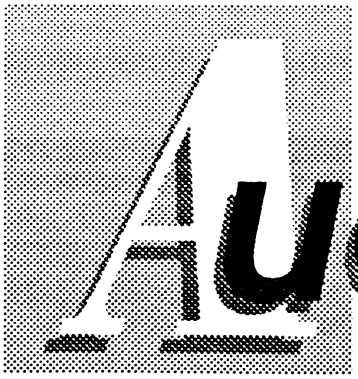

OFFICE OF THE INSPECTOR GENERAL

QUICK REACTION REPORT ON DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE CLOSURE OF NAVAL AIR STATION BARBERS POINT, HAWAII, AND REALIGNMENT TO MARINE CORPS BASE HAWAII KANEOHE BAY

Report No. 96-218

September 4, 1996

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
MCBH	Marine Corps Base Hawaii
MILCON	Military Construction
NAS	Naval Air Station
NAVFAC	Naval Facilities Engineering Command
PACDIV	Pacific Division
PMRF	Pacific Missile Range Facility
SIOH	Supervision, Inspection, and Overhead

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

September 4, 1996

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay (Report No. 96-218)

We are providing this audit report for review and comment. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Management comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that audit issues be resolved promptly. We ask that the Navy provide additional comments on unresolved Recommendations A.2., B.2., C.2., D.2., and E.2. by November 4, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9303 (DSN 664-9303). See Appendix G for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-218
(Project No. 6CG-5001.08)

September 4, 1996

Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay

Executive Summary

Introduction. This report is one in a series about FY 1997 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. Our audits address all projects valued at more than $1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of 13 projects, valued at $138 million and 1 concurrent military construction project valued at $5.1 million, for the closure of Naval Air Station Barbers Point, Hawaii, and realignment to Marine Corps Base Hawaii Kaneohe Bay, Hawaii.

Audit Results. The Navy correctly estimated procurements for 9 projects valued at $88 million. The Navy overestimated requirements and costs for portions of 4 of the construction projects and 1 concurrent military construction project that we reviewed. The net overstatement was $7.2 million. For details of the audit results, see Part I. See Appendix D for a summary of invalid or partially valid requirements for the projects we reviewed and Appendix E for a summary of the potential benefits resulting from the audit.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place the following projects on administrative withhold until the Navy submits revised DD Forms 1391, "Military Construction Project Data," to reflect the corresponding reductions:

- P-268T, "Aircraft Parking Apron," $2.4 million;
- P-297T, "Air Launched Target Drone Missile Facility," $250,000;
- P-504T, "Utilities Upgrade," $2.7 million;

- P-288T, "Hazardous Material/Hazardous Waste Storage," $483,000; and
- P-276T, "Training Facility," $1.9 million.

We also recommend that the Commander, Pacific Division, Naval Facilities Engineering Command, reduce budget estimates and submit revised DD Forms 1391 for projects P-268T, P-297T, P-504T, P-288T, and P-276T.

For the concurrent hazardous waste military construction project P-703T, "Hazardous Material/Waste Consolidation Facility," we recommend that the Commander, Marine Corps Base Hawaii, revise and resubmit the DD Form 1391 to reflect a reduced requirement of $690,000. In addition, we recommend that the Commander, Patrol Wings, U.S. Pacific Fleet, and the Commander, Fleet Aviation Specialized Operational Training Group Pacific Fleet Detachment, submit a revised basic facility requirement for each organization's portion of the applied instruction facility included in project P-276T. We also recommend that the Commander, Naval Air Station Barbers Point, develop a comprehensive plan to review existing facilities at Marine Corps Base Hawaii Kaneohe Bay that could meet the needs of the applied instruction facility.

Management Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with projects P-268T, P-297T, P-504T, P-288T, and P-276T will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid Defense base realignment and closure requirements. The Navy concurred with the recommendation to revise and resubmit the DD Form 1391 for projects P-268T, P-297T, P-504T, P-288T, and P-276T to reflect revised requirements and reduced budget estimates. The Navy concurred with the recommendation to revise and resubmit DD Form 1391 for project P-703T. However, the Navy suspended the project and will consider our audit results if the project is resubmitted. The Navy concurred with the recommendation to revise and resubmit the basic facility requirement for project P-276T, "Training Facility." In addition, the Navy concurred with the recommendation to coordinate with facilities personnel at Marine Corps Base Hawaii Kaneohe Bay to identify existing facilities available for Navy use. The Navy partially concurred with the recommendation to reduce the budget estimates for projects P-268T, P-297T, P-504T, and P-288T. The Navy nonconcurred with the recommendation to reduce the budget estimate for project P-276T because the cost of renovation for the facilities that we proposed in the draft report exceeded 70 percent of the cost of new construction. The Navy also stated that withholding funds for projects P-268T, P-297T, P-504T, P-288T, and P-276T would not be necessary. See Part I for a discussion of management comments and Part III for the complete text of management comments.

Audit Response. As a result of management comments, we ask that the Navy provide copies of the revised DD Forms 1391 for projects P-268T, P-297T, P-504T, P-288T, and P-276T as part of its additional comments to the final report. We request comments from the Navy on the unresolved issues by November 4, 1996.

