that a viable
4 thing?

5 MR. YELLIN: Yes, sir. Excuse me. To mothball--
6 that facility was mothballed, has been in inactive status for
7 a number of years but had been maintained so that it could be
8 used. And in 1985 I had a chart in the shipyard presentation
9 the other day that listed the six times in the last 20 years
10 that unscheduled carried dry dockings were required. And back
11 in 1985 the Navy did dry-dock a carrier that ran aground
12 accidentally in San Francisco Bay. They brought in crews and
13 used the dry dock at Hunter's Point.

14 COMMISSIONER CASSIDY: But there has been accusation
15 on both parts of the Philadelphia contingent and the Long
16 Beach contingent that once you dry-dock -- I mean, once you
17 mothball a dry dock, you really don't have it for use at all.
18 You really need to keep it in some lower level of operation
19 rather than completely mothballing it. And you disagree with
20 that; is that --

21 MR. YELLIN: That's not my understanding. You do
22 have to provide maintenance on the facility, and the Navy

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1 proposal for Philadelphia, for example, does call for a number
2 of people to be maintained at the shipyard to keep the
3 facilities up to a certain level of repair so that they can be
4 used on a -- for emergent work, on a fairly quick recall
5 basis.

6 COMMISSIONER CASSIDY: And would those facilities,
7 let's say -- let's take the case of Philadelphia. Would it be
8 likely that the City of Philadelphia, the State of
9 Pennsylvania, or somebody else go after that dry dock for some
10 other use, for commercial use, if it is only in a mothball
11 condition, and would that be -- is that a possibility that
12 that will occur?

13 MR. YELLIN: The people that represent Philadelphia,
14 and others in the community that have spoke to me recently,
15 have indicated that that is definitely their intention to
16 aggressively pursue legislation which would create the same
17 out-lease requirement for the portion of the shipyard that is
18 not being actively used, which could potentially limit the
19 ability of the Navy to recover that asset for future use.

20 We did ask the Navy that specific question after
21 that comment was provided to me, and the Navy's response was
22 that they felt their position in Hunter's Point was extremely

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1 weak in trying to combat the out-lease provision, because
2 they, in essence, had really abandoned the facility. They
3 were not using it at all. They had a few tenants in some
4 buildings at the property but were really not using the
5 property to any level of intensity.

6 Their response was that the Philadelphia shipyard
7 will have a number of facilities still in use. They will have
8 a maintenance crew, as I indicated; they will be maintaining
9 the propeller facility and the foundry. And they will have
10 the very extensive mothball fleet there with the inactive ship
11 facility. So that was -- I'm just repeating to you their
12 response. But that is something definitely that the
13 commissioners should be aware of that we do have that
14 situation where a dry dock that the Navy had been using for
15 emergent requirements, holding that in this mothball status
16 was lost to them, and that's something that needs to be
17 considered.

18 COMMISSIONER BALL: So, as I understand the Navy's
19 view, though, that's a risk that they can accept provided Long
20 Beach remains open. And so it's not, I think, from the Navy
21 Department's point of view, there is a linkage between the two
22 here.

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1 COMMISSIONER CASSIDY: Yeah, the total number of dry
2 docks doesn't go beyond their worry level.

3 COMMISSIONER BALL: Correct.

4 MR. YELLIN: Well, they have indicated that the two
5 primary East Coast carrier dry docks for emergent use would be
6 the carrier dry dock at Norfolk Naval Shipyard, and the repair
7 dry dock at Newport News. They are the two.

8 Now, if neither of those were available because of
9 work load, then the dry docks in Philadelphia would be
10 available if they were still in a preserved status, to be used
11 as Hunter's Point was used in 1985 for an unscheduled docking
12 and repair.

13 COMMISSIONER CASSIDY: Well, I wonder, then, if
14 they're willing to take that risk, why they don't just close
15 it completely rather than -- Mothballing something tends to be
16 the worst possible scenario for the community in a lot of
17 cases; is that correct? They can't put anything else in it?

18 MR. YELLIN: That's right. That is certainly the
19 justification behinds the comments from people in Philadelphia
20 saying that, "We have property there that's very valuable
21 property, and we feel that we are obligated to pursue whatever
22 we can to obtain economic benefit from that property." And I

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1 assume that that was one of the justifications that San
2 Francisco had.

3 COMMISSIONER BALL: I'm sorry. I'm sorry, we had a
4 misunder- -- are we discussing Hunter's Point or Philadelphia?
5 I'm sorry. Because I didn't realize that earlier when I was-
6 - I thought we were on Hunter's Point, and --

7 COMMISSIONER CASSIDY: Well, we did, but we
8 got --

9 MR. YELLIN: I will try to answer any question you
10 present to me as best we can.

11 COMMISSIONER SMITH: The issue was mothballing, and
12 I think that's a legitimate issue to talk about here.

13 Hunter's Point was mothballed and was pulled out of
14 mothballs to do this emergent carrier repair.

15 MR. YELLIN: That's right.

16 COMMISSIONER SMITH: How long had it been mothballed
17 when it was pulled out?

18 MR. YELLIN: I don't know. I think it was a very
19 extended period of time, but I think -- I think Hunter's Point
20 was stopped use as an active shipyard in the '70s.

21 COMMISSIONER SMITH: So it had been mothballed in
22 '85 or '86, I recall, so it was 15 years.

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1 MR. YELLIN: It could have been that period of time.

2 MR. PATRICK: Starting in 1976 the Navy actually
3 lease out most of the Hunter's Point facility to a machine
4 shop, large machinery operation. There is nothing here that
5 indicates that the dry dock was actually mothballed. My
6 understanding is that the naval shipyard at Mare Island had
7 cognizance over it, and they did enough maintenance to keep it
8 available.

9 COMMISSIONER SMITH: What is the likely scenario for
10 this dry dock, assuming we proceed with the defense
11 recommendation here? What's likely to happen to the dry dock?

12 MR. YELLIN: Hunter's Point, I think the Navy
13 indicated that since they cannot put the ships in there any
14 more because of the development that would occur around it,
15 they will pull the bulkheads and flood it, because it cannot-
16 - there is a cost to maintain it, and since it cannot be used
17 as a dry dock any more because of the plan development there,
18 the Navy has indicated to me just in discussions that, since
19 it can't be maintained, it's a hazard unless you pull the
20 bulkheads and flood the dock. So, in essence, it becomes, in
21 essence, like a pier space.

22 So it would no longer be available for

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1 use.

2 COMMISSIONER CASSIDY: Well, my question, the reason
3 I brought this up at this point in time is, the point's been
4 made that a mothballing is the worst possible thing. There's
5 300 people, it still costs you some money, and why don't you
6 just put a 1,200-people contingent in there and produce some
7 work which is industry-funded and effectively it tends to pay
8 for itself anyhow. So that is an argument.

9 COMMISSIONER BALL: That's a point, yeah.

10 COMMISSIONER CASSIDY: So somewhere between that and
11 closing it completely and maybe mothballing it is the worst
12 possible of those two extremes.

13 MR. YELLIN: Looking at it from the community's
14 point of view, or the Navy, or --

15 COMMISSIONER CASSIDY: I'm trying to get the Navy's
16 point of view. I've already heard the community point of
17 view.

18 MR. YELLIN: The Navy's position is that -- and we
19 talked about it a little bit and we're going to talk about it
20 later in the shipyard section, but my understanding of the
21 Navy's position, and the reason why they rejected the proposal
22 or the option to maintain a 1,200-man force there, which is

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1 what they felt, and my understanding is based, in part, on
2 Admiral Heckman's understanding of what the requirements for
3 Philadelphia would be during the 1990s. That turns into about
4 a 600-person productive work force there, which translates
5 into about one reasonable ship repair at a time.

6 That work load would be very expensive to run at a
7 facility like Philadelphia at 600. It would be much more
8 expensive. Although the Navy has not done any firm numbers on
9 it, the current man-day-rate of in the neighborhood of \$350
10 would probably increase, they indicated, into the range of
11 \$500 or more because the fixed costs of the part of the
12 facility that had to be maintained are such that, at 600
13 persons' productive effort, it would be, the cost would be
14 very high.

15 And the other point the Navy made is that you would
16 be foregoing the additional savings that you would have of
17 actually mothballing the whole facility, because you're really
18 not assured that you're going to get 600 man-days of
19 productive effort on a continuing basis with that little
20 flexibility for that size.

21 The other impact would be that, on work that would
22 be diverted from another industrial-funded facility, you would

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1 be then taking baseload from that facility, moving that to
2 Philadelphia, which lowers the baseload and could, in essence,
3 have a, although not maybe major, would have some impact on
4 their costs, because they would have less baseload to spread
5 their operations over. So that could have a negative effect
6 on that.

7 But the bases for that proposal, that 1,200-person
8 proposal, was to -- and this was Admiral Heckman's position,
9 and I have spoken to him by phone on this -- is that he feels
10 that out in the future, out past the year 2000, when you get
11 over the workload at the nuclear shipyards, that he feels the
12 mix of work will be such that you probably should be closing
13 one or more nuclear shipyards, but keeping Philadelphia.

14 And the 1,200-person option in Philadelphia was a
15 way to get at least some productive effort out of Philadelphia
16 during the period of time when, in essence, he agrees that the
17 work load does not, by itself, justify Philadelphia.

18 But the obvious implications for the Navy are that
19 if they ever close Philadelphia, acknowledging the risks that
20 the community may be successful at recovering the property,
21 their position is they just cannot, based on current and
22 expected funding levels for maintenance of ships, they cannot

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1 afford that insurance capacity. Their feeling is they need to
2 gain those savings, they need to more adequately load up the
3 other ship yards, maintain the private ship yard work level,
4 and they cannot afford to keep that capacity during this
5 period of time.

6 MR. PATRICK: If I could Commissioner Ball's
7 previous question completely, it's the FY 1991 Defense
8 Authorization Act that directs the outlease of 260 acres from
9 the Hunters Point Annex to the City of San Francisco for a
10 period of not less than 30 years.

11 COMMISSIONER BALL: And we're back in California?

12 MR. YELLIN: Yes.

13 COMMISSIONER BALL: On Mr. Yellin's point, I'd just
14 -- I think it's important for all Commissioners to focus on
15 this issue of cost. As I understand it, the Navy studied
16 these two options very carefully. There are some strong
17 arguments in support of the option that the Navy did not
18 choose, and my belief is that it was a pretty close call, no
19 question.

20 But as work is taken out of a shipyard, the rates go
21 up. The other side of the coin is when you -- when you move
22 work on a given type of ship, Philadelphia having a lot of

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1 experience working on large ships because they have large
2 docks and they work on ships that are in the high end of the
3 Navy forestructure. When you put work of a type ship that
4 they worked on in another shipyard, there's a certain learning
5 curve involved. There's certain costs associated with
6 teaching, so to speak, another shipyard to do a particular
7 type of job.

8 And the question -- the question is one of assessing
9 what those additional costs would be, and it is the belief of
10 the former Commander of the Naval Sea Systems Command that by
11 relocating work that has been programmed for Philadelphia to
12 other shipyards, including the Norfolk Naval Shipyard, that
13 those costs could well eventually overshadow any savings that
14 may be gained from the mothballing proposal.

15 And that is an issue we should focus on and we
16 should look at what the Navy's needs are, not just up to, but
17 beyond the year 2000 for -- in laying its workload across its
18 shipyard structure, and trying to get some sort of handle on
19 what advantages, if any, and what efficiencies, if any, are
20 gained by this -- the other option of a small workforce in a
21 ship repair facility.

22 And this is a subject that has been studied at some

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1 length. It is overshadowed, in my opinion, by, of course,
2 another major issue, or it is affected by the service life
3 extension of the aircraft carrier, John F. Kennedy. Now I was
4 discussing this this morning with some who have followed these
5 developments. This is -- this is the proposal to give to the
6 Kennedy the service life extension that's been given to other
7 conventional carriers and Congress has appropriated funds to
8 begin that work, and that's a matter of public law, that the
9 Kennedy will be given a SLEP.

10 The Navy has requested that Congress rescind that
11 money. The official Navy position being that the Kennedy will
12 be given an overhaul which is a far more modest effort to
13 improve the ship.

14 The service life extension program is a very
15 extensive, literally cuts out catapults, removes and replaces
16 main engines and buys, for a hefty price tag, \$800, \$900
17 million, an additional 20 years of carrier life, but addresses
18 metal fatigue, addresses engine wear and addresses itself to
19 fixed things that are not normally part of a regular overhaul.

20 So that's a huge issue and I suspect and the Navy
21 has arrived at the position that, given the budget constraints
22 they have, that the Kennedy should not be given a SLEP, rather

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1 should be given a regular overhaul. But Congress has taken
2 exception to that and Congress has appropriated money to do
3 the SLEP and directed that it be done at the Philadelphia
4 Naval Ship Yard.

5 A SLEP entails something on the order of five or six
6 thousand employees over time to accomplish. If the Kennedy is
7 to be given a SLEP at Philadelphia, then that would taken
8 until 1996.

9 MR. YELLIN: Well, the current schedule would put
10 that, and this is dependent on long lead time procurement and
11 other items, but it would project that the completion would be
12 either late '95 or early '96.

13 COMMISSIONER BALL: So that's another issue, Mr.
14 Chairman. That may be a question that we would want to -- I
15 don't know that the Department --

16 MR. YELLIN: The Navy has responded. I did ask them
17 that question. If the Kennedy does undergo a SLEP in
18 Philadelphia, based on the Congressional intent, what does
19 that do to your -- or does that change your proposal for
20 closing Philadelphia within the time frame that we were
21 looking at? And the Navy has come back and said that they can
22 meet the deadlines for the closure even with that work in

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1 there.

2 CHAIRMAN COURTER: What does that do to the
3 workforce in Philadelphia? I mean the Navy's position that if
4 they SLEP the Kennedy in the time frame required to comply
5 with the closure law, what type of increase in workforce? Do
6 you know anything about that?

7 MR. YELLIN: It maintains them at the -- a little
8 lower level than they have been because now they have two
9 ships in now, but they would be -

10 CHAIRMAN COURTER: It maintains the level?

11 MR. YELLIN: About 6,000 -- about five to six
12 thousand people. And then that would -- if the schedule was
13 still maintained that they would have to have the facility
14 closed in '96, based on our criteria, our dates, then that
15 would mean a much more rapid drop off of workers than was
16 anticipated before.

17 CHAIRMAN COURTER: Let me just throw this out. We
18 don't know what Congress is going to do but they normally do
19 those things that they want to do -- has been my experience
20 anyway. If Congress in its will wanted the Kennedy to be --
21 to be worked on in Philadelphia and if this Commission -- I
22 guess the question is what is to prevent the Congress from

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1 asking that some other ship be worked on in Philadelphia, thus
2 frustrating the closure process? There is none, I suppose, is
3 there?

4 MR. YELLIN: I think you can probably answer that
5 better than I can. I don't have any answer for that. We did
6 -- as I said, we did specifically pose a question to the Navy
7 based on us getting the updated information on the legislation
8 requiring the SLEP in Philadelphia and, in fact, the workload
9 charts that I showed on the shipyards that were the -- what
10 they call the top line chart which indicate the work level for
11 the main -- the lead shops, indicate a workload in there for
12 the SLEP, a modified SLEP of Kennedy at Philadelphia and shows
13 a fairly dramatic drop off of people, whereas before it was a
14 more gradual drop was worked off.

15 CHAIRMAN COURTER: After the SLEP?

16 MR. YELLIN: That's right.

17 CHAIRMAN COURTER: What is the cost figure on
18 Philadelphia for keep the dry docks on reserve status?

19 MR. YELLIN: I don't have the number. That is
20 factored into the cost analysis to reduce the savings and I --
21 So the cost savings, the annual cost savings on that, are \$36
22 million from closing Philadelphia.

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1 CHAIRMAN COURTER: Yeah, that's' 300 --

2 MR. YELLIN: And that is -- that number takes into
3 account the ongoing personnel costs there to --

4 CHAIRMAN COURTER: About 300?

5 MR. YELLIN: It's around 250 -- between 250 and 300
6 people to operate, but that includes around 100 people to
7 operate the propeller facility and boundary --

8 CHAIRMAN COURTER: Oh. Well, the boundary and the
9 propeller shop are going to stay regardless -- I mean --

10 MR. YELLIN: Yes, sir. I mean no one is disputing
11 that they should stay. Let me just put it that way.

12 CHAIRMAN COURTER: Well, how much is it to maintain
13 the --

14 MR. YELLIN: My understanding -- I do not have a
15 breakout because I think the -- my understanding is the crews
16 that remain, which would be a 100 to 150 that would be doing
17 different things there, would be working as part of the
18 inactive ship maintenance facilities. So they would be doing
19 yard maintenance facilities and other things as well as
20 supporting that operation.

21 CHAIRMAN COURTER: Obviously, we effectively moved
22 from coast to coast here.

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1 MR. YELLIN: It's an important issue.

2 CHAIRMAN COURTER: Oh, yeah. Oh, yeah.

3 COMMISSIONER BALL: The issue becomes in a nutshell
4 if the Kennedy SLEP is to be undertaken, then I frankly think
5 the Commission is not a good use of the Commission's time to
6 focus on the prospective closure of a facility that is going
7 to be a job in 1996.

8 So before we even get to a discussion with regard to
9 the reallocation of workload and the dry docks and the
10 proposed mothballing, I think we need to iron out the status.
11 It is, as I understand it now, somewhat in doubt with Congress
12 being of one view and the Navy position perhaps in flux or
13 having now accepted the reality that Kennedy should be SLEPed.

14 MR. YELLIN: We will immediately request the Navy to
15 come back with a formal statement and more details on how they
16 --

17 COMMISSIONER BALL: They may say it depends on
18 whether the shipyard is --

19 MR. YELLIN: As I said, they have come back and
20 answered the question that we posed to them related to this
21 and they said that the seven or \$800 million SLEP of Kennedy
22 at Philadelphia couldn't be accomplished at Philadelphia and

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1 they can still close the facility.

2 COMMISSIONER BALL: They can. Yeah, I just think
3 that removes from us -- In my judgment it takes it off our
4 list. I just -- I mean, that's '96 and I -- to me if this
5 kind of uncertainty is plaguing these very complex ship
6 maintenance and workload allocation decisions right now, I'm
7 not so sure that -- that if we took irrevocable steps that
8 affected the future allocation of that workload, that that
9 would be consistent with our mission. But, Mr. Chairman,
10 that's just my view.

11 COMMISSIONER CALLAWAY: I have a letter here from
12 the city of Philadelphia which maybe everyone got but it's
13 addressed personally to me so I don't know if anyone else got
14 it or not. They said -- it answered some of the questions I
15 had yesterday.

16 The second paragraph says -- on Thursday, that's
17 yesterday. "On Thursday, there was finally the admission that
18 the Kennedy SLEP will proceed in Philadelphia, not Norfolk."
19 And the go into the 6,000 jobs. You know anything about that?
20 Who made the decision and is it a firm decision or something
21 new we didn't know yesterday?

22 MR. YELLIN: No. I requested, based on a request

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1 from Commissioner Ball, to get some workload charts, which I
2 displayed yesterday at the presentation. When I got the
3 charts, I looked at the Philadelphia one which was different
4 than what I had expected. I inquired and asked about the --
5 what workload was in there, and they indicated that they had
6 -- in that schedule -- had given me the Philadelphia workload
7 which included the Kennedy.

8 CHAIRMAN COURTER: Well, yesterday when we talked,
9 the question about whether Kennedy would be SLEPed in
10 Philadelphia or not, this says categorically, "There was
11 finally the admission the Navy SLEP will proceed in
12 Philadelphia, not at Norfolk." Is that a true statement, so
13 far as you know?

14 MR. YELLIN: The Navy has sent me documentation
15 which I requested a schedule of workload in Philadelphia and
16 that included Philadelphia. Now I do not have a letter from
17 the Navy that says that, you know, that the decision is made
18 to SLEP Kennedy and so --

19 COMMISSIONER BALL: Well, I don't think the
20 Congress. The point -- the other point -- I'm not sure the
21 Congress would fund a SLEP at another location because it is
22 literally rebuilding of the ship and no other shipyard has

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1 done it.

2 COMMISSIONER CALLAWAY: I guess I'm trying to
3 respond to what Commissioner Ball has said. I tend to agree
4 with what he's saying. If it is, in fact, certain, or
5 relatively certain, that you're going to SLEP Kennedy and if
6 that means you're keeping the workforce some six or 7,000
7 people, instead of the 12 hundred we were talking about
8 yesterday, then it is an entirely different view that I would
9 have on whether to vote to close Philadelphia.

10 If it's going to 12 hundred, you made the point
11 yesterday, Alex, very well that that is uneconomical and all
12 of that. At 6,000, you've made the point that you can make
13 that very economically. And so I just think it makes a big
14 difference and I've seen for the first time a piece of paper
15 that purports to say that this has been determined and will
16 happened. And if that's the case, I just think we view
17 Philadelphia very different from the way we did yesterday.

18 MR. YELLIN: The schedule, Mr. Commissioner, that I
19 showed yesterday that indicated going down to the 12 hundred
20 level included the Kennedy schedule on it. The Navy's
21 position is that it's the workload after Kennedy, after '96 or
22 starting in '96 and beyond that goes away. There is no --

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1 there is no other SLEP -- carrier SLEP plan. In fact, as
2 Commissioner Ball mentioned, the Navy in their analysis, based
3 on their future force levels, had indicated they didn't feel
4 they needed the Kennedy for the period of time that the SLEP
5 provides.

6 COMMISSIONER BALL: My misunderstanding was I
7 thought it was just going to gradually go down till '96.
8 You're saying it's staying at six or 7,000 and then goes down
9 some to the 12 hundred.

10 MR. YELLIN: It will go down over a period of time
11 but more dramatically, more sharply than before. But the Navy
12 still does not have a workload plan for Philadelphia over the
13 period of time after the Kennedy. So that --

14 COMMISSIONER CASSIDY: Whether or not the SLEP were
15 to refurbish the Kennedy, has that decision -- is that just
16 part of language now or is it statute? Is it appropriated?
17 What is the status of that?

18 MR. YELLIN: It's Appropriations.

19 COMMISSIONER CASSIDY: So it's through
20 Appropriations and both houses of Congress?

21 MR. YELLIN: There's \$405 million in the fiscal year
22 '92 appropriations for advance purchase and early lead time

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1 items. It's basically the first year's funding for a SLEP of
2 the Kennedy and the legislation states that it will be done in
3 Philadelphia.

4 COMMISSIONER SMITH: But that's not something the
5 Navy planned to do?

6 MR. YELLIN: That's right. The Navy has made a
7 formal request to overturn that and their position is that
8 their schedule, their requirements for the Kennedy calls for
9 an overhaul. They do need the Kennedy. They do want to use
10 it until the 2005, 2007 time frame, and the overhaul provides
11 life to that period of time. The SLEP extends that life out
12 another seven or eight years.

13 And the Navy felt that at the current time with
14 their budget level and their looking out into the future
15 trying to determine what they needed in carrier forces, they
16 did not need the Kennedy after that period of time, so they
17 only wanted to overhaul it to save the three or \$400 million,
18 which is the differential between the overhaul and the SLEP.

19 COMMISSIONER SMITH: So the cost of an overhaul is
20 -- well, it takes about a year and costs what -- 200 million,
21 300 million?

22 MR. YELLIN: The overhaul plan for Kennedy was, my

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1 understanding was, about \$400 million.

2 COMMISSIONER SMITH: Four hundred million, so for
3 800 million you could SLEP it and get an extra seven or eight
4 years.

5 COMMISSIONER BALL: I don't believe it's seven or
6 eight.

7 MR. YELLIN: It's 15, I think, total.

8 COMMISSIONER BALL: I believe it's 15 years of
9 additional service life. The difference between an overhaul
10 -- I was just given the delta. The overhaul, you get seven or
11 eight years. If you SLEP it, you get 15 years. So it's
12 seven, eight more years.

