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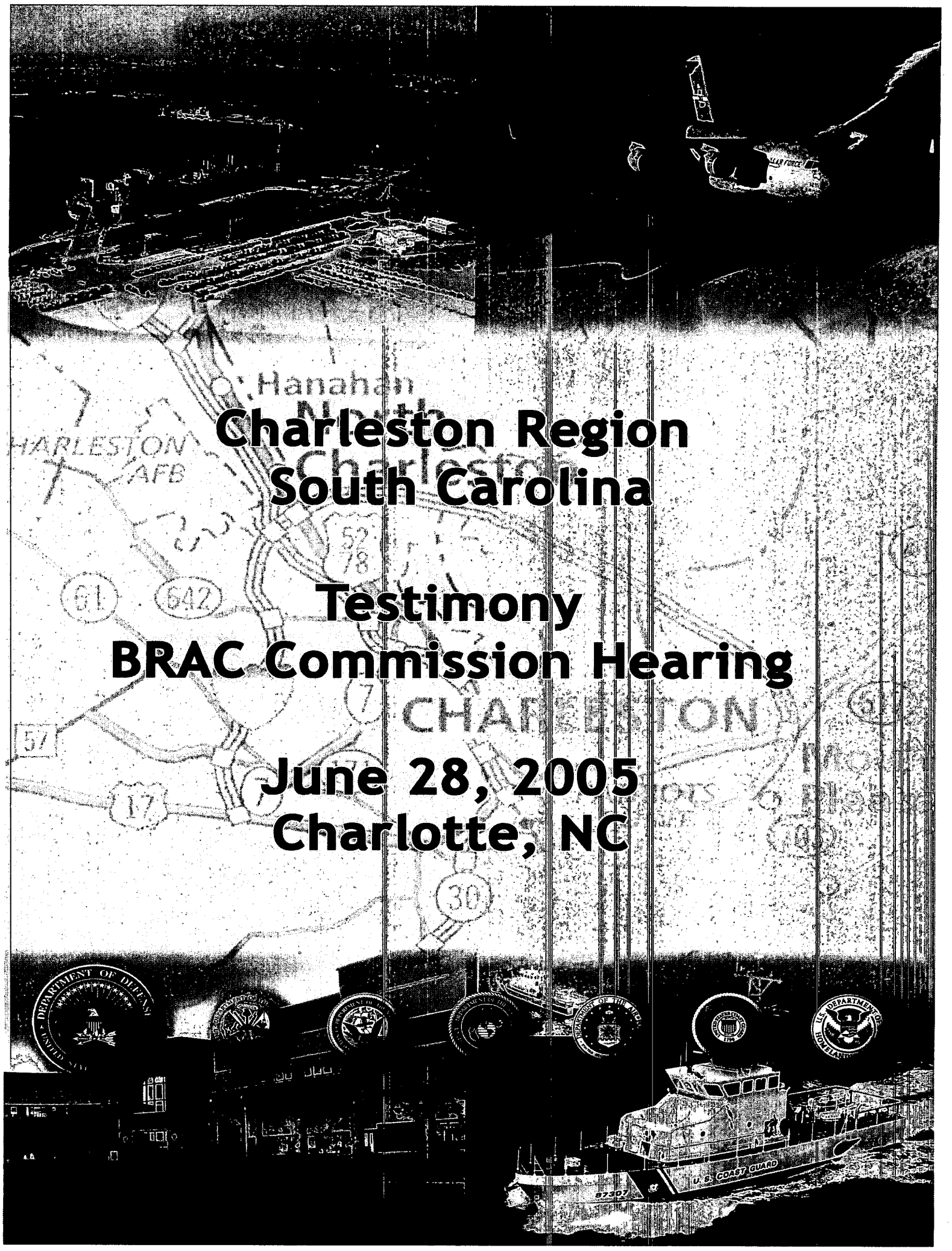
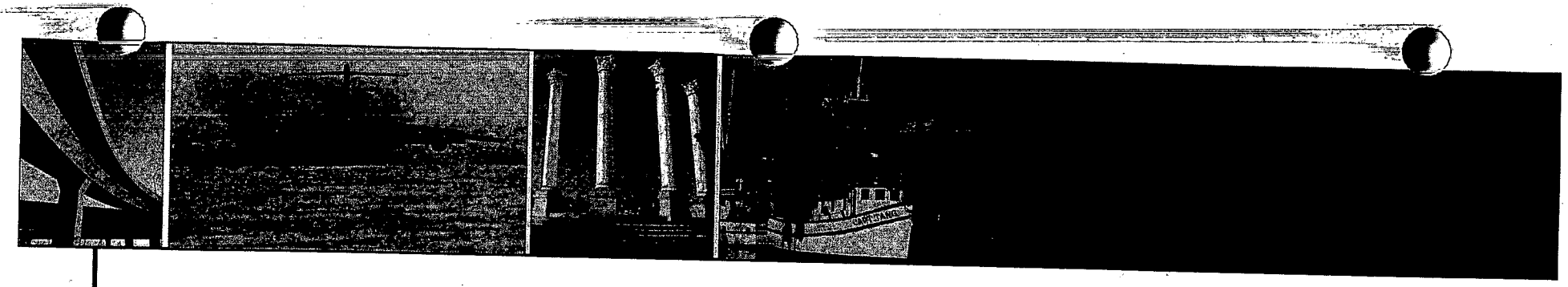


Charleston Region
South Carolina

Testimony
BRAC Commission Hearing

June 28, 2005
Charlotte, NC

INTRODUCTION



Charleston Region, South Carolina

Presentation to:
BRAC Commission
June 28, 2005

HEARING TESTIMONY

Testimony of R. Keith Summey
Mayor, City of North Charleston, SC
June 28, 2005

BRAC Recommendations Impacting Charleston SC

Good afternoon. Mr. Chairman, thank you for the opportunity to testify today about the BRAC recommendations relating to the Charleston, South Carolina region. My name is Keith Summey, Mayor of the City of North Charleston.

I am here on behalf of the Charleston region, a region comprised of three counties and over 560,000 people.

First let me start by saying that our community supports the BRAC process and understands the process very well. I daresay the Charleston community probably understands BRAC as much as any other community in the United States because we have a wealth of BRAC experience. As you well know, in 1993 we were "BRAC'ed" and today we are held up as a model community for having experienced BRAC and lived to tell about it.

Unbeknownst to most people, even within the Navy leadership, is the fact that the Navy is still the single largest employers in the Charleston region.

But we also understand that our nation must make changes and re-tool and re-structure the Department of Defense as the world around us changes. And these decisions must be based on what is best for our nation's defense. But they also should make sense – both economically and operationally or else BRAC is unsuccessful.

In the early 1990s the Charleston military complex was one ready for 20th century conflicts and the Cold War. Today, our military complex is a model of 21st century wartime support with Charleston Air Force Base and its C-17s, the Naval Weapons Station joint ordnance support with over 2,000 additional developable acres, the leading edge SPAWAR System Center, the Army's prepositioning Combat Equipment Group Afloat or CEG-A, the 841st Transportation Battalion which has loaded or unloaded over 140 ships for Operation Iraqi Freedom in Charleston, and over 20 other significant commands that operate in a joint base concept.

We have exercised our community responsibility to critically review the 2005 BRAC recommendations that affect our Charleston area commands and want to review our conclusions with you. We have reviewed the recommendations and underlying analysis with regard to the

Defense Finance and Accounting Service, the Naval Weapons Station, the Naval Facilities Engineering Command, Southern Division and the Space and Naval Warfare Systems Center, Charleston.

First, the Defense Finance and Accounting Service, or DFAS.

DoD has recommended that DFAS, Charleston be realigned as part of a national consolidation of DFAS centers and will result in a loss of 368 civilian jobs.

While the loss of hundreds of positions is always painful, we find no fault with the logic or conclusions that resulted in the recommendations and loss of these positions in Charleston.

However, we are concerned that the DFAS decision will impact people who have already been "BRAC'ed" once before. Many of the people who work at DFAS are former employees of Navy facilities closed with the '93 BRAC, including the Charleston Naval Shipyard. We trust you will take this into account as you make your decisions.

Next, Naval Weapons Station-Charleston.

DoD has recommended realigning Naval Weapons Station Charleston by relocating all installation management and support functions to Charleston Air Force Base. This

realignment will result in a loss of 250 positions, half military, half civilian. For a number of years we have articulated the Joint Transportation, Logistics, Engineering, and Training Complex Charleston. That vision is recognized by this realignment, but we have been unable fully understand the personnel losses from the available data. In concept we support the DOD recommendation for consolidating and streamlining Base Operation Support (or BOS) functions. However, we are concerned about the large loss with little or no gains at Charleston Air Force Base to take on the responsibility of 17,000 additional acres with over 40 tenant commands.

Next is the Naval Facilities Engineering Command, or NAVFAC-Southern Division.

We believe the analysis that underlies the recommended closure of NAVFAC-Southern Division is fundamentally flawed and the embedded facts and rationale misleading. As a community, we are prepared to counter the Navy's analysis and offer sound alternative solutions that will save millions of dollars to the taxpayer, while enhancing mission performance.

I have asked Bill Lewis, retired former commander of this NAVFAC-Southern Division to brief you on our conclusions. His testimony will follow mine.

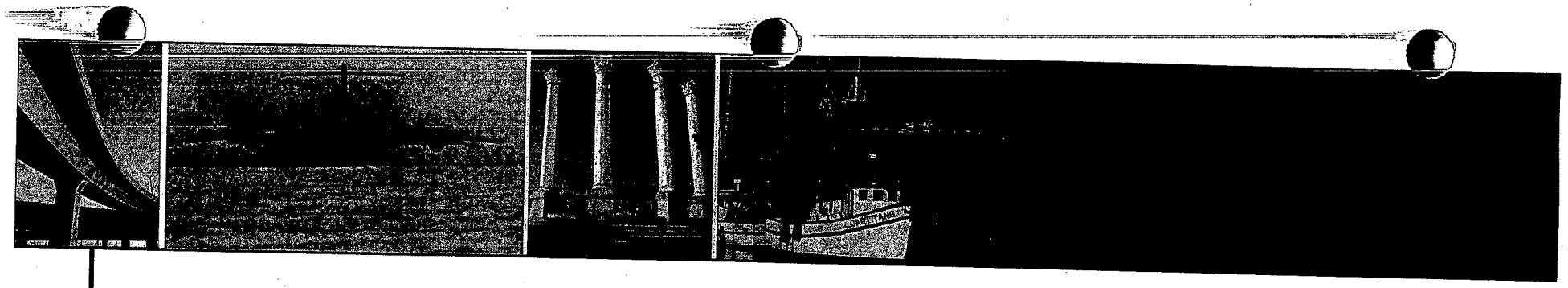
Finally, the SPAWAR System Center Charleston – or SPAWAR

While we do not take specific exception to the direct impacts on SPAWAR Charleston, we have serious concerns about the inappropriate relocation of Maritime Information Systems missions from Virginia and Rhode Island to San Diego, in lieu of the more cost effective and better realignment of work by relocation to SPAWAR Charleston. We do not understand why a Charleston scenario was over looked and not run by DOD and the Navy.

I have asked Jim Hoffman, retired former commander of SPAWAR Charleston to brief you on a scenario that should have been further explored in developing the BRAC recommendations in the interest of military value and savings to the American taxpayer.

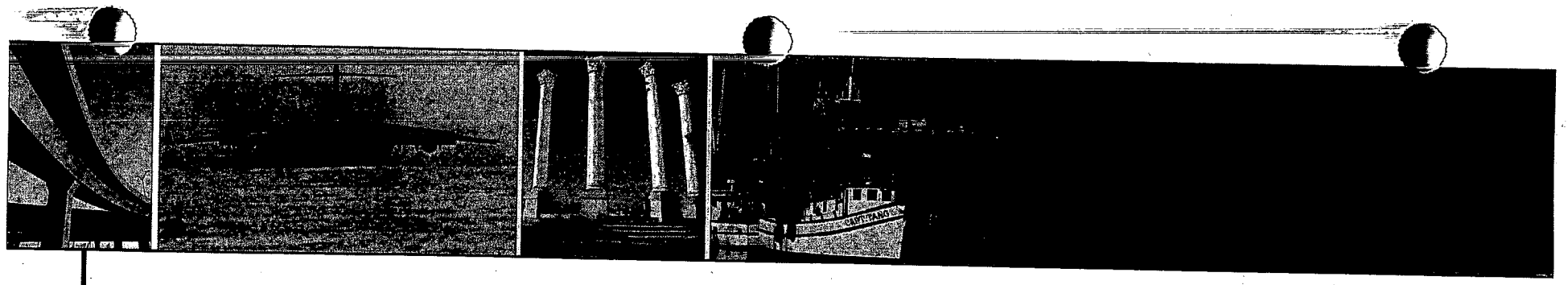
In closing, I thank you for giving us the opportunity to present our findings and I trust that you will take our in-depth analysis and viable proposals into consideration. I would now like to turn the podium over to Mr. Bill Lewis.

SLIDES



R. Keith Summey

Mayor, City of North Charleston



2005 BRAC Recommendations

Action	# Jobs
• Close DFAS Charleston	-368
• Realign NWS Charleston	-250
• Close NAVFAC Southern Division	-492
• SPAWAR Charleston	-49
	-1,159

NAVFAC SOUTHERN DIVISION

HEARING TESTIMONY

Testimony of CAPT William Lewis, CEC, US Navy (Ret)
Former Commander, NAVFAC, Southern Division
June 28, 2005

NAVFAC-Southern Division (Charleston)

Slide 4

Gentlemen, thank you for the opportunity to testify today about an outstanding command, NAVFAC-Southern Division in Charleston. My name is Bill Lewis and I was privileged to serve as commander of NAVFAC-Southern Division from 1998 to 2000. I am currently Executive Director for Capital Improvement for the Charleston County School District.

While I have no current role with NAVFAC-Southern Division, my tenure as its former commander gives me the in-depth, yet arms-length perspective to raise important issues for the consideration by the Commission. I come before you because I believe that the BRAC recommendation to close NAVFAC-Southern Division in Charleston was improperly analyzed, will be very costly, counter to the objectives of BRAC, and would ultimately serve to undermine NAVFAC's ability to serve the Navy, Marine Corps, Air Force and DoD agencies in the central 26-states.

Let me begin by briefly summarizing the main points I will provide to you today as to why we believe the BRAC analysis is flawed.

Slide 5

One. Cost effective solutions in Charleston were not considered in the BRAC analysis, even though an additional savings of $49M is available through exercise of an option now possible because of other BRAC actions.

Bullet

Two. The geographic dispersal of the commands that NAVFAC-Southern Divisions supports is unique. The engineering workload in the central 26-states is highly disaggregated. There is no location in this Area of Responsibility where there is a major workload concentration. This is unlike other locations where NAVFAC has established echelon 4-Facility Engineering Commands (FECs) to better support the Regional Commanders and bases in these Fleet Concentration Areas. And, an often over looked fact is that NAVFAC is a DoD Construction Agent. Its mission is not only to support the Navy, but its Marine Corps, Air Force, and DoD Agency clients in its area of responsibility.

Bullet

Three. The BRAC cost analysis of NAVFAC-Southern Division is overshadowed by the magnitude of the savings generated by NAVFAC closing two of its commands in

Bullet

Philadelphia, EFA Northeast and the Navy Crane Center. The BRAC cost analysis should have been conducted separately for Charleston and Philadelphia and not done together to drive NAVFAC's pre-decisional realignment.

Four. The personnel savings claimed in the BRAC scenario are not BRAC savings. They are savings that are already being realized in the NAVFAC Transformation through alignment and consolidation of management positions in the Jacksonville and Great Lakes and are not dependent on the relocation of the personnel from SOUTHERN Division.

Bullet

And Five. The Military Value component in the BRAC analysis is heavily weighted by collocation. How can 35% of the military value of a command be attributed to location in todays highly network centric Navy? The assumption that collocation has greater importance to a command's military value than effective and efficient mission accomplishment is nonsense. This is counter to Southern Division's historical ability to delight its clients by successfully executing their workload and Southern Division's recent experience recent experience providing outstanding response to Pensacola after Hurricane Ivan. This flawed logic taken to its illogical conclusion would lead one to believe that a nuclear aircraft

Bullet

Slide 6

Slide 7

carrier's military value would be greater tied to a pier than forward deployed in a battle group. NONSENSE!

Slide 8

It is in the DoD's best interest for NAVFAC-Southern Division's workforce to remain intact in Charleston. This command can now be moved into a $1/year, Anti Terrorist Force Protection (ATFP) compliant facility that will become available through the recommended BRAC closure of DFAS-Charleston. This approach saves money and enhances performance excellence, compared with the BRAC recommendation of a costly and debilitating fragmentation of the command to Jacksonville, Great Lakes and Norfolk. Unfortunately, the BRAC analysts did not study this option in any of their scenarios. And, this option is clearly superior to the BRAC recommendation to close NAVFAC Southern Division.

Commissioner Hill and members of the BRAC staff have already seen the DFAS facility and actually have toured the building on their recent visit to Charleston.

Slide 9

Cost effective scenarios for continued presence in Charleston were not considered in the BRAC process, despite the opportunity to save more than $49 million over the next twenty years. The cost savings claimed in the BRAC analysis are dominated by efficiency improvements

already underway in the NAVFAC Transformation process. These transformational savings are realized with NAVFAC Southern Division remaining in Charleston and should not have been included in the BRAC recommendation. In addition, the analysis is highly skewed by unrelated closure of NAVFAC activities in Philadelphia.

When integrated with the parallel BRAC recommendation to close DFAS-Charleston, substantial savings are available to the DoD by keeping NAVFAC's engineering capability intact to serve the central 26-states located in Charleston by simply moving Southern Division from its leased GSA facility to the DFAS facilities now becoming available for alternate government use.

Slide 10

Southern Division's engineering and construction workload is very dispersed over a 26 state area and a varied portfolio of products and services. Support to the Naval Region Southeast in Jacksonville is not a significant part of Southern Division's overall engineering workload. And, the workload to support Naval Region Midwest will decrease dramatically with the completion of the re-capitalization efforts for the Navy's Recruit Training Command at Great Lakes. This is a significantly different reality to the other

Fleet Concentration Areas where NAVFAC has created echelon IV Facility Engineering Commands.

Slide 11

Southern Division has established the engineering capabilities and corporate culture that gives it an unique ability to morph as the workload changes and respond effectively to shifting mission requirements to serve it clients with documented performance that has been rated through the use of metrics that measures its effectiveness and efficiency as NAVFAC's top performer. This slide shows that the greater Jacksonville area represents less than 15 percent of NAVFAC-Southern Division's mission. And, the Great Lakes workload will drop off significantly with the completion of the Recruit Training Command recapitalization program in 2007.

Slide 12

The BRAC recommendation to close Southern Division and relocate the engineering and acquisition professionals to the Facility Engineering Commands that have been recently commissioned in Jacksonville and Great Lakes will disaggregate the workload and fragment the workforce. This will result in two less capable and less flexible commands that will undercut current mission performance with little or no improvement in support to Regional Commanders.

This proposal is counter the management initiatives that large successful private sector Architect–Engineer firms and Engineering, Procurement and Construction firms have taken to improve their effectiveness and ability to compete in a highly competitive market. These firms have gone through a number of mergers and acquisitions to aggregate workload, build technical competency, decrease overhead and exploit technology to better serve their clients. This BRAC proposal would never have made it out of their corporate boardroom.

Slide 13

The cost savings used to justify the closure of NAVFAC-Southern Division is flawed. The analysis included personnel savings that have already been addressed in the NAVFAC Transformation process...not through BRAC. The decision to save 62 full time equivalent civilian positions is already underway and driven by transformation. This is a good move, but do not be head faked that this is a BRAC savings that can be used by the analysts to justify the closure of Southern Division.

In fact, the relocation of the main body of NAVFAC-Southern Division to Jacksonville has no recurring annual savings. When compared to keeping the main body in Charleston, the Southeast consolidation in Jacksonville is

negative $49 million in constant 2005 dollars. In Charleston, we say: "That dog don't hunt." That conclusion is based on the resolution of the following anomalies in the DOD analysis:

One. Cost avoidance of current annual leased space can be achieved in Charleston through use of several options. Most notably, a parallel BRAC action – the proposed closure of DFAS now is a viable option that was not considered. Ideally sized facilities will be available for NAVFAC with minimal renovation and at a $1/year lease cost that is the same that NAVFAC has for SOUTHWESTDIV in San Diego. The relocation to these spaces can be achieved years earlier than can the relocation to Jacksonville, reducing total lease costs. Savings in Charleston for leased space alone are estimated at $20 million over 20 years.

Bullet

Two. Reassignment of personnel to Jacksonville, Great Lakes and Norfolk will be expensive, both in terms of the relocation costs of those that transfer from Charleston and the recruitment and training costs for those who chose to decline their transfer. Loss of intellectual capital will be substantial and the one-time cost is estimated at $40 million.

Bullet

Three. Cost savings from the NAVFAC transformation can be applied in the analysis of all locations. Again, let me

Bullet

stress that these savings are a result of the NAVAFC transformation process - not this BRAC decision.

NAVFAC's operational effectiveness and efficiency to serve the commands in the central 26- states will be higher with NAVFAC-Southern Division's engineering and acquisition professionals remaining intact rather than fragmenting this expertise into three separate locations.

A strong, centralized engineering and acquisition workforce is the optimal configuration for dispersed and changing workload in its area of responsibility. The premise of the BRAC proposal is that NAVFAC can better serve the commands in the central 26-states with the engineering and acquisition workforce co-located with the Regional commanders is incorrect.

Slide 14

<u>Chasing the Flag comes with a $49 million price tag. It is not cost effective for taxpayers to pay the high cost to relocate these professionals to be co-located with the Regional Commanders.</u>

And, there is minimal benefit to co-locating the engineering and acquisition personnel to 3-separate locations to serve the 2-Regional Commander in the central 26-states.

Slide 15

This is in contrast to Norfolk and San Diego where the local base support workload is half of their portfolio. To paraphrase the great American philosopher of common sense, Henry David Thoreau: 'Unmindful conformity is the hobgoblin of NAVFAC realignment.'

There is no productivity enhancement gained by breaking up Southern Division and locating it at Jacksonville or Great Lakes because of NAVFAC-Southern Division's disbursed mission. But, the DOD analysis gave greater military value to installations collocated with the Region.

The real synergy gained in Rear Admiral Loose's NAVFAC transformation creating geographic Facility Engineering Commands to support Regional Commanders is in the alignment of areas of responsibilities and the tailoring of the on-site workforce to support specific installations in these fleet concentration areas. The current NAVFAC plan for supporting the Navy addresses the facilities personnel that are already in place locally in Public Works and in the field construction offices at all Navy installations. That transformation is underway in Jacksonville and Great Lakes and is independent of the location of the NAVFAC engineering and acquisition work force.

In fact, dividing the engineering and acquisition workforce into three elements abandons substantial benefits of mission stability and destroys the technical "reach-back" capability. Today, NAVFAC-Southern Division is the powerful reach-back engine that supports its local offices that deliver the work at the local installation level providing two major benefits:

First, it eliminates the duplication of specialized expertise and decreases the overhead. Today, centralized technical resources are available to project managers whose projects are dispersed over a large area. Fragmenting the work force will create the need to duplicate some specialty expertise and grow the overhead.

Secondly, the larger geographic region allows the benefit of load leveling of the workload as projects start and are completed. Smaller geographic regions would expose FEC Southeast and FEC Midwest to large percentage swings in their workload at any point in time. This is highly inefficient.

Slide 16

The vast majority of the engineering and acquisition work is delivered to installations across the Southeast and Mid-west, separated by long distances from the Regional Commanders in Jacksonville and Great Lakes. The support provided to those installations from Charleston has been

excellent. Service excellence has been driven by the optimization of Southern Division's "reach back" capability rather than proximity to the Regional Commander. As of the March Operations Assessment of the four engineering divisions, NAVFAC-Southern Division was ranked the most effective in 11 of 19 assessed performance areas.

Slide 17

Over the years, workload has spiked at various locations within Southern Division's geographically dispersed areas of responsibility. Southern Division has distinguished itself building the Trident submarine base at Kings Bay, the Naval Air Training Command in Pensacola, Nuclear Power Training Command in Charleston, BUPERS headquarters in Millington and now the Recruit Training Command in Great Lakes. That work has been accomplished in an exceptional manner.

Another more recent example of operational excellence was NAVFAC-Southern Division over night response to support the recovery from Hurricane ravaged Pensacola. Their team awarded $47 million worth of emergency repairs and had 1,650 contractor personnel on the ground within 17 days, had the airfield operational within 10 days, completed $37 million of repairs to Chevalier Hall within 89 days, and

Slide 18

Slide 19

Slide 20

are on track to complete almost $600 million worth of repairs within two years of the hurricane.

Slide 21

A particular concern that I have is that if the BRAC recommendation stands it is probable that over 50 percent of NAVFAC-Southern Division's professional engineering and acquisition staff will not relocate to Jacksonville, Norfolk and Great Lakes. The quality of life in Charleston is very high, the economy is robust and many career NAVFAC professionals will choose to remain in Charleston instead of moving. Aside from the cost of retirement and relocation the NAVFAC professionals who do not move will have to be replaced, and their replacements will have to be trained. It will be years before NAVFAC rebuilds the mission knowledge and technical expertise that might be lost if Southern Division closes. When NAVFAC moved the headquarters of its Engineering Field Division that serves the west coast from San Francisco to San Diego, decision makers made a grave mistake. Their hubris assumed the civilian workforce would move. But, the vast majority of them did not and it took NAVFAC over 8-years to recruit and train the personnel it needed at this the new command in San Diego before it was fully mission capable. This BRAC recommendation makes the same incorrect assumption and

would have the same negative impact on mission accomplishment.

On February 9, 2005, Federal Times reported that the DOD is seeking to hire more than 14,000 scientists and engineers due to increased departures from baby boomers and lower participation in technical programs at universities by US citizens (as opposed to foreign nationals). We must assure that any significant loss of technical capability is incurred only where there are clear and measurable benefits in military value.

Let me now briefly present you with three alternative options. Each will provide DoD with a greater cost savings than the current BRAC recommendation.

The DFAS Building – An attractive option in Charleston was omitted from the DOD analysis. With the recommended closure of the DFAS mission in Charleston, excellent facilities are available for NAVFAC. The facility has 78,000 square feet of space available to support the entire technical staff and their specialized engineering needs.

Slide 22

While this facility is not on federal property, the government holds a 50-year, $1 per year lease on the facility that is assignable to any other federal entity. There are 46 years remaining on this lease with an option available for

another 50-year extension. The City of North Charleston owns the facility and has already agreed that should the DFAS decision be upheld, the lease can be transferred to NAVFAC.

This alternative would allow for the closure of current expensive lease space occupied by NAVFAC, saving $20.0M and avoiding the capital cost of $14 million for the new facilities that must be built in Jacksonville. This presents a very attractive alternative to the construction of a new engineering facility since the facilities assumed to house NAVFAC expansion in Jacksonville, Great Lakes and Norfolk in the DOD analysis is not available.

Additionally, the DFAS building is already ATFP compliant. However, we have developed a plan to improve the protection of the building, estimated at approximately $150,000, which is included in our cost analysis. Converting the space to be suitable for engineering activities is estimated at just over one million dollars including communications systems.

Slide 23

An alternative to the DFAS option is a proposal to build a new engineering center next on the Naval Weapons Station that was presented to the Secretary of the Navy by

the community on December 9, 2004. The Berkeley-Charleston- Dorchester County of Governments has made an unsolicited proposal to build offices on government land for NAVFAC-Southern Division under lease back arrangements with the Navy. While the Navy could not consider that proposal as part of its BRAC recommendations, it remains an available option. The 20-year lease costs for this facility are estimated at $14 million. This option represents a $38 million savings over the recommended relocation in the BRAC scenario.

Slide 24

A third option not considered is for the NAVFAC Charleston to remain in their current location. Even this scenario would provide a cost savings of over $37 million over the proposed BRAC recommendation.

Slide 25

The BRAC recommendation proposes spending $57 million to save $49 million. That makes no sense. The options to remain in Charleston require DoD to spend far less.

Slide 26

I have highlighted the transformational cost savings again since these have nothing to do with BRAC and these savings are the same for each scenario. This is BRAC 'funny money.'

The preferred option to keep NAVFAC Southern Division intact and move it to the DFAS facilities spends $49 million less.

Slide 27

In conclusion, we encourage you to consider each of these scenarios and to examine carefully the cost of each compared to the actual cost of relocating NAVFAC to Jacksonville. In our analysis, the BRAC recommendation makes absolutely no sense. We are certain that if you look at the options, you will agree. The best option for the Department of Defense, the Navy and the commands NAVFAC Southern Division serve it to keep the engineering and acquisition workforce intact here in Charleston.

As Admiral Clark says it best: "I am not interested to see any proposal that does not produce money."

Slide 28

Gentlemen, neither do we!

Thank you for your time.

It is my pleasure to introduce Jim Hoffman.

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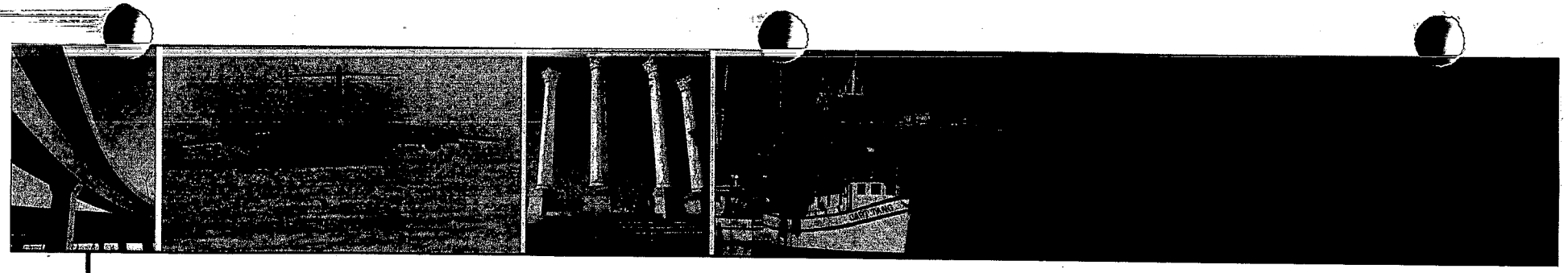


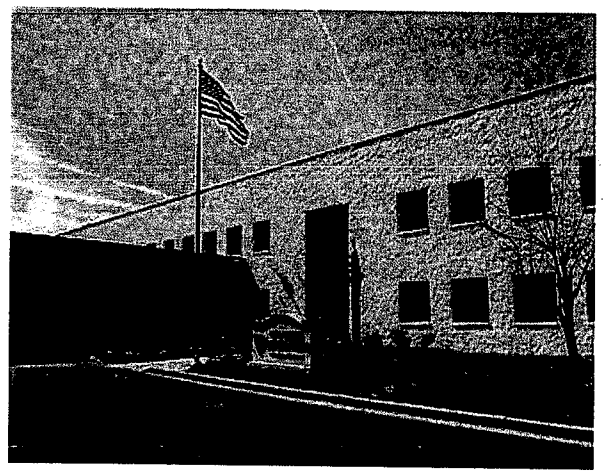
NAVFAC Southern Division Charleston South Carolina

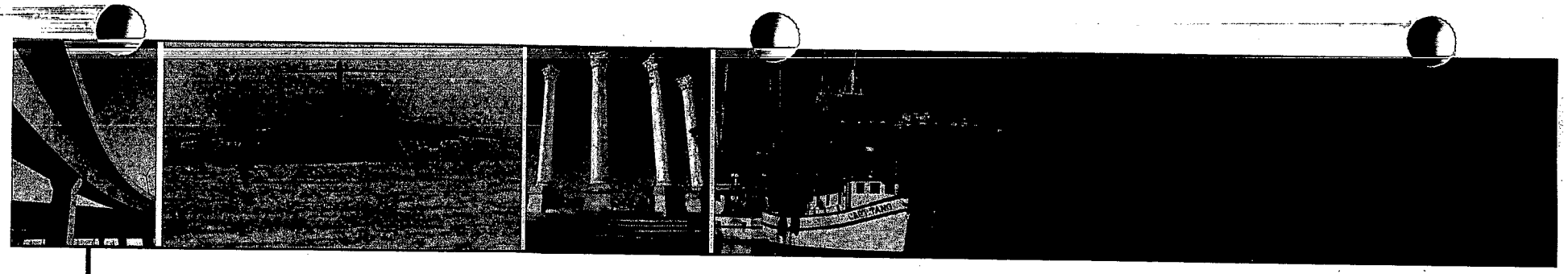
Presented to the BRAC Commission

By:

CAPT William Lewis

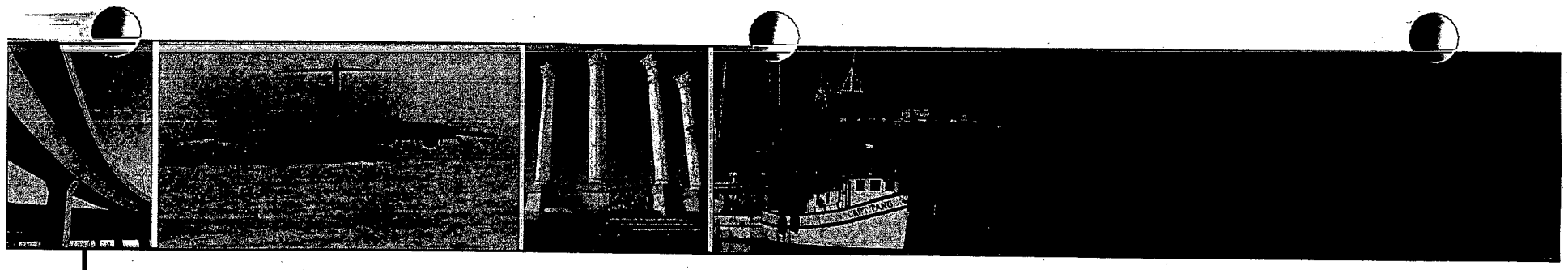
CEC USN (Ret.)





DoD Decision is Flawed

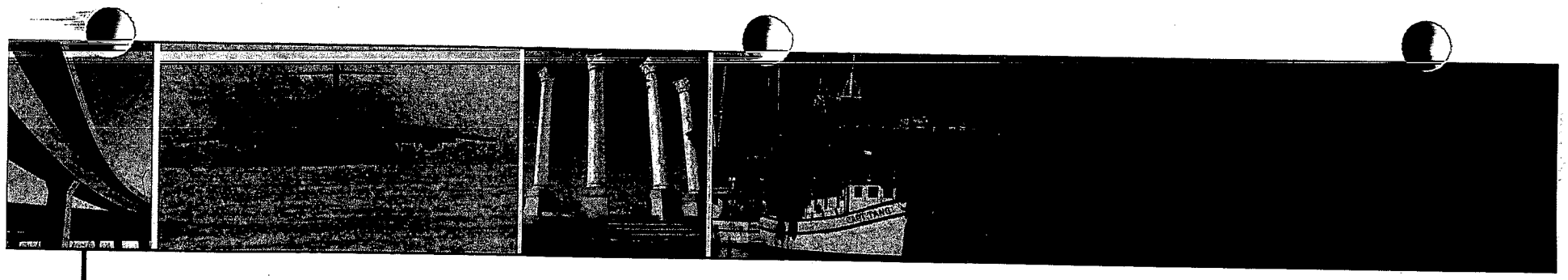
- Other BRAC recommendations not considered
- Unique geographic dispersal of SouthDiv region
- Flawed analysis by combining SouthDiv with EFA Northeast and Crane Center to show cost savings
- Personnel savings are through Transformation, not BRAC
- Collocation does not equal Military Value



DoD Matrix Scoring Statements

	Weight
Effectiveness of Operations	
Relative Proximity to supported customers organizations or subsidiary organizations managed	11.92
Significant mission-related functions	9.67
Assessment of current location's statutory status	5.09
Number of customers and/or subsidiary organizations currently served	5.28
Customers and/or subsidiary organizations currently supported beyond 100 miles	3.02
Service provided to customers outside DoN	2.26
Singular focus on regional management mission	3.02
	40.25
Efficiency of Operations	
Proximity to regional headquarters and fleet commands	10.30
Proximity to Naval force concentration	13.05
Proximity to significant non-DoD regional organizations	2.38
Share overhead support functions	3.34
Ratio of workload managed to overhead staff	4.68
	33.75

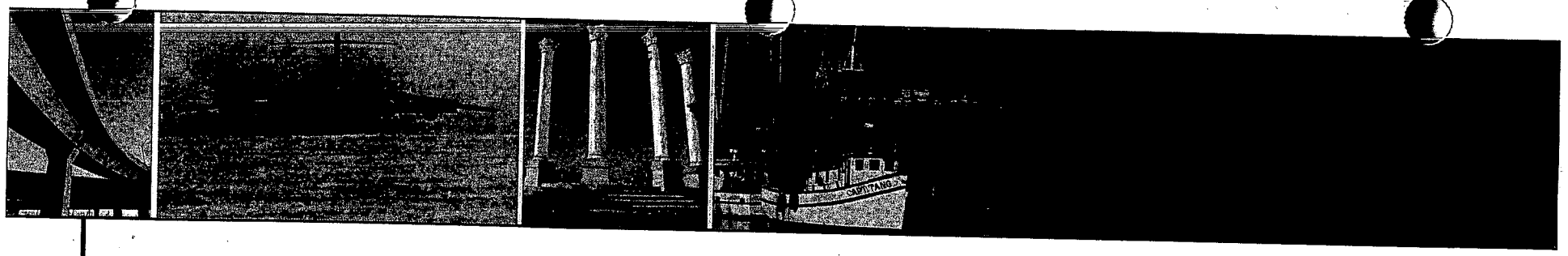
35% Location ?????



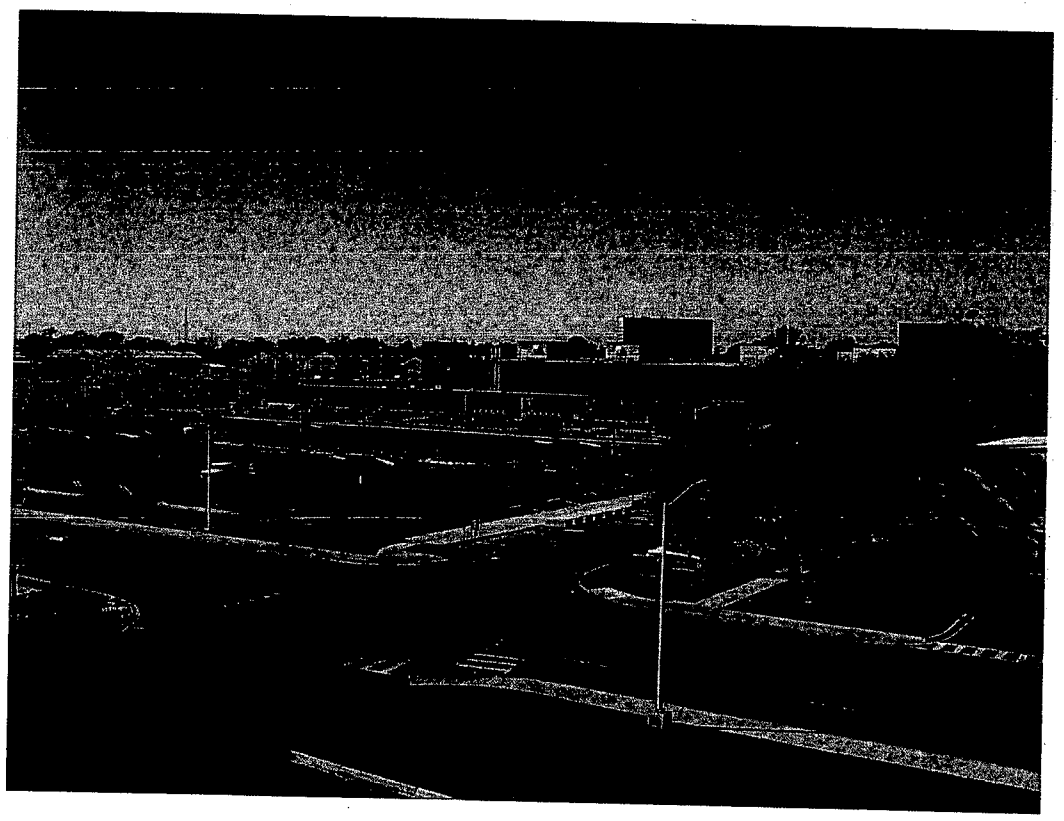
DoD Rank of Military Value

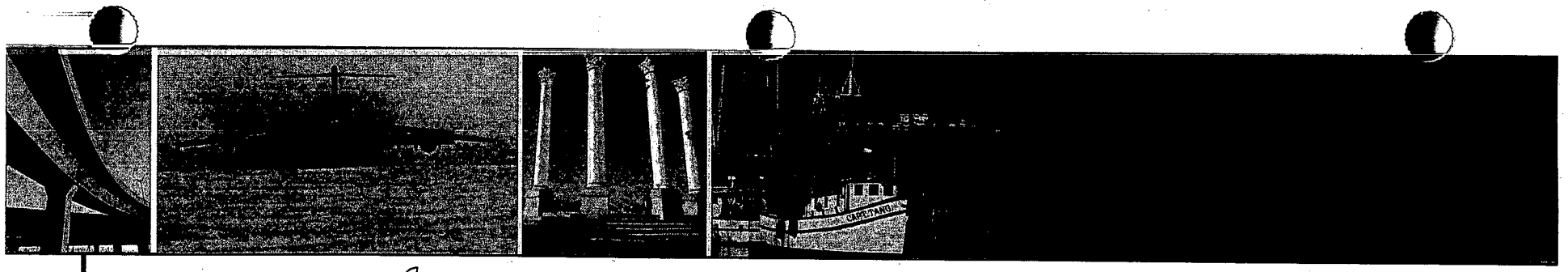
Ranking	DoN Installation	MilVal Score
1	NAVFAC EFD Southwest – San Diego	85.1
2	NAVFAC EFD Atlantic – Norfolk	84.7
3	NAVFAC EFA Chesapeak – Washington	79.4
4	NAVFAC EFD Pacific – Pearl Harbor	76.1
5	NAVFAC EFA Southeast – Jacksonville	62.2
6	NAVFAC EFA – Great Lakes	62.0
7	NAVFAC EFD South – Charleston	59.1
8	NAVFAC EFA Northwest - Poulbo	58.8
9	NAVFAC EFA Northeast – Philadelphia	58.6
10	NAVFAC OICC GU	51.9
11	NAVFAC EFA West – San Bruno	45.2

Nonsense!



DFAS Charleston

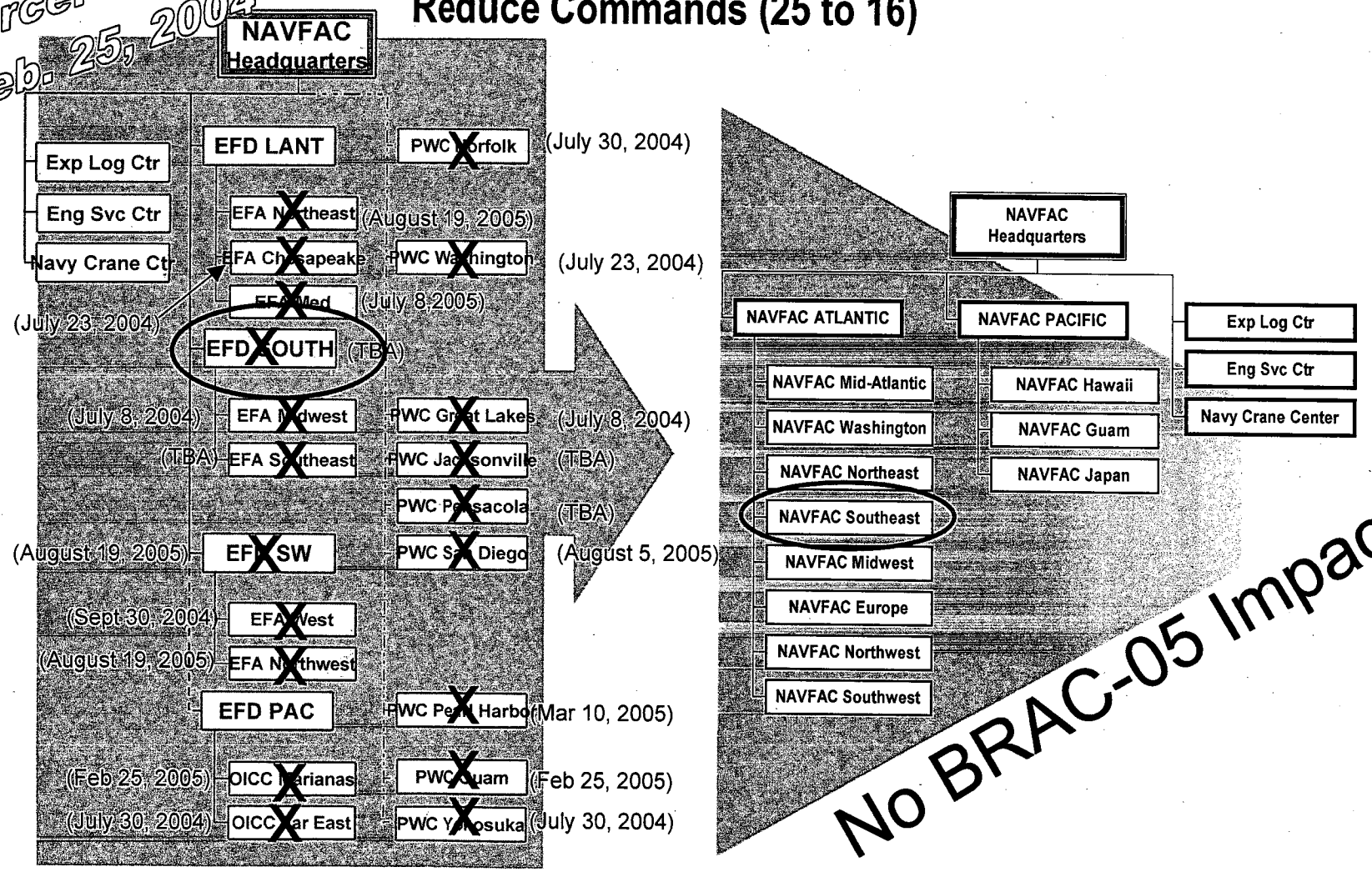


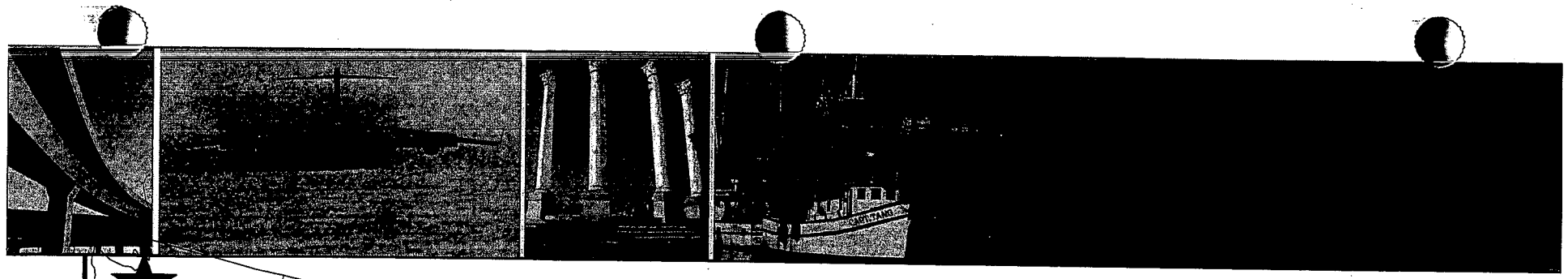


Re-Alignment

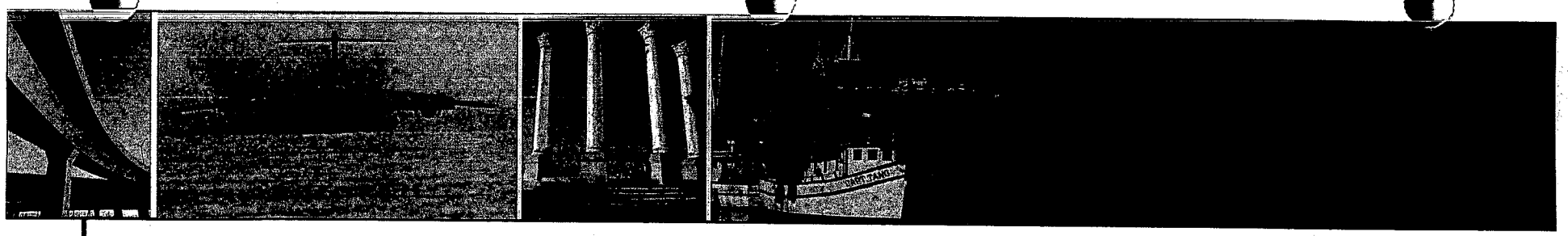
Reduce Commands (25 to 16)

Source: CNO Brief
Feb. 25, 2004

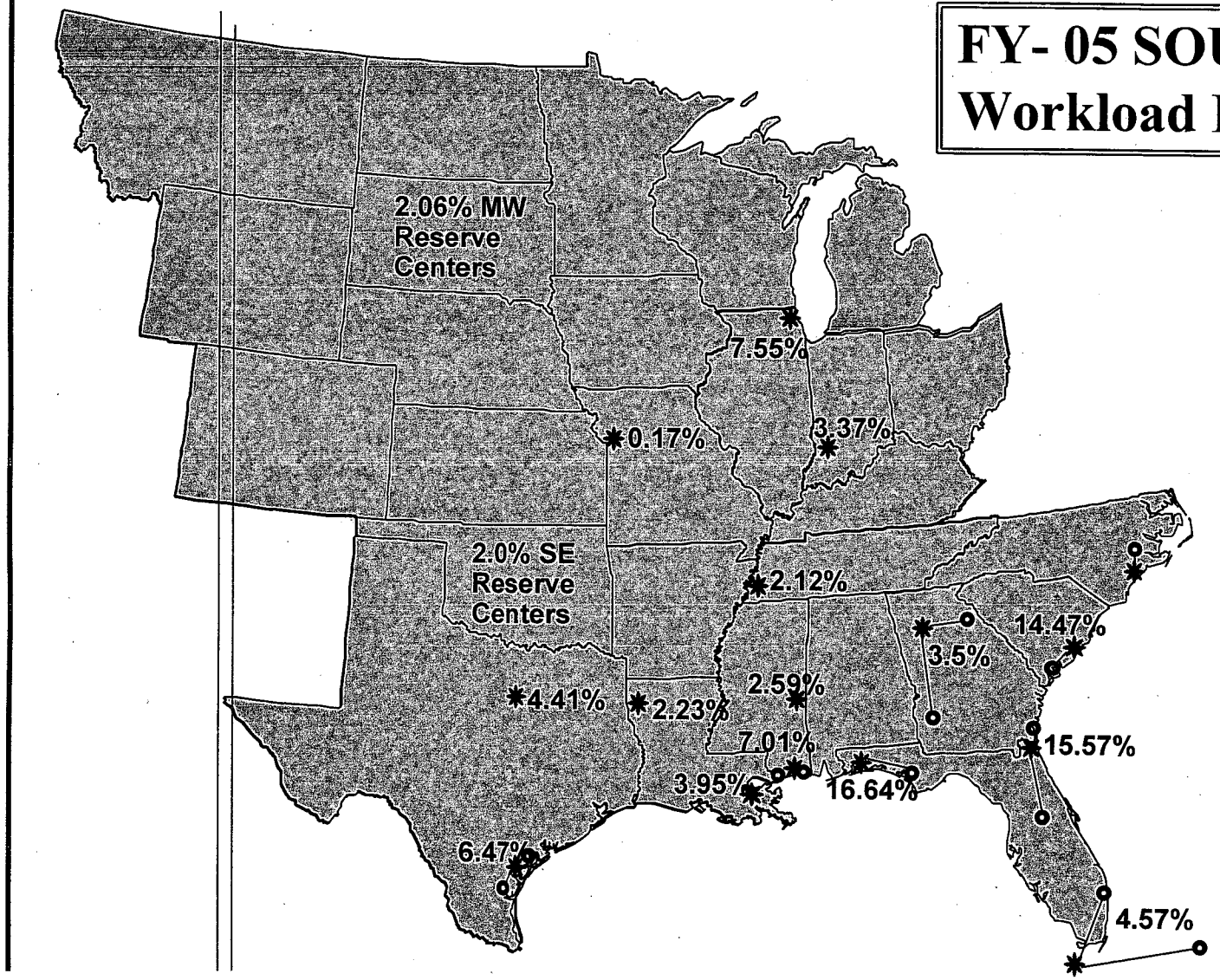


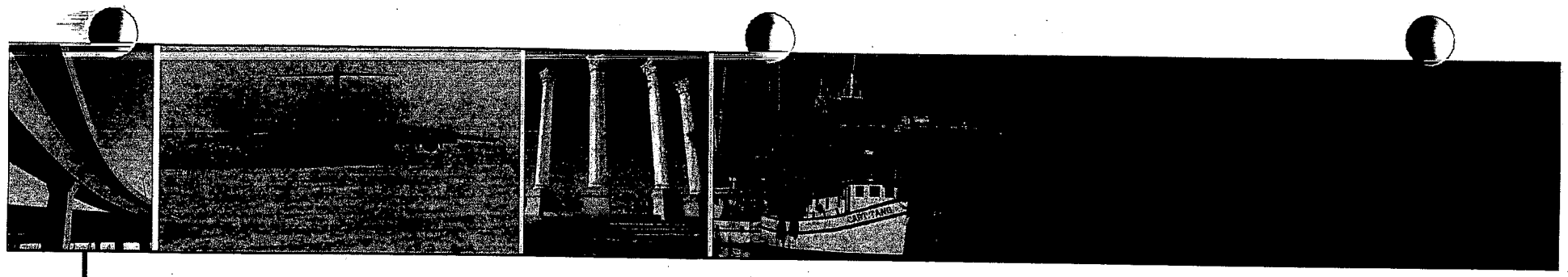



FEC Northwest
FEC Midwest
FEC Washington
FEC
MIDLANT
NAVFAC Atlantic
NAVFAC SouthDiv
FEC JAX
FEC Southwest



FY- 05 SOUTHDIV Workload Distribution



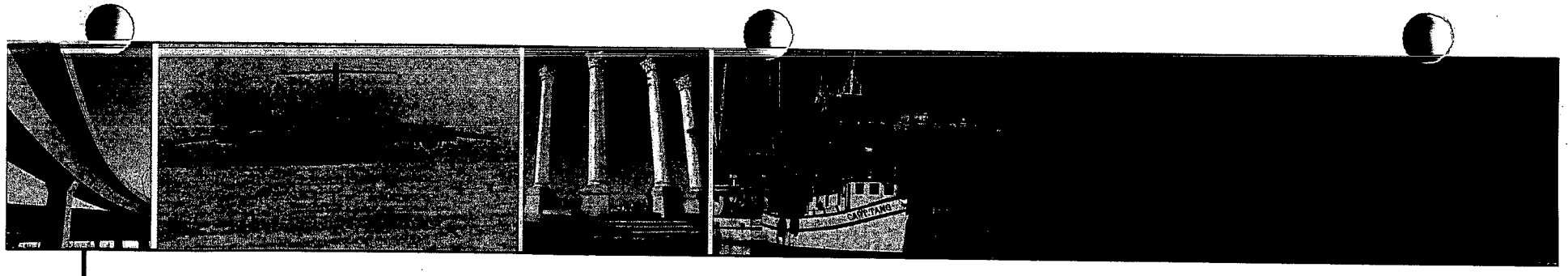


BRAC Recommendation

"**Close Naval Facilities Engineering Field Division South leased space in Charleston, SC.** Consolidate Naval Facilities Engineering Field Division South, Charleston SC with with Naval Facilities Engineering Field Activity Southeast, Jacksonville, FL, at Naval Air Station Jacksonville FL, Naval Facilities Midwest, Great Lakes, IL, at Naval Station Great Lakes, IL; and Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk VA.

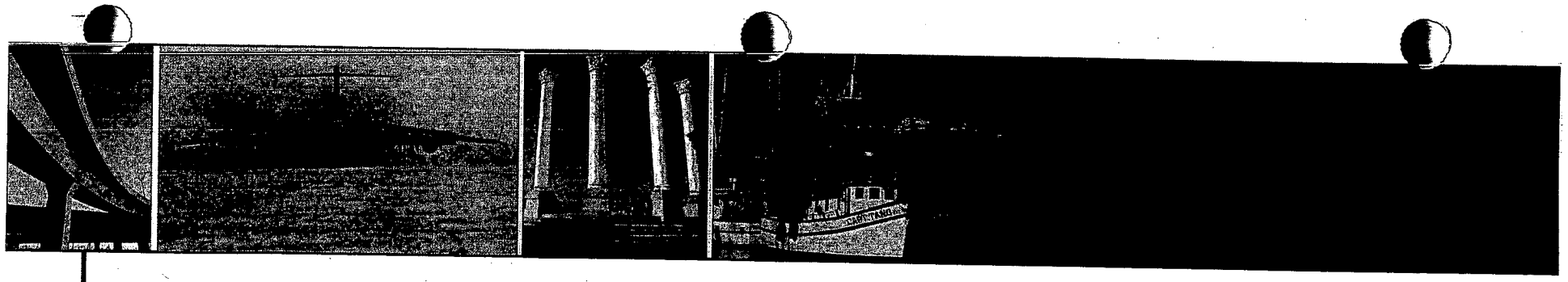
Close Naval Facilities Engineering Field Activity Northeast leased space in Lester, PA. Consolidate Naval Facilities Engineering Field Activity Northeast, Philadelphia, PA, with Naval Facilities Atlantic, Norfolk, VA at Naval Station Norfolk, VA and relocate Navy Crane Center Lester, PA to Norfolk Naval Shipyard, Norfolk, VA."

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is **$37.9 M**. The net of all costs and savings during the implementation period is a cost of $9.1M. Annual recurring savings to the Department after implementation are $9.3M with a payback expected in four years. **The net present value of the costs and savings to the Department over 20 years is a savings of $81.8M.**

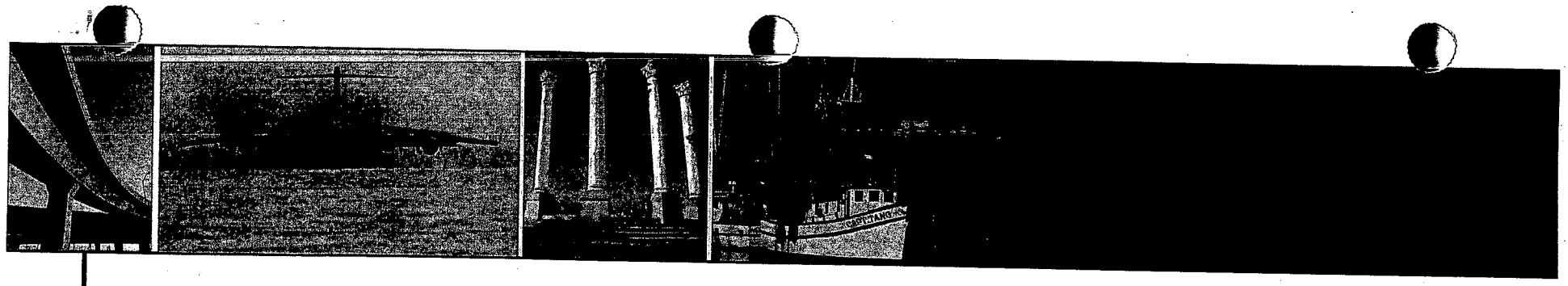


BRAC Recommendation Flawed
(Generates No Recurring Annual Savings)

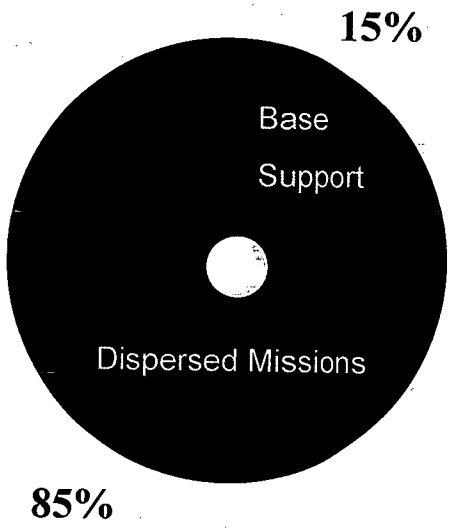
- DFAS Facility Not Considered
  - Annual Cost = $1/Year
- One time relocation and personnel transfer cost = $40 Million
- Transformation Decision; Not BRAC



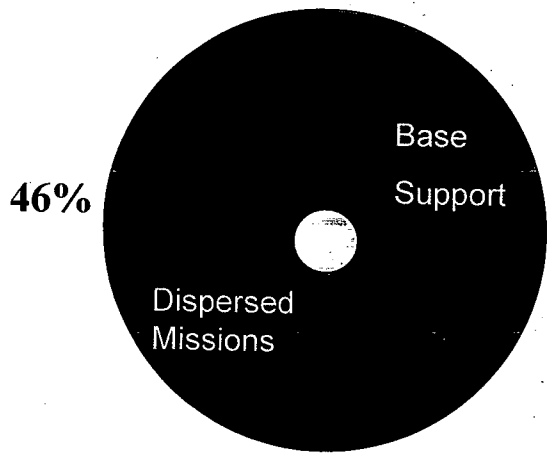
We need to ask the $49 Million Question.