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Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

This report provides the results of the audit of 13 BRAC MILCON projects, valued at $138 million, resulting from the closure of Naval Air Station (NAS) Barbers Point, Hawaii, and realignment to Marine Corps Base Hawaii (MCBH) Kaneohe Bay, Hawaii. The audit also included the results of one concurrent MILCON project, project P-703T, "Hazardous Material/Waste Consolidation Facility," valued at $5.1 million. Table 1 lists the BRAC MILCON projects included in this audit.

Table 1. BRAC MILCON Projects Reviewed

Project Number	Project Location	Description	DD Form 1391 Amount (millions)
P-268T	MCBH Kaneohe Bay	Aircraft Parking Apron	$ 38.3
P-269T	MCBH Kaneohe Bay	Modify Aircraft Wash and Rinse Facility	2.1
P-270T	MCBH Kaneohe Bay	Alterations to Aircraft Maintenance Hangar	31.4
P-271T	MCBH Kaneohe Bay	Building Renovation	2.5
P-272T	MCBH Kaneohe Bay	Alterations to Aircraft Maintenance Facility	1.3
P-274T	MCBH Kaneohe Bay	Aviation Supply Facility	2.7
P-276T	MCBH Kaneohe Bay	Training Facility	8.6
P-286T	MCBH Kaneohe Bay	Bachelor Quarters	26.9
P-288T	MCBH Kaneohe Bay	Hazardous Material/Hazardous Waste Storage	5.1
P-297T	MCBH Kaneohe Bay	Missile Facility	1.4
P-299T	MCBH Kaneohe Bay	Tactical Support Facility	10.5
P-504T	MCBH Kaneohe Bay	Utilities Upgrade	5.1
P-508T	MCBH Kaneohe Bay	Ordnance Facility	2.1
Total			**$138.0**

See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. See Appendix D for a summary of invalid and partially valid requirements for the projects we reviewed. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Finding A. Aircraft Parking Apron

The Navy overestimated the construction cost of project P-268T, "Aircraft Parking Apron." The costs were overestimated because the Navy double computed area cost and inflation factors and arbitrarily increased the contractors' estimate for a portion of the aircraft parking apron. As a result, the Navy-estimated $38.3 million cost for the aircraft parking apron was overstated by $2.4 million.

Costing Policy by Geographic Area

Military Handbook 1010A, "Cost Engineering: Policy and Procedures," August 1, 1992, contains unit cost guidance for FYs 1994 and 1995 category codes of MILCON based on the area cost factor of 1.00. The regulation requires that the unit cost should be escalated to a common date for each fiscal year and should be adjusted for size and geographical area cost factors.

Requirements for the Aircraft Parking Apron

DD Form 1391, "FY 1997 Military Construction Project Data," April 28, 1995, projected a requirement of 124,500 square yards for project P-268T, "Aircraft Parking Apron," estimated to cost $38.3 million. The project was required to accommodate 20 P-3 aircraft involved in the relocation of U.S. Pacific Fleet patrol squadrons from NAS Barbers Point to MCBH Kaneohe Bay.

Space Requirements. The Navy properly justified the space requirement for the aircraft parking apron. We reviewed the DD Form 1391 and supporting documents, including the basic facility requirement for the aircraft parking apron project. The justification for the aircraft parking apron was based on allowances contained in the Naval Facilities Engineering Command Publication P-80 (NAVFAC P-80), "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1982, revised in September 1993. The Navy appropriately justified the requirement to relocate the existing facilities on the proposed construction site. Our computation showed that the Navy accurately calculated the 124,500-square-yard space requirement for the aircraft parking apron. However, the Navy overestimated the cost computations.

Cost Computations. The Navy overestimated the construction cost for the aircraft parking apron project. The Navy applied the Pacific Division's (PACDIV), NAVFAC, manual, "Cost Data Book," April 1993, for new construction in the Honolulu, Hawaii, area and the means facilities construction cost data for electrical, mechanical, and building construction to determine the unit cost for the aircraft parking apron at MCBH Kaneohe Bay. The Navy also

used estimates prepared for the aircraft parking apron originally planned for NAS Whidbey Island to estimate the cost for the aircraft parking apron at MCBH Kaneohe Bay. The Navy applied the Kaneohe Bay area cost factor and inflated all costs to an April 1998 basis. However, the Navy then double computed the area cost and inflation factors for concrete and base course costs and arbitrarily doubled the contractors' estimate for the fence and intrusion detection system costs. As a result, the Navy overstated the aircraft parking apron project cost by $2.4 million. Table 2 shows the overstatement of the aircraft parking apron.