13 MR. YELLIN: I think the overhaul is getting eight
14 or nine and I think the --

15 MR. BALL: The first SLEPs I thought were an
16 additional 20 years of --

17 CDR. HART: The carrier overhaul doesn't give it any
18 extended life. It just brings it back to a base line. The
19 Kennedy was getting an extended overhaul at about 670,000 man
20 days which would give it about seven to eight extra years on
21 its life. A SLEP, which is almost 900,000 man days, would
22 give it about 15 to 20 extra years in its life.

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1 COMMISSIONER BALL: The scope of work -- the point
2 is, I think -- the scope of work is akin to just replacing
3 parts on an aircraft and then -- or gutting the aircraft,
4 reengining it, rewinging it. It's essentially arresting gear
5 catapults, engines, pumps, engine rooms. It's essentially a
6 reconstruction of everything but the hull in the flight deck.

7 And thus the Navy's case to the Congress, when this
8 was first put together, was that it's a bargain to gain an
9 additional 15 years service life for this magnitude seven
10 hundred, \$800 million of investment. It's only with the
11 decline in total obligational authority for the Navy that they
12 reconsidered their SLEP program and they've now cancelled, I
13 think, one and Kennedy is now the issue.

14 COMMISSIONER CASSIDY: Well, still though, we, as a
15 Commission, are faced with the Secretary's proposal on
16 Philadelphia.

17 COMMISSIONER BALL: It is not -- it is not -- let me
18 see, it's not -- the Secretary of the Navy in the past has
19 been informed by the Committee on Appropriations where certain
20 ships would be overhauled. That has happened before. It
21 happens from time to time and the ship maintenance program has
22 been affected accordingly, and this is not the first instance

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1 of a major job of this magnitude being a matter of statutory
2 restriction, a mandate. And it has happened before, and I
3 suspect it'll happen in the future.

4 But it is -- so in that instance, if it's a question
5 of the Executive of being of one view and Congress being of
6 the other, and should the Congress prevail in this instance as
7 they have in the past on overhauls and SLEPs, then the only
8 place for this activity to occur is Philadelphia.

9 COMMISSIONER CASSIDY: Well, far be it for me to get
10 into a -- the middle of a debate between the Navy and the
11 congress, but, nonetheless, we, as the Commission, still have
12 to act on what we're here to act on which is the Secretary's
13 proposal to close Philadelphia and if we decide to close
14 Philadelphia while still work is still going on there, I
15 assume that the Navy and the Congress will have to deal with
16 that some way.

17 COMMISSIONER SMITH: Well, to add to that his
18 recommendation was made, as I understand it, given the fact
19 that the SLEP would be done in Philadelphia. So when he made
20 his recommendation, he knew that the Kennedy was going to be
21 SLEPed at Philadelphia.

22 MR. YELLIN: The recommendation, Commissioner Smith,

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1 was made based on moving the Kennedy for an overhaul to
2 Norfolk.

3 COMMISSIONER SMITH: You just told me that the
4 workload charts that we saw were based on SLEPing the Kennedy
5 at Philadelphia.

6 MR. YELLIN: Yeah. That was an update based on
7 information that I only received several days ago.

8 COMMISSIONER SMITH: Well, at the time we got the
9 recommendation to close -- take the Philadelphia shipyard
10 down, had the Navy made a decision whether to overhaul or SLEP
11 the Kennedy?

12 MR. YELLIN: The Navy's position at the time we
13 received the recommendations was that they were going to
14 overhaul Kennedy in Norfolk.

15 COMMISSIONER SMITH: Has the appropriating
16 legislation occurred in the interim?

17 MR. YELLIN: I don't know the date, whether that
18 occurred earlier or later. At that time, they were fighting
19 the requirement to provide the SLEP because they didn't want
20 to spend the extra money. They didn't feel it was necessary.

21 COMMISSIONER SMITH: When did the appropriations
22 bill with that language in it pass?

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1 MR. YELLIN: I don't know. If the Navy proceeded to
2 do the overhaul, it would come out of their O&M money -- not
3 appropriations.

4 COMMISSIONER SMITH: The question in my mind, when
5 did the Appropriations bill pass that said the Kennedy will be
6 SLEPed at Philadelphia?

7 MR. YELLIN: We'll find that out.

8 CHAIRMAN COURTER: Do we have an answer on that? I
9 might add that unless it's in permanent law --

10 MR. YELLIN: I misstated before. It was '91
11 appropriations that was passed in the fall or late last year.

12 CHAIRMAN COURTER: It was only the appropriations
13 and not the authorization legislation, is that correct?

14 MR. YELLIN: I don't have that legislative history
15 with me.

16 CHAIRMAN COURTER: Well, we need that legislative
17 history.

18 MR. YELLIN: Yes, sir.

19 CHAIRMAN COURTER: Maybe you're getting it right
20 now?

21 MR. YELLIN: Okay. It's authorized -- I'm getting
22 some help here.

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1 CHAIRMAN COURTER: That's okay.

2 MR. YELLIN: The information is that it was
3 authorized also in '91 legislation.

4 CHAIRMAN COURTER: So it was authorized and
5 appropriated in '91 legislation. It is permanent law. And
6 how much was appropriated for that purpose?

7 MR. YELLIN: Four hundred five million.

8 CHAIRMAN COURTER: Which is about what percentage of
9 the total?

10 MR. YELLIN: About half. It's about one year's
11 worth of work, so it's half, approximately half. The work is
12 scheduled -- the workload for that is scheduled for 28 months
13 in the yard.

14 CHAIRMAN COURTER: And then -- I mean that came
15 obviously subsequent to -- well, no, I mean, if it was part of
16 the appropriations and authorization bill of last year, which
17 was signed by the President in December, from my recollection,
18 we didn't get Secretary Cheney's recommendations on closure
19 until March what -- April 1st, I believe, so we had the
20 knowledge when he gave us the recommendations on closure.

21 COMMISSIONER BALL: Mr. Chairman, I think that's
22 correct, I believe. And I believe he submitted a rescission

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1 request to Congress not to spend the money and I'm not certain
2 -- I'm told that rescission request has not been approved, but
3 we will have to check the status of that.

4 CHAIRMAN COURTER: It would not have been approved
5 by now if the normal course of action occurs. But I'm not
6 sure that the recommendation by the Secretary was contingent
7 upon the rescission. They must have felt that they could
8 achieve and comply with both the authorization and
9 appropriations bill and the ratification of their
10 recommendation on closure.

11 MR. YELLIN: The proposal from the Navy was very
12 clear that it did not consider doing a SLEP of Kennedy in
13 Philadelphia. In fact, the largest one-time cost indicated by
14 the Navy in their cost analysis for Philadelphia was an added
15 cost because of a rate differential between Philadelphia and
16 Norfolk to move the Kennedy from Philadelphia to Norfolk.

17 That was about \$75 million of the one-time costs
18 proposed for the Philadelphia closure. So their proposal was
19 clearly predicated on not doing the Kennedy in Philadelphia.
20 In fact, their proposal called for significantly drawing down
21 the employment in Philadelphia, starting in '93.

22 CHAIRMAN COURTER: Okay. Now that's -- their

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1 proposal was based on that, but then there's been, subsequent
2 to that, letters from DoD and the Navy that said that we can
3 do a what in Philadelphia and -- on the Kennedy.

4 MR. YELLIN: Well, they could do -- they could
5 perform the SLEP of Kennedy at Philadelphia and still close
6 the facility in -- by the time frame --

7 CHAIRMAN COURTER: So that's their position now?

8 MR. YELLIN: Yes, sir. We'll go back though and get
9 a confirmation of that.

10 CHAIRMAN COURTER: I saw it in writing. I saw it in
11 writing someplace, but it sounds like their official position
12 is they still don't want to do the SLEP and they're fighting
13 the workload.

14 MR. YELLIN: That's right.

15 CHAIRMAN COURTER: And they're trying to get a
16 budget revision through, a budget rescission through, and that
17 issue is still pending? Okay, I think that for purposes of
18 Sunday, we need to have this clarified and understand
19 specifically where we stand.

20 MR. YELLIN: We'll get that clarified and have that
21 for you. I'm not familiar with all the rules and regulations
22 on rescission requests, whether -- if they're not acted on in

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1 a certain period of time, do they expire or do they have to be
2 resubmitted?

3 CHAIRMAN COURTER: No, the rescission requests
4 expire if they are not affirmatively acted on by a certain
5 period of time. In the statute, they refer to the
6 Appropriations Committees and if they do not act, then that
7 has the impact of disapproving the request. And that's a
8 fairly simple thing to - to find out.

9 MR. YELLIN: If it was submitted, then I'm sure that
10 amount of time has passed, so I assume that is -- unless -- is
11 possible to resubmit that? Or once you do it, you don't --

12 CHAIRMAN COURTER: I don't think the Appropriations
13 Committee appreciates resubmissions (laughter) but at least --

14 COMMISSIONER STUART: Mr. Chairman?

15 CHAIRMAN COURTER: Yes.

16 COMMISSIONER STUART: I feel this has been a very
17 useful discussion. It's developed some further facts that we
18 have to dig into before our decisions on Sunday, but I sense
19 that you wanted to move this agenda along and Hunters Point is
20 on the top of the list that you recommended that we consider.
21 Would you like further discussion on that or would you like a
22 motion on Hunters Point?

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1 CHAIRMAN COURTER: I would like a motion on Hunters
2 Point. The motion -- the recommended motions --

M O T I O N

3
4 COMMISSIONER ^{Ball} SMITH: Yeah, I have the recommended
5 motion. I thank Commissioner Stuart for his prodding us
6 along. Mr. Chairman, I move that we recommend to the
7 President the closure of the Hunters Point Naval Annex to
8 Naval Station, Treasure Island.

9 The Navy will outlease the entire property with
10 provisions for continued occupancy of space by the Supervisor
11 of Shipbuilding, Conversion and Repair, Planning, Engineering
12 Repair and Alterations Department and a contractor-operated
13 test facility. This is a change to the 1988 Base Closure
14 Commission recommendation to partially close this
15 installation.

16 CHAIRMAN COURTER: Do I hear a second?

17 COMMISSIONER STUART: Second.

18 CHAIRMAN COURTER: Any further discussion on Hunters
19 Point? We'll start to my right.

20 COMMISSIONER STUART: Aye.

21 COMMISSIONER BALL: Aye.

22 CHAIRMAN COURTER: Aye.

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1 considerations being paramount here. I don't mean to suggest
 2 that Commissioner Smith's comments on the West Coast shipyard
 3 capacity are not quite relevant, and I would not want the Navy
 4 to conclude by virtue of this discussion that future
 5 commissions ought not to take a careful look at public
 6 shipyard activities on the West Coast.

7 COMMISSIONER SMITH: Mr. Chairman, I certainly agree
 8 with what Commissioner Ball has said. The workload is just
 9 now beginning to come down in the shipyards, and it's going to
 10 come down dramatically over the next couple of years, and it's
 11 going to force some tough thinking about how we do ship
 12 overhaul in the next century, and I think this clearly is
 13 going to be fertile ground for future commissions.

14 While I don't like being the Lone Ranger on some of
 15 these votes, I think there's clearly work in this area for
 16 future commissions.

17 COMMISSIONER BALL: Hear, hear.

18 CHAIRMAN COURTER: I thank the gentleman, and I
 19 don't think there's any disagreement among Commission members
 20 with regard to that point. I will move on to Philadelphia,
 21 Navy Shipyard Philadelphia, Naval Station Philadelphia.

22 MR. YELLIN: We'll do the shipyard first, please, 48

1 and 49. On slide No. 48, we indicate again the summary
2 information and the results of the COBRA, and as I discussed
3 the last time we talked about Philadelphia, the COBRA
4 information has been updated.

5 The original information from the Navy reflected the
6 transfer of the Forrestal conversion to Puget Sound. The Navy
7 has now decided that that will still be done in Philadelphia.
8 So that has reduced the front-end costs down to \$102 million,
9 annual savings of a little over 36 million, and a payback of 2
10 years.

11 COMMISSIONER CALLAWAY: And this is for the full
12 SLEP program for the Kennedy?

13 MR. YELLIN: No. This is for the Forrestal. It was
14 a version of the Forrestal to a training carrier.

15 COMMISSIONER CALLAWAY: Do you, in these numbers,
16 assume that the Kennedy will be SLEPed at Philadelphia or not?

17
18 MR. YELLIN: That does not affect this information
19 right now. The COBRA analysis was done by the Navy without
20 the
21 -- excuse me, the COBRA information we have right here does
22 assume that the Kennedy will not be overhauled or SLEPed in

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1 Philadelphia.

2 COMMISSIONER CALLAWAY: Well, it's hard for me to
3 believe that this wouldn't affect the number substantially,
4 because we're talking about --

5 MR. YELLIN: It would change this information. In
6 the --

7 COMMISSIONER CALLAWAY: Well, the testimony I've
8 heard and the information I've received in the last few days
9 is that within this week, the Navy has clearly and irrevocably
10 decided to SLEP the Kennedy at Philadelphia. Is that not
11 true?

12 MR. YELLIN: That is not true, and I wanted to
13 discuss that, because I may have misled you in some
14 statements. We did have, based on information updates on the
15 legislation that directed the Navy, the Fiscal Year '91
16 appropriations directed the Navy to perform a SLEP on the
17 Kennedy in Philadelphia.

18 We went back, the staff went back to the Navy and
19 asked them several questions concerning the implications of
20 doing the Kennedy at Philadelphia as a SLEP, the implications
21 of that on the recommendation to close Philadelphia.

22 The Navy has come back with several pieces of

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1 information. First, that if the Navy is required by Congress
2 to perform a SLEP of Kennedy in Philadelphia, that the
3 schedule for that would be late '93 to early to mid-'96, and
4 that is well within the window of the base closure milestones
5 that we have to meet, and the Navy has indicated that they can
6 still meet the requirements to close the facility with a
7 reduction of personnel and a mothballing of facilities within
8 the time frame that is required.

9 COMMISSIONER CALLAWAY: I guess I'm still a little
10 confused. On your question, if the Navy is required, I was
11 told that legislation is in place to require the SLEP to be
12 done on the Kennedy in Philadelphia and that the Navy has
13 reclamad to the appropriations committees and been turned down
14 and that the Navy does not intend to reclama again. At least
15 I've had that inference if not that full assurance.

16 MR. YELLIN: The only information that I have back
17 from the Navy is that they have not -- that the Kennedy is
18 still listed on their information as a to be determined
19 location and also to be determined as to whether it will be an
20 overhaul or a SLEP.

21 COMMISSIONER CALLAWAY: We have some Navy bar charts
22 somewhere that I've seen, I'm not sure I can find it right

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1 here, that show exactly how it's going to be SLEPed, according
2 to the Navy.

3 MR. YELLIN: Put up 52, please.

4 MR. BEHRMANN: Mr. Callaway, I think counsel has run
5 this to ground, this issue, and I think he'd like to speak to
6 it. He is prepared to talk about the legal ramifications of
7 the SLEP and the legislation. Bob.

8 MR. MOORE: Would you like me to touch on them now
9 or have the finished presentation, and then the issues that
10 don't come out, I can touch on.

11 MR. YELLIN: One of the pieces of information that
12 we received from the Navy was this chart, which is their top
13 line scheduling diagram, which I presented to you several days
14 ago, and this does include the man-hours required to perform a
15 SLEP of the Kennedy in Philadelphia. This is slide No. 52.

16 This is provided to us, and I may have misled you
17 when I presented this before, this was presented to us as a
18 guidance to show that an overall or SLEP of Kennedy could be
19 done within the milestones.

20 COMMISSIONER SMITH: This chart was prepared by the
21 Navy in response to a request to do so from yourself?

22 MR. YELLIN: Right. What the request was was to

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1 provide a look at what the workload would be like in
2 Philadelphia. I received some additional information which
3 slightly modifies this chart and does extend, if the SLEP is
4 added, it does extend the line over into mid-'96, as I
5 mentioned, rather than early '96 for the completion, which
6 still does put the completion schedule for the Kennedy SLEP at
7 least a year before the requirement to close the facility.

8 COMMISSIONER CALLAWAY: I guess the reason I've been
9 asking so much about this for the last few days and trying to
10 figure it out, if it is definite that the SLEP is going to be
11 done there, and if from the testimony we've been hearing that
12 it's inefficient to operate the Philadelphia Navy Yard at 1200
13 people, but you would require 6,000 people or something like
14 that, as long as the SLEP was there, and it's efficient to do
15 that, that can be done very efficiently, if you get the
16 overhead down to 6,000 people. Then we would have the option
17 with no harm to anyone, because you'd have no savings you did
18 not get, to defer this.

19 I am very much against deferring things if it just
20 means stopping the savings. I want to start the savings as
21 soon as possible, but what I was trying to get through my
22 mind, and I guess I don't have the answer yet, but if clearly

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1 it's going to be SLEPed there, and if you can have an
2 efficient force through 1995 or '96, then there's no harm done
3 by not acting now and letting future commissions wait and see
4 what the shipyard needs are years from now; whereas, if it's
5 not going to be SLEPed there, then clearly you need to get on
6 saving the money as quickly as possible, if that's what you're
7 going to do.

8 COMMISSIONER CASSIDY: Let me give one other thought
9 on that. I've been struggling with the same as you have,
10 Commissioner Callaway, and I'm not so sure I know what's going
11 on, but it seems to me that there's maybe a game being played
12 here between the Congress and the Navy that we're getting in
13 the middle of.

14 So this is the way my simplistic view of this thing
15 comes down: We've been handed a recommendation by the
16 Secretary of Defense to close this, and we can either say yes
17 or no to the Secretary of Defense based upon whether or not
18 there's been any real deviation from the ground rules on that.

19
20 If we say, "Yes, Mr. Secretary, we'll go along with
21 you," I'd recommend to the President that we go along with you
22 to close that, and then turn it right back to the Navy and the

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1 Congress and let them solve the problem of the Kennedy and who
2 schedules ships into what shipyard, et cetera, et cetera.

3 So that's a way out of this and a very direct way,
4 and it's a way -- I'm not very comfortable, again, between the
5 Congress and the Department of Defense on several of these
6 issues like we've been.

7 COMMISSIONER CALLAWAY: I certainly agree with that.
8 I'm not comfortable being between them either. I guess my
9 point was, if it's already fait accompli, if it's already
10 done, if the Congress has already acted, I don't see us
11 between anything. If it's something that's ongoing, I see us
12 as between them.

13 M O T I O N

14 COMMISSIONER STUART: Mr. Chairman, just to bring
15 this thing to a head, I move that we recommend to the
16 President the closure and the preservation for emergent
17 requirements at Philadelphia Naval Shipyard, the propeller
18 facility, naval inactive ships maintenance facility, Naval
19 Ship System Engineering Station will remain in active status
20 on shipyard property.

21 CHAIRMAN COURTER: Is there a second to the motion?

22 COMMISSIONER CALLAWAY: Second.

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1 CHAIRMAN COURTER: It's been moved and seconded.

2 COMMISSIONER CALLAWAY: Mr. Chairman, I will support
3 it very reluctantly, but, again, we save a lot of money, two-
4 year payback, and it's the kind of thing that we're here for
5 to do.

6 CHAIRMAN COURTER: Any further discussion? Yes.

7 COMMISSIONER LEVITT: I'd like to ask Mr. Yellin a
8 question raised by Senator Specter's letter to members of the
9 Commission received this morning, in which he said that you
10 didn't address the issue of why the rate differential costs of
11 \$102 million borne by shifting work from Philadelphia to the
12 naval shipyards at Norfolk and Puget Sound are reported as a
13 one-time cost. If the efficiency costs are portrayed as
14 recurring costs, the annual savings cited on the chart instead
15 become an annual cost of \$66 million.

16 MR. YELLIN: The one-time cost differential was
17 based on the rate differential at the time of the analysis
18 between, for example, Philadelphia and Norfolk. The man-day
19 rates change dramatically from year to year based on workload
20 and the performance and organization of the shipyards.

21 The Navy indicated that when we questioned them on
22 this issue that this was, they felt, a very conservative

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1 number to put in, based on a short-term look at two specific
2 ships, and as I indicated, one of the ships, the Forrestal
3 conversion, is now planned for Philadelphia. So that cost
4 differential is no longer included in the analysis.

5 The Navy's feeling is that the differential is not a
6 continuing issue, because the workload that is available for
7 Philadelphia in relationship to the other public and private
8 shipyards on the East Coast would not, in the future, continue
9 to display this kind of a differential.

10 For example, the option that retired Vice-Admiral
11 Heckman had proposed to have Philadelphia continue at a 1200-
12 person level through the '90s, which he indicated was a level
13 of work to keep it act you have and to have it available for a
14 look at the potential workload in the year 2000 and beyond,
15 this would have created a man-day rate much in excess of what
16 they have now and would not have demonstrated that ongoing
17 savings or differential.

18 The information I provided in the hearing the other
19 day was that the differential for Fiscal Year '91 for repair
20 work between Norfolk and Philadelphia is only a few dollars
21 versus the higher number that the \$70 million differential for
22 the Kennedy that was calculated for the proposal, for the

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1 COBRA analysis.

2 So the Navy's position is that they looked at this
3 as a one-time issue for the ships that were moving, but that
4 it was really difficult and not necessary to look at that as
5 an ongoing addition because of differences in year to year and
6 the fact that, in future, with workload different levels
7 between the shipyards, those rates could change even more
8 dramatically.

9 COMMISSIONER LEVITT: Thank you.

10 COMMISSIONER BALL: Mr. Chairman, when we discussed
11 this, we discussed the question day before yesterday, I
12 suppose, and we wanted to make sure we aired the issues on
13 both sides, and I think the Commission has done that. This is
14 a very tough and close call. A major factor, at least in my
15 mind, was this question, and is the disposition of the Kennedy
16 SLEP, which I think is very important to future preparedness
17 of the Navy.

18 That will ultimately be a judgment the Secretary of
19 Defense and the Congress must reach together, but in addition
20 to what the staff has explained, my consultations with the
21 Navy leadership, it is my understanding that the motion
22 pending before the Commission, if it's adopted with respect to

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1 the option to close and preserve, that does not foreclose the
2 Navy from proceeding with the Kennedy SLEP, if the Secretary
3 of Defense and the Congress, if it is funded, and if the
4 Secretary of Defense approves the program.

5 MR. YELLIN: Yes, sir.

6 CHAIRMAN COURTER: Counsel, I think, wanted to add
7 something.

8 MR. MOORE: Mr. Chairman, with regard to the issue
9 that Mr. Callaway raised on the placement of the SLEP work at
10 Philadelphia, the appropriations act establishes Philadelphia
11 to be the location, and it's a one-year appropriation
12 language. Generally, appropriation language is only binding
13 for one year. The city makes the argument and very articulate
14 presentation that because it's multi-year funds that are being
15 appropriated, therefore it goes beyond the life of just the
16 one-year appropriation bill.

17 I think it was stated correctly that what we have is
18 a clash between the Navy and the Congress at this time, but
19 there is language currently in the appropriation bill that
20 makes clear that funds, if they are to be used for the Kennedy
21 will be used in Philadelphia for the SLEP program.

22 COMMISSIONER CALLAWAY: Has that bill been signed by

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1 the President?

2 MR. MOORE: Yes, sir.

3 COMMISSIONER CALLAWAY: I guess my point was how
4 much the reclama is, because I sure agreed with someone, I
5 think it was Chairman Courter, who said that appropriations
6 committees don't like to be come back to time and time again.
7 My experience certainly is you get one reclama, you don't get
8 two.

9 And if you really want to come back and say I want
10 to change this, you get a chance to do that they'll listen to
11 you, and you can testify, but once they say no that time, you
12 don't come back again, and I just didn't know where we were in
13 that step, but I'm glad to have that information. Thank you.

14 CHAIRMAN COURTER: There's a motion that's been
15 seconded. Any further discussion on the motion?

16 (No response.)

17 COMMISSIONER CASSIDY: Aye.

18 CHAIRMAN COURTER: We'll prepare to vote.

19 COMMISSIONER CASSIDY: Aye.

20 COMMISSIONER LEVITT: Aye.

21 COMMISSIONER STUART: Aye.

22 CHAIRMAN COURTER: Aye.

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1 COMMISSIONER BALL: Aye.