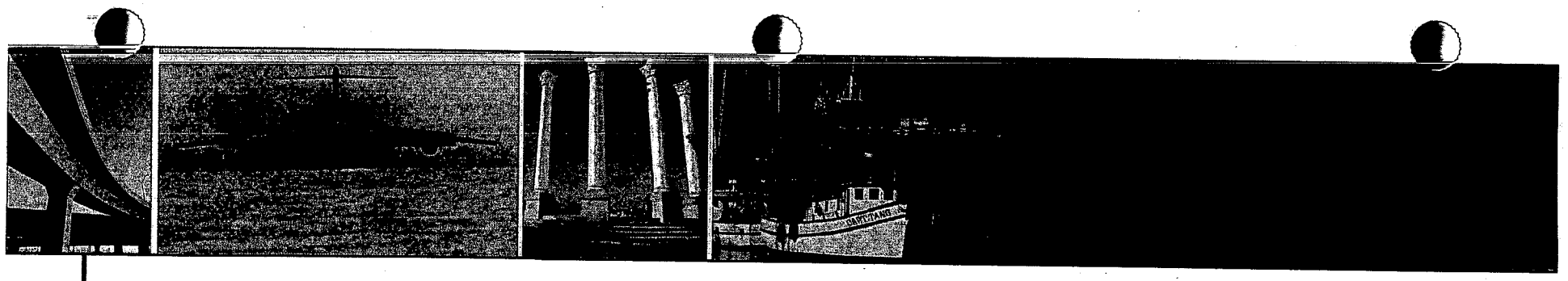
Geographic Dispersal
(100 Mile Radius)



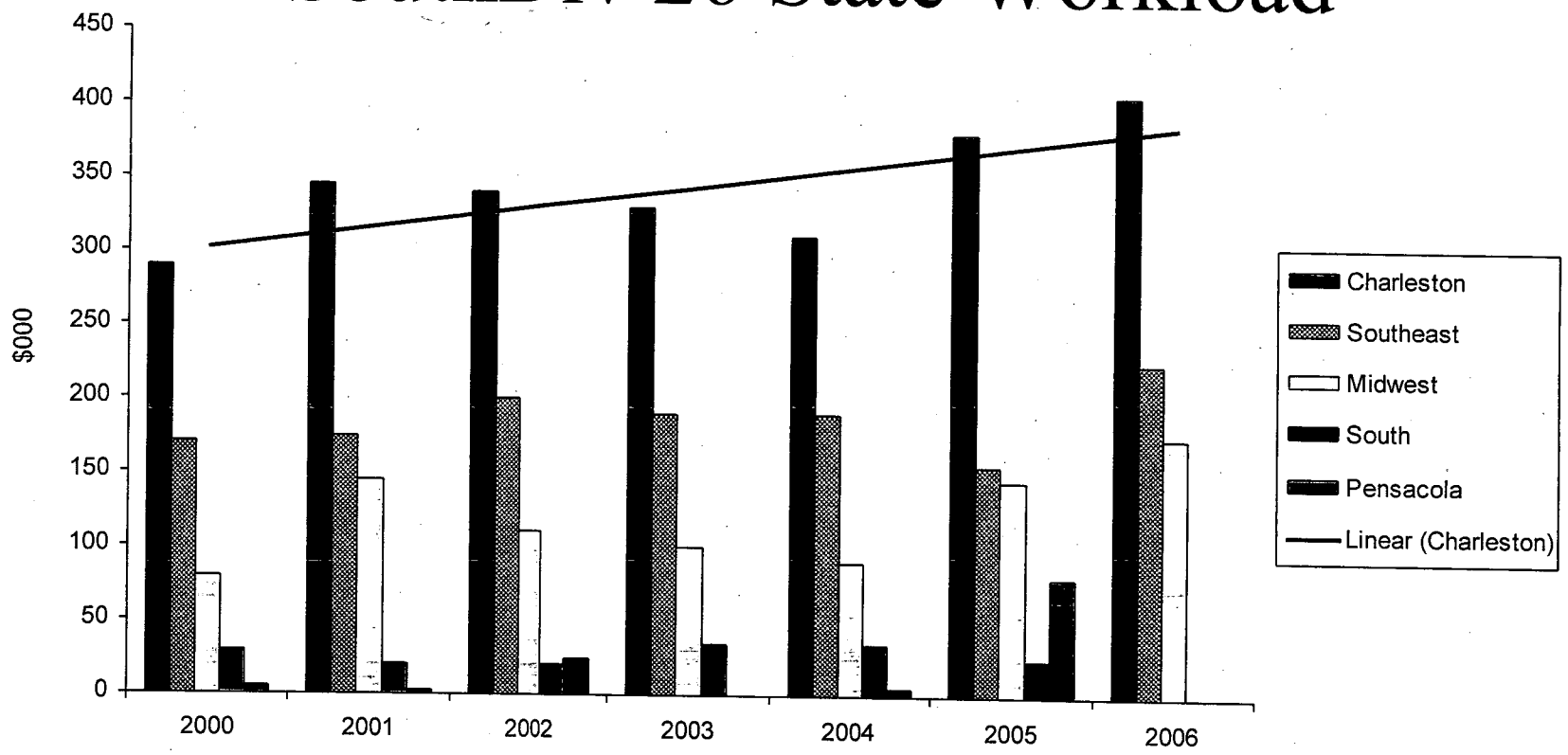
SouthDiv



FEC SW

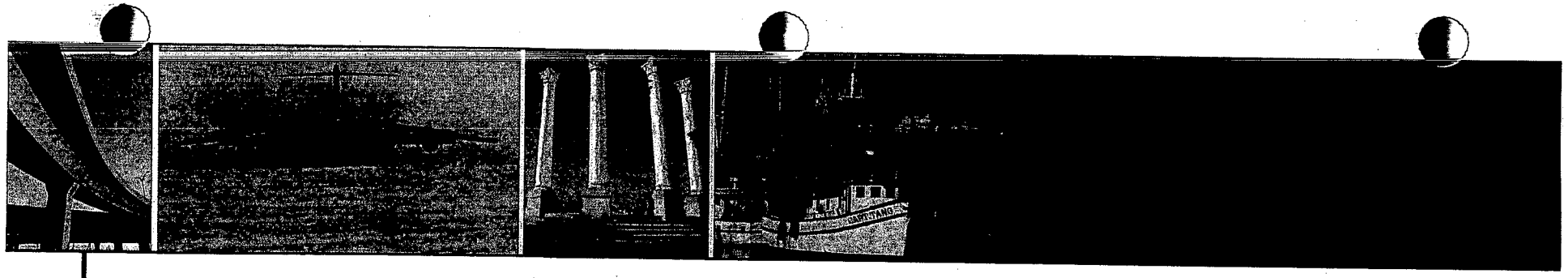


SouthDiv 26 State Workload

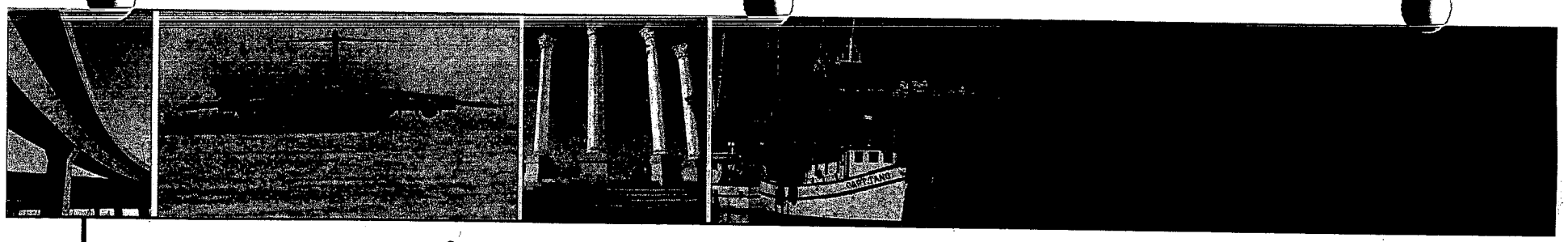


Aggregated = Stable

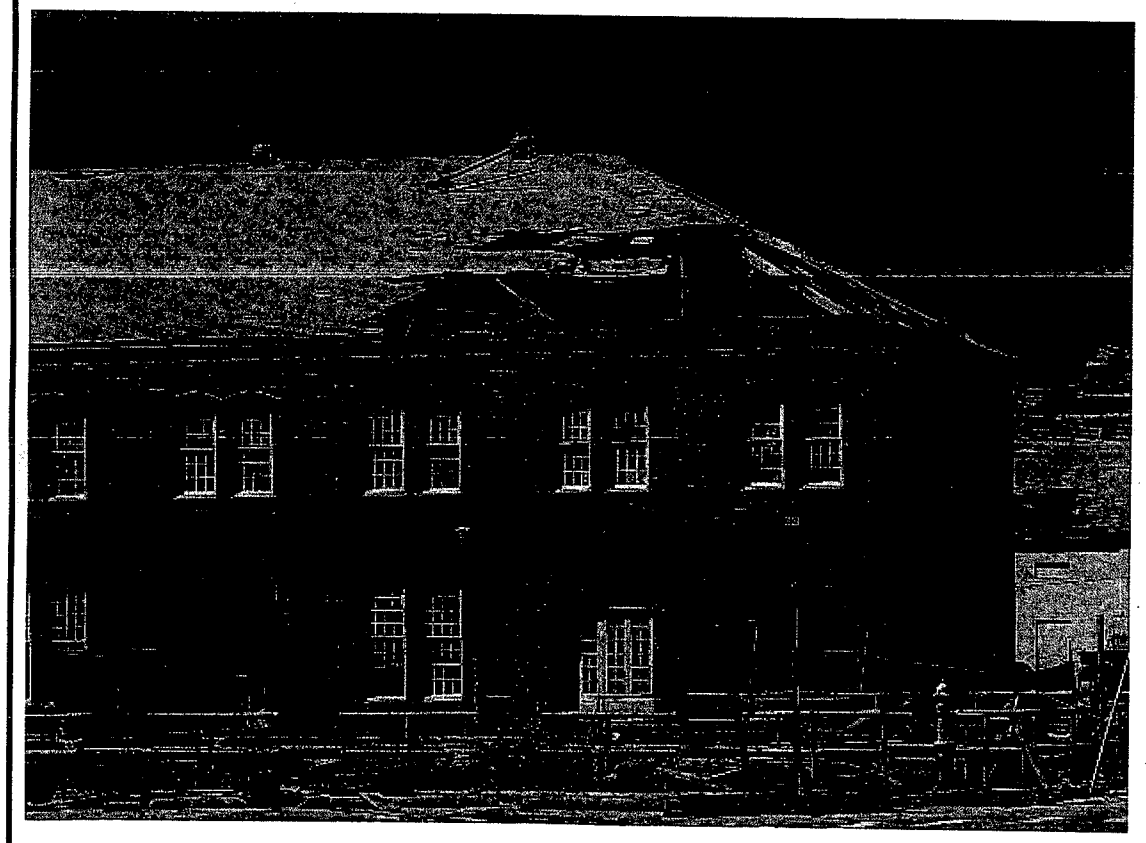
Dis-aggregated = Variable

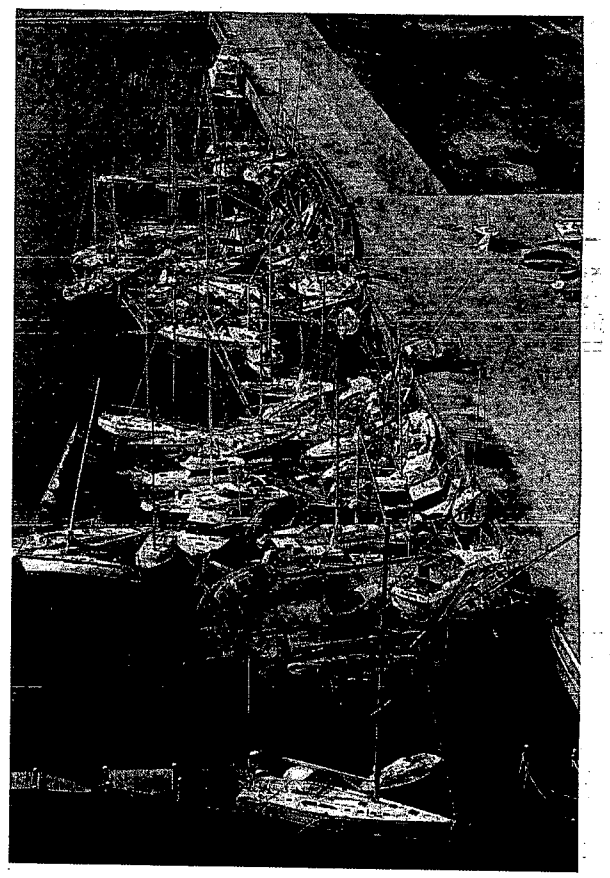


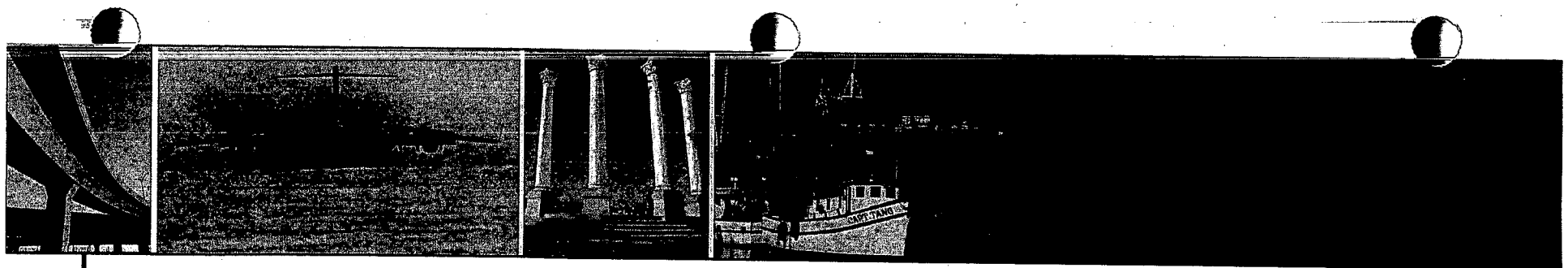
NAVFAC Assessment Performance Metrics		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
Capital Improvements					
Efficiency Indicators	Income WIP (ratio)	1	2	3	4
	Non-Income WIP (actual)	2	1	3	4
	DIP (Actual - %)	1	2	3	4
Cycle Time Indicators	MILCON/MCON/MCNR,FHN (% Comp)	4	2	1	3
	Defense (% Complete)	4	3	1	2
Effectiveness Indicators	AF Scorecard				
	DSGN Complete	1	2	3	n/a
	President's Budget Awards	1	2	n/a	3
	Schedule Growth ('04)	1	3	4	2
	Cost Growth ('04 - less $)	1	3	2	4
Environmental					
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	2	4	3
Cycle Time Indicators	Response Complete Remedy in Place	2	1	3	4
Effectiveness	Reimbursable Work	1	4	3	2
Real Estate					
Efficiency Indicator	Actions Performed (actual - %)	1	4	3	2
Public Works					
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund $)	3	1	3	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund $)	2	4	1	3
Cycle Time Indicators	Utilities Privatization (SSAD actual)	4	3	1	2
Comptroller/Resources					
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	2	4	3
	Operating Efficiency – Indirect Hrs (-Training/Leave) (actual-target)	1	2	3	4
Other					
Effectiveness Indicators	NAVFAC Lost Time Case Rates (*tie)	2*	3	1	2*
		32	**46**	**46**	**51**
		1.68	**2.42**	**2.42**	**2.68**



Hurricane Ivan
Pensacola, FL

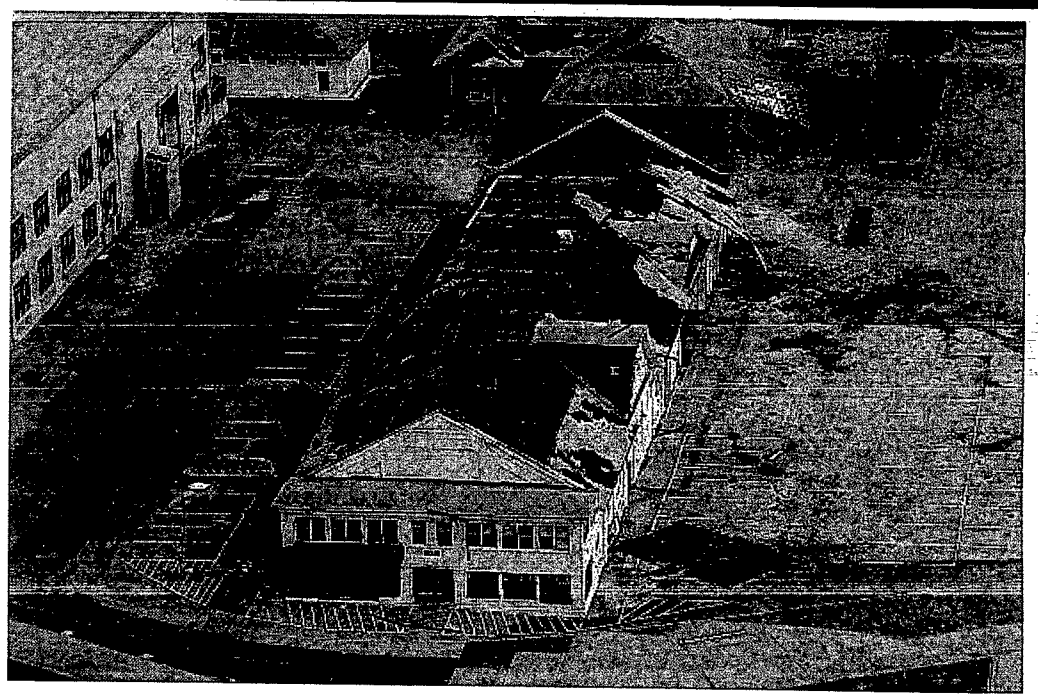




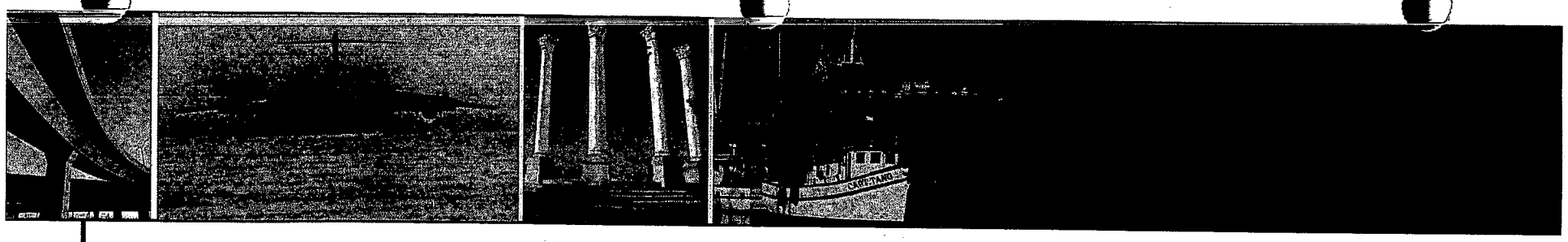


NAVFAC Southern Division

Response

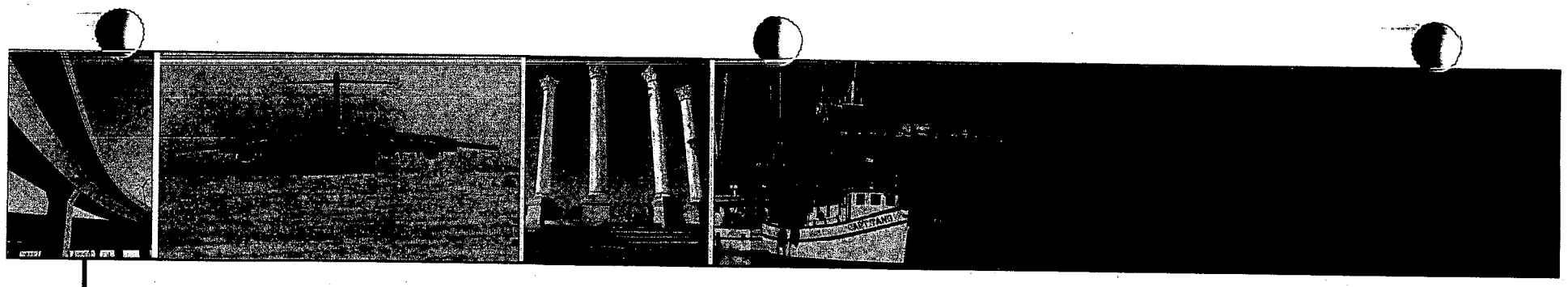


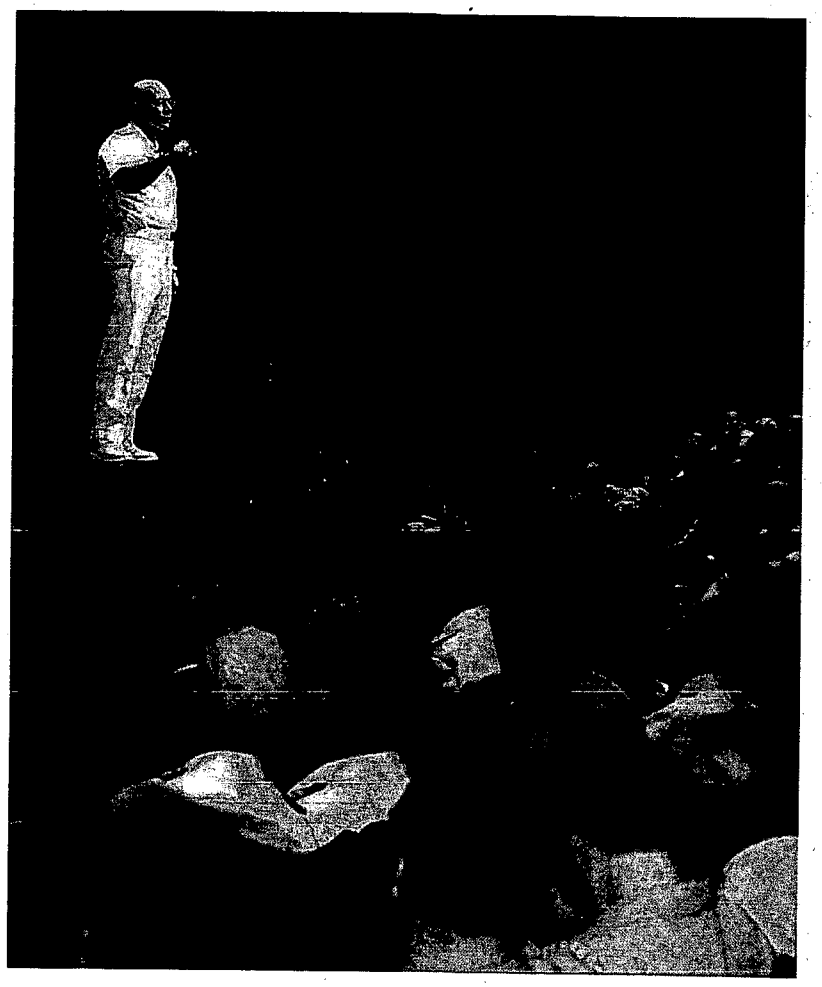
- $47 Million Emergency Repairs
- 1,650 Contractor Personnel within 17 Days
- Airfield Operational within 10 Days
- Total Repairs = $600 Million



89 Days Later

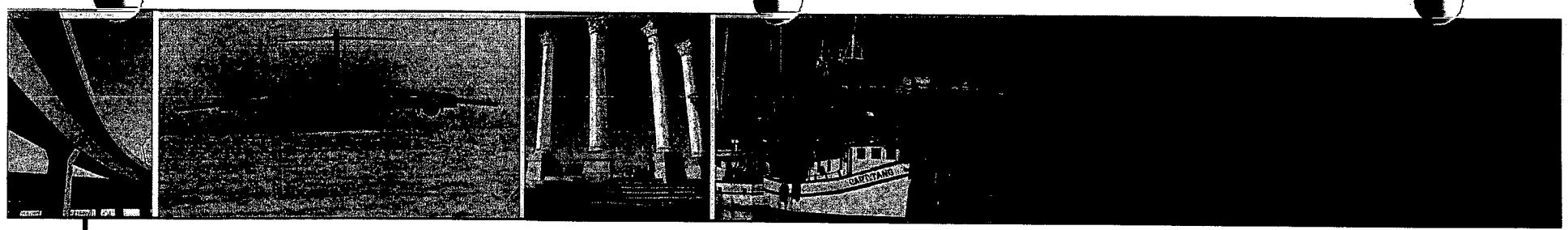
Sailors arrive at Chevalier Hall building on board Naval Air Station Pensacola, Fla., January 2005. The building was devastated with heavy damage from Hurricane Ivan in September 2004.



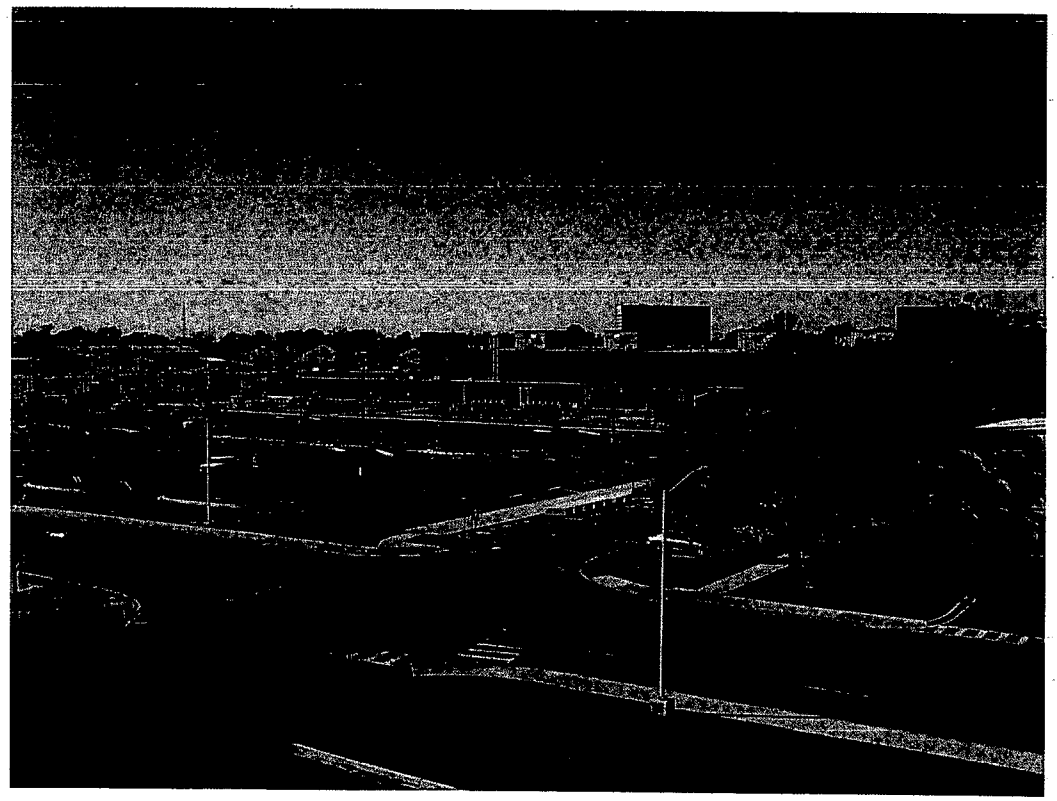


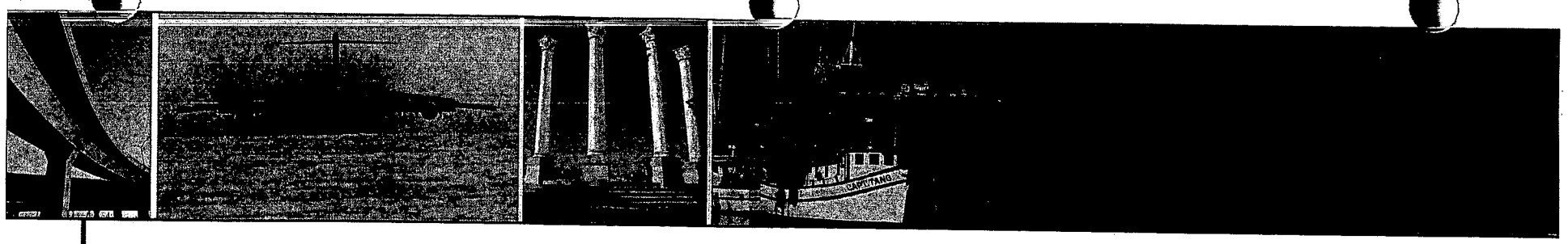
Why would you want to lose this intellectual capital?

CNO Presents Hurricane Ivan awards to 80 SOUTHDIVers.

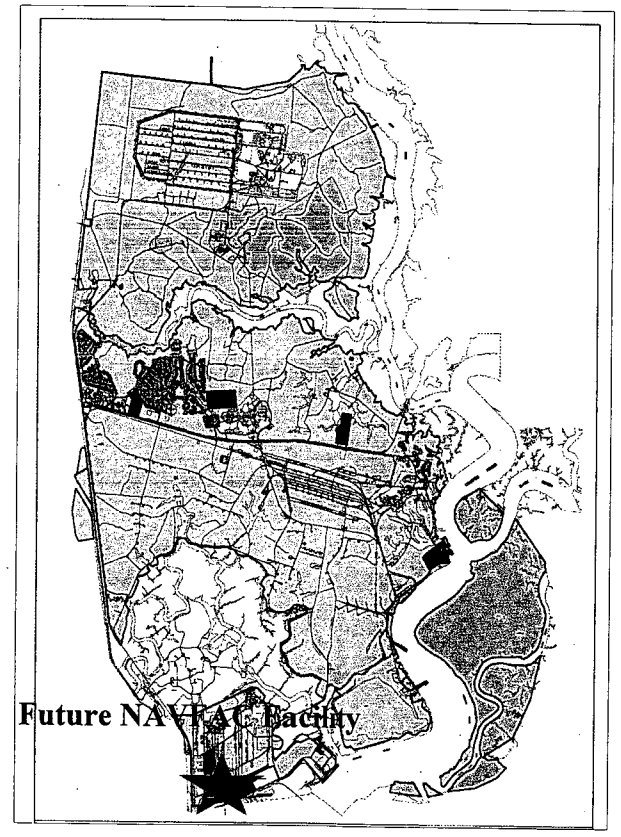


DFAS Building = $1/Year



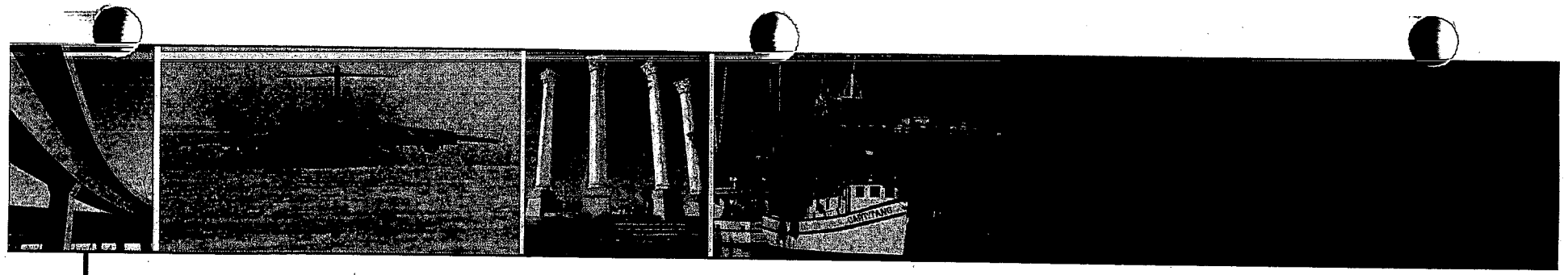


Community Proposal

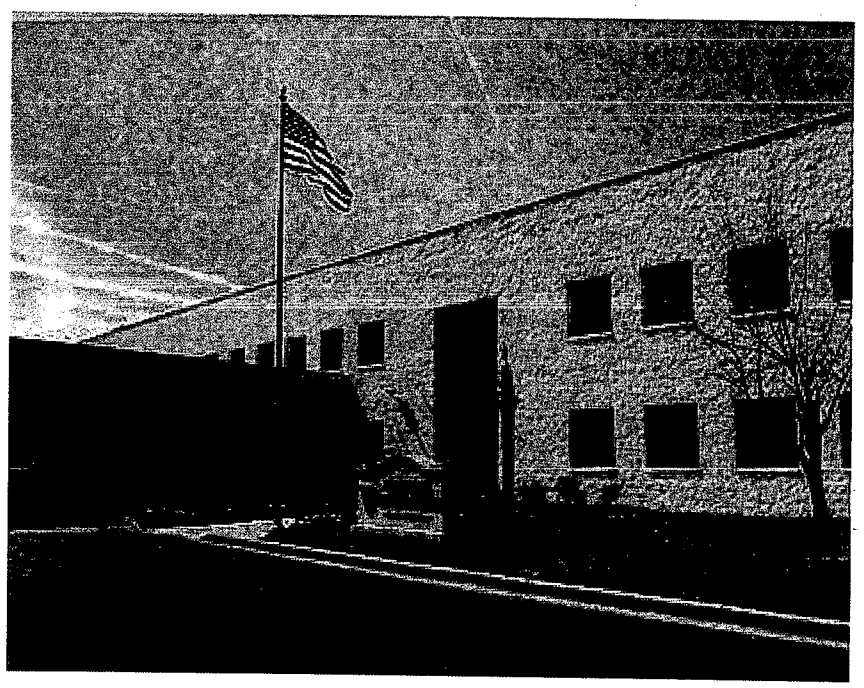


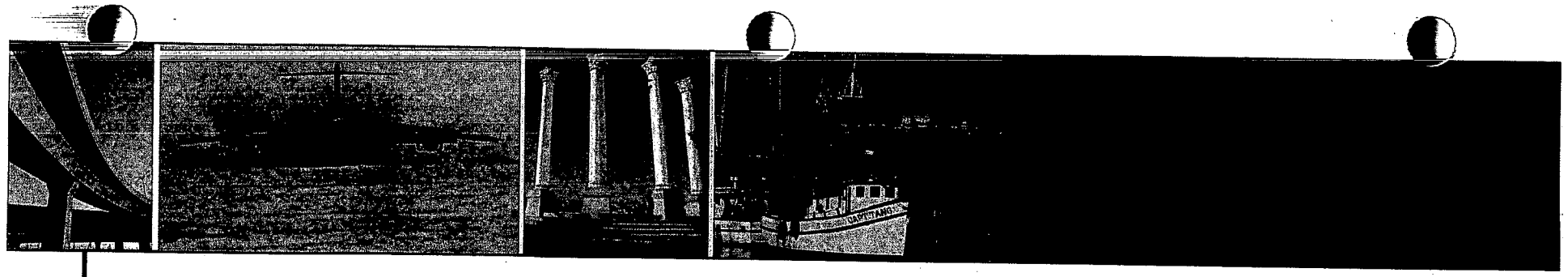
"A build-to-suit Class "A" office space meeting Navy requirements and specifications."

BCD Council of Governments to SECNAV
December 9, 2004



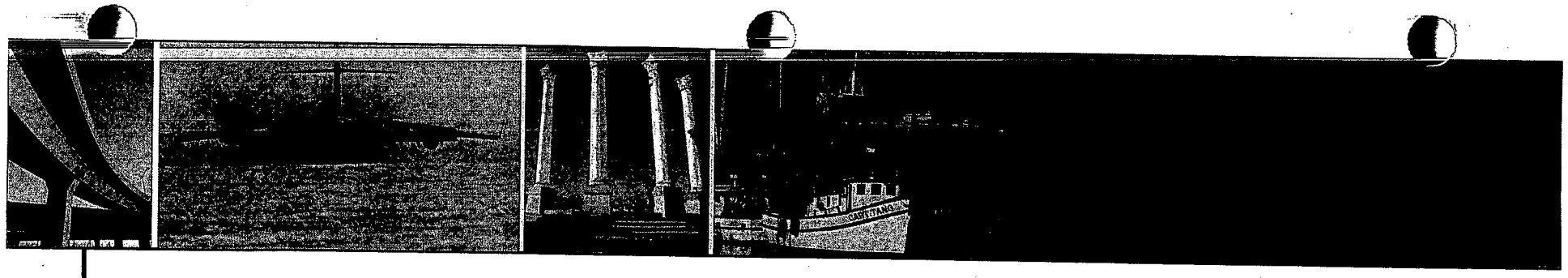
Remain at Eagle Drive Location





Cost Comparison

	BRAC RECOMMENDATION	OPTION 1 DFAS	OPTION 2 COMMUNITY PROPOSAL	OPTION 3 CURRENT OFFICES
One-time relocation and personnel cost	$39,676,130	$990,000	$990,000	$0
Lease cost	$0	$13	$14,301,582	$20,369,070
Building support costs	$6,938,289	$6,938,289	$6,938,289	$0
Facilities Capital Cost	$13,706,000	$0	$0	$0
Ownership Residual Value	($3,404,710)	$0	($3,404,710)	$0
Transformational Personnel Savings (62 FTE)	$106,076,396	$106,076,396	$106,076,396	$106,076,396
Total BRAC Cost Plus Transformational Savings	$49,160,687	$98,148,094	$87,251,235	$85,707,326



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Ownership Residual Value	($3,404,710)	$0	($3,404,710)	$0
Total Cost	**$56,915,709**	**$7,928,302**	**$18,825,161**	**$20,369,070**
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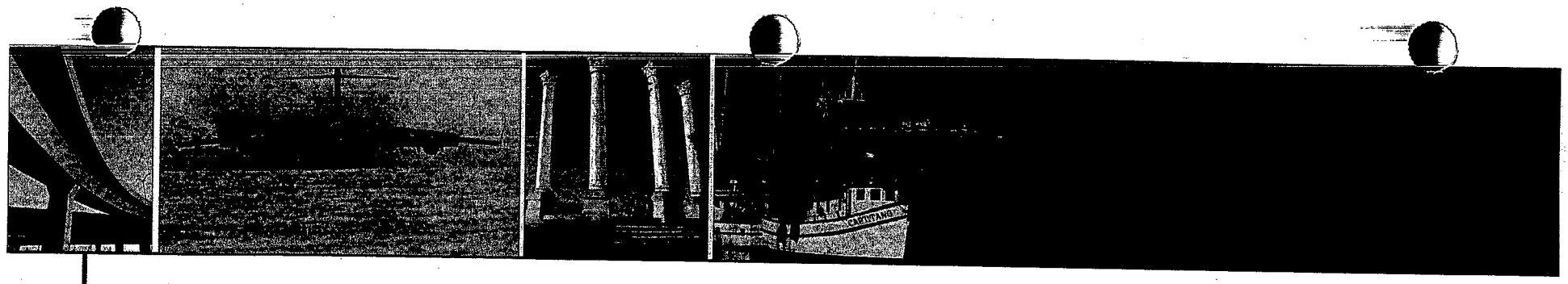

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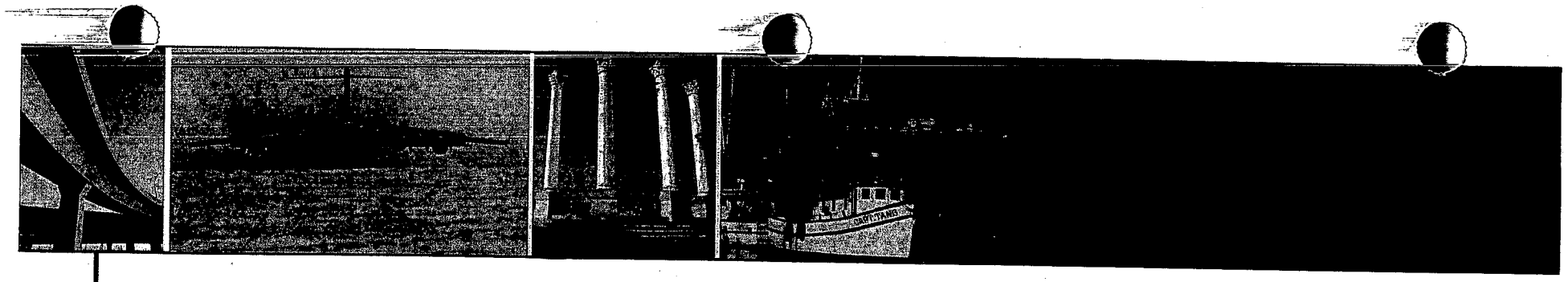
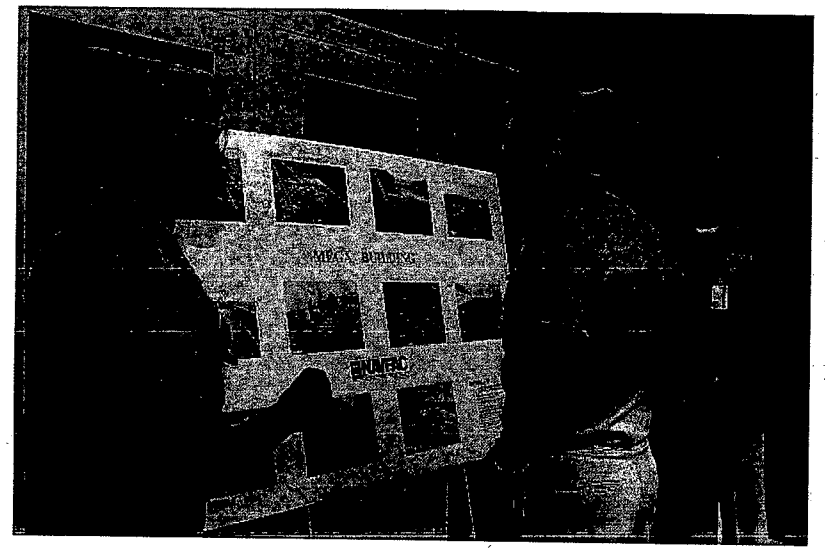
Total BRAC Cost Plus Transformational Savings	$49,160,687	$98,148,094	$87,251,235	$85,707,326
Savings Over BRAC Recommendation		$48,987,407	$38,090,548	$36,546,639





"The outcome of BRAC is going to be determined based upon a very extensive analytical effort…"

"...In other words, I am not remotely interested in changes that don't produce money."

Admiral Vern Clark, Chief of Naval Operations

The New York Times

March 20, 2005

DOCUMENTATION

Technical Documentation
NAVFAC
Charleston South Carolina

Contents

- NAVFAC White Paper – an outline of flaws in the DoD recommendation
- NAVFAC CNO Brief, February 24, 2004
- NAVFAC Transformation Schedule for Standup of Facilities Engineering Commands
- NAVFAC Assessment of costs to move to Jacksonville – includes all assumptions used in analysis
- SC Senator Ernest Hollings Letter to FADM Barry Costello, April 22, 2004
- RADM Loose letter to Senator Hollings May 17, 2004
- DoD Matrix Scoring Statements – Military Value Weights for NAVFAC decision
- Monthly Operations Assessments – NAVFAC
- DFAS Charleston Facility overview
- DFAS Charleston Security Assessment
- Charleston Community presentation to SECNAV December 9, 2004
- BCD COG Letter – Charleston Community Proposal for NAVFAC Building
- NY Times article, March 20, 2005, *States and Communities Battling Another Round of Base Closings*
- *The Hardest to fill jobs,* Federal Times, September 2, 2005

Naval Facilities Engineering Command Southern Division BRAC 2005 Analysis Brief

June 2005

Requirements & Options

- **Requirements**
  - Post-BRAC End Strength = 440 personnel
    - Savings of 52 positions plus ten overhead = 62 person savings <u>regardless of option</u>
- **Options**
  - BRAC Recommendation: 300 relocate to Jacksonville; 65 relocate to Great Lakes; and 75 relocate to Norfolk
  - Option 1: 440 remain in Charleston and relocate to DFAS building;
  - Option 2: 440 remain in Charleston and relocate to COG lease construction facility
  - Option 3: 440 remain in Charleston and remain at 2155 Eagle Drive

Assumptions: Costs

- **Construction Costs**
  - 150sf per person space + 28sf per person specialized space
  - Cost of construction = $175/sf for building
- **Recurring Costs**
  - Janitorial = $1.25/spft
  - Utilities = $2.38 / spft
  - Grounds maintenance = $15,000 / site fixed cost
  - Maintenance & repairs = (1% of $175 per sf)
- **Furniture Costs**
  - $3,000 / person to build out cubicles (new facility)
  - $1,000 / person to move cubicles (existing facility)

Assumptions: Other Costs

- **Moves**
  - $750 / person to move to remote locations (Jacksonville, Great Lakes, Norfolk)
  - $150 / person for local move (new or existing facility)
- **Information Technology**
  - $500 / person with new switch for Jacksonville, DFAS and / or COG buildings
  - $430 / person with no new switch for Great Lakes and Norfolk
  - NMCI = $500 / person, regardless of location

Assumptions: Personnel Costs

- **Salary**
  - Base = $75,000
  - Base + fringe = $115,000
- **Tenure** = 27.5 years per associate average
- **Human Capital Costs** - Separation
  - 30% will take SIP or SIP/VERA (132 people)
    - $25,000 + (15% * $75,000 base salary) = $36,250 / person
  - 20% will take severance (RIF) (88 people)
    - $75,000 * 45 weeks (86.14% base salary) = $64,905 / person

Assumptions: Personnel Costs

- **Human Capital Costs** – Relocation
  - 50% will relocate via PCS or GHS (220 people)
    - $8,000 / person household goods
    - $7,200 / person storage and temporary lodging
    - 22.35% Guaranteed Home Sale * 300,000 average home (own) value * 75% of relocating people = $67,050 per person for 165 people
- **Human Capital Cost** – Recruit & Retrain
  - 220 vacancies to fill
  - Six month salary plus fringe (= $115,000) per vacancy cost
  - 220 * (50% * $115,000) = $57,500 per vacancy

Assumptions: Savings

- Human Capital (Transformational) Savings – Reduction of 62 people (52 positions plus ten overhead positions)
  - $5,980,000 Scenario Savings
  - $1,150,000 Overhead Savings
  - $7,130,000 Total Savings

- Transformational Savings have been applied regardless of whether the BRAC Recommendation or Options 1, 2 or 3 is chosen. However, they should not be included in any BRAC analysis since they will happen independent of any BRAC decision.

Assumptions: Economic Costs

- **Discount Rates Utilized**
  - Rates are based on discount rate classifications typical of specific categories of costs and values
  - All rates used are typical, conservative, and consistent with prevailing market conditions

Category	Discount Rate Classification	Discount Rate
Building Facilities Capital Cost	Cost of Funds/w profit, risk, below market return	5%
Building Facilities Lease Payments	Cost of Funds/w profit	4.75%
Building Facilities Support Costs	Cost of Funds	3%
Building Ownership Residual Value (*)	Typical Real Estate Discount Rate	11.50%
Transformation Savings	Cost of Funds	3%

(*) The building ownership residual value discount rate of 11.5% reflects the typical discount rate applicable to a typical suburban office building complex, and was applied to the newly proposed office facility. The 4% growth / appreciation rate applied in the building ownership residual value calculation was not included in the above chart since technically it is a growth rate, not a discount rate.

Comparison Of Options

Option Number	BRAC Recommendation	1	2	3
Option Description	Remote Relocations	Move To DFAS	Move To COG	Status Quo
One Time Costs	$ (39,676,130)	$ (990,000)	$ (990,000)	$ -
Building Facilities Capital Cost	$ (13,706,000)	$ -	$ -	$ -
Building Facilities Lease Payments	$ -	$ (13)	$ (14,301,582)	$ (20,369,070)
Building Facilities Support Costs	$ (6,938,289)	$ (6,938,289)	$ (6,938,289)	$ -
Building Ownership Residual Value	$ 3,404,710	$ -	$ 3,404,710	$ -
Total Cost Of Each BRAC Scenario	$ (56,915,709)	$ (7,928,302)	$ (18,825,161)	$ (20,369,070)
Present Value Of Transformational Savings	$ 106,076,396	$ 106,076,396	$ 106,076,396	$ 106,076,396
Total BRAC Savings	**$ 49,160,687**	**$ 98,148,094**	**$ 87,251,235**	**$ 85,707,326**

Recommendation

- **Choose Option 1: relocation to the existing DFAS facility**
  - Provides best military value for Department of Defense
    - Supports Navy Alignment
    - Supports NAVFAC Transformation
    - Maximizes the Preservation of NAVFAC Southern Division's Intellectual Capital
  - Utilizes existing facility with forthcoming availability
  - Meets ATFP standards as promulgated
  - Saves $49,000,000 Dollars
  - Under Option 1, DOD realizes <u>twice</u> the savings at <u>one-seventh</u> the cost when compared to BRAC remote relocation

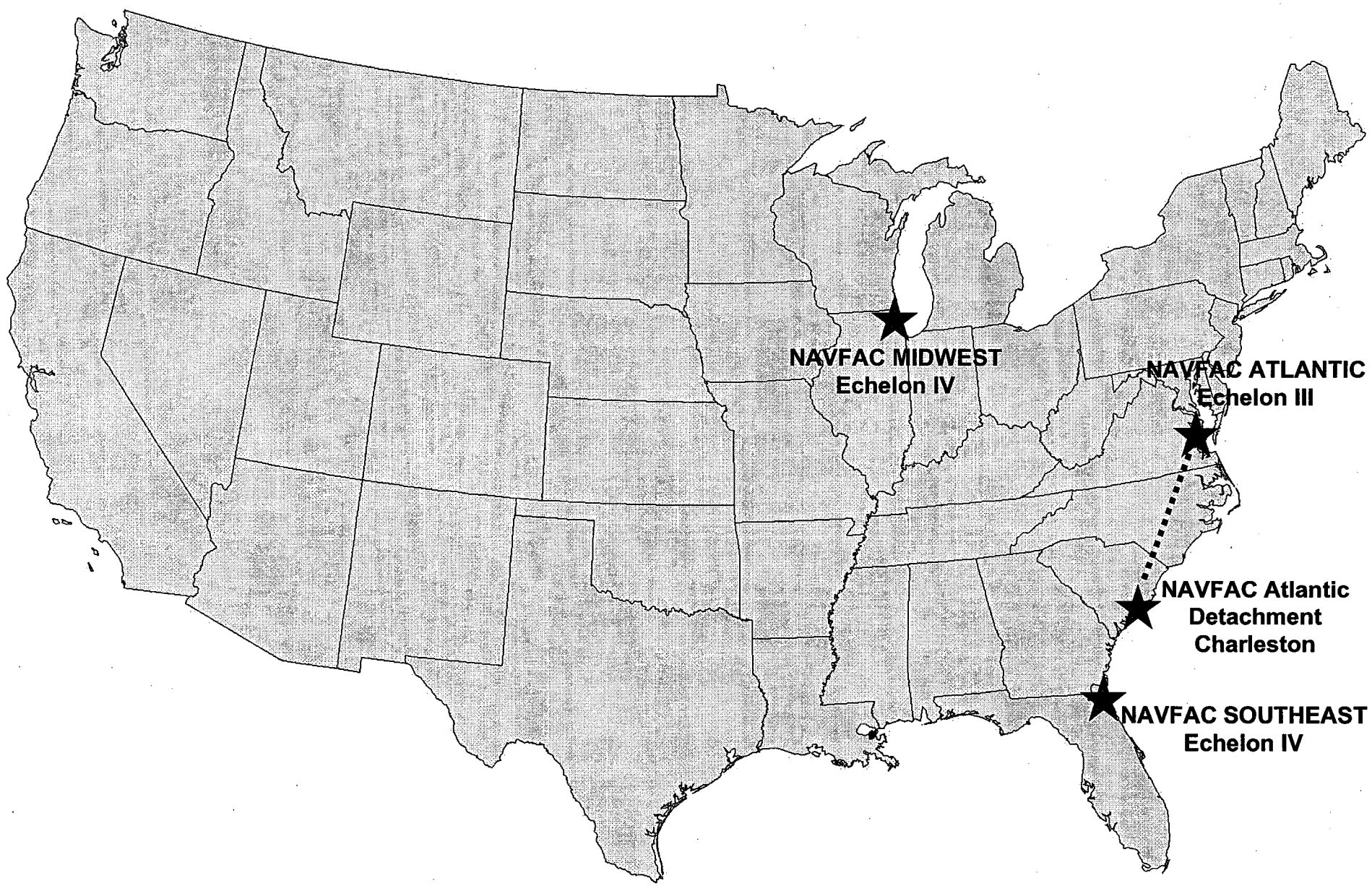
Military Value Defined

- Supports Navy alignment, NAVFAC transformation, Saves Navy and Taxpayer dollars, and maximizes the preservation of NAVFAC Southern Division's Intellectual Capital

- Supports steady state workload, surge workload, and emergency workload (Hurricane IVAN)

- Ability to execute the Navy mission efficiently and cost effectively

ALTERNATIVE Reporting Chain for Options 1, 2, and 3



Backup

Relocation of SOU[illegible]V Under BRAC Scenario

Assumptions

		Each Location		
300	Move to Jacksonville	SIP or SIP/VERA	30% = 132	SOUTHDIV average base salary is $75,000 per person
65	Move to Great Lakes	Severance (RIF)	20% = 88	SOUTHDIV average base salary with fringe benefits is $115,000 per person
75	Move to Norfolk	Relocate (PCS w/GHS)	50% = 220	Cost of Construction of Admin Space $175/sq.ft. unoutfitted
440	TOTAL			

Downsizing - 52 Total Personnel Savings in Each Option
Downsizing - 10 Overhead Savings for Elimination of SOUTHDIV or Making SOUTHDIV a DETACHMENT of NAVFAC Norfolk

Space requirements @ 150 Sqft per person space and 28 sqft per person specialized space new construction
Space requirements @ 150 Sqft per person space and 28 sqft per person specialized space lease

SIP or SIP VERA	30% associates =132	$25,000 plus lump sum leave 15% of base salary = $11,250 plus $25,000 = $36,250 X 132 = $4,785,00(
Severance (RIF)	20% associates = 88	27.5 years per associate equals 45 weeks of salary = $64,905 X 88 = $5,711,64(
Relocate (PCS w/ Guaranteed Home Sale)	50% associates = 220	Avg $8,000 Household goods. Avg $7,200 for Temporary Quarters and Storage $8,000 + $7,200 = $15,200 X 220 = $3,344,000 75% (220 X 75% = 165) of Relocating associates own homes at average $300,00(Guaranteed Home Sale (GHS) equal 22.35% of fair market valve of home $300,000 X 22.35% X 165 = $11,063,250

Recruit and Retrain Cost equal 6 months of salary and fringes for each vacancy=$115,000*50%=$57,500 for each vacancy
Jacksonville 300 people X 50% (SIP, SIP VERA or Severance (RIF) X 57,500 = $8,625,000 + Great Lakes 65 people X 50% X $57,500 = $1,868,750 + Norfolk 75 people X 50% X $57,500 = $2,156,250 = $12,650,000
Move to DFAS, COG OR Status Quo: N/A
Furniture Cost:
Cubicles new & installed: Jacksonville 300 people @ $3,000/cube = $900,000 + Great Lakes, 65 people @$3,000/cube = $195,000 + Norfolk, 75 people @$3,000/cube = $225,000 = $1,320,000 Total
Disassemble & Reinstall Cubicles within Charleston: Move to DFAS AND COG: 440/people (300 + 65 + 75 = 440) 440 X $1,000/cubicle =$440,000
Telephone With switch required for JAX & DFAS options & no switch required for Great Lakes and Norfolk Options assuming 20% additional needed support lines:
Jacksonville: (300 people + 20%) = 360 X $500/with switch =$180,000 + Great Lakes (65 people +20% =78 X $430/without switch = $33,540 + Norfolk (75 people + 20% = 90 X $430/without switch = $38,700 = $252,240
Move to DFAS AND COG: 440 people (300 + 65 =75) + 20% = 528 people X $500/with switch = $264,000
Miscellaneous Moving Cost for Boxes, Chairs, Equipment, etc., including vacant billets- remote:
Jacksonville 300 people X 750/person = $225,000 + Great Lakes 65 people X 750/person = $48,750 + Norfolk 75 people X $750/person = $56,250 = $330,000 Total
Move to DFAS AND COG: 440 people X $150 per person = $66,000
NMCI cost is $500 per seat regardless of location therefore: JAX 300 seats X $500/seat =$150,000 + Great Lakes 65 seats X $500/seat = $32,500 + Norfolk 75 seats X $500/seat = $37,500 = $220,000 (Note: $220,000 applies to each local option)
Council of Government (COG) charge for lease payment for government buyout building lease is based on $14,000,000 capital cost, amoritized at 5% interest for 20 years = $1,123,396
Building Facilities Capital Cost: (440 Staff X 178 s.f/ea. X $175/s.f. = $13,706,000 (New Building Const.ruction Cost)
Total Cost of Building Facilities Lease Payments for Move to DFAS = Present Value of 1 dollar/year lease at 4.75% interest for 20 years = 13 dollars
Total Cost of Building Facilities Lease Payments for Move to COG = Present Value of $1,123,396/year lease at 4.75% interest for 20 years = $14,301,582
Total Cost of Building Facilities Lease Payment for Status Quo Scenarion = Present Value of $1,600,000/year lease at 4.75% interest for 20 years = $20,369,070
Building Facilities Support Costs:

Janitorial ($1.25/s.f) - Yearly X 78,320 SF Building	=	$ 97,900
Utilities ($2.38/sqft) - Yearly X 78,320 SF Building	=	$186,402
Grounds Maint. (fixed) - Yearly X 78,320 SF Building	=	$45,000
Maint. & Repair (1% of $175/sq.ft.) - Yearly X 78,32 SF	=	$137,060
Total		$466,362

Present Value of $466,362 @3% int, 20 years = $6,938,289 (Note, this cost is already included in existing SOUTHDIV Lease)
Building Onership Residual Value: $13,706,000 (Construction Cost) @4% annual growth rate, 20 years = $30,031,553 Future Value, discounted to Present Value at 11.5%, 20 years = $3,404,710
SAVINGS FROM TRANSFORMATION:

52 Personnel at $115,000 per year for annual transformation savings of $5,980,000	$	5,980,000
10 Personnel at $115,000 per year for annual transformation savings of $1,150,000	$	1,150,000
Total Annual Transformation Savings of $7,130,000	$	7,130,000 Total Annual Transformation Savings

Cost Factors	Move SOUTHDIV and Eliminate Production Engine						
	Jacksonville	Great Lakes	Norfolk	TOTAL	Move to DFAS	Move to COG	Status Quo
Furniture Cost (Fixed)	$ 900,000	$ 195,000	$ 225,000	$ 1,320,000	$ 440,000	$ 440,000	0
Telephone w or wo switch (Fixed)	$ 180,000	$ 33,540	$ 38,700	$ 252,240	$ 264,000	$ 264,000	0
NMCI (Fixed)	$ 150,000	$ 32,500	$ 37,500	$ 220,000	$ 220,000	$ 220,000	0
Miscellaneous Moving Cost (Fixed)	$ 225,000	$ 48,750	$ 56,250	$ 330,000	$ 66,000	$ 66,000	0
SIP or SIP/VERA Cost (Fixed)	$ 3,262,500	$ 706,875	$ 815,625	$ 4,785,000	0	0	0
Severance Cost (Fixed)	$ 3,894,300	$ 843,765	$ 973,575	$ 5,711,640	0	0	0

Recruit and Retrain Cost(Fixed)	$ 8,625,000	$ 1,868,750	$ 2,156,250	$ 12,650,000	0	0	0
Personnel Moving Expense (Fixed)	$ 2,280,000	$ 494,000	$ 570,000	$ 3,344,000	0	0	0
Personnel Real Estate Cost (Fixed)	$ 7,543,125	$ 1,634,344	$ 1,885,781	$ 11,063,250	0	0	0
One Time Cost W/O Building Facilities Capital Cost, Lease Cost or Building Facilities Support Cost:				$ 39,676,130	$ 990,000	$ 990,000	0
Building Facilities Capital Cost (Fixed)	$ 9,345,000	$ 2,024,750	$ 2,336,250	$ 13,706,000	0	0	0
Building Facilities Lease Payment (Annual)	0	0	0	0	$ 1	$ 1,123,396	$ 1,600,000
Building Facilities Support Costs (Annual)				$ 466,362	$ 466,362	$ 466,362	0
COST SUMMARY:							
One Time Cost W/O Building Facilities Capital Cost , Lease Cost or Building Facilities Support Cost:				$ (39,676,130)	$ (990,000)	$ (990,000)	0
Building Facilities Capital Cost (Cost of Alternate Administrative Facilities in Relocation Areas)				$ (13,706,000)	0	0	0
Building Facilities Lease Payments (PV of Annual Lease Payments.@4.75%, 20 years in 05 Dollars)				0	$ (13)	$ (14,301,582)	$ (20,369,070)
Building Facilities Support Costs (PV of Annual Building Operating Costs @3%, 20 years in 05 Dollars)				$ (6,938,289)	$ (6,938,289)	$ (6,938,289)	0
Building Ownership Residual Value (PV of Building Facilities Cost, 20 Years @4% growth & 11.5% Discount Rate)				$ 3,404,710	0	$ 3,404,710	0
TOTAL COST OF EACH BRAC SCENARIO:				$ (56,915,709)	$ (7,928,302)	$ (18,825,161)	$ (20,369,070)
*Present Value of Transformation Savings: $7,130,000 Annually Discounted at 3%, over 20 years				$ 106,076,396	$ 106,076,396	$ 106,076,396	$ 106,076,396
TOTAL DON SAVINGS USING TRANSFORMATION PERSONNEL REDUCTIONS:				$ 49,160,687	$ 98,148,094	$ 87,251,235	$ 85,707,326

BRAC SAVINGS:	$ 49,160,687 Move SouthDIV From Charleston	$ 98,148,094 Move to DFAS	$ 87,251,235 Move to COG	$ 85,707,326 Status Quo

*** These savings are the result of personnel reductions from the NAVFAC Transformation. They are included in all scenarios because the savings will occur whether or not BRAC happens.**

Executive Summary

NAVFAC – Southern Division (Charleston) – Maintaining military value, while improving mission effectiveness and maximizing cost effectiveness through exercise of alternatives not yet assessed

BRAC Analysis Flawed

- Cost effective solutions in Charleston were not considered in the BRAC analysis, even though an additional cost savings of $49M is available through exercise of an option suggested by other BRAC actions.
- Geographic dispersal of NAVFAC-Southern Division's mission is unique – unlike other Divisions where bases at Regional Centers represent the core of their responsibility – demanding aggregation of duties to compensate for shifts in workload.
- The BRAC cost analysis of NAVFAC-Southern Division is overshadowed by assumed magnitude of the closure of the components in Philadelphia.
- The personnel savings claimed in the BRAC scenario are savings that will be realized in the NAVFAC Transformation through alignment and consolidation, and are not dependent on collocation.
- Military Value in the BRAC analysis is heavily weighted by collocation. The assumption was that collocation means more effective and efficient mission accomplishment. This is counter to recent experience.

Considerations for BRAC Commission and Staff evaluation of DoD recommendation

- <u>Cost of operations, manpower implications and infrastructure availability advantages of Charleston over Jacksonville</u>
  - NAVFAC-Southern Division can easily relocate to nearby DFAS facilities (recommended for closure by other BRAC actions) saving $49M relative to relocation of the mission to Jacksonville, Great Lakes and Norfolk. The facility is optimally sized for NAVFAC-Southern Division, has 46 years remaining on a one dollar per year lease and should have been assessed in the BRAC process.
  - Other leased space options are available to NAVFAC-Southern Division if DFAS facilities were not available, saving $38M.

- <u>Military Value Advantages of Charleston over Jacksonville</u>
  - Keeping the NAVFAC-Southern Division mission in its current aggregated form allows for load leveling over its assigned 26 states. Since less that 10% of their mission supports Jacksonville and capital initiatives at Great Lakes are nearing completion, there is little advantage to collocation at regional centers. The variable geographic workload demands flexibility, most easily accomplished through a centralized "reach-back" capability to avoid duplication of resources.
  - Remaining in Charleston will eliminate the risk of the loss of intellectual capital, estimated at 50% of the staff.
  - Comparing the performance of Southern Division supporting 3 remote Regional Commands with the performance of the other major NAVFAC components currently collocated with Regional Commands using NAVFAC's performance metrics shows Southern Division as the top component. This makes the assumption in the BRAC scenario correlating collocation with better performance **invalid**.
  - Specialized project offices are currently deployed from Charleston to manage local issues (e.g., state regulatory interface), including Jacksonville and Great Lakes.

Proposed Solution:

Retain Military Value through efficient NAVFAC mission execution by keeping Southern Division intact and save $49M by occupying DFAS facilities in Charleston.

NAVFAC – Southern Division (Charleston South Carolina)

ISSUE

A centralized NAVFAC-Facilities Engineering Command should be located in Charleston South Carolina vice Jacksonville as it provides enhanced military value, lowers one-time implementation costs ($40M), and contributes substantially to the management effectiveness of its government-wide mission. It supports the Navy's organizational alignment and NAVFAC transformation while retaining valuable intellectual capital and enables effective execution of its dispersed and variable mission.

DOD RECOMMENDATION

Action – Close NAVFAC-Southern Division (Charleston) and NAVFAC-Northeast (Philadelphia), transferring responsibilities to Jacksonville, Norfolk and Great Lakes.

Justification – The consolidation and collocation of NAVFAC Commands with installation management Regions enhances common management and support functions on a regionalized basis. The aggregated net present value of the savings resulting from the three actions is estimated by DOD as $81.8M with one time cost of $37.9M and annual recurring cost savings of $9.1M.

ANALYSIS OF DoD RECOMMENDATION

Cost Savings – The cost savings used to justify the closure of NAVFAC-Southern Division is flawed – overstating their magnitude, which is overwhelmingly weighted toward the portion of the recommendation in Philadelphia. The DOD analysis did not consider alternates in Charleston that were made available by the BRAC process itself. In addition, the analysis included personnel savings that have already been addressed in the NAVFAC Transformation process. In fact, the savings as a result of applying transformation to the SOUTHDIV AOR are projected to be 20% by FY 2011. The BRAC scenario savings of 10% is contained in the 20% already planned, and is a result of aligning NAVFAC FEC AOR with Regional Command AORs and eliminating redundant functions

In fact, the relocation of the main body of NAVFAC-Southern Division to Jacksonville has no recurring annual savings, and when compared to a Charleston location, the net present value of the Southeast consolidation in Jacksonville is negative ($49M). That conclusion is based on the resolution of the following anomalies in the DOD analysis:

- Cost avoidance of current annual leased space can be achieved in Charleston through use of several options (discussed below). Most notably, a parallel BRAC action (closure of DFAS) will make ideally sized facilities available for NAVFAC with minimal renovation and near zero annual lease cost. In fact, relocation to these spaces can be achieved years earlier than can be achieved by relocation to Jacksonville, reducing total lease costs. Savings in Charleston for leased space are estimated at $24.0M over 20 years.
- Reassignment of personnel to Jacksonville, Great Lakes and Norfolk will be expensive, both for the relocation cost of those that transfer from Charleston and for the recruitment and training for those than chose to decline their transfer. Loss of intellectual capital will be substantial and the one-time personnel transfer cost is estimated at $40M.
- Cost savings from downsizing (62 FTE and $106.1M) have been assumed in the analysis of all locations. It is a result of the NAVAFC transformation process not this BRAC decision. As discussed below, operational efficiency will be higher with NAVFAC-Southern Division's functions remaining in an aggregated portfolio, making realization of those efficiencies more probable. However, future transformation execution efficiencies are included for all alternatives as a matter of sound management.

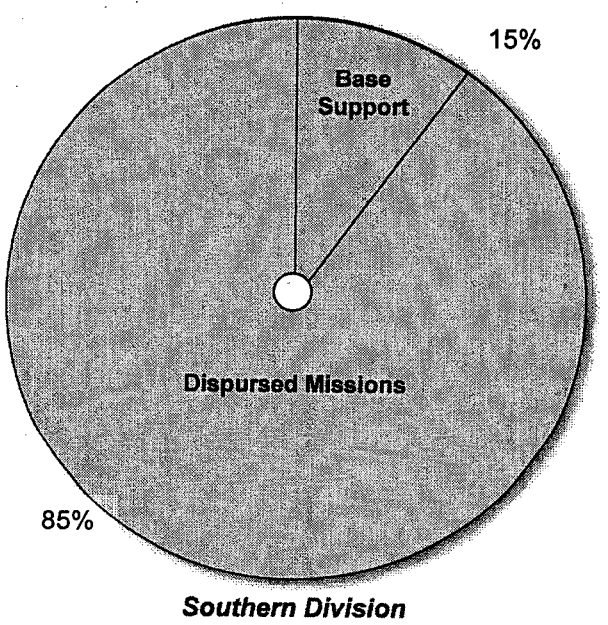
Mission collocation – The premise of the Military Value portion of the DOD Recommendation is that collocation of NAVFAC-Southern Division with the Region is more efficient. Again, this assertion is incorrect. For NAVFAC-Southern Division, there is minimal benefit in collocating Facilities Engineering Commands and Regional Commands. In fact, dividing it into three elements abandons substantial benefits of mission stability and the creation of a technical "reach-back" capability. While there is support from NAVFAC-Southern Division to Navy facilities in Jacksonville and Great Lakes, the magnitude of that

support is small when compared to its overall workload. The greater Jacksonville area represents less than 15% of NAVFAC-Southern Division's mission. In Great Lakes, NAVFAC-Southern Division's recent support to a major capital initiative has represented about one third of its mission. However, by FY2007, support in Great Lakes will be reduced to levels less than Jacksonville. By contrast, Norfolk and San Diego have congruence of base support to total mission for about half their portfolio.

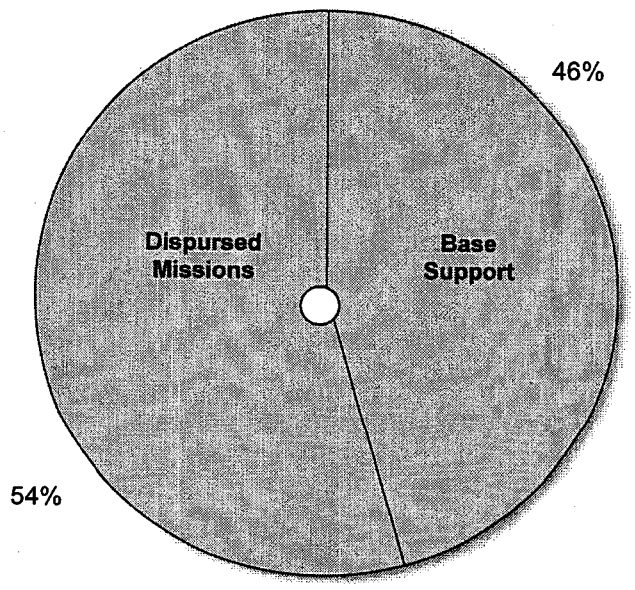
The real synergy gained in the Navy transformation creating geographic Facility Engineering Commands (FECs) to support Regional Commands is in the alignment of areas of responsibilities (AORs) and the tailoring of the on-site presence to support specific installations and fleet concentration areas (FCAs). The current plan for supporting the Navy locates tailored Facilities Engineering assets (Public Works and ROICC) at all installations regardless of BRAC decisions to optimize the delivery of work. That will be done in Jacksonville to support that FCA regardless of the FEC location. The FEC is the reach-back engine that supports its local offices across the Region's AOR in the delivery of work to installations. Particularly for NAVFAC-Southern Division, there is no productivity enhancement gained by locating a FEC with one of the local offices.

For NAVFAC-Southern Division, the vast majority of their work is delivered to installations across the South and Mid-west, separated by long distances from the Regional Commander in Jacksonville. The support provided to those installations has been excellent, and was not dependent on the collocation of Southern Division with the Regional Commander. As of the March Operations Assessment of the four NAVFAC locations, NAVFAC-Southern Division was ranked the most effective in 11 of 19 assessed performance areas.

Geographic Dispersal within 100 mile radius



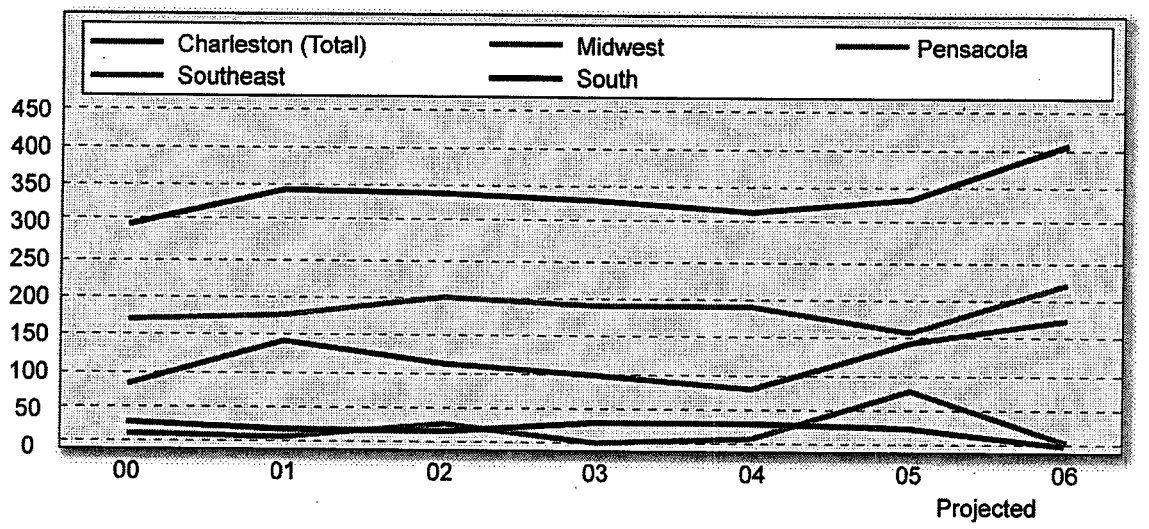
Southern Division



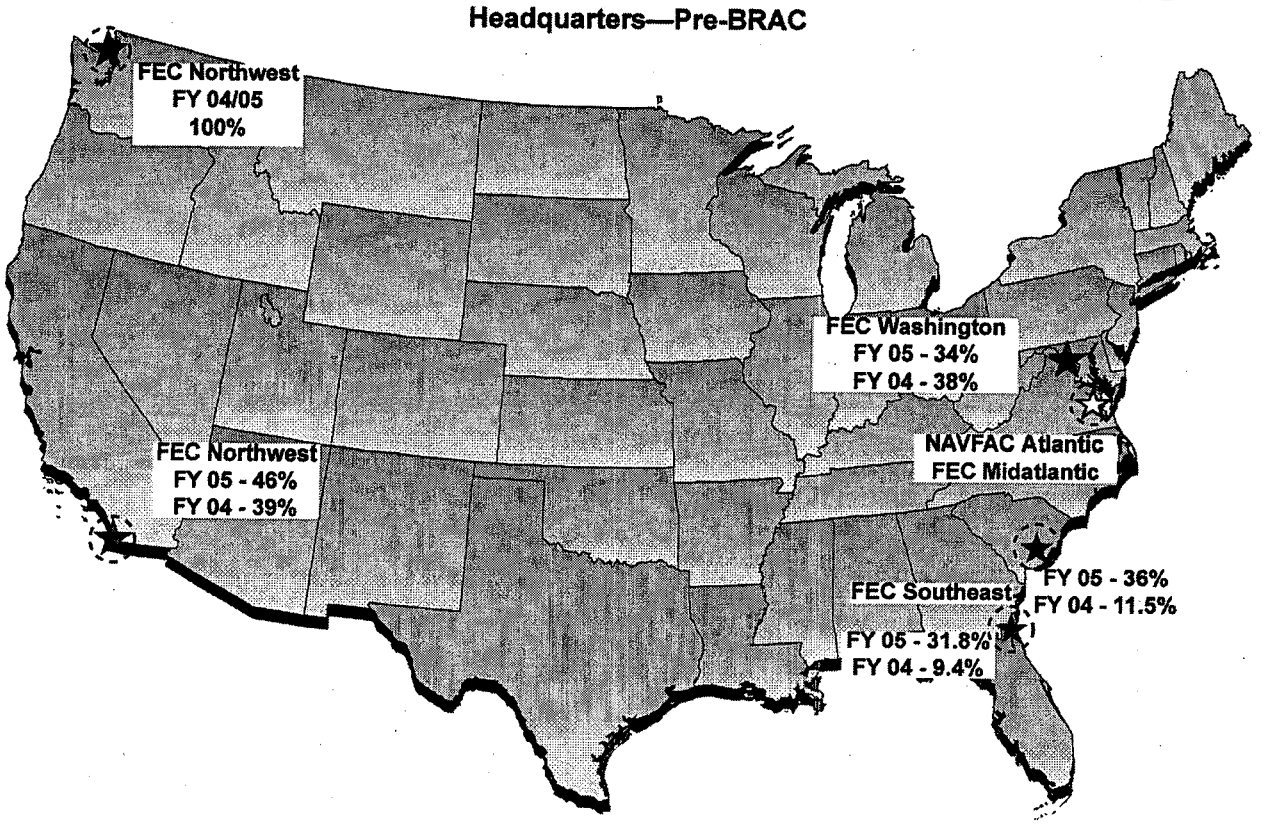
FEC Southwest

Over the years, workload has spiked at various locations within Southern Division's AOR and was accommodated with little perturbation. That work has been accomplished in an exceptional manner. Aggregation of work for installations over this broad area allows not only for load leveling, but also avoids the duplication of specialty expertise (e.g., CERCLA legal support) within the "reach-back engine". This has allowed NAVFAC-Southern Division to perform their work at an exceptional level. For example, NAVFAC-Southern Division responded over night to support the recovery from Hurricane Ivan. They awarded $47M worth of emergency repairs and had 1650 contractor personnel on the ground within 17 days, had the airfield operational within 10 days, completed $37 M of repairs to Chevalier Hall within 89 days, and are on track to complete almost $600M worth of repairs within 2 years of the hurricane.