Table 2. Aircraft Parking Apron Cost Calculations

Cost Elements	Calculated Cost per Navy	Calculated Cost per Audit	Overstatement
Concrete	$ 9,325,050	$ 8,147,280	$1,177,770[1]
Base course	5,329,845	4,930,200	399,645[1,2]
Fence and intrusion detection system	1,070,000	535,000	535,000[3]
Subtotal	**$15,724,895**	**$13,612,480**	**$2,112,415**
Contingency (5 percent)			105,621
Subtotal			**2,218,036**
Supervision, inspection, and overhead (SIOH) (6.5 percent)			144,172
Total			**$2,362,208**

[1]The Public Works Center, Pearl Harbor, Hawaii, computed area costs and escalation factors as an add-on to the previously computed costs at NAS Whidbey Island for the facility, which already included the NAS Whidbey Island area costs and escalation factors.
[2]The Public Works Center also increased the 1995 base costs by $2 per square yard without justification.
[3]The Public Works Center cost estimators doubled the contractors' estimate without any justification.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place funds for project P-268T, "Aircraft Parking Apron," on administrative withhold until management submits a revised DD Form 1391, "FY 1996 Military Construction Project Data," to accurately reflect the project costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-268T will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid BRAC requirements.

Navy Comments. The Navy nonconcurred with the recommendation to place funds for project P-268T on administrative withhold. The Navy stated that the revised DD Form 1391 will reflect a reduction of $4.8 million instead of the $2.4 million reduction that we recommended. The Navy will submit revised DD Form 1391 for project P-268T by September 20, 1996.

Audit Response. Upon receipt of the Navy's revised and approved DD Form 1391 reflecting a revised project cost of $33.5 million for project P-268T, we will notify the Under Secretary of Defense (Comptroller) to remove the administrative withhold for the project.

2. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1996 Military Construction Project Data," for project P-268T, "Aircraft Parking Apron," that reflects valid Defense base realignment and closure requirements and costs, and

b. Correspondingly reduce budget estimates for the project by $2.4 million.

Management Comments. The Navy concurred with Recommendation A.2.a. and is revising the DD Form 1391, "FY 1996 Military Construction Project Data," for project P-268T, "Aircraft Parking Apron," to reflect valid BRAC requirements and cost. The Navy also concurred with Recommendation A.2.b. to adjust the cost estimate for the project. However, as a result of additional Navy review, the Navy reduced the estimated cost for the project by $4.8 million from the original estimate of $38.3 million.

Audit Response. We consider the Navy comments to be responsive to the recommendations and request that the Navy provide a copy of an approved DD Form 1391 for project P-268T reflecting the revised project cost of $33.5 million.

Finding B. Air Launched Target Drone Missile Facility

The Navy overestimated the requirements and costs for project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility." The overestimate occurred because the Navy incorrectly based the facility size requirements and unit cost computation on an existing facility that was not comparable to the requested facility. As a result, the Navy overstated the $1.4 million cost of the AQM-37 facility by $590,347.

Naval Costing Policy for MILCON

"Relocation of NAS Barbers Point to MCBH Kaneohe Bay, Scenario E," May 1995 (Scenario E), outlines the BRAC policy for the relocation of NAS Barbers Point to MCBH Kaneohe Bay. Scenario E states that BRAC funds will be used to construct the lesser of the NAS Barbers Point requirement or existing assets or the combined requirement shortfall at MCBH Kaneohe Bay.

NAVFAC letter, "FY 96 and FY 97 NAVFAC 04/051 Guidance Unit Costs," June 24, 1993, provides an average unit cost and facility size for 65 category codes for MILCON. The letter requires that the average unit cost must also include the geographical and sizing factors when calculating the unit cost.

The Cost Data Book provides costs of labor and materials based on construction projects in the Honolulu, Hawaii, area. The Cost Data Book also provides an average unit cost for FYs 1994 and 1995 category codes and must include adjustments for the size of the project and the geographical factor for Hawaii. The sizing factor is computed by dividing the proposed facilities' square feet by the average square feet of the facility.

Air Launched Target Drone Missile Facility Requirements

Present Requirement. DD Form 1391, April 28, 1995, for project P-297T is for an AQM-37 facility at MCBH Kaneohe Bay, estimated to cost $1.4 million. The AQM-37 is an unmanned missile used as a target to test the capabilities of the Aegis Weapons System on surface ships. The actual testing is performed at the instrumented ocean range at the Pacific Missile Range Facility Barking Sands, Kekaha, Hawaii (PMRF Barking Sands). The facility will house the buildup and short-term storage of the missile. The buildup involves assembly such as adding fins and nose cone, inserting a cartridge-activated device, adding the nitrogen charge, and performing electronics work. Currently, the program uses the F-4 aircraft for the air launch.

Potential Relocation. On February 27, 1996, the Aegis Program Manager provided justification to the Commander-in-Chief, U.S. Pacific Fleet, to relocate the AQM-37 operations to PMRF Barking Sands. During the PACDIV site survey in August 1994, PACDIV determined that the PMRF Barking Sands runway was too short to accommodate the F-4 aircraft. However, the Aegis program plans to change the aircraft to either the F-14 or F-16 to accommodate the AQM-37 function at PMRF Barking Sands.