2 COMMISSIONER SMITH: Aye.

3 COMMISSIONER CALLAWAY: Aye.

4 CHAIRMAN COURTER: We'll go to Philadelphia Naval
5 Station.

6 MR. YELLIN: Let's put up 55 and 56, please. 55
7 indicates, again, the general information and the COBRA
8 analysis, which indicates a \$40 million dollars annual savings
9 and a one-time cost of \$53 million and a zero year payback.

10 The Naval Station Philadelphia primarily provides
11 support to the shipyard. It also provides support to some
12 reserve ships. It has been indicated by the Navy that if the
13 shipyard, which is the linchpin activity in the Philadelphia
14 complex is closed, then the naval station is no longer
15 required.

16 COMMISSIONER BALL: And the inactive ship facility?

17 MR. YELLIN: That will remain.

18 COMMISSIONER BALL: Is not affected by this action;
19 is that correct?

20 MR. YELLIN: No. The closure proposal for the
21 shipyard indicates that that facility will remain operational.
22 The resulting staff that will be in Philadelphia if the naval

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1 station and the shipyard are both closed, with the inactive
2 ship maintenance facility, the Naval Ship System Engineering
3 Station and the propeller shop and foundry will total
4 approximately 2,000 people.

5 So approximately 2,000 Navy employees will be still
6 working on the shipyard property, on the naval base property.

7 CHAIRMAN COURTER: Do I hear a motion?

8 COMMISSIONER STUART: I'll make a motion.

9 M O T I O N

10 COMMISSIONER STUART: Mr. Chairman, I move that we
11 recommend to the President the closure of the Naval Station
12 Philadelphia. Ships assigned to the naval station will be
13 reassigned to other Atlantic Fleet home ports.

14 The office of Commander, Naval Base Philadelphia
15 will close. Naval Damage Control Training Center, a major
16 tenant, will move to the Naval Training Center at Great Lakes,
17 Illinois. Other tenants will transfer to other bases or
18 remain in leased space. The regional brig will remain. I move
19 that.

20 CHAIRMAN COURTER: Is there a second to the motion?

21 A COMMISSIONER: Second.

22 CHAIRMAN COURTER: Before we vote, let me just

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1 mention, if I may, on Philadelphia, not only applying to the
2 naval station, but also the naval shipyard, I voted to close
3 it. That's got to be about the worst and most difficult
4 decision I've faced in a long, long time.

5 I want to mention that the advocates of the
6 Philadelphia area, the Senator, the members of the House, an
7 outstanding young member from south Jersey, were the most
8 effective advocates in favor of Philadelphia that I've seen
9 with regard to any facility.

10 Their performance was professional; it was
11 unrelenting and very effective. This was, personally, a very
12 close decision, which is the reason it was so difficult.
13 There's arguments and merits on both sides, but even though it
14 was close, because something is close, I suppose, doesn't mean
15 that it's appropriate to vote differently than you feel or to
16 abstain.

17 I know that Commissioner Will Ball felt probably the
18 same way. It was an excruciatingly close call, and I suppose
19 the world would never have known, the decision would be same
20 had we voted in the minority, because we heard the other votes
21 as they were being called; but we're here to take difficult
22 and tough decisions, and I just wanted to say that for the

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1 record. Commissioner Ball, did you want to add to that.

2 COMMISSIONER BALL: Thank you, Mr. Chairman. I
3 think you accurately reflect the circumstances, and I want to
4 say that the staff had a lot of data to collect, gather,
5 analyze, present, and gathering and assimilating and digesting
6 this information in itself was and is a complex process.

7 The SLEP issue is a complicated one, and the role
8 that the Philadelphia Naval Shipyard has performed in
9 preparing and ensuring that the carrier fleet will be able to
10 function and deal with its challenges and any challenges the
11 nation faces for many years to come is very, very, very
12 central to the Navy's current and future preparedness.

13 So that's the reason, I think, in part, that we
14 deliberated as long as we did on this question, and it is,
15 indeed, a very tough question. Thank you, Mr. Chairman.

16 CHAIRMAN COURTER: Thank you. We didn't have the
17 vote, did we, on this? Is there any further discussion before
18 we have a roll call vote? Okay. Commissioner Cassidy?

19 COMMISSIONER CASSIDY: Aye.

20 COMMISSIONER LEVITT: Aye.

21 COMMISSIONER STUART: Aye.

22 CHAIRMAN COURTER: Aye.

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1 COMMISSIONER BALL: Aye.

2 COMMISSIONER SMITH: Aye.

3 COMMISSIONER CALLAWAY: Aye.

4 CHAIRMAN COURTER: We're going to have a 10-minute
5 break.

6 (A brief recess was taken.)

7 CHAIRMAN COURTER: We'll get started now.

8 The Chair will try to explain what we intend to do
9 and how long it will take us to do it, although I have very
10 little control over the latter. While the Navy team is up
11 there, we will continue with Navy facilities, Marine Corps
12 Tustin, Whidbey, and then we will take up the Holy Trinity,
13 Chase, Kingsville and Meridian.

14 (Laughter.)

15 CHAIRMAN COURTER: And we will go into Navy RDT&E
16 activities. Then my intention is to go back and clean up the
17 Army work. We will do -- we have a couple of pieces of
18 information on the Fort Chaffee/Fort Polk/Fort Hood issue, and
19 also Commissioner Smith has now perfected his language on the
20 motion that he would like to make with the Army Corps of
21 Engineers.

22 When we complete that, the Commission will break and

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ROBERT D. STUART, JR.

July 18, 1991

MEMO TO BOB MOORE

FROM: Wendi Lou Petsinger

SUBJ: Phone Calls from Senator Wofford and
Senator Specter's offices from 4/9 - present.

Per your request, the following is a compilation of the contacts with the Senators from Pennsylvania. The list is not all-inclusive. Somedays were simply too busy to keep the log up-to-date. Also, several conversations occurred with Senator Specter and his staff at hearings. In addition, it is my understanding that Senator Specter's office phoned other commission staff besides those in congressional affairs with great frequency.

Key: R - returned call
TC - took call
C - called
A - specific action requested
M - left a message
NA - no answer

Date:	Action:	Contact:	Office:
4/15	R/met on Hill	Deborah Barger	Specter
4/16	R	Deborah Barger	Specter
4/18	R	Deborah Barger	Specter
4/22	R/M	Deborah Barger	Specter
4/22	R/M	Morrie Ruffin	Specter
4/24	TC	Deborah Barger	Specter
4/24	R/NA	Morrie Ruffin	Specter
4/29	R/M (held for 10 min.)	Deborah Barger	Specter
4/29	R	Deborah Barger & Morrie Ruffin	Specter
4/29	R	Deborah Barger	Specter
5/3	C	Richard Bryers	(Heinz)

Called to see if their office wanted to participate in the witness selection process, or if I should give all their time to Senator Specter. Bryers said that they could not participate by law, and so I could give away their time. I suggested they pass all requests to testify to Deborah or Morrie.

5/3	R	Deborah Barger	Specter
5/3	R	Deborah Barger	Specter
5/13	R/M	Morrie Ruffin	Specter
5/14	R	Morrie Ruffin	Specter

Called every affected House and Senate office on average 2 to 3 times regarding the hearing on the 21st and the 22nd to work out the witness schedule. I worked with the Philly constituency to group their Members as they desired.

5/28	C	Deborah Barger	Specter
5/28	C	Defense L.A./A.A.	Wofford
5/29	TC/A	Morrie Ruffin	Specter
5/29	R	Morrie Ruffin	Specter
5/30	Called every office affected by the new list of options.		
5/30	R/M	Morrie Ruffin	Specter
5/30	R/M	Deborah Barger	Specter
6/3	TC	Morrie Ruffin	Specter
6/10	C	Morrie Ruffin	Specter
6/10	TC	Morrie Ruffin	Specter
6/12	R	Morrie Ruffin	Specter
6/12	TC/A	Morrie Ruffin	Specter
6/19	R	Morrie Ruffin	Specter
6/26	TC	Mark	Specter
7/10	TC/A	Morrie Ruffin	Specter



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 ROBERT D. STUART, JR.

September 9, 1991

MEMO TO BOB MOORE

FROM: Wendi Lou Petsinger *WLP*

SUBJ: Phone Calls from Representatives Foglietta, Andrews (NJ), Coughlin, Borski and Weldon, and Senators Bradley & Lautenberg

Per your request, the following is a compilation of the contacts with the Senators and Representatives listed above. Like my earlier Senate list, this is not all-inclusive. The pace was just too hectic to keep a complete record. In addition, many calls were returned from Commission hearings in Washington, D.C. These contacts, as well as conversations in person, were not logged.

Key: R - returned call
 TC - took call
 C - called
 A - specific action requested
 M - left a message
 NA - no answer

Date:	Action:	Contact:	Office:
4/16	TC/A	Kline	Coughlin
4/16	C	Kline	Coughlin
4/16	TC	Alison McAuley	Bradley
4/17	TC	Keith Morrison	Foglietta
4/17	R	Don Hester	Lautenberg
4/17	TC	Nancy	Weldon
4/19	TC/A	Nancy	Weldon
4/19	C	Nancy	Weldon
4/19	TC/A	Cong. Andrews	Andrews
4/19	R	Ken Holdsman	Andrews
4/19	R	Steve Ayscure	Andrews
4/19	R	Larry Tittlebaum	Andrews
4/22	C	Cong. Andrews	Andrews
4/22	TC	Don Hester	Lautenberg
4/22	TC	Larry Tittlebaum	Andrews
4/22	R	Keith Morrison	Foglietta
4/23	R	Ken Holdsman	Andrews
		(Holdsman offered to return calls to Steve Ayscure and Larry Tittlebaum, both with Andrews.)	
4/26	R	Keith Morrison	Foglietta

Date:	Action:	Contact:	Office:
4/29	R/A	Alison McAuley	Bradley
4/29	R	Don Hester	Lautenberg
4/29	TC	Sharon Waxman	Lautenberg
4/29	TC	Keith Morrison	Foglietta
4/29	R	Alison McAuley	Bradley
5/7	C	Susan	Lautenberg
5/8	R	Susan	Lautenberg
5/15	TC	Susan	Lautenberg
5/15	R	Nancy	Weldon
5/16	C	Keith Morrison	Foglietta

Every affected House and Senate office was called on average 2 to 3 times regarding the hearing on the 21st and the 22nd to work out the witness schedule. I spent the most time on the Philly delegation, as they had conflicting requests for who wished to be grouped together.

5/24	R	Alison McAuley	Bradley
5/28	C	Sharon	Lautenberg
5/31	R	Sharon	Lautenberg
5/31	R	Alison McAuley	Bradley
6/3	R	Steve	Swift
6/3	TC	Steve	Lautenberg
6/3	R	Alison	Bradley
6/3	TC	Steve	Lautenberg
6/3	TC	Susan	Lautenberg
6/12	R	Glenn	Lautenberg
6/12	R	Alison McAuley	Bradley
6/19	R/M	Glenn	Lautenberg
6/19	R/A	Glenn	Lautenberg
6/19	TC	Glenn	Lautenberg
6/19	TC	Susan	Lautenberg
6/21	R	Bill	Coughlin
6/24	TC	Alison McAuley	Bradley
6/25	TC	Glenn	Lautenberg
6/26	R	Cory	Bradley

I forgot to mention previously that all calls made to House and Senate offices to schedule and confirm all constituent witnesses for regional hearings were not noted in my phone log. They are noted elsewhere should they need to be recorded.

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May 16, 1991

CB	Florio	Tom Saddler	n/a
CB	Andrews (NJ)	Fran	Quest. on D.C. hearing

May 20, 1991

CB	Lautenberg	Susan	Witness change
CB	Kostmayer	Janet	Quest. on letter to Garrett & test. submission

May 23, 1991

CB	Bradley	Allison	n/a
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May 29, 1991

CT	Specter	Morrie Ruffin	Alert on Warminister trip
CB	Andrews (NJ)	Tom Kean	Confirmed receipt of material
CB	Foglietta	Keith	Quest. on Navy notes
CF	Specter	Morrie	Quest. on Navy notes & lack of shipyard action
CB	Kostmayer	Janet	Alert on Warminster trip

May 30, 1991

CF	Foglietta	Keith	Quest. on yesterday's notes
CF	Foglietta	Keith	VCNO study question
CB	Andrews (NJ)	Tom	Faxed copy of addition list
CB	Kostmayer	Janet	Lab question

May 31, 1991

CB Andrews (NJ) Fran Quest. on Philly

June 3, 1991

CF Weldon Nancy Quest. on PNSY vist & Corps hearing

CF Foglietta Keith Quest. on PNSY visit

CB Foglietta Keith Corps question

June 4, 1991

CB Kostmayer Janet Lab question

June 6, 1991

CB Weldon Nancy Quest. on transcripts of May 22 hearing

June 7, 1991

CT Andrews (NJ) Fran Alert on LBNSY

June 10, 1991

CB Kostmayer Janet Faxed bios

June 11, 1991

CB Foglietta Keith Schedule questions

June 12, 1991

CB Coughlin Bill n/a

June 13, 1991

CB	Andrews (NJ)	Tom	Schedule question
CB	Kostmayer	Janet	Quest. on lab test. & Lab Comm. mtg. on 6/12

June 14, 1991

CB	Coughlin	Bill	n/a
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June 18, 1991

CB	Foglietta	Keith	Faxed copy of bios and Philly material
CB	Lautenberg	Glenn	n/a

June 19, 1991

CF	Lautenberg	Susan	Info. on Ft. Dix
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June 24, 1991

CB	Andrews (NJ)	Tom	Testimony question
CB	Foglietta	Keith	Schedule question
CB	Kostmayer	Janet	Lab mtg. & schedule quest.

June 25, 1991

CB	Kostmayer	Janet	n/a
----	-----------	-------	-----

June 26, 1991

CB	Andrews (NJ)	Fran	Quest. on Sun. hearing
CB	Kostmayer	Janet	n/a

July 1, 1991

CB Borski Peter Corps question

July 2, 1991

CB Coughlin Bill Faxed copies of labs slides

CB Kostmayer Mike Burke Quest. on Ft. Dix

July 8, 1991

CF Weldon Nancy Lab question

July 10, 1991

CF Coughlin Bill Sent copy of Genie
McBurnett slides

CF Foglietta Keith Sent additional copy of
report

CF Coughlin Bill Sent more McBurnett info.

July 15, 1991

CF Andrews (NJ) Tom Wanted list of affected
Members (Referred to HASC)

CF Kostmayer Janet Quest. on NADC bldg.

July 16, 1991

CF Weldon Nancy Quest. on status of letter
and who represents labs

July 17, 1991

CF Coughlin Bill Quest. on full lab trans.

July 24, 1991

CT Weldon Nancy Faxed copy of letter

July 26, 1991

CF Borski Peter Sent copy of 5/10
environmental testimony

CF Coughlin Bill Sent copy of R,D,T,& E
testimony

CF Weldon Nancy Faxed copy of migration
chart

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VADM Peter M. Hekman, Jr. US Navy (Retired)
4118 Robertson Blvd., Alexandria, VA 22309
(703) 780-5012

Monday
15 July 1991

Mr. Maxwell King
Editor and Executive Vice President
Philadelphia Enquirer
400 North Broad Street
P.O. Box 8263
Philadelphia, PA 19101

Dear Mr. King,

I have only recently been provided a copy of an article by Philadelphia Enquirer Staff Writer Mr. Joseph A. Slobodzian entitled "Suit filed to keep base open" that was published in your July 9, 1991 edition. The article quotes a sentence from a December 19, 1991 memorandum I allegedly submitted to the Chief of Naval Operations in which I recommended that the Philadelphia Naval Shipyard be down-sized rather than closed. The article then states that "Navy officials refused to allow (me) to participate in the base closure process", and that "Assistant Secretary Donald (J. Daniel) Howard ordered (me) not to testify before the Base Closure Commission about the naval shipyard".

First, the December 19, 1990 memorandum you cite is an internal Navy Department document in which I, as then head of the naval shipyard complex, simply exercised my duty to express to my military superior a dissenting opinion. One of the greatest strengths of America's uniformed services is their tradition that dissenting opinions be officially expressed and made a matter of record internal to the system. This stems in turn from a tradition that uniformed personnel owe their loyalty to the purpose of their service and not to any individual in it. This is what distinguishes America's military personnel from those of most other nations and is key to our strength. The December 19, 1990 memorandum expresses my opinion; nothing more. To place it in the context of Mr. Slobodzian's article is misleading.

Second, the decision which you cite to upgrade the large drydock at the Long Beach Naval Shipyard was made by myself nearly three years ago, when it became apparent that the Navy's ability to use the large, carrier-capable drydock at the former Hunter's Point Naval Shipyard in San Francisco would no longer be possible after December 1990. This decision had nothing whatsoever to do with base closure issues affecting Philadelphia Naval Shipyard. The current base closure issue had not even arisen when I made this decision. The identification of funds to upgrade the drydock at Long Beach became part of the biannual budget process, thus the two year delay in the funding request.

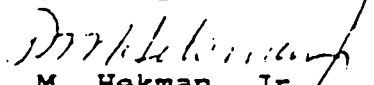
The fact the request appears to coincide with the current base closure agenda is purely a matter of coincidence.

Thirdly, and most importantly, your article states that Navy officials refused to allow me to testify. This statement is totally false. As a retired military officer and thus a private citizen, I am free to express my opinions on any matter and in any fora I wish to choose. Having been asked to testify by a variety of individuals representing a variety of agencies, I personally chose not to do so, for compelling personal reasons. First, to do so would have interrupted an extensive personal travel and employment interview schedule in addition to a long-planned and needed vacation. Secondly, my opinions had been freely expressed and considered in depth during the Navy's base closure process leading to the Secretary's decision. I was convinced and remain so that my testifying before the Commission would alter nothing, while simply placing me in a public spotlight I did not desire to be under. Nonetheless, because of the source and manner of the requests, I contacted Under Secretary of the Navy the Honorable Mr. Daniel Howard, both to seek his advice and to obtain his endorsement of the personal position I had adopted; that of not testifying. I stated to Secretary Howard that I would change my position if "to do so would best serve the purposes of the Naval Service" or words to that effect. Secretary Howard reaffirmed that I was totally free to do whatever I saw fit and encouraged me to carry out my personal plans. He encouraged me to also seek the advice of the Assistant Secretary of the Navy (Installations and Environment) the Honorable Ms. Jacqueline Schafer. I did so immediately subsequent to our conversation. Ms. Schafer also supported my decision. I thanked both for their advice and support and informed Secretary Howard that I would be sure to notify him personally should I find reason to change my mind and gave him my word that I would not publicly testify unless and until I had discussed the decision with him beforehand.

I have always valued my professional and personal relationship with Secretary Howard, and place great value on his advice and counsel. He consistently supported me both personally and professionally throughout my tour as Commander of the Naval Sea Systems Command; often when others did not. It is because of the value I place on his counsel and because of my continuing loyalty to the naval service that I sought him out in this matter. To somehow infer that he "ordered" me not to testify would first imply he had over-stepped his authority and secondly would be a totally false conclusion to draw. To have published such a serious allegation, even though allegedly quoted from a "suit", while using my name, and doing so without even the courtesy of an inquiry to me as to the actual circumstances, casts doubt upon the journalistic integrity of your editorial staff. Moreover, and far worse, you have publicly impugned the the good name and personal and professional reputation of one of the Navy's foremost and most dedicated public servants, whose advice I simply sought and who freely offered it. No one prevented me

from testifying. It was totally a personal decision, and I continue to believe the correct one for a person in my position to make. Thus I respectfully request that you print this letter, in its entirety, at the first and earliest opportunity in order to set the record straight. Thank you for your prompt attention to this matter.

Very Truly Yours,


P. M. Hekman, Jr.
VADM US Navy (Retired)

Information copy to: ✓
Rear Admiral Brent Baker, US Navy
The Chief of Information
Navy Department
Washington, DC 20350-1200

Not ordered not to testify on bases

Joseph A. Slobodzian's July 9 article, "Suit filed to keep base open," quotes a sentence from a Dec. 19, 1990, memorandum I allegedly submitted to the chief of naval operations in which I recommended that the Philadelphia Naval Shipyard be down-sized rather than closed. The article then states that "Navy officials refused to allow [me] to participate in the base closure process" and that "Assistant Secretary Donald [sic] Howard ordered [me] not to testify before the Base Closure Commission about the naval shipyard."

The memorandum is an internal Navy Department document in which I, as then head of the naval shipyard complex, simply exercised my duty to express to my military superior a dissenting opinion, nothing more. To place it in the context of Mr. Slobodzian's article is misleading.

The decision that he cited to upgrade the large drydock at the Long Beach Naval Shipyard was made by me nearly

three years ago, when it became apparent that the Navy's ability to use the drydock in San Francisco would not be possible after December 1990. The current base closure issue had not even arisen when I made this decision. Funds to upgrade the drydock at Long Beach became part of the biannual budget process, thus the two-year delay in the funding request. The fact the request appears to coincide with the current base closure agenda is purely a matter of coincidence.

Your article states that Navy officials refused to allow me to testify. This statement is totally false. Having been asked to testify by individuals representing a variety of agencies, I chose not to do so, for compelling personal reasons. My opinions had been freely expressed and considered in depth during the Navy's base closure process. I was convinced and remain so that my testifying before the commission would alter nothing. I contacted Under-

secretary of the Navy Daniel Howard, both to seek his advice and to obtain his endorsement of the personal position I had adopted, that of not testifying. Secretary Howard reaffirmed that I was totally free to do whatever I saw fit and encouraged me to carry out my personal plans.

To somehow infer that he "ordered" me not to testify would first imply he had overstepped his authority and secondly would be a totally false conclusion to draw. To have published such a serious allegation, even though allegedly quoted from a lawsuit, while using my name, and doing so without even the courtesy of an inquiry to me as to the actual circumstances, casts doubt upon the journalistic integrity of your editorial staff. You have publicly impugned the good name and personal and professional reputation of one of the Navy's foremost and most dedicated public servants, whose advice I simply sought and who freely offered it.

P. M. Hekman Jr.
Vice Admiral (retired), U.S. Navy
Aiken, S.C.

EDITOR'S NOTE: The article referred to was published in the **CURRENT NEWS Early Bird**, July 9, 1991, Pg. 15 ← ATTACHED

Smiths awarded key US military contract

By Charles Leadbeater, Industrial Editor

SMITHS INDUSTRIES, the British based aerospace and medical equipment group, yesterday significantly strengthened its position in the US aerospace industry by winning developments contracts from the US military which should lead to orders worth almost \$400m.

In the largest deal Smiths beat off competition from Litton Industries, the US aerospace group to win the development contract to supply the US military with a new generation of aircraft gyroscopes.

The award to Smiths is a blow for Litton which has held a dominant position in military gyroscope manufacturing for many years.

Smiths has been awarded a \$13m contract to develop a new generation of gyroscopes to be retrofitted onto US military aircraft and a \$15m contract to develop specialised equipment racks for US Navy aircraft.

The contracts are further evidence of Smith's growing strength in the US aerospace industry. In April it was awarded an avionics contract from Boeing, the civil airframe manufacturer, which could be worth about \$700m over the next decade. Smiths is providing Boeing with an innovative flight management and infor-

mation system which was originally developed for military aircraft.

The military contracts have been won by two of Smiths' US subsidiaries, which it acquired in 1987 to strengthen its position in the US market.

Smiths believes that despite declining military spending orders to upgrade aircraft through fitting advanced electronics should provide it with a good market in the next decade.

Its main plant at Grand Rapids in Michigan will develop and produce the gyroscopes, which show an aircraft's attitude and heading. The US military is replacing its mechanical gyroscopes with a new generation of electronic systems. The Smith's gyroscopes, which use an innovative fibre optic technology, will become standard products to be retrofitted to all US military aircraft from 1995. The alternative used the kind of laser technology employed in the highly sophisticated guidance systems in cruise missiles.

As well as orders from the US military for gyroscopes worth about \$300m between 1995 and 2005, Smiths estimates there is considerable export demand.

