Audit Report

OFFICE OF THE INSPECTOR GENERAL

QUICK-REACTION REPORT ON THE REVIEW OF DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET DATA FOR MACDILL AIR FORCE BASE, LUKE AIR FORCE BASE, AND SEYMOUR JOHNSON AIR FORCE BASE

Report Number 92-086 May 7,1992

Department of Defense

The following acronyms are used in this report.

AFB.....Air Force Base
COBRA.....Cost of Base Realignment Actions
FMSE.....Fuels Mobility Support Equipment
MILCON.....Military Construction

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

Report No. 92-086 May 7, 1992

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for MacDill Air Force Base, Luke Air Force Base, and Seymour Johnson Air Force Base (Project No. 2CG-5022.02)

We are providing this final report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for FY 1992 and 1993," December 5, 1991. The Law prescribes that we evaluate significant increases in military construction (MILCON) project costs over the estimated costs provided to the Base Closure and Realignment Commission. This report is one in a series of reports relating to FY 1993 MILCON costs and addresses the partial closing of MacDill Air Force Base and realignment of its functions to Luke and Seymour Johnson Air Force Bases. Comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Therefore, the Assistant Secretary of the Air Force must provide final comments on the unresolved Recommendation 1. by May 22, 1992. The comments must indicate concurrence or nonconcurrence in the recommendations addressed to you. If you concur, describe the corrective actions taken or planned, the completion dates for actions already taken, and the estimated completion dates for planned actions. If you nonconcur, please state your specific reasons. If appropriate, you may propose alternative methods for accomplishing desired improvements. If you nonconcur with the estimated monetary benefits or any part thereof, you must state the amount you nonconcur with and the basis for your nonconcurrence.

The courtesies extended to the audit staff are appreciated. If you have any questions on this report, please contact

Mr. Wayne K. Million at (703) 614-6281 (DSN 224-6281) or Mr. Gary Padgett at 614-3459 (DSN 224-3459). The planned distribution of this report is listed in Appendix C.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

cc:
Secretary of the Air Force
Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

Office of the Inspector General, DoD

AUDIT REPORT NO. 92-086 May 7, 1992
(Project No. 2CG-5022.02)

QUICK-REACTION REPORT ON THE REVIEW OF DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET DATA FOR MACDILL AIR FORCE BASE, LUKE AIR FORCE BASE, AND SEYMOUR JOHNSON AIR FORCE BASE

EXECUTIVE SUMMARY

Introduction. The review was directed by Public Law 102-190, "National Defense Authorization Act for FY 1992 and 1993." This Public Law states that the Secretary of Defense shall ensure that the amount of the authorization requested by DoD for each military construction project, associated with base closure and realignment actions, does not exceed the original estimated costs provided to the Base Closure and Realignment Commission. The Secretary is required to submit to Congress an explanation of the reasons for the differences in a project's requested amount and the estimated cost provided to the Commission. The Inspector General, DoD, is required to review each military construction (MILCON) project for which there was a significant difference and provide the results of the review to the Secretary for forwarding to Congress. This report is one in a series of reports relating to FY 1993 MILCON costs increases for closing and realigning bases.

Objective. The objective of the overall review was to evaluate significant cost increases over the estimated costs provided to the Base Closure and Realignment Commission for base closure and realignment MILCON projects. This report provides the results of the review related to the partial closing of MacDill Air Force Base and realignment of the functions to Luke Air Force Base and Seymour Johnson Air Force Base.

Audit Results. We determined that the four FY 1993 MILCON projects valued at $9.6 million, related to the realignment of MacDill Air Force Base, were generally supported. However, the Air Force could reduce MILCON costs for two projects by $702,000 to $1.95 million by using existing facilities and deleting unnecessary requirements.

Internal Controls. We did not include a review of internal controls as related to the objective because of the time sensitivity of the data reviewed.

Potential Benefits of Audit. We determined that by implementing our recommendations, monetary benefits could range from $702,000 to $1.95 million (see Appendix A).

Summary of Recommendations. We recommended using the existing perimeter and security fence instead of new construction at MacDill Air Force Base and reducing $702,000 from the cost of a $6.05 million fuels mobility support equipment complex at Seymour Johnson Air Force Base.