Even Charleston Workload and Widely Variant Workload



FY 04/05 Component Workload Percent Located Within 100 Mile Radius of the EFD Headquarters—Pre-BRAC



Intellectual Capital – It is probable that an inordinate number (50%) of NAVFAC-Southern Division's staff will not relocate to Jacksonville, Norfolk and Great Lakes. The quality of life in Charleston is very high and many NAVFAC staff will choose to remain there. Aside from the cost of retirement, relocation and

retraining, these assets will have to be replaced. On February 9, 2005, Federal Times reported that the DOD is seeking to hire more than 14,000 scientists and engineers due to increased departures from baby boomers and lower participation in technical programs at universities by US citizens (as opposed to foreign nationals). We must assure that any significant loss of technical capability is incurred only where there are clear and measurable benefits in military value.

PROPOSED SOLUTION

DFAS Offices (Option 1) – An attractive alternative in Charleston was omitted from the DOD analysis. With impending closure of the DFAS mission in Charleston, excellent facilities are available for NAVFAC. The facility has 78,000 square feet of space available to house both the total technical staff and their specialized engineering needs. While this facility is not on federal property, the government holds a 50-year, low-cost ($1 per year) lease on the facility that is assignable to any other federal entity. There are 46 years remaining on this lease with an option available for another 50-year extension. This alternative would allow for the closure of current expensive lease space occupied by NAVFAC, saving $24.0M and avoiding the capital cost of new facilities in the BRAC scenario ($24.8M). Since the facilities assumed to house NAVFAC expansion in Jacksonville, Great Lakes and Norfolk in the DOD analysis is not available, this presents a very attractive alternative to the construction of a new engineering facility.

Since the lease was entered into in 2001, it is technically considered to be ATFP compliant. However, we have developed a plan to improve the protection of the building, estimated at $150K, which is included in our cost analysis. Converting the space to be suitable for engineering activities is estimated at $1.4M, including communications systems.

New space with third-party ownership (Option 2) – The Berkeley, Charleston, and Dorchester County Council of Governments has an unsolicited proposal on record (December 9, 2004) to build offices on government land for NAVFAC-Southern Division under lease back arrangements with the Navy. While the Navy did not consider that proposal, it remains available should issues arise with the use of the DFAS facility above. The 20-year lease costs for this facility are estimated at $22.5M. Some local relocation costs would be incurred ($1.4M), however, this option represents a $38M savings relative to relocation in the BRAC scenario.

Remain in current offices (Option 3) – Remaining in Charleston continues to be attractive, even if the DFAC Offices are not available. Continued occupancy in current leased space would have a 20-year cost of $24M, far less than the $50M cost of relocating..

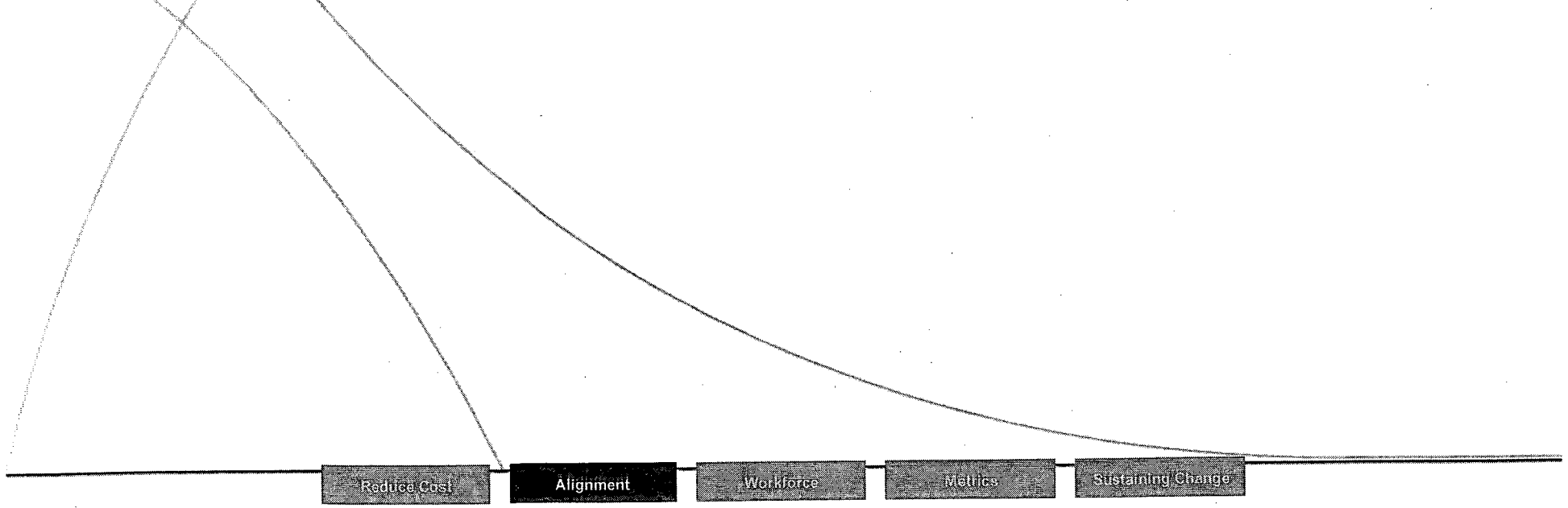
SUMMARY OF SAVINGS FOR CHARLESTON LOCATION OF NAVFAC-SOUTHEAST*

	BRAC RECOMMENDATION	OPTION 1 DFAS	OPTION 2 COMMUNITY PROPOSAL	OPTION 3 CURRENT OFFICES
One-time relocation and personnel cost	$39,676,130	$990,000	$990,000	$0
Lease cost	$0	$13	$14,301,582	$20,369,070
Building support costs	$6,938,289	$6,938,289	$6,938,289	$0
FACILITIES CAPITAL COST	$13,706,000	$0	$0	$0
OWNERSHIP RESIDUAL VALUE	($3,404,710)	$0	($3,404,710)	$0
Total Cost	$56,915,709	$7,928,302	$18,825,161	$20,369,070
Transformational Personnel Savings (62 FTE)	$106,076,396	$106,076,396	$106,076,396	$106,076,396
Total BRAC Cost Plus Transformational Savings	$49,160,687	$98,148,094	$87,251,235	$85,707,326
Savings Over BRAC Recommendation		$48,987,407	$38,090,548	$36,546,639

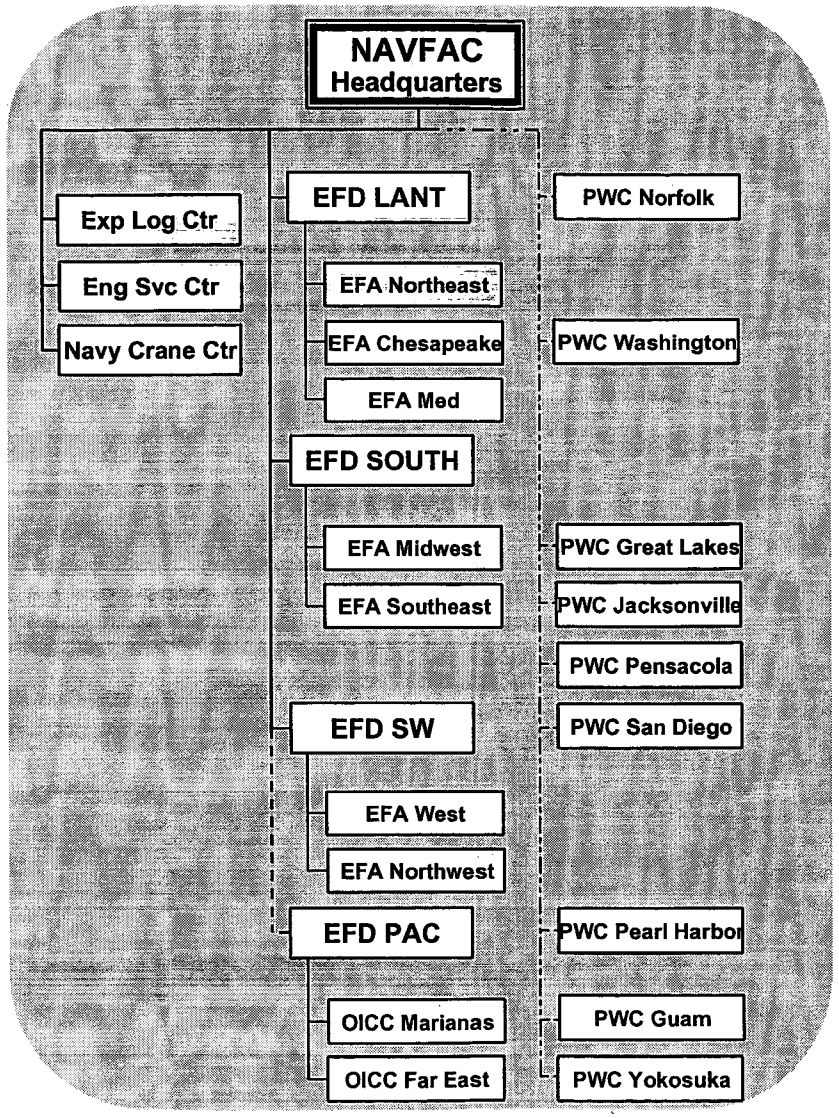
* Cost in then-year dollars over 20 years -- recognize that BRAC analysis is in constant 2005 dollars.

NAVFAC
Naval Facilities Engineering Command

External and Internal Alignments



Current Organization



Currently, Two Enterprises

EFD/A & Specialty Centers – NAVFAC

TOA $ 5.6B (FY06)

Public Works Centers – Regions

TOA $ 1.1B (FY06)

Over 15,000 people worldwide (MIL, CIV, CSS)

Public Works Centers (59%)

EFDs/ EFAs (29%)

Specialty Centers (10%)

Headquarters (2%)

——— ***PRIDU***

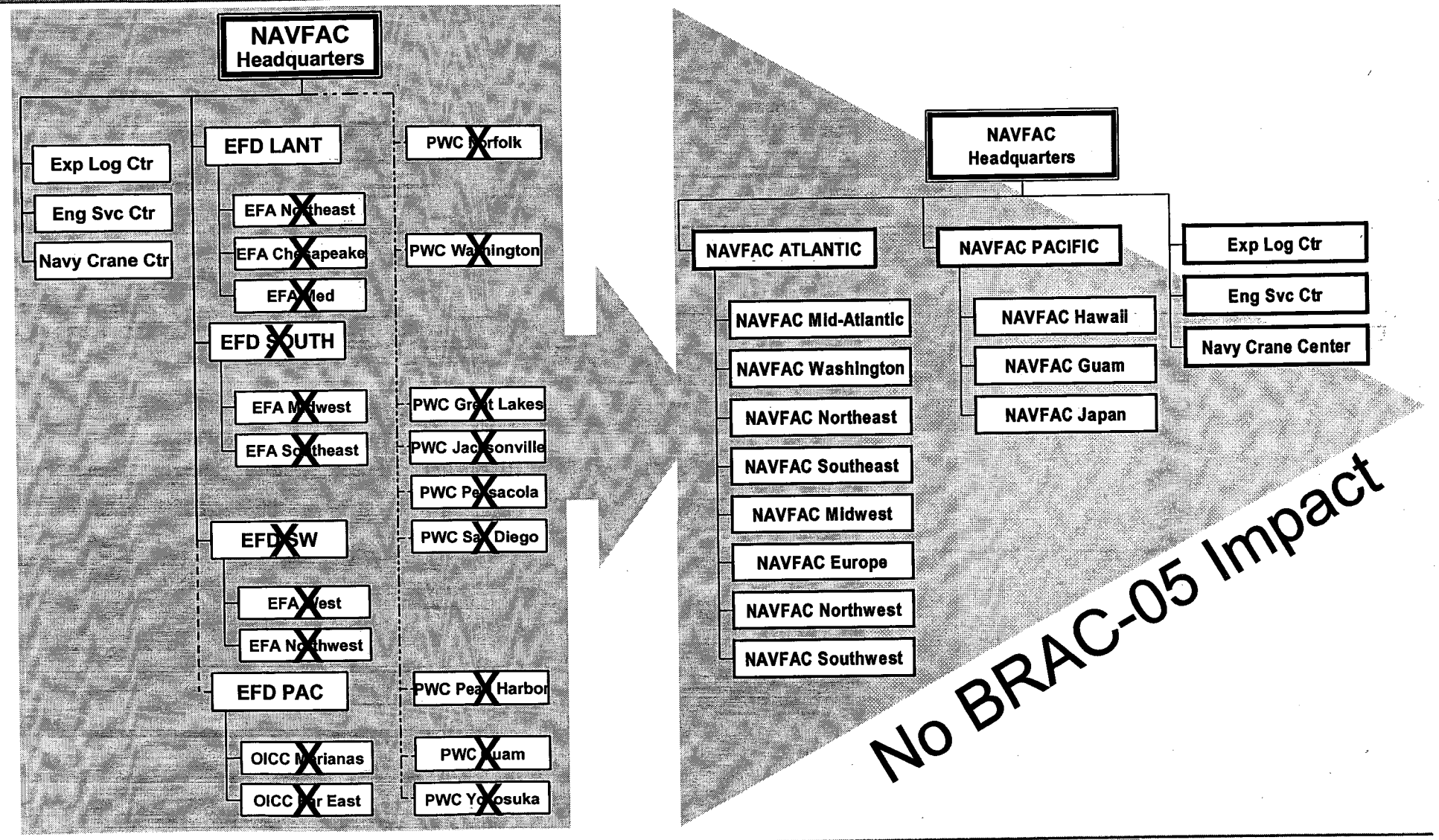
- - - - - - - - ***ADDU***

—·—·— ***BSO, Technical Authority, Not PRIDU/ADDU***

NAVFAC 5

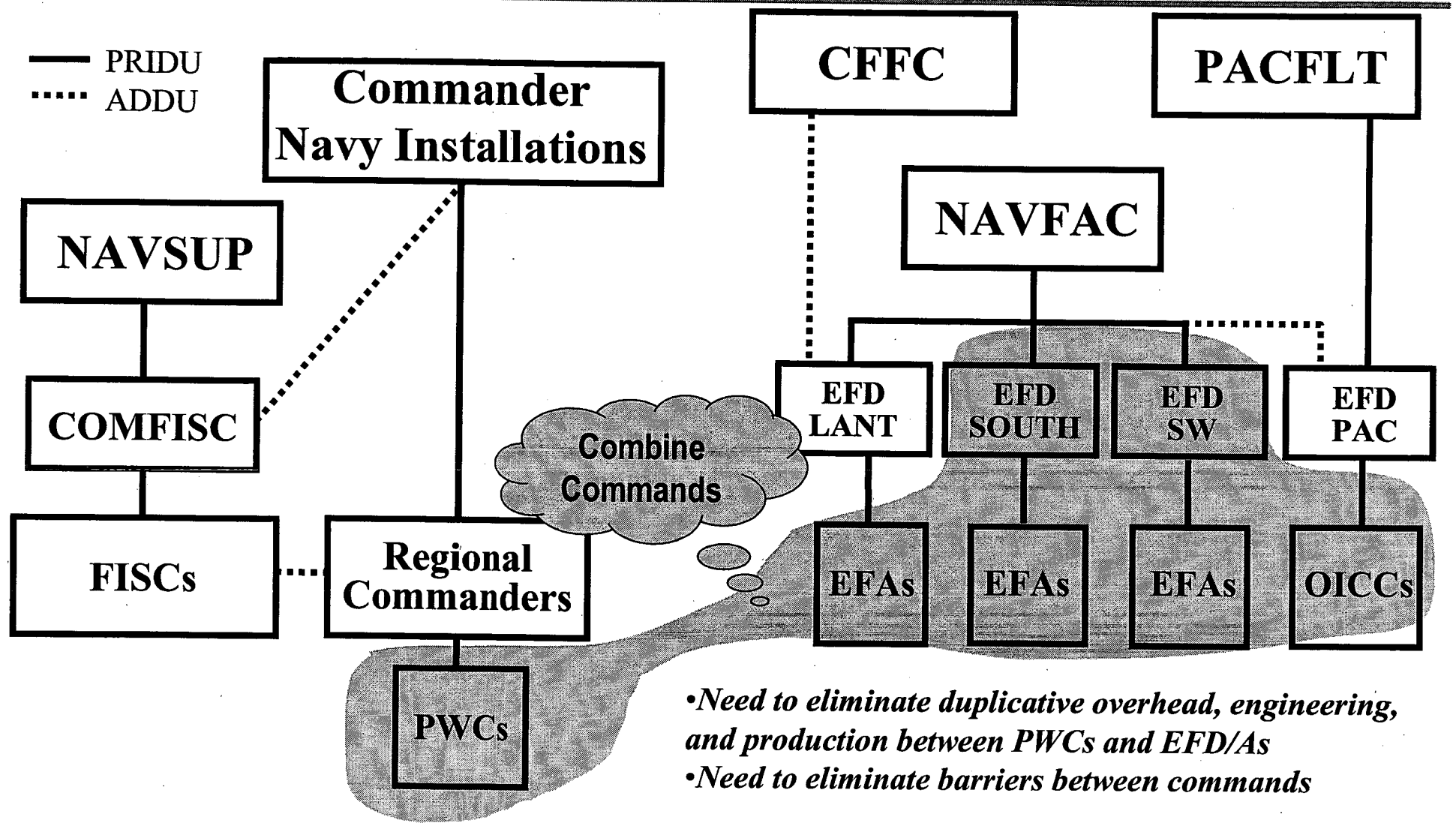
Re-Alignment

Reduce Commands (25 to 16)



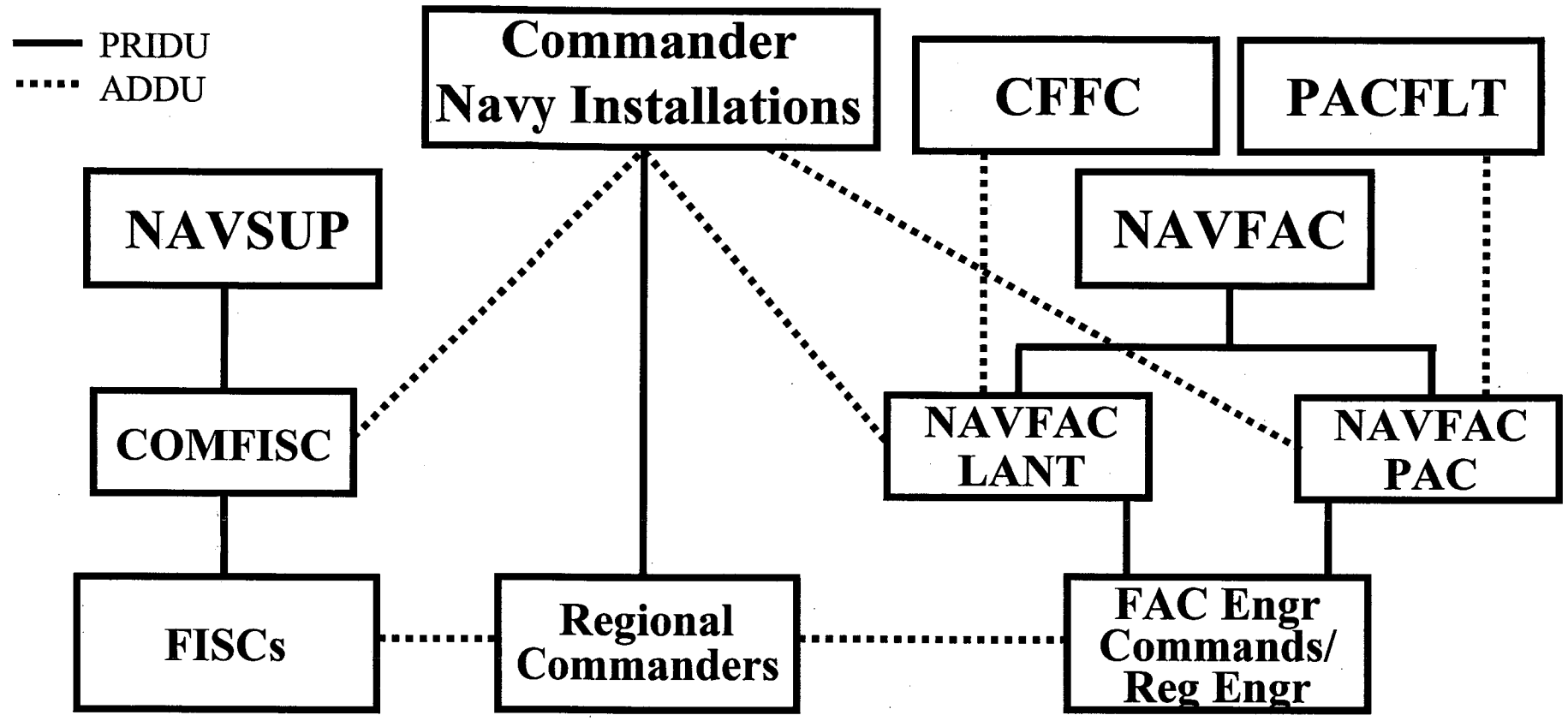
NAVFAC 5

Current Navy Shore Establishment



- *Need to eliminate duplicative overhead, engineering, and production between PWCs and EFD/As*
- *Need to eliminate barriers between commands*

Aligned Navy Shore Establishment



- *FECs OPCON/ADDU to Regional Commanders and PRIDU/ADCON to NAVFAC LANT or PAC*
  - *ACQ and Real Estate contract authority preserved*
  - *USMC support maintained*

- *Establishes clear authority/ accountability to drive change and achieve Navy-wide savings*
- *Reduce from 25 to 16 Commands*
- *NAVFAC LANT/PAC are OPCON/ADDU to CFFC/PACFLT and PRIDU/ADCON to NAVFAC*

Structural Alignment Benefits

NAVFAC

Goal

- **Significantly enhance Navy Shore Facilities Engineering execution and productivity**

How

- **Combine PWCs & EFD/As into Facilities Engineering Commands (FECs) to align with Navy Regions**
- **Position Navy to integrate independent Public Works Departments into FECs – one Navy PW Delivery Model**

Why

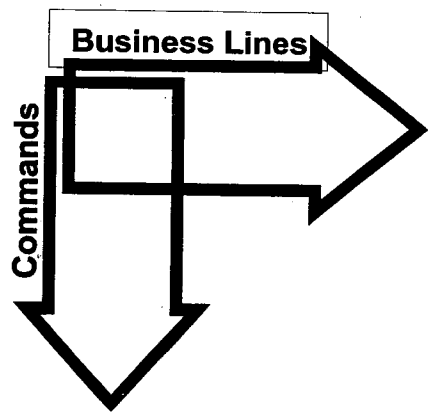
- **Unity of Command = Alignment = Significant Savings/Improved Productivity**
- **Positions Shore Facilities Engineering to better support surge Navy**

Production Savings ($M)

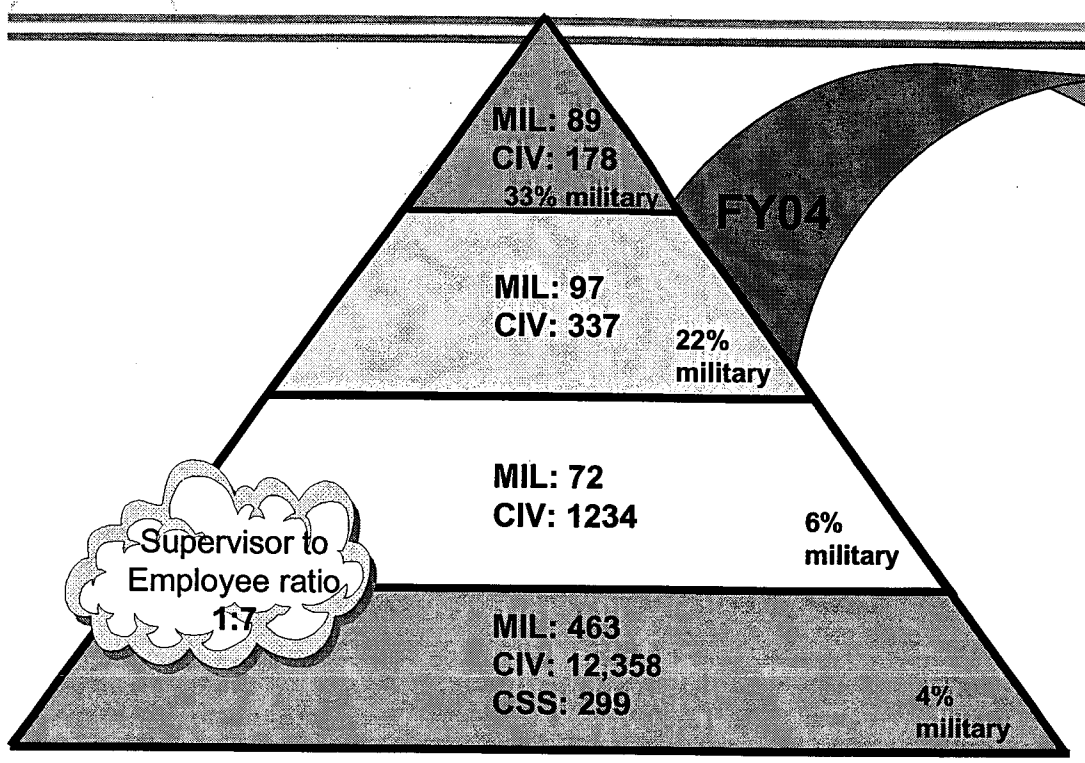
FY05	FY06	FY07	FY08	FY09	FY10	FY11
3	15	30	49	49	49	49

Functional Alignment

- **Aggressively transform NAVFAC from Command-centric to Business Line-centric governance**
  - **–Exploit new structural alignment of EFDs, PWCs, & PWDs to support our "Surge Navy" and to create and achieve enterprise-wide (EFD, EFA, PWC) savings opportunities**
  - **–Empower/ hold Business Line Leaders accountable to continuously drive out costs**
    - ***Accelerate divestiture of non-core functions and enterprise IT integration***



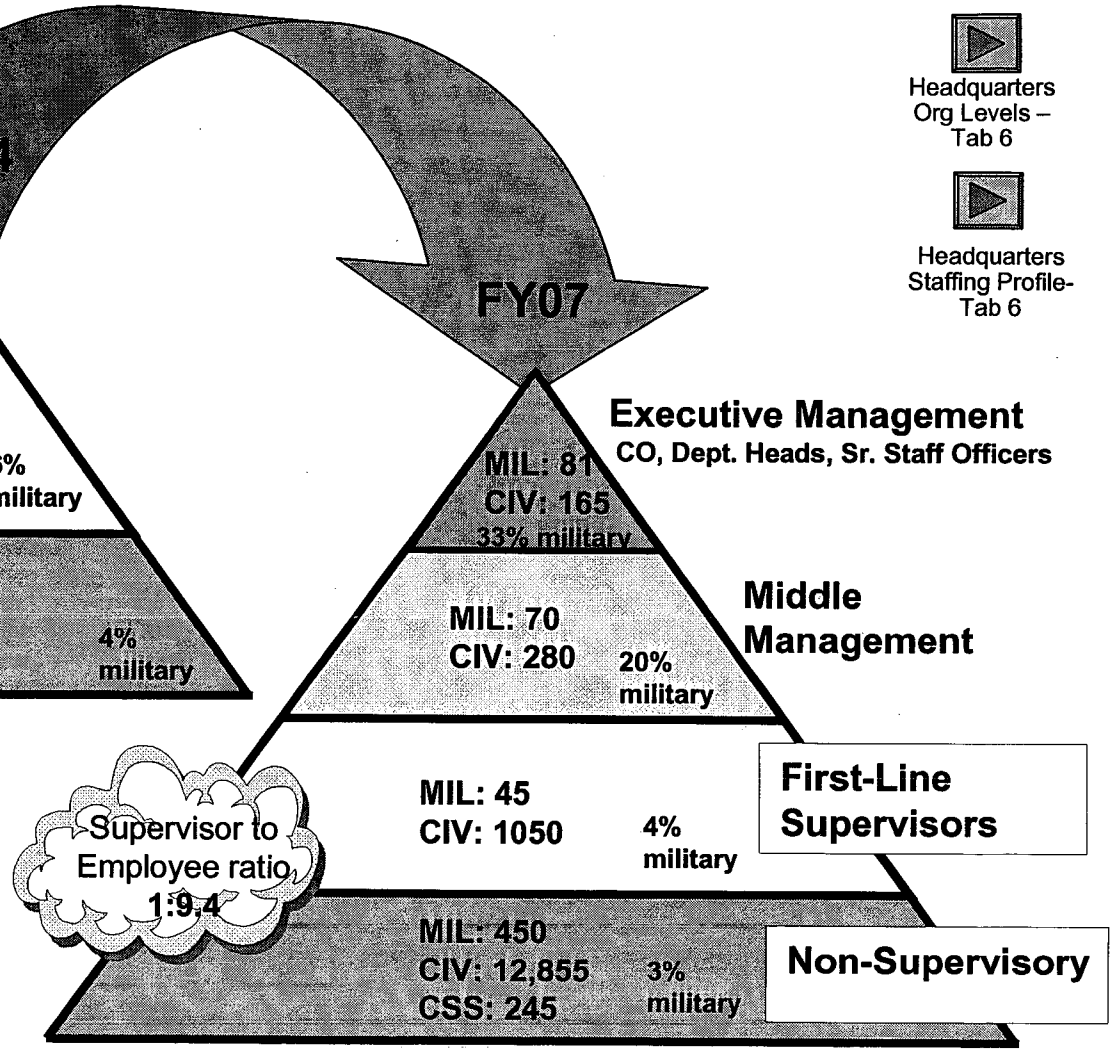
Working Towards the Right Mix



Total: 15,127

Military/Civilian Mix
FY 04 = 1:20
FY 07 = 1:23

Note: Supervisory ratio determined using middle management and first-line supervisors as numerator



Total: 15,241 (includes approx. 1,500 CIVPERS from PWD integration)

Headquarters Org Levels – Tab 6

Headquarters Staffing Profile- Tab 6

NAVFAC Transformation Schedule for Standup of Facilities Engineering Commands

FY04:

Dates	Actions
18 Jun 04	LANTDIV name changed to NAVFAC Atlantic.
18 Jun 04	PACDIV name changed to NAVFAC Pacific
8 Jul 04	NAVFAC Midwest established (formerly PWC Great Lakes & EFA Midwest)
23 Jul 04	NAVFAC Washington established (formerly PWC Washington & EFA Chesapeake)
30 Jul 04	NAVFAC Far East established (formerly PWC Yokosuka & OICC Far East)
30 Jul 04	NAVFAC Mid-Atlantic established (formerly PWC Norfolk & NAVFAC Atlantic Hampton Roads IPT)
30 Sep 04	EFA West disestablished; became an IPT of EFD Southwest

FY05:

Dates	Actions/Proposed Actions
25 Feb 05	NAVFAC Marianas established (formerly PWC Guam & OICC Marianas)
10 Mar 05	NAVFAC Hawaii established (formerly PWC Pearl Harbor & NAVFAC Pacific Hawaii IPT)
8 Jul 05*	NAVFAC Europe to be established (currently EFA Mediterranean)
3 Aug 05*	NAVFAC Southwest to be established (currently PWC San Diego & EFD Southwest)
19 Aug 05*	NAVFAC Northwest to be established (currently EFA Northwest)

FY06:

Dates	Proposed Actions
1 Oct 05*	NAVFAC Northeast to be established (currently EFA Northeast)
TBA	NAVFAC Southeast to be established (currently PWC Jacksonville, EFD South, and EFA Southeast)

**all future dates are tentative until the OPNAV notices are signed*

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES:

1835 ASSEMBLY STREET
COLUMBIA, SC 29201
803-765-5731

126 FEDERAL BUILDING
GREENVILLE, SC 29603
864-233-5366

112 CUSTOM HOUSE
200 EAST BAY STREET
CHARLESTON, SC 29401
843-727-4525

United States Senate

125 RUSSELL OFFICE BUILDING
WASHINGTON, DC 20510-4002
202-224-6121
EMAIL: http://hollings.senate.gov

COMMITTEES:

COMMERCE, SCIENCE, AND TRANSPORTATION: RANKING

APPROPRIATIONS
COMMERCE, JUSTICE, STATE AND THE JUDICIARY: RANKING
DEFENSE
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION
ENERGY AND WATER DEVELOPMENT
INTERIOR

BUDGET

DEMOCRATIC POLICY COMMITTEE

April 22, 2004

RADM Barry Costello
Chief of Legislative Affairs
Department of the Navy Congressional Liaison
1300 Navy Pentagon
Washington, DC 20350-1300

Dear Admiral Costello:

As you are aware, Naval Facilities Engineering Command has recently notified various Congressional Delegations of a pending reorganization/realignment. The South Carolina Congressional Delegation was not informed of the realignment—thus indicating no impact on Southern Division located in Charleston. Subsequent contact with NAVFAC also indicated there would be no immediate impact in South Carolina.

Accordingly, I have these specific questions:

- Why does the Navy insist on going forward with this major change in the functions of NAVFAC Commands despite the FY-03 Supplemental Appropriations Act that prevents such changes without a 270 day Congressional notification?

- Why does the new alignment create a NAVFAC Pacific and NAVFAC Atlantic? Aren't the NAVFAC FEC's supposed to be production engines for NAVFAC? If so, then the NAVFAC Atlantic and Pacific look to be a redundant layer in the organization, unless there is an ultimate plan to consolidate functions from the NAVFAC FEC's into NAVFAC Atlantic and NAVFAC Pacific.

- Why is NAVFAC going through a major realignment prior to BRAC that may have some BRAC implications? Isn't the plan to demote SOUDIV to an echelon four Command and ultimately combine it with Jacksonville setting up SOUDIV to be moved under BRAC?

Please provide the answers to these specific questions to my Charleston office.

With kindest regards, I am

Sincerely,

Ernest F. Hollings

EFH/ls

DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-5065

May 17, 2004

The Honorable Ernest F. Hollings
United States Senator
112 Custom House
200 East Bay Street
Charleston, SC 29401

Dear Senator Hollings:

I am responding for the Chief of Legislative Affairs to your letter of April 22, 2004, concerning the planned realignment of the Naval Facilities Engineering Command (NAVFAC).

NAVFAC, in conjunction with Commander, Navy Installations, has undertaken a comprehensive review of its global operations to standardize business processes, eliminate duplication of effort, drive down costs, enhance accountability, and provide top-quality engineering services to the Navy and Marine Corps in a more timely fashion. This global realignment will commence this summer and is targeted for completion by the summer of 2006.

The realigned NAVFAC global structure will maintain two Echelon III Commands -- one in Norfolk, Virginia, and the other in Pearl Harbor, Hawaii. These two organizations will serve as direct support to the Fleet staffs in Norfolk and Pearl Harbor on facilities requirements. They will also work closely with NAVFAC Echelon IV Commands on common business processes, resource allocation, and effective/efficient accomplishment of work. The realigned Echelon IV Facilities Engineering Commands combine NAVFAC Engineering Field Divisions and Navy Public Works Centers into one organization to provide Clients with a single "touch point" for all NAVFAC products and services, and enable surge support across Navy Regions. They also serve as the Navy Regional Commanders' facilities engineers. The roles and responsibilities between these Echelon III and IV Commands are not duplicative but complement each other by creating a more efficient and aligned command and control structure.

The Facilities Engineering Command in the Southeast will consolidate the Southern Division, Naval Facilities Engineering Command (Charleston, SC), Engineering Field Activity Southeast (Jacksonville, FL), and Navy Public Works Center, Jacksonville, FL. No decision on the location of this organization will be made until the summer of 2006.

Section 1113 of the fiscal year 2004 Defense Authorization Act requires a 270-day notice to Congress if any action is implemented which alters command responsibility or permanent assignment of forces. The Navy has interpreted this provision as applying to operating forces assigned to Combatant Commanders. Under this construction, shore installations not assigned to a Combatant Commander are not covered by the provision.

Thank you for your inquiry. If I can be of further assistance, please don't hesitate to contact me.

Sincerely,

M. K. LOOSE
Rear Admiral, CEC, U.S. Navy
Commander

MV Matrix #	Matrix Scoring Statements	IEG Score	Weight	NAVFAC EFA CHESAPEAKE WASHINGTON	NAVFAC EFA GREAT LAKES	NAVFAC EFA NORTHEAST PHILADELPHIA	NAVFAC EFA NORTHWEST POULSBO	NAVFAC EFA SOUTHEAST JAX	NAVFAC EFA WEST SAN BRUNO	NAVFAC EFD ATLANTIC NORFOLK VA	NAVFAC EFD PACIFIC PEARL HARBOR	NAVFAC EFD SOUTH CHARLESTON SC	NAVFAC EFD SOUTHWEST SAN DIEGO	NAVFAC OICC GU
	Effectiveness of Operations													
HRS-1a-c	Relative proximity to supported customers organizations or subsidiary organizations managed	8	11.92	10.3	6.9	6.3	8.9	7.0	1.4	11.1	11.9	8.0	11.9	6.5
HRS-2	Significant mission-related functions	8	9.67	9.7	4.6	7.4	5.5	1.0	9.1	9.7	9.0	8.8	8.5	7.1
HRS-3	Assessment of current location's statutory status	6	5.09	-	-	-	-	-	-	-	-	-	-	-
HRS-4	Number of customers and/or subsidiary organizations currently served	7	5.28	2.3	1.5	2.2	1.6	1.2	0.9	4.3	3.3	5.3	4.6	0.8
HRS-5	Customers and/or subsidiary organizations currently supported beyond 100 miles	4	3.02	0.0	2.4	3.0	-	0.1	3.0	2.9	1.4	3.0	2.2	-
HRS-6	Service provided to customers outside DoN	3	2.26	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
HRS-7	Singular focus on regional management mission	4	3.02	1.5	3.0	3.0	3.0	3.0	3.0	1.5	1.5	3.0	1.5	3.0
	Attribute Total		40.26	26.1	20.8	24.2	21.2	14.5	19.8	31.7	29.4	30.4	31.0	19.7
	Efficiency of Operations													
HRS-8a-d	Proximity to regional headquarters and fleet commands	9	10.30	10.3	6.6	7.3	9.3	10.2	3.5	10.3	8.4	5.1	10.3	6.7
HRS-9a-b	Proximity to Naval force concentration	9	13.05	9.7	5.3	3.0	9.9	8.6	0.0	13.0	10.3	2.8	13.0	4.8
HRS-10a-e	Proximity to significant non-DoD regional organizations	3	2.38	2.1	1.9	2.1	2.3	1.6	2.4	2.1	1.4	1.6	1.1	-
HRS-11	Share overhead support functions	5	3.34	3.3	3.3	1.7	3.3	3.3	1.7	1.7	3.3	1.7	3.3	3.3
HRS-12	Ratio of workload managed to overhead staff	7	4.68	4.1	1.5	3.7	1.5	2.3	4.7	4.7	3.6	4.7	3.7	2.7
	Attribute Total		33.75	28.4	16.7	17.8	26.4	26.1	12.3	31.7	27.0	15.9	31.6	17.5
	Quality of Facilities													
HRS-13a-b	Relative security posture of the activity	4	4.29	4.3	4.3	1.1	1.1	4.3	-	4.3	4.3	-	4.3	4.3
HRS-14	Facility condition code	4	2.54	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
HRS-15a-b	Relative value of locality cost factors	4	0.88	0.7	0.4	0.6	0.7	0.8	0.3	0.8	-	0.9	0.5	-
HRS-16a-b	Relative value of leased versus owned facilities	4	2.54	2.5	2.5	-	-	2.5	-	2.5	2.5	-	2.5	2.5
	Attribute Total		10.25	10.1	9.8	4.2	4.3	10.2	2.9	10.2	9.4	3.4	9.9	9.4
	Personnel Support													
PS-1	Located within the medical catchment area of an in-patient military medical treatment facility.	3	1.41	1.4	1.4	-	1.4	1.4	-	1.4	1.4	1.4	1.4	1.4
PS-3a-b	Relative value of community housing availability, affordability and proximity.	7	3.28	1.5	2.0	1.9	1.1	2.1	0.7	2.0	0.9	1.6	1.0	0.3
PS-6a-b	Relative opportunity for dependent / off-duty employment.	7	3.28	3.3	2.8	2.9	1.1	2.0	2.3	2.3	1.8	1.8	2.7	0.0
PS-7a-e	Relative availability of base services.	4	1.88	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
PS-8a-b	Relative availability of child development services	7	3.28	3.3	3.3	3.1	0.4	2.9	3.0	1.1	2.4	0.6	3.2	-
PS-12	Relative proximity to a nearest commercial airport	4	1.88	1.9	0.9	1.9	0.4	1.0	1.7	1.8	1.9	1.9	1.9	0.9
PS-13	Relative local crime rate.	3	0.75	0.6	0.6	0.7	0.6	0.2	0.6	0.5	0.0	0.2	0.6	0.8
	Attribute Total		15.75	13.9	12.9	12.3	6.9	11.4	10.2	11.0	10.3	9.3	12.6	5.3
	All Questions Total		100	79.4	62.0	58.6	58.8	62.2	45.2	84.7	76.1	59.1	85.1	51.9

DCN 502

Monthly Operations Assessment

Compiled by the Engineer Operations Center - Commander,Naval Facilities Engineering Command

Reporting data as of 31 March 2005 & 30 September 2004

		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific	Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
Capital Improvements		as of 31 March 2005				as of 30 September 2004			
Efficiency Indicators	Income WIP (ratio)	1	2	3	4	1	2	4	3
	Non-Income WIP (actual)	2	1	3	4	2	1	3	4
	DIP (Actual - %)	1	2	3	4	1	4	2	3
Cycle Time Indicators	MILCON/MCON/MCNR,FHN (% Comp) (FY04 tie/avg mon to awd)	4	2	1	3	3	4	1	2
	Defense (% Complete)	4	3	1	2	2	1	4	3
Effectiveness Indicators	AFScorecard								
	DSGN Complete	1	2	3	n/a	unk	unk	unk	unk
	President's Budget Awds	1	2	n/a	3	unk	unk	unk	unk
	Schedule Growth ('04)	1	3	4	2	unk	unk	unk	unk
	Cost Growth ('04 - less $)	1	3	2	4	unk	unk	unk	unk
Environmental									
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	2	4	3	1	1	1	1
Cycle Time Indicators	Response Complete Remedy in Place ('04 - Yrs to complete)	2	1	3	4	unk	unk	unk	unk
Effectiveness Indicators	Reimbursable Work (obligs to market potentials)	1	4	3	2	2	1	3	4
Real Estate									
Efficiency Indicator	Actions Performed (actual - %)	1	4	3	2	4	2	3	1
Public Works									
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund $)	3	1	3	2	3	1	4	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund $)	2	4	1	3	4	1	3	2
Cycle Time Indicators	Utilities Privatization (SSAD actual)	4	3	1	2	2	3	1	4
Comptroller/Resources									
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	2	4	3	1	4	3	2
	Operating Efficiency - Indirect Hrs (-Trng/Lve) (actual- target)	1	2	3	4	1	4	2	3
Other									
Effectiveness Indicators	NAVFAC Lost Time Case Rates (* tie)	2*	3	1	2*	unk	unk	unk	unk
		32	**46**	**46**	**51**	**27**	**29**	**34**	**34**
		1.68	**2.42**	**2.42**	**2.68**	**2.08**	**2.23**	**2.62**	**2.62**
		(div by 19)				(div by 13)			

Monthly Operations Assessment					
Compiled by the Engineer Operations Center - Commander,Naval Facilities Engineering Command					
Reporting data as of 30 September 2004					
		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
Capital Improvements		as of 30 September 2004			
Efficiency Indicators	Income WIP (ratio)	1	2	4	3
	Non-Income WIP (actual)	2	1	3	4
	DIP (Actual - %)	1	4	2	3
Cycle Time Indicators	MILCON/MCON/MCNR,FHN (% Comp) (FY04 tie/avg mon to awd)	3	4	1	2
	Defense (% Complete)	2	1	4	3
Effectiveness Indicators	AFScorecard				
	DSGN Complete	unk	unk	unk	unk
	President's Budget Awds	unk	unk	unk	unk
	Schedule Growth ('04)	unk	unk	unk	unk
	Cost Growth ('04 - less $)	unk	unk	unk	unk
Environmental					
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	1	1	1
Cycle Time Indicators	Response Complete Remedy in Place ('04 - Yrs to complete)	unk	unk	unk	unk
Effectiveness Indicators	Reimbursable Work (obligs to market potentials)	2	1	3	4
Real Estate					
Efficiency Indicator	Actions Performed (actual - %)	4	2	3	1
Public Works					
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund $)	3	1	4	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund $)	4	1	3	2
Cycle Time Indicators	Utilities Privatization (SSAD actual)	2	3	1	4
Comptroller/Resources					
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	4	3	2
	Operating Efficiency - Indirect Hrs (-Trng/Lve) (actual- target)	1	4	2	3
Other					
Effectiveness Indicators	NAVFAC Lost Time Case Rates (* tie)	unk	unk	unk	unk
		27	**29**	**34**	**34**
		2.08	**2.23**	**2.62**	**2.62**

Monthly Operations Assessment					
Compiled by the Engineer Operations Center - Commander,Naval Facilities Engineering Command					
Reporting data as of 31 March 2005					
		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
Capital Improvements		as of 31 March 2005			
Efficiency Indicators	Income WIP (ratio)	1	2	3	4
	Non-Income WIP (actual)	2	1	3	4
	DIP (Actual - %)	1	2	3	4
Cycle Time Indicators	MILCON/MCON/MCNR,FHN (% Comp) (FY04 tie/avg mon to awd)	4	2	1	3
	Defense (% Complete)	4	3	1	2
Effectiveness Indicators	AFScorecard				
	DSGN Complete	1	2	3	n/a
	President's Budget Awds	1	2	n/a	3
	Schedule Growth ('04)	1	3	4	2
	Cost Growth ('04 - less $)	1	3	2	4
Environmental					
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	2	4	3
Cycle Time Indicators	Response Complete Remedy in Place ('04 - Yrs to complete)	2	1	3	4
Effectiveness Indicators	Reimbursable Work (obligs to market potentials)	1	4	3	2
Real Estate					
Efficiency Indicator	Actions Performed (actual - %)	1	4	3	2
Public Works					
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund $)	3	1	3	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund $)	2	4	1	3
Cycle Time Indicators	Utilities Privatization (SSAD actual)	4	3	1	2
Comptroller/Resources					
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	2	4	3
	Operating Efficiency - Indirect Hrs (-Trng/Lve) (actual- target)	1	2	3	4
Other					
Effectiveness Indicators	NAVFAC Lost Time Case Rates (* tie)	2*	3	1	2*
		32	**46**	**46**	**51**
		1.68	**2.42**	**2.42**	**2.68**

Monthly Operations Assessment

Compiled by the Engineer Operations Center - Commander,Naval Facilities Engineering Command

Reporting data as of 31 March 2005 & 30 September 2004

		Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific	Southern Division	NAVFAC Atlantic	Southwest Division	NAVFAC Pacific
Capital Improvements		as of 31 March 2005				as of 30 September 2004			
Efficiency Indicators	Income WIP (ratio)	1	2	3	4	1	2	4	3
	Non-Income WIP (actual)	2	1	3	4	2	1	3	4
	DIP (Actual - %)	1	2	3	4	1	4	2	3
Cycle Time Indicators	MILCON/MCON/MCNR,FHN (% Comp) (FY04 tie/avg mon to awd)	4	2	1	3	3	4	1	2
	Defense (% Complete)	4	3	1	2	2	1	4	3
Effectiveness Indicators	AFScorecard								
	DSGN Complete	1	2	3	n/a	unk	unk	unk	unk
	President's Budget Awds	1	2	n/a	3	unk	unk	unk	unk
	Schedule Growth ('04)	1	3	4	2	unk	unk	unk	unk
	Cost Growth ('04 - less $)	1	3	2	4	unk	unk	unk	unk
Environmental									
Efficiency Indicator	ERN (obligs vs alloc) - FY04 all equal	1	2	4	3	1	1	1	1
Cycle Time Indicators	Response Complete Remedy in Place ('04 - Yrs to complete)	2	1	3	4	unk	unk	unk	unk
Effectiveness Indicators	Reimbursable Work (obligs to market potentials)	1	4	3	2	2	1	3	4
Real Estate									
Efficiency Indicator	Actions Performed (actual - %)	1	4	3	2	4	2	3	1
Public Works									
Efficiency Indicator	Income FIP ('05 actual) (% Diff - work divided by fund $)	3	1	3	2	3	1	4	2
	Non-Income FIP ('05 actual) (% diff - work divided by fund $)	2	4	1	3	4	1	3	2
Cycle Time Indicators	Utilities Privatization (SSAD actual)	4	3	1	2	2	3	1	4
Comptroller/Resources									
Efficiency Indicator	Operating Efficiency - Indirect Hrs (actual - based on target)	1	2	4	3	1	4	3	2
	Operating Efficiency - Indirect Hrs (-Trng/Lve) (actual- target)	1	2	3	4	1	4	2	3
Other									
Effectiveness Indicators	NAVFAC Lost Time Case Rates (* tie)	2*	3	1	2*	unk	unk	unk	unk
		32	**46**	**46**	**51**	**27**	**29**	**34**	**34**
		1.68	**2.42**	**2.42**	**2.68**	**2.08**	**2.23**	**2.62**	**2.62**
		(div by 19)				(div by 13)			

Assessments Sept 04 Mar 05

March 05 & Sept 04

DFAS CHARLESTON Facilities

- MILCON renovation completed 1997 at a cost of $6.9 Million
- New Roof with waterproofing completed 2005
- Maintenance cost of $3.80 per square ft.
- Total Capacity: 661 available workspaces
  - ✓ Warehouse area of 120,000 square ft.
  - ✓ New Security System installed 2005
  - ✓ Large conference and team rooms and 2 fully equipped training rooms
  - ✓ On-site generator(UPS)

DFAS CHARLESTON SECURITY ASSESSMENT

- DFAS Charleston is located on the former Charleston Naval Base, now known as the Charleston Naval Complex in North Charleston, South Carolina. DFAS Charleston occupies buildings 198 and 198A.

- DFAS Charleston implements the DoD Force Protection Condition (FPCON) system. The site has no security force other than the site Security Specialist and a temporary Security Clerk. As such, the site relies on the North Charleston Police Department for security force response capabilities. This lack of security force capability presents unique challenges at higher FPCON implementation.

- The site is not located within a controlled perimeter, but has some fencing on the east, west and south side of the facility. Access is controlled to the interior of the facility through the use of an electronic entry control system. There is no screening equipment (metal detectors or x-ray machines) available to assist in the access control process. Non-DFAS visitors are processed at the security desk in the main lobby and escorted while in the facility.

- The site lacks adequate standoff on both the east and west sides of the facility. Standoff on the north side is considered marginal. However, a detailed structural analysis of the facility and application of Unified Facilities Criteria (UFC) 4-010-01 is required prior to final determination. Windows on the facility are held by an anchored frame system and have Fragmentation Retention Film installed.

- Delivery vehicles are screened by the security clerk and/or mail room personnel prior to being granted access to the facility. The site does not have screening technology to screen mail/packages and relies on delivery organizations (USPS, UPS, FEDEX, etc) to screen mail/packages prior to delivery. The site has an emergency Heating, Ventilation and Air Conditioning (HVAC) shut off switch installed in the mailroom.

- Closed Circuit Television (CCTV) is installed on both the interior and exterior of the facility. Intrusion Detection Systems are installed in areas deem appropriate by the site. Both systems are currently being monitored during duty hours by the security and/or mail room staff. There is currently no monitoring contract in place for continuous surveillance of these systems, but the site has plans to contract for the service in the near future.

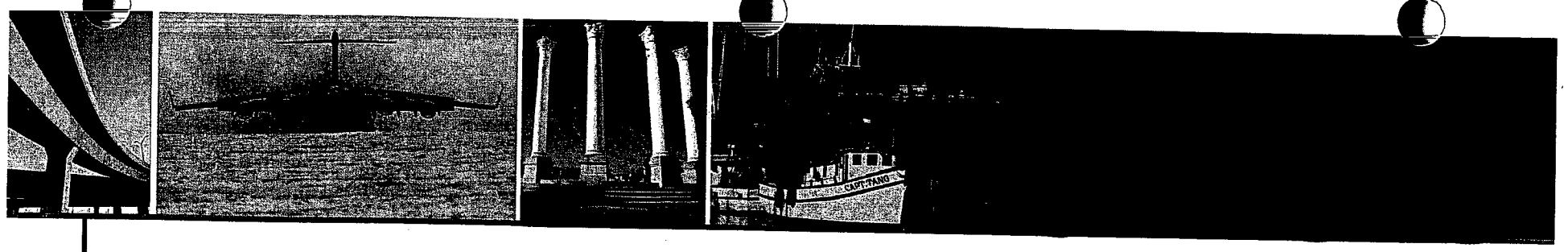
- The HVAC air intakes and exhaust vents are located on the roof. Water is supplied by local public utilities using underground feeds. The site has emergency power generation capability.

- DFAS last conducted an assessment at the DFAS Charleston site in January 2003. At that point in time the threat was assessed at Low to Moderate dependent on tactic assessed. A comprehensive Higher Headquarters Vulnerability Assessment utilizing the Joint Staff Integrated Vulnerability Assessment (JSIVA) methodology and benchmarks, to include application of standards contained in Unified Facilities Criteria (UFC) 4-010-01 (DoD Minimum Antiterrorism Standards For Buildings) is scheduled for August 2005. As such,

compliance with all UFC 4-010-01 standards cannot be determined until completion of the scheduled assessment.

- Major physical security concerns identified in the January 2003 assessment included standoff, security awareness/training, upgrades to the CCTV and IDS systems, and lighting. Measures taken to mitigate identified concerns include a new electronic entry control system, upgrades to the CCTV system, installation of an HVAC shut off switch in the mailroom, and an upgraded fire detection and reporting system.

Prepared by: Hugh D. Wiley, (317) 510-4096.



Charleston, SC

A Joint Military Complex

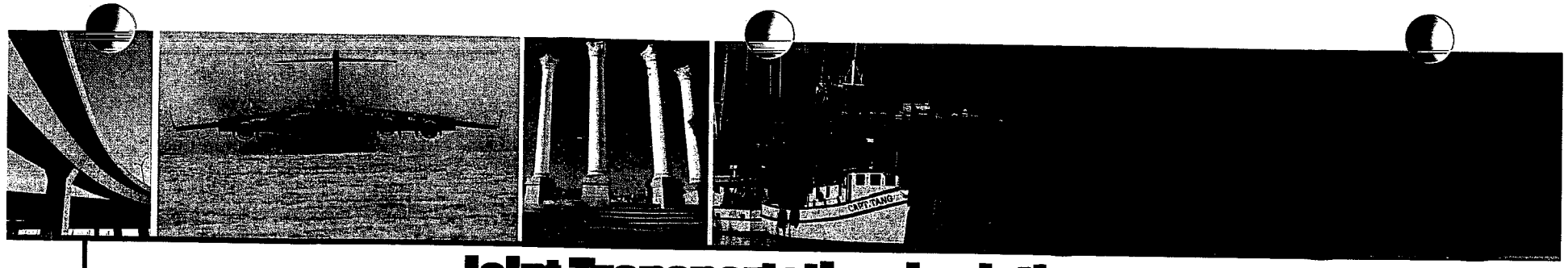
Existing, Proven, Unique – a model for Transformation

Peter Wertimer

Immediate Past Chairman

Charleston Metro Chamber of Commerce

December 9, 2004



Joint Transportation, Logistics, Engineering & Training Complex

Sealift

Providing war-proven throughput capability for military equipment

- NWS – 17,000 acres of land, 17 miles of waterfront, 4 deepwater piers & 254 magazines -- ***unencumbered***
- Provided the Army with 30% of its combat equipment sealift requirements for Operation Iraqi Freedom (OIF)

Prepositioning

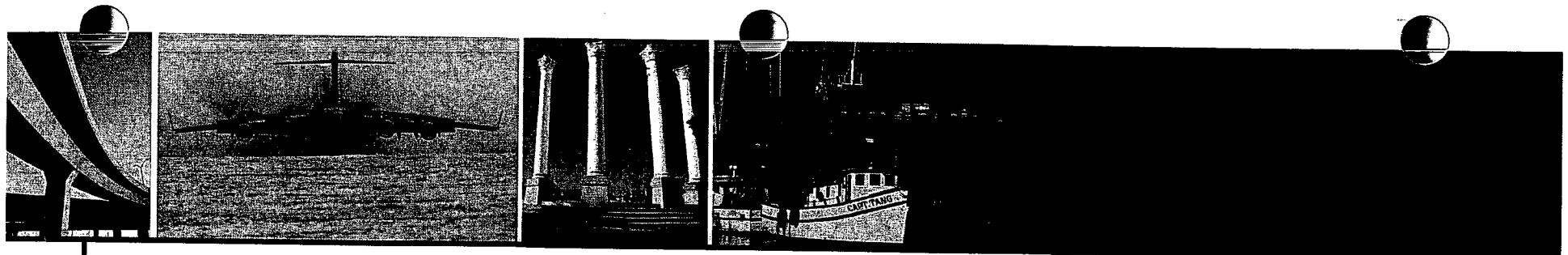
Critical hub & support site to Army prepositioning pipeline

- Army's only CONUS prepositioning hub & military deployment base
- OIF demanded a surge of equipment shipments, loading 110 ships with 60,000 pieces of equipment, using a robust intermodal infrastructure – 9,500 rail cars and 18,000 tractor trailers
- All 12 Army equipment prepositioning ships were offloaded & used for OIF

Airlift

The proven, premier provider of military airlift for operations & combat training

- Premier provider of military airlift, operating 53 C-17 aircraft with an active duty-reserve partnership – free from local flight restrictions
- For OIF, 60% of channel cargo airlifted went through Charleston AFB



Joint Transportation, Logistics, Engineering & Training Complex

Engineering

Providing state-of-the-art engineering & technology insertion support to all services & multiple agencies

- SPAWAR Systems Center (SSC) Charleston is a $2.4B/yr state-of-the-art C4ISR engineering complex – a developer of FORCEnet Integrated Baseline & an integrator for DOD's Horizontal Fusion
- NAVFAC-Southern Division is a $2B/yr facility design organization serving the Navy, Unified Commanders and other services & agencies
- The Charleston Army Corps of Engineers protects federal/military interests in navigation & flood damage reduction

Training

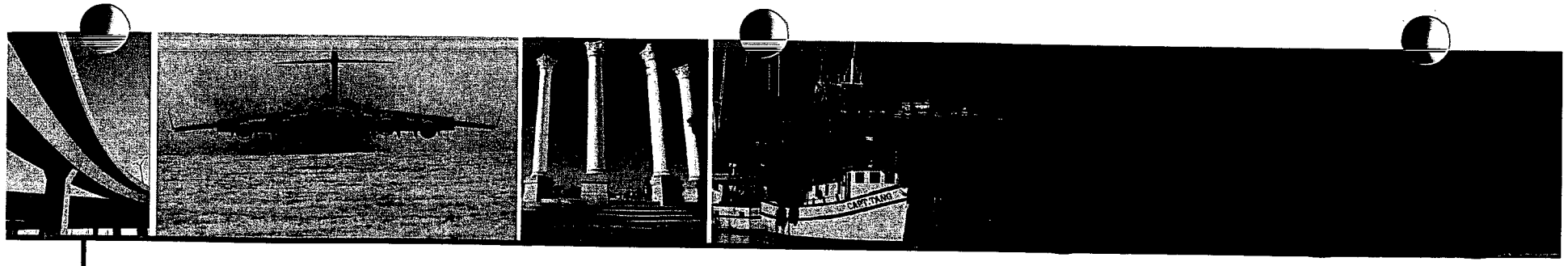
Home to unique, state-of-the-art, world-class training centers

- NNPTC and NPTU provide classroom and operational training & qualification for Nuclear Navy officers and enlisted personnel (3,000/year)
- Air Force provides realistic, third-world airlift flight training, with combat conditions & special forces insertion at North Field Auxiliary Training Site
- NWS is home to Army & Navy Reserve Units

Law Enforcement

A model of multi-agency integration for Homeland Security

- Federal Law Enforcement Training Center recently established in Charleston
- DOJ Project SeaHawk links emergency response of local, state and federal assets (e.g., Navy, FBI & Coast Guard) through Charleston Harbor Operations Center



Unique Capabilities

Integrated Infrastructure

Unmatched intersection of military & civil capability

- Co-location with the East Coast's second largest & most efficient container port provides robust, low-cost surge capability – free from staging & lay-down charges
- Co-location with Charleston International Airport links equipment suppliers to the military through commercial airlift infrastructure
- Strategic Intermodal Rapid Deployment Transportation Hub

Freedom from Restrictions

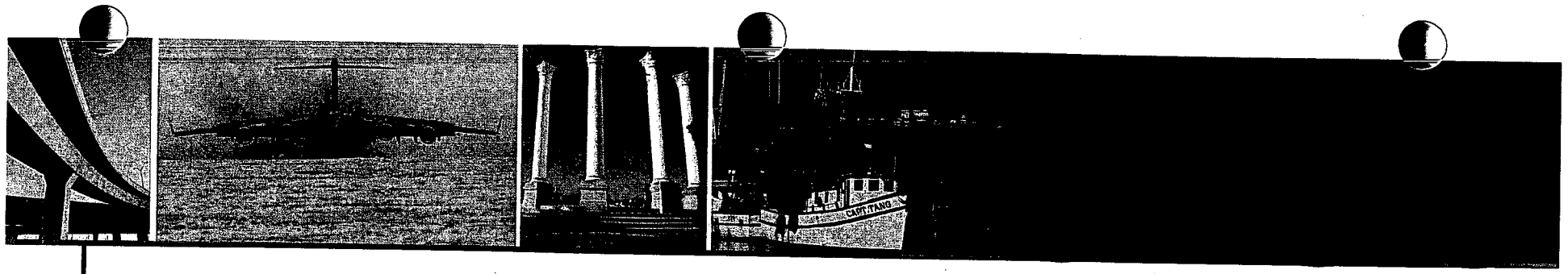
Unencumbered operations and training

- Absence of explosives safety waivers for weapons storage & handling
- Absence of operational or training restrictions from air traffic, encroachment or safety limits at both Charleston AFB & the North Field Auxiliary Training Site

Sole Provider

Unique service provider to the military

- Only military seaport for deployment of combat equipment
- Only activity to execute Army Afloat program
- Only one-stop on/off-load & refurbishment of Army combat equipment
- Only DOD activity providing ammunition receipt, storage, segregation & issue for USMC prepositioning ships



Efficient Mission Execution

Military Infrastructure & Surge Capability

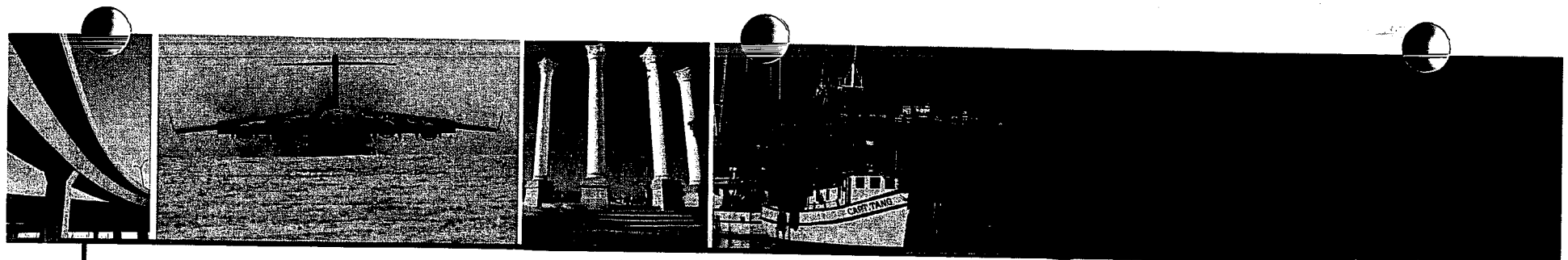
Charleston's flexible infrastructure , with contiguous civil & military sealift and airlift ports, provides reliable & proven capabilities in time of emergency or national need

- As a military port, NWS is free from commercial staging & laydown cost (saves $300K per ship)
- In response to Operation Iraqi Freedom, CAFB became a surge hub for all 100 C-17's, increasing average daily missions 180% and trucks unloaded by 400%
- In response to weather-imposed damage to Dover AFB in February 2003, CAFB tripled their cargo throughput to accommodate mission requirements

Cost Effectiveness

Charleston's Military Complex provides value to the military with inherent lower personnel costs, shared resources, capabilities & security

- Over 30 commands in Charleston – sharing support services
- Lower grade structure and labor costs compared to other areas
- SSC Charleston is the Navy's most efficient provider of rapid acquisition expertise with a G&A/overhead rate 71% below the Navy average
- Charleston's Coast Guard Base will be sector headquarters – air & surface units provide Homeland Security/Force Protection support for commercial & military shipping & NWS



On-going Transformation

Joint Service Integration

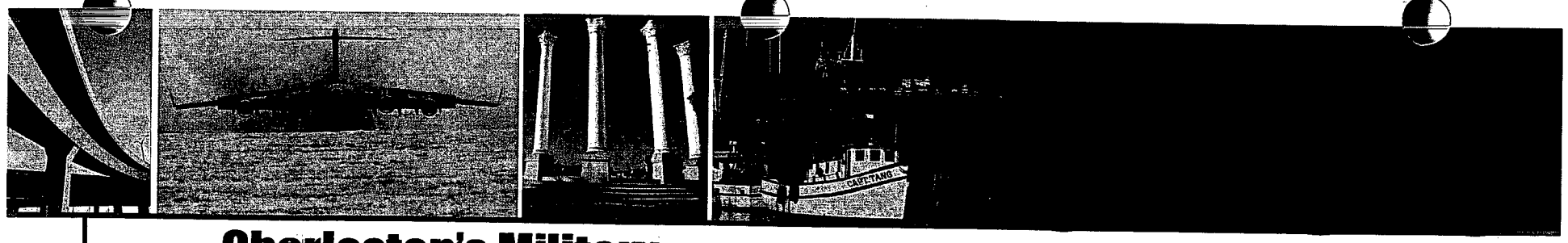
Already working together for efficiency & effectiveness