The company's New Jersey

plant has won a separate \$15m development contract for equipment racks to carry airborne self protection equipment. Analysts estimate this could generate sales of more than \$90m in the ten years to 2005.

● Trade unions called on the government yesterday to encourage defence manufacturing companies to diversify after publishing a survey showing nearly 36,000 job losses in the sector this year and last writes Michael Smith. The report says that the 35,831 job losses amount to 10 per cent of employment in primary suppliers to the Ministry of Defence and more than 5 per cent of total private sector defence employment.

The list of companies which have made workers redundant includes British Aerospace, Vickers, Dowty, Rolls-Royce aerospace division, Marconi, GEC, Westland Helicopters and British Nuclear Fuels.

NASA...from Pg. 14

In addition, the sensing instruments have conflicting needs that argue against putting all of them on one platform, some say. Scientists interested in visible wavelengths want to observe early in the day, before clouds form, while those interested in heat want to do their

studies an hour or two past noon when a build up of clouds is likely to frustrate optical instruments.

Some also warn that the massive amounts of data the big satellites are expected to rain down each day could be much more than the ground team will be equipped to analyze.

Shelby Tilford, NASA's director of Earth Sciences, widely viewed the point man in favor of the "big sat" approach, says he's not wedded to bigness. "I am a champion of getting the most science from the dollar."

However, Tilford said, the EOS satellite is different from the space station and the Hubble in important respects: it is a creature of the science community, unlike the space station. And unlike the Hubble, the EOS instruments operate independently, rather than relying on a single primary mirror.

But he added, "I can't say don't have a few single-point fail possibilities." In other words, they are elements on the platform whose failure could ruin the whole.

"If there's a unifying theme in this," said a Senate aide who follows the issue, "it's what's really happening with any of these big projects. Decisions that get made are conclusive. The future direction [for the space program] is really in the air."

Base closings necessary sacrifice

Some in Congress are taking the news of recommended closings of military bases in their districts with a notable lack of grace. More than a few threaten to torpedo the work of the congressionally mandated panel that had the hard job of choosing which installations were essential and which weren't.

And then there's Rep. Leon Panetta (D-Calif.), who had the guts to dispense this tough advice to his constituents.

"I believe the time has come now for the community to face the reality that Fort Ord will be closed (eliminating as many as 16,000 jobs in his district) and to move on."

Oh, sure, he says he'll make darned certain the Army cleans up toxic waste in and around Fort Ord and provides readjustment benefits to the community. Mr. Panetta is realistic enough, however, to know that sacri-

fices have to be made for the nation's greater good and that the commitment to reduce defense spending is a lost cause unless his colleagues resist self-centered NIMBY urges.

Besides, communities where military bases have been shut down don't have to curl up and die. Previously impacted towns have made comebacks, with even more broadly based and healthier economies than before. But before the readjustment can begin, people have to face facts, as Mr. Panetta says.

One going-in fact is that the panel, known officially as Defense Closure and Realignment Commission, did a commendable job, producing, overall, the least disruptive cuts. In most cases, the panel went along with the military's judgment on closings, but it asked penetrating questions and made enough exceptions to show its independence. And it did

all this hot, sweaty, sometimes messy work in full view of the public, via C-SPAN.

President Bush now has a week to approve the recommended closings as a package, which, happily, he has indicated he will. Then Congress will have 45 days to OK it, which it should unless the naysayers erect some last-ditch parliamentary obstacles.

Chances are, the Georgia delegation can be counted on to approve the hit list, since the only site in the state originally marked by the Pentagon for closure; Moody Air Force Base at Valdosta, was resurrected by the panel.

Georgians in general and Valdostians in particular ought to realize yet another round of closings may be needed to meet later budget targets. It's a good idea to prepare for that possibility by diversifying so communities here are not so dependent on a base's location for their livelihood that their health will be threatened if they have to go cold turkey.

PHILADELPHIA INQUIRER

July 9, 1991

Pg. B1

Suit filed to keep base open

Decision tainted, plaintiffs allege

By Joseph A. Slobodzian
Inquirer Staff Writer

A coalition of area political leaders and labor unions representing shipyard workers filed suit yesterday in federal court here to block the closing of the Philadelphia Naval Shipyard.

The suit asks a U.S. District Court judge to invalidate all of the recommended closings or operational cutbacks at Navy facilities made July 1 by the Defense Base Closure and Realignment Commission. The evaluation process used by the Navy was tainted and violated the base closing law and the due process clause of the U.S. Constitution, the suit alleged.

In the Philadelphia shipyard's case, the suit alleges Navy officials withheld evidence and blocked testimony favorable to the shipyard because it had preordained its closure.

"It was a predetermined conclusion [by the Navy] reached without following the requirements of statute or without following even its own internal guidelines," said U.S. Sen. Arlen Specter (R., Pa.), the lead plaintiff in the suit, in a news conference yesterday.

"I'm very encouraged that we're moving from the kangaroo court to the federal court," added U.S. Rep. Robert Andrews, a South Jersey Democrat from Camden County, in whose district many shipyard workers live.

"What we've gone through for the last few months was a kangaroo court," he said, referring to the commission hearings.

The suit is apparently the first attempt to use the federal courts to block a recommended base closure, and area officials yesterday put up a unified, bipartisan front in what may be their last chance to prevent the loss of tens of thousands of jobs at the 190-year-old facility in South Philadelphia.

The base closing law requires the president to act on the recommendations by July 15. If approved, the list goes to Congress, which has 45 legislative days to reject the entire list or allow it to go into effect.

Joining Specter in the suit are U.S. Sen. Harris Wofford (D., Pa.); New Jersey's two Democratic senators, Bill Bradley and Frank R. Lautenberg; Gov. Casey and State Attorney General Ernest D. Preate Jr.; the City of Philadelphia and U.S. Reps. Andrews; Thomas Foglietta, a Philadelphia Democrat in whose district the yard is located; Curt Weldon, a Delaware County Republican, and Lawrence Coughlin, a Montgomery County Republican. Also named as plaintiffs are Local 3 of the International Federation of Professional and Technical Engineers and the Metal Trades Council, which represent most shipyard workers.

Named as defendants in the suit are Navy Secretary H. Lawrence Garrett 3d, Defense Secretary Dick Cheney and the members of the base closure commission. A Navy spokesman said officials had no immediate comment on the suit.

Yesterday's news conference was held at the Center City offices of Dilworth, Paxson, Kalish & Kauffman, one of the city's oldest and most prestigious law firms, which Specter said had agreed to represent them without charge.

The suit cites only the proposed closing of the Philadelphia Naval Shipyard. But if successful, Specter

said, the suit could affect all of the Navy's recommended closings and cutbacks, including the Naval Air Development Center in Warminster, Bucks County.

The suit alleges that Navy officials committed at least 18 violations of the Defense Base Closure and Realignment Act of 1990, a law designed by Congress to ensure that the politically painful process of closing military facilities is done in an equitable and open manner.

Instead, the suit alleges, the Navy excluded from consideration for closing all six of its shipyards capable of servicing nuclear-powered vessels and then used an analysis tailored to ensure that the Philadelphia shipyard, which does not service nuclear vessels, would be closed. Navy officials tried to silence alternative opinions, the suit contends, and submitted additional information privately to the base closure commission after the close of public hearings, thus avoiding congressional scrutiny and debate.

For example, the suit cites a memo written Dec. 19 by Adm. Peter Heckman, commander of the Naval Sea Systems Command, to the chief of Naval Operations. "While I realize that the secretary has been briefed and has concurred with the proposal to mothball Philadelphia Naval Shipyard," wrote Heckman, "I strongly recommend that this decision be reconsidered. It is more prudent to downsize Philadelphia Naval Ship-

yard." Although Heckman's job was to oversee all naval shipyards, the suit alleges, Navy officials refused to let him participate in the base closure process. Moreover, after Heckman's May 1 retirement, the suit says, Assistant Navy Secretary Donald Howard ordered Heckman not to testify before the base closure commission about the Naval Shipyard.

In another example, the suit contends that on Feb. 4 — one day before

the Navy began its facilities review for the base closure process — the Navy requested \$1.05 million to upgrade the Long Beach Naval Shipyard in California for nuclear capability. Long Beach and Philadelphia were the only two non-nuclear naval shipyards and it has long been assumed that a closure order would affect one of the two facilities.

"The Navy's decision to upgrade Long Beach not only violated its own guidelines but clearly establishes a predisposition by the Navy to close the Philadelphia Naval Shipyard," the suit contends.

WASHINGTON POST
July 9, 1991 Pg. C2

INTERNATIONAL

South Korea has asked to buy and co-produce 120 General Dynamics F-16 fighter jets in a deal worth \$3.81 billion, the Pentagon said. The deal would become official in 30 days unless Congress objects. South Korea would buy 12 of the jets outright, assemble 36 from parts provided by General Dynamics and produce another 72 under license.

WASHINGTON TIMES
July 9, 1991 Pg. 6

Standing tall

Who knows how it happens? Used to be you could blame the printer's devil, some gremlin who played with the metal type and mixed up what a writer was trying to say. Now it's all done by computer, and there's probably a virus or something that does it. Anyway, fellow columnist Jeremiah O'Leary didn't mean to diminish new Marine Corps Commandant Gen. Carl E. Mundy Jr. in his column Friday. Let the record show that Gen. Mundy is 5 feet 10 inches tall.

Document Separator

JUNE 7, '91

DELIBERATIONS

(ADD LIST - FINAL)

NAVY TEAM

ADDITIONAL OPTIONS

o SHIPYARDS

- NAVAL SHIPYARD LONG BEACH

o NAVAL STATIONS

- NAVAL STATION TREASURE ISLAND (SAN FRAN)
- STRATEGIC HOMEPORTS
 - NAVAL STATION NEW YORK (STATEN IS)
 - NAVAL STATION PASCAGOULA
 - NAVAL STATION MOBILE
 - NAVAL STATION EVERETT
 - NAVAL STATION INGLESIDE

NAVY TEAM

ADDITIONAL OPTIONS

o NAVAL AIR STATIONS

- **NAS MERIDIAN**
- **NAS KINGSVILLE**
- **NAS AGANA**

o TRAINING CENTERS

- **NTC GREAT LAKES**
- **NTC SAN DIEGO**
- **MCRD SAN DIEGO**

o C&E REPAIR FACILITIES

(INCLUDED WITH ARMY TEAM BRIEF ON DEPOTS)

NAVY TEAM

SHIPYARDS

	<u>1990</u>	<u>1995</u>
SHIPYARD EMPLOYMENT	70,000	50,000

CAPACITY EXCESS = ABOUT TWO DRYDOCKS

DRYDOCK UTILIZATION

NSY PHILADELPHIA	49%
NSY LONG BEACH	92%
NSY MARE ISLAND	68%
OVERALL	92%

NAVY TEAM

NAVAL SHIPYARD PHILADELPHIA

- o **RATIONALE FOR INCLUSION**
 - **EXCESS CAPACITY**
 - **NOT NUCLEAR**
 - **PRIVATE SHIPYARD CAPABILITY**
 - **SLEP SPECIALIST**
 - **VCNO RANK 8 OF 8**

- o **RATIONALE FOR DELETION**
 - **TWO CARRIER DRYDOCKS**
 - **UNIQUE FACILITIES**
 - **DOWNSIZE EIGHT SHIPYARDS**
 - **COST EFFECTIVE**

NAVY TEAM

NAVAL SHIPYARD LONG BEACH

o **RATIONALE FOR INCLUSION**

- **ALTERNATIVE TO PHILADELPHIA NAVAL SHIPYARD**
- **EXCESS CAPACITY IN SHIPYARDS**
- **PEARL HARBOR PROVIDES WEST COAST CV BACKUP**
- **NOT DESIGNATED FOR NUCLEAR WORK**

o **RATIONALE FOR DELETION**

- **PRIMARY WEST COAST YARD FOR CONV OVERHAULS**
- **VIABLE NUCLEAR CARRIER EMERGENT CAPABILITY;
MAINTAINS NUCLEAR SAFEGUARD CLEARANCE**
- **BACKUP CARRIER DRYDOCK IN CONUS (WEST COAST)**
- **ONLY WEST COAST YARD FOR PRIVATE SECTOR
COMPETITION**

NAVY TEAM

ADDITIONAL OPTIONS

o SHIPYARDS

- **NAVAL SHIPYARD LONG BEACH**

o NAVAL STATIONS

- **NAVAL STATION TREASURE ISLAND (SAN FRAN)**
- **STRATEGIC HOMEPORTS**
 - **NAVAL STATION NEW YORK (STATEN IS)**
 - **NAVAL STATION PASCAGOULA**
 - **NAVAL STATION MOBILE**
 - **NAVAL STATION EVERETT**
 - **NAVAL STATION INGLESIDE**

NAVY TEAM

ADDITIONAL OPTIONS

o NAVAL AIR STATIONS

- **NAS MERIDIAN**
- **NAS KINGSVILLE**
- **NAS AGANA**

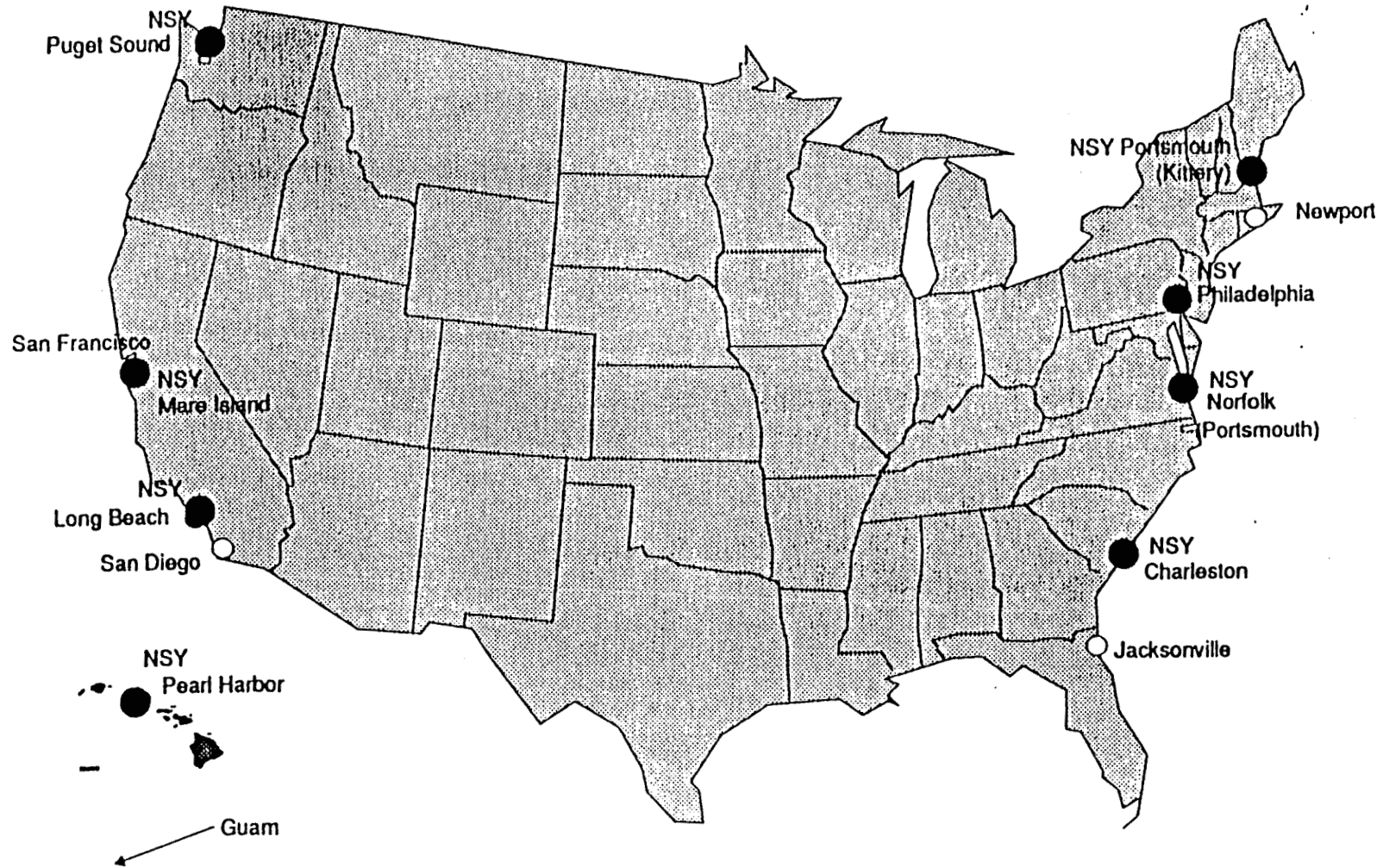
o TRAINING CENTERS

- **NTC GREAT LAKES**
- **NTC SAN DIEGO**
- **MCRD SAN DIEGO**

o C&E REPAIR FACILITIES

(INCLUDED WITH ARMY TEAM BRIEF ON DEPOTS)

SHIPYARDS



NAVY TEAM

SHIPYARDS

	<u>1990</u>	<u>1995</u>
SHIPYARD EMPLOYMENT	70,000	50,000

CAPACITY EXCESS = ABOUT TWO DRYDOCKS

DRYDOCK UTILIZATION

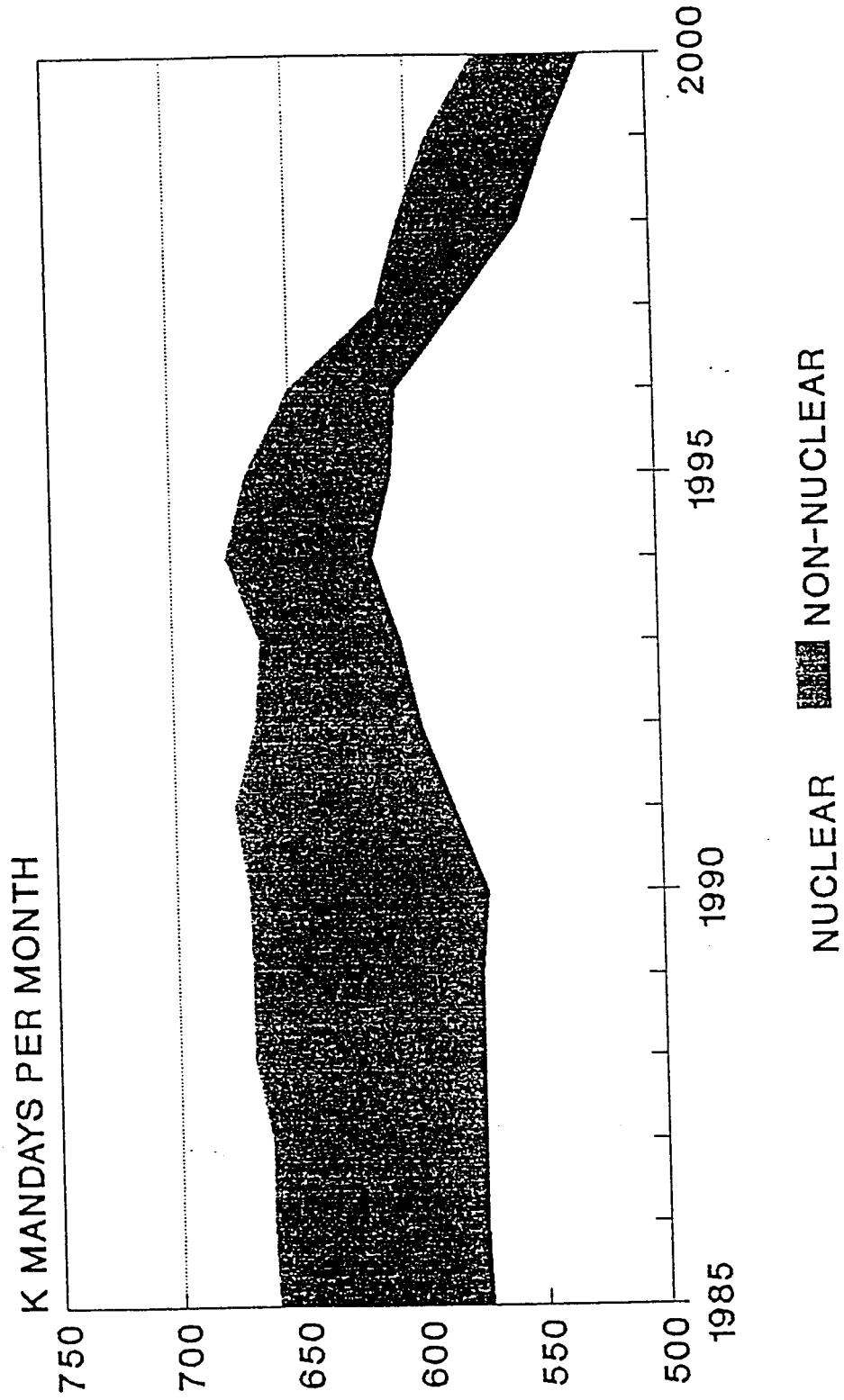
NSY PHILADELPHIA	49%
NSY LONG BEACH	92%
NSY MARE ISLAND	68%
OVERALL	92%

●

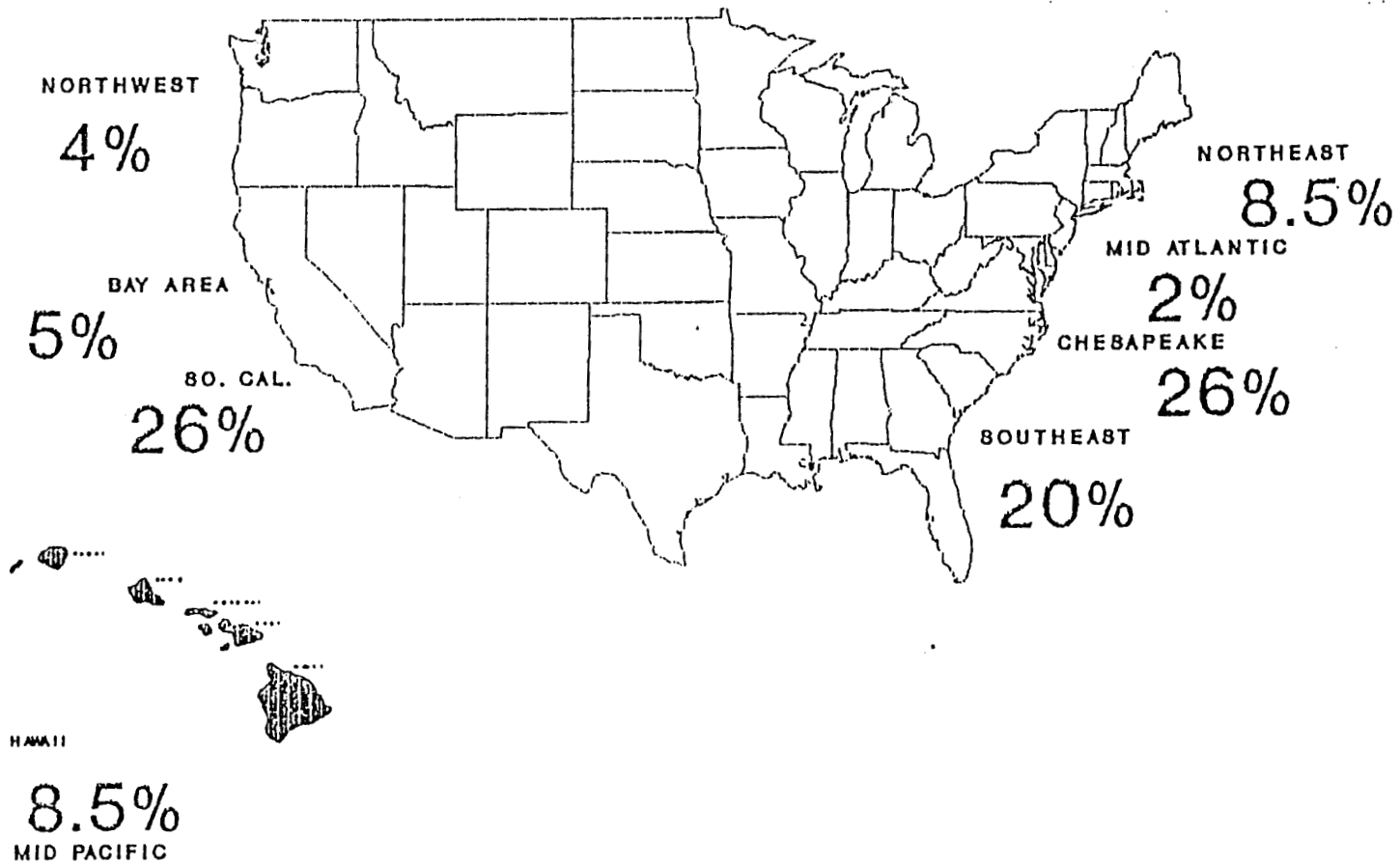
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PROJECTED NAVAL SHIPYARD WORKLOAD FY1985 - FY2000