Facility Requirement Estimate

The 4,500-square-foot budgeted requirement for the buildup and short-term storage facility is overestimated compared with the existing assets currently used for those functions. After visiting the existing facility and reviewing the current building plans, we determined that the buildup and short-term storage facility should be 2,940 square feet. The missile buildup portion of the facility is approximately 2,240 square feet and the short-term storage is approximately 700 square feet. Short-term storage consists of an overhang attached to the existing building. The existing requirement for the buildup and short-term storage facility is 2,940 square feet and is listed on the NAS Barbers Point, Hawaii, P-164 Report, "Detailed Inventory of Naval Shore Facilities," September 1995.

Scenario E states that for BRAC MILCON, organizations get a maximum replacement of the lesser of the requirement or existing assets. Table 3 shows the overestimated requirement.

Table 3. Requirement Calculations

Buildup Facility

	Square Feet
Requested space on DD Form 1391	3,000
Actual space in the existing facility	(2,240)
	760
Overestimated space at $270 per square foot	$205,200
Contingency (5 percent)	10,260
Subtotal	**$215,460**
SIOH (6.5 percent)	14,005
Total	**$229,465**

Short-Term Storage Facility

Requested space on DD Form 1391	1,500
Actual space in the existing facility	(700)
	800
Overestimated space at $115 per square foot	$ 92,000
Contingency (5 percent)	4,600
Subtotal	**$ 96,600**
SIOH (6.5 percent)	6,279
Total	**$102,879**

The combined overestimate of the requirement for the buildup and short-term storage facility is $332,344.

Unit Cost Estimate

The Navy used incorrect existing facilities to determine the requirement for the 4,500-square-foot buildup and short-term storage facility. The estimated unit cost for the buildup facility is $270 per square foot. During an earlier planning scenario, the $270 estimated unit cost was based on a 6,283-square-foot air underwater weapons shop. Category code 212-10, "Guided Missiles Integration Facility," was used in planning the proposed AQM-37 facility. NAVFAC guidance lists an average unit cost of $92 for a 5,000-square-foot building for category code 212-10. The $92 average unit cost must be adjusted by multiplying by the geographical factor (1.72) and the sizing factor (1.06). The computation of the new unit cost using NAVFAC guidance for category code 212-10 is $167 ($92 times 1.72 times 1.06). Table 4 shows the revised unit cost.

Table 4. Revised Unit Cost Computation

Estimated DD Form 1391 unit cost	$270
Average unit cost calculation	(167)
	$103
Overstated unit cost for 2,240 square feet	$230,720
Contingency (5 percent)	11,536
Subtotal	**$242,256**
SIOH (6.5 percent)	15,747
Total	**$258,003**

The estimated unit cost of $270 for the buildup facility was overstated by approximately $103 per square foot, or $258,003. The combined overstatement for the buildup and storage facility and the unit cost computation is $590,347 ($229,465 + $102,879 + $258,003).

Potential Relocation of the AQM-37 Facility

On February 26, 1996, PMRF Barking Sands prepared a new DD Form 1391 for the AQM-37 facility and submitted the form for approval. The DD Form 1391 states that the AQM-37 function will relocate to PMRF Barking Sands, instead of MCBH Kaneohe Bay. However, a final decision to relocate the AQM-37 project to PMRF Barking Sands is still pending. The Navy requested a 3,000-square-foot facility for the buildup and short-term storage. Therefore, the Navy revised the original 4,500 square feet for the buildup and short-term storage facility requested for MCBH Kaneohe Bay. The unit cost also decreased to $182, which is substantially more comparable to the $167 unit cost that is calculated using the NAVFAC guidance for category code 212-10. We did not review the supporting facilities that were included in the new DD Form 1391 should the AQM-37 facility relocate to PMRF Barking Sands. Therefore, if project P-297T relocates to PMRF Barking Sands, PACDIV should review the supporting facilities for the project.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-297T will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid BRAC requirements.

Navy Comments. The Navy nonconcurred with the recommendation to place funds for project P-297T on administrative withhold. The Navy stated that the revised DD Form 1391 will reflect a reduction of $250,000 instead of the recommended $590,347. The revised DD Form 1391 for project P-297T will be submitted by September 20, 1996.

Audit Response. Upon receipt of the Navy's revised and approved DD Form 1391 reflecting a revised project cost of $1.15 million for project P-297T, we will notify the Under Secretary of Defense (Comptroller) to remove the administrative withhold for the project.

2. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility," that reflects valid Defense base realignment and closure requirements and costs, and correspondingly reduces budget estimates for the project by $590,347 if the project remains at Marine Corps Base Hawaii Kaneohe Bay, or

b. If the project relocates to the Pacific Missile Range Facility Barking Sands, Kekaha, Hawaii, and is formally approved, review the supporting facilities on the revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility," and revise the DD Form 1391 and the budget estimate as necessary.

Management Comments. The Navy stated that project P-297T will be resited to PMRF Barking Sands. The Navy concurred with Recommendation B.2.b. and stated that a revised DD Form 1391, "FY 1997 Military Construction Project Data," will be submitted by September 20, 1996, for the receiver site at PMRF Barking Sands as part of the Comptroller of the Navy budget submittal. The Navy stated that the total cost was overstated by $250,000 because the project is being resited to PMRF Barking Sands.