- NWS is host to over 20 military commands
- Charleston's unique North Field Auxiliary Training Site is in high demand and is made available to other users
- NWS provides bulk jet fuel delivery to CAFB through underground pipeline
- Engineering centers enjoy multi-service sponsors – providing value, timeliness and solution effectiveness
- Charleston's Military Complex already realizes reduced Base Operating Support (BOS) costs

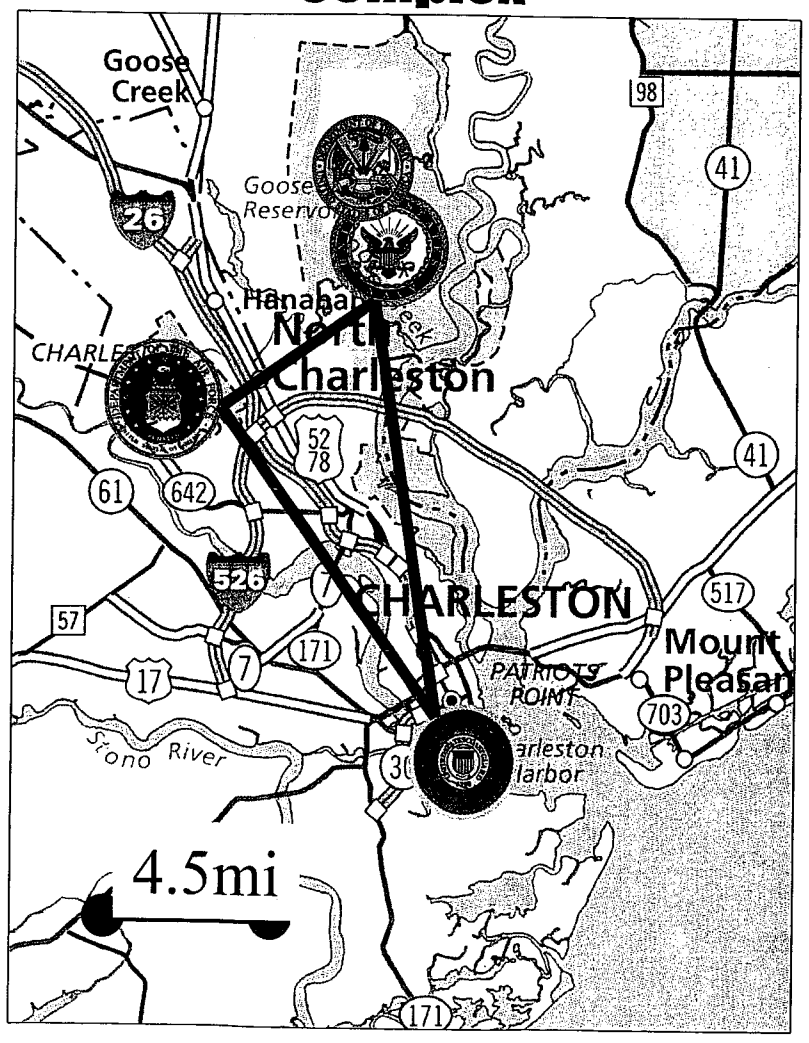
Private Sector Partnerships

Charleston's demonstrated support for the military with infrastructure, services & agreements

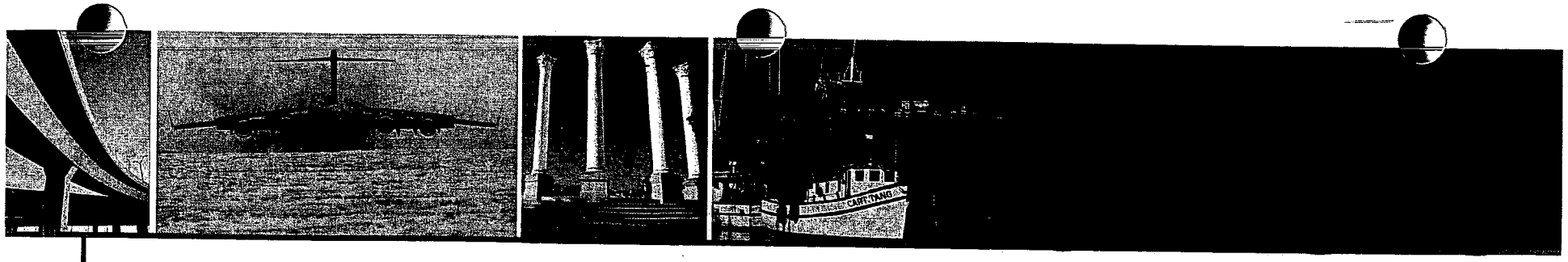
- Charleston's military community is served by a partnership of local hospitals, providing low-cost medical service with no military beds
- Strong community support for modern pathways, including deepwater channels and interconnecting highways & rail lines and the $600M new Cooper River Bridge
- Former Charleston Naval Shipyard now a viable private enterprise, selling services to both public & private sectors
- Effective agreements are in place for mutual cooperation with community fire, police & emergency response assets, and enhanced with Project SeaHawk



Charleston's Military Complex



Naval Weapons Station



Proposed Financing Approach to Meet the Navy's Mission

Proposal

Facilitates replacement of currently leased NAVFAC offices

- Facility for 561 personnel, with computer aided graphics & video teleconferencing
- Accomplish work through rapid private sector processes and community assumption of risk

Benefits

Provides the Navy with early access to mission-efficient space

- Early aggregation of command personnel in one location
- Accelerated resolution of known deficiencies in currently leased space
- Below-market rates under long-term lease arrangements

Sponsor

Council of Governments – Berkeley, Charleston & Dorchester Counties

Terms

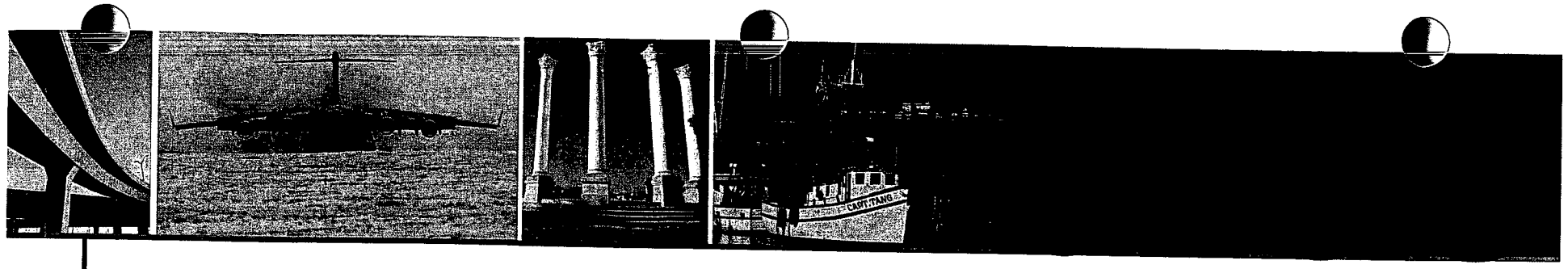
Long-Term Lease with Navy ownership at end of lease

- Lease term of 10 to 32 years – at Navy preference
- Subject to availability of funding
- Other terms to protect Navy, including buyouts, fencing and approvals

Authority

Compliant with 10 U.S.C. 2812

- Used for administrative offices
- Located on a military installation
- Relevant examples include:
  - Orlando, FL – Naval Air Warfare Center, Training Systems Division (NAWC TSD) Research facility with University of Central Florida
  - Meridian, MS – Reserve Center with Lauderdale County, Mississippi



The Future

Land

- Ample federal land available for expansion
- Facilities unencumbered with operational restrictions for air traffic, electronic interference, frequency spectrum limitations or safety
- No environmental legacies

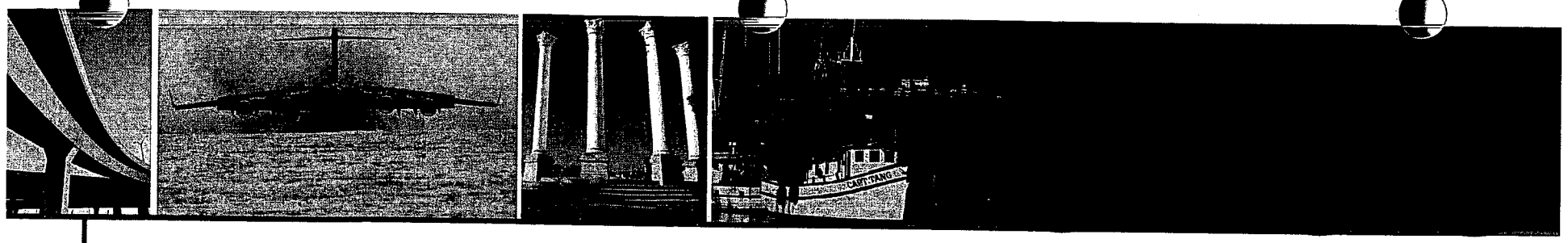
Infrastructure

- Low cost of living, skilled manpower availability and mild climate promote operational efficiency
- Low-cost medical support to military community is a continuing reality

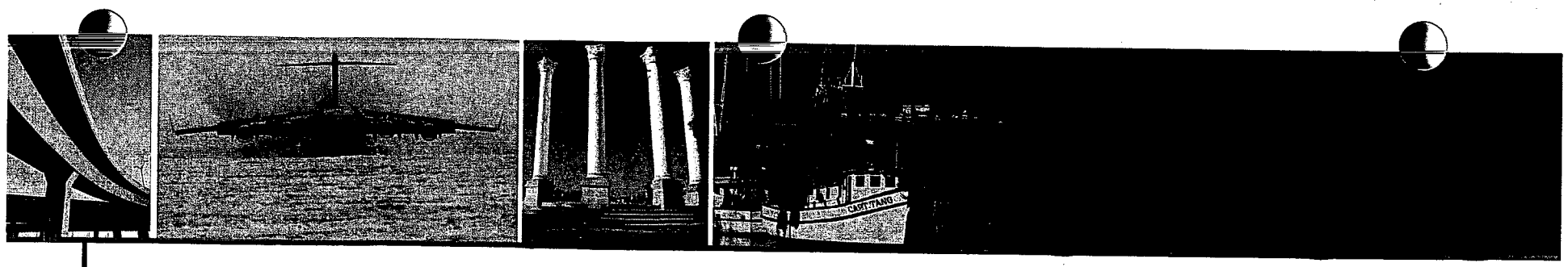
Efficiency

- Shared resources across all bases, commands and other federal agencies
- Reduced Base Operating Support (BOS) Cost
- Lowest costs to customers

Charleston – Committed to expanding its role as a proven, joint military complex



Back Up



Naval Weapons Station Charleston

Mission

- Provides superior host & technical services through ordnance operations, facilities management & waterfront operations to multi-service customers using 17,000 acres of land, 17 miles of waterfront, 4 deepwater piers & 254 unencumbered magazines

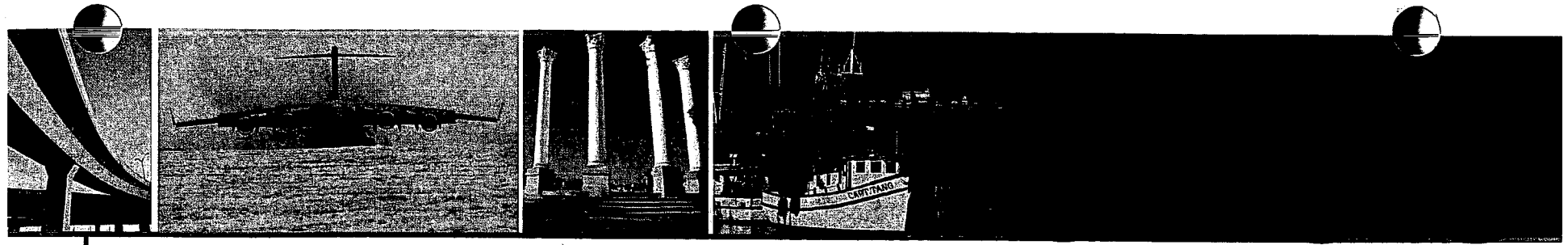
Accomplishments

- Provided the Army with over 30% of its sealift requirements for combat equipment
- Operation Iraqi Freedom demanded a surge of equipment shipments, loading 110 ships with 60,000 pieces of equipment , using a robust intermodal infrastructure – 9,500 rail cars and 18,000 tractor trailers
- Housed enemy combatants in BRIG

Unique Capabilities

- Co-location with the East Coast's second largest commercial port provides robust, low-cost surge capability – free from staging & lay-down charges
- Absence of safety waivers for weapons storage & handling
- Only military seaport for deployment of equipment
- Only CONUS facility mating warheads to mine bodies
- Supports DOE spent fuel shipments

Most efficient CONUS deployment port



SPAWAR Systems Center Charleston

Mission

- SSC Charleston is a $2.4B/yr state-of-the-art electronics complex focused on engineering, development, testing, staging, repair, calibration and certification of C4ISR systems

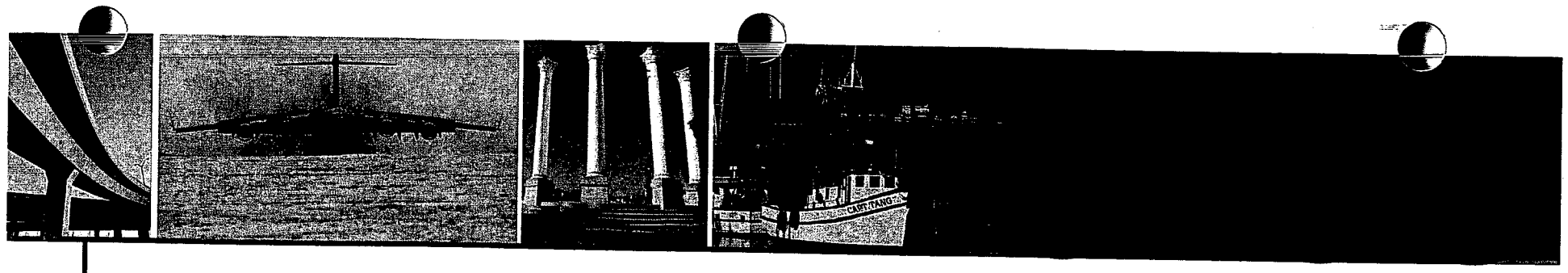
Accomplishments

- SSC Charleston Sponsor satisfaction underlies their 17% per year funding authority and 63% increase in man-power demand
- SSC Charleston is aligned with major military initiatives, particularly a leading role in the development of FORCEnet & integrator of DOD's Horizontal Fusion

Unique Capabilities

- Lower grade structure and labor costs compared to other areas
- Navy's most efficient provider of rapid acquisition expertise with a G&A/overhead rate 71% below the Navy average - results in lower costs to customers
- Only Joint Tactical Radio System Technology Lab
- Only government facility providing SIGINT to all services

Maximum speed from development to deployment in support of the war fighter



Port of Charleston

Mission

- Foster and stimulate the waterborne commerce and shipment of freight through Charleston, developing and operating efficient marine terminals and attracting high-quality steamship services

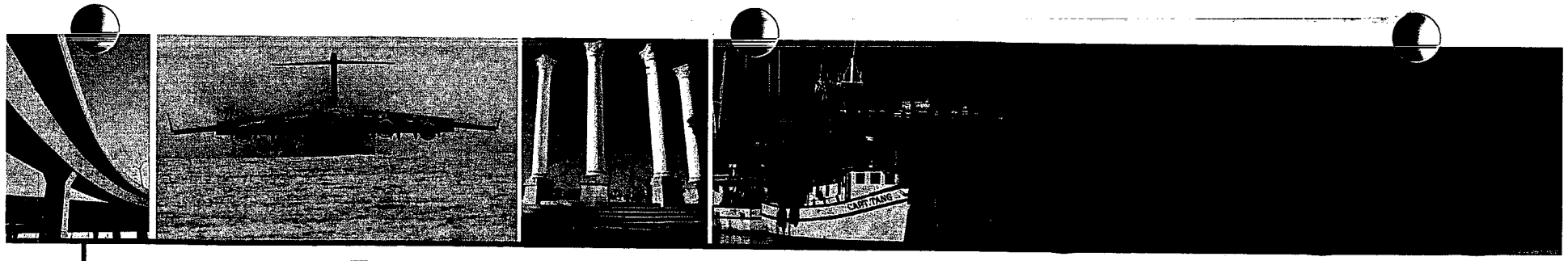
Accomplishments

- Charleston is second only to the Port Authority of New York & New Jersey on the East Coast for the rate of shipping containers handled
- In FY04, Charleston handled 2,385 ships carrying 613,000 tons of cargo
- Most efficient port in the world, except Singapore

Unique Capabilities

- Designated a "strategic port", the Port of Charleston is available to the military in time of need, including equipment and manpower
- Contiguous to NWS, cargo can be staged on government property & brought to the Port without leaving protected space.
- Efficient private sector ship repair yard (formerly Charleston Naval Shipyard) supports Navy as needed - over $100M Military Sealift Command business in recent years alone

Military-commercial partnerships – a part of the multi-modal transportation hub



Army Transportation/Logistics - Charleston

Mission

- Critical supply to prepositioning pipeline provided by the East Coast's only all-military cargo port
  - Combat Equipment Group – Afloat (CEG-A) maintains all the Army's prepositioned stocks afloat (12 ships) forwards deployed combat equipment assets & refurbishes them as needed - ***at the dock***
  - 841st Transportation Battalion plans & executes ship loading/unloading configurations, staging and sequencing

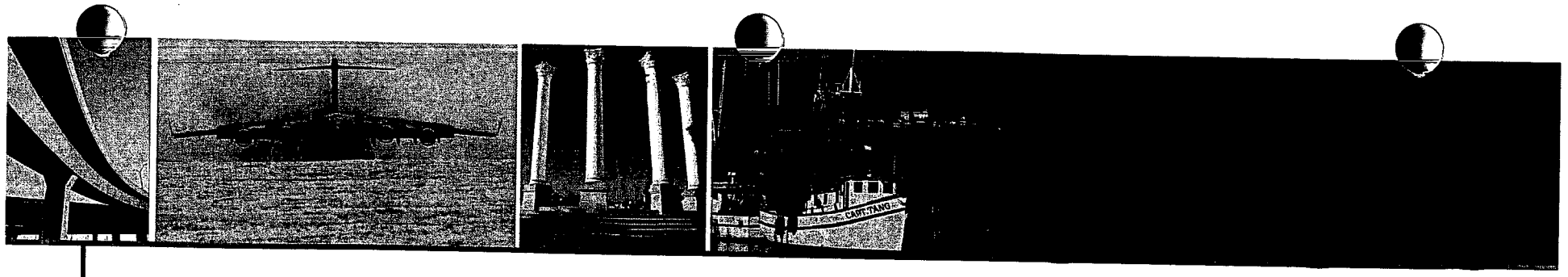
Accomplishments

- OIF demanded a surge of equipment shipments, loading 110 ships with 60,000 pieces of equipment , using a robust intermodal infrastructure – 9,500 rail cars and 18,000 tractor trailers
- All CEG-A ships & equipment were deployed & engaged on Operation Iraqi Freedom

Unique Capabilities

- Co-location of these Army units at NWS enhances the effective use of the East Coast's only military port for equipment and access to the second largest commercial port in surge situations
- 841st Transportation Battalion is the busiest military terminal battalion in the Army

Projecting logistics power in support of any contingency



Charleston Air Force Base

Mission

- Provides military airlift capability, operating 53 C-17 aircraft, free from local flight restrictions, only C-17 special operations capability – unit of choice for difficult missions

Accomplishments

- For Operation Iraqi Freedom, 60% of channel cargo airlifted went through Charleston AFB
- In response to weather-imposed damage to Dover AFB in February 2003, CAFB tripled their throughput to accommodate mission requirements

Unique Capabilities

- Co-location with Charleston International Airport links equipment suppliers to military through commercial airlift infrastructure (e.g., FedEx)
- Absence of operational or training restrictions from air traffic, encroachment or safety limits at both Charleston & the North Field Auxiliary Training Site
- CONUS "crown jewel" airlift training facility for Third World realism & special forces operations capability
- Proximity of Charleston Air Force Base to Army rapid deployment units for training & crisis operations

World's premier provider of airlift services

Berkeley-Charleston-Dorchester Council of Governments

December 1, 2004

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

Dear Secretary England:

Please accept this letter from the Berkeley-Charleston-Dorchester [South Carolina] Council of Governments as an unsolicited proposal for a pilot Public-Private Venture Administrative space to house Naval Facilities Engineering Command, Southern Division utilizing 10.U.S.C.2812 authority.

The Berkeley-Charleston-Dorchester Council of Governments represents the tri-county region's public and private sectors through the Council of Governments' 45 members; see attachment 1. Our region is home to facilities including: Naval Weapons Station Charleston; Space and Naval Warfare Systems Center, Charleston; Nuclear Power Training Command and Unit; Charleston Air Force Base; Surface Deployment and Distribution Command's 841st Transportation Battalion; Combat Equipment Group – Afloat – homeport for Army pre-positioned ships; and over 40 additional Department of Defense facilities and commands with over 27,000 active-duty, reserve, civilian and contractor employees.

The tri-county community proposes to build to suit Class "A" office space meeting Navy requirements and specifications. We understand that an appropriate site for Southern Division is available on Naval Weapons Station Charleston. This site is located within and adjacent to the perimeter of the installation and meets all Anti-Terrorism Force Protection requirements. As government land will be used for a long-term lease, this venture will provide the facility at a below-market rate and represents significant cost savings to the Navy. The offeror will provide its own utilities and not rely on base-provided utilities. The facility will be site-adapted to conform to the government-leased parcel of land.

It is our understanding that there was Navy interest to construct such a facility on Naval Weapons Station Charleston in 2003. A proposal was prepared but the project was placed on hold. Attachment 2, DD form 1391, 15 July 2004 has updated project requirements and information.

1362 McMillan Avenue Suite 100 North Charleston SC 29405 (843) 529-0400 Fax: (843) 529-0305
www.bcdcog.com

The Charleston area serves as the indispensable hub of a unique and proven Joint Transportation, Logistics, Engineering and Training Complex. The region is truly a model of joint use and commercial partnering in support of the Department of Defense's needs for the 21st Century. While Public-Private Ventures are working successfully for military housing, we see the opportunity for this pilot project for administrative space to lead the way to transform the acquisition of administrative space.

We look forward to working with you and your office to provide a cost-effective partnership alternative to meet the Navy and Department of Defense's needs.

Respectfully,

James H. Rozier, Jr.

James H. Rozier, Jr.
Chairman

Enclosures

BERKELEY-CHARLESTON-DORCHESTER COUNCIL OF GOVERNMENTS

The BCD Council of Governments (COG) is a cooperative organization of local governments in Berkeley, Charleston and Dorchester Counties. The organization began in 1968 as The Berkeley Charleston Planning Commission. In 1971, through state enabling legislation, Dorchester County joined with Berkeley and Charleston to form the Berkeley-Charleston-Dorchester Regional Planning Council. In 1976, the Governor requested that the 10 Regional Planning Council's change their name to become the Council of Governments.

Over the years, the COG has developed into a multifaceted service organization meeting the needs of local governments within the region. The COG assists the three counties and their 26 municipalities in a variety of ways on behalf of its member governments. The COG pursues state and federal funding for projects and programs in the areas of economic development, community development, transportation and general planning. The COG also assists local governments in improving their services in areas such as planning, financial management, public works and general public administration.

BCDCOG serves as a neutral forum for decision-making; provides member governments and others with information and analyses necessary to make sound local and regionally beneficial decisions; provides professional and technical services to enable member governments to plan for their future, both individually and as a region; and carries out programs and functions at the request of member governments to supplement their own capacities or to achieve economies of scale through regional approaches. BCDCOG's services are divided into regional policy programs such as community development; demographics and information programs; environmental and land use planning; and economic development. The COG also maintains an extensive Geographic Information System (GIS) and develops and distributes information which is useful to both the public and private sectors. Loans for new and expanding business and industries are also available through the COG's Revolving Loan Funds. Working as a part of an economic development network, the BCDCOG assists local governments in obtaining grants for local governments from a variety of sources. The BCDCOG is also instrumental in recruiting new businesses in the region and assisting existing businesses in expanding.

BCDCOG

BERKELEY-CHARLESTON-DORCHESTER
COUNCIL OF GOVERNMENTS
5290 Rivers Avenue, Suite 400
North Charleston, SC 29406
(843) 529-0400
www.bcdcog.com

1.Component	FY 2006 MILITARY CONSTRUCTION PROGRAM	2.Date
NAVY		15 JUL 2004

Installation and Location/UIC: N62467	4. Project Title
NAVAL FACILITIES ENGINEERING COMMAND, SOUTHERN DI NORTH CHARLESTON, SOUTH CAROLINA	ENGINEERING OPERATIONS CENTER

5.Program Element	6.Category Code	7. Project Number	8. Project Cost ($000)
	61010	P024	23,360

9. COST ESTIMATES

Item	UM	Quantity	Unit Cost	Cost($000)
ENGINEERING OPERATIONS CENTER (114,259 SF)	m2	10,615		15,430
ENGINEERING OPERATIONS CENTER (113,129 SF)	m2	10,510	1,337.74	(14,060)
NMCI SERVICE ROOM (1,130 SF)	m2	105	2,034.83	(210)
BUILT-IN EQUIPMENT	LS			(210)
TECHNICAL OPERATING MANUALS	LS			(150)
INFORMATION SYSTEMS	LS			(130)
ANTI-TERRORISM/FORCE PROTECTION	LS			(670)
SUPPORTING FACILITIES				4,830
SPECIAL CONSTRUCTION FEATURES	LS			(2,620)
ELECTRICAL UTILITIES	LS			(260)
MECHANICAL UTILITIES	LS			(320)
PAVING AND SITE IMPROVEMENTS	LS			(1,430)
ANTI-TERRORISM/FORCE PROTECTION	LS			(200)
SUBTOTAL				20,260
CONTINGENCY (5%)				1,010
TOTAL CONTRACT COST				21,270
SIOH (6%)				1,280
SUBTOTAL				22,550
DESIGN/BUILD - DESIGN COST (4%)				810
TOTAL REQUEST ROUNDED				23,360
TOTAL REQUEST				23,360
EQUIPMENT FROM OTHER APPROPRIATIONS (NON ADD)				(3,743)

Guidance Unit Cost Analysis

Category Code/Facility	OSD Guid.	Guidance Cost	Guidance Size	Project Scope	BEQ Size Fctr	Area Size Fctr	Area Cost Fctr	Escalation Fctr	Unit Cost
61010 ENGINEERING OPERATIONS CENTER	*	1,524	2300m2	10510m2		.9200	.920	1.037073653	1,337.74
61010 NMCI SERVICE ROOM		2,150	105m2	105m2		1.0000	.920	1.028731248	2,034.83

10. Description of Proposed Construction

Construct a permanent structural steel frame on reinforced concrete slab with pile supported foundation. The facility will house 561 personnel of the Southern Division Naval Facilities Engineering Command in engineering and acquistion functions plus special purpose spaces peculiar to the mission of the Command, including computer aided graphics (CAD), reproductions, video teleconferencing, and ADP space. Supporting facilities consist of precast concrete piling, raised pressurized plenum to provide flexibility of office arrangement, electrical and mechanical utilities, and paving and site improvements including modification to the NWS South Annex entrance. An existing water main, overhead

1.Component NAVY	**FY 2006 MILITARY CONSTRUCTION PROGRAM**	2.Date 15 JUL 2004

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	61010	P024	23,360

power line, and road located on the site are to be rerouted. Technical operating manuals and Anti-terrorism Force Protection will be provided. The Seismic Use Group for this facility is "I Standard Occupancy Structure" with a Performance Level "Life Safety". The short term acceleration for NWS Charleston S(s) = 155% g, and the one second acceleration S(1) = 45% g.

11. Requirement:

FACILITY PLANNING DATA

Category Code		Requirement	UM	Adequate	Substandard	Inadequate	Deficit/Surplus
61010	ADMINISTRATIVE OFFICE	105	m2				
61010	ADMINISTRATIVE OFFICE	10510	m2	0	0		-10,510

NOTES:

SCOPE:

The project scope for the Engineering Operations Center (Category Code 610-10) was derived using P-80. Calculations are based on a total number of 561 personnel working at this facility, which is in accordance with the FY-04 RAP and future workload projections.

PROJECT:

To provide a modern engineering management center for SOUTHNAVFACENGCOM.
(Current Mission)

REQUIREMENT:

A modern engineering operations center is required for SOUTHNAVFACENGCOM to effectively support the Navy, Air Force, and DOD construction programs. The mission of this Command is planning, design, and construction of Naval shore facilities, environmental compliance and restoration, utilities management, operation and maintenance of family housing, real estate transactions, disposal of bases closed under BRAC, disaster preparedness planning and response and technical engineering assistance on maintenance and operation of facilities and utilities belonging to various customers. In order to meet this requirement, it is necessary to have an organization that can operate as efficiently as possible with all personnel located in a common facility in a safe, suitable environment for professional employees.

CURRENT SITUATION:

The personnel of this Command's Headquarters are currently located in a 8,115 M2 GSA leased facility. Some 50 other personnel are located on the 8th floor of the Naval Hospital, 6 miles away. The total number of personnel is 561. The current facility is not adequate to accommodate the P-80 requirement of 10,510 M2 associated with this

1.Component NAVY	**FY 2006 MILITARY CONSTRUCTION PROGRAM**	2.Date 15 JUL 2004

Installation and Location/UIC: N62467 NAVAL FACILITIES ENGINEERING COMMAND, SOUTHERN DI NORTH CHARLESTON, SOUTH CAROLINA	4. Project Title ENGINEERING OPERATIONS CENTER

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number of personnel. There is a 2,395 M2 (25,780 SF) deficit in space. The current building environment makes it much more difficult to attract and retain the very best professional talent available. It is simply not adequate to support the Command's professional mission, making it more difficult to satisfy the Navy's facilities requirements.

The Command's current leased facility does not meet the minimum requirements of UFC 4-010-01, DOD Minimum Antiterrorism Standards for Buildings, dated 8 October 2003. In addition, the building is constructed of unreinforced masonry load bearing walls with steel bar joist framing. The structure is totally inadequate by DOD standards. It was not designed to withstand hurricane or seismic loadings. Charleston is subjected to numerous hurricanes and is located in a high seismic area. The building structure does not have any ductile capacity to accommodate seismic displacements without severe consequences and potentially total collapse. Current electrical, mechanical telecommunication and information systems are not designed to support a dynamic, flexible organization structure. Further there is no backup power system to support disaster relief efforts. The building floors are composite concrete and steel deck, with no provisions for under floor cabling in the open workspace.

The leased facility on Eagle Drive lies approximately 4900 feet from the threshold and directly along the extended centerline of Runway 3-21 at the airport jointly used by Charleston Air Force Base and Charleston Municipal Airport. The Air Force's AICUZ study places the building within an accident potential zone and indicates that public and business services land uses are incompatible. Additionally, the building is in a non-secure location and is easily accessible to persons intent on carrying out terrorist activities.

IMPACT IF NOT PROVIDED:

The Command will continue to have problems associated with leasing, particularly through a third party. UFC 4-010-01 mandates that all leased buildings be brought up to ATFP standards by 1 October 2009. The existing facility is undersized by 2,395 M2 and does not adequately accommodate the present Charleston staffing. The Command will not have the capability to adequately perform its mission should a major event cause significant structural damage to the building. Any significant seismic event in the Charleston area or air traffic accident involving the current building could devastate the Command's personnel & property. Without a new, adequately sized and centrally located facility, the Command's proficiency will be compromised, morale could deteriorate, and the potential for loss of property, and possibly human life, will continue.

ADDITIONAL: Economic Alternatives Considered:

1.Component NAVY	**FY 2006 MILITARY CONSTRUCTION PROGRAM**	2.Date 15 JUL 2004
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a. Status Quo:
STATUS QUO: Currently, the Command Headquarters is located in a GSA leased 8,115 M2 facilty that does not meet mandatory requirements of UFC 4-010-01, DOD Minimum Antiterrorism Standards for Buildings.

b. Renovation/Modernization:
These are not considered to be viable alternatives due to mandatory AT/FP criteria and Air Force's AICUZ study which places the current SOUTHDIV building within Compatible Use District(CUD) 4 (Accident Potential Zone 1 with noise impact of 73 Ldn) and indicates that public and business service land uses are incompatible.

c. Lease:
In addition to the existing lease situation, leasing arrangements with the Redevelopment Authority of the Charleston Naval Shipyard were considered. This is not considered a viable alternative because the available facilities do not meet the space requirements or have been assigned to other agencies. Leasing arrangements within the Charleston area were considered. The General Services Administration currently acquires and administers all leases within the area. It is unlikely that GSA could obtain cost savings in a new construction lease arrangement since the current lease has a firm term until 2005.

d. New Construction:
This alternative constructs a consolidated Engineering Management Center to replace the existing leased buildings and provide the required 10,510 M2 of administrative space.

e. Other Alternatives:

f. Analysis Results:
The economic analysis (using Corps of Engineers ECONPACK for Windows) indicates that new construction is the least expensive and most cost effective alternative.

12. Supplemental Data:
Site Approval :

[ ] Yes, obtained date :
[X] No,expected approval date:

Issues (If yes, please provide discussion under issue) :

Yes	No	
[ ]	[X]	DDESB, AICUZ, Airfield, EMR, or wetlands
[ ]	[X]	Endangered species/sensitive habitat
[ ]	[X]	Air quality

1.Component	FY 2006 MILITARY CONSTRUCTION PROGRAM	2.Date
NAVY		15 JUL 2004

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Yes	No	
	X	Cultural/archeological resources
	X	Clearing of trees
	X	Known contamination at selected site
	X	Operational problems
	X	Traffic patterns impact
	X	Existing utilities upgrade
	X	Ordnance sweep required prior to Construction

Planning :

Consistent with Master Plan or Base/Regional Development

[X] Yes

[ ] No, why not:

Host Nation Approval : N/A

National Capital Region Approval : N/A

NEPA Documentation :

Complete : [X] Yes [ ] No

Level of NEPA :

- [ ] Categorical Exclusion
- [ ] Environmental Assessment (EA)
- [ ] Environmental Impact Statement (EIS)
- [ ] Memorandum of Negative Decision

Mitigation Issues :

Yes	No	
	X	Wetlands replacement/enhancement
	X	Hazardous waste
	X	Contaminated soil/water
	X	Other

Environmental Cleanup : N/A

Project Issues :

Low bearing capacity at NWS Charleston necessitates pile foundation or other special soil modification techniques for multi-story buildings. In addition, the NWS is is seismic zone 3 and potential for soil liquifaction exists.

Yes	No	
		System safety

1.Component	FY 2006 MILITARY CONSTRUCTION PROGRAM	2.Date
NAVY		15 JUL 2004

Installation and Location/UIC: N62467	4. Project Title
NAVAL FACILITIES ENGINEERING COMMAND, SOUTHERN DI NORTH CHARLESTON, SOUTH CAROLINA	ENGINEERING OPERATIONS CENTER

5.Program Element	6.Category Code	7. Project Number	8. Project Cost ($000)
	61010	P024	23,360

Yes	No	
	X	
X		Soils - foundation and seismic conditions:
	X	Construction/operational permits
	X	Local air quality/wastewater permits
	X	Complies with Final Governing Standard (Environmental standard for Spain, Italy & Greece)
	X	Land Acquisition (i.e. location, quantity)
	X	Technical Operating Manuals
	X	Feasibility/Constructibility in FY
	X	Historical Preservation
	X	Does the facility have an overhead crane requirement?
	X	Navy Crane Center contacted to assist with dev. of crane estimate (lifting capacity < 10-tons)?
	X	Navy Crane Center contacted to coord. procurement and timelines (lifting capacity >= 10-tons)?
	X	Physical Security:

- [ ] Shielding
- [ ] SCIF
- [ ] Fencing
- [ ] IDS
- [ ] Other Type:

Budget Estimate Summary Sheet:

Item	UM	Quantity	Unit Cost	Total
BUILT-IN EQUIPMENT	LS			212,135
Elevator	LS	1.00	212,135.37	212,135

Special Construction Features:

Item	UM	Quantity	Unit Cost	Total
TECHNICAL OPERATING MANUALS	LS			154,280
TECHNICAL OPERATING MANUALS	LS	1	154,280.27	154,280
INFORMATION SYSTEMS	LS			125,903
Mass Notification	m2	11701	10.76	125,903

1.Component	FY 2006 MILITARY CONSTRUCTION PROGRAM	2.Date
NAVY		15 JUL 2004

Installation and Location/UIC: N62467	4. Project Title
NAVAL FACILITIES ENGINEERING COMMAND, SOUTHERN DI NORTH CHARLESTON, SOUTH CAROLINA	ENGINEERING OPERATIONS CENTER

5.Program Element	6.Category Code	7. Project Number	8. Project Cost ($000)
	61010	P024	23,360

Item	UM	Quantity	Unit Cost	Total
ANTI-TERRORISM/FORCE PROTECTION	LS			674,976
AT/FP	LS	1	674,976.17	674,976

Utilities and Site Improvements:

Item	UM	Quantity	Unit Cost	Total
SPECIAL CONSTRUCTION FEATURES	LS			2,480,088
Pile Foundation	m2	3744	289.28	1,083,064
Raised Pressurized Plenum	m2	11231	124.39	1,397,024
ELECTRICAL UTILITIES	LS			250,589
Communications	m	500	68.46	34,230
Electrical Distribution	m	500	188.03	94,015
Emergency Generator	LS	1	28,927.55	28,928
Exterior Lighting	m	20	4,670.84	93,417
MECHANICAL UTILITIES	LS			323,312
Fire and Water Utilities	m	244	936.29	228,455
Sewer Utilities	m	305	207.31	63,230
Storm Drainage	m	400	79.07	31,628
PAVING AND SITE IMPROVEMENTS	LS			1,425,230
Parking (492 spaces)	m2	18283	27.43	501,503
Sidewalk	m2	808	5.62	4,541
Roads	m	805	298.92	240,631
Storm Drainage/Rentention	LS	1	356,773.12	356,773
Earthwork	m3	7000	13.50	94,500
Borrow & Fill	m3	2500	16.50	41,250
Landscape & Misc Improvements	LS	1	157,105.52	157,106
Fencing and Walls	LS	1	28,927.55	28,928
ANTI-TERRORISM/FORCE PROTECTION	LS			192,850
ATFP	LS	1	192,850.33	192,850

A. Estimated Design Data:

1. Status:

1.Component	FY 2006 MILITARY CONSTRUCTION PROGRAM	2.Date
NAVY		15 JUL 2004

Installation and Location/UIC: N62467	4. Project Title
NAVAL FACILITIES ENGINEERING COMMAND, SOUTHERN DI NORTH CHARLESTON, SOUTH CAROLINA	ENGINEERING OPERATIONS CENTER

5.Program Element	6.Category Code	7. Project Number	8. Project Cost ($000)
	61010	P024	23,360

(A) Date Design Start	082007
(B) Date Design 35% Complete	
(C) Date Design Completed	032008
(D) Percent Completed as of SEPTEMBER 2004	0%
(E) Percent Completed as of JANUARY 2005	0%
(F) Type of Design Contract	Design Build
(G) Parametric Estimate used to develop cost	Yes
(H) Energy study/Life cycle analysis performed	Yes
2. Basis:	
(A) Standard or Definitive Design:	
(B) Where Design Was Most Recently Used:	
3. Total Cost (C) = (A) + (B) = (D) + (E) :	$300
(A) Production of Plans and Specifications	$250
(B) All other Design Costs	$50
(C) Total	$300
(D) Contract	$50
(E) In-House	$250
4. Contract Award	122007
5. Construction Start	042008
6. Construction Complete	052009

B. Equipment associated with this project which will be provided from other appropriations:

JOINT USE CERTIFICATION:

The (CERTIFYING OFFICIAL) certifies that this project has been considered for joint use potential. (TYPE OF CONSTRUCTION RECOMMENDED)is recommended. (UNILATERAL STATEMENT, if Unilateral Construction is selected)

Activity POC: Phone No:

Attachments:

Budget Estimate Summary Sheet
Economic Analysis
Site Plan
Facility Planning Document(s)/P-80 Calculations

Command Conference Spaces - Requirements												
Room #	Function	Capacity (Seating)	Rm. Dim.	Net SF	Wall Finish	Floor Finish	Ceiling	Permanent A/V Equip	Video Telecon	Elevated Stage	Satellite Reception	Cable TV Reception
MCR	Main Conf Room/Auditorium Subdividable into 4	120	52 x 32	1,664	Wallpaper W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	Yes	Yes	Yes	Yes
ECR	Executive Conference Room	40	28 x 26	728	Wallpaper W/Pnl WC	Carpet	2X2 & coffered	Yes	Yes	No	Yes	Yes
IT	Training Room	18	24 x 28	672	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	No	No	No	No
VTC	Adjacent Control Room Video Teleconference Suite	8	16 x 20	320	Wallpaper W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	Yes	No	Yes	No
EOC	Meeting/EOC with Adjacent Storage	20	24 x 28	672	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	Yes	No	Yes	Yes
MNR1	Meeting/ Negotiation Room	15	18 x 20	360	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	No	No	No	No
MNR2	Meeting/ Negotiation Room	15	18 x 20	360	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	No	No	No	No
MNR3	Meeting/ Negotiation Room	15	18 x 20	360	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	No	No	No	No
MNR4	Meeting/ Negotiation Room	15	18 x 20	360	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	Yes	No	No	No	No
NR1	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR2	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR3	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR4	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR5	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR6	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR7	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
NR8	Negotiation Room	8	12 x 18	216	Tackable W/Chair Rail	Carpet	Rec. Grid 2X4	No	No	No	No	No
Total Net SF			*	**7,224**	*							

* This area is in addition to the small conference areas located in each division/department. These are additional spaces and required to support the mission of this Command.

Special Space Requirements											
Function	#	Size	Net Space Req'd Ea (SF)	Total Net SF	Private With Door	Wall Surface	Window	Floor Finish	Ceiling	Special	Notes
Lobby/Visitor Waiting	1		600	600	No	Granite or Panel WC/ wallpaper	Required	Marbelized Vinyl Tile	Rec. Grid 2X2 & coffered Lighting	Double SST Entrance Doors	
Locker Rooms/Showers/Dressing Areas	2	20 Lockers	216	432	Yes	Painted Gyp	No	Ceramic Tile	Rec. Grid 2X4		
Exercise Room (incl. Shower/restrms)	1		400	400	Yes	Painted Gyp	No	Carpet	Rec. Grid 2X4		
Cafeteria/Snack Bar	1	30x30	900	900	Yes	Wallpaper	No	VCT	Rec. Grid 2X4		1
Vending Areas	3		60	180							
Network Server Room /MDF/Telephone Equipment	1	24 x 32	768	768	No	Painted Gyp	No	Marbelized Vinyl	Rec. Grid 2X4	6" raised floor	
CAD Server Room/Plotters	1	16x18	288	288	No	Painted Gyp	No	Marbelized Vinyl	Rec. Grid 2X4	Co-located - 07/16/18/06	
Defense Priniting Office	1	24 X 28	672	672	Yes	Painted Gyp	No	VCT	Rec. Grid 2X4		
Mail Room	1	18 x 22	396	396	No	Painted Gyp	No	Marbelized Vinyl	Rec. Grid 2X4		4,6,7
Vault	1	12 X 18	360	360	Yes	Concrete	No	Marbelized Vinyl	Rec. Grid 2X4	Class5 Vault Door	5
Main Supply	1	27 x 28	756	756	Roll Up	Painted Gyp	No	Marbelized Vinyl	Rec. Grid 2X4	Loading Dock	1,2
Storage/Maintenance Work area	1	24 x 38	912	912	No	Painted Gyp	No	Marbelized Vinyl	Rec. Grid 2X4		
Plan Files Room	1	20x30	600	600	Yes	wallpaper	No	Marbelized Vinyl Tile	Rec. Grid 2X4		
SDIV University Area Equipment Room	2	9X9 or 8X10	81	162	No	Systems Partition	No	Carpet	Rec. Grid 2X4	adjacent to main conference room	
Technical Library	19	9X9 or 8X10	81	1,539	No	Systems Partition	No	Carpet	Rec. Grid 2X4		
Lab	1	10X10	100	100	No	Systems Partition	No	Carpet	Rec. Grid 2X4		
Airfield Pavement Equipment Storage	1		600	600							
Total Net SF				**9,665**							

NAVFAC Southern Division
Program Space Summary

	Net SF (Office)	Net SF (Other)
Office Area per P-80 130 SF/person (561 people)	72,939	
Conference Spaces		7,224
Special Spaces		9,665
Total Net Square Feet	72,939	16,889
Net to Gross Factor	1.25	1.3
Gross Square Feet	**91,174**	**21,956**
Total Gross Square Feet	**113,129 (10,510 M2)**	

The New York Times
nytimes.com

March 20, 2005

States and Communities Battling Another Round of Base Closings

By ERIC SCHMITT

WASHINGTON, March 19 - For the first time in a decade, communities across the country are bracing for a major round of military base closings, and they are mounting aggressive lobbying campaigns to stave off cuts and other changes that some independent experts say could dwarf the previous four rounds combined.

Pentagon officials say all 425 domestic bases are under scrutiny, as the military looks to squeeze efficiencies and billions of dollars in savings from a cold-war network that has nearly 25 percent more capacity than what the armed services say they need.

After more than two years of exhaustive study, Pentagon analysts are putting the finishing touches on a list of recommendations that Secretary of Defense Donald H. Rumsfeld will present to a nine-member independent commission for review. Scores of Pentagon analysts and auditors have been poring over data and dozens of options as part of an effort that is intended to mesh with Mr. Rumsfeld's broader goals to make the military more agile and responsive to security threats.

"We know we have too much," Philip W. Grone, the deputy under secretary of defense for installations and environment, said in an interview. "We know that we have capacity in the wrong place, either over or under. We're not well matched to the mission need."

State officials are rushing to preserve their installations, which provide thousands of jobs and billions of dollars to local and state economies. Florida, under Gov. Jeb Bush, has a $50,000-a-month contract with a consulting team that includes Dick Armey, the former House majority leader, and William S. Cohen, the former defense secretary.

Military officials assert that the Pentagon has no preconceived notions about which bases to close or consolidate, or the amount of annual savings. But senior military officials say the Army, Navy, Air Force and Marines are likely to end up sharing more bases, laboratories, depots and training ranges in an approach consistent with Mr. Rumsfeld's philosophy that the armed services should fight and operate jointly.

One prominent military analyst, Loren Thompson of the Lexington Institute, said the military's excess industrial capacity made bases like the Army's Rock Island Arsenal in Illinois and the Watervliet Arsenal in New York, and the Marine Corps' logistics center in Albany, Ga., ripe for realignment. Such bases, while not widely known, employ large numbers of civilians.

Mr. Rumsfeld will submit his list of recommended base closings, consolidations and realignments to the commission by May 16. A final roster of cuts and other changes, prepared by the commission, is due Sept. 8. Previous base-closing commissions have endorsed 85 percent of the Pentagon's

recommendations. President Bush and Congress must then accept or reject the list by Nov. 7.

The Senate this week approved Anthony J. Principi, a former secretary of veterans affairs, as head of the Base Realignment and Closure Commission, widely known as the Brac. The White House also nominated the other eight members, which includes two retired four-star officers and two former congressmen.

The four previous rounds of base closures, in 1988, 1991, 1993 and 1995, eliminated 97 bases and several hundred smaller facilities, and reduced overall capacity by 20 percent. These changes yielded savings of $28.9 billion through 2003, with recurring savings of $7 billion annually after that, according to the Government Accountability Office. This is the last scheduled round of closings, under the current model begun in the late 1980's, putting even more pressure on the decisions to come.

Adding to the uncertainty of this year's round are the open-ended military operations in Iraq and Afghanistan, the Pentagon's plans to bring 70,000 troops and 100,000 dependents in Europe back to bases in the United States, and a sweeping review of the military's strategy, forces and missions as required by Congress every four years.

"It's a new paradigm: we're at war and we're bringing people back," said Chris Kelley Cimko, a former Senate and base-closing commission official who is a member of a panel to save bases in Virginia. "Have they been able to account for all of the thinking they're going to have to do to be effective in the future, and to have what might be the mother of all Brac rounds?"

Mr. Rumsfeld last week offered comfort to some communities fearing closings, saying the large number of returning troops could soften the blow. Some bases may even expand with the troops' return. "The number of bases that might be closed or adjusted downward in some way will be considerably fewer because we already have solved the problem of what we're going to bring back," Mr. Rumsfeld told the House Armed Services Committee. Legislators, lobbyists and consultants are ramping up campaigns, some of which have been two years in the works, to protect bases.

In Florida, Governor Bush and the state's Congressional delegation are waging a campaign to protect 21 installations that generate $44 billion a year for the economy, behind only tourism and agriculture in the state.

In California, Gov. Arnold Schwarzenegger appointed a California Council on Base Support and Retention, whose co-chairman is Leon Panetta, the former Democratic congressman and White House chief of staff. Mr. Schwarzenegger has also hired Clark & Weinstock, a Washington consulting firm headed by the former congressmen Vic Fazio and Vin Weber, to help protect California's military installations. Of California's 91 major bases in operation when the base closings began in 1988, 29 have been closed or realigned.

During a recent conference of the National Governors Association in Washington, several governors, including George E. Pataki of New York, took part in a series of meetings with Pentagon officials to make pitches for their bases.

Gov. Ernie Fletcher of Kentucky has dedicated $660,000 from the 2004 to 2006 budgets to promote and preserve military installations in the state, including Fort Knox, which some state officials fear is vulnerable. In an effort to make her state's bases less vulnerable to closing, Gov. Christine Gregoire of Washington plans to propose next week that the state set aside $10 million over two years to help repair or replace infrastructure around bases and to buy private property near bases to ensure an adequate

buffer zone.

On Capitol Hill, lawmakers are lining up behind their installations. Last Wednesday, the Texas Congressional delegation summoned Mr. Grone and his top aides to voice support for the state's 17 bases and 150 smaller facilities, including Ingleside Naval Station, Goodfellow Air Force Base, and the Red River Army Depot, all of which survived previous closings but are considered vulnerable.

The process has generated anger among some lawmakers who say the Pentagon should not be considering closing bases when the nation is at war. Senator Trent Lott, Republican of Mississippi, in an op-ed article in USA Today this month, called the base-closing commission "a Congressional cop-out" that depends on "a paranoia-driven process that wastes time and money."

Proponents of the base-closing process say that since 1988, 107,000 jobs have been created in the communities where installations were closed or realigned.

Lawmakers and community leaders are searching for clues for what the Pentagon considers the most vulnerable bases, but any leaks of information have all but dried up because hundreds of military and Pentagon employees working on the process have been required to sign oaths of secrecy.

"Far more than in the past, I think it is impossible to predict what will be on the list," said David Berteau, a consultant for Clark & Weinstock and a former Pentagon official whose responsibilities included overseeing base closings.

The bulk of the analysis in the Pentagon is being carried out by seven groups of military and civilian officials who are organized to focus on these pivotal functions or organizations: industrial activities, supply and storage, headquarters and support, education, intelligence, medical and training.

The Pentagon teams are using several criteria to assess a base's value, including the base's mission, cost savings, availability of land and air space, and economic impact on local communities, aides said.

"The outcome of Brac is going to be determined based upon a very extensive analytical effort that is examining capacity issues and military value issues and then the economics of the change," Adm. Vern Clark, the chief of naval operations, told reporters in January. "In other words, I'm not remotely interested in changes that don't produce money."

In this round, Pentagon officials said, the Defense Department is looking at more shared or consolidated basing arrangements, either for cost savings or operational reasons. This could involve merging contiguous bases like Fort Bragg in North Carolina, headquarters of the 82nd Airborne Division, and Pope Air Force Base. Under some situations, Marine or Navy aircraft could fly from Air Force bases.

It has been 10 years since the last batch of base closings, largely because Republicans accused President Bill Clinton of politicizing the 1995 round when he objected to the commission's decisions to close maintenance depots at McClellan Air Force Base in California and Kelly Air Force Base in Texas. Republicans said the administration was seeking to curry favor with voters in those big states by preserving those jobs. In the end, Mr. Clinton grudgingly approved the list.

In part because of that controversy, the rules were changed to require seven of the nine panel members to agree to any proposed additions to the defense secretary's list. A simple majority of its members may preserve a base that is a target of Mr. Rumsfeld.

Congress created the base-closing process in the late 1980's as the military reduced in size in response to the collapse of the Soviet Union. With Congress unable to agree on which bases should be closed, a bipartisan Congressional group proposed turning the selections over to an independent commission.

The hardest-to-fill jobs
BY: Tichakorn Hill, Federal Times
09/02/2005

The Defense Department has a problem: It needs to hire more than 14,000 scientists and engineers in the next year. The problem is, the pool of candidates is shrinking. More than half of science and engineering graduates from American universities are foreign nationals, who are mostly off limits to federal agencies. And fewer American students are entering science and tech fields than in previous years. Moreover, DoD must compete with the private sector and other agencies for that talent — and many engineering students aren't even aware jobs await them at DoD.

The challenge is a familiar one across government. DoD and other agencies plan to hire about 150,000 people in the next two years, mostly to replace retiring workers and to support expanding government missions, according to a new report by the Partnership for Public Service and the National Academy of Public Administration. And many of the skills agencies seek are in high demand and short supply. Security-related jobs — such as criminal investigators, police officers, security guards, prison guards and airport screeners — top the government's help-wanted list, with an estimated 37,515 jobs that will need to be filled. Most of those openings are in the Homeland Security Department. Other top hiring categories include health care, engineering and sciences, program management and accounting. The report is the first to take a look at the government's overall hiring needs, and its findings are sure to trouble many managers.

"Government faces some inherent disadvantages in this race for talent with the private sector," the report said. "Many Americans view government careers as uninteresting or unappealing, or believe the federal workplace is in need of reform, making it difficult to attract and retain talent." Aggravating the problem is the fact that retirement rates are accelerating faster than expected. In 2003, for example, the number of people retiring exceeded OPM's expectation by more than 10 percent. OPM expected 44,305 people to retire but the actual number was 50,032.

"The federal government is in triple jeopardy," said Max Stier, president of the Partnership. "It's struggling to respond to the talent demands of the 21st century, baby boomers are retiring in record numbers, and the pipeline of available talent to replace them has run dry."

Recruitment planning

With a large number of jobs to be filled, agencies must come up with good hiring plans to recruit the right people for the right jobs from a limited pool of people, Stier said. Agencies such as NASA, the Government Accountability Office, and the Social Security Administration have done well at this. Stier praised the Defense Department for creating an office — called the Defense Applicant Assistance Office — that markets civilian jobs at the department.

To find the right people, Defense launched a Web site, www.go-defense.com, more than a year ago to advertise job openings at the department. Defense executives and employees are returning to their colleges and universities to encourage students to consider the department as a career option. This year, Defense will begin offering college scholarships to between 20 and 25 engineering students who agree to work at the department after graduation. And it has invited high school teachers to visit Picatinny Arsenal, an advanced weapons research and development center in New Jersey, in an effort to promote math and science careers.

"No matter how good our tools are, if we don't have the candidates from which to select, we won't be able to move forward with the mission," said Ellen Tunstall, acting deputy undersecretary of Defense for civilian personnel policy.

The go-defense.com Web site has gotten more than a million hits since its launch more than a year ago, and Defense officials credit it with generating many more candidates for its job vacancies. Partly because of the Web site, DoD is expected to be able to recruit more than 12,000 engineers as planned by 2006, Stier said.

"But can they recruit 12,000 of the best engineers? That is going to be a real challenge because there are demands from the private sector, from elsewhere, that's going to make it very competitive," Stier said. "That's one of the things that we'll have to focus our attention on. It's not, 'Do you have enough applicants to fill the jobs?' The question is, 'Do you have the best applicants?'"

Nearly 16,000 engineers at Defense are eligible to retire this year. But fewer Americans are interested in being engineers. A January 2004 report by the National Science Board report showed, for example, that between 1994 and 2001, the number of U.S. citizens and permanent residents enrolling in American graduate schools for science and engineering programs declined by 10 percent, while the enrollment by foreign students increased by 35 percent.

"We have observed a troubling decline in the number of U.S. citizens who are training to become scientists and engineers whereas the number of jobs requiring science and engineering training continues to grow," said the report. "These trends threaten the economic welfare and security of our country."

Ronald Sega, director of the Defense Research and Engineering Center, said the department is struggling to recruit enough engineers.

"We're going to be working very hard to get the word out [about] what we're doing," he said. "It's important. The work is challenging. The career is rewarding."

Stier said DoD should reach out to colleges, engineering societies and professional organizations. It can even identify the best candidates in the private sector and hire them.

"DoD does an amazing job when it comes to recruiting its uniform services. They invest very heavily in understanding who they need and how to get them. They need to invest the same kind of energy and effort into the civilian side," he said.

As the largest, most diverse and arguably most important organization in the world as the sole superpower, the government needs top talent, Comptroller General David Walker told an audience of government employees at the issuing of the report Feb. 2 in Washington.

"We cannot afford to have anything less than top talent for this type of enterprise," he said. "Anything less than top talent is by definition high-risk strategy."

SPAWAR CHARLESTON

HEARING TESTIMONY

Testimony of Jim Hoffman

June 28, 2005

SPAWAR Systems Center (Charleston)

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Gentlemen, thank you for the opportunity to testify today about the SPAWAR installation in Charleston. My name is Jim Hoffman and I served as commanding officer of SPAWAR Systems Center Charleston from July 1998 to October 2000. I currently work for Eagan, McAllister Associates, Inc.

SPAWAR Systems Center Charleston is approximately 1,400 employees housed in over 1.1 million square feet of state-of-the-art facilities on the Charleston Naval Weapons. The decision during the 1993 BRAC was to consolidate a number of facilities in Charleston and elsewhere on the East Coast into the SPAWAR Systems Center Charleston.

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I am here today because we believe that the BRAC recommendation to relocate Maritime Information Systems work from Dahlgren, Virginia and Newport, Rhode Island to SPAWAR Systems Center should be to Charleston not San Diego. We believe the present DoD analysis is flawed. Under the proposed actions, 111 civilians from Dahlgren are slated to move to San Diego and 112 more are slated to

move from Newport to San Diego. Additionally, an estimated 50 contractors are slated to move over the same timeframe from these locations. By relocating this function to Charleston instead of San Diego, DoD could realize a savings of approximately $29 million over the twenty-year timeframe as compared to moving these individuals to San Diego. The higher anticipated retention of relocated employees will result in additional one million dollars in savings.

Transferring this work to SPAWAR Systems Center – Charleston in lieu of San Diego would save an additional $30 million over 20 years, would retain all of the consolidation benefits in SPAWAR site consolidation and would take advantage of the enormous synergy between the transferred scope and work already assigned to SPAWAR-Charleston. SPAWAR-Charleston is a demonstrated success of BRAC '93, when over $60 Million was invested to build a modern C4ISR facility on the East Coast.

This approach not only saves money, it integrates the Maritime Information Systems with ongoing SPAWAR-Charleston activities in C4ISR and Combat Systems, Submarine Information Systems, Platform Integration and Joint and Interdepartmental Programs.

There are substantial cost benefits to the assignment of the Maritime Information Systems work to SPAWAR-Charleston.

First, Charleston's labor rates are five percent lower than the San Diego area according to the standard published locality pay differentials and Charleston is 30 percent less expensive than San Diego for the contractor workforce.

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In terms of work execution, SPAWAR-Charleston is the most efficient of all the Navy engineering and warfare commands. Third, movement of personnel along the East Coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost effective relocation as compared to San Diego, whose cost of housing is 65 percent greater than Charleston. Experience in previous BRACs shows that few key personnel will elect to make cross-country moves. Moving to Charleston has greater potential to preserve intellectual capital.

SPAWAR Charleston's current missions are highly synergistic with the work being relocated from Dahlgren and Newport. Specifically, the Maritime Information Systems scope fits well with SPAWAR-Charleston's work in C4ISR and Combat Systems, Submarine Information Systems,

Slide 32

Platform Integration Activities and other Joint and Interdepartmental Programs.

Relocation of this work to Charleston supports the reduction in the number of technical facilities engaged in Maritime Sensors, Electronic Warfare & Electronics and Information Systems from twelve to five. Cost savings for that consolidation would apply to relocation to either San Diego or to Charleston.

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Movement of personnel along the East Coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost-effective relocation as compared to San Diego. With an average 2,400 square foot home costing $597,000 in San Diego versus $229,000 in Charleston, personnel are much more likely to move to Charleston than San Diego, thus preserving highly trained personnel on important military programs and saving money.

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Our cost analysis does not consider savings achieved through SPAWAR-Charleston's more efficient cost structure as documented in the Secretary of the Navy study conducted by Booz Allen. This study illustrated that SPAWAR Charleston is the most efficient of all the Navy engineering and warfare commands.

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In C4ISR and Combat Systems missions, SPAWAR Charleston is a major provider of systems for Navy applications. It has long been a desire to have a closer coupling between C4ISR systems and combat systems from a developmental and operational standpoint. In fact, FORCENet objectives can be more readily achieved through this closer coupling. SPAWAR-Charleston is the developer and implementer of the FORCENet Integrated Baseline and was the focus of the Navy's 2003 Strategic Studies Group FORCENet Engagement Pack concept. SPAWAR-Charleston is also the lead DoD activity providing engineering, acquisition and lifecycle support for shipboard interior communications systems. Charleston's facilities combine interior communication systems engineering capabilities with shipboard network laboratories to provide integrated data and voice interoperability solutions afloat that are used extensively in relaying information between C4ISR and combat systems. SPAWAR-Charleston is the only DoD activity providing engineering, lifecycle support and program management for shipboard wireless communication systems used for damage control, flight deck communications, at-sea replenishment, security, force protection small boat ops, weapons handling and interfacing with telephone systems.

SPAWAR-Charleston has been recognized by the Office of the Secretary of Defense as a leading organization for Global Information Grid – Bandwidth Expansion or GIG-BE engineering and test execution, described as years ahead of anyone else. GIG-BE is DoD's transformational backbone necessary for transferring information between sensors, shooters and command and control nodes. Movement of Dahlgren's information systems work to SPAWAR-Charleston provides many synergistic benefits in achieving the Navy's FORCENet concept and in the larger picture, DoD's transformational goals.

Slide 36

SPAWAR Charleston is the technical agent for many submarine information systems programs including Common Submarine Radio Room, VLF Submarine Communications, Submarine Single Messaging Solution and Submarine Mobile Training Team. SPAWAR-Charleston is also the only DoD facility supporting essential and critical projects for the Strategic Systems Program Office, including: submarine navigation, fire control, launcher and other components and systems. SPAWAR-Charleston fabricates, integrates, tests and provides lifecycle support for CSRR, the replacement for the Trident Integrated Radio Room, which is the predominant piece of the IST D&A work at Newport.

SPAWAR-Charleston's 90,000 square foot facility contains cable manufacturing, pre-integration, integration and rack refurbishment capabilities and unencroached communications connectivity, all necessary for CSRR integration and testing activities.

Platform Integration Activities also offer substantial synergy. SPAWAR-Charleston has the mission to design, develop, build, integrate, install and support Radio Communications Suites, Ship Signal Exploitation Space and Common Submarine Radio Room systems for new ship construction and retrofit programs. Newport's submarine radio room integration work fits well into SPAWAR-Charleston's currently operating facilities using proven techniques and procedures for rapid platform integration and testing.

Joint and Interdepartmental Programs are a significant area of focus for SPAWAR-Charleston. Out of a Total Obligational Authority of $2.4 Billion in 2004, over 47 percent of SPAWAR Charleston's work efforts were for joint, other service and other federal agency customers. Many of the systems that are developed and fielded at SPAWAR-Charleston are born joint because of heavy leveraging of technologies, capabilities and subsystems across programs

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for multiple customers. SPAWAR-Charleston is a Navy Working Capital Fund activity, operating much like a business, though not earning a profit. This business model, based on maximum reutilization of previous work, harvesting of technology and passing savings on to the customer has led to a better than three-fold increase in total obligation authority since BRAC 1993.

This greatly increased workload has occurred because customers want to bring their work to SPAWAR-Charleston and not because they have to. By moving this workload from Dahlgren and Newport to Charleston, even greater opportunities exist for leveraging, reutilization and economies of scale as future systems are developed with jointness in mind.

SPAWAR-Charleston, one of the five activities planned to perform Maritime C4ISR into the future, focuses on Information Systems Development and Acquisition as a primary mission. The predominance of the work performed at Newport and Dahlgren targeted by this action is in the Information Systems Development and Acquisition area, like in Charleston. SPAWAR-Charleston was ranked number 4 in military value out of 105 activities performing IST D&A. This activity was also ranked as the most efficient of all Navy

warfare and engineering centers by the Secretary of the Navy's efficiency study.

Slide 38

SPAWAR Charleston is not just a Navy lab, but is a significant National asset as confirmed in an email sent by Mr. Spanky Wells after a visit to SPAWAR Charleston. Quoting part of the paragraph shown here, "They are not just a Navy lab, but could form the basis for a Joint, War-fighting Engineering Facility."

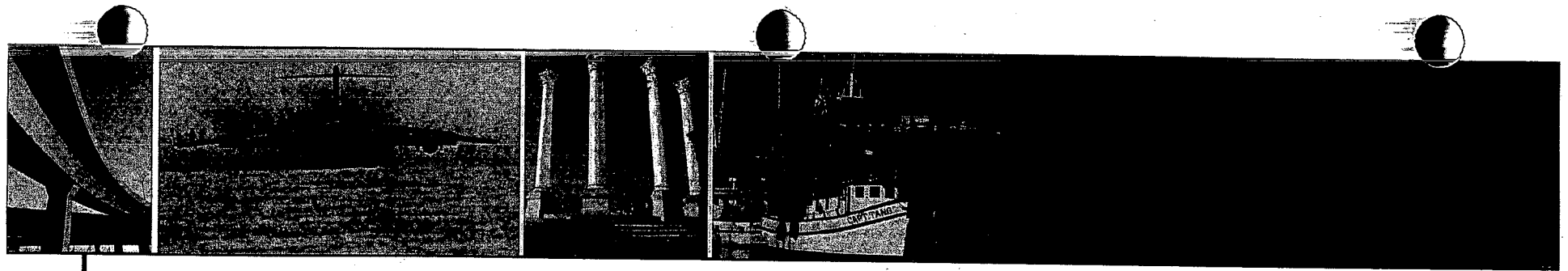
Slide 39

In summary, Charleston is not only leading in cost and efficiency, but also in implementation of joint information technology systems. Charleston is a better location than San Diego because of the strong synergy already in place and the major opportunities for increasing these joint system developments that Charleston offers.

The cost savings and efficiencies of relocating these jobs to Charleston versus San Diego was not a scenario considered by DoD prior to its BRAC recommendation. We encourage the Commission to look at this alternative scenario as a viable option.

It is now my pleasure to introduce the Honorable Joseph P. Riley, Mayor of Charleston, to conclude our testimony today.