FLEET CONCENTRATIONS



May 1991

NAVY TEAM

NAVAL SHIPYARD LONG BEACH

o RATIONALE FOR INCLUSION

- **ALTERNATIVE TO PHILADELPHIA NAVAL SHIPYARD**
- **EXCESS CAPACITY IN SHIPYARDS**
- **PEARL HARBOR PROVIDES WEST COAST CV BACKUP**
- **NOT DESIGNATED FOR NUCLEAR WORK**

o RATIONALE FOR DELETION

- **PRIMARY WEST COAST YARD FOR CONV OVERHAULS**
- **VIALE NUCLEAR CARRIER EMERGENT CAPABILITY;
MAINTAINS NUCLEAR SAFEGUARD CLEARANCE**
- **BACKUP CARRIER DRYDOCK IN CONUS (WEST COAST)**
- **ONLY WEST COAST YARD FOR PRIVATE SECTOR
COMPETITION**

CARRIER-CAPABLE DRYDOCKS

<u>SHIPYARD</u>	<u>FEET</u>
PHILADELPHIA	1092 X 150
	1092 X 150
NORFOLK	1092 X 150
PUGET SOUND	1152 X 180
HUNTERS POINT	1092 X 143 *
LONG BEACH	1093 X 143
PEARL HARBOR	1084 X 146
NEWPORT NEWS	1600 X 250 **
	1101 X 137 **

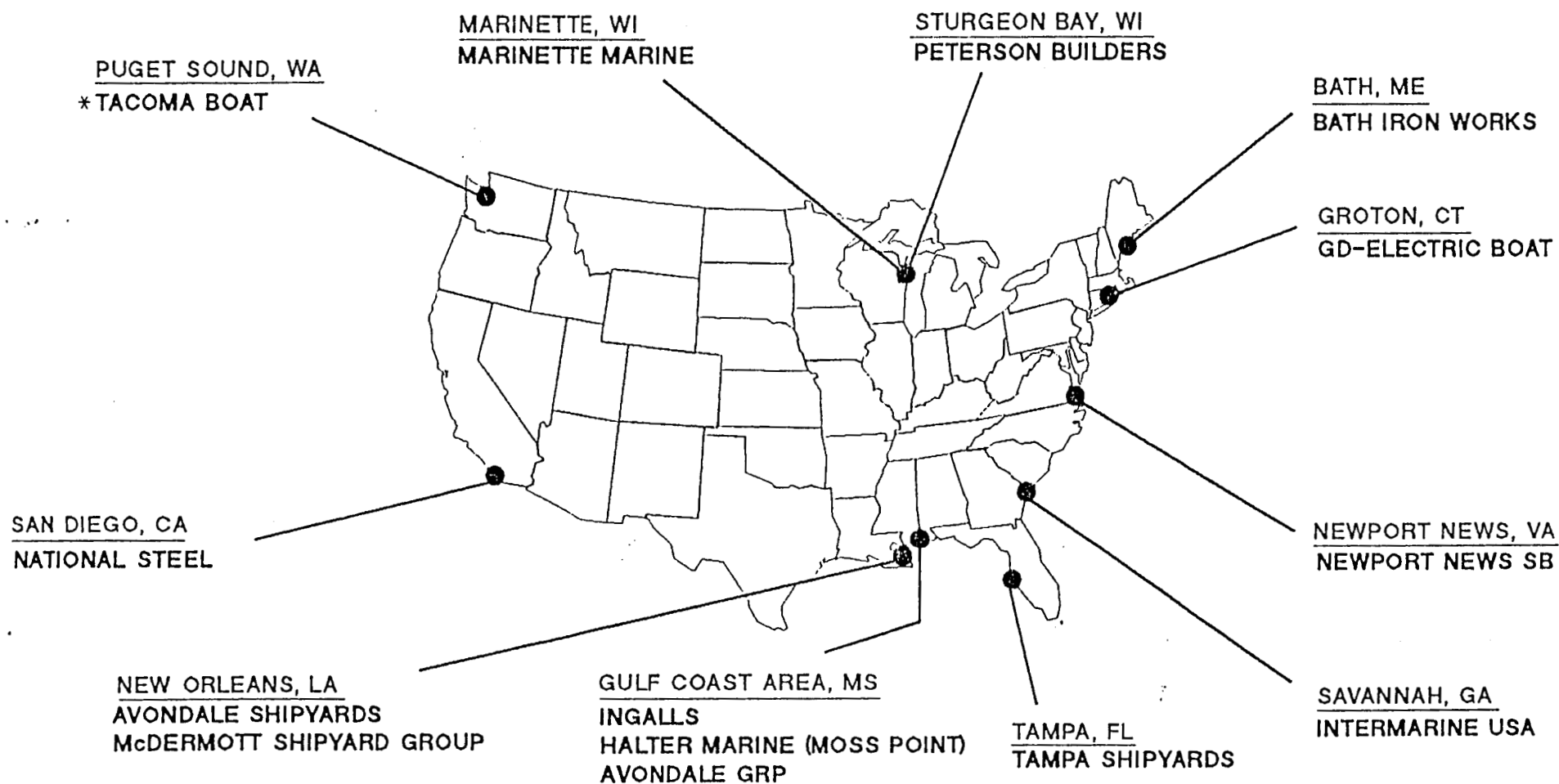
* To be closed.

** Primarily used for new construction.

TOTAL OF 8 CARRIER-CAPABLE DOCKS IN THE UNITED STATES

PRIVATE SHIPYARDS WITH NAVY SHIPWORK DURING FY 91 (NEW CONSTRUCTION AND CONVERSION)

(14 SHIPYARDS)



* - NAVY WORK TERMINATED DECEMBER 1990

(1 APRIL 1991)

FIGURE 3

NAVY TEAM

NAVAL SHIPYARD PHILADELPHIA

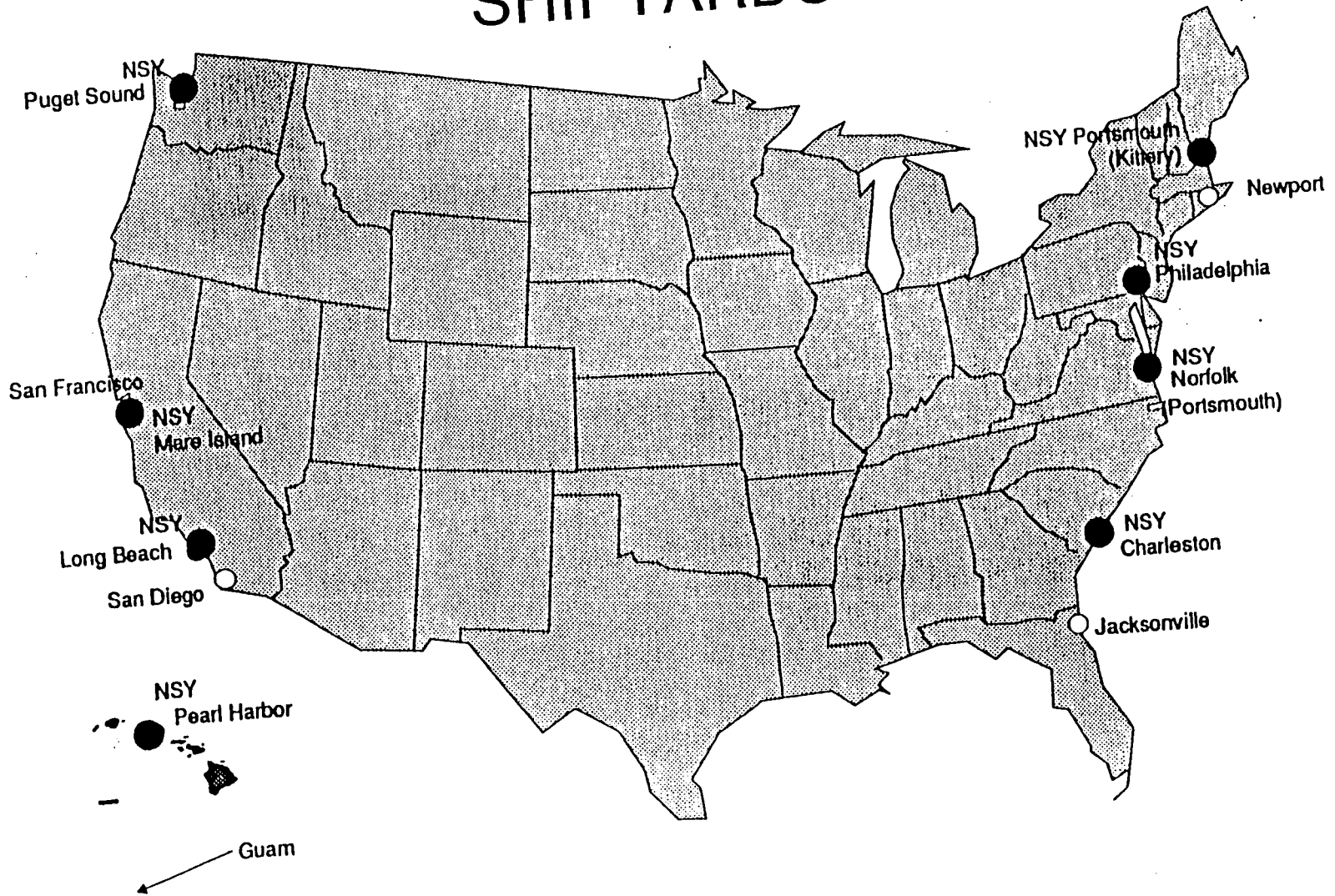
- o RATIONALE FOR INCLUSION**
 - EXCESS CAPACITY**
 - NOT NUCLEAR**
 - PRIVATE SHIPYARD CAPABILITY**
 - SLEP SPECIALIST**
 - VCNO RANK 8 OF 8**

- o RATIONALE FOR DELETION**
 - TWO CARRIER DRYDOCKS**
 - UNIQUE FACILITIES**
 - DOWNSIZE EIGHT SHIPYARDS**
 - COST EFFECTIVE**

JUNE 14, 91

HEARING

SHIPYARDS



NAVY TEAM

SHIPYARD KEY ISSUES

- o EXCESS CAPACITY
- o WORKLOAD DISTRIBUTION
- o EMERGENCY REQUIREMENTS
- o RELATIVE EFFICIENCY

NAVY TEAM

**NUCLEAR REFUEL / DEFUEL DRYDOCKS
FY 90 - FY 2000**

<u>SHIPYARD</u>	<u>UTILIZATION %</u>
PORTSMOUTH	93
NORFOLK	92
CHARLESTON	91
PUGET SOUND (2)	107
MARE ISLAND	<u>119</u>
AVERAGE	102

145

NAVY TEAM

LARGE DRYDOCKS

	<u>UTILIZATION %</u>	<u>UTILIZATION %</u>
<u>SHIPYARD</u>	<u>FY 90 - 2000</u>	<u>FY 96 - 2000</u>
PHILADELPHIA #4	13	8
PHILADELPHIA #5	62	45
NORFOLK	60	42
PUGET SOUND	102	82
LONG BEACH	79	78
PEARL HARBOR	44	23
<u>AVERAGE</u>	60	46

146

NAVY TEAM

SHIPYARD EMPLOYMENT (000's)

<u>SHIPYARD</u>	<u>PEAK*</u>	<u>FY 90</u>	<u>FY 95</u>
PORTSMOUTH	8.9	7.9	5.4
PHILADELPHIA	11.3	8.1	1.2
NORFOLK	13.4	11.8	9.7
CHARLESTON	8.5	8.0	5.4
PUGET SOUND	12.3	12.2	10.4
MARE ISLAND	10.8	8.0	6.7
LONG BEACH	7.5	4.2	3.9
PEARL HARBOR	7.3	5.7	4.4
<u>TOTAL</u>	79.4	65.9	47.0

* HIGHEST EMPLOYMENT FY 78 - FY 89

NAVY TEAM

UNSCHEDULED CARRIER DRYDOCKINGS SINCE 1970

SHIP	DOCK	YEAR	DURATION (MO)
CV 60	NORFOLK	1976	3
CV 64	LONGBEACH	1976	1
CV 61	YOKOSUKA	1979	5
AVT 16	PHILADELPH	1979	4
CV 43	NORFOLK	1985	3
CVN 65	HUNTER'S PT	1985	3

NAVY TEAM

POTENTIAL FOR EMERGENT CARRIER DRYDOCKING

o NEWPORT NEWS SHIPBUILDING

oo ONE DRYDOCK OCCUPIED BY NEW CONSTRUCTION

oo ONE DRYDOCK AVAILABLE 30-40% DURING 1994-2000

NAVY TEAM

**SHIPYARD NET OPERATING RESULTS
(\$ MILLION)**

FISCAL YEAR	PNSY	LBNSY
83	(18.6)	30.7
84	(10.3)	(22.4)
85	(1.3)	35.8
86	19.6	(4.8)
87	(31.2)	(25.6)
88	(66.2)	(2.3)
89	3.0	23.2
90	0.2	(2.7)
91 (MAR)	(17.5)	15.3

150

NAVY TEAM

**SHIPYARDS
BUDGETED PASSTHROUGH
(\$ MILLION)**

<u>SHIPYARD</u>	<u>FY 90</u>	<u>FY 91</u>
CHARLESTON.....	3.5	4.1
NORFOLK.....	56.0	25.9
PHILADELPHIA.....	51.1	10.2
PORTSMOUTH.....	24.1	10.3
LONGBEACH.....	28.1	0.8
MARE ISLAND.....	69.2	11.0
PEARL HARBOR.....	27.1	25.5
PUGET SOUND.....	<u>37.9</u>	<u>15.8</u>
 TOTAL	 297.0	 103.6

FIXED PRICE VARIANCE

PHILADELPHIA/LONG BEACH NAVAL SHIPYARDS

<u>FISCAL YEAR</u>	<u>PHILADELPHIA</u>	<u>LONG BEACH</u>
FY 83	(20,198)	656
FY 84	(3,955)	(24,197)
FY 85	(28,519)	9,457
FY 86	4,669	5,035
FY 87	(45,566)	4,535
FY 88	(65,495)	9,763
FY 89	6,697	12,446
FY 90	(14,072)	8,499

COMPARISON OF LBNSY PNSY
NEW THREAT UPGRADE (FFP)

PHILADELPHIA

LONG BEACH

CG 19 \$ 67M
CG 34 \$ 64M

CG 22 \$ 56M
CG 16 \$ 55M
CG 29 \$ 54M
CG 30 \$ 50M

DDG 995 \$ 48M
DDG 993 \$ 56M

DDG 994 \$43M

PHILA COST TO THE CUSTOMER WAS HIGHER THAN LONG BEACH

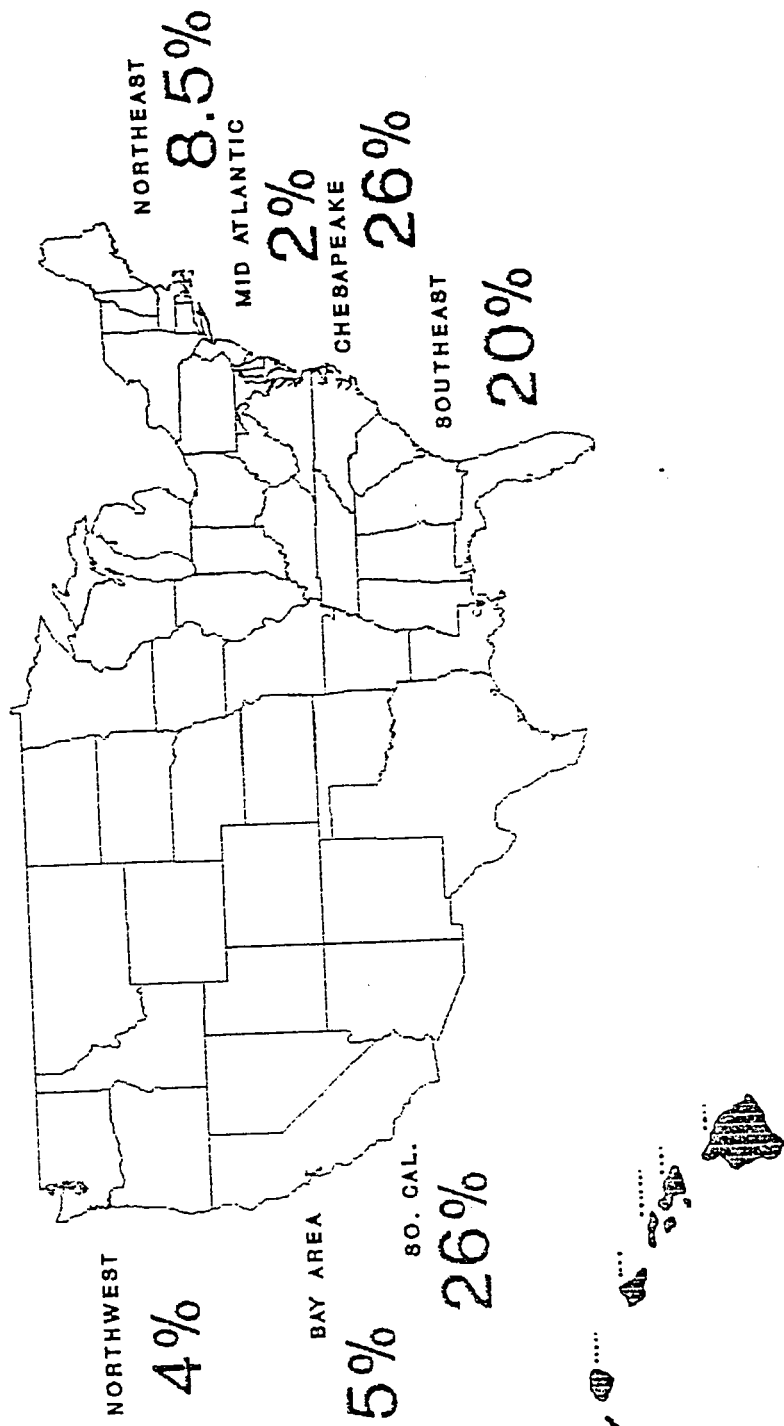
PHILA MANDAYS TO PERFORM (EFFICIENCY) OFFSET LOWER RATE

NAVY TEAM

SHIPYARD CARRIER ALTERATIONS

- o HIGH COST (OVER \$ 1 MILLION)
- o PERFORMED ON MULTIPLE CARRIERS
- o 1983 - 1988
- o LOWEST COST SHIPYARD
 - oo NORFOLK 11
 - oo PHILADELPHIA 8
 - oo PUGET SOUND 8

FLEET CONCENTRATIONS



8.5%
MID PACIFIC

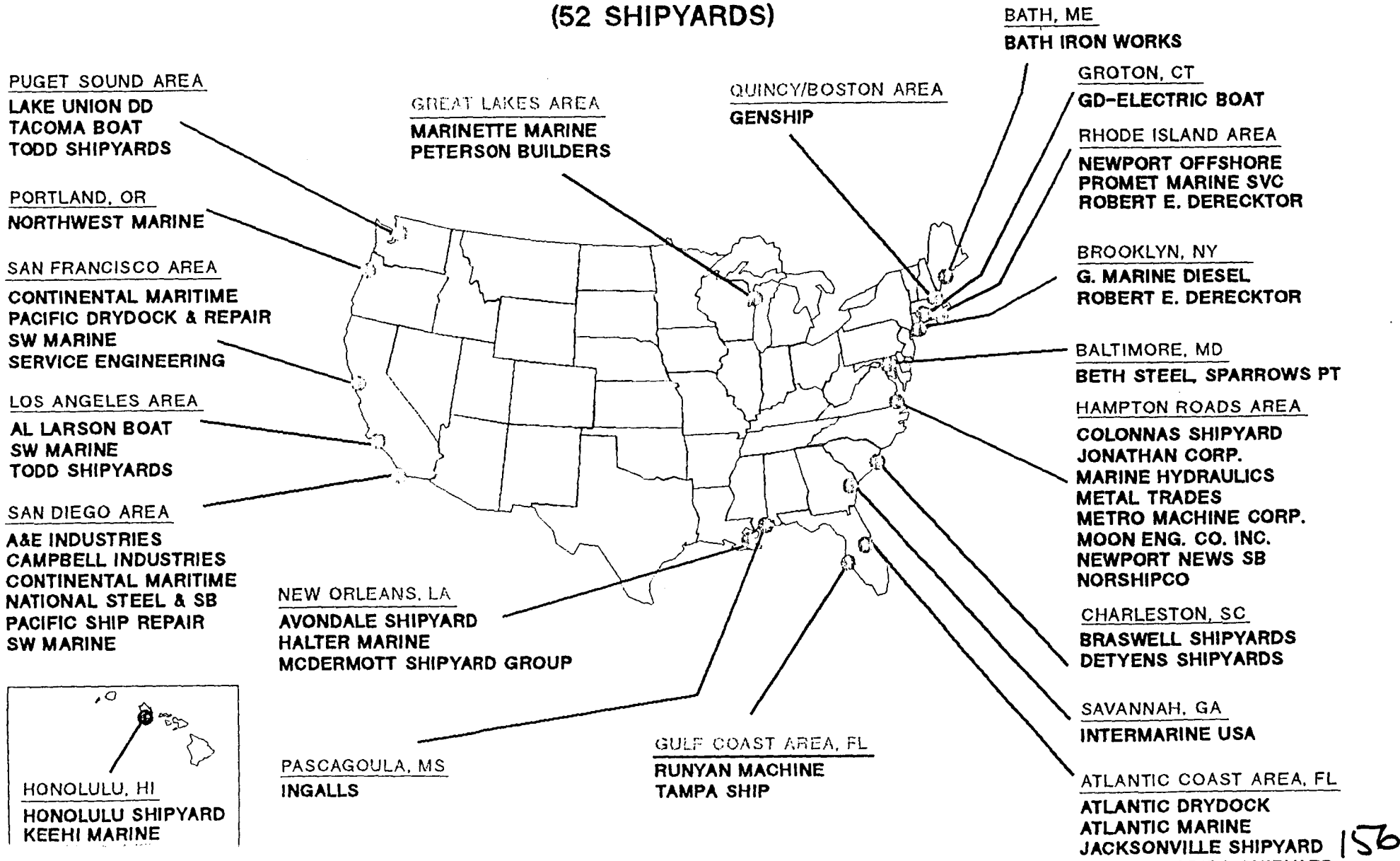
May 1991

155

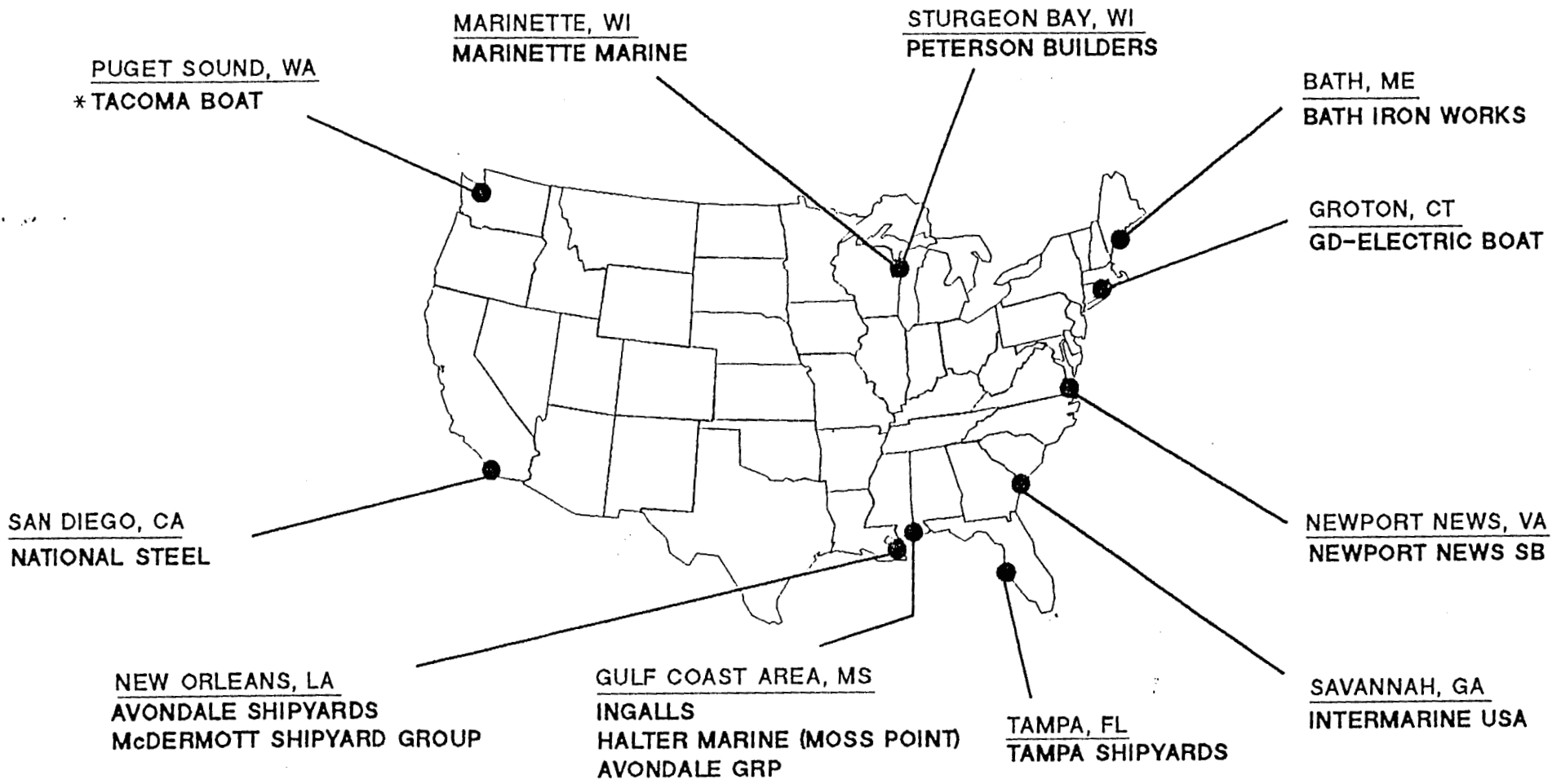
PRIVATE SHIPYARDS WITH NAVY SHIPWORK DURING FY 90

(SHIP CONSTRUCTION, OVERHAUL, AND REPAIRS)