Audit Response. The Navy comments were responsive to Recommendation B.2.a. and B.2.b. We also received a draft DD Form 1391 that, as a result of our audit, decreased the facility size and unit cost. However, the Navy also provided us documentation supporting additional facilities that are required for the remote site at PMRF Barking Sands. The additional facilities increased the project cost to $1.15 million. We request that the Navy provide a copy of an approved DD Form 1391 for project P-297T reflecting the revised project cost of $1.15 million.

Finding C. Utilities Upgrade

The Navy overestimated utilities requirements for the diesel drive backup power, the reservoir tank monitoring system, and the piping portion of project P-504T, "Utilities Upgrade." The Navy overestimated utility requirements because it duplicated requirements contained in project P-270T, "Alterations to Aircraft Hangars." As a result, the Navy overstated the cost of the $5.1 million utilities upgrade by as much as $2.7 million.

Water Distribution Requirements

Naval Guidance. NAVFAC P-80 provides general guidance for the construction of water distribution systems and pumping stations. NAVFAC P-80 states that a pumping station is required to increase water pressure or to raise water from one level to another.

Military and Civil Regulations. Military Handbook 1008B, "Fire Protection for Facilities Engineering, Design, and Construction," states that the National Fire Protection Association requirements will be followed where aqueous film forming foam fire suppression systems are installed. The National Fire Protection Association Regulation 409, "Standard on Aircraft Hangars," requires that, where foam fire suppression systems are installed, the water supply duration shall be 45 minutes at a minimum. In addition, the "Factory Mutual System Approval Guide," 1990, a technical publication for foam fire suppression systems, requires a residual water pressure of 100 pounds per square inch.

Utilities Upgrade

The Navy overestimated utilities requirements for a portion of the utilities upgrade project on the DD Form 1391, April 26, 1995, for project P-504T, "Utilities Upgrade." The project, estimated to cost $5.1 million, contained requirements for diesel drive backup power, a reservoir tank monitoring system, and 4,390 linear feet of pipe. The estimated cost of the reservoir tank monitoring system, the diesel drive backup power, and the fire suppression piping portion of project P-504T is $2.7 million, including contingency and SIOH adjustments. PACDIV performed a water capacity engineering survey that included the NAS Barbers Point relocation to MCBH Kaneohe Bay. To compensate for the potential increased water consumption by the hangar fire suppression system, PACDIV plans to increase the efficiency of MCBH Kaneohe Bay reservoirs with interconnected automatic controls and monitors and a diesel-driven fire pump.

Analysis of Equipment Upgrade Requirements

Proposed Water Distribution Equipment Upgrade. Both PACDIV and MCBH Kaneohe Bay engineers stated that a new diesel drive backup power and electronic reservoir tank monitoring system are required because of the planned installation of the new foam fire suppression system in MCBH Kaneohe Bay for aircraft hangars. Because this type of fire suppression system requires a minimum residual water pressure of 100 pounds per square inch for a 45-minute duration, the engineers concluded that the existing water distribution system would require upgrading. MCBH Kaneohe Bay currently has two 2.5-million-gallon reservoirs and two 500,000-gallon reservoirs.

Aircraft Hangar Alterations. The Navy duplicated requirements contained in another project. Project P-270T, "Alterations to Aircraft Hangars," April 26, 1995, $31.4 million, also includes fire suppression system upgrades, new reservoir tanks, diesel pumps, and piping, estimated to cost $4.5 million. Project P-504T fire suppression system upgrades include a reservoir tank monitoring system, diesel drive backup power, and fire suppression piping. PACDIV fire protection engineers have agreed to reevaluate project P-504T for equipment duplication of as much as $2.7 million.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-504T, "Utilities Upgrade," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-504T, "Utilities Upgrade," will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid BRAC requirements.

Navy Comments. The Navy nonconcurred with the recommendation to place funds for project P-504T on administrative withhold. The Navy stated that the revised DD Form 1391 will reflect a reduction of $928,000 instead of the $2.7 million reduction that we recommended. The revised DD Form 1391 for project P-504T will be submitted by September 20, 1996.

Audit Response. Upon receipt of the Navy's revised and approved DD Form 1391 reflecting a revised project cost of $4.2 million for project P-504T, we will notify the Under Secretary of Defense (Comptroller) to remove the administrative withhold for the project.

2. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-504T, "Utilities Upgrade," that eliminates duplicate requirements for the reservoir tank monitoring system, the diesel drive backup power, and the fire suppression piping, and

b. Correspondingly reduce budget estimates by $2.7 million.

Management Comments. The Navy concurred with Recommendation C.2.a. to submit a revised DD Form 1391 for project P-504T. The Navy also agreed to eliminate the duplicate requirement for the diesel drive backup power and fire suppression piping portion of project P-504T. However, the Navy stated that the reservoir tank monitoring system was not a duplication of the proposed fire suppression equipment. The Navy stated that the tank monitoring system was necessary for project P-504T because of the increased water demands resulting from the closure of the Naval Air Station Barbers Point and subsequent relocation of personnel and functions to Marine Corps Base Hawaii Kaneohe Bay. As a result of the revised estimates, the Navy partially concurred with Recommendation C.2.b. and stated that the budget estimate for project P-504T should be reduced by $928,000.