Management Comments. The Air Force Deputy Director of Operations, Deputy Chief of Staff, Plans and Operations nonconcurred with Recommendation 1. to use existing perimeter and security fencing. The Deputy Director stated that the reuse would be cost prohibited and very labor intensive and added that if the runway is reused as an active airport, the new owner would require the fencing.

Comments received from the Air Force indicated that the use of existing transportable multilevel supply aides from MacDill Air Force Base to Luke Air Force Base was considered in the requirements; that the available storage facilities at Luke Air Force Base are not large enough to accommodate the multilevel aides; and that there is a need for the aides at the MacDill Base Supply. Accordingly, we have deleted our draft report Recommendation 2., and Recommendation 3. of the draft report has been renumbered as Recommendation 2. in this final report.

The Deputy Director concurred with draft report Recommendation 3. and reduced the the Fuels Mobility Support Equipment facility project at Seymour Johnson Air Force Base by $702,000.

We request that the Air Force reconsider its position and provide additional comments on Recommendation 1. We believe that the fencing fabric could be reused and substantial savings could be realized. The full discussion of the management comments is in Part II of this report, and the complete text of management comments is in Part III. Additional comments are requested by May 22, 1992.

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This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Information Officer, Audit Planning and Technical Support Directorate, (703) 614-6303 (DSN 224-6303).

PART I - RESULTS OF AUDIT

Introduction

On March 6, 1992, we announced our review of Defense Base Closure and Realignment Budget Data. The review was directed by Public Law 102-190, "National Defense Authorization Act for FY 1992 and 1993," December 5, 1991. The objective of the review was to evaluate significant increases in military construction project costs over the estimated costs provided to the Base Closure and Realignment Commission. This report is one in a series of reports relating to FY 1993 military construction (MILCON) costs for closing and realigning bases and addresses the partial closure and realignment of MacDill Air Force Base (AFB), Florida.

We found that the four proposed FY 1993 MILCON projects totaling $9.6 million, related to the realignment of MacDill AFB, were generally supported. However, the Air Force could reduce MILCON costs on two projects. The project request for new perimeter and security fencing at MacDill AFB did not consider the reuse of the existing perimeter and security fence. The cost of a fuels mobility support equipment (FMSE) complex at Seymour Johnson AFB should be reduced by $702,000 because the oxygen generating plant storage facilities were deleted.

Background

Public Law 102-190 states that the Secretary of Defense shall ensure that the amount of the authorization requested by DoD for each MILCON project associated with base closure and realignment actions does not exceed the original estimated cost provided to the Base Closure and Realignment Commission. The Secretary is required to submit to Congress an explanation of the reasons for the differences in a project's requested amount and the initial estimated cost. Also, the Inspector General, DoD, is required to review each MILCON project for which there was a significant cost difference.

Base closure and realignment costs submitted to the 1991 Base Closure and Realignment Commission were developed from a computer model, "Cost of Base Realignment Actions" (COBRA), initially developed during the 1988 base closure process. The model was used to estimate the potential costs and savings associated with realignment recommendations. Specifically, the model estimated one-time realignment and closure costs, such as administrative planning and support, personnel actions, moving, construction, procurement and construction cost avoidances, and other one-time costs and cost avoidances.

The COBRA model also estimated recurring costs and savings. However, the costs were developed as a "closure and realignment package" for a particular closing or base realignment and were

not developed by specific MILCON projects for each installation affected by the recommendations.

Scope

Because we were unable to determine the amount of cost increases for each MILCON project related to a base closure, we compared the total COBRA construction cost for each base closure package to the Military Department's MILCON budget submission for FY 1993 and future years. Our comparison found 13 base closure packages with increases ranging from $1.1 million to $35.3 million. We selected seven packages for review. Each had an increase in cost of 20 percent or greater. This report covers the MacDill AFB closure and realignment package.