(52 SHIPYARDS)



PRIVATE SHIPYARDS WITH NAVY SHIPWORK DURING FY 91 (NEW CONSTRUCTION AND CONVERSION) (14 SHIPYARDS)



* - NAVY WORK TERMINATED DECEMBER 1990

(1 APRIL 1991)

FIGURE 3

NAVY TEAM

SHIPYARD COMPARISON

<u>ISSUE</u>	<u>PHILADELPHIA</u>	<u>LONG BEACH</u>
VCNO RANKING	8 OF 8	3 OF 8
FACILITY CAP	LARGE	AVERAGE
UNIQUE FAC	NUMEROUS	SEVERAL
FINANCIAL P.	AVERAGE	ABOVE AVERAGE
AREA ALT CAP	PUBLIC & PRIVATE	LIMITED
PLANNED USAGE	BELOW AVERAGE	ABOVE AVERAGE
RET FOR RED OPS	POSSIBLE	LIMITED
NUCLEAR WORK	POSSIBLE	POSSIBLE
CARRIER EM CAP	PRIV ALT AVAIL	PEARL ONLY ALT
COMMUNITY IMP	VERY LARGE	LARGE

NAVY TEAM

SHIPYARDS COST ANALYSIS

	PHILADELPHIA *	LONG BEACH **
ONE-TIME COSTS	\$ 102 M	\$ 147 M
ANNUAL SAVINGS	\$ 36 M	\$ 21.2 M
ROI YEARS	2	10

* REVISED TO REFLECT ASSIGNMENT OF USS FORRESTAL
CONVERSION TO PHILADELPHIA

** DOES NOT INCLUDE NEW DRYDOCK (\$250 M).
COBRA WITH DRYDOCK - ROI = 100 YEARS

221



NAVY TEAM

COMMUNITY COMMENTS

PHILADELPHIA

- o SHIPYARD HAS UNIQUE FACILITIES, LARGE CAPACITY
- o NUCLEAR SHIPYARDS NOT CONSIDERED EVEN THOUGH FLEET IS LARGELY NON-NUCLEAR
- o AEGIS TRIAD OF EXCELLENCE
- o CANNOT DEPEND ON PRIVATE SHIPYARDS FOR BACKUP
- o NAVY HAS NOT SCHEDULED POTENTIAL WORK TO PNSY
- o MAJOR COMMUNITY IMPACT
- o DOWNSIZE TO 1200 EMPLOYEES

160

1100

NAVY TEAM

COMMUNITY COMMENTS

LONG BEACH

- o CARRIER DRYDOCK NEEDED
- o ONLY PUBLIC SHIPYARD NEAR SO. CALIF. FLEET CONCENTRATION
- o NAVY UNIT ACHIEVEMENT AWARD
- o SONAR DOME GOCO FACILITY
- o NEWEST SHIPYARD
- o MAJOR COMMUNITY IMPACT

161

161

NAVY TEAM

SHIPYARD OPTIONS

- o CLOSE PHILADELPHIA, RETAIN UNIQUE FACILITIES, AND PRESERVE ASSETS
- o DOWNSIZE PHILADELPHIA TO 1200 EMPLOYEES AND RETAIN UNIQUE FACILITIES
- o CLOSE LONG BEACH

162

162-

Document Separator

JUNE 27, '91
COMPLETION
OF DETAILED
REVIEW

SHIPYARDS



Guam

NAVY TEAM

SHIPYARD KEY ISSUES

- FUTURE WORKLOAD
- WORKLOAD DISTRIBUTION
- EMERGENT REQUIREMENTS
- NAVY INDUSTRIAL FUND
- RELATIVE EFFICIENCY
- FUTURE OF SLEP

NAVY TEAM

NUCLEAR REFUEL / DEFUEL DRYDOCKS
FY 90 - FY 2000

UTILIZATION %

SHIPYARD

PORTSMOUTH	93
NORFOLK	92
CHARLESTON	91
PUGET SOUND (2)	107
MARE ISLAND	<u>119</u>
AVERAGE	102

45

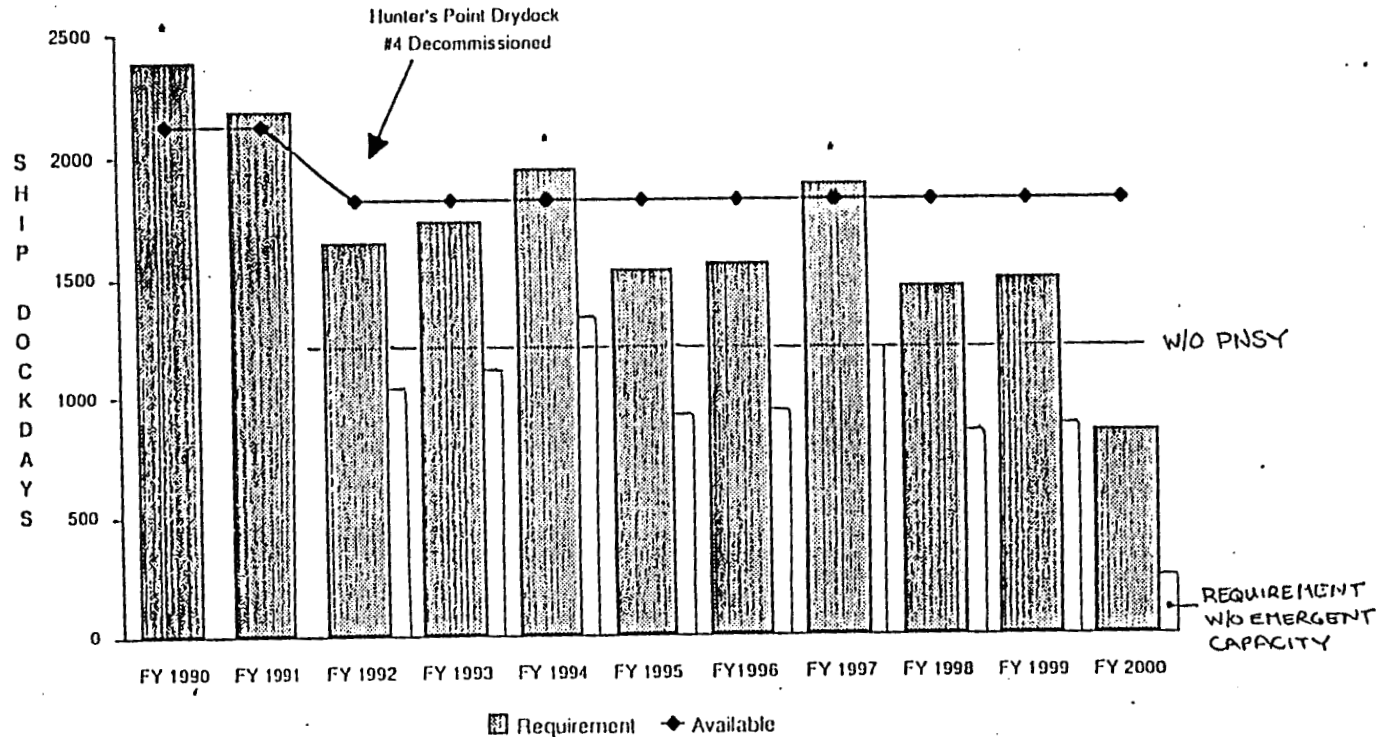
NAVY TEAM

LARGE DRYDOCKS

	<u>UTILIZATION %</u>	<u>UTILIZATION %</u>
	<u>FY 90 - 2000</u>	<u>FY 96 - 2000</u>
<u>SHIPYARD</u>	13	8
PHILADELPHIA #4	62	45
PHILADELPHIA #5	60	42
NORFOLK	102	82
PUGET SOUND	79	78
LONG BEACH	44	23
PEARL HARBOR	60	46
<u>AVERAGE</u>		

46

LARGE CV/CVN CAPABLE DOCKS



One drydock on each coast must be reserved for emergent requirements

• Docks used for inactivation overflow at Puget Sound Naval Shipyard

- o ORIGINAL CHART INCLUDED TWO DRYDOCKS HELD IN RESERVE
- o FOUR PUBLIC DRYDOCKS AVAILABLE IF PNSY CLOSED
- o OPEN BARS SHOW REQUIREMENT WITHOUT EMERGENT CAPACITY

NAVY TEAM

SHIPYARD EMPLOYMENT (000's)

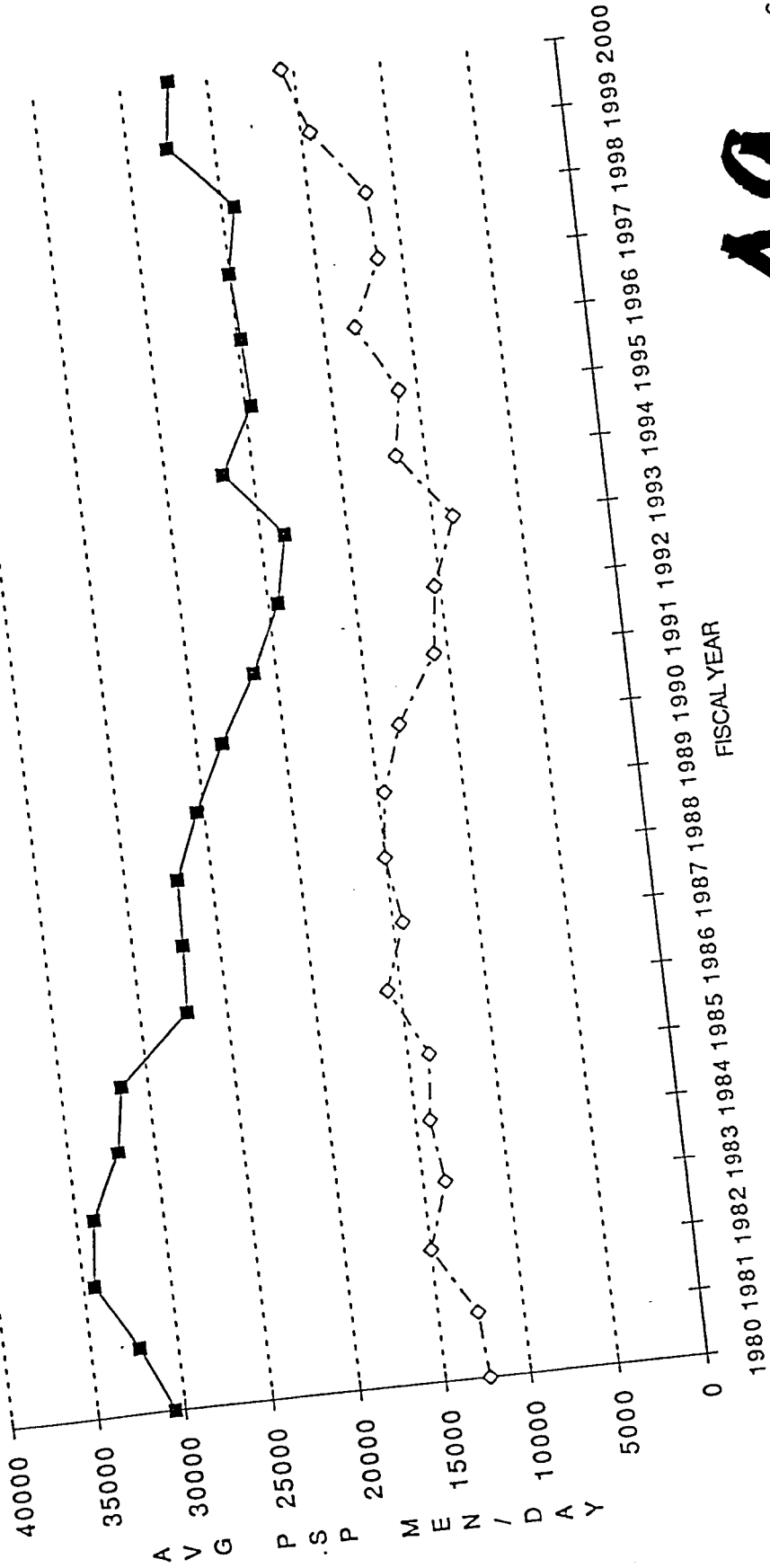
<u>SHIPYARD</u>	<u>HIGH AVE*</u>	<u>FY 90</u>	<u>FY 95</u>
PORTSMOUTH	8.9	7.9	5.4
PHILADELPHIA	11.3	8.1	1.2
NORFOLK	13.4	11.8	9.7
CHARLESTON	8.5	8.0	5.4
PUGET SOUND	12.3	12.2	10.4
MARE ISLAND	10.8	8.0	6.7
LONG BEACH	7.5	4.2	3.9
PEARL HARBOR	7.3	5.7	4.4
<u>TOTAL</u>	79.4	65.9	47.0