Audit Response. Upon our review of the revised Navy comments and supporting documentation for the reservoir tank monitor system portion of project P-504T, we consider the Navy comments to be responsive and accept the reduced budget estimate of $928,000. We request that the Navy provide a copy of an approved DD Form 1391 for project P-504T, "Utilities Upgrade," reflecting the revised project cost of $4.2 million.

Finding D. Hazardous Material and Waste Storage Facility

The Navy overestimated requirements for concurrent MILCON project P-703T, "Hazardous Material/Waste Consolidation Facility," and BRAC MILCON project P-288T, "Hazardous Material/Hazardous Waste Storage." The Navy overestimated the MILCON project requirements because MCBH Kaneohe Bay did not update the project to reflect the square-foot requirements listed in the Functional Analysis Concept Development Plan. In addition, the Navy overestimated the BRAC MILCON project requirements because the Navy based the administrative facility requirements on personnel not considered to be administrative staff and used incorrect costs to compute equipment, storage, and administrative space. As a result, the Navy overstated the $5.1 million cost of the MILCON project by $690,000 and overstated the $5.1 million cost of the BRAC MILCON project by $483,000.

Hazardous Material Waste and Storage Facility Requirements

The Cost Data Book contains unit cost factors for hazardous material waste facilities. NAVFAC P-80 provides criteria for determining square-foot requirements for category codes 441-30, "Hazardous and Flammables Storehouse"; 831-41, "Hazardous Waste Storage and Transfer Facility"; 831-42, "Hazardous Waste Storage Area"; and 610-10, "Administrative Office Space."

Hazardous Material Waste Facilities

The Navy overestimated requirements for concurrent MILCON project P-703T, "Hazardous Material/Waste Consolidation Facility," and BRAC MILCON project P-288T, "Hazardous Material/Hazardous Waste Storage."

Project P-703T, "Hazardous Material/Waste Consolidation Facility." DD Form 1391, August 1994, contains a requirement to construct a hazardous material waste consolidation facility, estimated to cost $5.1 million, at MCBH Kaneohe Bay. The proposed facility includes 9,000 square feet for hazardous material issue, 6,120 square feet for equipment, 10,000 square feet for hazardous waste storage, and 4,000 square feet for administrative space. Project P-703T was originally planned exclusively for the Marine Corps before the decision to transfer NAS Barbers Point to MCBH Kaneohe Bay.

Project P-288T, "Hazardous Material/Hazardous Waste Storage." DD Form 1391, April 26, 1995, contains a 7,100-square-foot requirement to construct hazardous flammable storehouse and administrative office space for Navy operations transferring from NAS Barbers Point. The project, estimated

to cost $5.1 million, is planned to relocate MCBH Kaneohe Bay hazardous waste storage and transfer facilities, which are being displaced by the construction of project P-268T, "Aircraft Parking Apron." Projects P-288T and P-703T will provide a consolidated hazardous material waste facility to accommodate both the Navy and the Marine Corps organizations located at MCBH Kaneohe Bay.

Space Requirements

Functional Analysis Concept Development Plan. The Navy mandated that hazardous material minimization programs be in place by June 1998. The goal of the hazardous material minimization program is to substantially reduce the use and inventories of hazardous materials and the amount of hazardous waste that is created. The "Functional Analysis Concept Development Plan," January 1996, is based on the Navy and Marine Corps hazardous material waste requirements that will be consolidated at MCBH Kaneohe Bay. The DD Forms 1391 that authorized projects P-288T and P-703T were prepared before the implementation of the hazardous material minimization program at MCBH Kaneohe Bay. Therefore, the DD Form 1391 did not reflect the reduced square-foot requirements.

Revised MILCON Project P-703T. In January 1996, the Functional Analysis Concept Development Plan contained revised square-foot requirements for project P-703T. The MCBH Kaneohe Bay revision to the plan was based on the hazardous material minimization program and the Navy transfer to MCBH Kaneohe Bay. MCBH Kaneohe Bay did not update project P-703T to reflect the square-foot requirements listed in the Functional Analysis Concept Development Plan. As a result of our audit, on March 7, 1996, Facilities Planning, MCBH Kaneohe Bay, began the revision of the DD Form 1391, August 1994, based on the updated square-foot requirements in the Functional Analysis Concept Development Plan. MCBH Kaneohe Bay should complete the revisions and submit the new DD Form 1391 for approval. As a result of updating the DD Form 1391, MCBH Kaneohe Bay will reduce the total cost of project P-703T by $690,000. Therefore, no recommendation will be made to the Under Secretary of Defense (Comptroller) to place project P-703T on administrative withhold.