The Base Closure and Realignment Commission recommended that MacDill AFB, realign its force structure and partially close the base by mid-FY 1994. All F-16 aircraft will transfer to Luke AFB, Arizona, and the fuels mobility support equipment complex will transfer to Seymour Johnson AFB, North Carolina. The airfield will close while the remainder of the MacDill AFB complex will become an administrative base. The original COBRA estimate for military construction was $9.4 million. The FY 1993 through FY 1995 MILCON budget for base closure at MacDill AFB totaled $37.3 million, an increase of $27.9 million or 297 percent. The Air Force FY 1993 Budget submission explained that the increase was caused by the use of more detailed costs estimates resulting from actual on-site surveys to definitize the requirements.

We reviewed the justification for the four FY 1993 MILCON projects totaling $9.6 million, located at the three Air Force Bases and related to the MacDill AFB realignment. The remaining projects, currently estimated at $27.6 million, are scheduled for FY 1994 and FY 1995.

Audit period, locations, and standards. This economy and efficiency audit was conducted at the activities listed in Appendix B during March 1992. We did not rely on computerized data to conduct this review. Additionally, we did not review internal controls related to our objective because of the time sensitivity of the data under review. Except as noted, the review was made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Other Audits

In addition to this report, the following audits were conducted, or are in process, by the Office of the Inspector General, DoD related to the overall objective.

- The base closure of Fort Benjamin Harrison, Indiana, and the realignment of some of its functions to Fort Meade, Maryland, including the realignment of functions scheduled to move to Fort Benjamin Harrison from Fort Sheridan, Illinois, but instead, realigned to Fort Knox, Kentucky (IG, DoD Report No. 92-087).

- The base closure of Naval Station Philadelphia, Pennsylvania, and the realignment of Naval Aviation Engineering Service Unit to Naval Air Warfare Center, Lakehurst, New Jersey (IG, DoD Report No. 92-085).

- The closing of Carswell AFB, Texas and the realignment of some of its functions to Minot AFB, North Dakota; Barksdale AFB, Louisiana; Dyess AFB, Texas; and Tinker AFB, Oklahoma (IG, DoD Project No. 2CG-5022.04).

- The realignment of Navy Fleet Support Activities to Naval Surface Warfare Center, Dahlgren, Virginia, and Naval Underwater Warfare Center, Carderock, Maryland (IG, DoD Project No. 2CG-5022.05)

The General Accounting Office is conducting an audit (GAO Code 398100) of the closure of Rock Island Arsenal, Illinois, and various other minor activities with functions being realigned to Redstone Arsenal, Huntsville, Alabama.

The Army Audit Agency is also performing an audit, Project No. S1732C, "Audit of BRAC-91 Construction Costs," which includes coverage of our objectives at two activities.

- The realignment of functions from Fort Benjamin Harrison to Fort Jackson, South Carolina.

- The closure of Fort Ord, California, and the realignment of some of its functions to Fort Lewis, Washington.

We will submit a summary report to the Secretary of Defense upon completion of the audits of all seven base closure packages with significant FY 1993 cost increases over the costs submitted to the Commission.

Discussion

Fencing/gatehouse/utilities isolation - MacDill AFB, (Project NVZR940081). A new perimeter and security fence (40,600 linear feet) will be required for MacDill AFB as a result of base closure and realignment actions. This fence is estimated to cost $1.25 million. We determined that the estimated MILCON costs computation is supported; however, MacDill AFB did not consider reusing the existing perimeter and security fence material, which would reduce the total cost of the proposed project. MacDill AFB property records show approximately 291,000 linear feet of existing perimeter and security fence on the base.

Add to base supply warehouse - Luke AFB, (Project NUEX913011). The transfer of F-16 aircraft from MacDill AFB to Luke AFB will require additional base supply storage facilities. This project calls for Luke AFB to expand an existing squadron parts storage facility by 15,300 square feet to handle an increased supply parts requirement. The total MILCON project cost is $1.3 million. The existing facilities will not accommodate the supply storage requirement to support additional aircraft because the facilities were fully utilized. Luke AFB had adequate documentation to justify the cost of the project.

Conventional munitions shop - Luke AFB (Project NUEX913018). In this proposed project, costing $1.0 million, Luke AFB will construct a munitions facility to relocate F-16 aircraft from MacDill AFB because the existing facilities were inadequate. Current operations must be performed in single bays. This causes congested maintenance areas, which is a safety hazard, and also creates the high-risk of an accidental explosion. Luke AFB provided adequate documentation to justify the cost of the project.