* HIGHEST AVERAGE EMPLOYMENT FY 78 - FY 89

48

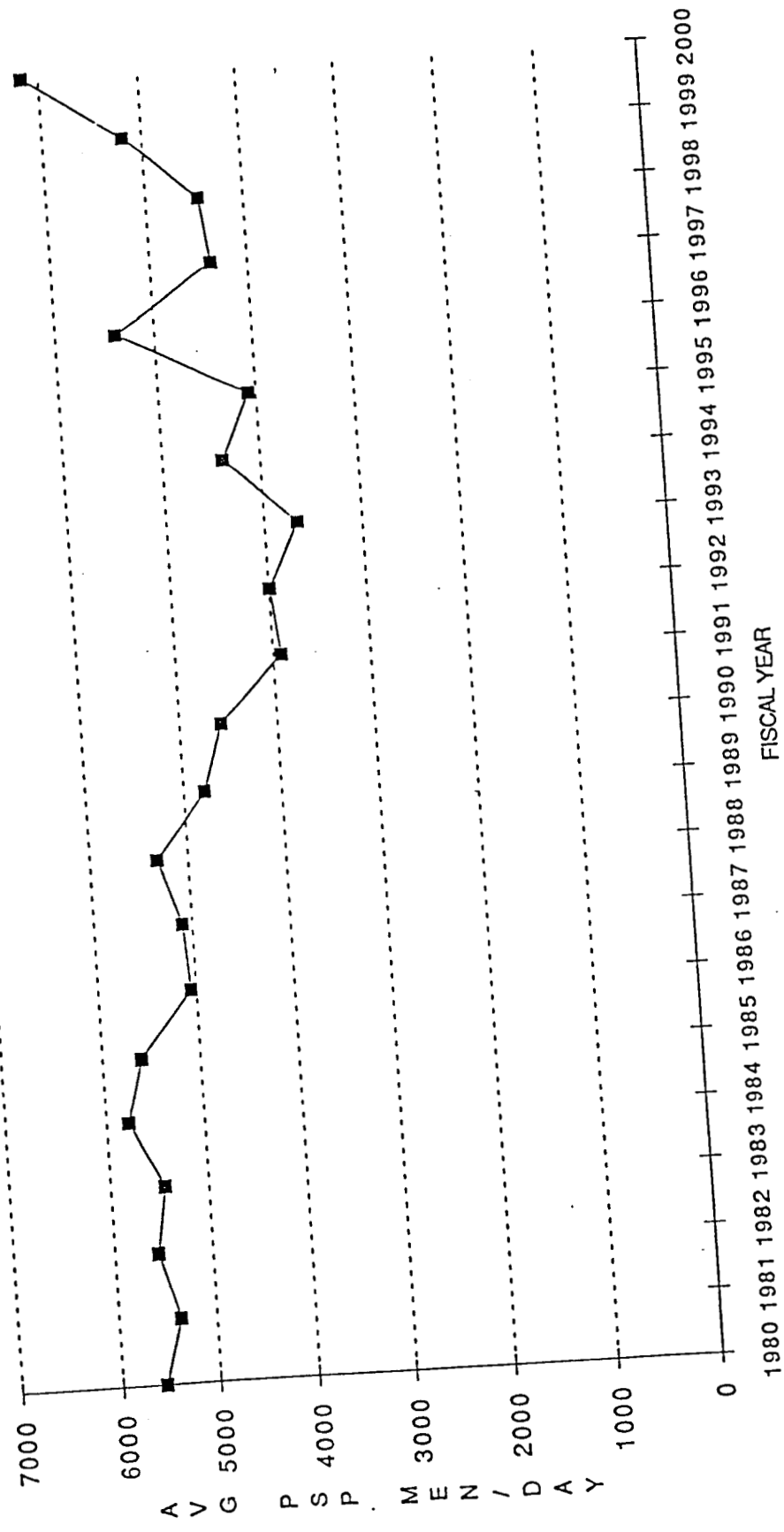
ALL NAVAL SHIPYARD WORKLOAD

■ TOTAL WKLD
 ◇ NUCLEAR SHIP WKLD



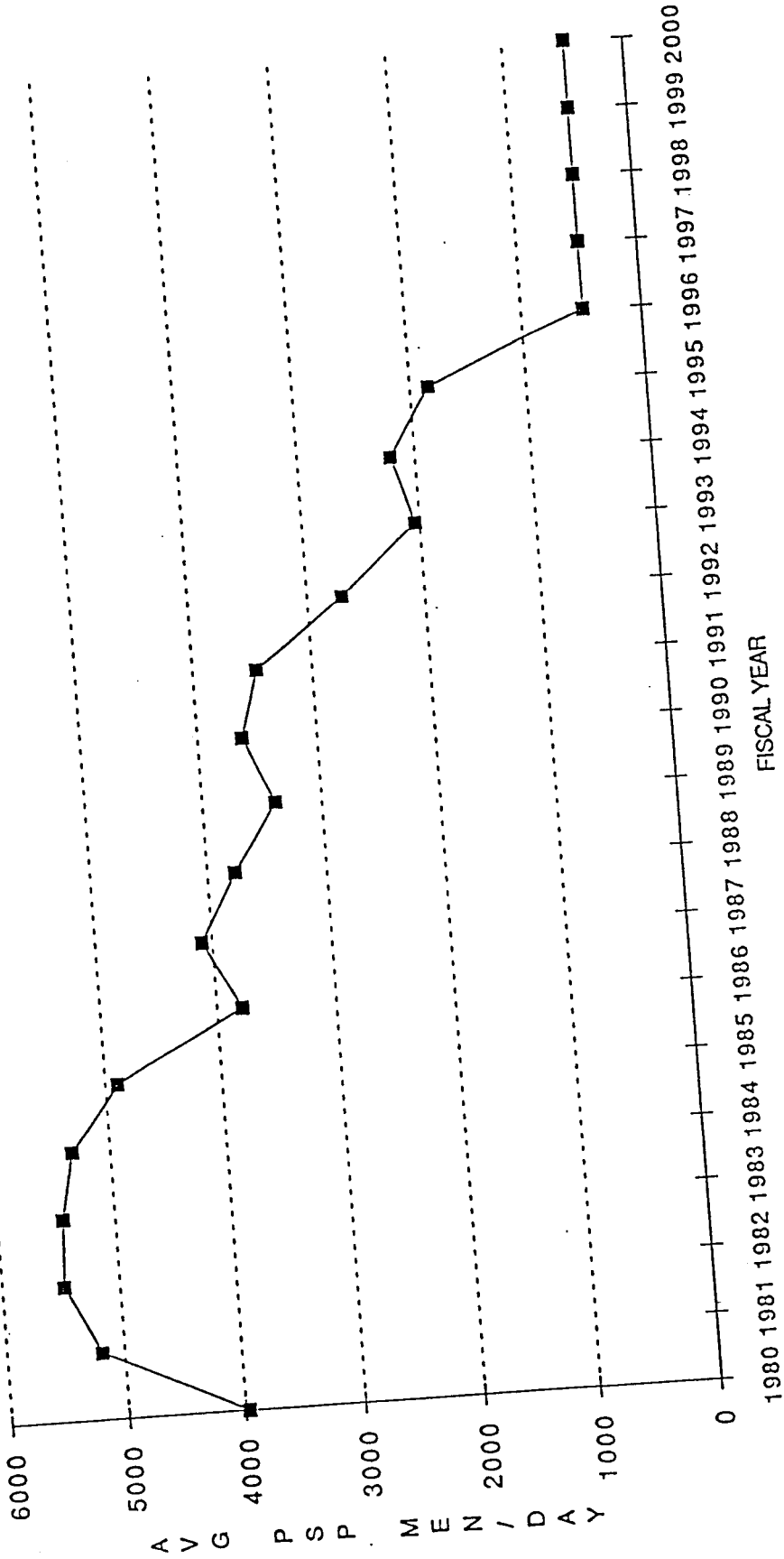
49

NORFOLK NAVAL SHIPYARD WORKLOAD



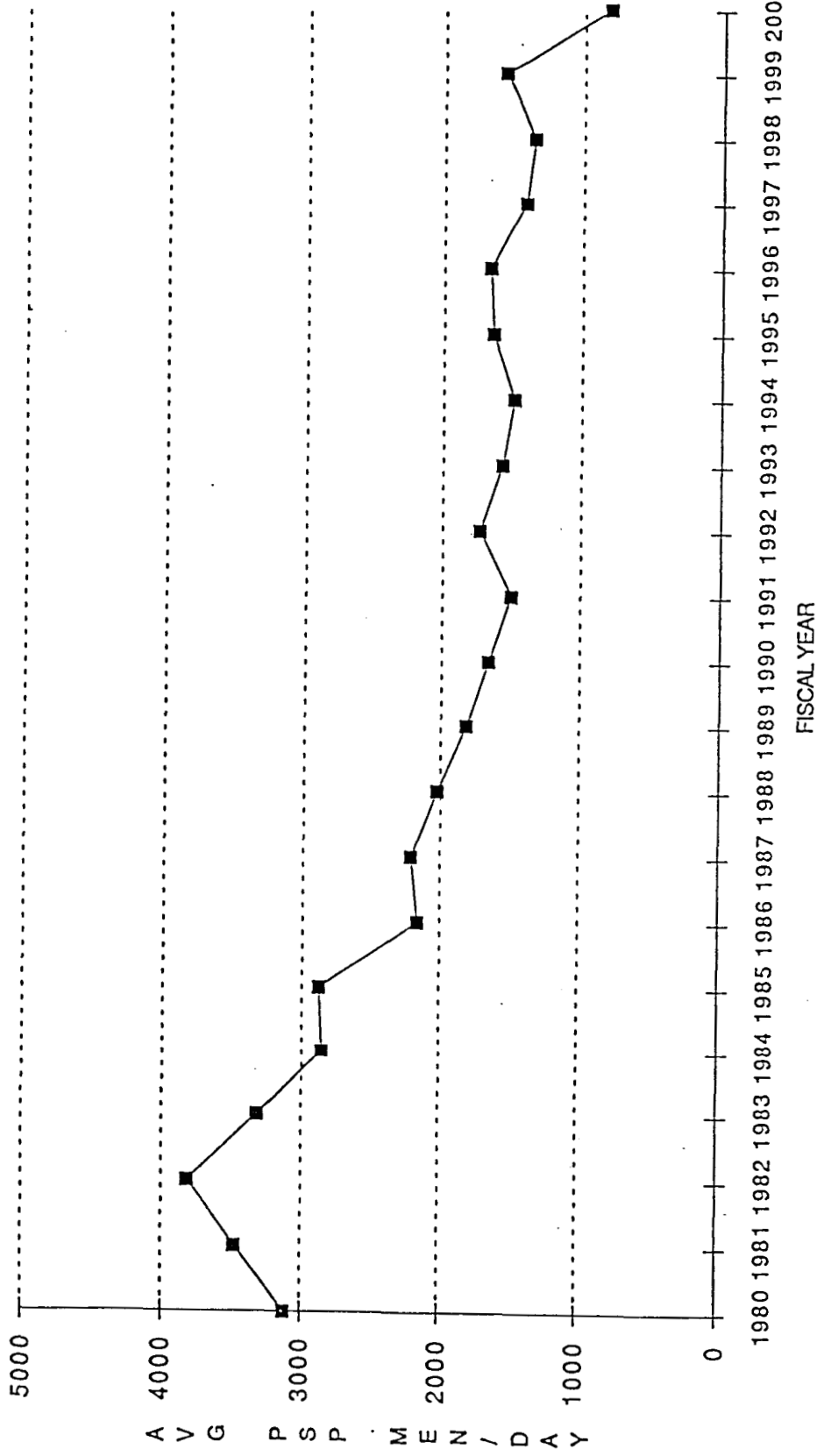
50

PHILADELPHIA NAVAL SHIPYARD WORKLOAD



51

LONG BEACH NAVAL SHIPYARD WORKLOAD



CHT-LBECHWK

52

6/25/91

NAVY TEAM

POTENTIAL FOR EMERGENT CARRIER DRYDOCKING

- o NEWPORT NEWS SHIPBUILDING
 - oo ONE DRYDOCK OCCUPIED BY NEW CONSTRUCTION
 - oo ONE DRYDOCK AVAILABLE 30-40% DURING 1994-2000

- o PHILADELPHIA NAVAL SHIPYARD
 - oo USE PRESERVED DRYDOCKS

53

NAVY TEAM

PRESERVE FACILITIES

- o **NAVY PROPOSAL - PRESERVE PHILADELPHIA ASSETS FOR EMERGENT WORKLOAD**
- o **LONG BEACH - LAND TITLE RESTRICTS OPTION TO HOLD PROPERTY WITHOUT USE**
- o **HUNTER'S POINT - LEGISLATION REQUIRING OUTLEASE ELIMINATED OPTION FOR EMERGENT USE**

54

NAVY TEAM

**UNSCHEDULED CARRIER DRYDOCKINGS
SINCE 1970**

SHIP	DOCK	YEAR	DURATION (MO)
CV 60	NORFOLK	1976	3
CV 64	LONGBEACH	1976	1
CV 61	YOKOSUKA	1979	5
AVT 16	PHILADELPH	1979	4
CV 43	NORFOLK	1985	3
CVN 65	HUNTER'S PT	1985	3

NAVY TEAM

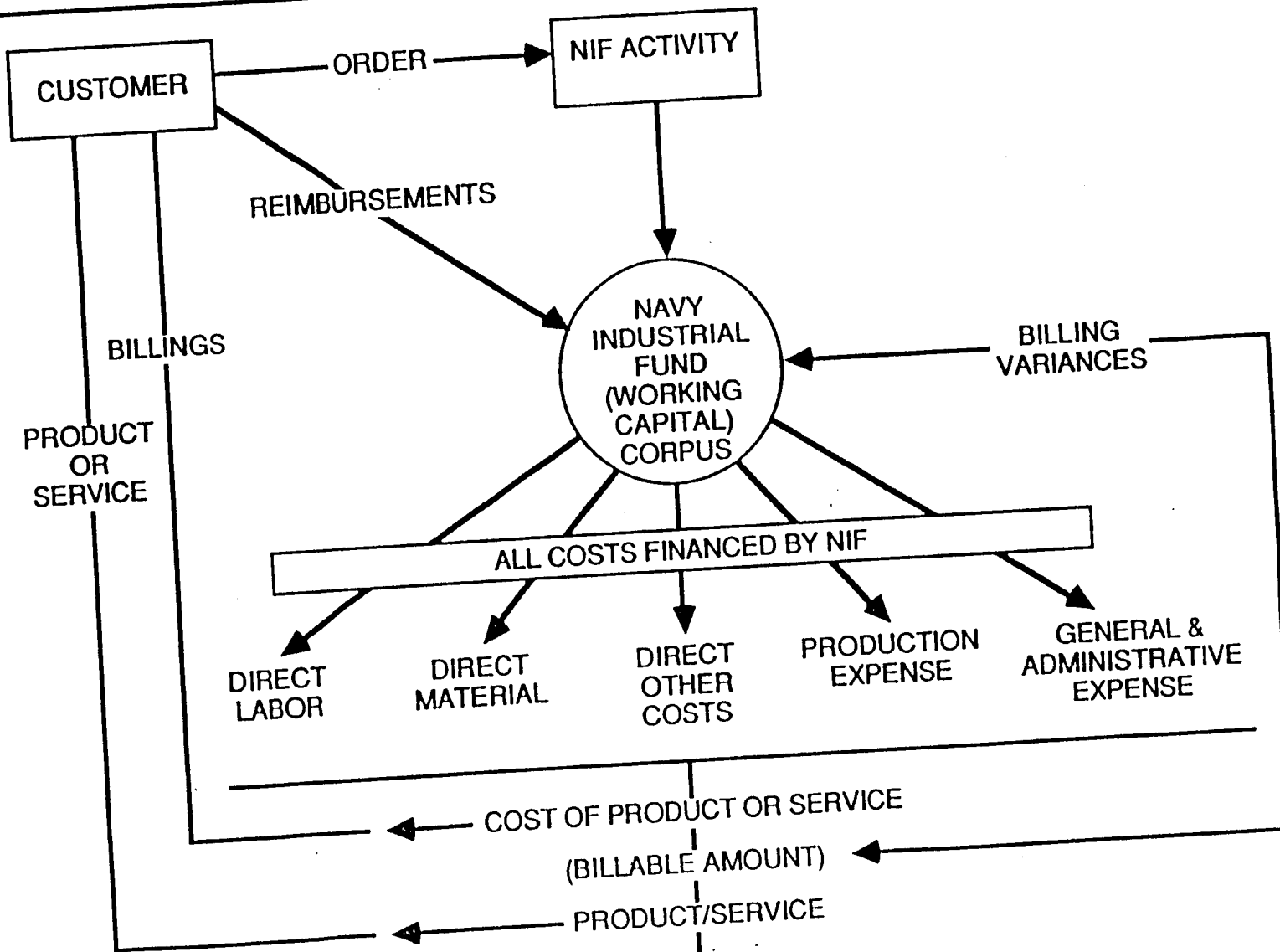
NAVY INDUSTRIAL FUND (NIF)

- o SIMILAR TO PRIVATE COMPANY
- o MAKE DECISIONS ON A "BUSINESS" BASIS
- o PROVIDES FINANCIAL MEASURES OF PERFORMANCE
- o ALLOWS A LEVEL OF COMPARABILITY
BETWEEN PUBLIC-PUBLIC
BETWEEN PUBLIC-PRIVATE
- o RECOVERS COSTS THROUGH CHARGES TO NAVY
"CUSTOMERS"
- o RATES AFFECTED BY LEVEL OF BASELOAD

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WORKING CAPITAL CONCEPT

DOLLARS PROVIDED BY THE NIF CORPUS ARE USED TO INITIALLY FINANCE COSTS OF PRODUCING GOODS AND SERVICES



57

NAVY TEAM

FY90/91 MANDAY RATES

<u>SHIPYARD</u>	<u>FY90</u>	<u>FY91</u>
PHILADELPHIA	\$334.80	\$367.21
NORFOLK	\$353.44	\$369.16
LONG BEACH	\$438.96	\$450.68

0 STABILIZED MANDAY REPAIR RATES

NAVY TEAM

**SHIPYARD NET OPERATING RESULTS
(\$ MILLION)**

FISCAL YEAR	PNSY	LBNSY
83	(18.6)	30.7
84	(10.3)	(22.4)
85	(1.3)	35.8
86	19.6	(4.8)
87	(31.2)	(25.6)
88	(66.2)	(2.3)
89	3.0	23.2
90	0.2	(2.7)
91 (MAR)	(17.5)	15.3

59

NAVY TEAM

**SHIPYARDS
BUDGETED PASSTHROUGH
(\$ MILLION)**

<u>SHIPYARD</u>	<u>FY 90</u>	<u>FY 91</u>
CHARLESTON.....	3.5	4.1
NORFOLK.....	56.0	25.9
PHILADELPHIA.....	51.1	10.2
PORTSMOUTH.....	24.1	10.3
LONGBEACH.....	28.1	0.8
MARE ISLAND.....	69.2	11.0
PEARL HARBOR.....	27.1	25.5
PUGET SOUND.....	<u>37.9</u>	<u>15.8</u>
 TOTAL	 297.0	 103.6

60

FIXED PRICE VARIANCE

PHILADELPHIA/LONG BEACH NAVAL SHIPYARDS LONG BEACH

<u>FISCAL YEAR</u>	<u>PHILADELPHIA</u>	<u>LONG BEACH</u>
FY 83	(20,198)	656
FY 84	(3,955)	(24,197)
FY 85	(28,519)	9,457
FY 86	4,669	5,035
FY 87	(45,566)	4,535
FY 88	(65,495)	9,763
FY 89	6,697	12,446
FY 90	(14,072)	8,499

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COMPARISON OF LBNSY PNSY
NEW THREAT UPGRADE (FFP)

PHILADELPHIA

LONG BEACH

CG 19 \$ 67M

CG 22 \$ 56M

CG 34 \$ 64M

CG 16 \$ 55M

CG 29 \$ 54M

CG 30 \$ 50M

DDG 995 \$ 48M

DDG 994 \$43M

DDG 993 \$ 56M

PHILA COST TO THE CUSTOMER WAS HIGHER THAN LONG BEACH

PHILA MANDAYS TO PERFORM (EFFICIENCY) OFFSET LOWER RATE

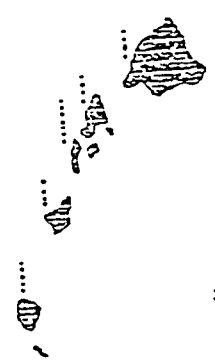
NAVY TEAM

SHIPYARD CARRIER ALTERATIONS

- o HIGH COST (OVER \$ 1 MILLION)
- o PERFORMED ON MULTIPLE CARRIERS
- o 1983 - 1988
- o LOWEST COST SHIPYARD
 - oo NORFOLK 11
 - oo PHILADELPHIA 8
 - oo PUGET SOUND 8

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FLEET CONCENTRATIONS



HAWAII
8.5%
MID PACIFIC

May 1991

64

PRIVATE SHIPYARDS WITH NAVY SHIPWORK DURING FY ()

(SHIP CONSTRUCTION, OVERHAUL, AND REPAIRS)

(52 SHIPYARDS)

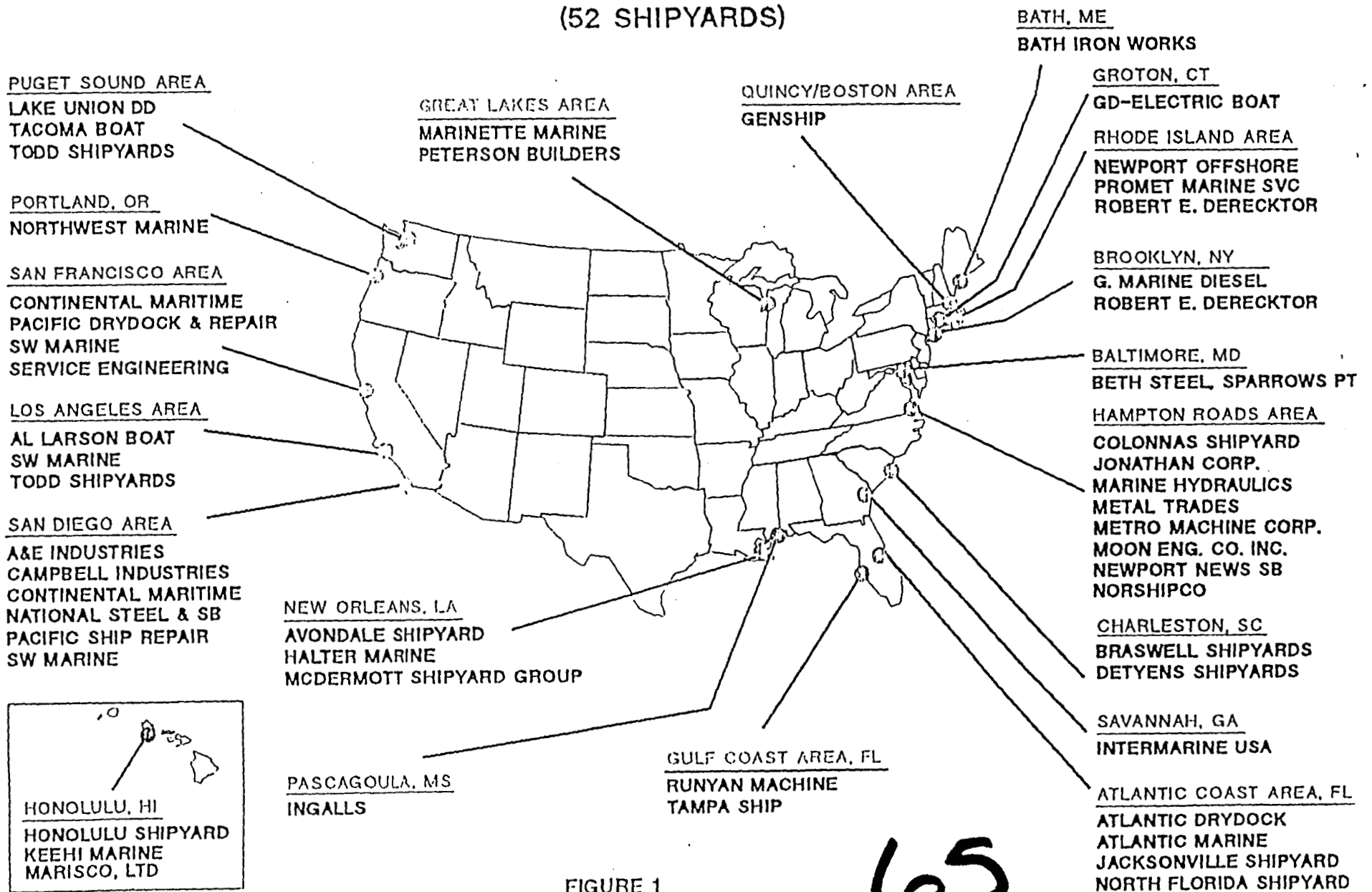


FIGURE 1

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NAVY TEAM

FUTURE OF CARRIER SLEP

- NAVY POSITION - KENNEDY SHOULD BE EXTENDED OVERHAUL NOT SLEP. OVERHAUL EXTENDS LIFE NINE YEARS. COST IS ABOUT \$300M LESS THAN SLEP.
- CONGRESSIONAL POSITION - KENNEDY WILL BE SLEP AT PHILADELPHIA. ABOUT \$400M APPROPRIATED
- IF REQUIREMENT TO SLEP KENNEDY AT PNSY - NAVY RESPONSE - DOES NOT AFFECT CLOSURE RECOMMENDATION. PNSY CAN BE CLOSED WITHIN BRAC TIMEFRAME.

66

NAVY TEAM

COMMUNITY COMMENTS

PHILADELPHIA

- SHIPYARD HAS UNIQUE FACILITIES, LARGE CAPACITY
- NUCLEAR SHIPYARDS NOT CONSIDERED EVEN THOUGH FLEET IS LARGELY NON-NUCLEAR
- AEGIS TRIAD OF EXCELLENCE
- CANNOT DEPEND ON PRIVATE SHIPYARDS FOR BACKUP
- NAVY HAS NOT SCHEDULED POTENTIAL WORK TO PNSY
- MAJOR COMMUNITY IMPACT
- DOWNSIZE TO 1200 EMPLOYEES

67

NAVY TEAM

COMMUNITY COMMENTS

LONG BEACH

- CARRIER DRYDOCK NEEDED
- ONLY PUBLIC SHIPYARD NEAR SO. CALIF. FLEET CONCENTRATION
- NAVY UNIT ACHIEVEMENT AWARD
- SONAR DOME GOCO FACILITY
- NEWEST SHIPYARD
- MAJOR COMMUNITY IMPACT

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NAVY TEAM

SHIPYARD COMPARISON

<u>ISSUE</u>	<u>PHILADELPHIA</u>	<u>LONG BEACH</u>
BSC / OPNAV	YELLOW/8 OF 8	YELLOW/3 OF 8
FACILITY CAP	LARGE	AVERAGE
UNIQUE FACIL	NUMEROUS	SEVERAL
FIN. PERF	AVERAGE	ABOVE AVERAGE
AREA ALT CAP	PUBLIC & PRIVATE	LIMITED
PLANNED USAGE	BELOW AVE %	ABOVE AVE %
PRESERVE ASSETS	POSSIBLE	LIMITED
NUCLEAR WORK	POSSIBLE	POSSIBLE
CARRIER EM CAP	PRIV ALT AVAIL	PEARL ONLY ALT
COMMUNITY IMP	VERY LARGE	LARGE

69

NAVY TEAM

SHIPYARDS COST ANALYSIS

	PHILADELPHIA *	LONG BEACH **
ONE-TIME COSTS	\$ 102 M	\$ 147 M
ANNUAL SAVINGS	\$ 36 M	\$ 21.2 M
ROI YEARS	2	10

* REVISED TO REFLECT ASSIGNMENT OF USS FORRESTAL
CONVERSION TO PHILADELPHIA

** DOES NOT INCLUDE NEW DRYDOCK (\$250 M).
COBRA WITH DRYDOCK - ROI = 100 YEARS

70

NAVY TEAM

SHIPYARD OPTION

- o CLOSE PHILADELPHIA, RETAIN UNIQUE FACILITIES, AND PRESERVE ASSETS (DOD PROPOSAL)
- o DOWNSIZE PHILADELPHIA TO 1200 EMPLOYEES AND RETAIN UNIQUE FACILITIES (NAVY OPTION 2)
- o REQUIRE PNSY TO CREATE EQUIVALENT SAVINGS FROM OPERATIONS OR FACE FUTURE CLOSURE

- o KEEP LONG BEACH OPEN (DOD PROPOSAL)
- o CLOSE LONG BEACH

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JUNE 28, '91

DELIBERATION

HEARINGS

NAVAL SHIPYARDS

- REQUIREMENT: FY 1990 FY '92/'93
 - DRY DOCK DAYS 5,776 5,310

- BASES IN CATEGORY:
 - NSY CHARLESTON, SC

 - NSY LONG BEACH, CA

 - NSY MARE ISLAND, CA

 - NSY NORFOLK, VA

 - NSY PEARL HARBOR, HI

 - NSY PHILADELPHIA, PA

 - NSY PORSTMOUTH, ME

 - NSY PUGET SOUND, WA

65

NAVAL SHIPYARD PHILADELPHIA

- DoD RECOMMENDATION: CLOSE AND PRESERVE
-RETAIN UNIQUE FACILITIES
- MISSION: REPAIR, MAINTENANCE AND OVERHAUL OF NAVY SHIPS

BASE STATS

LAND: 237 ACRES

BLDGS: 6.8 M SF

RESULTS OF CLOSURE

SAVINGS:

92 TO 97 - \$ 38.1 M

ANNUAL - \$ 36 M

COSTS: \$ 102 M

PAYBACK: 2 YEARS

66

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
FORCE STRUCTURE	REDUCTION IN FLEET REDUCES REPAIR NEEDS	UNIQUE SKILLS NEEDED FOR CONVENTIONAL SHIPS AFTER 2000	EXCESS CAPACITY EXISTS. TO KEEP OPEN REQUIRES MOVING WORK FROM PUBLIC/PRIVATE IN NORFOLK AREA.
BSC GRADE	YELLOW	LOW GRADE BASED ON DESIRE TO PROTECT NUCLEAR SHIPYARDS	LOW GRADED BY OPNAV STUDY.
FUTURE OF CARRIER SLEP	NO LONGER NEEDED. OVERHAUL KENNEDY.	CONGRESSIONAL INTENT TO SLEP KENNEDY AT PHILADELPHIA.	CURRENT STANDOFF BETWEEN DOD AND CONGRESS.
ABILITY TO "MOTHBALL" FACILITIES	PRESEVE IMPORTANT NATIONAL ASSET	CITY NEEDS TO OBTAIN ECONOMIC BENEFIT FROM SHIPYARD	CONTINUED USE OF SOME FACILITIES WILL MINIMIZE OF CHANCE OF LOSS TO CITY.

67

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
LARGE DRYDOCK CAPACITY	NOT NEEDED FOR CURRENTLY PROJECTED WORKLOAD. NEEDED FOR EMERGENT AND CONTINGENCY.	TWO OF THREE LARGE NAVY DOCKS ON EAST COAST. CANNOT DEPEND ON PRIVATE YARDS.	WORKLOAD FITS WITH LIMITED FLEXIBILITY. CONTINGENCIES REQUIRE ABILITY TO REOPEN.
UNIQUE FACILITIES	RETAIN NAVSSES, INACTIVE SHIP FACILITY, PROPELLAR SHOP.	IF SOME FACILITIES OPEN, THEN NOT HIGH COST TO KEEP SHIPYARD OPEN.	COST ANALYSIS CONSIDERS COSTS OF OPEN FACILITIES
NUCLEAR CAPABILITY	NOT REQUIRED IN PHILADELPHIA	PHILADELPHIA NOT COMPARED FAIRLY TO LONG BEACH	COULD BE CERTIFIED LIKE LONG BEACH
PRODUCTION EFFICIENCY	LOWER MANDAY RATE BALANCED BY LOWER EFFICIENCY	LOWEST MANDAY RATE AND HIGHEST PRODUCTIVITY RATIO	MANY MEASURES- DIFFICULT TO COMPARE. LIMITED AMOUNT OF COMPARABLE WORK.