Administrative Office Requirements for Projects P-288T and P-703T. The Navy overestimated administrative space requirements for projects P-288T and P-703T. The Navy calculated administrative space requirements using 162 gross square feet per occupant, based on NAVFAC P-80. The Navy based the administrative facility requirements on personnel not considered to be administrative staff. As a result, the Navy could reduce the size of the hazardous material waste facility by 1,966 gross square feet.

Table 5 shows the administrative space requirements for projects P-288T and P-703T.

Table 5. Administrative Space Requirements

Project Number	Revised Computations (square feet)	Per DD Form 1391 (square feet)	Overestimated Square Feet
P-288T	1,992[1]	2,350	358
P-703T	2,392[2]	4,000	1,608[3]
Total	**4,384**	**6,350**	**1,966**

[1]The Functional Analysis Concept Development Plan indicated a total personnel requirement of 7 administrative personnel and 11 worker/handlers for project P-288T. Administrative personnel were each designated 162 gross square feet. Worker/handlers were each designated 78 gross square feet ([7 x 162] + [11 x 78] = 1,992 square feet).
[2]The Functional Analysis Concept Development Plan indicated a total personnel requirement of 16 administrative personnel and 6 worker/handlers for project P-703T ([16 x 162] + [6 x 78] = 2,392 square feet).
[3]MCBH Kaneohe Bay will recommend that the Functional Analysis Concept Development Plan be adjusted by 1,608 square feet for the revised MILCON estimate.

Because the Navy applied incorrect square-foot requirements for the hazardous material waste facility, the Navy overestimated the space required for project P-288T by 358 square feet. The estimated unit cost for constructing the hazardous material waste facility was $229 per square foot. Therefore, the Navy should decrease the cost of the project by approximately $91,483, including contingency and SIOH adjustments.

Unit Cost Computations

Hazardous Material Storehouse. The Navy overstated unit costs for the 7,100-square-foot hazardous material storehouse because the Public Works Center incorrectly added a factor to transfer materials from Naval Station Pearl Harbor to MCBH Kaneohe Bay. The cost to transport materials was already included in the 1.72 geographical factor for Hawaii. The Navy estimate that was prepared for the hazardous material storehouse was determined to be $241. Based on the Cost Data Book, we computed the unit cost for category code 441-30. Table 6 shows the revised estimated costs for project P-288T.

Table 6. Revised Estimated Cost - Hazardous and Flammable Storehouse

1995 unit cost (per the Cost Data Book)	$110
Geographical factor for Hawaii	X 1.72
	$189
Sizing factor	X 1.03
	$195
Escalation factor to 1997	X 1.07
Revised unit cost	**$208**

The Navy overstated the unit cost of the hazardous transfer facility by $33 per square foot by adding an unsupported factor to estimate the cost of transferring materials from Naval Station Pearl Harbor to MCBH Kaneohe Bay. Based on the 7,100-square-foot facility, the Navy overstated the cost of the project by $261,990.

Storage Lockers. The Navy overstated the cost of six hazardous waste storage lockers. The storage lockers were originally estimated to cost $200,000. The Navy incorrectly used the original $200,000-storage-locker estimate to determine the cost of six new lockers for the proposed hazardous waste facility. PACDIV could not provide support for the $200,000-storage-locker estimate. Civil Engineering, NAS Barbers Point, awarded a September 1994 contract that purchased 12 storage lockers of similar size. Based on the September 1994 contract, the estimate for storage lockers should be revised. Table 7 shows the revised estimated costs for the storage lockers.

Table 7. Revised Estimated Costs - Storage Lockers

Original cost estimate - storage lockers		$200,000
Cost of lockers (1994 contract estimate)	$ 9,000	
Escalation factor to 1997	X 1.07	
Estimated 1997 cost of locker	$ 9,630	
Rounded 1997 cost of lockers	$10,000	
Number of lockers to be purchased	X 6	
	$60,000	
Locker installation costs	10,000	
Revised estimated cost		(70,000)
Total overstated costs - storage lockers		**$130,000**

Summary

Table 8 summarizes the Navy overstatements of the two hazardous material projects.

Table 8. Summary of Overstated Requirements

Description of Overstatement	Overstated Square Feet	Overstated Cost (thousands)
Hazardous Material/Waste Consolidation Facility Project P-703T		
Proposed Marine Corps revision based on updated Functional Analysis Concept Development Plan	N/A	$690
Total MILCON overstatement		**$690**
Hazardous Material/Hazardous Waste Storage Project P-288T		
Administrative facility	358	$ 91
Hazardous material storehouse (unit cost)	7,100	262
Six storage lockers	N/A	130
Total BRAC overstatement		**$483**

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-288T, "Hazardous Material/Hazardous Waste Storage," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-288T, "Hazardous Material/Hazardous Waste Storage," will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid BRAC requirements.

Navy Comments. The Navy nonconcurred with the recommendation to place funds for project P-288T on administrative withhold. The Navy stated that the revised DD Form 1391 will reflect a reduction of $500,000 instead of the $483,000 reduction that we recommended. The revised DD Form 1391 for project P-288T will be submitted by September 20, 1996.