SLIDES



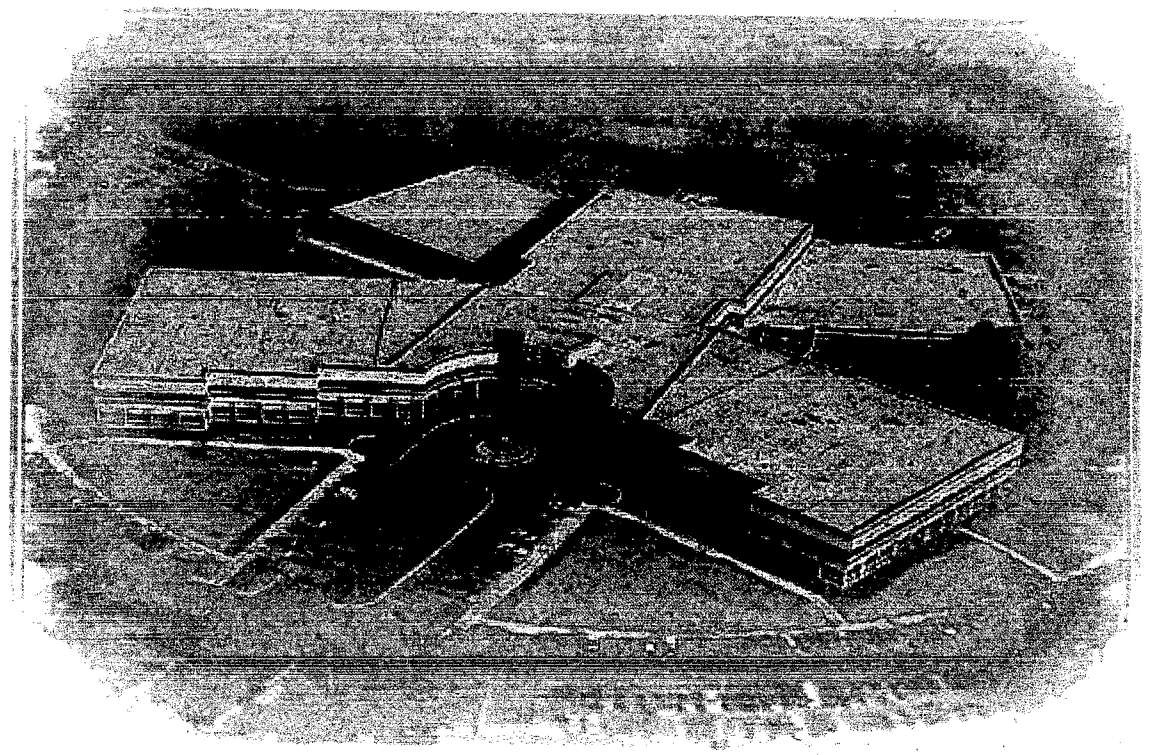
SPAWAR Systems Center Charleston

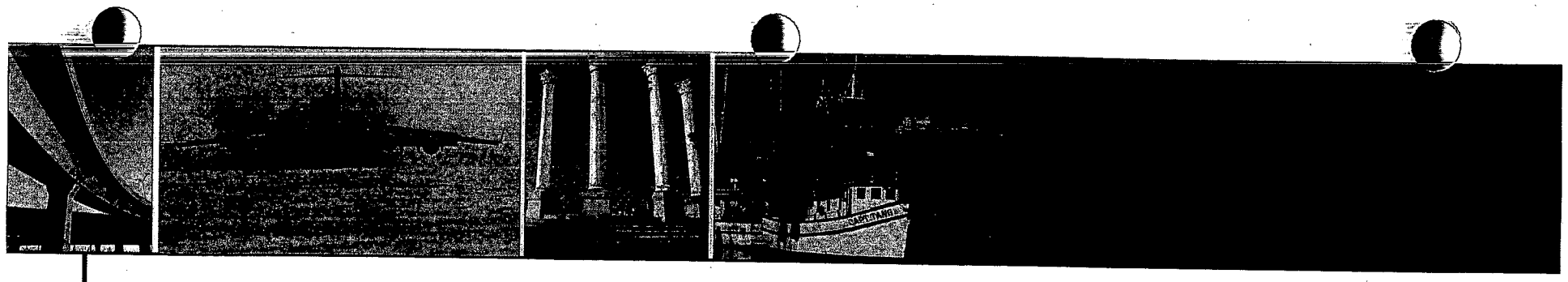
A Joint Network Centric Enterprise

Presented to the
BRAC Commission

By:

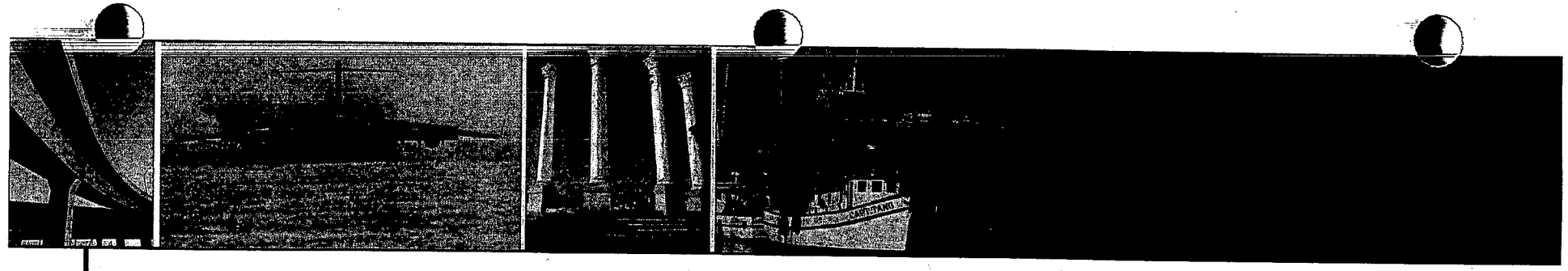
CAPT James Hoffman
USN (RET)





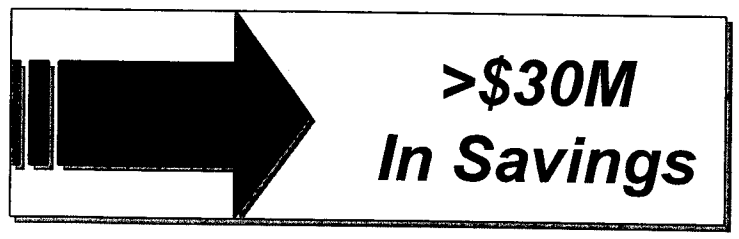
Consolidate Maritime C4ISR RDT&E

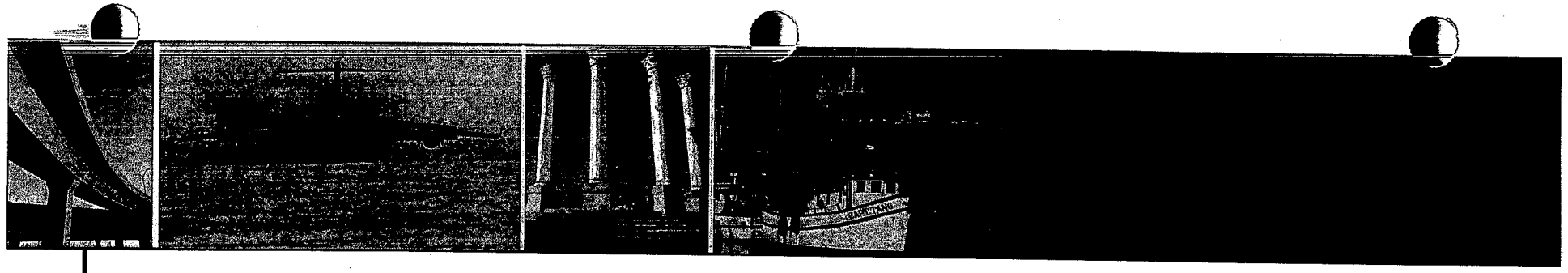
- Move Maritime Information Systems (IS) to SSC San Diego
  - Naval Surface Warfare Center (NSWC) Dahlgren, VA
    - Lose 111 people to SSC SD
  - Naval Underwater Warfare Center (NUWC), Newport, RI
    - Lose 112 people to SSC SD



Why Move Work to Charleston?

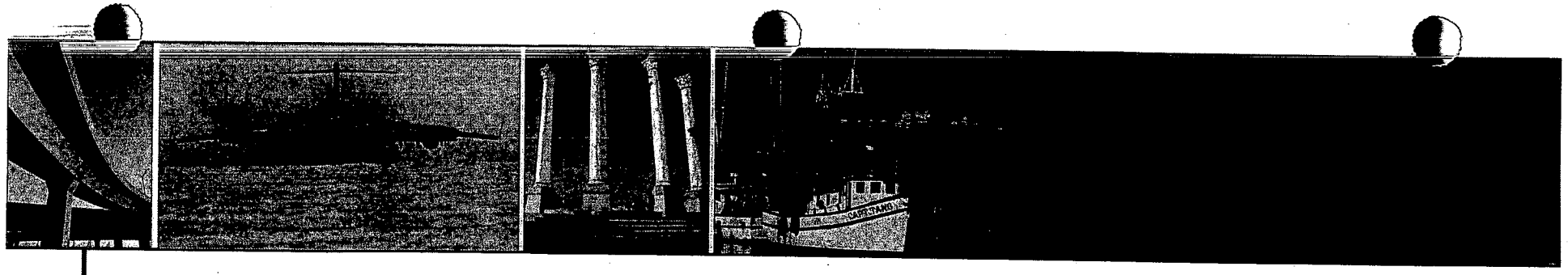
- Charleston is a Cost Effective Location
  - Civilian Labor Rates
  - Contractor Labor Rates
  - Cost Effective Operations…Additional Savings





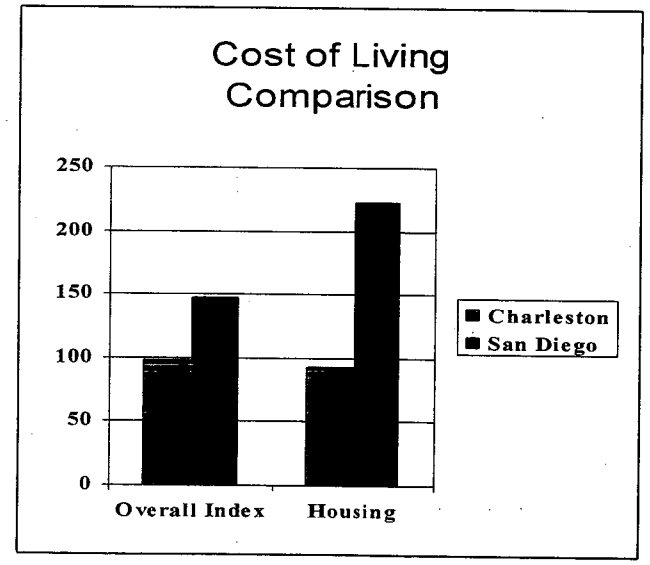
Greater Mission Effectiveness

- Charleston Mission Highly Synergistic with NSWC and NUWC's IS Work
  - C4ISR & Combat Systems
  - Submarine Info Systems
  - Platform integration Activities
  - Joint and Multi-Service Programs



Charleston = Cost Effectiveness

Charleston's Cost of Living Makes Relocation Possible



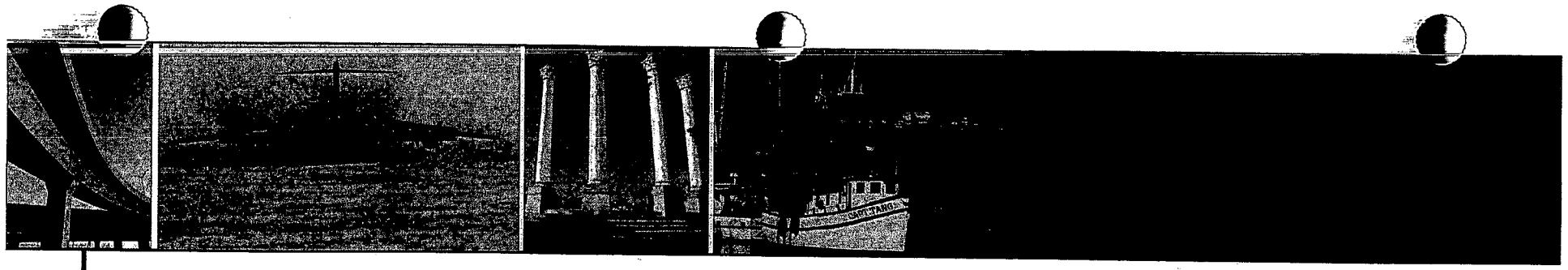
2400 Square Foot Home

Charleston = $229,000

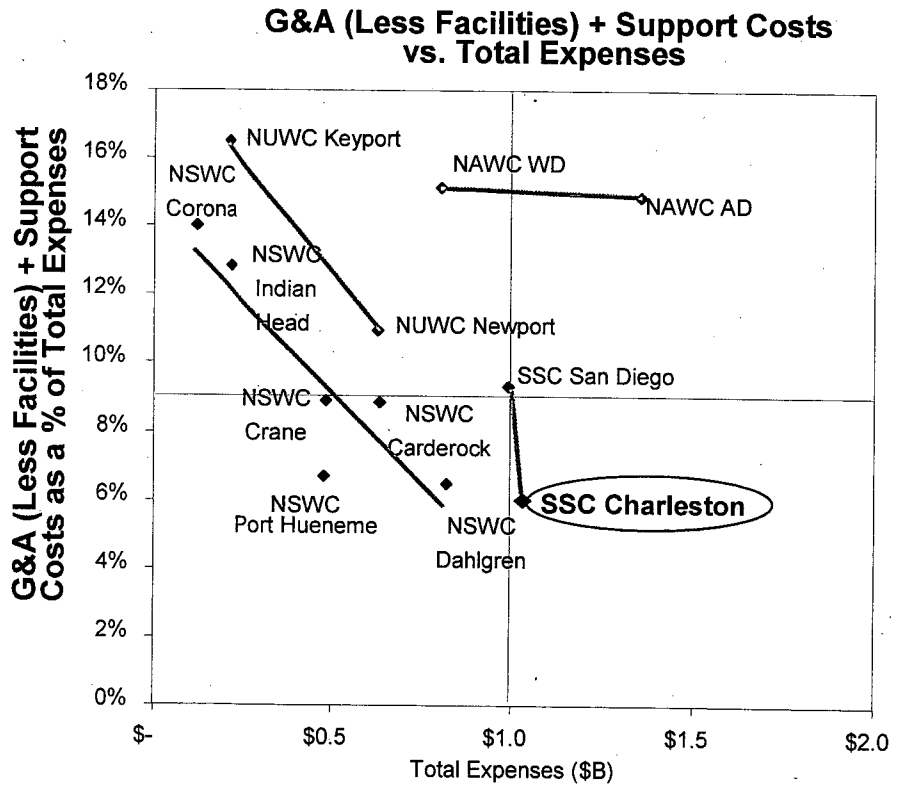
San Diego = $597,000

Source: ACCRA Cost of Living Index

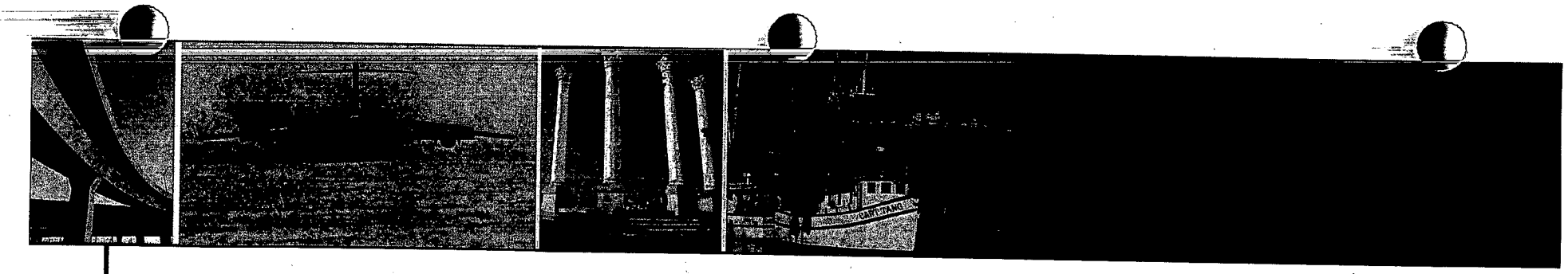
Preservation of Intellectual Capital



Charleston: Most Efficient Operations of All Navy Engineering and Warfare Centers

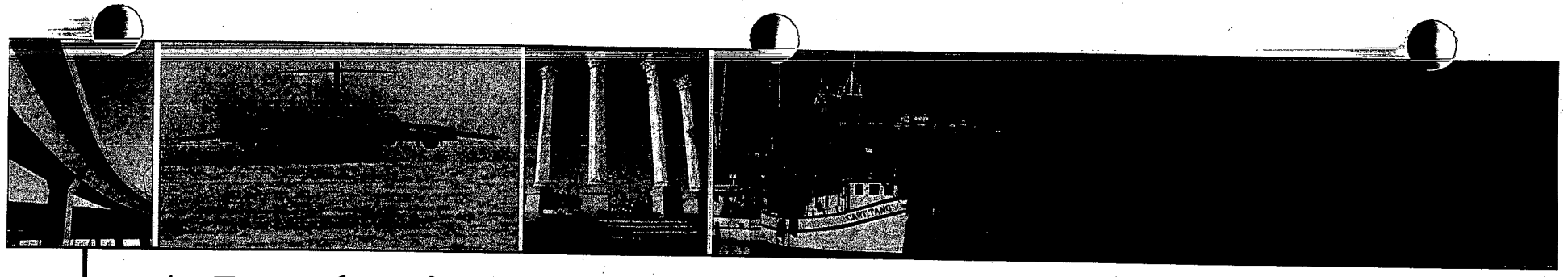


Source: SECNAV Study Conducted by Booz Allen Hamilton



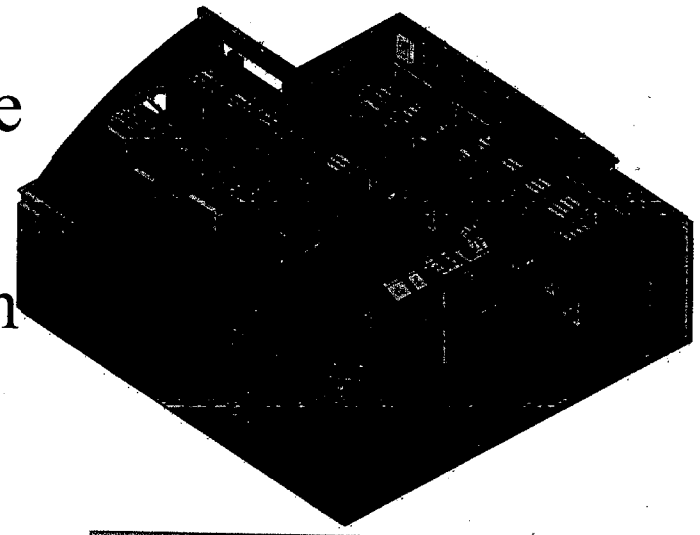
Highly Synergistic with Navy Surface Weapons Center IS Work

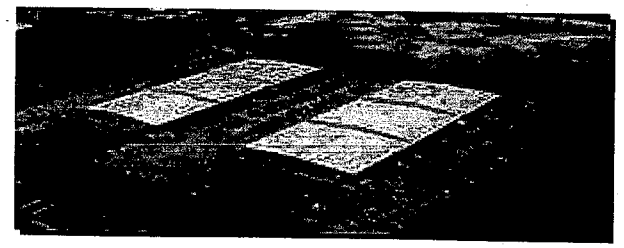
- **C4ISR & Combat Systems**
  - Closer Coupling Reduces Time to Observe, Orient, Decide, and then Act
- **FORCEnet**
  - Relies on Close Coupling of Sensors, Shooters, and Command and Control Nodes (Complete C4ISR and Combat Systems) to Succeed
- **Interior Communications**
  - Voice and Data are the Tie Between C4ISR and Combat Systems
- **Global Information Grid – Bandwidth Expansion**
  - SSC Charleston is a Leader in GIG-BE Implementation & Testing

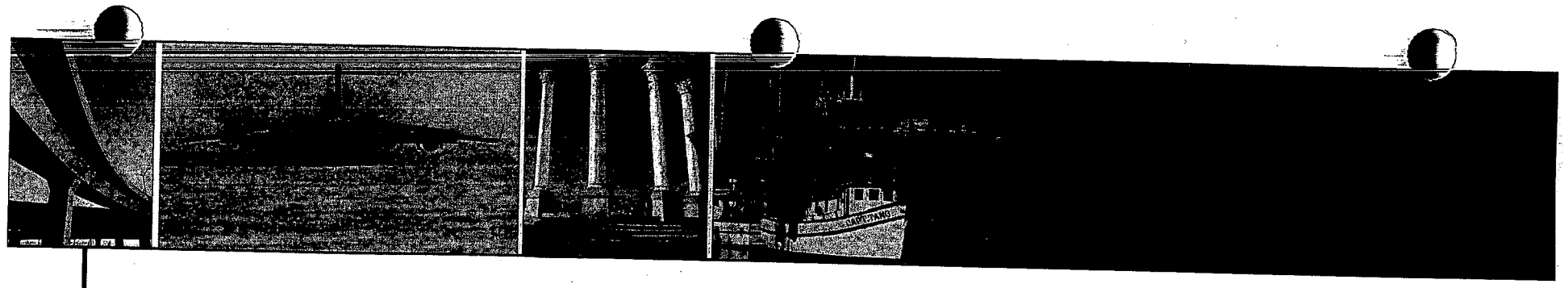


A Leader in Sub C4ISR and Platform Integration – Logical Location for NUWC IS Work

- Lead for Common Submarine Radio Room Integration
- 90,000 SF System Integration Facility
- Multiple Turnkey Platform Integration Facilities

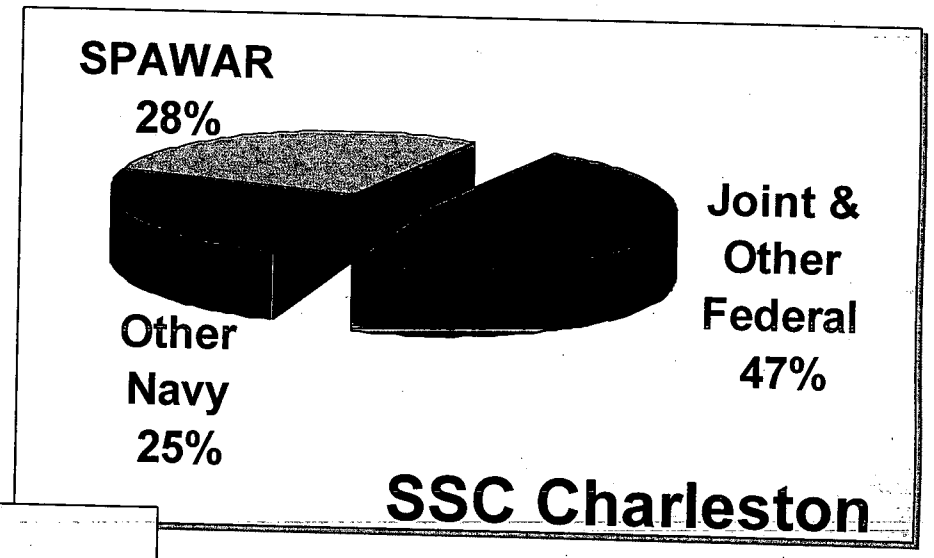


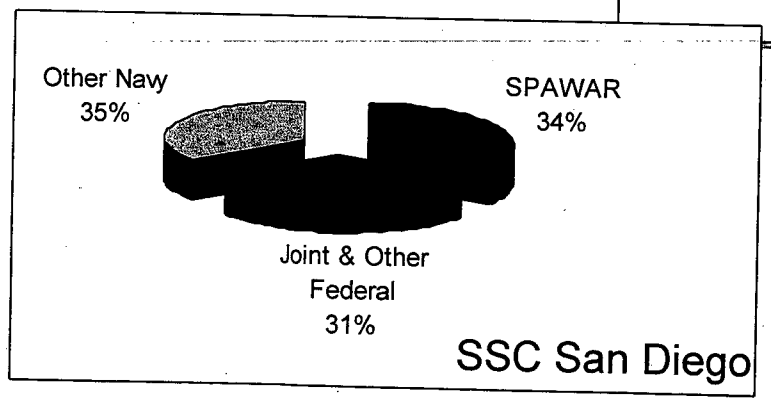


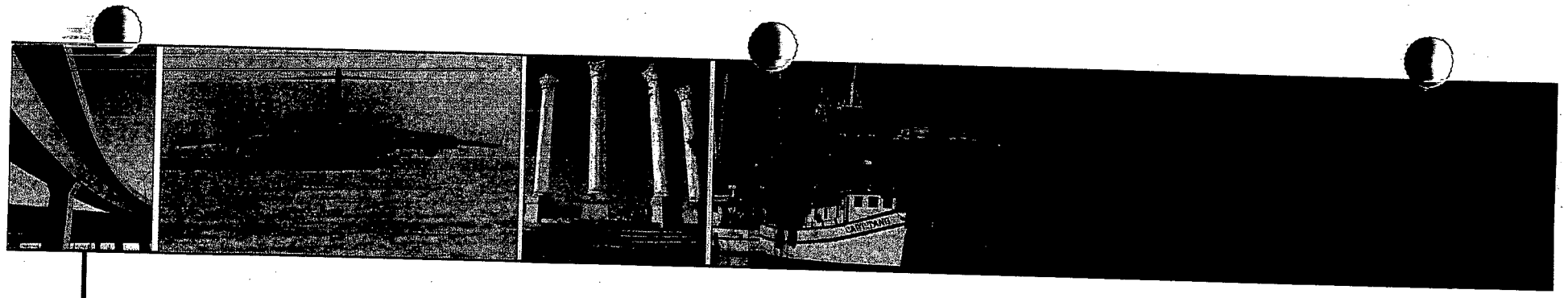


A Major Joint System Provider

- A Major Joint and Transformation Hub with 47% of its Work Coming from Joint and Other Federal Customers
- Systems Developed for Multiple Services Leverage Common Software and Designs





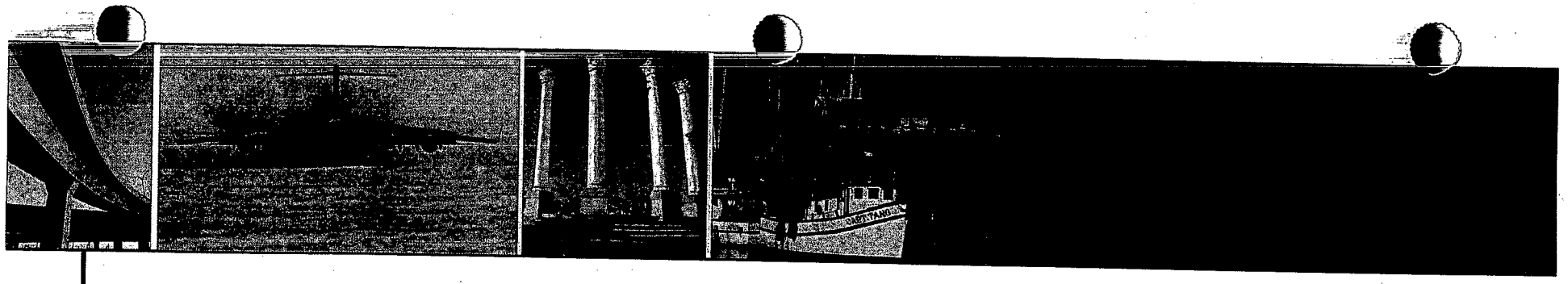


Joint War-fighter Engineering Facility

"The trip to SSC Charleston illustrated an engineering facility that has application across the complete Joint War-fighter environment with a significant amount of effort within other agencies outside of DoD. They are not just a Navy lab but could form the basis for a Joint War-fighter Engineering Facility…They have drawn on lessons learned and implementation experience that place them 18 to 24 months ahead of our other DoD initiatives."

OSD-NII, March 29, 2005

OASD Networks and Information Integration



Charleston is a Better Location to Move NSWC and NUWC IS Work

- More Cost Effective… >$30M Savings
- Preservation of Intellectual Capital
- Strong Synergy with Combat Systems IS Work
- Replacement of Submarine Radio Room Already in Execution at Charleston
- Major Opportunities for Increasing Joint System Developments
- Facilities and Infrastructure Already in Place

DOCUMENTATION

Technical Documentation
SPAWAR Charleston
Charleston South Carolina

Contents

Executive Summary

Relocation of Maritime Information Systems work from NSWC Dahlgren and NUWC, RI to SPAWAR Systems Center (SSC) Charleston in lieu of San Diego provides dramatic cost savings and synergy of function.

Rationale

- The work being transferred has enormous synergy with work already underway at SSC Charleston in C4ISR and Combat Systems, Submarine Information Systems, Synergies with Platform Integration, and Joint and Interdepartmental Programs.
- Relocation to Charleston retains all the advantages realized by reduction of the program from twelve sites to five, since Charleston is one of those five sites.
- Cost savings associated with relocation of these missions to Charleston in lieu of San Diego is estimated at $30M over 20 years.

Considerations for BRAC Commission and Staff evaluation of DoD recommendation

- Cost of operations and manpower implications of Charleston over San Diego
  - SSC Charleston's labor rates are 5.26% less expensive than the San Diego area according to the standard published locality pay differentials and Charleston is 30% less expensive than San Diego for the contractor workforce.
  - SSC Charleston is the most efficient of all the Navy engineering and warfare commands and is 61% below the Navy's cost average.
  - Movement of personnel along the east coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost effective relocation as compared to San Diego whose cost of housing is more than double Charleston.

- Highly synergistic work functions between current work in Charleston and work to be relocated from Dahlgren and Newport
  - There is substantial synergy between the work being transferred and work already underway at SSC Charleston.
    - C4ISR and Combat Systems Synergies
    - Submarine Information Systems Synergies
    - Synergies with Platform Integration Activities
    - Synergies with Joint and Interdepartmental Programs

- Proposed solution agrees with DoD recommendation of reducing technical facilities
  - Relocation of this work to Charleston supports the reduction in the number of technical facilities engaged in Maritime Sensors, Electronic Warfare, & Electronics and Information Systems RDAT&E from twelve to five.

Proposed Solution

Relocate Maritime Information Systems work from NSWC Dahlgren and NUWC, RI to SSC Charleston

Move Maritime Information Systems Work from NSWC Dahlgren and NUWC, RI

to SPAWAR Systems Center in Charleston

Action: **Consolidate Maritime C4ISR Research, Development & Acquisition, Test & Evaluation**

Issue:
Relocation of Maritime Information Systems Research, Development & Acquisition, and Test & Evaluation work from Naval Surface Warfare Center in Dahlgren, VA and Naval Station Newport, RI to SPAWAR Systems Center (SSC) Atlantic in Charleston provides dramatic cost savings and synergy of function as well as collaboration with multi-use and joint projects. The scenario of moving these elements to Charleston was never considered and should have been in order to provide DoD with the greatest possible benefits while achieving the maximum cost savings possible.

DoD Recommendation:
Relocate Maritime Information Systems Research, Development & Acquisition, and Test & Evaluation work from Naval Surface Warfare Center in Dahlgren, VA and Naval Station Newport, RI to SPAWAR Systems Center Pacific in San Diego[1].

DoD Justification:
These recommended realignments and consolidations provide for multifunctional and multidisciplinary Centers of Excellence in Maritime C4ISR. This recommendation will also reduce the number of technical facilities engaged in Maritime Sensors, Electronic Warfare, & Electronics and Information Systems RDAT&E from twelve to five. This, in turn, will reduce overlapping infrastructure, increase the efficiency of operations, and support an integrated approach to RDAT&E for maritime C4ISR. Another result would also be reduced cycle time for fielding systems to the warfighter[2].

Analysis of DoD Recommendation and Justification:
Work at NUWCNPT is characterized broadly as submarine communications with specific efforts involving the Trident Integrated Radio Room. Work at NSWC Dahlgren focuses on combat information systems for shipboard applications. DoD's justification focuses primarily on reducing the number of technical facilities engaged in Maritime Sensors, Electronic Warfare, & Electronics and Information Systems RDAT&E from twelve to five. NUWCNPT ranked #8 and NSWC Dahlgren ranked #12 in Information Systems Technology (IST) Development and Acquisition (D&A) as compared to SSC San Diego and Charleston at #3 and #4 respectively.

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[1] BRAC Report Detailed Recommendations, Section 10: Recommendations – Technical Joint Cross-Service Group, page Tech-9, page 373 of 393
[2] BRAC Report Detailed Recommendations, Section 10: Recommendations – Technical Joint Cross-Service Group, page Tech-10, page 374 of 393

Comparative Advantages of Charleston, SC:

$30M in Cost Savings

Lower Labor Costs – SSC Charleston's labor rates are 5.26% less expensive than the San Diego area according to the standard published locality pay differentials. Using Bureau of Labor Statistics data, Charleston is 30% less expensive than San Diego for the contractor workforce. Under the proposed actions, approximately 100 civilians from NSWC Dahlgren are slated to move to San Diego and 100 more are slated to move from NUWCNPT to San Diego in 2006 and 2007. Additionally, an estimated 50 contractors are slated to move over the same timeframe from these locations. By relocating this function to Charleston instead of San Diego, DoD could realize a savings of approximately $29M over the twenty-year timeframe as compared to moving these individuals to San Diego.

Attractive Cost of Living – This savings also does not include cost savings of an additional $1M associated with keeping these personnel on the East Coast rather than moving them across the country[3]. Movement of personnel along the East Coast from Dahlgren and Newport to Charleston is much more likely to preserve intellectual capital by offering a cost-effective relocation as compared to San Diego. With an average three-bedroom home costing $597,000 in San Diego vs. $229,000 in Charleston[4], personnel are much more likely to move to Charleston than San Diego, thus preserving highly trained personnel on important military programs.

Effective Cost Structure – This analysis does not consider savings achieved through SSC Charleston's more efficient cost structure as documented in the SECNAV study conducted by Booz Allen. This study illustrated that SSC Charleston is the most efficient of all the Navy engineering and warfare commands and is 61% below the Navy's cost average.

HIGHLY SYNERGISTIC MISSION FUNCTIONS

C4ISR and Combat Systems Synergies – SSC Charleston is a major provider of C4ISR systems for Navy applications. It has long been a desire to have a closer coupling between C4ISR systems and combat systems from a developmental and operational standpoint. In fact, FORCEnet objectives can be more readily achieved through this closer coupling. SSC Charleston is the developer and implementer of the FORCEnet Integrated Baseline and was the focus of the Navy's 2003 Strategic Studies Group FORCEnet Engagement Pack concept. SSC Charleston is the lead DoD activity providing engineering, acquisition, and lifecycle support for shipboard interior communications systems. Charleston's facilities combine interior communication systems engineering capabilities with shipboard network laboratories to provide an integrated data and voice interoperability solutions afloat that are used extensively in relaying information between C4ISR and combat systems. SSC Charleston is the only DoD activity providing engineering, lifecycle support, and program management for shipboard wireless communication systems used for damage control, flight deck communications, at-sea replenishment, security, force protection small boat ops, weapons handling, and interfacing with telephone systems. SSC Charleston has been recognized by OSD as a leading organization for Global Information Grid – Bandwidth Expansion (GIG-BE) engineering and test execution, described as years ahead of anyone else. GIG-BE is DoD's transformational backbone necessary for transferring information between sensors, shooters, and command and control nodes. Movement of NSWC Dahlgren's information systems work to SSC Charleston provides many synergistic benefits in achieving the Navy's FORCEnet concept and in the larger picture, DoD transformational goals.

Submarine Information Systems Synergies – SSC Charleston is the technical agent for many submarine information systems programs including Common Submarine Radio Room (CSRR), VLF Submarine Communications, Submarine Single Messaging Solution, and Submarine Mobile Training Team. SSC Charleston is also the only DoD facility supporting essential and critical projects for the Strategic Systems

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[3] Average of $4,000 savings per move as calculated using standard moving calculator on www.realtor.com website

[4] Source: ACCRA: The Council for Community and Economic Research Cost of Living Index, 4th Quarter 2004

Program Office, including: submarine navigation, fire control, launcher, and other components and systems. SSC Charleston fabricates, integrates, tests, and provides lifecycle support for CSRR, the replacement for the Trident Integrated Radio Room, which is the predominant piece of the IST D&A work at NUWCNPT. SSC Charleston's 90k sq ft facility contains cable manufacturing, pre-integration, integration, and rack refurbishment capabilities and unencroached communications connectivity, all necessary for CSRR integration and testing activities.

Synergies with Platform Integration Activities – SSC Charleston has the mission to design, develop, build, integrate, install, and support Radio Communications Suites (RCS), Ship Signal Exploitation Space (SSES), and Common Submarine Radio Room system of systems for new ship construction and retrofit programs. The command is currently providing full turnkey development of RCS and SSES rooms for the following classes of ships: CVN, LPD, LHD, LHA, LHA(R), T-AKE, T-AGM(R), & LCS. The command is also developing the CSRR for SSN, SSGN, and SSBN classes of submarines. NUWCNPT's submarine radio room integration work fits well into SSC Charleston's currently operating facilities using proven techniques and procedures for rapid platform integration and testing.

Synergies with Joint and Interdepartmental Programs – Over 40% of SSC Charleston's work efforts are for joint, other service, and other federal agency customers. Many of the systems that are developed and fielded at SSC Charleston are born joint because of heavy leveraging of technologies, capabilities, and subsystems across programs for multiple customers. This business model, based on maximum reutilization of previous work, harvesting of technology, and passing savings on to the customer has led to a ten-fold increase in total obligation authority since BRAC 1993. This greatly increased workload has occurred because customers want to bring their work to SSC Charleston and not because they have to. By moving this workload from Dahlgren and Newport to Charleston, even greater opportunities exist for leveraging, reutilization, and economies of scale as future systems are developed with jointness in mind. As an example, a closer tie of shipboard combat systems into C4ISR systems for tri-service needs can be evaluated through SSC Charleston's OSD designated Chief Engineer role and transformational engineering hub for the Horizontal Fusion initiative. Results from these evaluations can be used to design and implement next generation C4ISR and combat systems that meet multi-service requirements.

High Military Value
SSC Charleston, one of the five activities planned to perform Maritime C4ISR into the future, focuses on IST D&A as a primary mission. The predominance of the work performed at NUWCNPT and NSWC Dahlgren targeted by this action is in the IST D&A area. SSC Charleston was ranked #4 in military value out of 105 activities performing IST D&A[5]. This activity was also ranked as the most efficient of all Navy warfare and engineering centers by the SECNAV efficiency study.

Summary of Proposed Solution – Major Cost Savings, Highly Synergistic Mission Functions, and High Military Value
Movement of IST D&A work from NSWC Dahlgren and NUWNNPT will save the DoD at least $30M over the next 20 years as compared to moving it to San Diego. Synergies exist between the work to be moved and the current work ongoing in Charleston. Relocation of this work to Charleston allows greatly enhanced opportunities for achieving jointness and leveraging across multiple services. Charleston's affordable home prices offer a very viable relocation option as compared to San Diego. SSC Charleston was ranked as having a high military value. Infrastructure currently in place and being established through MILCON projects in execution is sufficient to support these functions.

[5] Technical JCSG Report, Page B-40

Systems Center Charleston

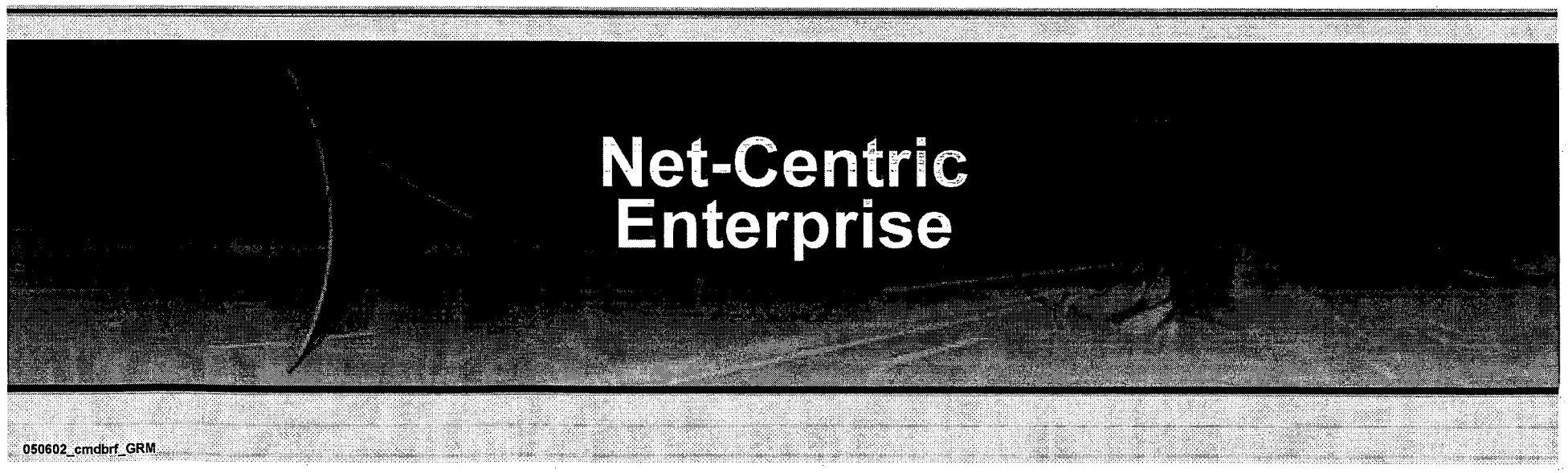
June 2005

Space and Naval Warfare Systems Center Charleston

Command Overview

CAPT (Select) Red Hoover
Commanding Officer

Mr. James D. Ward
Executive Director



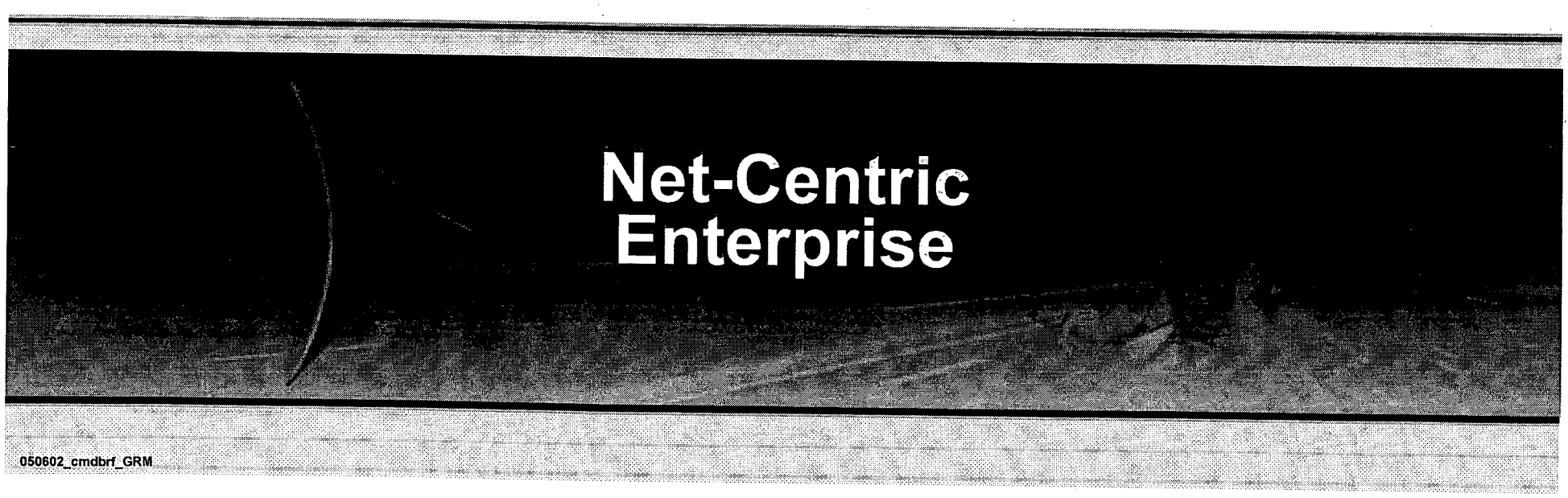
Systems Center Charleston

- **Introduction**

Business Operations

Contributions to Readiness

Partnerships with the Community



SPAWAR
Systems Center Charleston

A Change-Enabled Organization

BRAC 1993 - Consolidation of East Coast Naval Electronic Engineering Activities

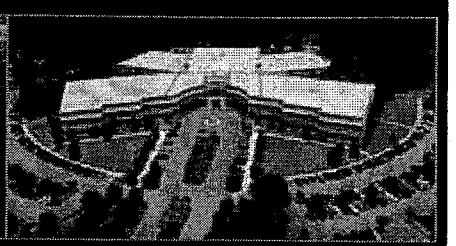
Established as NISE East, Charleston, January 1994

NISE East renamed as SPAWAR Systems Center, October 1997

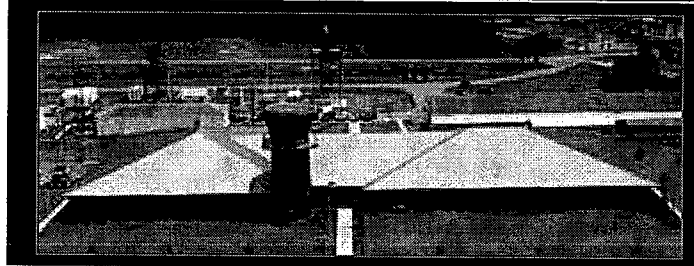
NCTC NWCF East Coast Elements transferred to SSC Charleston, February 2000

'93 '94 '95 '96 '97 '98 '99 2000

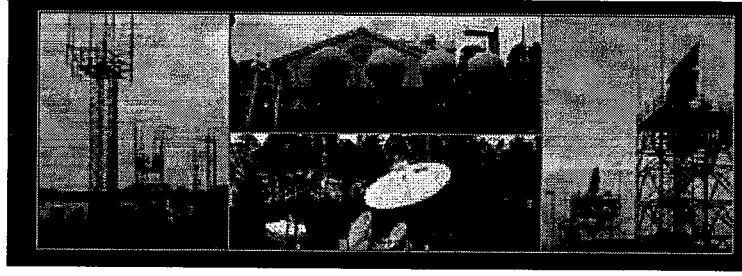
Building 3112/3113
BRAC 1993 Construction



Main Engineering Center (Bldg 3147)



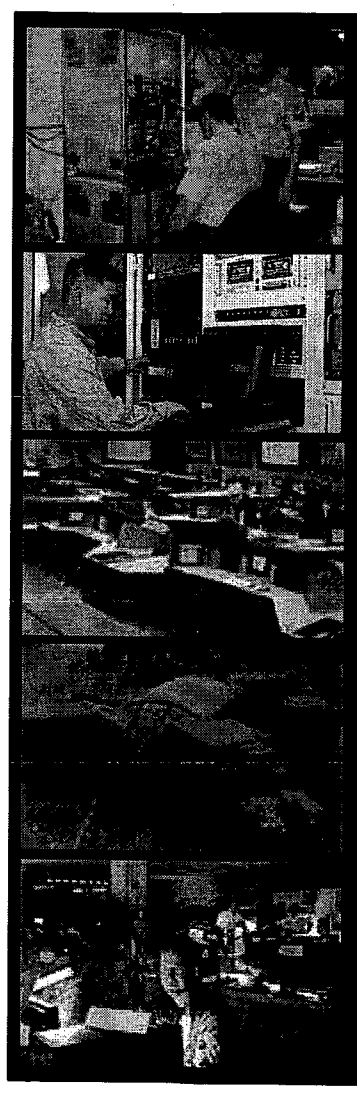
Air Traffic Control



Antenna Farm

Systems Center Charleston

What We Do



C4ISR

Command

Control

Communications

Computers

Intelligence

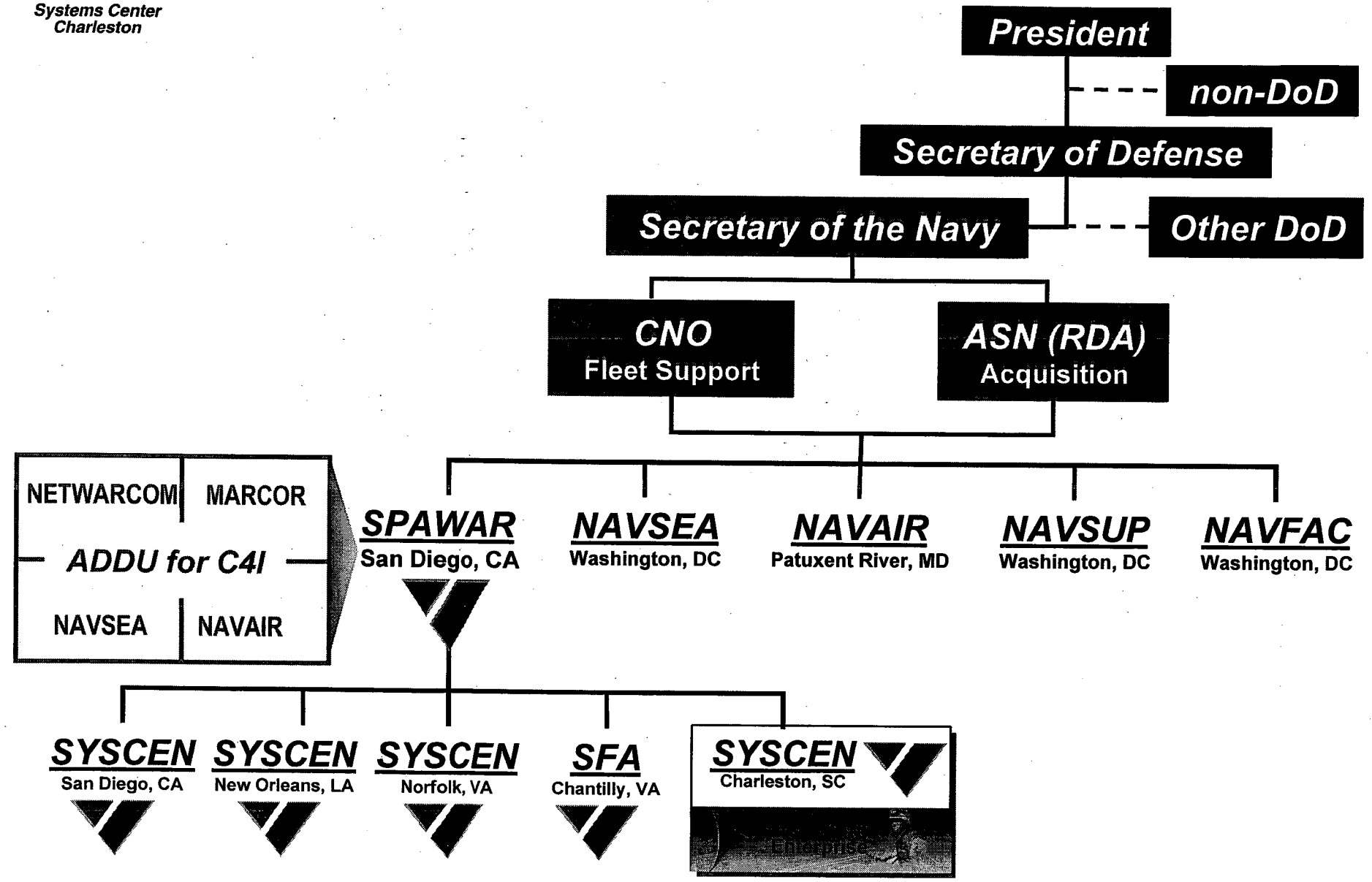
Surveillance &

Reconnaissance

- *Modeling & Simulation*
- *Command & Control*
- *Navigation*
- *Physical & Computer Security*
- *Video Teleconferencing*
- *Information Assurance*
- *Sensors*
- *Communications*
- *Cryptologic & Intelligence*
- *Image Processing*
- *Meteorology*
- *Air Traffic Control*

Where We Fit

Systems Center Charleston



SPAWAR Systems Center Charleston Presence

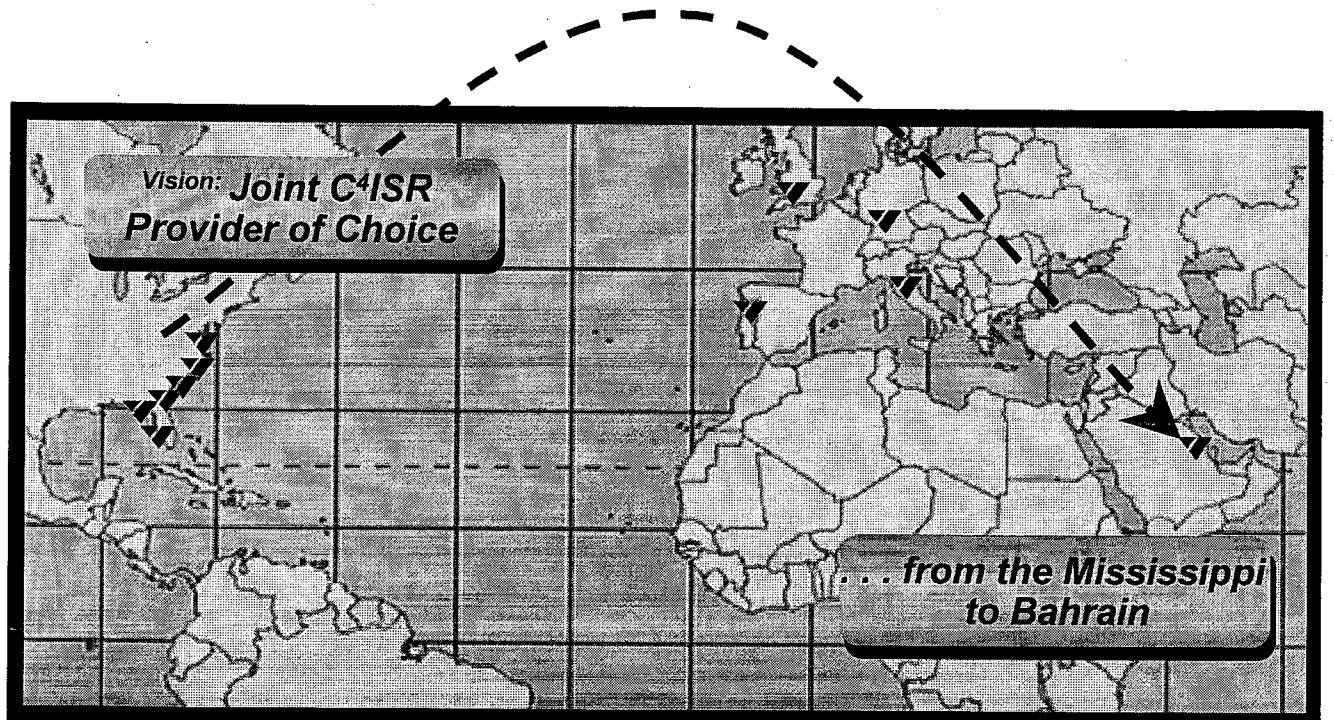
Systems Center Charleston

Major locations:

- Charleston, SC
- Washington, DC
- Tidewater, VA
- Jacksonville, FL
- Tampa, FL
- Pensacola, FL

Overseas locations:

- Bahrain
- Germany
- Italy
- Spain
- U.K.



2,366 Civil Service

27 Military

8,026 Industry Partners

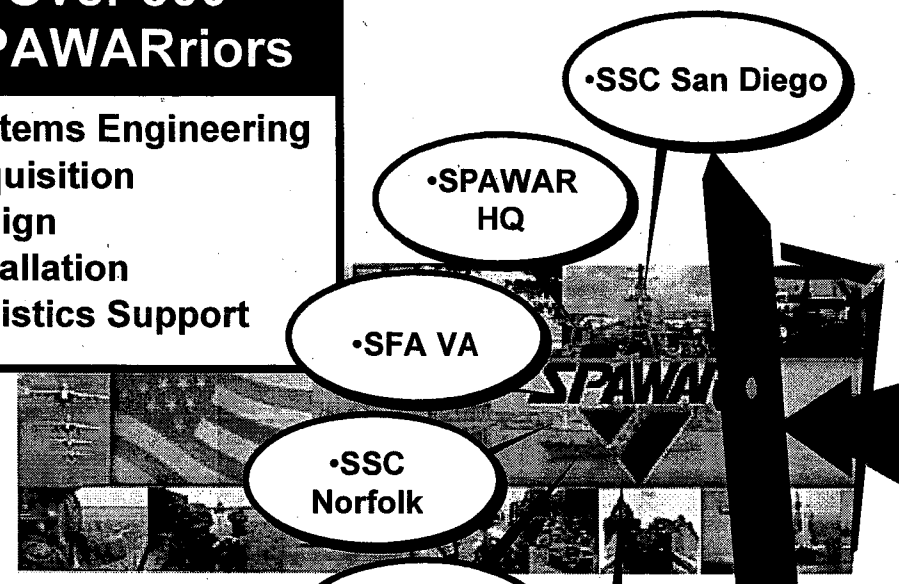
Statistics as of November 30, 2004

Tidewater Node

Systems Center Charleston

Over 800 SPAWARriors

- Systems Engineering
- Acquisition
- Design
- Installation
- Logistics Support



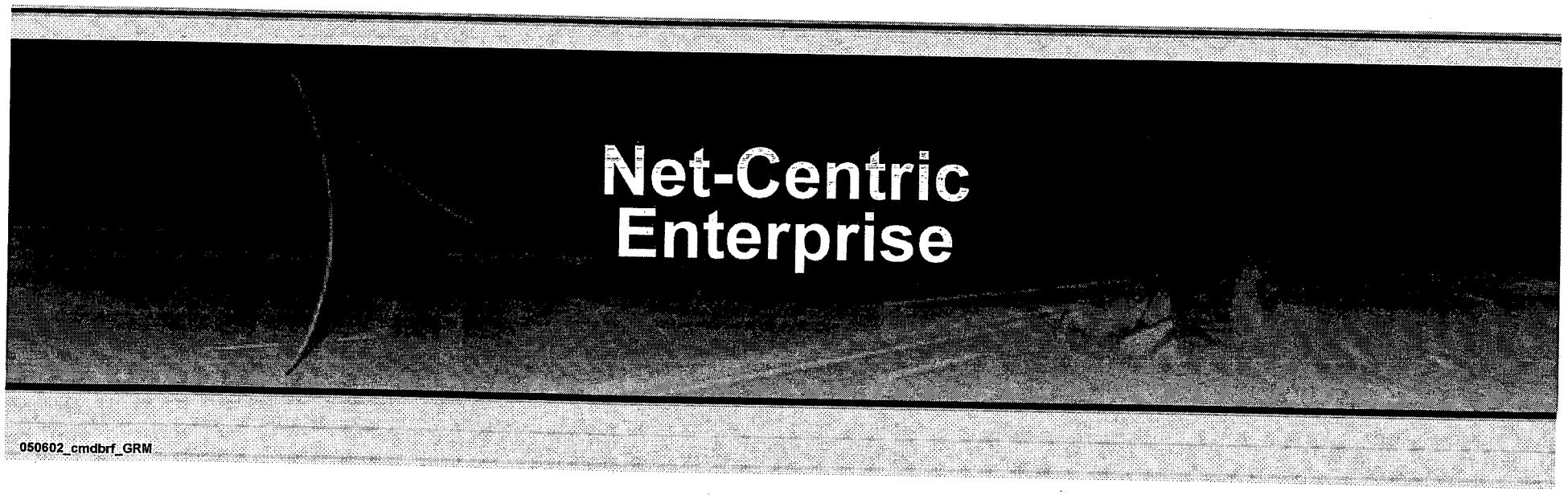
- •SSC San Diego
- •SPAWAR HQ
- •SFA VA
- •SSC Norfolk
- •SSC NO
- •SSC Charleston

- Navy FFC
- Navy NETWARCOM
- JFCOM
- Navy COMLANTFLT
- USMC-MARFOR LANT
- USAF - ACC Langley
- Army-TRADOC

Connectivity to SPAWAR Net-Centric Enterprise

Systems Center Charleston

- Introduction
- **Business Operations**
- Contributions to Readiness
- Partnerships with the Community



SSC Charleston Strategy Map

Systems Center Charleston

Tenets

- Power to the edge
- Command Intent
- Situational Awareness
- Post before Processing
- Agility and Adaptability
- Allocating resources Dynamically
- Edge Infostructure
- GIG
- Sense & Response

SSC Charleston "Fully Netted in Four"

Fully Netted Force | **Fully Netted Resources**

Customer Perspective	Financial Perspective

Customer Focused	Mission Focused	Process Focused

Human Capital	Information Capital	Organizational Capital

Fully Netted in Four

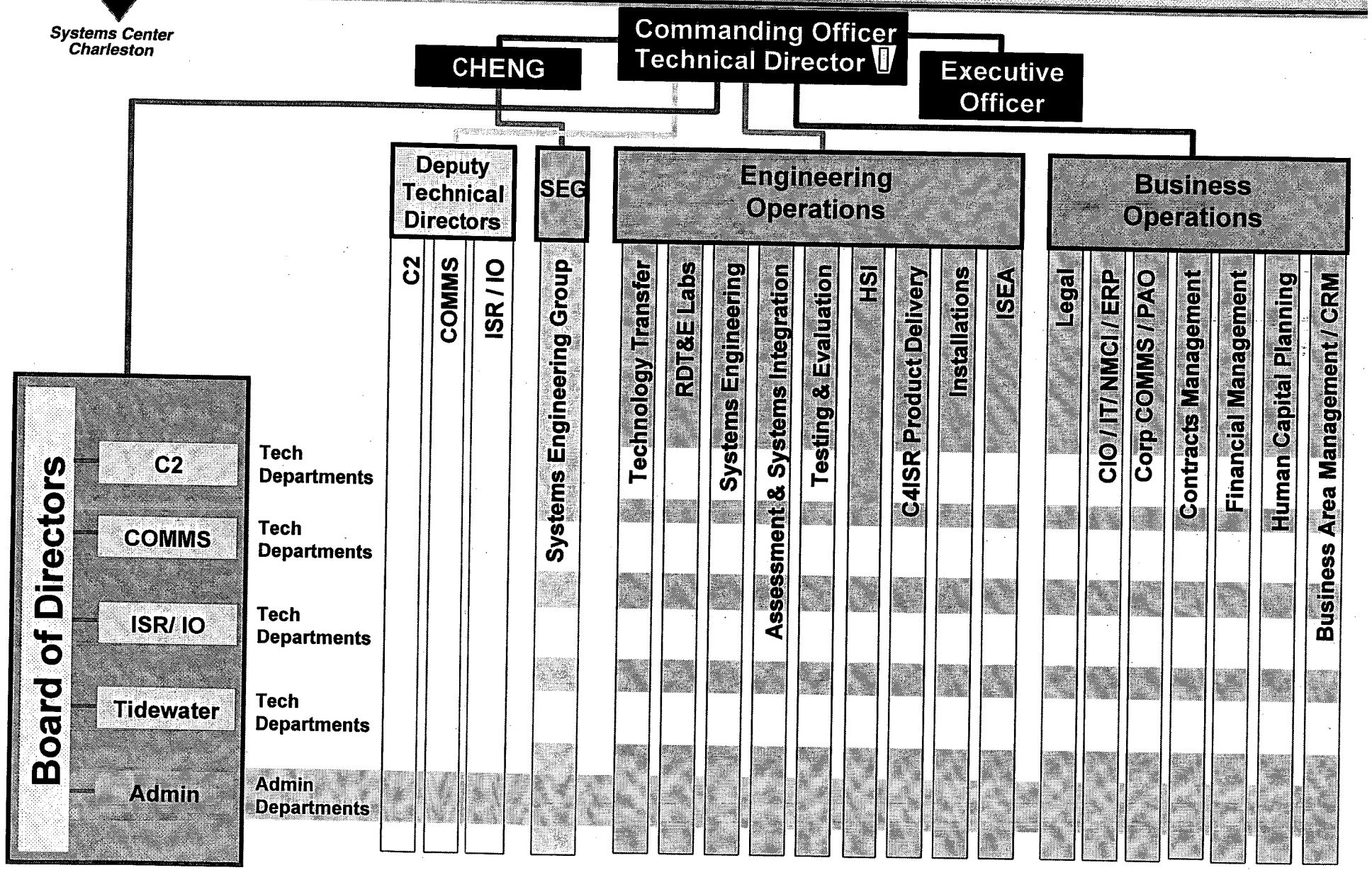
Engineering FORCEnet at Sea Enterprise Rates

Tenets

- Vision Driven
- Agile & Adaptable
- Virtual Integration
- Real Time
- Core vs. Context
- All Capabilities on the Grid
- Information Sharing
- Sense & Respond
- Organizational Accessibility
- Customer Aligned
- Requirements Sized
- Composeable Capability
- Collaboration and Synchronization

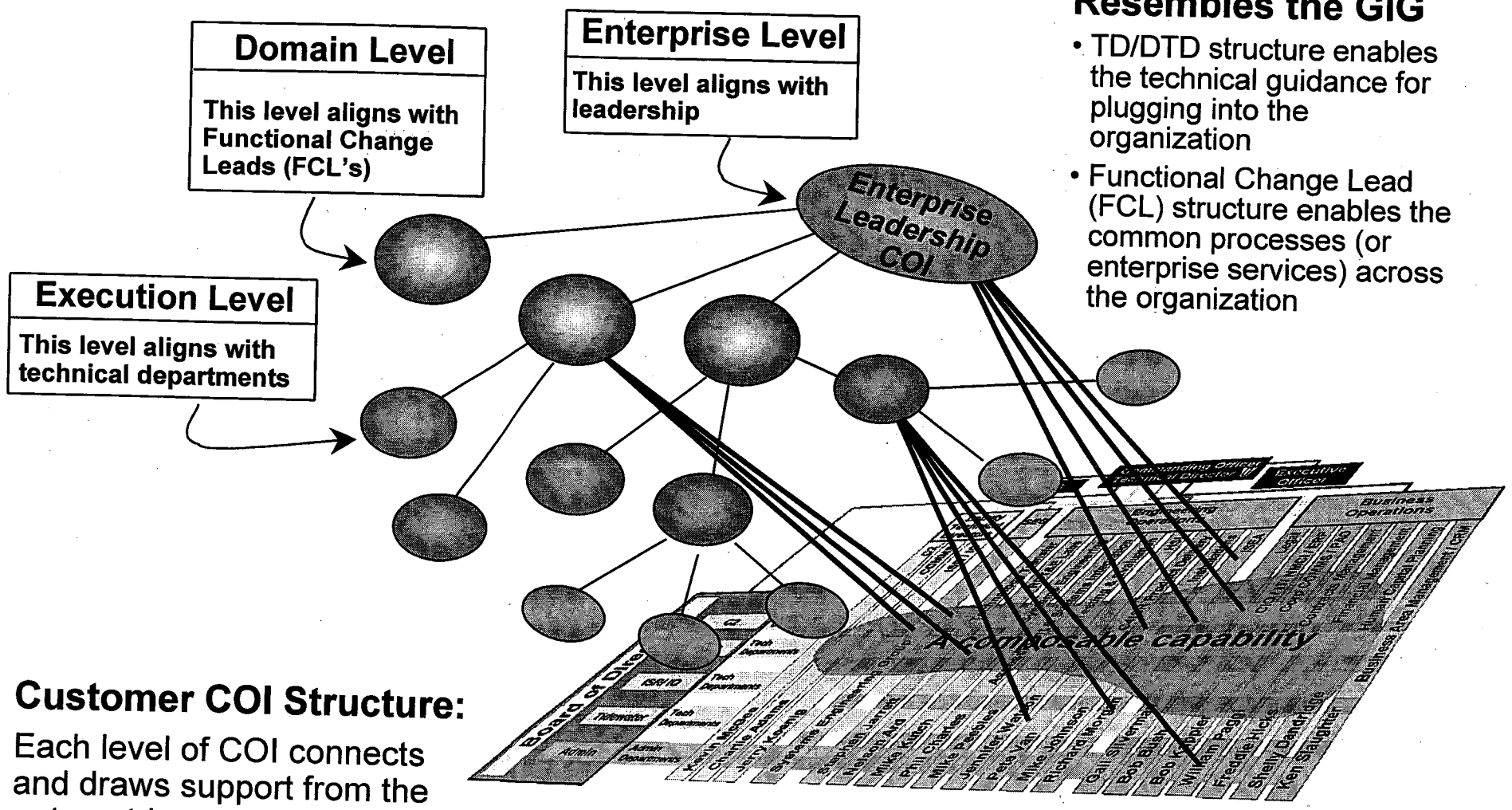
A Net-Centric Organization

Systems Center Charleston



Connecting to the Net-Centric Enterprise

Systems Center Charleston



Resembles the GIG

- TD/DTD structure enables the technical guidance for plugging into the organization
- Functional Change Lead (FCL) structure enables the common processes (or enterprise services) across the organization