Fuels mobility support equipment complex - Seymour Johnson AFB (Project VKAG933007). The FMSE will be transferred to Seymour Johnson AFB as part of the realignment of MacDill AFB. This project will construct, add to, and alter facilities to accommodate storage, maintenance, and personnel training for FMSE. Seymour Johnson AFB does not have adequate facilities to store and maintain vehicles and equipment, which includes newly acquired mobile liquid oxygen and nitrogen generating plants; stationary and mobile storage tanks; and War Readiness Spares Kits. The estimated MILCON cost for this project is $6.05 million. We found that the Seymour Johnson project was adequately supported. The base had obtained FMSE facilities information from MacDill AFB that was in final design stage prior to the base realignment decision. Seymour Johnson AFB was using the MacDill AFB designs to develop its site plans for the FMSE facilities. A requirement for an oxygen generating plant storage facility at Seymour Johnson was deleted from the project; however, the $702,000 cost to build this facility was not deleted from the MILCON project costs.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

We recommend that the Commander, Tactical Air Command:

1. Use existing perimeter and security fence materials, to the maximum extent possible, to satisfy the MacDill Air Force Base perimeter and security fence requirement.

Management comments. The Air Force Deputy Director of Operations, Deputy Chief of Staff, Plans and Operations

nonconcurred with the recommendation stating that reuse of the fencing would be cost-prohibitive. The Deputy Director agreed that the fencing fabric and some outrigging could be reused, but this action would be very labor intensive and would be more costly than purchasing new material.

Audit response. The Air Force comments are partially responsive. Prior to our review, the Air Force had not considered this alternative. We would like to know the Air Force estimated cost of removing the existing material and how that estimate was formulated. Accordingly, we request that the Air Force provide additional comments concerning the reuse of the existing fencing materials.

2. Reduce the total project cost for Fuels Mobility Support Equipment facilities at Seymour Johnson Air Force Base, Project VKAG933007, by $702,000.

Management comments. The Deputy Director concurred with the recommendation and stated that the total project cost for the Fuels Mobility Support Equipment facilities at Seymour Johnson Air Force Base was reduced by $702,000.

Deleted recommendation. Comments received from the Air Force indicated that the use of existing transportable multilevel supply aides from MacDill Air Force to Luke Air Force Base was considered in the requirements; that the available storage facilities at Luke Air Force Base are not large enough to accommodate the multilevel aides; and that there is a need for the aides at the MacDill Base Supply. Accordingly, we have deleted our draft report Recommendation 2. Recommendation 3. has been renumbered as Recommendation 2. in this final report.

PART II - ADDITIONAL INFORMATION

APPENDIX A - Summary of Potential Benefits Resulting from Audit

APPENDIX B - Activities Visited or Contacted

APPENDIX C - Report Distribution

APPENDIX A - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation Reference	Description of Benefits	Amount and/or Type of Benefit
1.	Economy and Efficiency. Use existing fence materials to satisfy new perimeter and security fence requirement for Project NVZR940081.	Monetary benefits cannot be quantified. */
2.	Economy and Efficiency. Reduce proposed MILCON project cost for Fuels Mobility Support Equipment facilities. for FY 1993.	Funds put to better use of $702,000 to the Military Construction Appropriation

*/ Monetary benefits could range from 0 to $1.25 million. Monetary benefits will occur to the extent existing material is used to satisfy the fence requirement. The amount of monetary benefits achieved can be calculated after the project is completed.

APPENDIX B - ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Comptroller of the Department of Defense, Washington, DC

Department of the Air Force

Deputy Chief of Staff, Plans & Operations, Washington, DC
Tactical Air Command, Langley Air Force Base, VA
56th Fighter Wing, MacDill Air Force Base, FL
58th Fighter Wing, Luke Air Force Base, AZ
4th Wing, Seymour Johnson Air Force Base, NC

APPENDIX C - REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

Department of the Air Force

Secretary of the Air Force
Under Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations, and Environment)
Deputy Chief of Staff, Plans and Operations
Headquarters, Tactical Air Command
56th Fighter Wing, MacDill Air Force Base
58th Fighter Wing, Luke Air Force Base
4th Wing, Seymour Johnson Air Force Base
Director, Air Force Audit Agency