68

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
DOWNSIZE TO SRF-LIKE FACILITY	NAVSEA PROPOSAL. NOT NEEDED. COST EXCESSIVE.	PROPOSAL PROVES NAVY NEEDS TO KEEP PHILADELPHIA OPEN	HIGH COST ALTERNATIVE. USEFUL ONLY IF FUTURE WORKLOAD REQUIRES PHILADELPHIA CAPACITY.
AEGIS CENTER OF EXCELLENCE	NOT A DEFINED NEED	TRIAD-SHIPYARD, NAVSSES, AND AEGIS SYSTEM COMPLEX	PROPOSAL NOT APPROVED BY NAVY. DOES NOT FIT NAVY AEGIS REPAIR PLAN
STRIKE -FREE WORKFORCE	REMAINING CAPACITY IN PUBLIC SHIPYARDS IS SUFFICIENT	DEPENDENCE ON PRIVATE YARDS REDUCES ABILITY TO PERFORM IN STRIKE-FREE FACILITIES	WITHOUT GROWTH IN WORKLOAD, PUBLIC/PRIVATE MIX WILL NOT CHANGE SIGNIFICANTLY.
COMMUNITY IMPACT	SIGNIFICANT IMPACT. 1.2% DECREASE 2.1% EMPLOYMENT DECLINE FOR ALL PROPOSED AREA PROPOSALS.	VERY SEVERE IMPACT. 25% INCREASE IN UNEMPLOYMENT.	1.1% FOR SHIPYARD AND NAVSTA
MORE THAN FAIR SHARE OF CLOSURES		CLOSURE IMPACT NOT FAIRLY DISTRIBUTED	DOD PROPOSALS HEAVY IMPACT ON PA.

69

OPTIONS

FOR SHIPYARDS

- CLOSE AND PRESERVE PHILADELPHIA NAVAL SHIPYARD, RETAIN PROPELLER FACILITY, NAVY INACTIVE SHIP MAINTENANCE FACILITY AND NAVAL SHIP SYSTEM ENGINEERING STATION (DOD POSITION).
- REALIGN PHILADELPHIA NAVAL SHIPYARD AND DOWNSIZE TO SRF-LIKE FACILITY WITH ABOUT 1200 EMPLOYEES. RETAIN UNIQUE FACILITIES.
- RETAIN PHILADELPHIA NAVAL SHIPYARD AS IS.

70

NAVAL SHIPYARD LONG BEACH

- DOD RECOMMENDATION: RETAIN
- MISSION: REPAIR, MAINTENANCE AND OVERHAUL OF NAVY SHIPS

BASE STATS

LAND: 343 ACRES
BLDGS: 2.4 MILL SF

RESULTS OF CLOSURE

SAVINGS:
92 TO 97 - \$ -298 M
ANNUAL - \$ 21.3 M
COSTS: \$ 397 M
PAYBACK: 100 YEARS

71

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
FORCE STRUCTURE PLAN	REDUCTION IN FLEET REDUCES REQUIREMENT	CRITICAL FACILITY DIFFICULT TO REPLACE	REDUCTION CREATES EXCESS CAPACITY
BSC GRADE	YELLOW	FACILITY IS NEWEST SHIPYARD	RANKED 3 OF 8 BY OPNAV STUDY GROUP
LARGE DRYDOCK	ONE OF ONLY TWO CARRIER DRYDOCKS ON WEST COAST	DRYDOCK NEEDED	CONCUR DRYDOCK NEEDED FOR SCHEDULED AND EMERGENT REQUIREMENTS
PRIVATE CAPACITY IN AREA	LIMITED, NO LARGE DRYDOCKS IN PRIVATE YARDS	NO SUITABLE PRIVATE ALTERNATE	ACTIVE PUBLIC/PRIVATE COMPETITION
FLEET PROXIMITY	NEAR SAN DIEGO WITH 26% OF FLEET	IMPORTANT ADVANTAGE. OTHER WEST COAST YARD 1300 MILES AWAY	BEING NEAR FLEET MINIMIZES FAMILY TRANSFERS - QUALITY OF LIFE ISSUE
PLANNED WORKLOAD	ABOVE AVERAGE CAPACITY USAGE	DOESN'T MAINTAIN EXCESS CAPACITY	PREVIOUSLY DOWNSIZED TO MEET WORKLOAD. EMPLOYMENT ABOUT 1/2 OF 1980s LEVEL

72

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
UNIQUE FACILITIES	BOW DOME GOCO FACILITY NEEDED	AGREE	UNIQUE FACILITY MUST BE BUILD ELSEWHERE IF SHIPYARD CLOSES
PRODUCTION EFFICIENCY	GOOD FINANCIAL AND MANAGEMENT PERFORMANCE	UNIT ACHIEVEMENT AWARD FOR EFFECTIVE MANAGEMENT	FIRST SHIPYARD TO IMPLEMENT PROJECT MANAGEMENT CONCEPT
NUCLEAR REPAIR CAPABILITY	WEST COAST BACKUP DRYDOCK FOR EMERGENT CARRIER REPAIRS, INCLUDING NUCLEAR	LARGE DRYDOCK NEEDED TO MEET REQUIREMENT FOR TWO WEST COAST DRYDOCKS	WITH CLOSURE OF HUNTER'S POINT, LONG BEACH ONLY ALTERNATE TO PUGET SOUND OR PEARL HARBOR
ABILITY TO "MOTHBALL" FACILITY	PROPERTY TITLE DOES NOT ALLOW HOLDING PROPERTY UNLESS IN USE FOR NATIONAL DEFENSE	PLANS FOR CIVILIAN REUSE IF NOT NEEDED BY NAVY	NOT A VIABLE OPTION DUE TO LAND TITLE RESTRICTIONS

73

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DOD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
COMMUNITY IMPACT	.5% FOR NAVSTA AND NAVHOSP	LOSS OF JOBS, PARTICULARLY FOR MINORITIES	.5% WITH NAVSTA AND NAVHOSP

LONG BEACH NAVAL SHIPYARD

OPTIONS

- **LEAVE LONG BEACH NAVAL SHIPYARD OPEN (DOD POSITION)**
- **CLOSE LONG BEACH SHIPYARD**

LONG BEACH NAVAL SHIPYARD

NOT A SLIDE

STAFF COMMENTS

- LEAVE LONG BEACH SHIPYARD OPEN (DoD POSITION)
PREVIOUSLY DOWNSIZED TO MEET PROJECTED WORKLOAD NEAR
FLEET CONCENTRATION IN SAN DIEGO
PROVIDES EMERGENT CARRIER DRYDOCK CAPACITY
EFFICIENTLY RUN SHIPYARD
COST, IF NEW DRYDOCK IS BUILD, IS VERY HIGH
CANNOT BE "MOTHBALLED" DUE TO LAND TITLE RESTRICTIONS
LIMITED PRIVATE SHIPYARD CAPABILITY ON WEST COAST
- * CLOSE LONG BEACH SHIPYARD
USE PEARL HARBOR FOR EMERGENT CARRIER WORK
SMALLEST PUBLIC SHIPYARD (EMPLOYMENT LEVEL)
REQUIRE LESS WORKLOAD TO DISTRIBUTE
PUTS MORE REPAIR WORK IN PRIVATE SECTOR

NOT A SLIDE - BACKGROUND FOR COMMISSIONERS

26

30 JUNE 91
FINAL
DELIBERATION
HEARING

NAVAL SHIPYARDS

● REQUIREMENT:	<u>FY 1990</u>	<u>FY '92/'93</u>
● DRY DOCK DAYS	5,776	5,310
● BASES IN CATEGORY:		
●● NSY CHARLESTON, SC		
●● NSY LONG BEACH, CA		
●● NSY MARE ISLAND, CA		
●● NSY NORFOLK, VA		
●● NSY PEARL HARBOR, HI		
●● NSY PHILADELPHIA, PA		
●● NSY PORSTMOUTH, ME		
●● NSY PUGET SOUND, WA		

40

NAVAL SHIPYARD LONG BEACH

- DoD RECOMMENDATION: RETAIN
- MISSION: REPAIR, MAINTENANCE AND OVERHAUL OF NAVY SHIPS

BASE STATS

LAND: 343 ACRES
BLDGS: 2.4 MIL SF

RESULTS OF CLOSURE

SAVINGS:
92 TO 97 - \$ -298 M
ANNUAL - \$ 21.3 M

COSTS: \$ 397 M

PAYBACK: 100 YEARS

41

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
FORCE STRUCTURE PLAN	REDUCTION IN FLEET REDUCES REQUIREMENT	CRITICAL FACILITY DIFFICULT TO REPLACE	REDUCTION CREATES EXCESS CAPACITY
BSC GRADE	YELLOW	FACILITY IS NEWEST SHIPYARD	RANKED 3 OF 8 BY OPNAV STUDY GROUP
LARGE DRYDOCK	ONE OF ONLY TWO CARRIER DRYDOCKS ON WEST COAST	DRYDOCK NEEDED	CONCUR DRYDOCK NEEDED FOR SCHEDULED AND EMERGENT REQUIREMENTS
PRIVATE CAPACITY IN AREA	LIMITED, NO LARGE DRYDOCKS IN PRIVATE YARDS	NO SUITABLE PRIVATE ALTERNATE	ACTIVE PUBLIC/PRIVATE COMPETITION
FLEET PROXIMITY	NEAR SAN DIEGO WITH 26% OF FLEET	IMPORTANT ADVANTAGE. OTHER WEST COAST YARD 1300 MILES AWAY	BEING NEAR FLEET MINIMIZES FAMILY TRANSFERS - QUALITY OF LIFE ISSUE
PLANNED WORKLOAD	ABOVE AVERAGE CAPACITY USAGE	DOESN'T MAINTAIN EXCESS CAPACITY	PREVIOUSLY DOWNSIZED TO MEET WORKLOAD. EMPLOYMENT ABOUT 1/2 OF 1980s LEVEL

42

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
UNIQUE FACILITIES	BOW DOME GOCO FACILITY NEEDED	AGREE	UNIQUE FACILITY MUST BE BUILD ELSEWHERE IF SHIPYARD CLOSSES
PRODUCTION EFFICIENCY	GOOD FINANCIAL AND MANAGEMENT PERFORMANCE	UNIT ACHIEVEMENT AWARD FOR EFFECTIVE MANAGEMENT	FIRST SHIPYARD TO IMPLEMENT PROJECT MANAGEMENT CONCEPT
NUCLEAR REPAIR CAPABILITY	WEST COAST BACKUP DRYDOCK FOR EMERGENT CARRIER REPAIRS, INCLUDING NUCLEAR	LARGE DRYDOCK NEEDED TO MEET REQUIREMENT FOR TWO WEST COAST DRYDOCKS	WITH CLOSURE OF HUNTER'S POINT, LONG BEACH ONLY ALTERNATE TO PUGET SOUND OR PEARL HARBOR
ABILITY TO "MOTHBALL" FACILITY	PROPERTY TITLE DOES NOT ALLOW HOLDING PROPERTY UNLESS IN USE FOR NATIONAL DEFENSE	PLANS FOR CIVILIAN REUSE IF NOT NEEDED BY NAVY	NOT A VIABLE OPTION DUE TO LAND TITLE RESTRICTIONS

43

LONG BEACH NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
COMMUNITY IMPACT	.5% FOR NAVSTA AND NAVHOSP	LOSS OF JOBS, PARTICULARLY FOR MINORITIES	.5% WITH NAVSTA AND NAVHOSP

44

LONG BEACH NAVAL SHIPYARD

OPTIONS

• **LEAVE LONG BEACH NAVAL SHIPYARD OPEN (DoD POSITION)**

• **CLOSE LONG BEACH SHIPYARD**

45

LONG BEACH NAVAL SHIPYARD

NOT A SLIDE

STAFF COMMENTS

- **LEAVE LONG BEACH SHIPYARD OPEN (DoD POSITION)
PREVIOUSLY DOWNSIZED TO MEET PROJECTED WORKLOAD NEAR
FLEET CONCENTRATION IN SAN DIEGO
PROVIDES EMERGENT CARRIER DRYDOCK CAPACITY
EFFICIENTLY RUN SHIPYARD
COST, IF NEW DRYDOCK IS BUILD, IS VERY HIGH
CANNOT BE "MOTHBALLED" DUE TO LAND TITLE RESTRICTIONS
LIMITED PRIVATE SHIPYARD CAPABILITY ON WEST COAST**
- * **CLOSE LONG BEACH SHIPYARD
USE PEARL HARBOR FOR EMERGENT CARRIER WORK
SMALLEST PUBLIC SHIPYARD (EMPLOYMENT LEVEL)
REQUIRE LESS WORKLOAD TO DISTRIBUTE
PUTS MORE REPAIR WORK IN PRIVATE SECTOR**

46

NOT A SLIDE - BACKGROUND FOR COMMISSIONERS

LONG BEACH NAVAL SHIPYARD MOTIONS

OMIT LONG BEACH NAVAL SHIPYARD FROM COMMISSION STUDY LIST

Mr. Chairman, I move that we remove Long Beach Naval Shipyard from consideration for closure by this Commission.

CLOSE LONG BEACH NAVAL SHIPYARD FROM COMMISSION STUDY LIST

Mr. Chairman, I move that we recommend to the President the closure of Long Beach Naval Shipyard. We find that the Secretary deviated substantially from criteria 1 and 3 by overstating the requirement for conventional surface ship repairs.

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NAVAL SHIPYARD PHILADELPHIA

- DoD RECOMMENDATION: CLOSE AND PRESERVE
-RETAIN UNIQUE FACILITIES
- MISSION: REPAIR, MAINTENANCE AND OVERHAUL OF NAVY SHIPS

BASE STATS

LAND: 237 ACRES

BLDGS: 6.8 M SF

RESULTS OF CLOSURE

SAVINGS:
92 TO 97 - \$ 38.1 M
ANNUAL - \$ 36 M

COSTS: \$ 102 M

PAYBACK: 2 YEARS

48

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
FORCE STRUCTURE	REDUCTION IN FLEET REDUCES REPAIR NEEDS	UNIQUE SKILLS NEEDED FOR CONVENTIONAL SHIPS AFTER 2000	EXCESS CAPACITY EXISTS. TO KEEP OPEN REQUIRES MOVING WORK FROM PUBLIC/PRIVATE IN NORFOLK AREA.
BSC GRADE	YELLOW	LOW GRADE BASED ON DESIRE TO PROTECT NUCLEAR SHIPYARDS	LOW GRADED BY OPNAV STUDY.
FUTURE OF CARRIER SLEP	NO LONGER NEEDED. OVERHAUL KENNEDY.	CONGRESSIONAL INTENT TO SLEP KENNEDY AT PHILADELPHIA.	CURRENT STANDOFF BETWEEN DOD AND CONGRESS.
ABILITY TO "MOTHBALL" FACILITIES	PRESEVE IMPORTANT NATIONAL ASSET	CITY NEEDS TO OBTAIN ECONOMIC BENEFIT FROM SHIPYARD	CONTINUED USE OF SOME FACILITIES WILL MINIMIZE OF CHANCE OF LOSS TO CITY.

49

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
LARGE DRYDOCK CAPACITY	NOT NEEDED FOR CURRENTLY PROJECTED WORKLOAD. NEEDED FOR EMERGENT AND CONTINGENCY.	TWO OF THREE LARGE NAVY DOCKS ON EAST COAST. CANNOT DEPEND ON PRIVATE YARDS.	WORKLOAD FITS WITH LIMITED FLEXIBILITY. CONTINGENCIES REQUIRE ABILITY TO REOPEN.
UNIQUE FACILITIES	RETAIN NAVSSES, INACTIVE SHIP FACILITY, PROPELLAR SHOP.	IF SOME FACILITIES OPEN, THEN NOT HIGH COST TO KEEP SHIPYARD OPEN.	COST ANALYSIS CONSIDERS COSTS OF OPEN FACILITIES
NUCLEAR CAPABILITY	NOT REQUIRED IN PHILADELPHIA	PHILADELPHIA NOT COMPARED FAIRLY TO LONG BEACH	COULD BE CERTIFIED LIKE LONG BEACH
PRODUCTION EFFICIENCY	LOWER MANDAY RATE BALANCED BY LOWER EFFICIENCY	LOWEST MANDAY RATE AND HIGHEST PRODUCTIVITY RATIO	MANY MEASURES- DIFFICULT TO COMPARE. LIMITED AMOUNT OF COMPARABLE WORK.

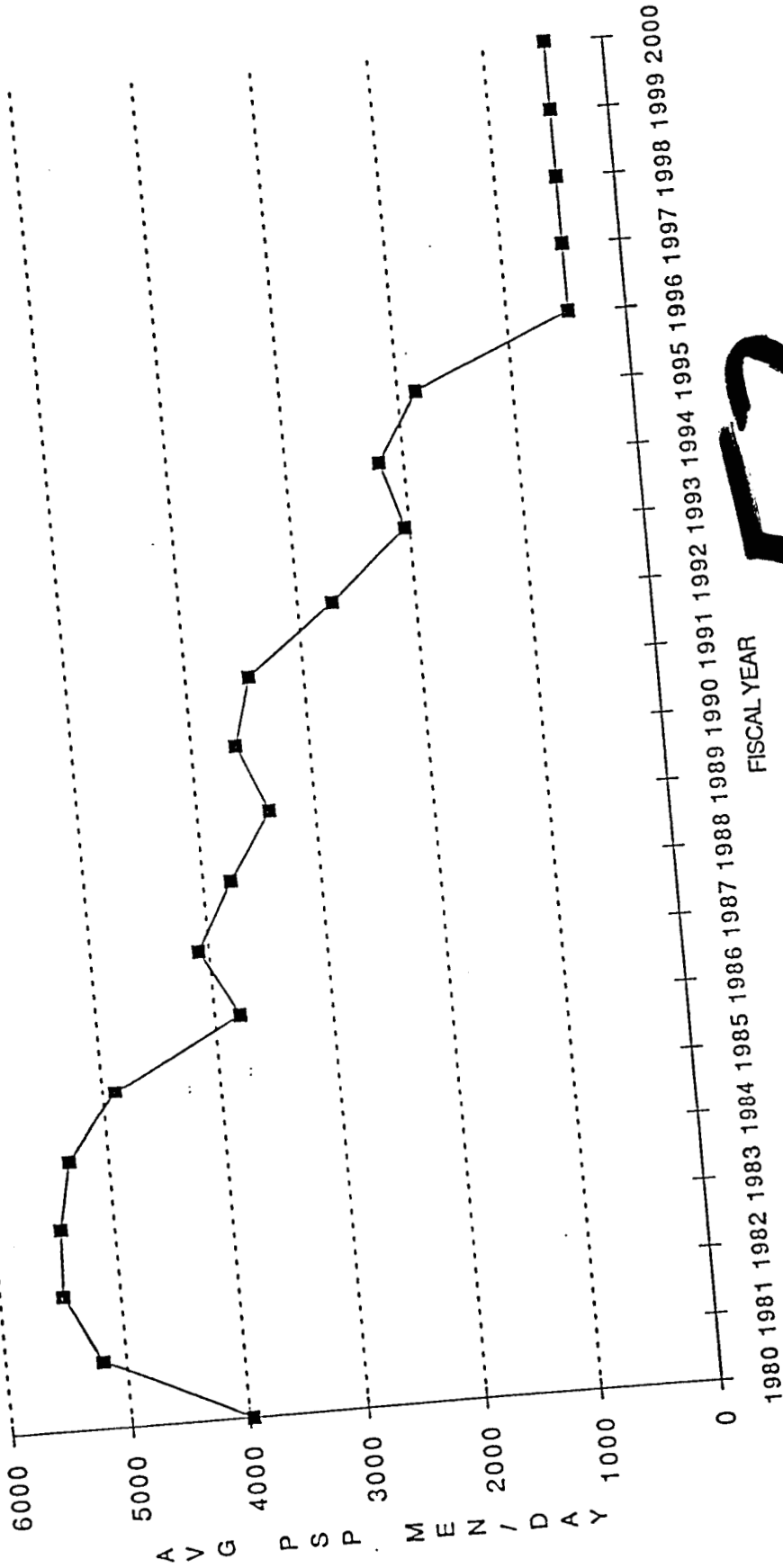
50

PHILADELPHIA NAVAL SHIPYARD

FACTOR/ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
DOWNSIZE TO SRF-LIKE FACILITY	NAVSEA PROPOSAL. NOT NEEDED. COST EXCESSIVE.	PROPOSAL PROVES NAVY NEEDS TO KEEP PHILADELPHIA OPEN	HIGH COST ALTERNATIVE. USEFUL ONLY IF FUTURE WORKLOAD REQUIRES PHILADELPHIA CAPACITY.
AEGIS CENTER OF EXCELLENCE	NOT A DEFINED NEED	TRIAD-SHIPYARD, NAVSSES, AND AEGIS SYSTEM COMPLEX	PROPOSAL NOT APPROVED BY NAVY. DOES NOT FIT NAVY AEGIS REPAIR PLAN
STRIKE -FREE WORKFORCE	REMAINING CAPACITY IN PUBLIC SHIPYARDS IS SUFFICIENT	DEPENDENCE ON PRIVATE YARDS REDUCES ABILITY TO PERFORM IN STRIKE-FREE FACILITIES	WITHOUT GROWTH IN WORKLOAD, PUBLIC/PRIVATE MIX WILL NOT CHANGE SIGNIFICANTLY.
COMMUNITY IMPACT	SIGNIFICANT IMPACT. 1.2% DECREASE 2.1% EMPLOYMENT DECLINE FOR ALL PROPOSED AREA PROPOSALS.	VERY SEVERE IMPACT. 25% INCREASE IN UNEMPLOYMENT.	1.1% FOR SHIPYARD AND NAVSTA
MORE THAN FAIR SHARE OF CLOSURES		CLOSURE IMPACT NOT FAIRLY DISTRIBUTED	DOD PROPOSALS HEAVY IMPACT ON PA.

51

PHILADELPHIA NAVAL SHIPYARD WORKLOAD



52

6/25/91

OPTIONS

FOR SHIPYARDS

- CLOSE AND PRESERVE PHILADELPHIA NAVAL SHIPYARD, RETAIN PROPELLER FACILITY, NAVY INACTIVE SHIP MAINTENANCE FACILITY AND NAVAL SHIP SYSTEM ENGINEERING STATION (DOD POSITION).
- REALIGN PHILADELPHIA NAVAL SHIPYARD AND DOWNSIZE TO SRF-LIKE FACILITY WITH ABOUT 1200 EMPLOYEES. RETAIN UNIQUE FACILITIES.
- RETAIN PHILADELPHIA NAVAL SHIPYARD AS IS.

53

PHILADELPHIA NAVAL SHIPYARD MOTIONS

CLOSE PHILADELPHIA NAVAL SHIPYARD FROM DOD LIST

Mr. Chairman, I move that we recommend to the President the closure and preservation for emergent requirements of Philadelphia Naval Shipyard. The propeller facility, Naval Inactive Ships Maintenance Facility, and Naval Ship System Engineering Station, will remain in active status on shipyard property.

LEAVE PHILADELPHIA NAVAL SHIPYARD OPEN FROM DOD LIST

Mr. Chairman, I move that Philadelphia Naval Shipyard remain open. We find that the Secretary deviated substantially from criteria 1 and 3 by understating the future requirements for conventional surface ship repairs.

REALIGN PHILADELPHIA NAVAL SHIPYARD FROM DOD LIST, WITH CHANGES

Mr. Chairman, I move that Philadelphia Naval Shipyard be realigned by downsizing to approximately 1200 people, and retain the propeller facility, Naval Inactive Ships Maintenance Facility, and Naval Ship System Engineering Station. We find that the Secretary deviated substantially from criteria 1 and 3 by understating the future requirement for conventional surface ship repairs.

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