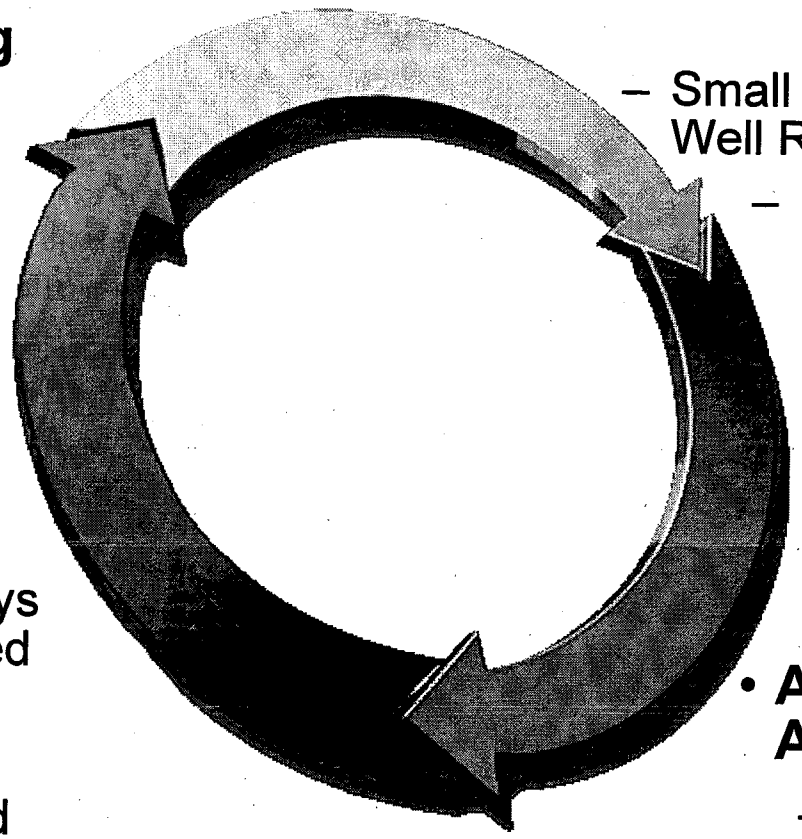
Customer COI Structure:

Each level of COI connects and draws support from the net-centric organization

Transformational Business Model

Systems Center Charleston

- **Navy Working Capital Fund Organization**
  - Break-even (Nonprofit)
  - Receive No Mission or Direct Appropriated Funds
  - Customer Pays Fully-burdened Rate
  - Must Satisfy Customer and Control Our Rates

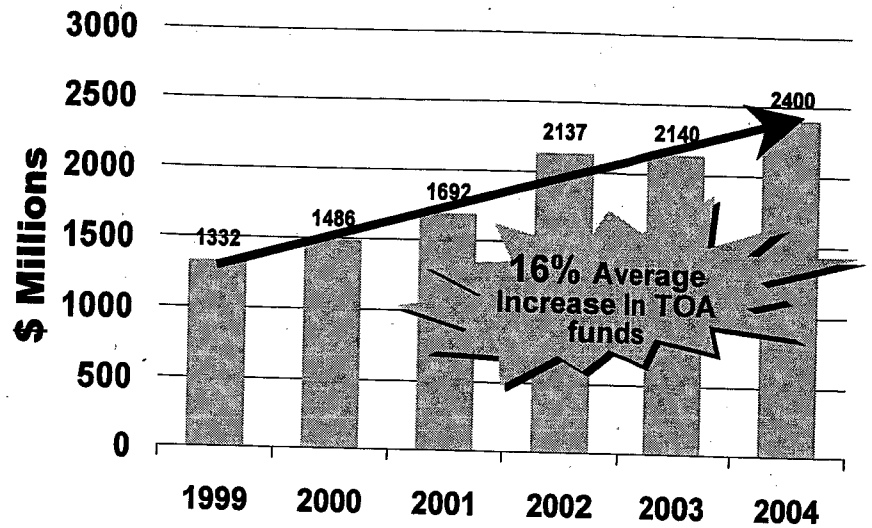


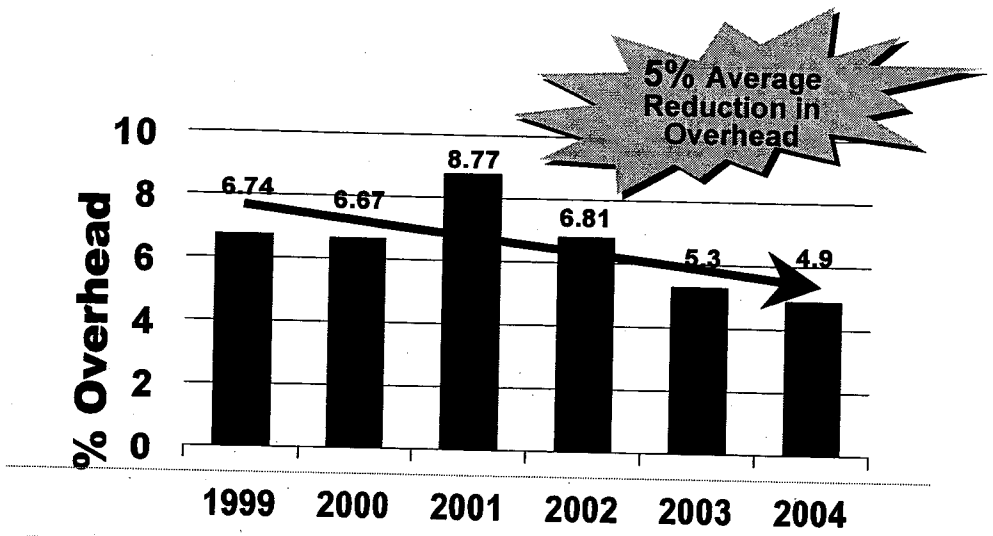
- **Government / Contractor Team**
  - Small and Mid Size Companies Well Represented
  - Large Portfolio of Contracts ($3B Available Ceiling)
    - Wide Range of C4ISR Products and Services
    - Unlimited Contracting Authority

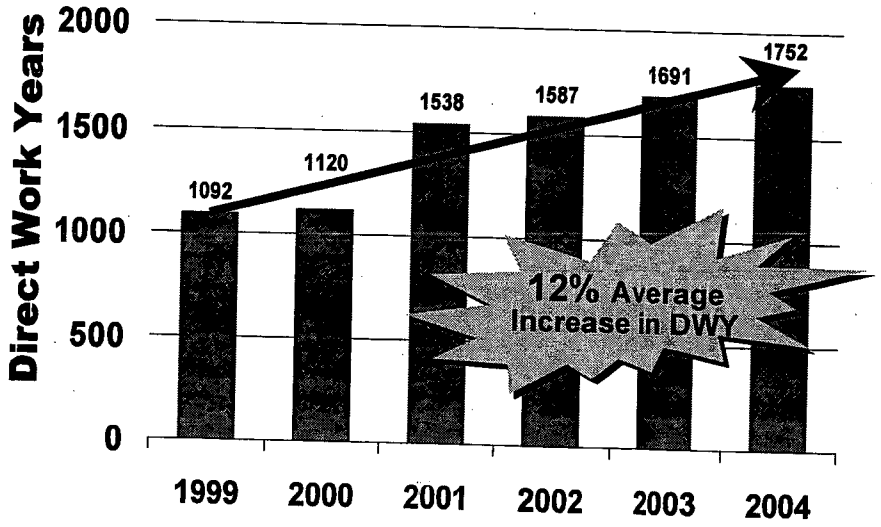
- **Alternate Performance Appraisal System**
  - Pay Band
  - Pay for Performance

Business Line Output Metrics

Systems Center Charleston



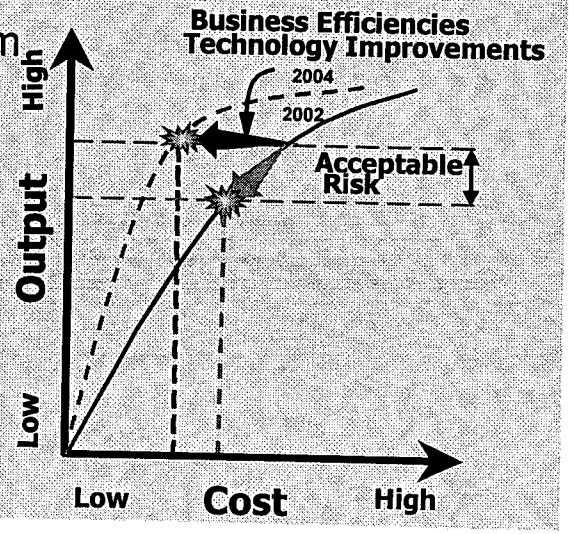




Our Culture of Efficiencies

Optimizing long term returns on assets entrusted to the command

- **People**
- **Financial Capital**
- **Facilities & Operations**



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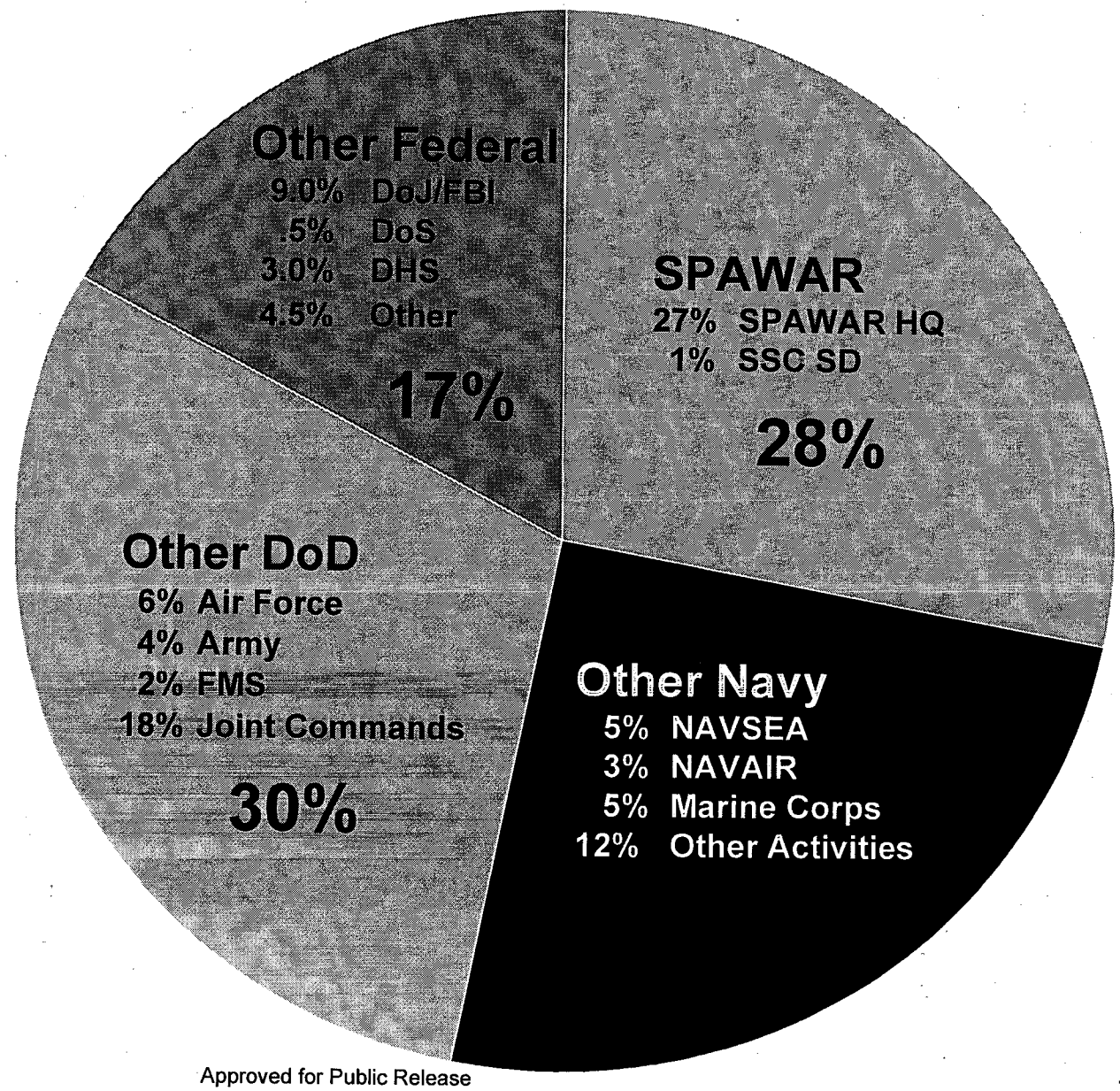
Systems Center Charleston

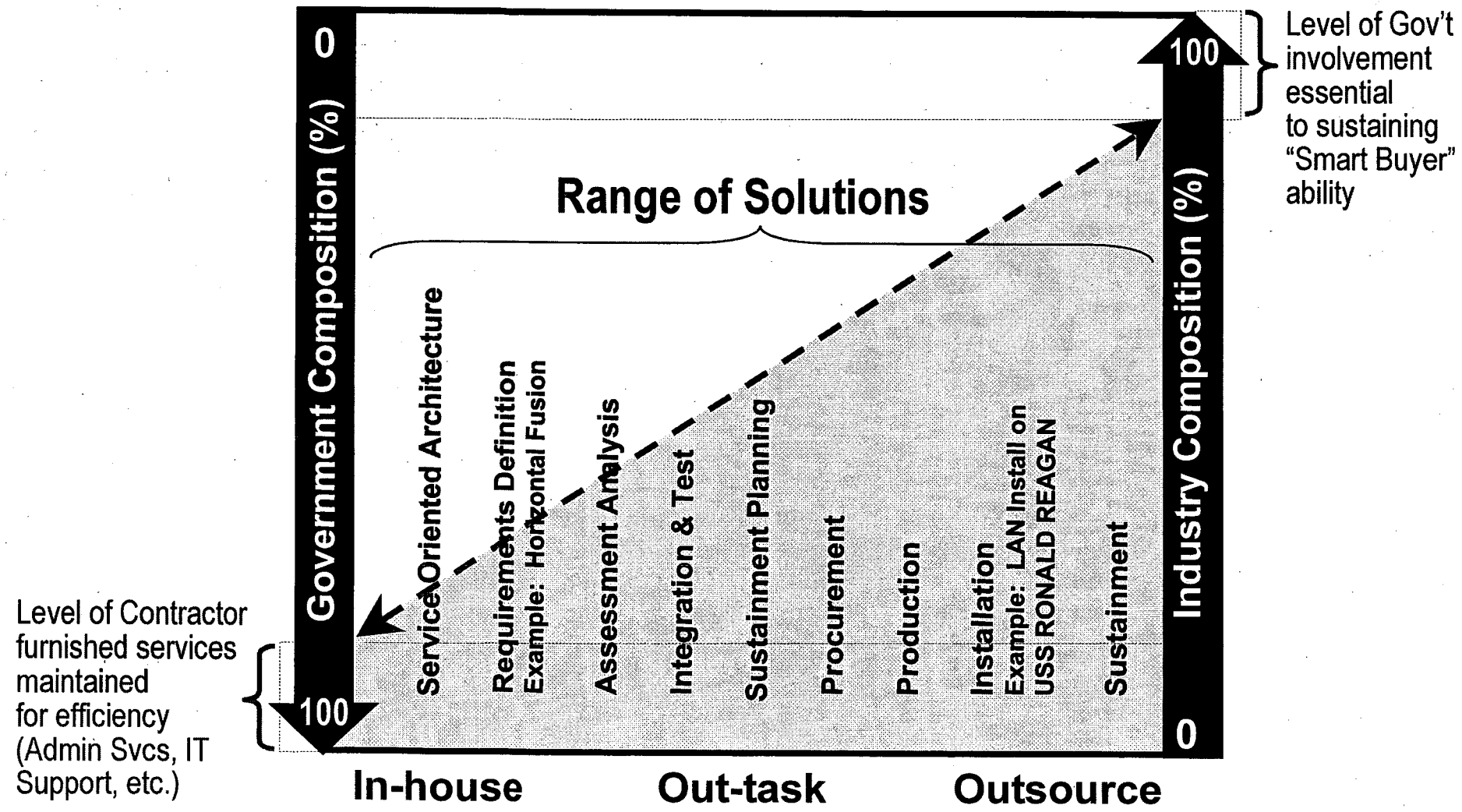
FY04 Funding Sources

TOA
(Total Obligation Authority)
$2.4B



Composeable Solutions Executed by a Composable Workforce

Systems Center Charleston

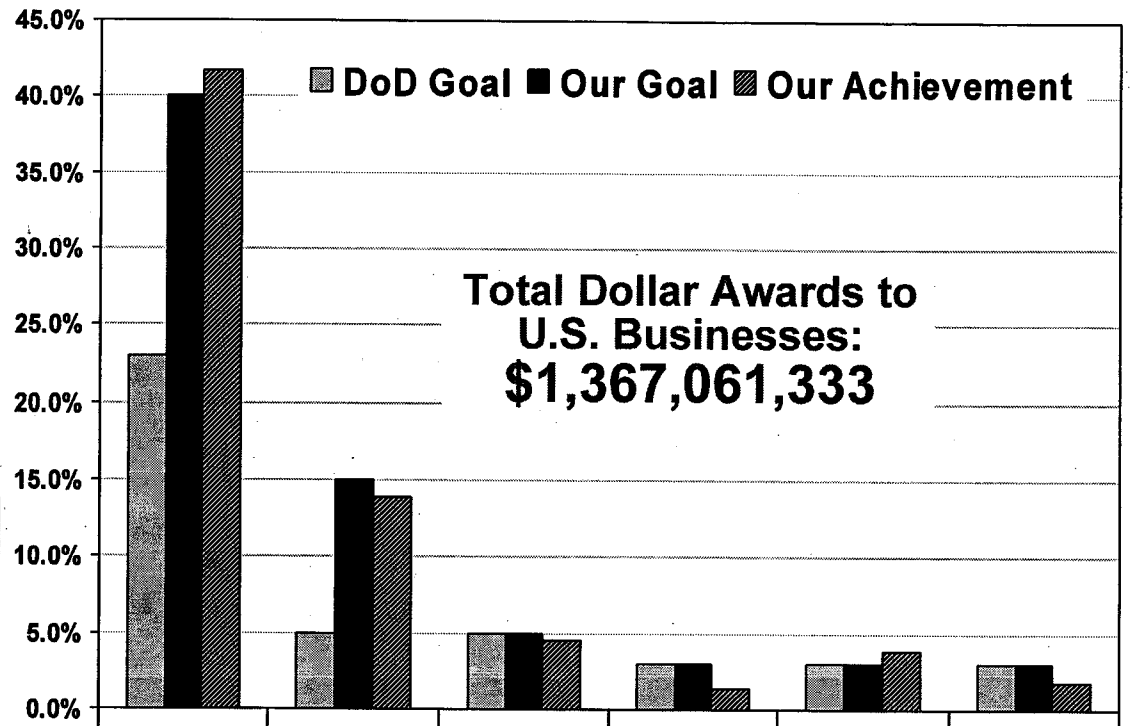


FY 04 Small Business Results

Systems Center Charleston

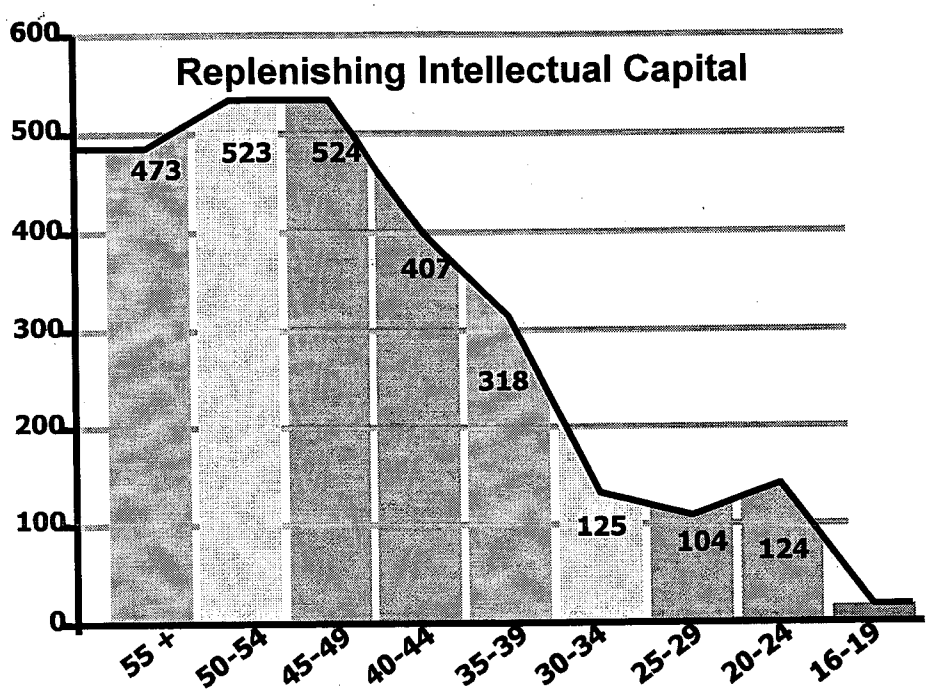
For the review period of 2002 – 2004, SSCC was awarded a rating of *OUTSTANDING for the SBA Compliance Review.

*First federal agency to receive this rating.

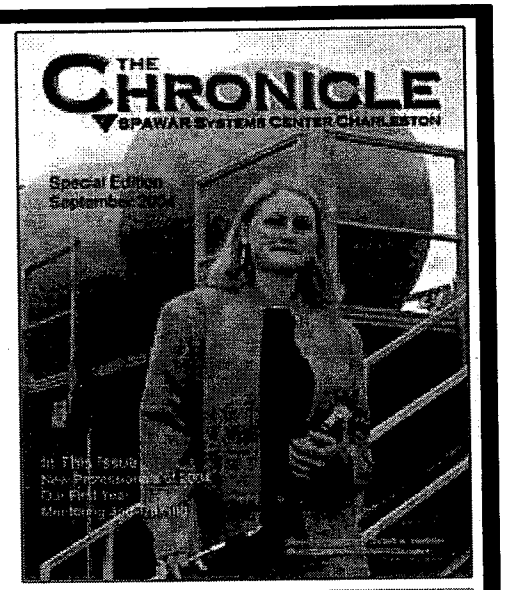


	S. B. Prime	SDB	Woman-Owned	HUBZone	Veteran Owned	SD Veteran Owned
DoD Goal	23.0%	5.0%	5.0%	3.0%	3.0%	3.0%
Our Goal	40.0%	15.0%	5.0%	3.0%	3.0%	3.0%
Our Achievement	41.6%	13.9%	4.6%	1.4%	3.8%	1.8%

Statistics from Procurement Management Review System (PMRS) of 13 Oct 2004

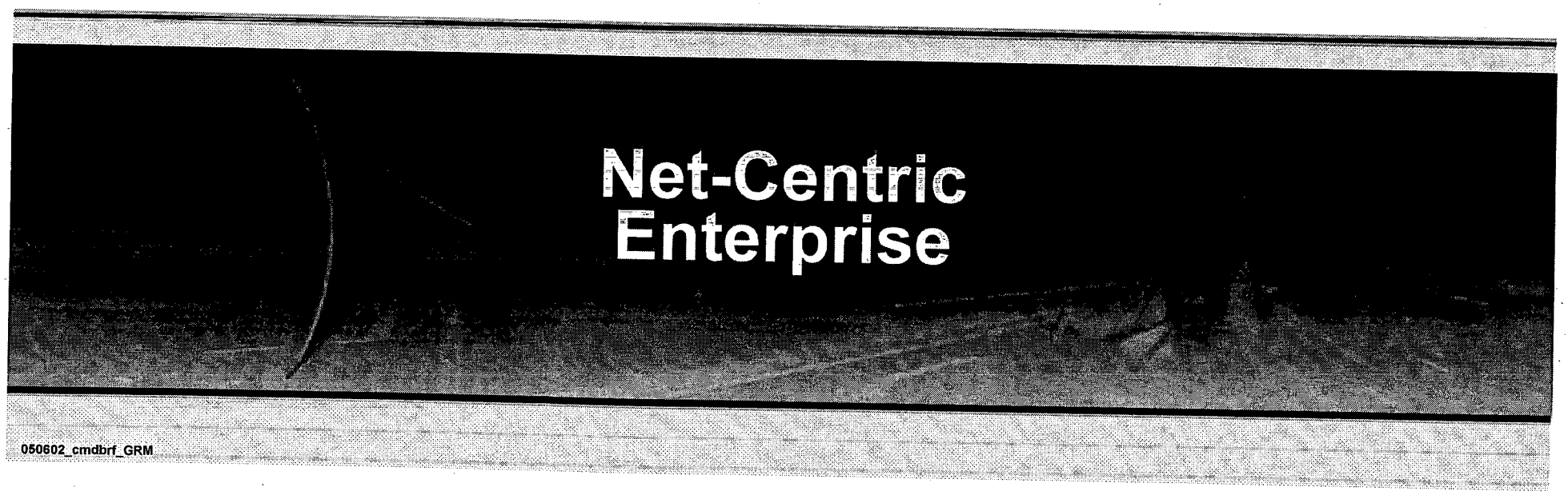


- **In two years, our average workforce age has dropped by <u>four</u> years**
  - through college recruiting, we have hired **<u>168</u>** new engineers and computer scientists from May 2003 – Aug 2004



Systems Center Charleston

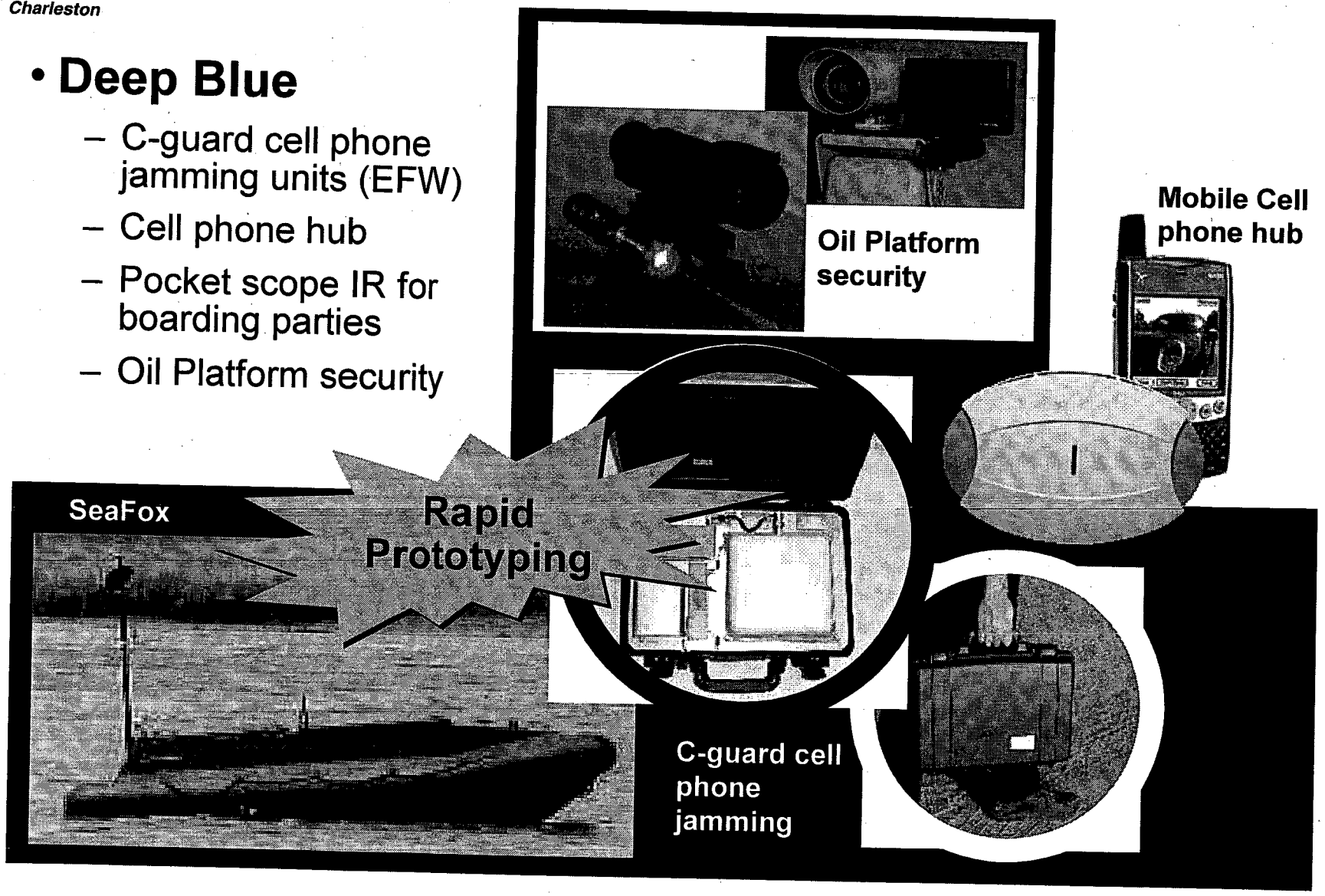
- Introduction
- Business Operations
- ➤ **Contributions to Readiness**
- Partnerships with the Community



SPAWAR
Systems Center Charleston

Navy/Marine Warfighter Relevance

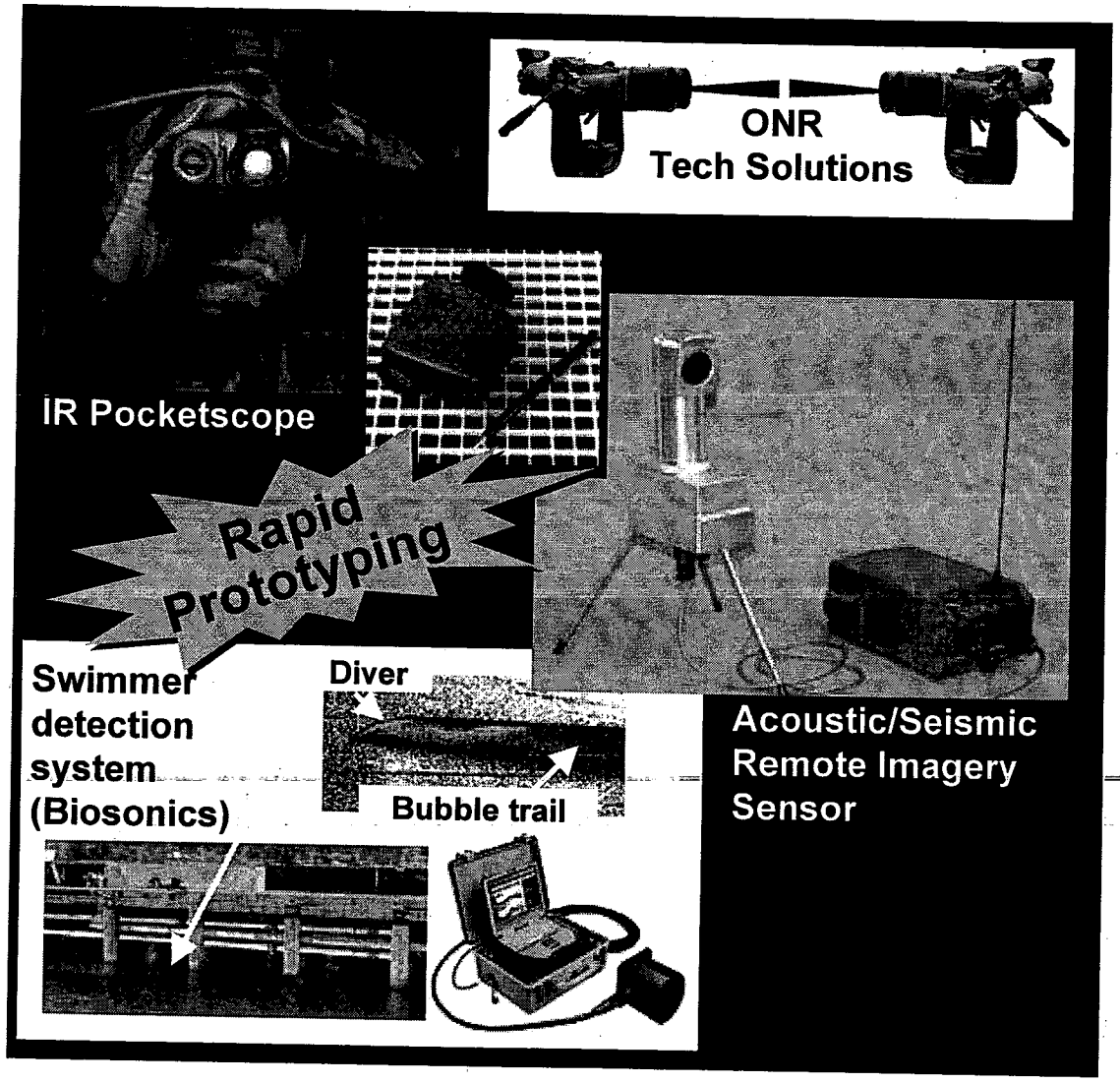
- **Deep Blue**
  - C-guard cell phone jamming units (EFW)
  - Cell phone hub
  - Pocket scope IR for boarding parties
  - Oil Platform security



Navy/Marine Warfighter Relevance (cont'd)

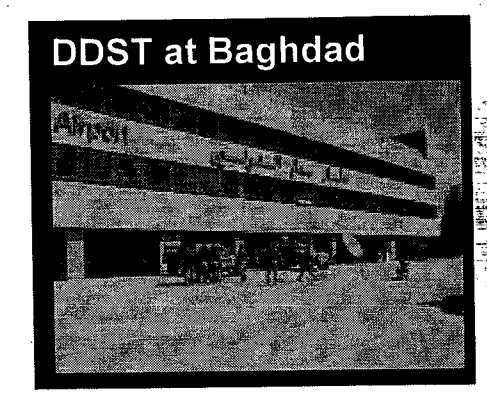
Systems Center Charleston

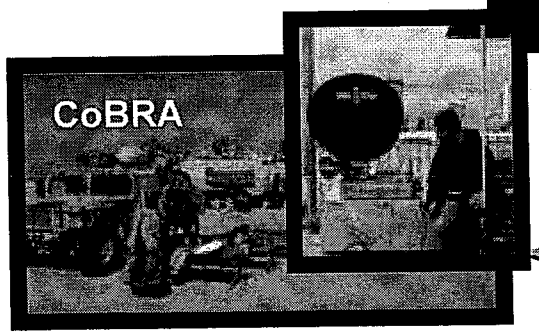
- **1st MEF Deployment/Operation Response**
  - Miniature Infrared Camera Pocketscope
  - IED detection & neutralization
  - Acoustic/Seismic Remote Imagery Sensor
- **R&D Lab Transition to the Warfighter**
  - ONR Technology Solutions
  - CTTO Navy-Swimmer detection system (Biosonics)



Joint Warfighter Relevance

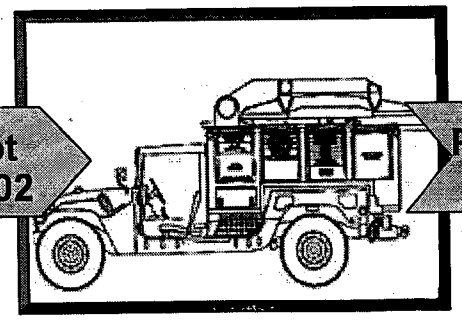
Systems Center Charleston



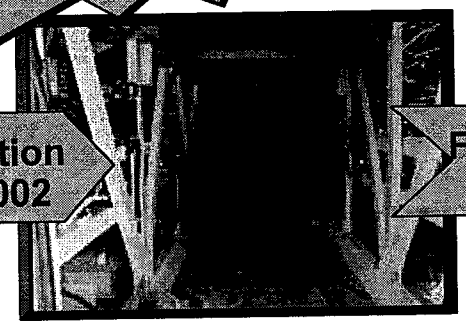


Speed to Capability

Concept June 2002



Production July 2002



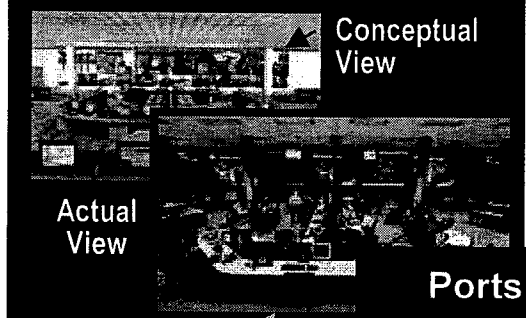
Factory Testing Oct 2002

HLS Relevance

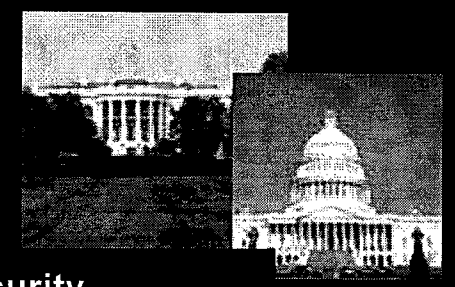
Systems Center Charleston

Emergency Operations Center

HLS Command Center Development



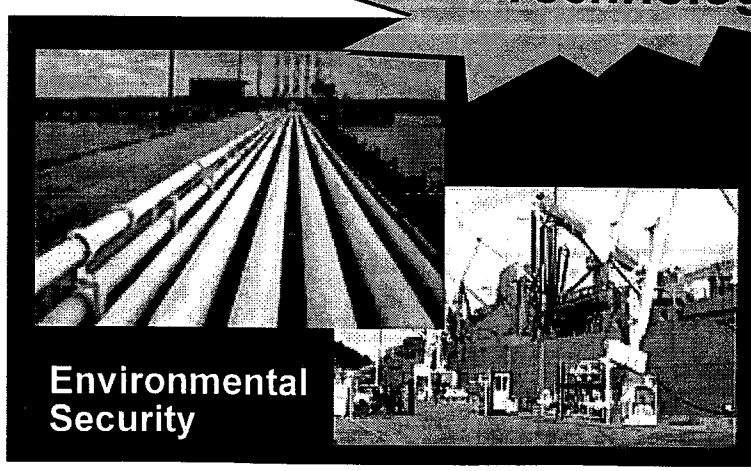
Physical Security



Ports Security

Leveraging Technology

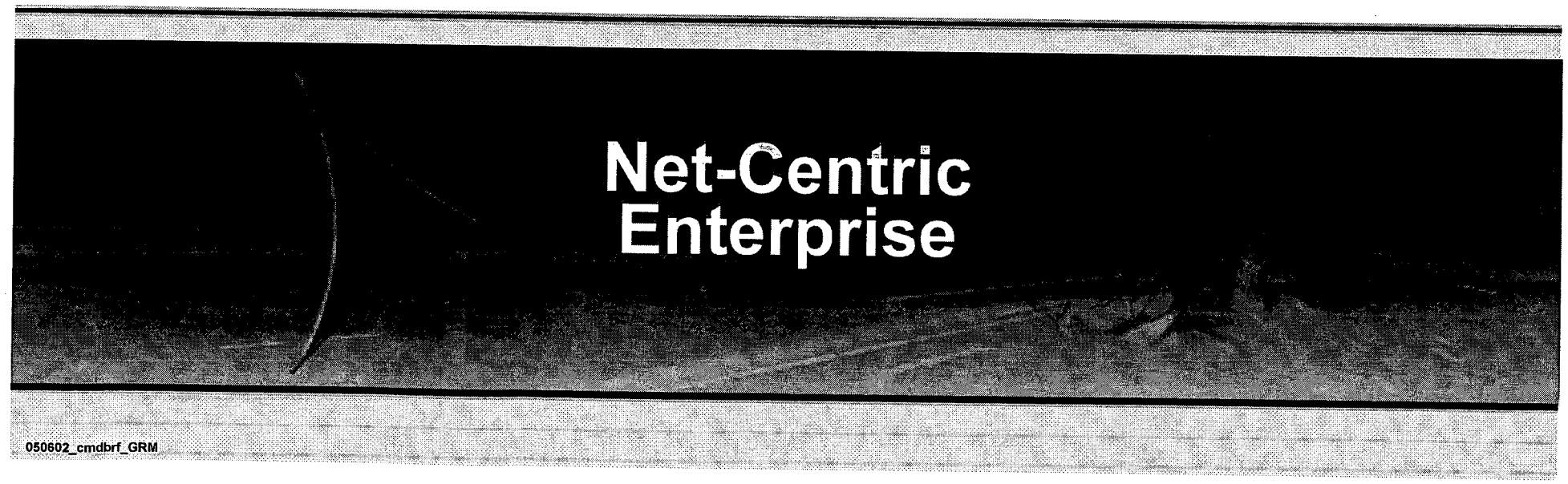
Environmental Security



Legacy Radio Integration

SPAWAR
Systems Center
Charleston

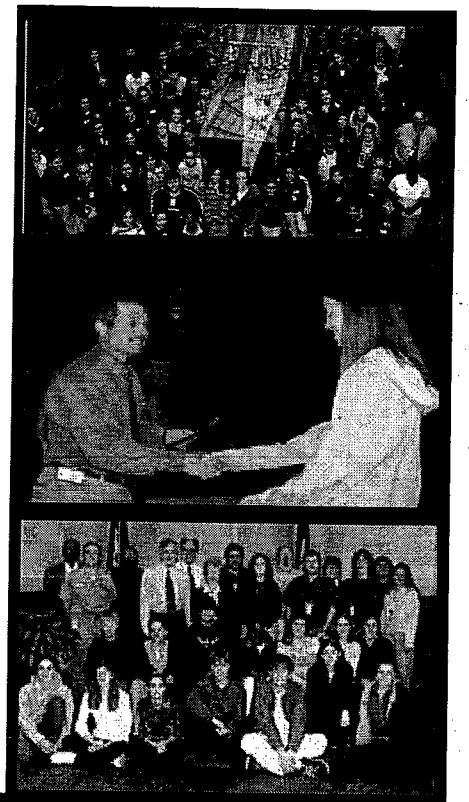
- Introduction
- Business Operations
- Contributions to Readiness
- ➤ **Partnerships with the Community**



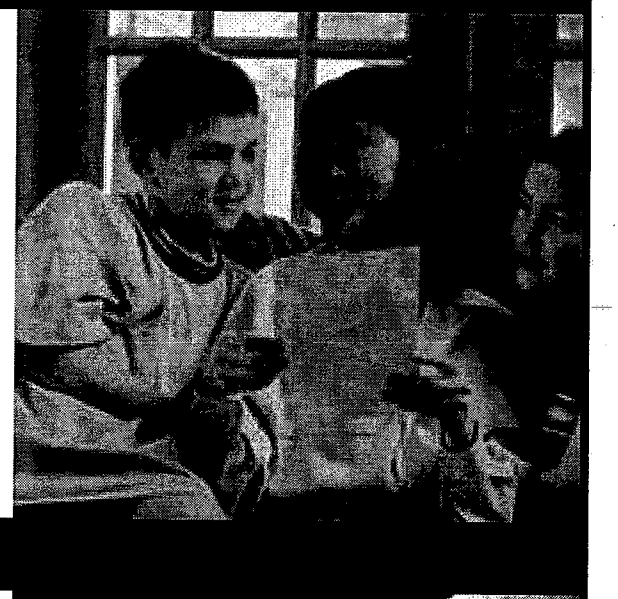
SPAWAR
Systems Center Charleston

Education

- Received the Berkeley County School District Volunteer Service Award
- Active supporter of the local chapter of AFCEA
- Received the Southeast Region Special Achievement Award, Gregg Middle School Mentoring Program
- Participate in Berkeley and Dorchester County's Educators in Industry Program
- Participate in Middle & High School Career & Science Fairs
- Science and Technology Seminars for Tri-county School Districts
- Business Education Partnership with Hanahan Middle School
- SC State Board of Education Certificate for Exemplary Volunteer Service
- Sponsor of the annual Veteran's Day Middle School Essay Contest



- **Combined Federal Campaign**
  - 2000 – Bronze Award
  - 2001 – Gold Award
  - 2002 – Bronze Award
  - 2003 – Bronze Award
- **Member Trident Chamber of Commerce**
- **Navy Family Services**
- **Toys for Tots**



- **Big Brothers/Big Sisters**
- **Toastmasters**
- **Fire/Rescue**
- **Youth Sports Programs**
- **Special Olympics**
- **Rotary**
- **Navy League**

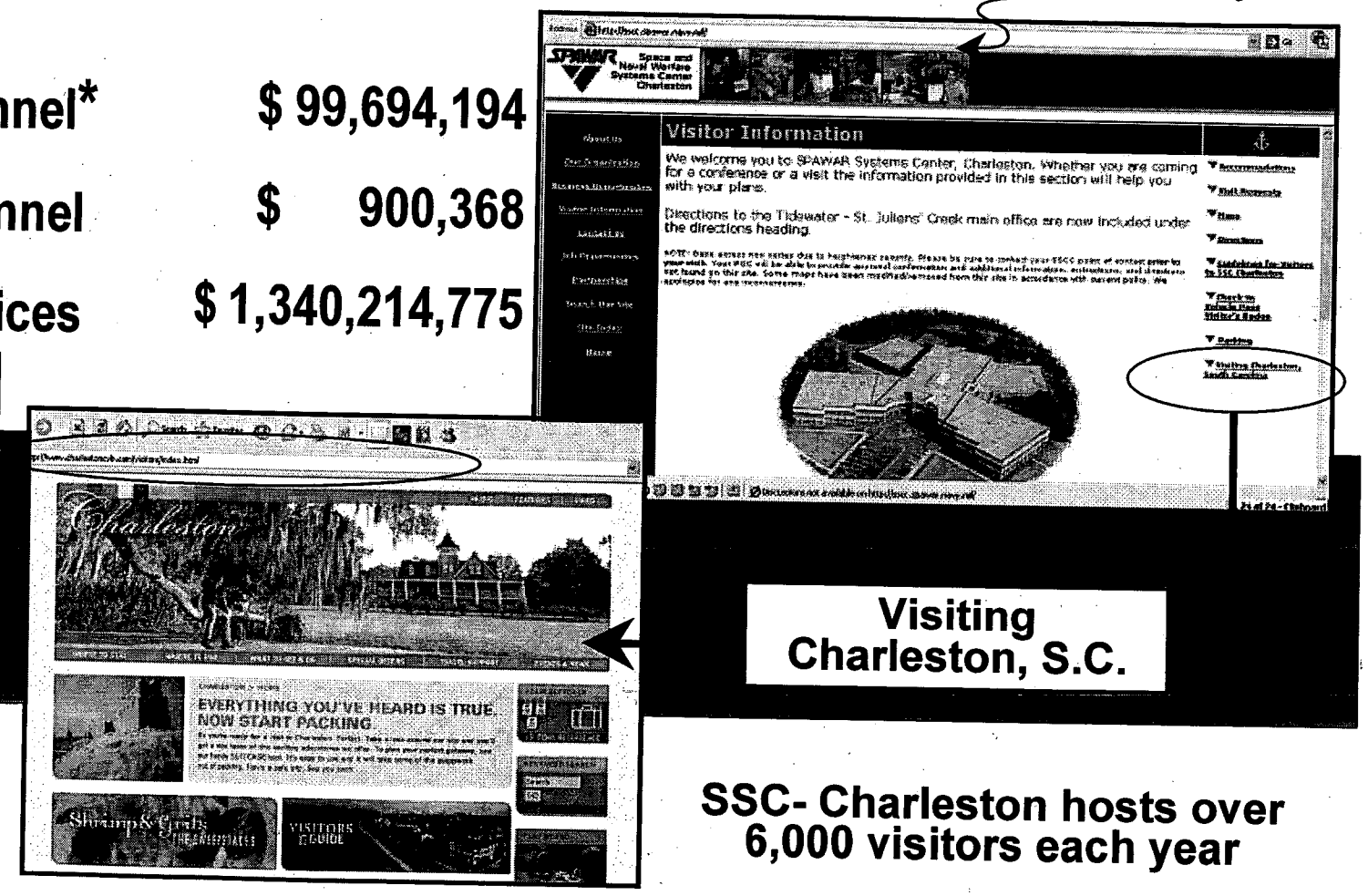
Charleston Area Economic Impact

Systems Center Charleston

Our website:
http://sscc.spawar.navy.mil

- **Civilian Personnel*** — **$ 99,694,194**
- **Military Personnel** — **$ 900,368**
- **Goods & Services** — **$ 1,340,214,775**

***Average Salary: $70,078**



SSC- Charleston hosts over 6,000 visitors each year

FY 04 Economic Impact: $1.4 B

Engineering FORCEnet at Sea Enterprise Rates

SPAWAR
Systems Center Charleston

"Our Reason for Being"

"Our Organizational Model"

Fully Netted Force

SPAWAR

Fully Netted Resources

FORCEnet

"Align to"
NAVSEA & NAVAIR

Sea Enterprise

Critical Capability in Competency + *Efficient Business Operations* = **Success**

CHARLESTON METRO CHAMBER OF COMMERCE

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FOR IMMEDIATE RELEASE
January 27, 2005

CONTACT
Jonna Palmer, 843-805-3031

"Doing More For Less" Puts Charleston-based Military in Budget Spotlight

Space and Naval Warfare Systems Center, Charleston Personnel Cost Lower than Other Entities in the United States

Charleston South Carolina – January 26, 2005 – Affordable living in Charleston, South Carolina means smart business for the U.S. military's high-tech programs.

Recent analysis of a U.S. Navy study shows the U.S. Defense Department is saving millions because of Charleston's affordable cost-of-living and the region's efficient personnel costs. Space and Naval Warfare Systems Center, Charleston (SSC-Charleston) was deemed by the U.S. Navy, through an independent study two years ago, as offering the lowest cost of all such facilities in the Navy. A recently completed analysis of "outside costs" not factored into the original Navy study further highlights the cost efficiency of the Charleston operations.

Data published by the U.S. Bureau of Labor and Statistics illustrates that overall wages in the Charleston region are well below San Diego, Washington, D.C., Norfolk, VA, and Boston - operation locations currently performing similar work as SSC-Charleston. Additionally, wages in technology sectors including engineering and information technology are drastically lower than these other markets. For SSC-Charleston's 7,000 contractors, the cost differential in Charleston equates to a savings to the government of between $12.6 million and $222 million in annual labor costs.

In addition to lower labor costs, the Charleston region's overall cost of living is lower than the other regions studied. According to the ACCRA Third Quarter 2004 Cost of Living Index, the overall cost of living in the Charleston region was between five to nearly fifty percentage points below the other four markets. Average housing prices were also lower, with the average price in the Charleston region for a 2,400 square foot home averaging $229,315 in the third quarter 2004, compared to $266,775 in Norfolk and $597,641 in San Diego.

CHARLESTON METRO
CHAMBER OF COMMERCE

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SSC-Charleston was named the most efficient and cost effective of the U.S. Navy's operations in the 2003 study commissioned by the Secretary of the Navy. At that time, SSC-Charleston's cost-to-contract was 61 percent of the U. S. Navy's average.

The overall positive economic factors in Charleston along with the model of business efficiency demonstrated by SSC-Charleston since its formation have enabled its business to triple in the last five years. Innovation, creativity and transformation of the business model have all contributed to the great success.

ACCRA is a nonprofit organization promoting excellence in research for community and economic development. Formed in 1961, ACCRA has been publishing the Cost of Living Index since 1968. The Cost of Living Index has been widely recognized by sources such as the *Wall Street Journal, American Demographics, Money Magazine* and U.S. Bureau of the Census.

The referenced cost comparison was conducted by the Center for Business Research, which was founded in 1990 as a department of the Charleston Metro Chamber of Commerce. The Center is instrumental in compiling a vast array of economic and community data for the region as well as researching and analyzing economic trends, workforce issues and business climate issues.

With more than 2,500 members, the Charleston Metro Chamber of Commerce serves as the catalyst to maximize the power of business, improve our quality of life, advance the region's economy and make our members successful.

###

Comparison of Select Costs of Doing Business:	Charleston SC MSA	Norfolk VA MSA	San Diego CA MSA	Washington DC MSA	Boston MA MSA	Monmouth-Ocean MSA NJ
Wages:						
All occupations, avg hourly	$15.38	$16.24	$18.81	$22.40	$22.68	$18.78
avg annual	$31,980	$33,790	$39,130	$46,600	$47,170	$39,050
Management occupations, avg hourly	$31.57	$37.44	$44.43	$44.01	$46.87	$46.69
avg annual	$65,670	$77,880	$92,420	$91,550	$97,480	$97,110
Info Technology/Mathematical occupations, avg hourly	$22.60	$26.85	$33.19	$31.74	$35.37	$37.72
avg annual	$47,000	$55,860	$69,040	$66,020	$73,570	$78,450
Engineering/Architecture occupations, avg hourly	$24.81	$27.65	$32.35	$33.57	$32.74	$32.45
avg annual	$51,600	$57,510	$67,290	$69,830	$68,100	$67,510
Source: US Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates Nov 2003 Survey.						
Housing and Cost of Living:						
Overall Index, baseline=100	97.3	102.1	144.8	140.0	135.4	129.1
Housing Index, baseline=100	88.9	104.4	216.1	196.4	178.5	156.5
Avg price, newly constructed 2400 sq ft home	$229,315	$266,775	$597,641	$505,428	$466,429	$415,994
Avg monthly rent, 2 bedroom 2 bath apartment	$726	$838	$1,424	$1,560	$1,408	$1,199
Source: 3rd Qtr 2004 ACCRA Cost of Living Index, www.coli.org.		(Hampton Roads - SE VA)				(Edison NJ Metro Div. -Middlesex-Monmouth MSA)
State Corporate Income Tax:	5%	6%	8.84%	DC: 9.975%, VA: 6%, MD: 7%	9.5%	9%
Source: Tax Foundation, www.taxfoundation.org.						
Number of Contractors in Charleston	7,000					
Cost Comparisons Between Locations						
Contractor Payroll Based on Avg. Annual Salary for all Occs.	$223,860,000	$236,530,000	$273,910,000	$326,200,000	$330,190,000	$273,350,000
Difference Between Charleston and Other Locations		$12,670,000	$50,050,000	$102,340,000	$106,330,000	$49,490,000
Contractor Payroll Based on Avg. Annual Salary for Mgmt. Occs.	$459,690,000	$545,160,000	$646,940,000	$640,850,000	$682,360,000	$679,770,000
Difference Between Charleston and Other Locations		$85,470,000	$187,250,000	$181,160,000	$222,670,000	$220,080,000
Contractor Payroll Based on Avg. Annual Salary for IT/Math Occs.	$329,000,000	$391,020,000	$483,280,000	$462,140,000	$514,990,000	$549,150,000
Difference Between Charleston and Other Locations		$62,020,000	$154,280,000	$133,140,000	$185,990,000	$220,150,000
Contractor Payroll Based on Avg. Annual Salary for Eng./Arch Occs	$361,200,000	$402,570,000	$471,030,000	$488,810,000	$476,700,000	$472,570,000
Difference Between Charleston and Other Locations		$41,370,000	$109,830,000	$127,610,000	$115,500,000	$111,370,000

Source: Center for Business Research, Charleston Metro Chamber of Commerce, December 2004

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Data for Fourth Quarter 2004

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ACCRA COST OF LIVING INDEX

Comparative Data for 305 Urban Areas

Section 1: Urban Area Index Data
Section 2: Average Prices

Produced by ACCRA

Promoting Excellence In Research For Community And Economic Development

ACCRA COST OF LIVING INDEX

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ABOUT THE INDEX: ACCRA produces the *ACCRA Cost of Living Index* to provide a useful and reasonably accurate measure of living cost differences among urban areas. Items on which the Index is based have been carefully chosen to reflect the different categories of consumer expenditures. Weights assigned to relative costs are based on government survey data on expenditure patterns for professional and executive households. All items are priced in each place at a specified time and according to standardized specifications.

INTERPRETING THE INDEX: The *ACCRA Cost of Living Index* measures ***relative*** price levels for consumer goods and services in participating areas. The average for all participating places, both metropolitan and nonmetropolitan, equals 100, and each participant's index is read as a *percentage of* the average for all places.

The* Index *does not measure inflation (price change over time). Because each quarterly report is a separate comparison of prices at a single point in time, and because both the number and the mix of participants changes from one quarter to the next, ***Index data from different quarters cannot be compared.*** For inflation data, contact the US Bureau of Labor Statistics (BLS) at www.bls.gov.

The *Index* reflects cost differentials for professional and executive households in the top income quintile. Operationally, this standard of living is set by the weighting structure. Homeownership costs, for example, are more heavily weighted than they would be if the *Index* reflected a clerical worker standard of living or average costs for all urban consumers. (Weights for component indexes appear above column headings—*e.g.*, 13% for Grocery Items.)

Because the number of items priced is limited, it is not valid to treat percentage differences between areas as exact measures. Since judgment sampling is used in this survey, no confidence interval can be determined. Small differences, however, should not be construed as significant—or even as indicating correctly which area is the more expensive.

PARTICIPATING AREAS: Areas included in this survey are those where chambers of commerce or similar organizations have volunteered to participate. The number of respondents varies from quarter to quarter, and ACCRA makes a continuing effort to expand coverage of metropolitan areas. Any metropolitan area not represented in this report is absent because local organizations have opted not to collect data. ***ACCRA has no data for areas that do not appear in this report.***

PRICE REPORTING: ACCRA stringently reviews all prices reported, and attempts to eliminate errors and noncompliance with specifications. All price data are obtained from sources deemed reliable, but no representation is made as to the complete accuracy thereof. They are published subject to errors, omissions, changes, and withdrawals without notice.

SPECIFICATIONS: The specific items priced are listed on page iii. Abbreviated specifications for all items are presented only as a guide to users of this report; far more detailed specifications are contained in the manual that governs pricing, which may be found at www.accra.org.

EXCLUSION OF TAXES: ACCRA is fully cognizant that state and local taxes are an integral part of the cost of living, and that tax burdens vary widely not only among states and metropolitan areas, but even within metropolitan areas. Due to the multiplicity of state and local taxes, taxing jurisdictions, and assessment procedures, it is not feasible to calculate local tax burdens reliably. ACCRA has opted to produce an index that adequately measures differences in goods and services costs, rather than to produce an inaccurate measure that attempts to incorporate taxes levied on real and intangible property, retail purchases, and income.

TWO SECTIONS OF QUARTERLY DATA: The *ACCRA Cost of Living Index* presents data in two sections:

URBAN AREA INDEX DATA: This section shows each place's Composite Index and six component indexes—Grocery Items, Housing, Utilities, Transportation, Health Care, and Miscellaneous Goods and Services. Places are listed by state/province; provinces follow state listings. Within each state/province, places appear alphabetically within metropolitan area, metropolitan division or micropolitan area in the

U.S., and Census Metropolitan Area in Canada. ACCRA has adopted the new metro and micro area definitions announced by the US Office of Management and Budget (OMB) on June 6, 2003.

Data users who opt to use suburban places as surrogates for central cities should be aware that living cost differences can exist within large metropolitan areas. This caution is particularly important where there are substantial differences in housing costs and/or utility rates.

AVERAGE PRICES: The average price reported for each item in the survey is shown for each participating place. Places are listed alphabetically within state or province, without respect to metropolitan or micropolitan status. Canadian prices are reported in U.S. dollars, using the exchange rate in effect on the Friday during the pricing period. After the final state/province listing, this section presents the median, average, standard deviation, and range for each item.

DATA REQUESTS: Please use our website or direct requests for data to your local chamber of commerce or public library.

OTHER QUESTIONS: Please direct all questions except data requests to ACCRA at the mailing address shown on the previous page, voice 703-522-4980, fax 703-522-4985, or www.accra.org ("Feedback").

SUBSCRIPTIONS: This quarterly report is available by subscription for US$140 per year. Subscriptions begin with the current issue unless the subscriber specifies otherwise. Single copies of current or back reports may be purchased for $70 each. Electronic subscriptions are available for $250 for four quarters. Combined print/electronic subscriptions are available for $295 per year. Order forms are available from the ACCRA Subscription Office (voice 703-522-4980, fax 703-522-4985, or www.accra.org). Please call or e-mail sam@accra.org about international orders.

Fax and Internet orders may be placed with VISA, MasterCard, or American Express account number; mail orders may use any of those options plus check (payable to "ACCRA") or government purchase order in U.S. currency.

If you have questions about your subscription, contact the ACCRA Subscription Office (703-522-4980).

ACCRA: ACCRA, founded in 1961 as the American Chamber of Commerce Researchers Association, is a nonprofit professional organization comprising research staff of chambers of commerce, economic development organizations and agencies, and related organizations throughout the United States and Canada. In its dedication to improving business information through research, ACCRA developed the *ACCRA Cost of Living Index* to meet the need for a measure of living cost differentials among urban areas. Originally titled *Inter-City Cost of Living Indicators Project*, the *ACCRA Cost of Living Index* has been published quarterly since 1968. The *ACCRA Cost of Living Index* is based on nearly 100,000 data points gathered primarily by ACCRA members located in 400 cities. For more information about participating in this project or joining ACCRA, please visit www.accra.org or call 703-522-4980.

HOW TO USE THE ACCRA COST OF LIVING INDEX

Assume that City A has a composite index of 98.3 and City B has a composite index of 128.5. If you live in City A and are contemplating a job offer in City B, how much of an increase in your after-taxes income is needed to maintain your present lifestyle?

100*[(City B – City A)/City A] = 100*[(128.5-98.3)/98.3] = 100*(.3072) = 30.72%, or about a 31% increase

Conversely, if you are considering a move from City B to City A, how much of a cut in after-taxes income can you sustain without reducing your present lifestyle?