Non-DOD

Office of Management and Budget
U.S. General Accounting Office, NSIAD Technical Information Center

Congressional Committees:

Senate Subcommittee on Defense, Committee on Appropriations
Ranking Minority Member, Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Ranking Minority Member, Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Ranking Minority Member, Senate Committee on Governmental Affairs
House Committee on Appropriations
Ranking Minority Member, House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
Ranking Minority Member, House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
Ranking Minority Member, House Committee on Armed Services
House Committee on Government Operations
Ranking Minority Member, House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations
Ranking Minority Member, House Subcommittee on Legislation and National Security, Committee on Government Operations

APPENDIX C - REPORT DISTRIBUTION (continued)

Congressional Committees: (continued)

Senator Dennis DeConcini, U.S. Senate
Senator Bob Graham, U.S. Senate
Senator Jesse A. Helms, U.S. Senate
Senator Connie Mack, U.S. Senate
Senator John McCain, U.S. Senate
Senator Terry Sanford, U.S. Senate
Congressman Sam M. Gibbons, U.S. House of Representatives
Congressman Martin Lancaster, U.S. House of Representatives
Congressman Bob Stump, U.S. House of Representatives

PART III - MANAGEMENT COMMENTS

Department of the Air Force

DEPARTMENT OF THE AIR FORCE COMMENTS

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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

APR 17 1992

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

SUBJECT: Review of Defense Base Closure and Realignment Budget Data for MacDill Air Force Base, Luke Air Force Base and Seymour Johnson Air Force Base, 3 Apr 92, DoD(IG) report number 2CG-5022.02 - INFORMATION MEMORANDUM

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) to provide Air Force comments on subject report.

The first DoD recommendation deals with fencing at MacDill AFB, (Project NVZR940081). **DoD Comments:** Suggested using existing perimeter and security fence materials, to the maximum extent possible, to satisfy the MacDill AFB perimeter and security fence requirement. MacDill AFB real property records show approximately 291,000 linear feet of existing perimeter and security fence on the base. Hence, the DoD reports states that new requirement of 40,600 linear feet should use some of the existing materials. **Air Force Comments:** Nonconcur. Reuse of the existing fence is cost prohibitive. All existing posts are set in concrete in the ground and could not be moved easily. The fence fabric and some outrigging could be reused if carefully removed, but this would be very labor intensive and more costly than purchasing new material. Also, if the runway is reused as an active airport, much of the existing fencing will still be required

Deleted

The second DoD recommendation concerned an addition to a base supply warehouse at Luke AFB, (Project NUEX913011). **DoD Comments:** The Air Force should use existing transportable supply facilities from MacDill AFB to satisfy part of the Aircraft Generation Squadron's supply warehouse facility requirements at Luke AFB. The project calls for Luke AFB to expand an existing squadron parts storage facility by 15,300 square feet to handle an increased requirement due to the MacDill F-16 relocation. **Air Force Comments:** Nonconcur. Storage aids were considered in the project when the requirement was developed. If the storage aids at MacDill AFB were moved, they could reduce the cost of purchasing new aids at Luke AFB for the new project. However, there are no available storage facilities at Luke AFB large enough to accommodate the multilevel storage aids. Additionally, Base Supply at MacDill AFB has a requirement for these facilities and would have to purchase new ones if the existing ones are removed. It is also likely that the MacDill reuse authority will want to retain the facilities.

Renumbered: Recommendation 2.

The third DoD recommendation addressed a $6M MILCON project for the Fuels Mobility Support Equipment (FMSE) complex at Seymour Johnson AFB (Project

VKAG933007). **DoD Comments:** The Air Force should reduce the total project cost for Fuels Mobility Support Equipment facilities at Seymour Johnson AFB by $702,000. The original requirement for an oxygen generating plant storage facility at Seymour Johnson has been deleted from the project; however, the $702,000 cost to build this facility was not deleted from the MILCON project costs **Air Force Comments:** Concur. The project has been rescoped to $5.3M.

ROBERT G. JENKINS, Col, USAF
Deputy Director of Operations
DCS, Plans and Operations

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