100*[(City A – City B)/City b] = 100*[(98.3 – 128.5)/128.5] = 100*(-.2350) = -23.5%, or about a 24% reduction

ACCRA COST OF LIVING INDEX FOURTH QUARTER 2004

METRO/MICRO URBAN AREA AND STATE	100% COMPOSITE INDEX	13% GROCERY ITEMS	30% HOUSING	9% UTILITIES	9% TRANS-PORTATION	4% HEALTH CARE	35% MISC. GOODS AND SERVICES
Fort Smith AR-OK Metro							
Fort Smith AR	85.5	83.1	74.6	91.3	92.1	83.9	92.8
Hot Springs AR Metro							
Hot Springs AR	84.9	90.3	71.8	91.2	88.5	83.0	91.7
Jonesboro AR Metro							
Jonesboro AR	85.1	92.6	72.2	88.6	90.8	82.9	91.2
Little Rock-North Little Rock AR Metro							
Conway AR	85.3	85.4	77.7	87.2	83.5	86.9	91.5
Little Rock-N Little Rock AR	89.9	91.5	82.0	92.2	95.7	87.0	94.4
Fresno CA Metro							
Fresno CA	119.4	118.4	145.0	99.5	121.2	112.4	103.3
Los Angeles-Long Beach-Glendale CA Metro Div.							
Los Angeles-Long Beach CA	156.4	125.7	251.9	115.9	114.8	105.8	112.8
Oakland-Fremont-Hayward CA Metro Div.							
Oakland CA	155.0	144.4	237.7	94.7	124.5	123.6	115.1
Riverside-San Bernardino-Ontario CA Metro							
Riverside City CA	121.0	109.4	157.3	87.8	119.2	108.7	104.7
San Diego-Carlsbad-San Marcos CA Metro							
San Diego CA	147.7	125.5	222.1	90.6	127.3	124.3	114.7
San Francisco-San Mateo-Redwood City CA Metro Div.							
San Francisco CA	183.6	149.4	311.8	103.2	121.7	128.2	129.4
San Jose-Sunnyvale-Santa Clara CA Metro							
San Jose CA	168.9	139.0	264.4	119.4	130.2	141.7	124.0
Santa Ana-Anaheim-Irvine CA Metro Div.							
Orange County CA	154.6	126.2	244.0	116.1	112.2	109.8	114.4
Colorado Springs CO Metro							
Colorado Springs CO	98.3	99.6	99.2	92.2	106.6	106.4	95.6
Denver-Aurora CO Metro							
Denver CO	103.3	106.2	108.7	82.2	96.4	120.6	102.7
Fort Collins-Loveland CO Metro							
Fort Collins CO	99.2	109.5	98.8	88.0	97.4	87.1	100.4
Grand Junction CO Metro							
Grand Junction CO	98.5	103.2	96.8	87.2	102.9	104.0	99.3
Greeley CO Metro							
Greeley CO	92.7	96.1	87.1	94.1	95.6	110.6	93.0
Pueblo CO Metro							
Pueblo CO	90.5	102.6	81.0	85.4	96.0	88.8	94.3
Non-Metro/Micro							
Glenwood Springs CO	116.8	118.6	129.1	124.9	116.9	116.8	103.4
Gunnison CO	111.2	120.6	127.9	87.1	102.9	99.6	103.1
Bridgeport-Stamford-Norwalk CT Metro							
Stamford CT	148.7	114.2	228.0	108.4	116.7	123.1	115.1
Hartford-West Hartford-East Hartford CT Metro							
Hartford CT	116.5	122.0	132.9	112.7	108.4	107.1	104.5
Norwich-New London CT Metro							
New London CT	114.2	102.7	135.3	105.1	106.3	108.5	105.5
Dover DE Metro							
Dover DE	99.0	100.7	96.3	110.5	94.2	93.9	99.6

ACCRA COST OF LIVING INDEX FOURTH QUARTER 2004

METRO/MICRO URBAN AREA AND STATE	100% COMPOSITE INDEX	13% GROCERY ITEMS	30% HOUSING	9% UTILITIES	9% TRANS- PORTATION	4% HEALTH CARE	35% MISC. GOODS AND SERVICES
Youngstown-Warren-Boardman OH-PA Metro							
Youngstown-Warren OH	91.1	98.1	82.8	112.7	91.6	85.4	90.5
Ardmore OK Micro							
Ardmore OK	92.3	93.5	87.3	90.4	90.0	97.5	96.5
Enid OK Micro							
Enid OK	90.8	95.2	80.8	105.7	100.5	87.6	91.8
McAlester OK Micro							
McAlester OK	79.1	80.9	71.4	86.1	78.4	90.0	82.2
Muskogee OK Micro							
Muskogee OK	91.0	102.0	85.4	106.9	78.2	91.3	90.7
Oklahoma City OK Metro							
Edmond OK	91.4	86.1	86.2	91.6	95.8	106.7	94.8
Oklahoma City OK	92.3	86.4	85.9	94.0	99.3	102.1	96.6
Stillwater OK Micro							
Stillwater OK	90.9	96.6	79.1	107.4	93.3	94.4	93.7
Non-Metro/Micro							
Pryor Creek OK	85.4	95.0	70.6	82.8	85.7	86.0	94.9
Corvallis OR Metro							
Corvallis OR	112.7	118.1	116.5	113.9	104.4	137.8	106.3
Klamath Falls OR Micro							
Klamath Falls OR	96.3	110.2	81.6	102.7	102.1	105.7	99.5
Portland-Vancouver-Beaverton OR-WA Metro							
Portland OR	112.8	123.4	106.2	117.4	110.4	136.3	111.1
Non-Metro/Micro							
Lincoln County OR	104.7	110.7	111.8	83.8	106.9	122.5	99.3
Indiana PA Micro							
Indiana County PA	90.4	93.5	87.6	84.6	90.5	83.4	93.8
Philadelphia PA Metro Div.							
Philadelphia PA	118.7	118.2	124.1	127.6	107.6	105.3	116.4
Pittsburgh PA Metro							
Pittsburgh PA	94.6	97.5	85.0	97.5	113.5	81.5	97.8
York-Hanover PA Metro							
York County PA	98.3	93.3	98.8	105.2	93.8	83.2	100.8
Providence-New Bedford-Fall River RI-MA Metro							
Providence RI	127.8	112.9	163.6	125.3	103.0	115.0	111.2
Anderson SC Metro							
Anderson SC	96.7	109.0	90.8	106.6	87.1	99.5	96.9
Charleston-North Charleston SC Metro							
Charleston-N Charleston SC	97.8	97.6	93.3	99.4	92.3	98.8	102.5
Columbia SC Metro							
Camden SC	94.1	99.4	89.9	89.0	88.3	93.0	98.6
Columbia SC	95.4	93.5	94.1	104.5	92.6	103.1	94.7
Greenville SC Metro							
Greenville SC	92.8	97.7	80.0	91.8	97.6	91.5	101.1
Hilton Head Island-Beaufort SC Micro							
Hilton Head Island SC	103.5	110.4	100.3	89.4	103.4	111.3	106.3
Myrtle Beach-Conway-North Myrtle Beach SC Metro							
Myrtle Beach SC	92.7	99.4	81.3	94.5	100.5	103.9	96.3

ACCRA COST OF LIVING INDEX

QUARTER 4, 2004: PRICE REPORT

URBAN AREA AND STATE	23 CRIS CO	24 FROZN MEAL	25 FROZN CORN	26 POTATO CHIPS	27 COKE	28 APT RENT	29A HOME PRICE	29B MORT RATE (%)	29C HOME P+I	30A ALL-ELECT	30B PART ELECT	31 OTHER ENERGY	30+31 TOTAL ENERGY	32 PHONE	33 BUS FARE	34 TIRE BAL	35 GASO LINE	36 OPTO METRIST	37 DOCTOR
Anniston-Calhoun County AL	3.69	2.72	1.50	2.40	1.36	543	223,750	5.90	995	115.01			115.01	28.53		6.80	1.879	86.60	63.20
Auburn-Opelika AL	3.51	2.24	0.89	2.00	1.32	598	242,675	5.69	1,055		88.44	63.84	152.28	24.30		7.00	1.869	59.00	53.00
Birmingham AL	3.86	2.94	1.19	2.84	1.33	680	201,050	5.56	862		69.36	68.61	137.97	32.46	1.00	7.80	1.827	79.20	60.60
Cullman County AL	3.64	2.99	1.51	2.59	1.31		216,633	5.83	957	106.16			106.16	31.67		7.83	1.999	79.50	55.00
Decatur-Hartselle AL	3.58	2.51	1.01	1.97	1.38	522	194,450	5.74	850	107.58			107.58	27.14		8.98	1.991	80.25	61.00
Dothan AL	3.69	2.33	1.25	2.20	1.32	551	216,306	5.71	943	102.29			102.29	26.52		8.79	1.923	53.40	57.40
Florence AL	3.38	1.98	1.28	1.84	1.22	500	211,696	5.75	926	107.87			107.87	26.65		6.90	1.928	59.20	53.33
Gadsden AL	3.91	2.86	1.92	2.83	1.29	532	216,000	5.78	949		71.22	66.98	138.20	31.72		6.33	1.919	78.67	64.33
Huntsville AL	3.68	1.81	1.29	2.20	1.22	614	213,100	5.72	929	100.73			100.73	28.06		9.33	1.963	95.00	57.60
Marshall County AL	3.16	2.88	1.22	2.52	1.03	575	221,611	5.70	965		79.05	29.72	108.77	23.75		6.36	1.900	62.25	58.25
Mobile AL	3.41	2.08	1.02	2.06	1.29	560	216,168	5.81	953		78.09	44.71	122.80	24.62	1.25	6.20	1.955	68.80	53.00
Montgomery AL	3.72	1.90	1.02	2.20	1.35	604	249,765	5.77	1,095		72.71	63.70	136.41	23.74	1.00	9.49	1.893	68.00	57.67
Tuscaloosa AL	3.74	2.52	1.16	2.88	1.29	706	248,300	5.63	1,072	114.32			114.32	29.95		8.80	1.879	69.24	56.20
Anchorage AK	3.71	2.60	1.59	2.06	1.50	904	350,636	5.79	1,541		60.14	58.61	118.75	21.49	1.50	10.74	1.979	98.60	104.80
Fairbanks AK	3.60	2.85	1.57	3.14	1.73	950	361,615	5.78	1,588		69.38	197.37	266.75	21.53	1.50	9.60	2.188	132.40	105.67
Juneau AK	3.82	3.35	1.48	4.34	2.17	883	390,000	5.74	1,704		109.31	124.07	233.38	24.77		11.00	2.162	116.67	101.00
Kodiak AK	4.40	3.01	1.84	3.24	2.02	1,025	348,333	5.84	1,540		98.70	115.80	214.50	25.13	2.00	11.50	2.269	145.50	90.00
Flagstaff AZ	3.81	2.61	1.58	2.52	1.18	823	336,970	5.74	1,473		54.44	86.98	141.42	22.52	1.00	9.70	2.099	87.25	71.20
Lake Havasu City AZ	4.04	3.12	1.24	2.99	1.43	543	315,840	5.88	1,403	155.16			155.16	20.35	3.00	8.65	2.192	65.00	73.00
Phoenix AZ	3.94	2.01	1.10	2.35	1.06	699	257,545	5.64	1,114	135.12			135.12	22.21	1.25	9.22	2.163	81.30	69.80
Prescott-Prescott Valley AZ	3.89	2.85	1.58	2.78	1.33	800	315,573	5.73	1,378		60.27	88.79	149.06	25.32	1.00	8.98	2.064	59.00	95.33
Sierra Vista AZ	3.76	2.17	1.09	2.38	0.99	670	256,667	5.86	1,137		85.17	54.11	139.28	36.73	1.00	9.20	2.099	60.00	74.25
Tucson AZ	3.82	2.28	1.23	2.35	1.15	707	220,855	5.85	977		88.20	53.38	141.58	22.18	1.00	8.40	2.011	74.00	65.83
Yuma AZ	3.93	1.68	0.89	2.45	1.11	549	225,000	5.78	988	164.97			164.97	31.35		14.03	2.092	50.00	65.00
Conway AR	3.32	1.73	0.90	2.22	1.37	525	213,260	5.75	933		54.50	45.69	100.19	26.50		5.99	1.837	61.75	63.75
Fayetteville AR	3.26	2.45	1.06	2.10	1.00	597	233,760	5.79	1,028		60.59	89.80	150.39	24.65		7.80	1.911	73.60	71.60
Fort Smith AR	3.29	2.08	1.00	2.16	1.28	500	205,946	5.71	897		74.88	50.92	125.80	22.65	1.00	8.00	1.832	50.00	70.60
Hot Springs AR	3.17	2.28	0.95	2.00	1.28	532	192,333	5.78	844		77.95	40.44	118.39	24.42	1.25	6.17	1.919	65.50	61.67
Jonesboro AR	3.41	2.96	1.06	2.25	1.31	525	195,345	5.72	852		46.46	63.16	109.62	25.01		7.17	1.896	46.67	63.75
Little Rock-N Little Rock AR	2.87	2.43	1.14	2.59	1.03	625	219,225	5.73	957		72.51	35.04	107.55	27.65		7.85	1.955	61.80	76.40
Fresno CA	4.03	2.39	1.52	2.93	1.45	855	410,515	5.70	1,787		119.06	52.32	171.38	16.34	1.00	11.34	2.368	83.30	76.40
Los Angeles-Long Beach CA	4.07	3.82	1.55	2.36	1.42	1,464	716,222	5.68	3,112		109.63	55.83	165.46	27.39	1.25	9.95	2.289	68.40	73.40
Oakland CA	4.11	3.63	2.49	2.80	1.79	1,501	660,459	5.75	2,891		71.68	61.55	133.23	22.84	1.25	11.20	2.446	99.40	101.10
Orange County CA	4.04	4.12	2.16	2.21	1.64	1,352	699,429	5.69	3,039		109.17	56.72	165.89	27.39	1.00	9.70	2.292	65.00	87.00
Riverside City CA	4.01	2.40	1.15	2.99	1.28	1,023	437,117	5.70	1,902		91.72	47.18	138.90	17.43	1.00	10.39	2.439	74.00	63.00
San Diego CA	3.98	3.38	1.87	2.99	1.66	1,468	619,979	5.63	2,677		62.91	67.84	130.75	21.06	2.25	10.03	2.478	100.60	72.00
San Francisco CA	4.35	4.05	2.49	2.89	1.70	2,080	868,829	5.63	3,751		72.32	51.82	124.14	30.01	1.25	9.92	2.537	99.20	109.50
San Jose CA	4.13	3.77	1.87	2.99	1.65	1,380	774,480	5.58	3,325		125.02	58.73	183.75	24.95	1.50	12.44	2.399	111.25	114.25
Colorado Springs CO	3.33	2.42	1.01	1.96	1.10	732	268,997	5.68	1,168		50.43	41.03	91.46	31.55		10.49	1.916	77.50	75.50
Denver CO	3.49	2.41	1.17	2.33	1.06	732	301,432	5.65	1,305		66.59	31.68	98.27	24.07	1.25	8.62	1.833	68.86	79.00
Fort Collins CO	3.49	2.98	2.02	2.83	1.21	733	267,500	5.68	1,161		37.93	70.37	108.30	25.02	1.25	8.38	1.906	87.33	72.00
Glenwood Springs CO	3.49	2.57	1.57	2.50	1.29	900	353,000	5.72	1,539		64.06	80.02	144.08	37.79	2.00	10.00	2.174	93.00	86.67
Grand Junction CO	3.49	2.67	1.11	2.00	1.17	614	270,594	5.69	1,177		48.23	59.97	108.20	24.58		9.07	2.008	52.75	76.14
Greeley CO	3.45	2.23	1.06	2.00	1.10	693	238,620	5.41	1,006		44.92	78.74	123.66	24.80		7.87	1.949	83.75	83.00
Gunnison CO	3.49	3.49	1.27	2.66	1.64	650	374,400	5.62	1,615		41.27	63.18	104.45	25.42		8.48	2.099	96.00	67.50
Pueblo CO	3.45	2.87	1.27	2.50	1.07	566	221,200	5.72	965		52.35	61.49	113.84	22.13	0.75	8.25	1.995	100.80	66.00

ACCRA COST OF LIVING INDEX

QUARTER 4, 2004: PRICE REPORT

URBAN AREA AND STATE	23 CRISCO	24 FROZN MEAL	25 FROZN CORN	26 POTATO CHIPS	27 COKE	28 APT RENT	29A HOME PRICE	29B MORT RATE (%)	29C HOME P+I	30A ALL-ELECT	30B PART ELECT	31 OTHER ENERGY	30+31 TOTAL ENERGY	32 PHONE	33 BUS FARE	34 TIRE BAL	35 GASO LINE	36 OPTO METRIST	37 DOCTOR
Hartford CT	4.03	3.65	1.78	2.80	1.36	1,023	353,261	5.76	1,548		76.65	100.56	177.21	22.64		9.88	2.068	76.60	72.50
New London CT	3.79	2.43	1.41	1.90	1.37	1,000	363,644	5.75	1,592		76.18	91.81	167.99	20.46		9.38	2.075	79.60	76.00
Stamford CT	3.73	3.27	1.61	2.39	1.37	1,717	609,988	5.75	2,670		76.07	90.87	166.94	22.64		11.62	2.077	76.25	82.00
Dover DE	3.69	2.20	1.14	1.99	1.38	768	252,425	5.81	1,112		68.35	89.95	158.30	25.95	1.00	7.75	1.946	88.00	71.67
Wilmington DE	4.46	3.56	1.72	2.99	1.46	844	260,417	5.81	1,147	155.25			155.25	25.95	1.15	10.33	2.019	77.00	66.67
Washington-Arlington-Alexandria DC-VA	3.69	3.05	1.75	3.16	1.44	1,536	556,066	5.81	2,450		68.07	79.93	121.18	27.95	2.63	11.13	1.989	96.33	115.00
Bradenton FL	3.74	2.15	1.04	2.50	1.22	702	278,613	5.69	1,211	132.18			132.18	21.52		9.39	1.999	67.40	74.70
Daytona Beach FL	3.78	2.09	1.13	2.29	1.35		267,245	5.75	1,117	128.50			128.50	18.33		7.66	2.059	45.67	70.33
Fort Lauderdale FL	3.96	2.25	1.36	2.33	1.34	1,051	368,398	5.68	1,600	137.93			137.93	21.45	1.25	8.40	2.076	61.60	92.00
Fort Walton Beach FL	3.86	2.68	1.66	2.99	1.19	782	262,883	5.75	1,151		81.72	47.38	129.10	22.00		10.49	1.919	58.25	77.33
Gainesville FL	3.96	2.56	1.97	2.94	1.27	677	270,099	5.81	1,190	131.93			131.93	19.77	1.00	9.62	2.049	53.33	67.50
Jacksonville FL	3.99	2.38	1.05	2.80	1.35	681	246,878	5.79	1,085	98.66			98.66	23.95	0.75	9.59	1.945	55.60	76.40
Miami-Dade County FL	3.97	2.19	1.10	2.99	1.21	1,092	345,664	5.65	1,497	137.93			137.93	21.64	1.25	8.89	2.087	65.83	103.00
Orlando FL	2.86	2.50	1.00	2.44	1.09	771	239,560	5.75	1,049	130.24			130.24	25.01		8.79	1.957	60.80	61.50
Panama City FL	3.71	2.47	1.92	2.75	1.26	765	230,592	5.69	1,002		81.98	58.53	140.51	22.00		9.99	1.994	61.75	77.50
Pensacola FL	3.68	2.86	0.94	2.75	1.36	818	264,565	5.75	1,158		81.98	52.95	134.93	22.00		8.37	1.939	64.75	65.50
Punta Gorda-Charlotte Co FL	3.82	2.01	1.05	2.29	1.20	574	213,000	5.66	923	134.95			134.95	18.07		8.50	2.007	94.38	69.38
Sarasota FL	3.91	2.77	1.12	2.40	1.14	850	295,990	5.68	1,286	132.27			132.27	21.42		10.89	2.069	104.25	95.00
St. Petersburg-Clearwater FL	3.67	1.78	1.04	2.50	1.24	746	245,762	5.72	1,072	142.30			142.30	22.31	1.25	9.44	1.971	60.90	62.50
Tampa FL	3.28	1.80	0.85	3.06	1.30	1,041	249,200	5.72	1,089	135.65			135.65	21.16	1.25	8.85	1.954	75.14	76.14
Vero Beach-Indian River FL	3.98	2.73	1.19	2.20	1.27	635	236,350	5.69	1,028	157.12			157.12	24.95		8.46	2.056	61.00	85.00
West Palm Beach FL	3.98	2.93	1.24	2.66	1.41	958	329,148	5.74	1,439	134.85			134.85	25.47	1.25	9.26	2.017	56.00	72.60
Albany GA	3.73	2.12	1.08	2.75	1.18	498	187,983	5.73	821	113.53			113.53	24.14	0.75	8.88	1.756	75.50	73.33
Americus GA	3.59	2.46	1.02	2.33	1.25	500	220,000	5.72	959	130.47			130.47	23.35		7.50	1.893	79.50	82.67
Atlanta GA	3.79	2.10	0.89	2.75	1.22	735	243,233	5.57	1,043	105.37			105.37	25.05	1.31	9.41	1.907	55.16	71.67
Augusta-Aiken GA-SC	3.77	2.64	1.31	2.99	1.35	632	192,340	5.68	836		64.23	58.97	123.20	24.99		9.82	1.869	63.00	68.11
Douglas GA	3.65	1.77	0.95	2.33	1.39	498	190,361	5.72	830	128.33			128.33	33.92		5.25	1.877	59.00	60.33
LaGrange-Troup County GA	3.28	1.94	0.95	2.47	1.26	589	192,175	5.68	835	111.38			111.38	29.00		7.33	1.862	60.75	67.67
Marietta GA	3.38	2.26	1.07	2.44	1.30	842	203,440	5.75	890	110.39			110.39	34.00	1.31	9.60	1.885	83.40	70.20
Rome GA	3.49	2.99	1.09	2.50	1.36	645	240,000	5.71	1,046	110.72			110.72	29.00	0.75	5.88	1.882	80.00	75.33
Valdosta GA	3.92	1.78	1.07	3.16	1.34	623	218,933	5.65	948	112.24			112.24	26.07		9.00	1.894	60.67	76.67
Honolulu HI	4.99	3.67	2.51	3.74	1.46	1,854	609,847	5.58	2,621	241.87			241.87	26.55	2.00	13.00	2.325	103.35	88.87
Boise ID	3.18	1.90	0.77	1.82	1.13	752	245,950	5.78	1,080		44.61	71.98	116.59	26.35	1.00	8.38	2.077	80.00	73.89
Idaho Falls ID	3.13	2.27	0.80	2.17	1.52	605	220,373	5.74	964		50.25	69.22	119.47	27.12		7.69	1.965	71.20	57.40
Twin Falls ID	2.82	2.89	0.92	2.89	1.02	600	220,605	5.67	957		52.08	65.98	118.06	27.12		8.75	2.199	99.50	55.00
Bloomington-Normal IL	3.65	2.58	1.16	2.26	1.14	691	269,625	5.82	1,189		64.76	58.09	122.85	28.22		7.30	1.994	80.50	73.50
Champaign-Urbana IL	3.11	2.42	1.05	2.65	1.24	838	230,675	5.63	996		62.30	47.83	110.13	19.35	0.75	8.87	2.007	49.25	72.80
Chicago IL	4.11	2.95	1.49	2.99	1.16	1,418	432,002	5.69	1,878		59.02	85.13	144.15	27.47	1.75	8.20	2.202	79.83	112.33
Danville IL	2.98	2.27	0.95	2.99	1.24	613	216,798	6.09	985		62.11	70.76	132.87	30.85		12.00	2.029	58.00	52.00
Decatur IL	3.28	2.49	1.18	1.54	1.16	476	225,000	6.05	1,017		62.38	61.27	123.65	28.63	0.75	6.60	2.011	45.20	89.20
Galesburg IL	3.69	2.93	1.38	1.78	1.29	525	250,000	5.80	1,100		63.86	70.01	133.87	25.53		7.33	2.039	69.33	73.00
Joliet-Will County IL	4.37	2.42	1.29	2.57	1.30	998	267,937	5.70	1,166		58.72	73.14	131.86	34.67	1.50	9.12	2.009	65.20	83.00
Peoria IL	3.32	2.61	0.90	2.56	1.02	636	278,125	5.63	1,201		62.94	76.92	139.86	27.95	1.00	8.67	1.939	53.25	73.33
Quincy IL	3.07	2.40	1.23	2.17	1.19	575	266,800	5.84	1,180	123.38			123.38	22.11		7.33	2.039	72.25	78.42
Springfield IL	2.97	2.09	0.95	2.38	1.23	611	227,414	5.69	989		46.34	66.87	113.21	28.95	0.75	9.75	2.029	52.00	75.48

ACCRA COST OF LIVING INDEX

QUARTER 4, 2004: PRICE REPORT

URBAN AREA AND STATE	23 CRIS CO	24 FROZN MEAL	25 FROZN CORN	26 POTATO CHIPS	27 COKE	28 APT RENT	29A HOME PRICE	29B MORT RATE (%)	29C HOME P+I	30A ALL-ELECT	30B PART ELECT	31 OTHER ENERGY	30+31 TOTAL ENERGY	32 PHONE	33 BUS FARE	34 TIRE BAL	35 GASO LINE	36 OPTO METRIST	37 DOCTOR
Providence RI	4.29	2.21	1.23	2.80	1.52	955	461,723	5.75	2,020		80.37	101.22	181.59	28.95	1.25	8.75	2.047	90.00	108.00
Anderson SC	3.63	2.49	1.52	2.99	1.33	635	247,200	5.74	1,081		61.94	53.92	115.86	34.00	1.00	6.60	1.867	66.40	78.80
Camden SC	3.46	2.47	1.11	2.80	1.22		241,920	5.73	1,056	105.91			105.91	26.14		6.70	1.886	65.00	64.67
Charleston-N Charleston SC	3.87	2.14	1.28	2.40	1.19	726	248,284	5.73	1,084	146.27			146.27	22.44	1.25	7.57	1.842	74.50	73.20
Columbia SC	3.73	2.18	1.26	2.20	1.05	769	248,000	5.70	1,080	151.75			151.75	24.03	1.00	7.90	1.866	66.60	77.00
Greenville SC	3.47	2.68	1.21	2.22	1.27	751	202,063	5.72	881	115.65			115.65	25.45	1.00	9.30	1.832	64.40	62.95
Hilton Head Island SC	3.62	3.33	1.48	2.00	1.35	825	262,489	5.75	1,149	109.51			109.51	25.54	1.50	9.00	1.964	77.50	98.75
Myrtle Beach SC	3.45	2.60	1.24	2.29	1.27	581	221,933	5.68	984	125.99			125.99	24.50		9.20	1.909	71.80	81.80
Sumter SC	3.59	2.37	1.08	2.39	1.35	588	216,580	5.72	945	106.59			106.59	27.16		8.53	1.893	82.25	62.50
Vermillion SD	4.04	3.19	1.49	2.99	1.33	600	217,000	5.75	950		48.63	84.86	133.49	25.77		6.00	1.956	71.00	79.33
Chattanooga TN	3.57	1.97	1.04	2.29	1.39	687	227,360	5.65	985		51.22	64.61	115.83	22.17	1.00	9.50	1.919	70.60	85.20
Clarksville TN	3.19	1.73	1.01	2.10	1.01	526	197,950	5.68	860	106.90			106.90	20.35		7.98	1.879	59.13	68.10
Cleveland TN	3.41	2.15	1.18	2.75	1.22	495	249,633	5.68	1,084	105.58			105.58	31.60		6.74	1.912	79.33	61.33
Jackson-Madison County TN	3.38	2.08	1.20	2.00	1.21	626	209,577	5.70	912		58.28	55.30	113.58	19.91	0.75	9.08	1.927	80.00	76.00
Johnson City TN	3.27	1.82	0.93	2.03	1.15	584	213,650	5.70	930		51.88	73.61	125.49	23.51	0.60	6.33	1.925	49.75	74.50
Knoxville TN	3.43	1.90	0.96	2.10	1.33	587	198,316	5.66	860		55.01	69.56	124.57	22.04		6.50	1.833	67.20	68.00
Memphis TN	3.50	2.50	0.94	2.40	1.09	728	195,950	5.62	846		61.36	46.35	107.71	24.76	1.25	7.80	1.957	72.00	73.40
Morristown TN	3.29	2.04	1.01	2.23	1.21		220,033	5.76	964	107.86			107.86	27.56		7.00	1.885	65.00	60.67
Murfreesboro-Smyrna TN	3.26	2.08	1.12	2.99	1.33	703	202,175	5.72	882		54.58	67.16	121.74	22.35	1.25	6.65	1.899	71.00	98.33
Abilene TX	3.16	2.50	1.12	2.20	1.31	596	221,000	5.64	956		79.97	53.02	132.99	18.71	0.75	8.75	1.919	65.60	72.50
Amarillo TX	3.21	1.98	0.85	2.29	1.49	657	218,300	5.71	951		66.82	52.05	118.87	22.00		7.00	1.843	66.33	69.75
Arlington TX	3.34	2.17	1.19	2.44	1.19	836	196,955	5.98	883	158.16			158.16	20.07		8.80	1.854	75.80	66.00
Austin TX	3.10	2.22	0.93	1.99	1.10	821	222,571	5.67	966		86.31	42.08	128.39	22.08	0.50	9.69	1.937	75.70	79.50
Beaumont TX	3.12	2.57	0.99	2.69	1.23	683	185,000	5.72	807		96.22	44.76	140.98	27.91	1.25	10.15	1.822	72.25	81.67
Brownsville TX	3.28	2.03	0.89	2.21	1.22	624	195,048	6.03	880	131.12			131.12	26.00		9.10	1.881	42.25	63.80
Conroe TX	3.06	2.13	1.09	1.99	1.11	767	200,400	5.59	862		93.96	47.82	141.78	17.68		8.30	1.849	59.40	80.00
Corpus Christi TX	2.98	1.65	0.79	1.99	1.06	764	189,750	5.88	842		120.58	26.50	147.08	22.86	0.50	8.84	1.885	51.20	63.40
Dallas TX	3.25	2.35	1.28	2.15	1.03	845	190,429	5.75	834	150.77			150.77	20.04	1.25	10.10	1.907	68.00	67.00
Del Rio TX	2.97	1.63	0.87	2.44	1.25		179,000	5.97	802		117.93	64.93	182.86	39.01		7.61	1.976	49.50	75.00
El Paso TX	3.87	2.77	1.07	2.66	1.61	669	211,173	5.80	929		76.61	39.21	115.82	28.60		8.85	1.881	59.33	69.38
Fort Worth TX	3.29	2.26	1.23	2.14	1.29	766	192,893	5.79	848		107.15	45.73	152.88	20.58	1.25	8.80	1.939	65.40	90.40
Harlingen TX	2.98	1.49	0.79	1.99	1.32	618	198,060	5.78	870	137.69			137.69	18.30		9.66	1.824	59.00	81.25
Houston TX	3.06	1.93	0.87	1.97	1.14	769	182,057	5.32	759		107.18	41.56	148.74	21.71	1.46	9.40	1.902	71.70	77.89
Laredo TX	2.98	1.51	0.98	2.47	1.06	601	219,432	5.78	963		68.71	37.14	105.85	20.95	0.75	7.20	1.837	46.25	84.00
Longview TX	3.07	2.02	0.90	2.20	1.22	555	219,967	5.78	965	99.73			99.73	18.55	1.00	7.30	1.864	75.00	64.80
Lubbock TX	3.20	2.18	1.19	2.30	1.48	622	202,412	5.68	879		68.20	40.76	108.96	18.74		8.00	1.859	82.40	86.44
McAllen TX	2.97	2.10	0.79	1.99	1.19	590	184,922	5.74	808	118.96			118.96	24.99	1.00	7.00	1.866	56.33	61.67
Midland TX	3.14	2.42	0.72	1.90	1.49	589	195,500	5.75	856		109.31	42.23	151.54	19.99	1.00	8.37	1.899	80.67	67.50
Odessa TX	3.33	2.32	1.19	2.09	1.42	558	206,933	5.68	899		109.31	42.23	151.54	18.14	1.00	7.90	1.949	65.40	75.80
Paris TX	3.08	2.02	0.98	2.75	1.18		196,421	5.81	866		101.01	33.80	134.81	25.36		7.25	1.889	82.00	77.00
Plano TX	2.96	2.25	1.05	2.26	1.19	877	230,000	5.51	981		108.52	36.95	145.47	25.42	2.50	9.20	1.873	86.60	87.20
Round Rock TX	3.14	2.65	0.89	2.17	1.35	651	195,187	5.68	847		106.90	44.47	151.37	19.18		8.83	1.855	68.40	75.00
San Antonio TX	2.98	2.03	0.83	2.06	1.60	965	230,762	5.50	983	107.13			107.13	17.76	0.80	6.40	1.947	66.43	70.00
San Marcos TX	2.97	2.14	0.79	1.96	1.01	745	228,000	5.68	991	109.92			109.92	19.97		8.50	1.879	66.50	68.00

SECNAV Study

"Examining the Effectiveness and Efficiency of the DoN's Material Establishment"

and it's Relation to SSC Charleston

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Agenda

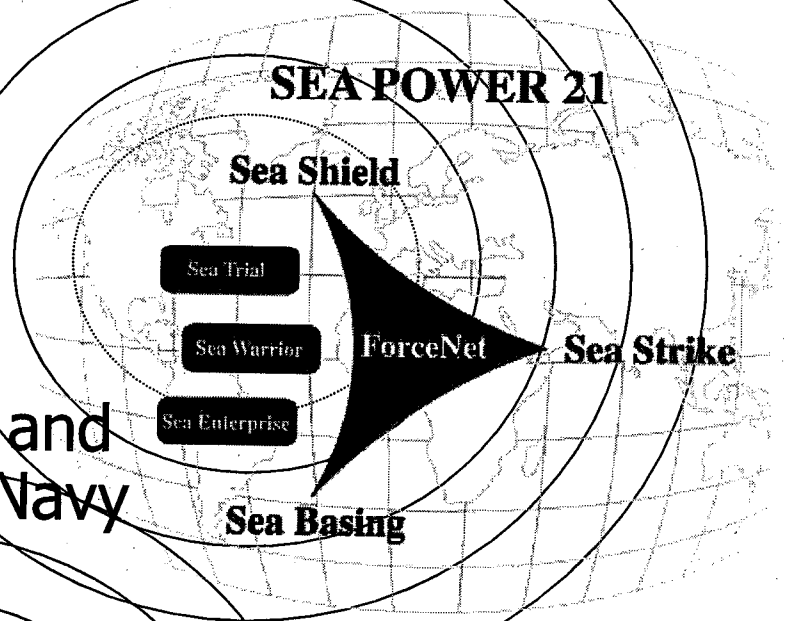
- Background
- Why this study was important to SSC Charleston
- Warfare Centers Effectiveness Information
  - Financial Diagnostics
  - Capabilities Assessment
- Conclusion

Agenda

- [redacted]
- Why this study was important to SSC Charleston
- Warfare Centers Effectiveness Information
  - Financial Diagnostics
  - Capabilities Assessment
- Conclusion

Study rose out of Sea Enterprise support initiative

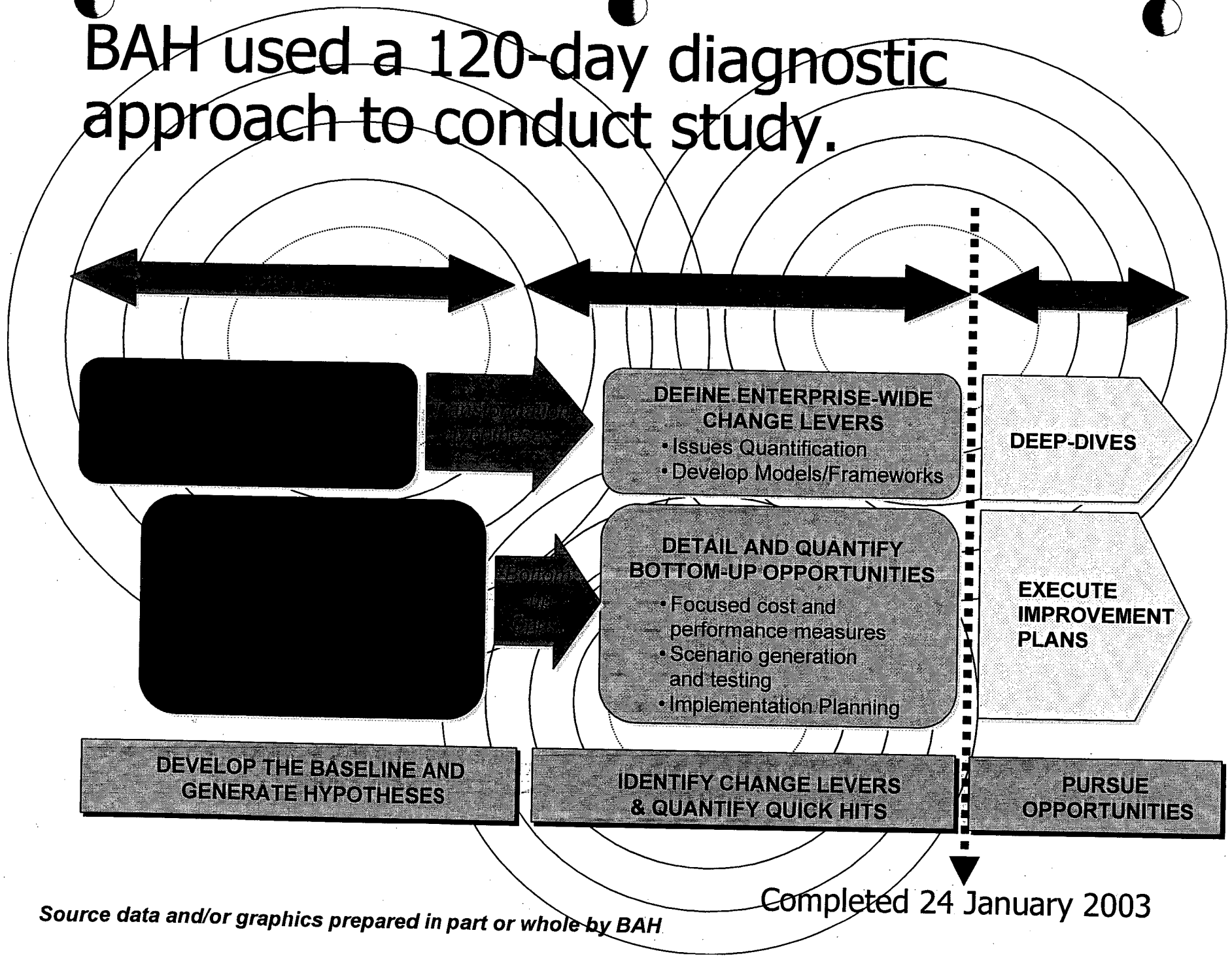
- Sea Enterprise seeks to:
  - Improve organizational alignment
  - Refine requirements
  - Reinvest savings to buy platforms and systems needed to transform the Navy
- Study sought to:
  - Examine the materiel establishment/acquisition process
  - Identify critical levers to unlock greater effectiveness and efficiency
  - Collect a fact base to evaluate opportunities and make informed recommendations for the areas that should be part of the DoN Leadership change agenda



Study was conducted as an independent assessment by Booz-Allen Hamilton

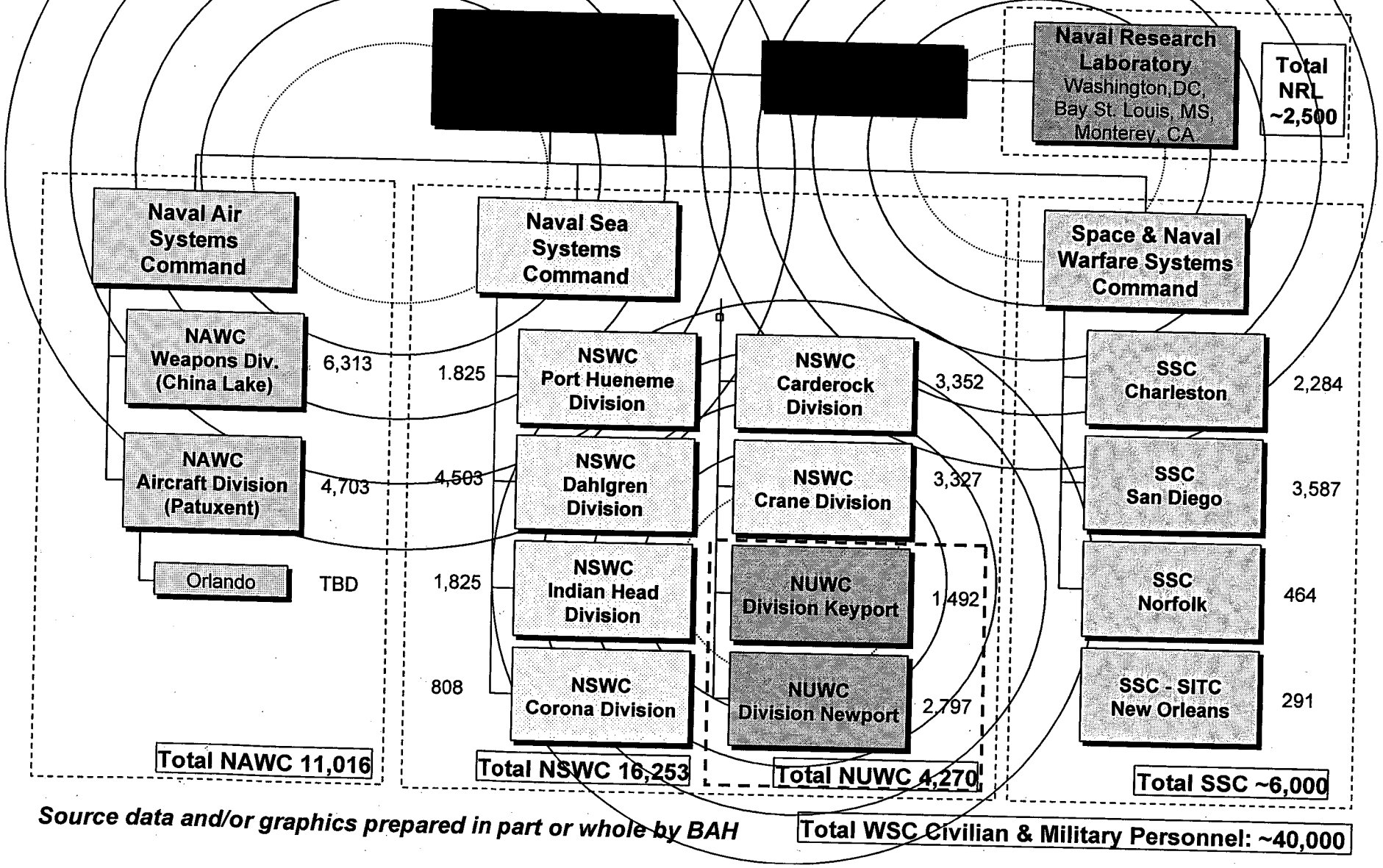
- BAH POCs:
  - Neil Gillespie (703) 902-5640
  - David Neely (212) 551-6348

BAH used a 120-day diagnostic approach to conduct study.



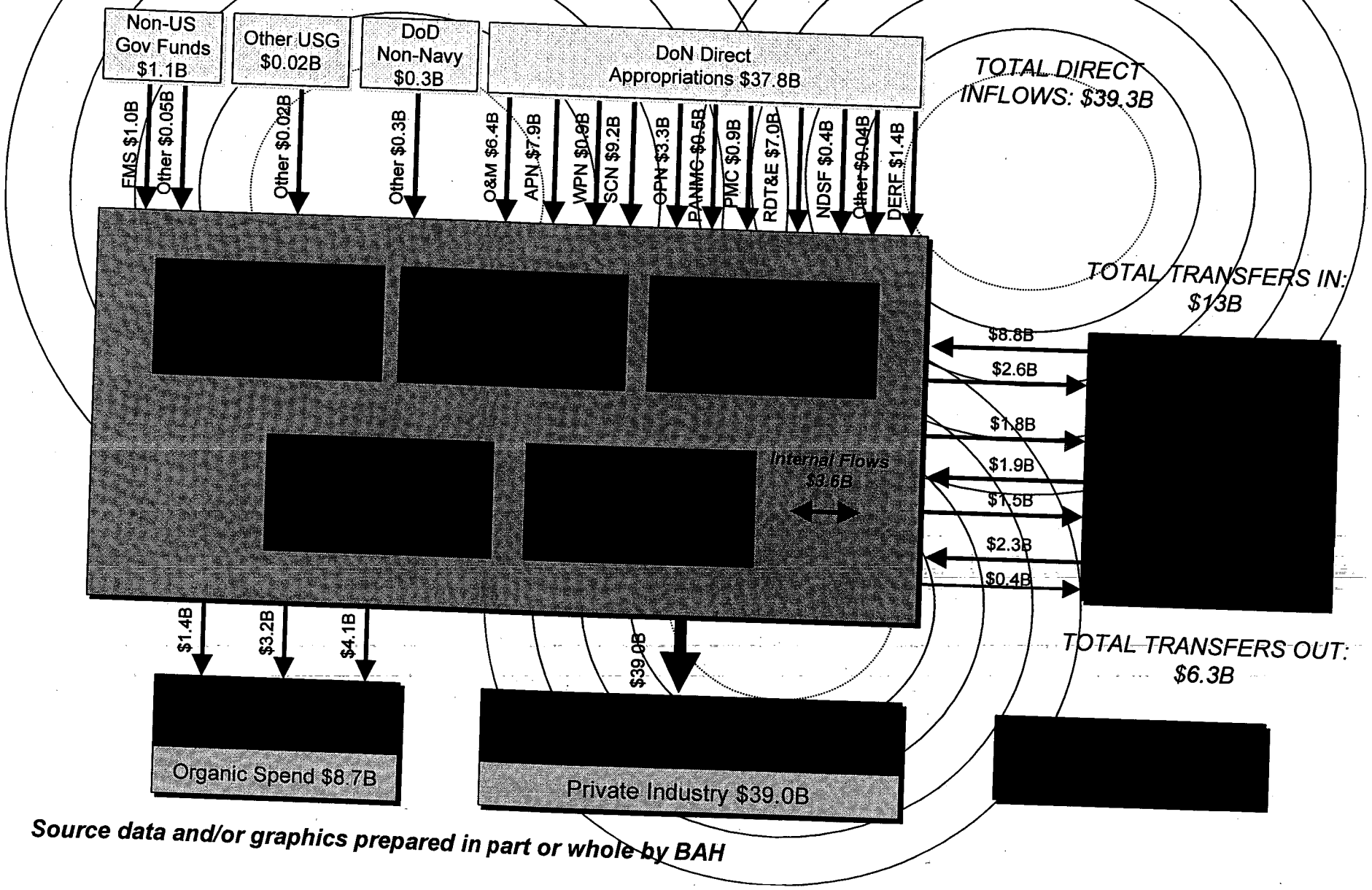
Source data and/or graphics prepared in part or whole by BAH

Scope encompassed the warfare center organizations and NRL



Source data and/or graphics prepared in part or whole by BAH

Study addressed $54B of spending in the material establishment



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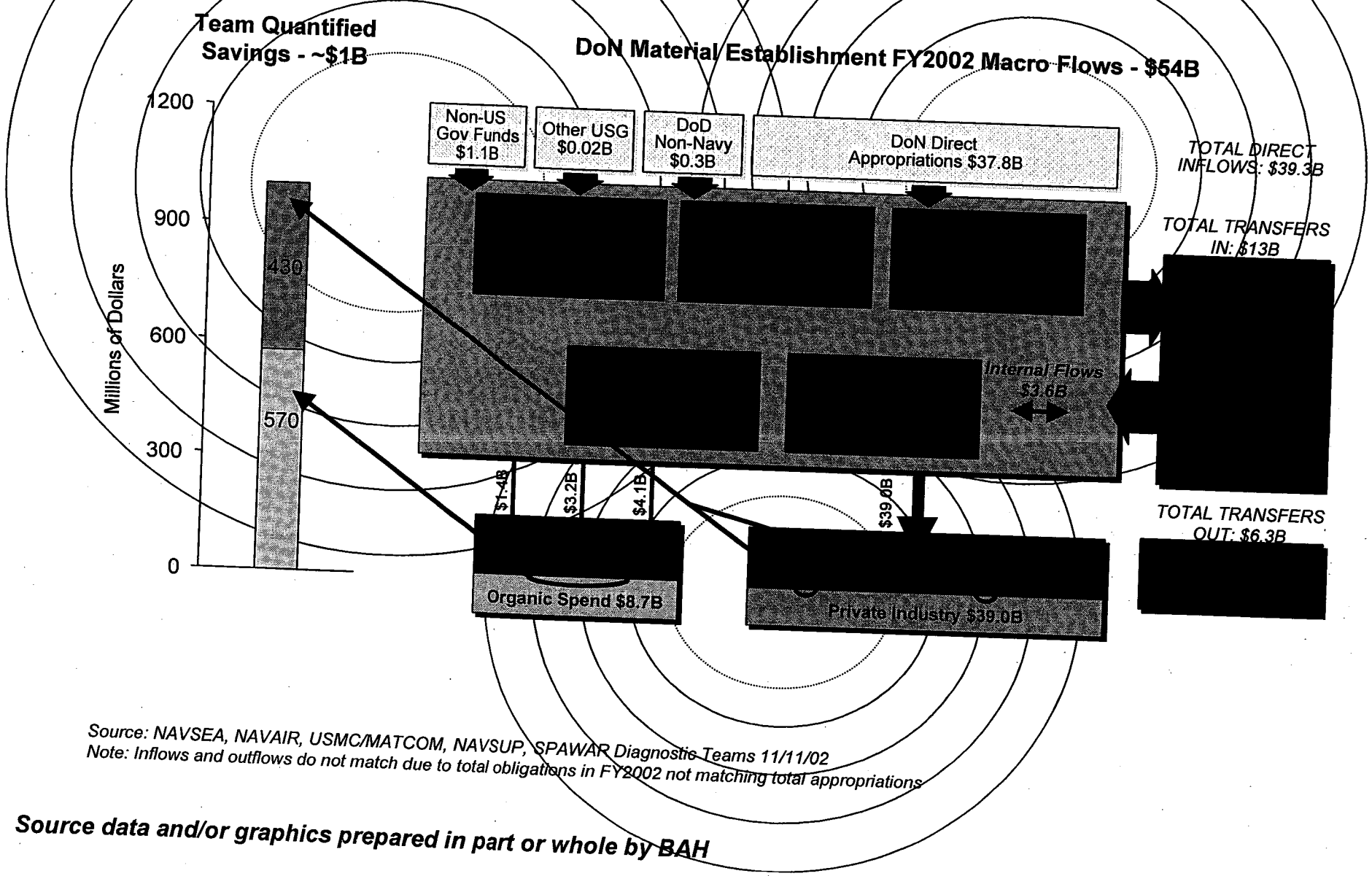
Based on baseline results, the focus narrowed to five high-potential cost improvement areas

- Industry Spend Effectiveness
- Supply Chain Operations
- Depot Effectiveness
- G&A Best Practices

Today's Presentation Focus

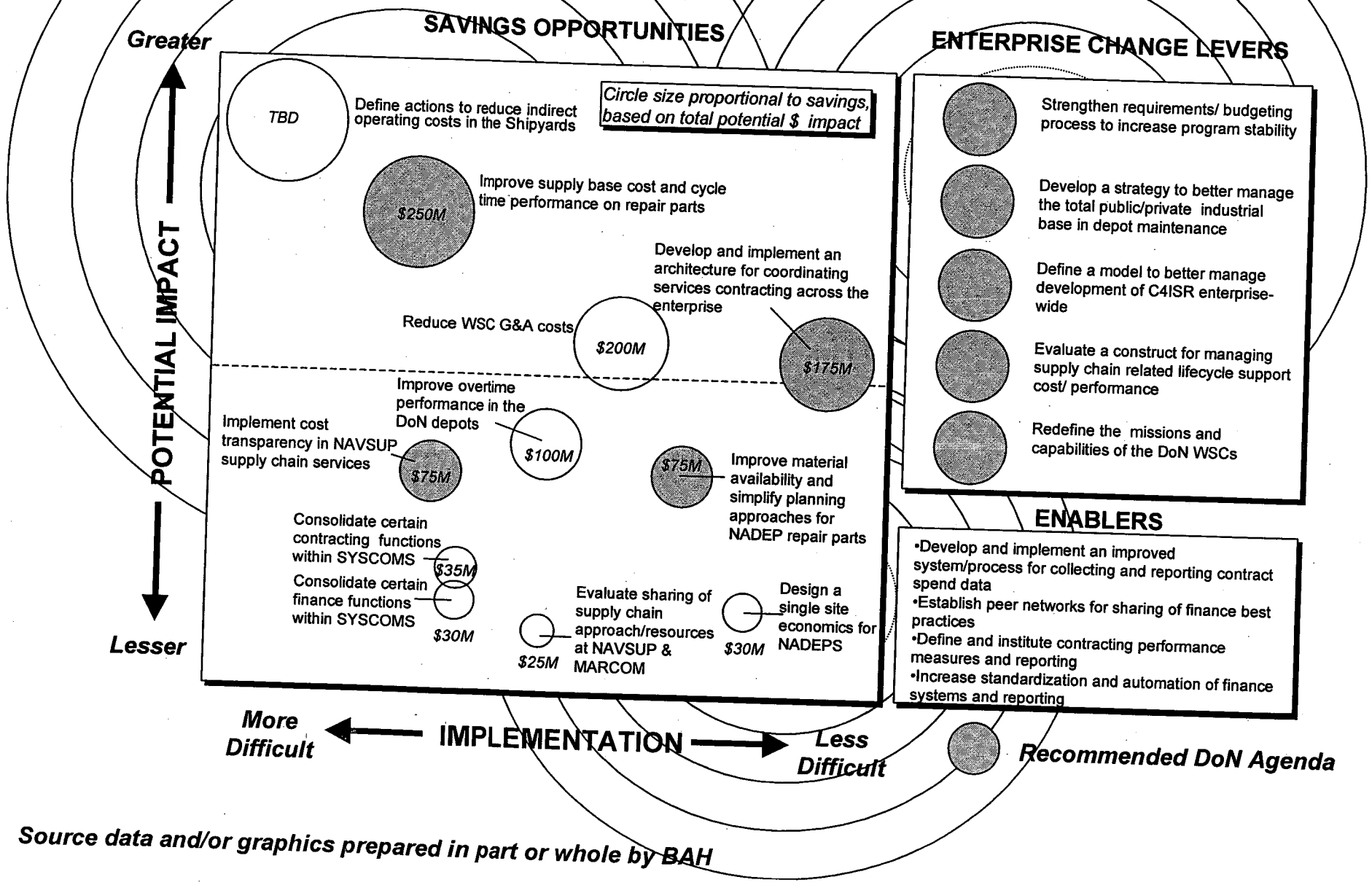
BAH results: ~$1B savings were quantified within the $54B - under the current material establishment construct and mission



Source: NAVSEA, NAVAIR, USMC/MATCOM, NAVSUP, SPAWAR Diagnostic Teams 11/11/02
Note: Inflows and outflows do not match due to total obligations in FY2002 not matching total appropriations

Source data and/or graphics prepared in part or whole by BAH

BAH recommendation: DoN Leadership Change Agenda — high-impact cross SYSCOM opportunities



Source data and/or graphics prepared in part or whole by BAH

BAH Next Steps …

- Develop consensus on the prioritization
- Assign ownership of the improvement initiatives
- Decide on a structure/decision process to guide the cross-organizational changes
- Establish plans of action and timelines

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Status

"Defense Daily," February 24, 2003, p. 5

Interview with Navy Acquisition Chief, John Young

"There is the potential to save something just less than a billion dollars. The challenge though is that we needed the BAH study to make the goals that are laid into the budget."

"The new [FY '04] budget lays a $670 million wedge for effectiveness and efficiency...We need their [BAH's] help to identify ways to meet that wedge. In some cases there will be some amount of new savings that we might achieve but I would say the majority of savings are things that have already been assumed in the budget as wedges. We have to go try to find them."

"In general they [BAH] found that in a lot of cases, our metrics seemed to be not so far out of whack," Young said. "There is absolutely no evidence that there are total inefficiencies in the system. There are places where our benchmarks could be improved, and that is one place where they pointed to savings...There are a lot of those 'eaches' that we are going to now dive into, using the systems commands and other people and with the strong support of the Vice Chief [of Naval Operations Adm. William Fallon] and the ACMC [Assistant Commandant of the Marine Corps Gen. William Nyland], and try to implement the lessons that BAH has been able to identify for us...to see if we can get the right management structure for human resources, financials--we [will] create centers of excellence, or single centers of consolidation for finance to support the distribution to...the warfare centers and systems commands."

Agenda

- Background
- Warfare Centers Effectiveness Information
  - Financial Diagnostics
  - Capabilities Assessment
- Conclusion

Self assessment

- Evaluation of our in house/out house spend
- Benchmark of ourselves against other DON Echelon 3 centers
- Inventory of our capabilities and customer base

Future concerns

- Study was not explicitly linked to BRAC, but the information obtained is inherently related to the information inputs required for BRAC decisions
- SSC CH – Industry partnership
  - With an in house/out house spend ratio of 1:4, our business is your business
  - Big picture is important to everyone – what is SSC CH's collective capability

Agenda

- Background
- Why this study was important to SSC Charleston
- [redacted]
  - Financial Diagnostics
  - Capabilities Assessment
- Conclusion

There were three warfare center deliverables for the study

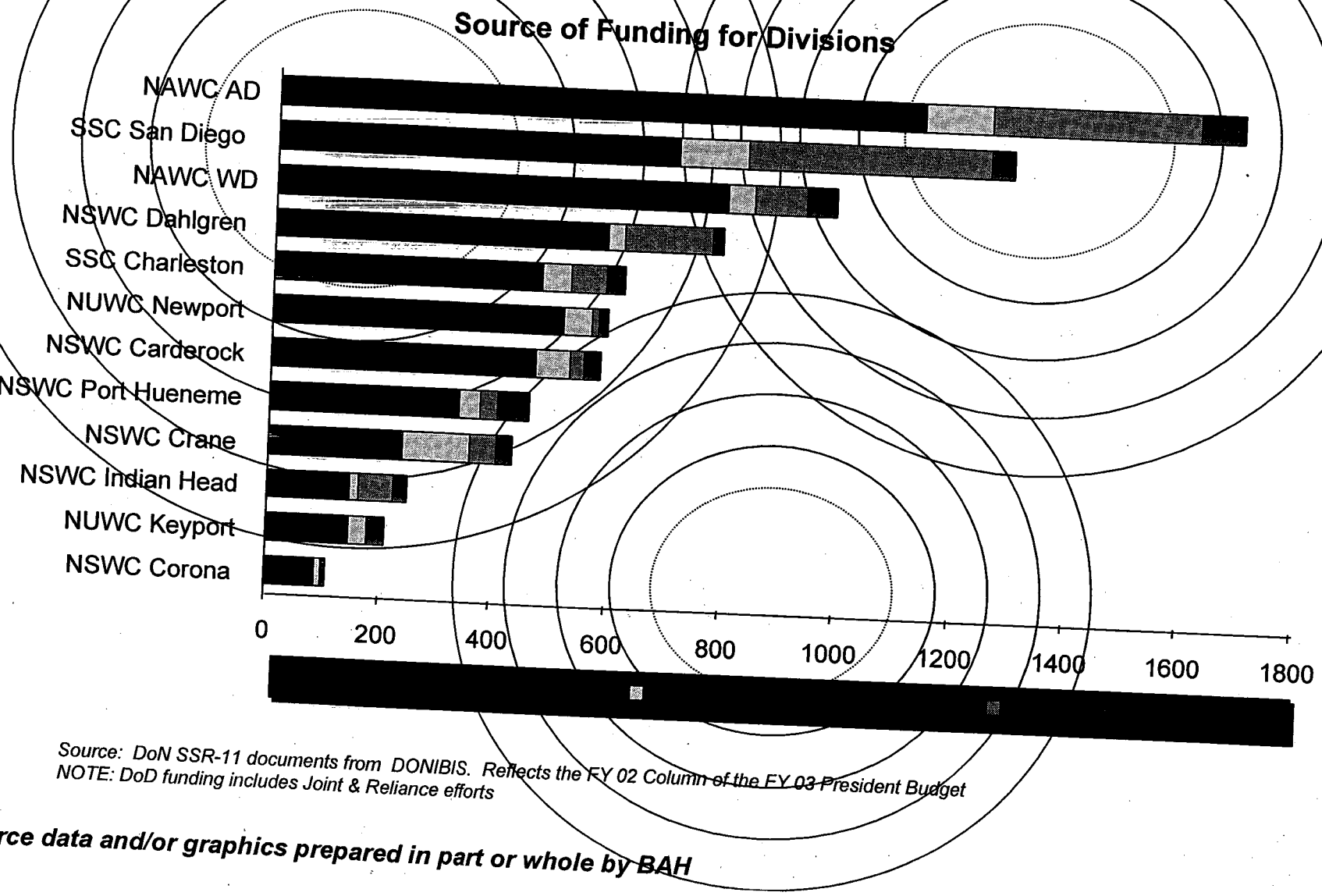
Deliverable	Description
Cost Recovery Analysis	Not SSC CH
	Assess methodologies for cost recovery at the NAWC-AD Avionics Service Unit and the NSWC Crane Code 805 Business Unit; identify actions to correct any misalignment if it exists

Source data and/or graphics prepared in part or whole by BAH

Agenda

- Background
- Why this study was important to SSC Charleston
- Warfare Centers Effectiveness Information
  - Capabilities Assessment
- Conclusion

Funding sources



Source: DoN SSR-11 documents from DONIBIS. Reflects the FY 02 Column of the FY 03 President Budget
NOTE: DoD funding includes Joint & Reliance efforts

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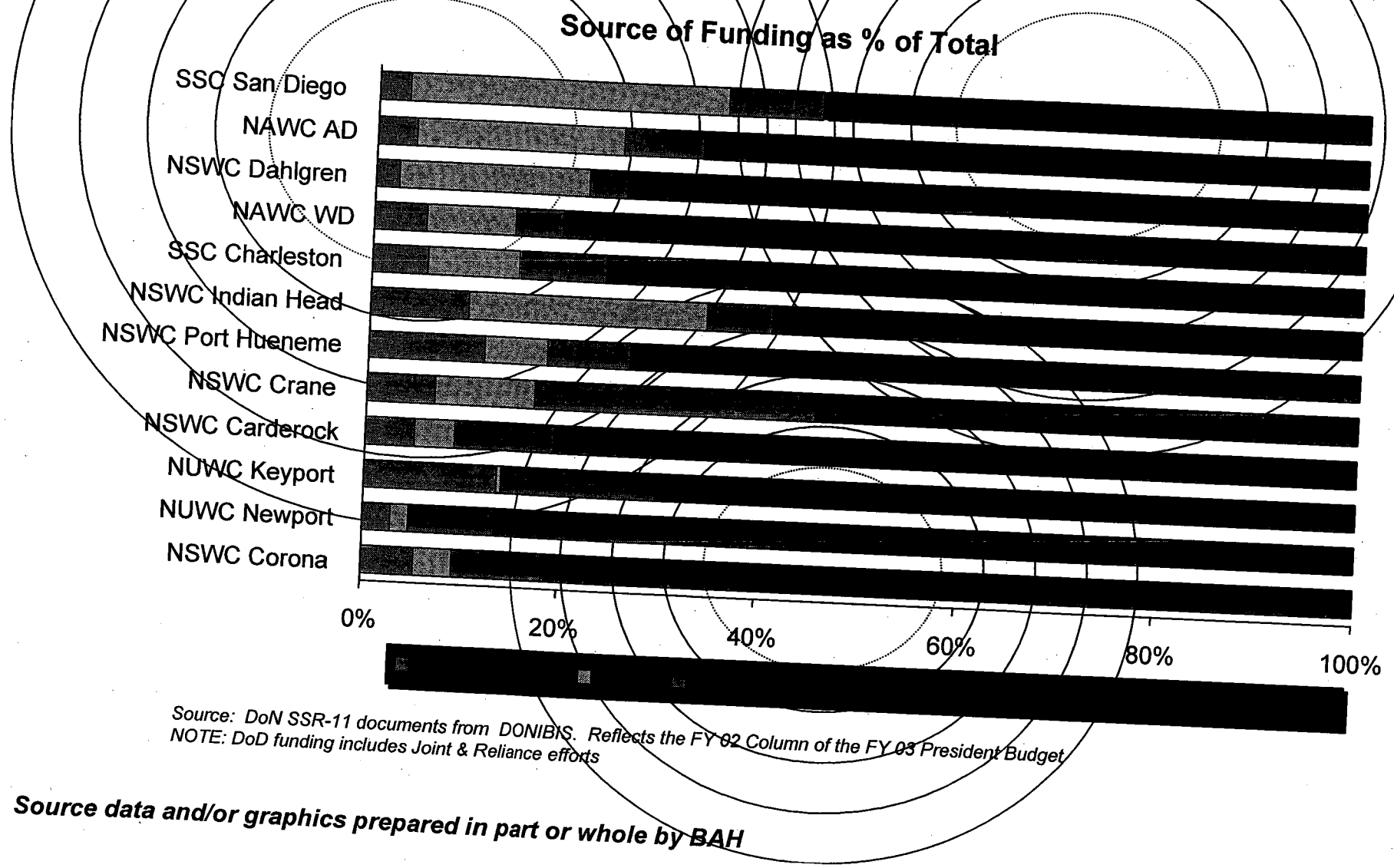
10 - 40% of WSC Funding comes from non DoN sources



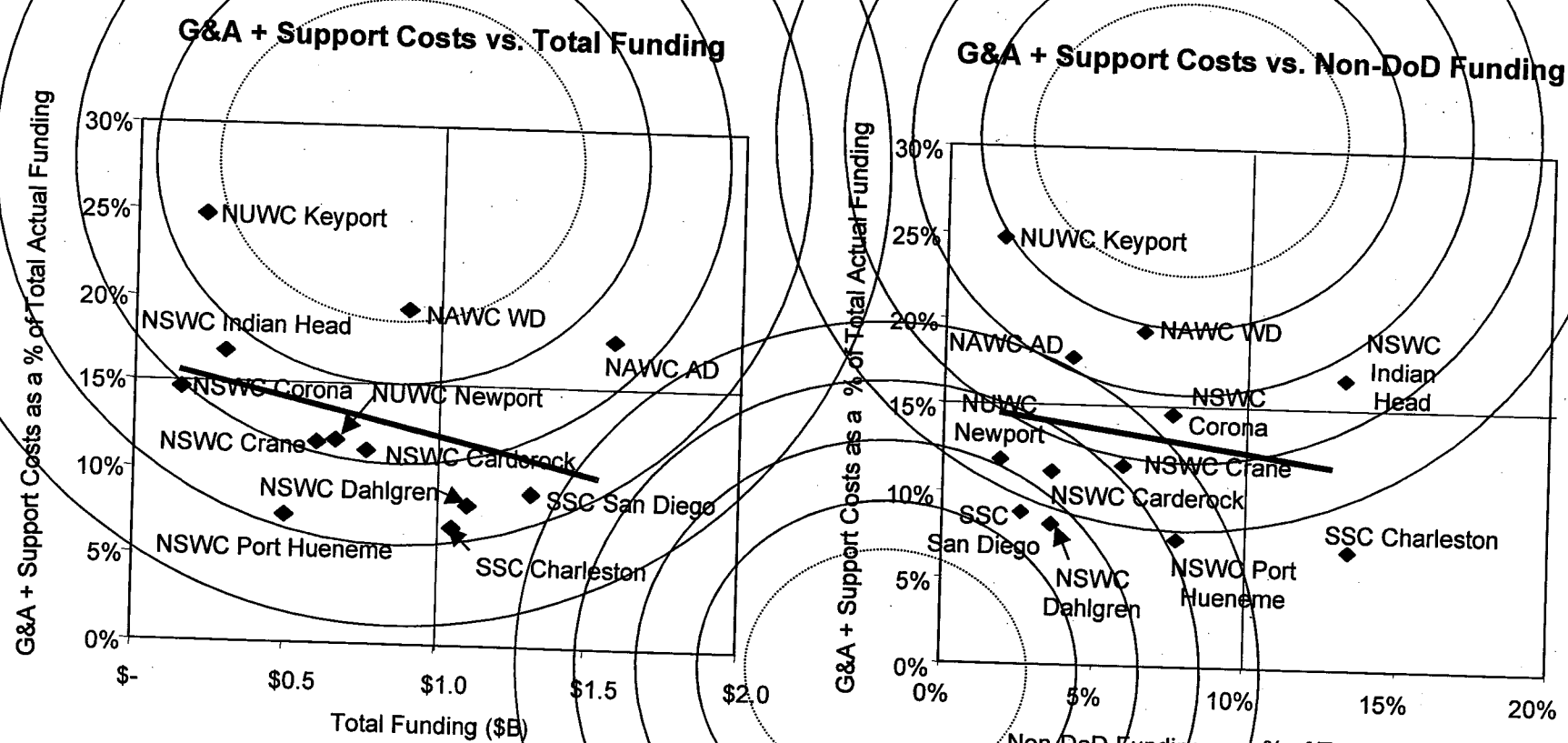
Source: DoN SSR-11 documents from DONIBIS. Reflects the FY 02 Column of the FY 03 President Budget
NOTE: DoD funding includes Joint & Reliance efforts

Source data and/or graphics prepared in part or whole by BAH

SSC CH Spider Chart

Expense Categories		Activities: Touch Activities					Support Activities							C&A						
		Research	Engineering	Production / Manufacturing	Major Acquisition	Operations	Project Management	Supervision	Scheduling / Planning	Production Support	Quality	Purchasing	Material Handling	HR	Admin	IT	Contracting / Finance	Facilities	Marketing / Bids & Proposals	Totals
Labor	Civilian - FTE	31	1790	43	0	0	0	67	0	0	13	89	0	0	122	40	57	5	0	2,257
	Civilian	1803	103126	2531	0	0	0	3857	0	0	734	3862	0	0	4780	2057	2948	289	0	126,017
	Military - Officer (E/S)	0	8	0	0	0	0	1	0	0	0	0	0	0	4	0	0	0	0	13
	Military - Officer	0	682	0	0	0	0	149	0	0	0	0	0	0	253	0	0	0	0	1,084
	Military - Enlisted (E/S)	0	15	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	17
	Military - Enlisted	0	438	0	0	0	0	0	0	0	0	0	0	0	113	0	0	0	0	551
	Dedicated Contr FTE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Dedicated Contr	Included in Direct Contractor $$ below																		0
Service Contracts	Non-Dedicated Contr	0	0	0																0
	Direct																			0
	Contractor $K	3427	346541	184689																0
	Material $K	997	216257	5298								692								535,249
	Overhead											49								222,601
	Contractor $																			0
	Material $														4364	0	6887	2912		14,163
Footprint	Rents / Leases		64												1755	823	28	825		3,431
	Facility Maintenance																			64
	Utilities																	2873		2,873
IT	Information Technology	120	11737	6096														3029		3,029
Benefits	Civilian	831	47479	1164	0	0	0	1776	0	0	352	1784	0	0	10238					28,191
	Military - Officer														2862	937	1135	185	0	58,505
	Military - Enlisted																			0
Spending	Supplies	79	1326	32																0
	Travel and Transportation	234	16846	325			0	503			98	42			1345	113	54			2,995
	Printing and Reproduction	10	165	4												7	31			18,086
	Telecomm	109	1816	44																179
Other	Allocation															1695	1			3,665
	Workers Compensation	4	206	5				8			1	10		0	0		0			0
	Insurance													0	14	4	6	1		259
	Training	0	0	0			0	0			0	0			3786	0	0			0
Income	Depreciation		347												113	939		79		3,786
	Totals:	7614	747030	200188	0	0	0	6293	0	0	1215	6385	0	0	19385	16813	11090	10193		1,478
																				1,026,206

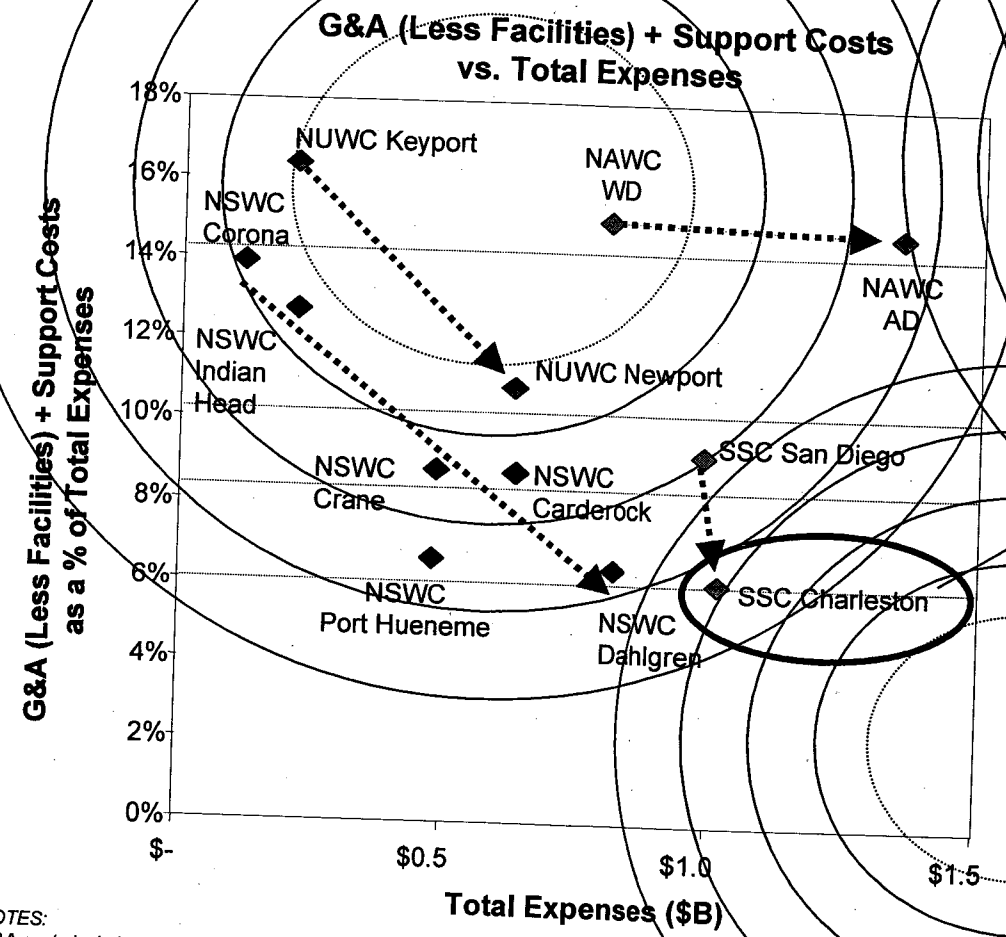
A early study hypothesis that inadequate cost recovery at the warfare centers is causing the DoN to subsidize non-DoN customers was not supported.*



NOTES:
G&A costs include: HR, administration, IT, contracting, finance, facilities, marketing, and bids and proposal costs
Support costs included: program management, supervision, scheduling/planning, production support, quality, purchasing, and material handling costs
Current G&A figures include contracting costs associated with managing Direct Cite monies
Total funding figures include only working capital funds — Direct Cite monies are not included

Source data and/or graphics prepared in part or whole by BAH

Scale effects and variability remain even after facilities costs, a major driver of cost variance, are removed



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Current G&A figures include contracting costs associated with managing Direct Cite monies
Total funding figures include only working capital funds — Direct Cite monies are not included
Estimated savings calculation assumes that total expenses and the efficiency of direct work execution is not modified

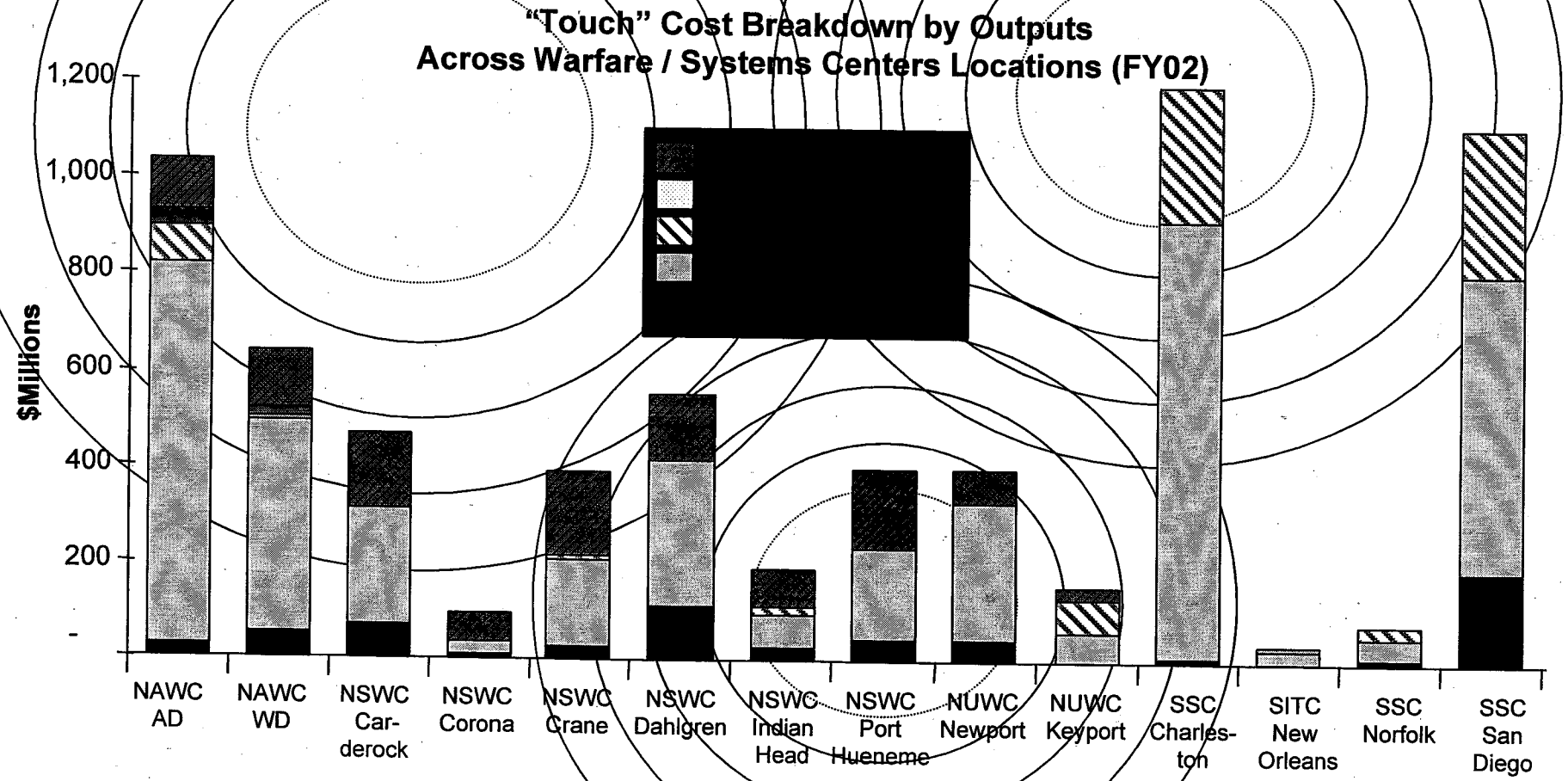
Source data and/or graphics prepared in part or whole by BAH

BAH Analysis:

- A band of opportunity exists, and opportunities may be constrained by
  - Nature of work
  - Systems
  - Infrastructure
- If all divisions could be brought to
  - Lowest level (6.0%): savings = $340M
  - 75th percentile (8.3%): savings = $209M
  - Median (10.1%): savings = $133M
  - Most efficient in that WC/SC: savings = $102M
  - 25th percentile (14.2%): savings = 21M
- The actual amount that can be obtained cannot be determined until the magnitude of the driving factors is known
- Some of these savings overlap with reductions already targeted in "the wedge" exercises

PRELIMINARY SPIDER CHART ANALYSIS

Small definitional adjustments were made later, but these early charts were not included in final report. Presented for general illustrative purposes.



Source: Detailed cost data produced by NAWC, NSWC, NUWC, SSC San Diego, SITC New Orleans, SSC Norfolk, SSC Charleston. Some numbers have been allocated by BAH based primarily on headcount data. These allocations are still being reviewed by the Centers. NAWC data are being revised. NAWC data here exclude the direct costs associated with roles as landlord while the indirect costs associated with these roles are included.

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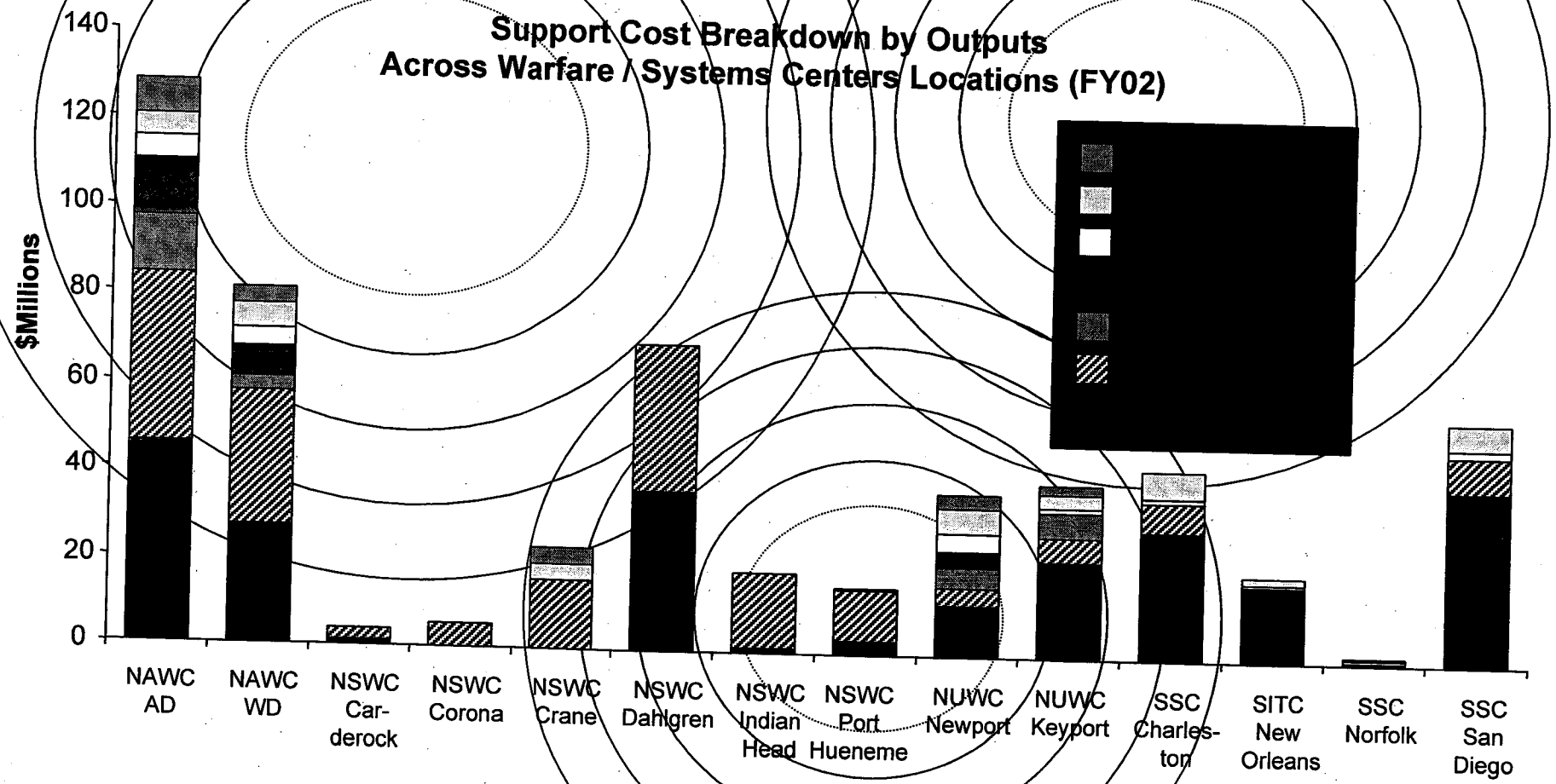

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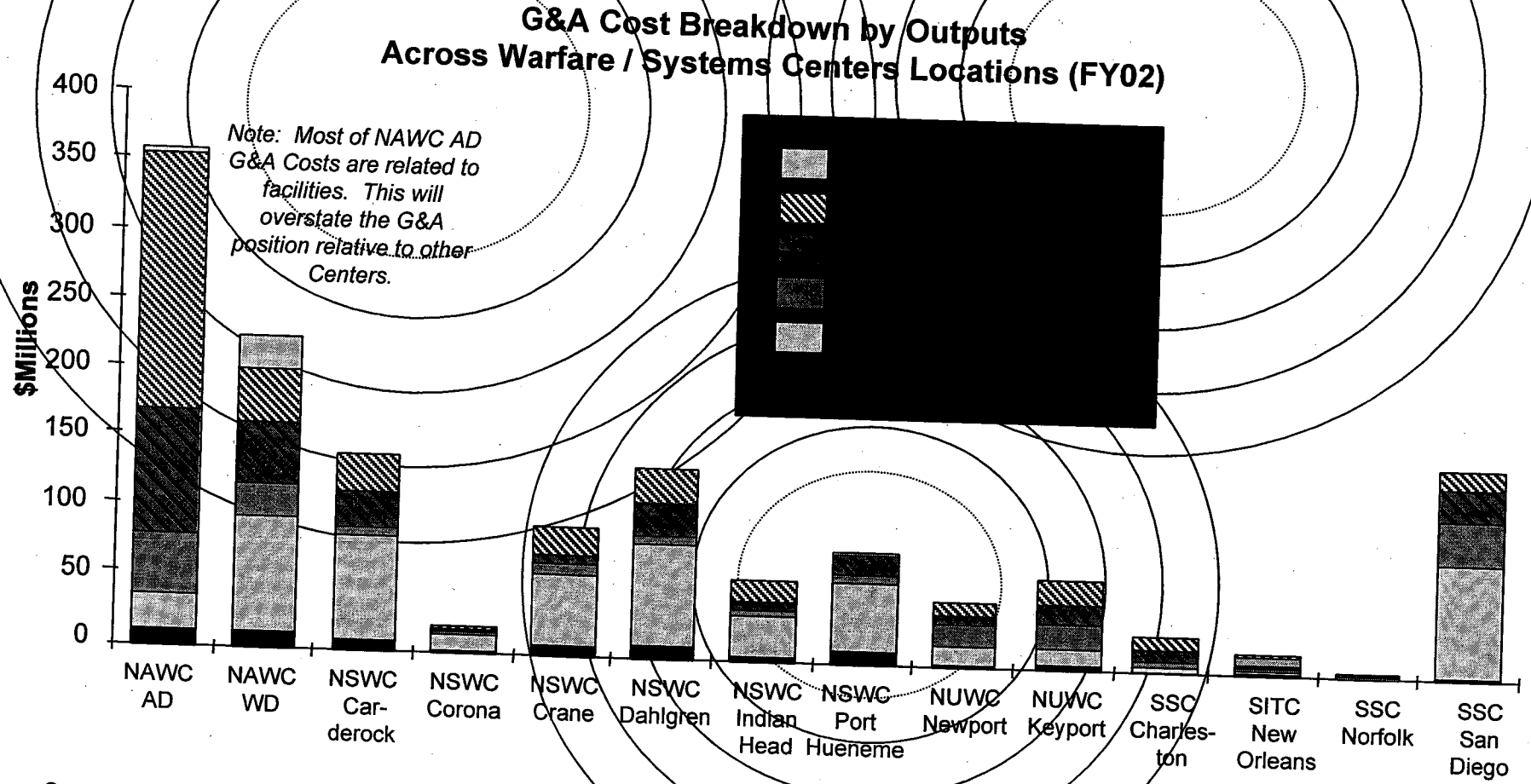

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Agenda

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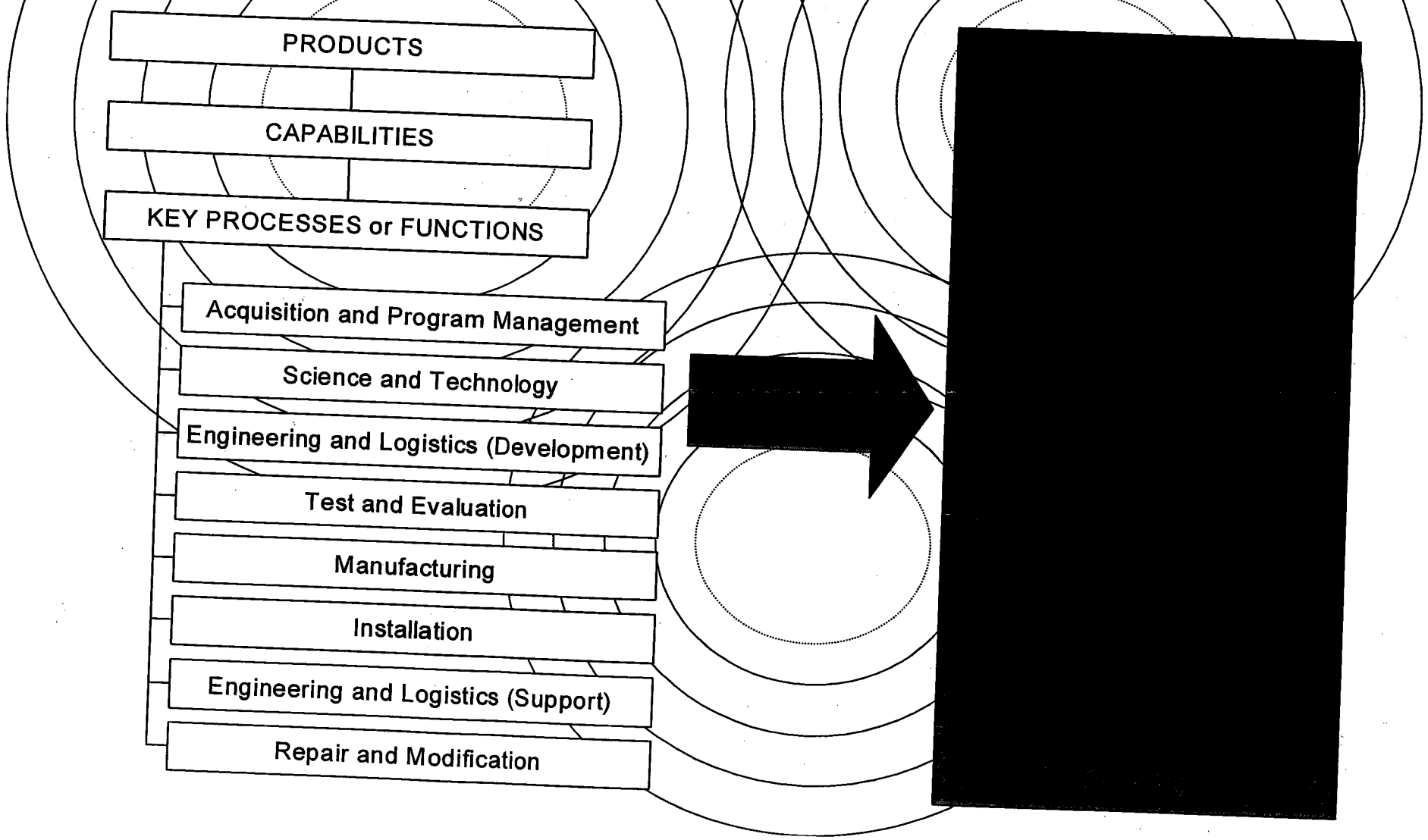
- Why this study was important to SSC Charleston
- Warfare Centers Effectiveness Information
  - Financial Diagnostics
- Conclusion

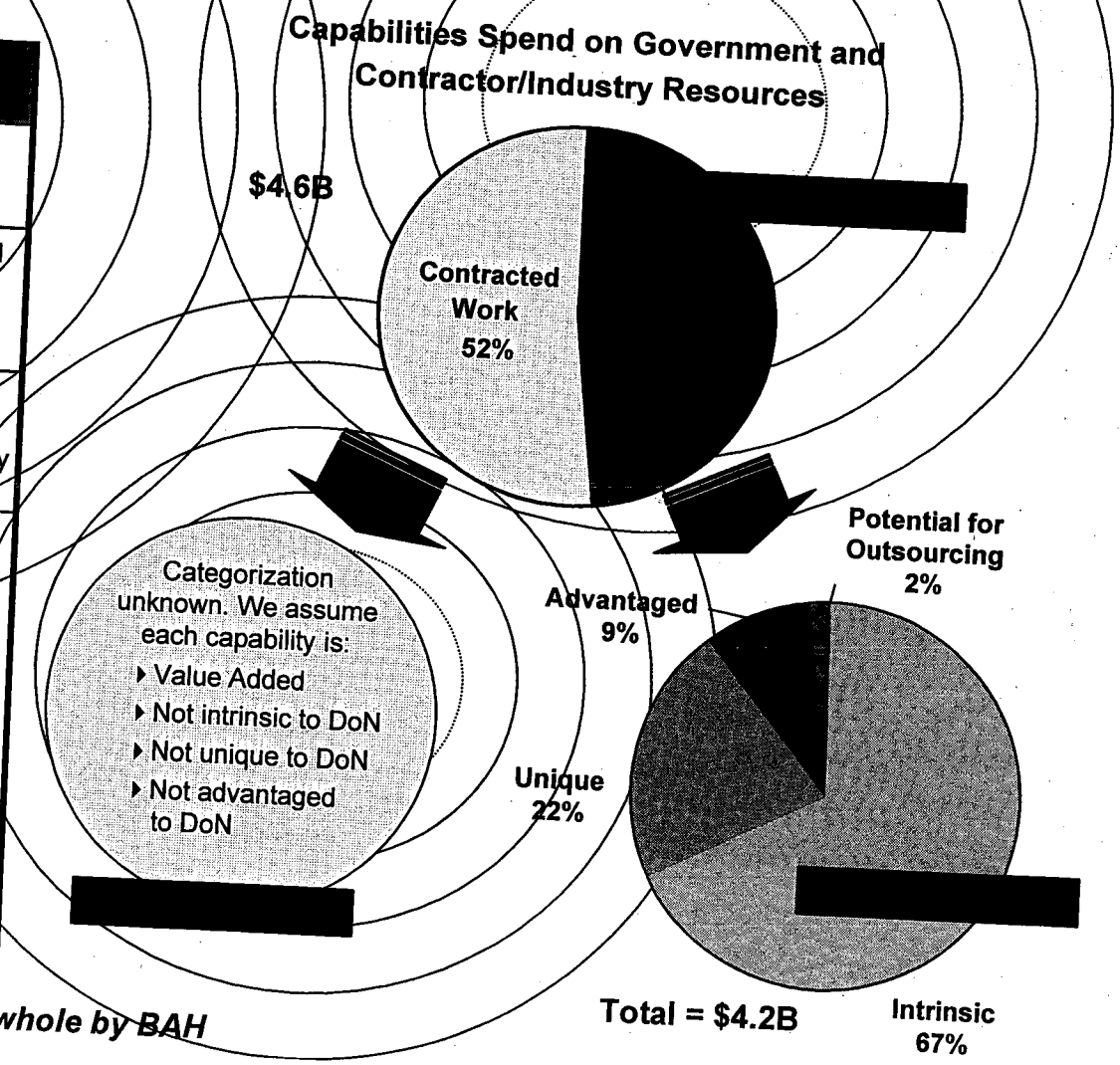
The capabilities assessment matrix interviewed warfare centers to report products, capabilities and key processes or functions by several cost categories



The Centers sampled 261 capabilities – almost all organic activities were viewed as intrinsic, unique or advantaged

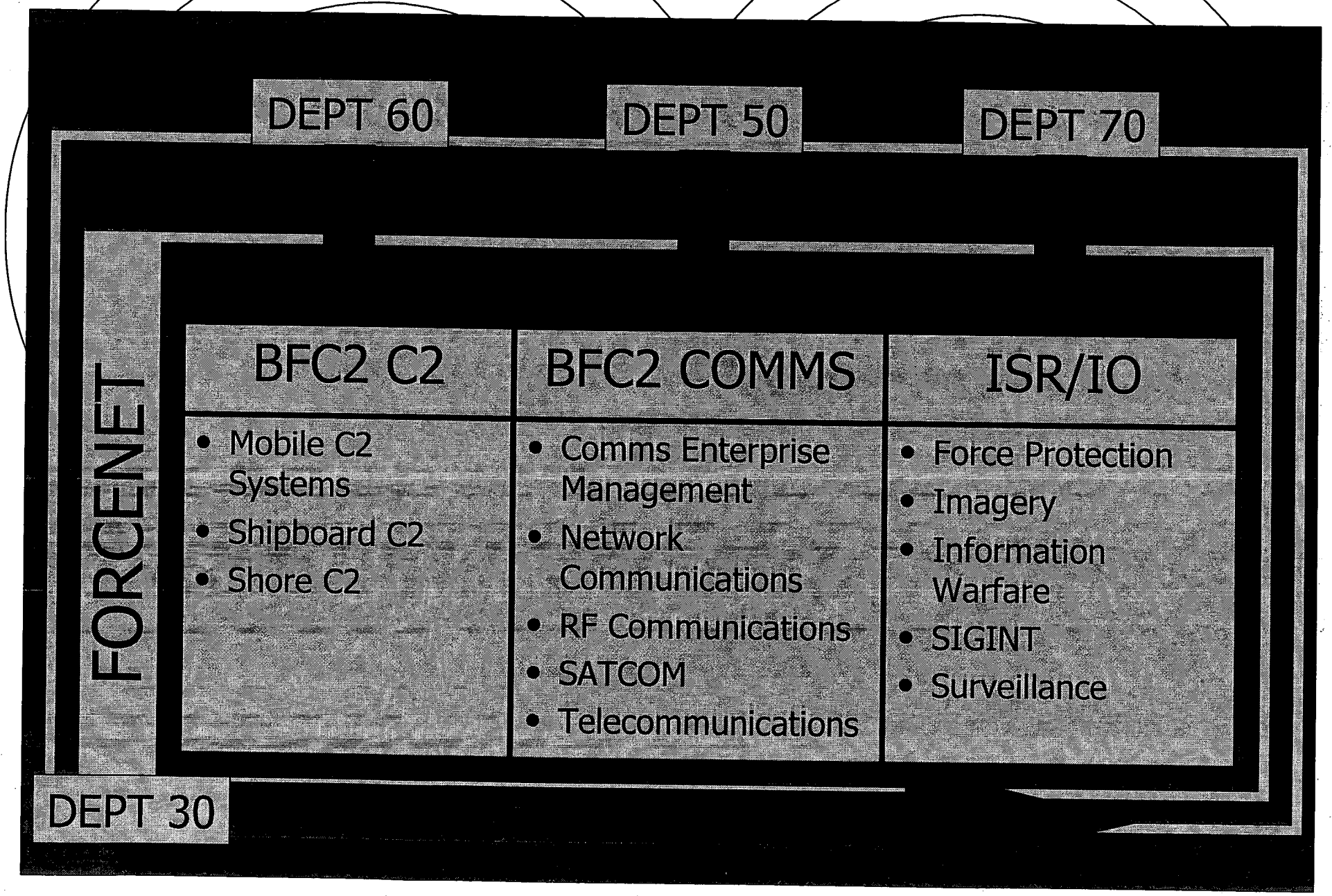
Screening Definitions

Category	Definition
No Longer Needed	Capability is no longer required by the DoN *(no such capabilities identified)*
Intrinsic	Capabilities that are essential to the DoN and must not be outsourced to industry regardless of industry's ability to substitute
Unique	Industry solutions cannot be established within a reasonable timeline and investment (including sale or operation by industry of existing DoN facilities)
Advantaged	Capabilities offered by industry but which reside with the DoN because the DoN: 1) can better control quality, meet schedules, meet performance specifications, and offer the lowest cost; 2) the demand is not sufficient for industry to maintain the capability 3) industry does not have the capacity
Already Outsourced	Capabilities that are being provided by industry or contractors today
Potential for Outsourcing	Capabilities that can be provided by industry or contractors

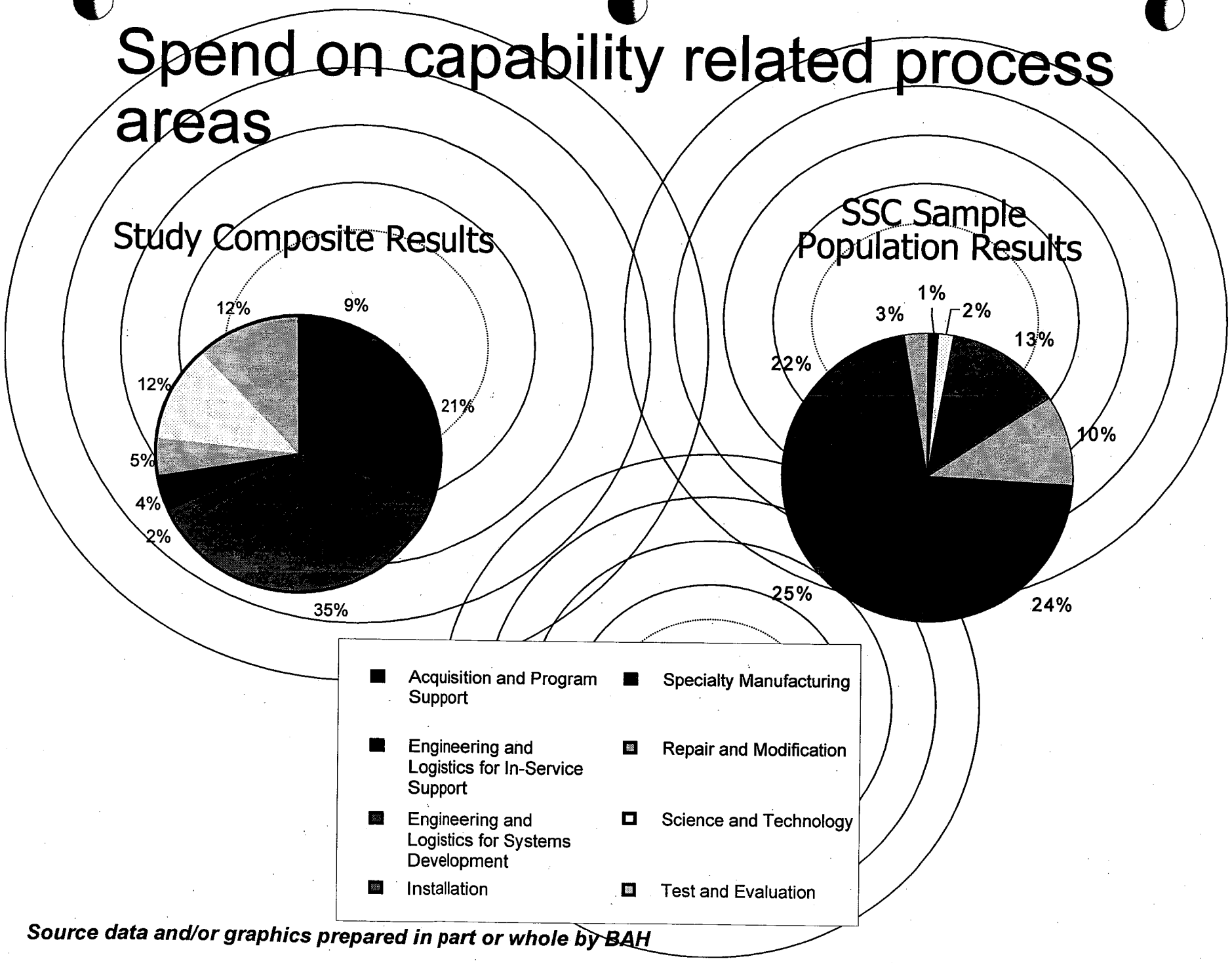


Source data and/or graphics prepared in part or whole by BAH

SSC CH products and capabilities align with Forcenet

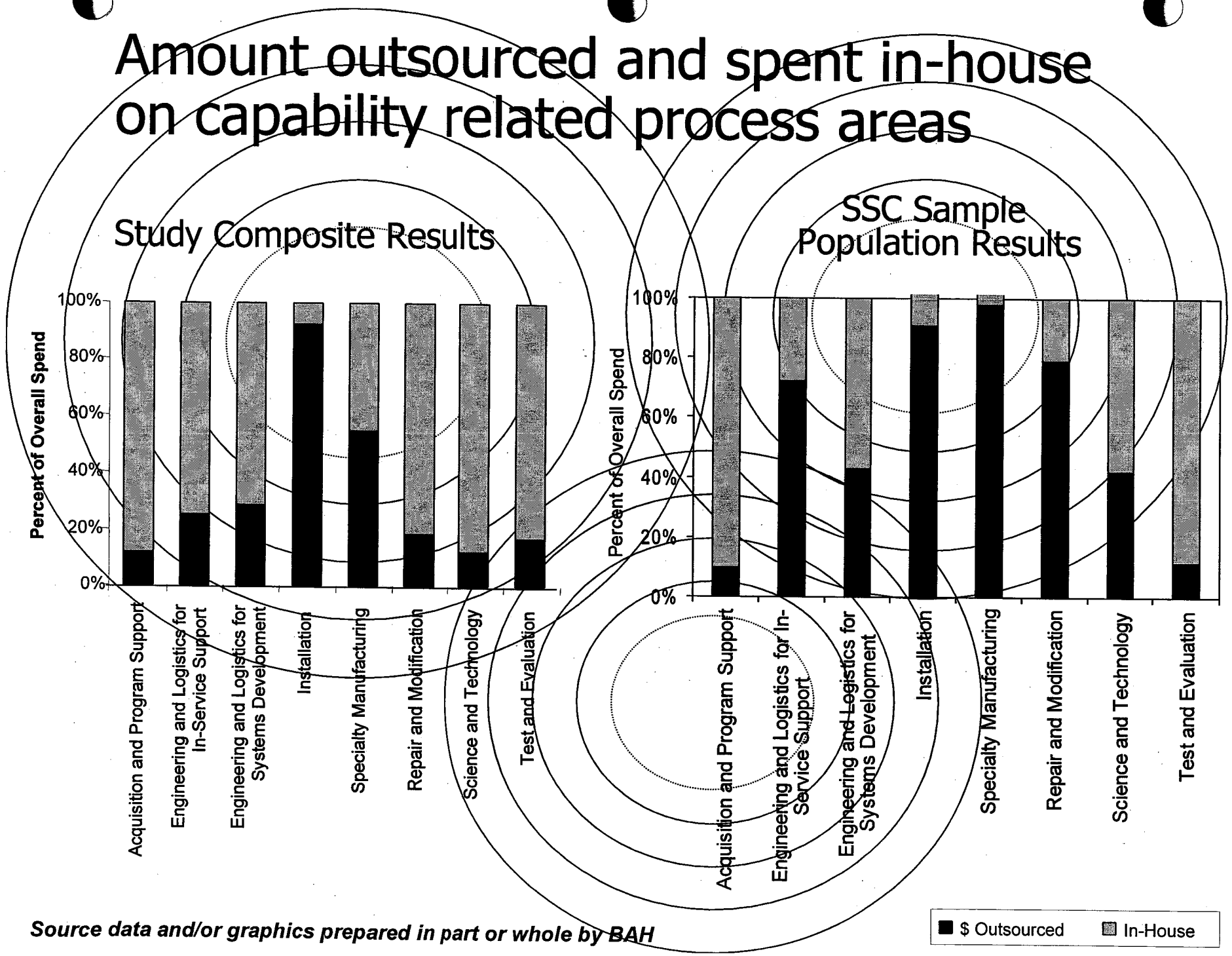


Spend on capability related process areas



Source data and/or graphics prepared in part or whole by BAH

Amount outsourced and spent in-house on capability related process areas

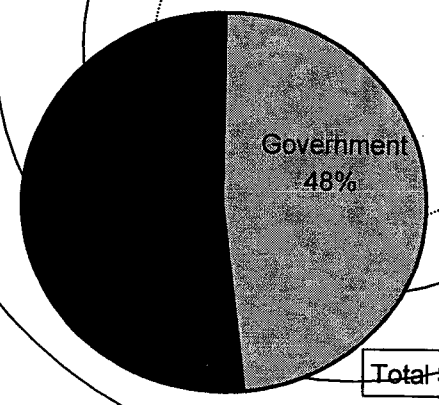


Source data and/or graphics prepared in part or whole by BAH

In-house/out-house analysis

Study Composite Results

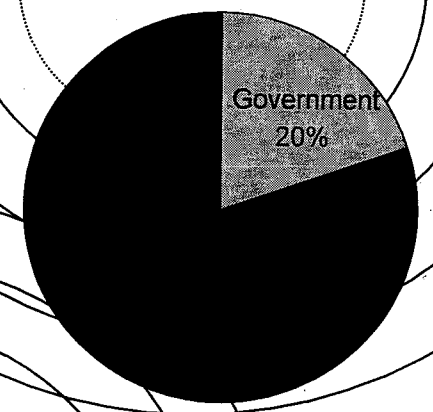
Capabilities Spend on Government and Contractor/Industry Resources



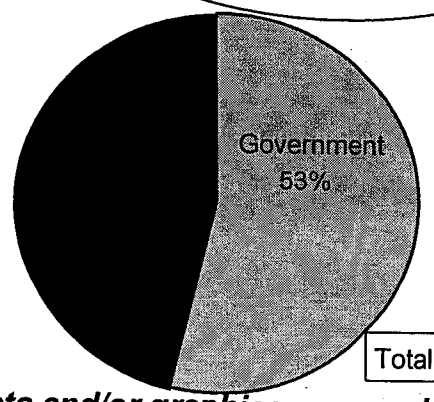
Total Spend = $8.80B

SSC Sample Population Results

Capabilities Spend on Government and Contractor/Industry Resources

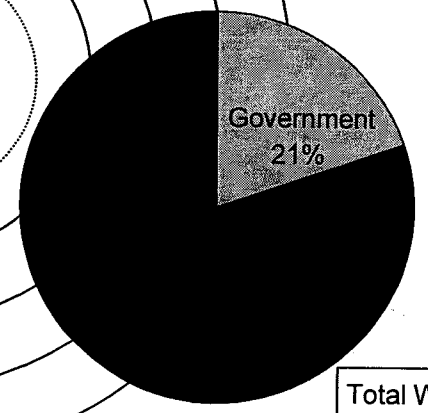


In-House and Outsourced Labor



Total Work-Years = 53,162

In-House and Outsourced Labor



Total Work-Years = 6,663

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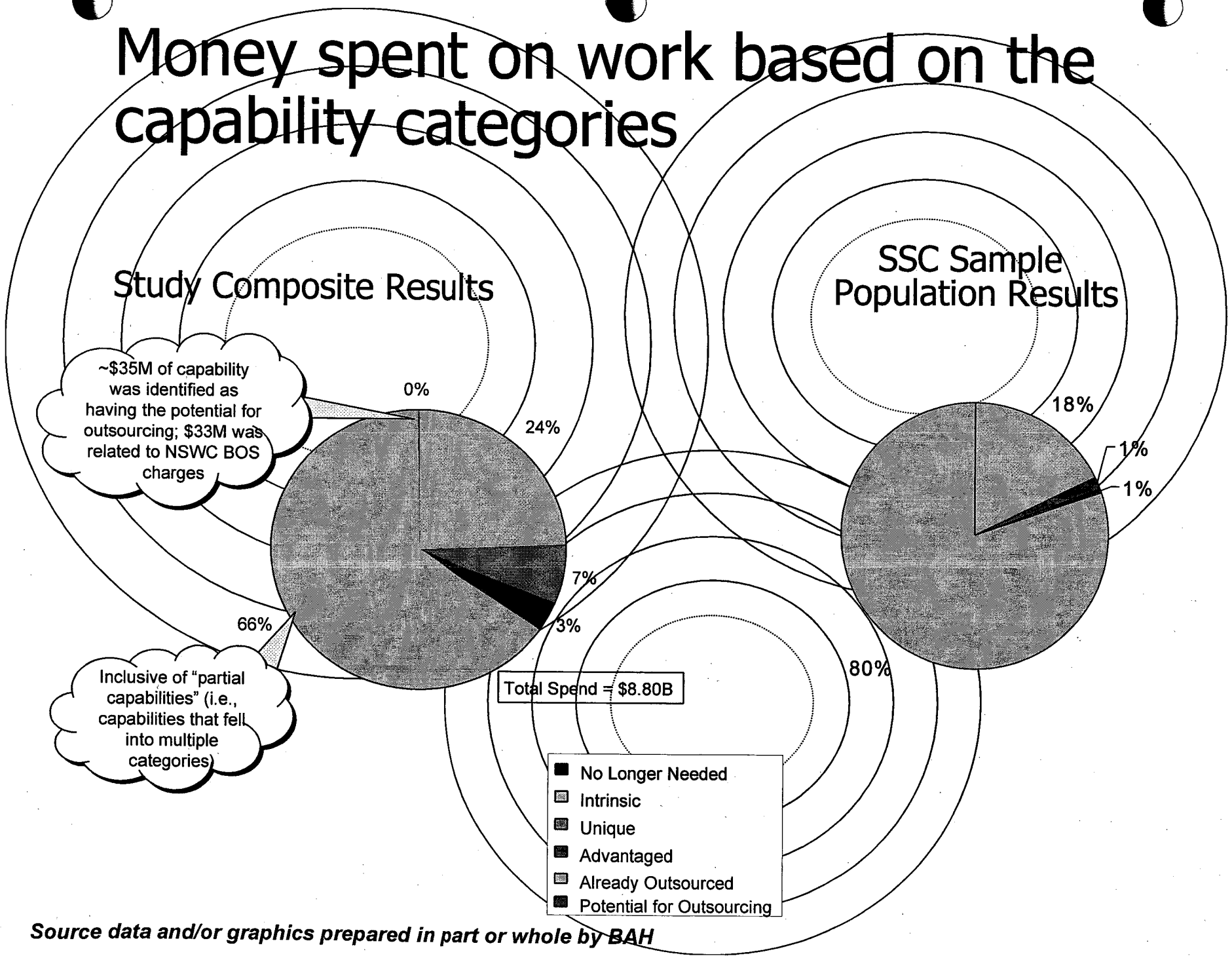
Money spent on work based on the capability categories



Source data and/or graphics prepared in part or whole by BAH

BAH Recommendations

- Pursue a best practices driven general G&A and support cost reduction across warfare centers
- Objectively refine what intrinsic, unique and advantaged missions and capabilities are for the warfare centers

Source data and/or graphics prepared in part or whole by BAH

Agenda

- Background
- Why this study was important to SSC Charleston
- Warfare Centers Effectiveness Information
- Financial Diagnostics
- Capabilities Assessment

[redacted]

Self assessment

- SSC CH is an inexpensive place to do business
  - Industry utilization maximized
    - Currently perform make/buy decisions to divest non-"advantaged" work
    - One of highest outsource ratios among warfare centers
  - Lowest G&A rate among warfare centers
    - Tenant not a host
    - New, modern and efficient facilities
    - Contracts service center provides for appropriate direct charge of contract actions
    - Geographic benefits (utilities, salaries, etc.)
    - Not a lot high-grade billets
    - Vigilant executive oversight of spending and rate determination
    - Modern business practices (ABC, EVM)
    - Increasing direct revenue base spreads fixed costs over more programs

Self assessment (continued)

- Products and capabilities for DON, DOD and Non-DOD are aligned with FORCENET
  - BFC2 C2
  - BFC2 COMMS
  - ISO/IR
- We are already doing significant joint work
- Non-DOD work is primarily in support of Homeland Defense (FBI, DOS, DOT, etc.)
- SECNAV is vigilantly searching for resources to recapitalize the Navy
  - SSC CH must:
    - Proactively continue to reduce overhead and streamline processes
    - Document savings and reinvestment

Questions?

Email requests for information to:

- Daniela.charles@navy.mil

From	To	
CHS	San Diego	30.0%
	Norfolk	12.5%
	Dahlgren	18.9%
	Tobyhanna	-2.5%

From	To	
San Diego	Charleston	23%

Contractors	32
Contractor Cost Differential	23%
Number of Years	18
Average Loaded Labor Rate	91,000
Contractor Savings	12,106,165

Civilians	233
Civilian Cost Differential	5.26%
Number of Years	18
Average Labor Rate	80,000
Civilian Savings	17,648,352

Total Savings	29,754,517

PRIM_STATE	AREA_NAME	OCC_TITLE	GROUP	TOT_EMP	HOURLY	DIFFERENCE				
SC	Charleston-North Charl	All Occupations	major	251130	15.38					
SC	Charleston-North Charl	Management occupations	major	14810	31.57		23.794			
SC	Charleston-North Charl	Business and financial operations occupations	major	7650	23.71					
SC	Charleston-North Charl	Computer and mathematical occupations	major	3750	22.6					
SC	Charleston-North Charl	Architecture and engineering occupations	major	6720	24.81					
SC	Charleston-North Charl	Life, physical, and social science occupations	major	1980	23.48					
SC	Charleston-North Charl	Community and social services occupations	major	2860	15.59					
SC	Charleston-North Charl	Legal occupations	major	1790	34.58					
SC	Charleston-North Charl	Education, training, and library occupations	major	16680	18.15					
SC	Charleston-North Charl	Arts, design, entertainment, sports, and media	major	2790	16.48					
SC	Charleston-North Charl	Healthcare practitioners and technical occupati	major	13170	26.18					
SC	Charleston-North Charl	Healthcare support occupations	major	5990	10.82					
SC	Charleston-North Charl	Protective service occupations	major	5740	13.3					
SC	Charleston-North Charl	Food preparation and serving related occupatio	major	26410	7.48					
SC	Charleston-North Charl	Building and grounds cleaning and maintenanc	major	10300	8.77					
SC	Charleston-North Charl	Personal care and service occupations	major	5860	9.5					
SC	Charleston-North Charl	Sales and related occupations	major	24800	12.47					
SC	Charleston-North Charl	Office and administrative support occupations	major	39400	12.36					
SC	Charleston-North Charl	Farming, fishing, and forestry occupations	major	510	10.16					
SC	Charleston-North Charl	Construction and extraction occupations	major	13580	14.12					
SC	Charleston-North Charl	Installation, maintenance, and repair occupatio	major	11620	16.28					
SC	Charleston-North Charl	Production occupations	major	15690	13.88					
SC	Charleston-North Charl	Transportation and material moving occupation	major	19010	11.77					
VA	Richmond-Petersburg,	All Occupations	major	543630	17.63	14.6%				
VA	Richmond-Petersburg,	Management occupations	major	25840	41.03	30.0%	28.282			
VA	Richmond-Petersburg,	Business and financial operations occupations	major	32080	25.52	7.6%				
VA	Richmond-Petersburg,	Computer and mathematical occupations	major	15960	29.45	30.3%				
VA	Richmond-Petersburg,	Architecture and engineering occupations	major	9390	27.62	11.3%				
VA	Richmond-Petersburg,	Life, physical, and social science occupations	major	5380	25.56	8.9%				
VA	Richmond-Petersburg,	Community and social services occupations	major	6150	17.38	11.5%				
VA	Richmond-Petersburg,	Legal occupations	major	4930	33.37	-3.5%				
VA	Richmond-Petersburg,	Education, training, and library occupations	major	29840	20.28	11.7%				
VA	Richmond-Petersburg,	Arts, design, entertainment, sports, and media	major	6240	20.2	22.6%				
VA	Richmond-Petersburg,	Healthcare practitioners and technical occupati	major	27210	24.22	-7.5%				
VA	Richmond-Petersburg,	Healthcare support occupations	major	13010	10.63	-1.8%				
VA	Richmond-Petersburg,	Protective service occupations	major	13310	15.63	17.5%				
VA	Richmond-Petersburg,	Food preparation and serving related occupatio	major	36170	8.42	12.6%				
VA	Richmond-Petersburg,	Building and grounds cleaning and maintenanc	major	18970	9.13	4.1%				
VA	Richmond-Petersburg,	Personal care and service occupations	major	11620	10.25	7.9%				
VA	Richmond-Petersburg,	Sales and related occupations	major	61930	16.11	29.2%				
VA	Richmond-Petersburg,	Office and administrative support occupations	major	99900	13.79	11.6%				
VA	Richmond-Petersburg,	Farming, fishing, and forestry occupations	major	440	12.58	23.8%				
VA	Richmond-Petersburg,	Construction and extraction occupations	major	27470	15.75	11.5%				
VA	Richmond-Petersburg,	Installation, maintenance, and repair occupatio	major	24090	17.79	9.3%				
VA	Richmond-Petersburg,	Production occupations	major	32310	14.78	6.5%				
VA	Richmond-Petersburg,	Transportation and material moving occupation	major	41380	12.24	4.0%				
DC	Washington, DC-MD-V	All Occupations	major	2703940	22.4	45.6%				

DC	Washington, DC-MD-V/	Management occupations	major	200290	44.01	39.4%	32.38	36.1%		
DC	Washington, DC-MD-V/	Business and financial operations occupations	major	192800	31.91	34.6%		4.7%		
DC	Washington, DC-MD-V/	Computer and mathematical occupations	major	174920	33.57	48.5%		-4.4%		
DC	Washington, DC-MD-V/	Architecture and engineering occupations	major	67030	32.99	33.0%				
DC	Washington, DC-MD-V/	Life, physical, and social science occupations	major	52470	35.48	51.1%				
DC	Washington, DC-MD-V/	Community and social services occupations	major	28160	20.42	31.0%				
DC	Washington, DC-MD-V/	Legal occupations	major	57560	44.86	29.7%				
DC	Washington, DC-MD-V/	Education, training, and library occupations	major	157460	22	21.2%				
DC	Washington, DC-MD-V/	Arts, design, entertainment, sports, and media	major	50450	25.16	52.7%				
DC	Washington, DC-MD-V/	Healthcare practitioners and technical occupati	major	111220	31.01	18.4%				
DC	Washington, DC-MD-V/	Healthcare support occupations	major	38890	12.48	15.3%				
DC	Washington, DC-MD-V/	Protective service occupations	major	72400	18.63	40.1%				
DC	Washington, DC-MD-V/	Food preparation and serving related occupatio	major	190470	9.06	21.1%				
DC	Washington, DC-MD-V/	Building and grounds cleaning and maintenanc	major	102970	10.64	21.3%				
DC	Washington, DC-MD-V/	Personal care and service occupations	major	56740	11.75	23.7%				
DC	Washington, DC-MD-V/	Sales and related occupations	major	250140	15.53	24.5%				
DC	Washington, DC-MD-V/	Office and administrative support occupations	major	480850	16.78	35.8%				
DC	Washington, DC-MD-V/	Farming, fishing, and forestry occupations	major	1290	12.75	26.5%				
DC	Washington, DC-MD-V/	Construction and extraction occupations	major	129620	18.07	28.0%				
DC	Washington, DC-MD-V/	Installation, maintenance, and repair occupatio	major	91650	19.42	19.3%				
DC	Washington, DC-MD-V/	Production occupations	major	71230	15.19	9.4%				
DC	Washington, DC-MD-V/	Transportation and material moving occupation	major	125350	14.48	23.0%				
CA	San Diego, CA MSA	All Occupations	major	1250730	18.81	22.3%				
CA	San Diego, CA MSA	Management occupations	major	70130	44.43	40.7%	30.94	30.0%	23%	
CA	San Diego, CA MSA	Business and financial operations occupations	major	55880	26.22	10.6%				
CA	San Diego, CA MSA	Computer and mathematical occupations	major	33480	33.19	46.9%				
CA	San Diego, CA MSA	Architecture and engineering occupations	major	31460	32.35	30.4%				
CA	San Diego, CA MSA	Life, physical, and social science occupations	major	15890	28.02	19.3%				
CA	San Diego, CA MSA	Community and social services occupations	major	16480	18.47	18.5%				
CA	San Diego, CA MSA	Legal occupations	major	7580	40.58	17.4%				
CA	San Diego, CA MSA	Education, training, and library occupations	major	75660	21.92	20.8%				
CA	San Diego, CA MSA	Arts, design, entertainment, sports, and media	major	13800	22.43	36.1%				
CA	San Diego, CA MSA	Healthcare practitioners and technical occupati	major	46000	30.47	16.4%				
CA	San Diego, CA MSA	Healthcare support occupations	major	28630	12.34	14.0%				
CA	San Diego, CA MSA	Protective service occupations	major	29590	17.92	34.7%				
CA	San Diego, CA MSA	Food preparation and serving related occupatio	major	111990	8.94	19.5%				
CA	San Diego, CA MSA	Building and grounds cleaning and maintenanc	major	45100	10.51	19.8%				
CA	San Diego, CA MSA	Personal care and service occupations	major	30870	10.61	11.7%				
CA	San Diego, CA MSA	Sales and related occupations	major	136550	16.22	30.1%				
CA	San Diego, CA MSA	Office and administrative support occupations	major	237400	14.34	16.0%				
CA	San Diego, CA MSA	Farming, fishing, and forestry occupations	major	3510	9.89	-2.7%				
CA	San Diego, CA MSA	Construction and extraction occupations	major	65480	19.77	40.0%				
CA	San Diego, CA MSA	Installation, maintenance, and repair occupatio	major	45650	18.51	13.7%				
CA	San Diego, CA MSA	Production occupations	major	78400	12.95	-6.7%				
CA	San Diego, CA MSA	Transportation and material moving occupation	major	71180	12.37	5.1%				
VA	Norfolk-Virginia Beach-I	All Occupations	major	705520	16.24	5.6%				
VA	Norfolk-Virginia Beach-I	Management occupations	major	26720	37.44	16.6%	26.76	12.5%	Compared to CHS	
VA	Norfolk-Virginia Beach-I	Business and financial operations occupations	major	30860	25.29	6.7%				

VA	Norfolk-Virginia Beach-I	Computer and mathematical occupations	major	16220	26.85	18.8%		15.6%	Compared to SD	
VA	Norfolk-Virginia Beach-I	Architecture and engineering occupations	major	20220	27.65	11.4%				
VA	Norfolk-Virginia Beach-I	Life, physical, and social science occupations	major	5240	25.85	10.1%				
VA	Norfolk-Virginia Beach-I	Community and social services occupations	major	8810	17.33	11.2%				
VA	Norfolk-Virginia Beach-I	Legal occupations	major	4920	41.48	20.0%				
VA	Norfolk-Virginia Beach-I	Education, training, and library occupations	major	45720	19.53	7.6%				
VA	Norfolk-Virginia Beach-I	Arts, design, entertainment, sports, and media	major	7440	19.49	18.3%				
VA	Norfolk-Virginia Beach-I	Healthcare practitioners and technical occupati	major	31440	26.47	1.1%				
VA	Norfolk-Virginia Beach-I	Healthcare support occupations	major	15340	9.87	-8.8%				
VA	Norfolk-Virginia Beach-I	Protective service occupations	major	18070	14.67	10.3%				
VA	Norfolk-Virginia Beach-I	Food preparation and serving related occupatio	major	61200	7.9	5.6%				
VA	Norfolk-Virginia Beach-I	Building and grounds cleaning and maintenanc	major	25800	8.9	1.5%				
VA	Norfolk-Virginia Beach-I	Personal care and service occupations	major	16330	9.14	-3.8%				
VA	Norfolk-Virginia Beach-I	Sales and related occupations	major	80370	12.99	4.2%				
VA	Norfolk-Virginia Beach-I	Office and administrative support occupations	major	119510	12.7	2.8%				
VA	Norfolk-Virginia Beach-I	Farming, fishing, and forestry occupations	major	480	11.87	16.8%				
VA	Norfolk-Virginia Beach-I	Construction and extraction occupations	major	41230	15.38	8.9%				
VA	Norfolk-Virginia Beach-I	Installation, maintenance, and repair occupatio	major	33550	16.58	1.8%				
VA	Norfolk-Virginia Beach-I	Production occupations	major	43090	14.45	4.1%				
VA	Norfolk-Virginia Beach-I	Transportation and material moving occupation	major	52950	12.24	4.0%				
FL	Pensacola, FL MSA	All Occupations	major	152500	14.55	-5.4%				
FL	Pensacola, FL MSA	Management occupations	major	5730	34.91	10.6%	24.26	1.9%	Compared to CHS	
FL	Pensacola, FL MSA	Business and financial operations occupations	major	5370	22.31	-5.9%				
FL	Pensacola, FL MSA	Computer and mathematical occupations	major	2970	24.28	7.4%		27.6%	Compared to SD	
FL	Pensacola, FL MSA	Architecture and engineering occupations	major	2290	24.79	-0.1%				
FL	Pensacola, FL MSA	Life, physical, and social science occupations	major	940	21.99	-6.3%				
FL	Pensacola, FL MSA	Community and social services occupations	major	2430	14.75	-5.4%				
FL	Pensacola, FL MSA	Legal occupations	major	1200	29.53	-14.6%				
FL	Pensacola, FL MSA	Education, training, and library occupations	major	10360	18.17	0.1%				
FL	Pensacola, FL MSA	Arts, design, entertainment, sports, and media	major	1650	16.84	-2.2%				
FL	Pensacola, FL MSA	Healthcare practitioners and technical occupati	major	8610	25.78	-1.5%				
FL	Pensacola, FL MSA	Healthcare support occupations	major	4280	10.09	-6.7%				
FL	Pensacola, FL MSA	Protective service occupations	major	4530	14.21	6.8%				
FL	Pensacola, FL MSA	Food preparation and serving related occupatio	major	14030	7.76	3.7%				
FL	Pensacola, FL MSA	Building and grounds cleaning and maintenanc	major	5180	8.51	-3.0%				
FL	Pensacola, FL MSA	Personal care and service occupations	major	3150	9.58	0.8%				
FL	Pensacola, FL MSA	Sales and related occupations	major	19320	11.68	-6.3%				
FL	Pensacola, FL MSA	Office and administrative support occupations	major	26880	11.75	-4.9%				
						-100.0%				
FL	Pensacola, FL MSA	Construction and extraction occupations	major	9660	12.14	-14.0%				
FL	Pensacola, FL MSA	Installation, maintenance, and repair occupatio	major	6500	14.99	-7.9%				
FL	Pensacola, FL MSA	Production occupations	major	8380	11.25	-18.9%				
FL	Pensacola, FL MSA	Transportation and material moving occupation	major	8420	10.87	-7.6%				
PA	Scranton--Wilkes-Barre-	All Occupations	major	276250	14.69	-4.5%				
PA	Scranton--Wilkes-Barre-	Management occupations	major	13620	30.11	-4.6%	23.19	-2.5%	Compared to CHS	
PA	Scranton--Wilkes-Barre-	Business and financial operations occupations	major	7760	20.22	-14.7%				
PA	Scranton--Wilkes-Barre-	Computer and mathematical occupations	major	2560	26.05	15.3%		33.4%	Compared to SD	
PA	Scranton--Wilkes-Barre-	Architecture and engineering occupations	major	3320	24.11	-2.8%				

PA	Scranton--Wilkes-Barre	Life, physical, and social science occupations	major	1170	22.48	-4.3%				
PA	Scranton--Wilkes-Barre	Community and social services occupations	major	5430	14.17	-9.1%				
PA	Scranton--Wilkes-Barre	Legal occupations	major	1730	23.98	-30.7%				
PA	Scranton--Wilkes-Barre	Education, training, and library occupations	major	14450	20.93	15.3%				
PA	Scranton--Wilkes-Barre	Arts, design, entertainment, sports, and media	major	2760	16.2	-1.7%				
PA	Scranton--Wilkes-Barre	Healthcare practitioners and technical occupati	major	18730	21.66	-17.3%				
PA	Scranton--Wilkes-Barre	Healthcare support occupations	major	7810	10.77	-0.5%				
PA	Scranton--Wilkes-Barre	Protective service occupations	major	4970	15.94	19.8%				
PA	Scranton--Wilkes-Barre	Food preparation and serving related occupatio	major	21870	7.61	1.7%				
PA	Scranton--Wilkes-Barre	Building and grounds cleaning and maintenanc	major	7770	9.27	5.7%				
PA	Scranton--Wilkes-Barre	Personal care and service occupations	major	5060	8.32	-12.4%				
PA	Scranton--Wilkes-Barre	Sales and related occupations	major	28730	12.1	-3.0%				
PA	Scranton--Wilkes-Barre	Office and administrative support occupations	major	50270	11.75	-4.9%				
PA	Scranton--Wilkes-Barre	Farming, fishing, and forestry occupations	major	280	11.29	11.1%				
PA	Scranton--Wilkes-Barre	Construction and extraction occupations	major	10950	16.18	14.6%				
PA	Scranton--Wilkes-Barre	Installation, maintenance, and repair occupatio	major	11290	15.46	-5.0%				
PA	Scranton--Wilkes-Barre	Production occupations	major	30910	13.09	-5.7%				
PA	Scranton--Wilkes-Barre	Transportation and material moving occupation	major	24810	12.14	3.1%				
FL	Jacksonville, FL MSA	All Occupations	major	535350	16.15	5.0%				
FL	Jacksonville, FL MSA	Management occupations	major	20830	39.74	25.9%	27.57	15.9%	Compared to CHS	
FL	Jacksonville, FL MSA	Business and financial operations occupations	major	25950	24.77	4.5%				
FL	Jacksonville, FL MSA	Computer and mathematical occupations	major	12470	31.94	41.3%		-10.9%	Compared to SD	
FL	Jacksonville, FL MSA	Architecture and engineering occupations	major	8160	24.75	-0.2%				
FL	Jacksonville, FL MSA	Life, physical, and social science occupations	major	3040	22.03	-6.2%				
FL	Jacksonville, FL MSA	Community and social services occupations	major	5640	15.35	-1.5%				
FL	Jacksonville, FL MSA	Legal occupations	major	4980	34.95	1.1%				
FL	Jacksonville, FL MSA	Education, training, and library occupations	major	25170	16.29	-10.2%				
FL	Jacksonville, FL MSA	Arts, design, entertainment, sports, and media	major	5240	18.59	12.6%				
FL	Jacksonville, FL MSA	Healthcare practitioners and technical occupati	major	25900	25.03	-4.4%				
FL	Jacksonville, FL MSA	Healthcare support occupations	major	10710	10.57	-2.3%				
FL	Jacksonville, FL MSA	Protective service occupations	major	12340	14.4	8.3%				
FL	Jacksonville, FL MSA	Food preparation and serving related occupatio	major	42210	8.05	-7.6%				
FL	Jacksonville, FL MSA	Building and grounds cleaning and maintenanc	major	16310	9.38	7.0%				
FL	Jacksonville, FL MSA	Personal care and service occupations	major	12340	8.75	-7.9%				
FL	Jacksonville, FL MSA	Sales and related occupations	major	64040	15.64	25.4%				
FL	Jacksonville, FL MSA	Office and administrative support occupations	major	113100	12.71	2.8%				
FL	Jacksonville, FL MSA	Farming, fishing, and forestry occupations	major	**	6.83	-32.8%				
FL	Jacksonville, FL MSA	Construction and extraction occupations	major	31710	14.71	4.2%				
FL	Jacksonville, FL MSA	Installation, maintenance, and repair occupatio	major	22410	16.63	2.1%				
FL	Jacksonville, FL MSA	Production occupations	major	24350	13.4	-3.5%				
FL	Jacksonville, FL MSA	Transportation and material moving occupation	major	43710	12.8	8.8%				

From: Kirsch, Spanky, Mr, OSD-NII
Sent: Tuesday, March 29, 2005 4:43 PM
To: Wells II, Linton, Dr, OSD-NII
Cc: Fila, Brian, SES, OSD-NII; Palermo, Richard, LtCol, OSD-NII
Subject: SPAWAR Trip Report (U)

UNCLASSIFIED
Sir,

I travelled to SPAWAR Charleston last week for briefings that were originally set up for the both of us. The trip to SPAWAR Systems Center Charleston illustrated an engineering facility that has application across the complete Joint War-fighter environment with a significant amount of effort within other agencies outside of DoD. They are not just a Navy Lab but could form the basis for a Joint War-fighter Engineering Facility. They have completed and matured systems engineering and methodologies to evaluate programs of record to not only net-centric compliance but the illustration of this information in an Enterprise fashion for the decision makers. The visit also increased my awareness of their advanced capability to support Services Oriented Architecture development through their experience with Marian Cherry's Horizontal Fusion effort. They have drawn on lessons learned and implementation experience that place them 18 to 24 months ahead of our other DoD initiatives. They are currently engaged in discussions with DISA to support NCES DT&E and GIG-BE FOT&E efforts, and as you will see in this report, I recommend encouraging this relationship through continued funding. Our HF investment can be leveraged to optimize the effectiveness of DISA programs across the board.
I was surprised to find that I was the highest ranking person to visit SSC Charleston in awhile. Therefore, I also recommend that you send a more senior delegation to Charleston to further explore the broad spectrum of ground breaking C4ISR work that the center is doing, perhaps RADM Brown or MG Q. <<Trip Report - Kirsch v1.doc>>

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CLOSING REMARKS

HEARING TESTIMONY

Testimony of Joseph P. Riley, Jr.
Mayor, City of Charleston, SC
June 28, 2005

Gentlemen, my name is Joe Riley and I am the Mayor of the City of Charleston. I would like to draw our portion of the hearing to a close by summarizing the reasons we believe we have presented the justification needed for you to question the validity of DoD's recommendation to relocate NAVFAC Southern Division as well as enough data to run an alternative scenario of the moving of Information Technology positions from Dahlgren, Virginia and Newport, Rhode Island to SPAWAR San Diego.

As Mayor Summey said earlier, our community understands BRAC from our first-hand experience a decade ago. Yes, it is true that Charleston has recovered. Today our economy is diverse and thriving and partly so because of BRAC. BRAC not only took away jobs in our community, it has also brought them here.

An outcome of the decision to close the Charleston Naval Base and Shipyard in 1993 was a decision to consolidate several NAVELEX facilities along the East Coast to Charleston. Now named SPAWAR, the SPAWAR Charleston facility is the most efficient and cost effective such facility in the US Navy today. It has helped to

transform our own economy by providing highly skilled, highly technical and yes, high paying jobs to Charleston.

The impact is great to our community, but the more important thing for DoD is that SPAWAR Charleston is one of the most capable C4ISR activities in the entire US Government. It is located in technically advanced, state-of-the-art facilities with room for expansion. And most importantly, SPAWAR Charleston is known for its ability to harvest technology quickly and efficiently and get that technology to the warfighter as fast as possible.

Does it make sense to move talent and technology to a higher cost area when the synergy already exists in Charleston? We think not and encourage you to take a fresh look at the option we have presented this afternoon.

Second, the decision to relocate NAVFAC Southern Division from Charleston to Jacksonville is not just a substantial deviation from the BRAC criteria– it is total deviation. In today's operating environment where the world of work is virtual in scope – how can a decision that facilities need to be collocated with headquarters and near where the fleet is located make any sense whatsoever when one looks at where the work is located across many states?

NAVFAC has a set of metrics which it measures to track the performance of all of its engineering commands monthly– all of them, not just Southern Division. So why would DoD not look at NAVFAC's own set of performance metrics when evaluating the military value of each facility? Instead, they made up another set of measures of military value. A set of measures that ranks a facility as having a higher military value if it is located with headquarters. We hope your staff has had a chance to review the NAVFAC metrics since your earlier visit to Charleston.

America's large, private sector Engineering, Procurement and Construction firms comparable to NAVFAC – companies such as Bechtel, Parsons, Kellog Brown Root, Flour Daniel, and others, have large central engineering and technical staffs to serve their clients. They forward deploy limited liaison personnel to the customers' locations, but do not break up and realign their engineering talent to relocate to the geographic location of their clients. It would be too expensive and not allow them to build a competent technical cadre to be competitive in their sector. They do not move there reach-back engine to chase their corporate headquarters (Flag) or workload.

Does the Navy or Department of Defense have some new engineering management philosophy break through that CEOs of America's largest engineering firms have not yet discovered?

And why did DoD combine the Philadelphia and Charleston facilities for the cost savings estimates? When you remove Philadelphia, the recommendation to close Charleston costs DoD $57 million. Staying in their current leased facility in Charleston saves DoD more money than relocating the Jacksonville and preserves the intellectual capital of their most productive engineering facilities command.

Just these facts alone should cause you to question the validity of the analysis as we did. Combine that with an option to locate into a protected DOD facility for one dollar per year and I am sure that you will ask for these additional scenarios to be examined.

In closing, I would like to remind you that Charleston is a military town. Today, we have over 27,000 active duty, reserve, National Guard and civilians employed in our community. Why has the military continued to expand in Charleston?

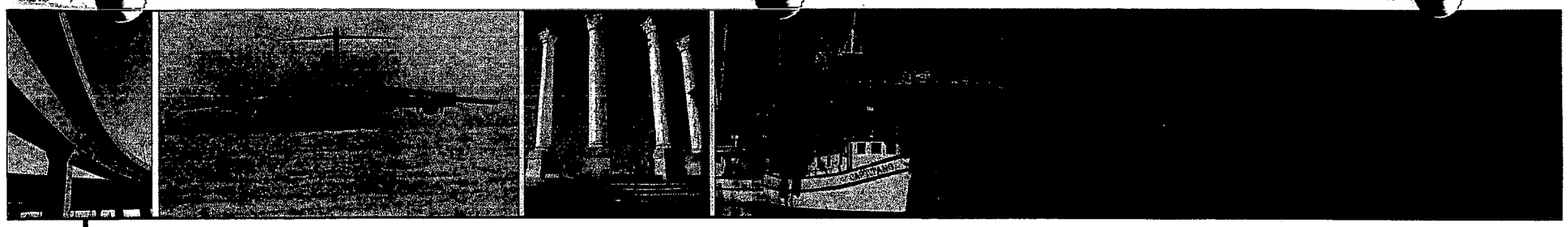
Because Charleston is a 21st Century Joint Transportation, Logistics, Engineering and Training Complex. One that leads and is already part of DoD's transformation and is well positioned to expand even further.

We are also a community where we embrace the military and understand that the men and women at our area military facilities are our Boy and Girl Scout Leaders, Little League coaches and Sunday school teachers. As such, they are the very fabric of our community and have been so for more than a century.

As a community, we are extremely proud of the significant contributions that all our local military commands and forces have made and continue to make in support of the global war on terrorism and our nation's defense. Charleston is a true model of joint use and a strategic inter-modal transportation hub.

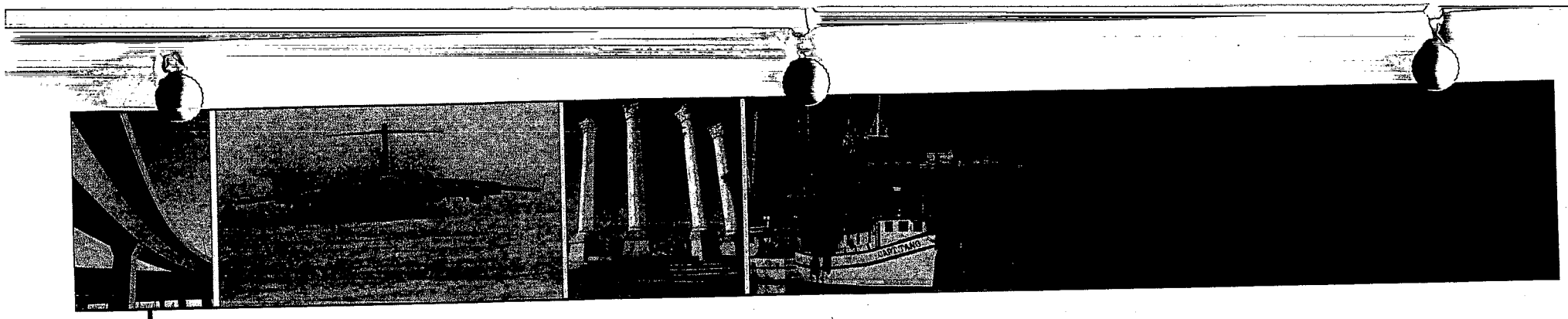
Thank you very much for your time. We will be happy to answer any questions that you may have.

SLIDES



Joseph P. Riley, Jr.

Mayor, City of Charleston



Charleston Region
South Carolina

A 21st Century Joint Transportation, Logistics, Engineering and Training Complex