Audit Response. Upon receipt of the Navy's revised and approved DD Form 1391 reflecting a revised project cost of $4.6 for project P-288T, we will notify the Under Secretary of Defense (Comptroller) to remove the administrative withhold for the project.

2. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-288T, "Hazardous Material/Hazardous Waste Storage," that reflects valid Defense base realignment and closure requirements and costs, and

b. Correspondingly reduce budget estimates by $483,000.

Management Comments. The Navy concurred with Recommendation D.2.a. and stated that a revised DD Form 1391 will be submitted as part of the Comptroller of the Navy budget submittal. The Navy partially concurred with Recommendation D.2.b. to reduce the budget amount for project P-288T by $483,000. The Navy agreed to reduce the administrative facility portion of the project by $31,000 instead of $91,000 recommended in the audit. The Navy did not agree with the recommendation to reduce the hazardous material storehouse portion of the facility. The hazardous material storehouse did not include a "dry basement" containment in the original estimate. The additional requirement for the dry containment facility resulted in a revised cost of $1,616,000. The revised cost of $1,616,000 would exceed the initial request of $1,590,000; therefore, the Navy contended that no reduction is possible. The Navy agreed to reduce the storage lockers portion of the project by $130,000. As a result of additional review performed by the Navy, the Navy further reduced project P-288T by $339,000 for a total reduction of $500,000, resulting in a revised project cost of $4.6 million.

Audit Response. The Navy comments were responsive to Recommendation D.2. As a result of the Navy comments and additional information that the Navy provided, we agree with the $500,000 reduction to project P-288T. We request that the Navy provide a copy of an approved DD Form 1391 for project P-288T, "Hazardous Material/Hazardous Waste Storage," reflecting the revised project cost of $4.6 million.

3. We recommend that the Commander, Marine Corps Base Hawaii, submit a revised DD Form 1391, "FY 1998 Military Construction Project Data," to reflect a reduced requirement of $690,000 for project P-703T, "Hazardous Material/Waste Consolidation Facility."

Management Comments. The Navy concurred with Recommendation D.3. and agreed to revise project P-703T, "Hazardous Material/Waste Consolidation Facility." However, in June 1996, the Navy subsequently removed project P-703T from the FY 1998 MILCON budget. The Navy indicated that if a future requirement for the project develops, the results of this audit will be considered in developing the scope for project P-703T.

Finding E. Training Facility

The Navy overestimated the requirement for the applied instruction facility portion of project P-276T, "Training Facility." In addition, the Navy did not fully consider the use of existing facilities when developing requirements for the applied instruction facility. The Navy overestimated the requirement because it did not properly use the Naval facilities planning criteria when estimating space requirements. Navy planners did not fully consider the use of existing facilities because they did not have a comprehensive plan to periodically review existing facilities at MCBH Kaneohe Bay. As a result, the Navy overstated the $8.6 million cost of the training facility by as much as $1.9 million.

DoD Space Requirements

Department of Defense "Financial Management Regulation," 7000.14R, Volume 2B, May 1994, states that the DD Form 1391 should provide detailed, informative statements as to precisely why a construction project is needed. In addition, the regulation requires the consideration of the maximum use of existing facilities.

Department of Defense Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, also requires management to make a special effort to efficiently use all existing DoD installations and facilities. The instruction requires "continued surveillance of existing facilities that can be jointly utilized, converted, or altered to satisfy new requirements or acquired and adapted to military use at a minimal construction cost."

Training Facility

Space Requirements and Cost Estimate. DD Form 1391, May 11, 1995, contains a 30,280-square-foot requirement for a training facility, estimated to cost $8.6 million. The training facility includes 15,580 square feet for an operational trainer and 14,700 square feet for applied instruction space. The applied instruction portion of project P-276T will be occupied by the Fleet Aviation Specialized Operational Training Group Pacific Fleet Detachment (the Training Group) and the Tactical Training Team. The operational trainer and the Training Group and Tactical Training Team applied instruction facilities are currently not collocated at NAS Barbers Point.

Applied Instruction Facility Requirement. Table 9 shows the requirements for the applied instruction portion of project P-276T.

Table 9. Applied Instruction Facility Requirements

Organization	Facility Requirement	Net Square Feet
Training Group	Classroom	2,293
	Special Purpose	8,426
Tactical Training Team	Classroom	358

The Navy stated that the special purpose space for the Training Group would be shared with the Tactical Training Team. If the two organizations are not collocated at MCBH Kaneohe Bay, the Training Group and the Tactical Training Team should revise their portions of the requirement to reflect the separate needs of each organization.

Overestimated Requirements. The Navy overestimated the requirement for the applied instruction portion of project P-276T. The Navy policy for BRAC states that organizations can have a maximum replacement of the lesser of the requirement or existing assets. The library and training aid maintenance and repair area are currently occupying approximately 1,000 square feet of space. Special purpose space on the requirement included 1,000 square feet for a library and 1,500 square feet for training aid maintenance and repair. The Navy agreed that the special purpose space on the requirement was overstated by 1,500 net square feet, or 1,995 gross square feet, estimated to cost $356,048.

Potential Existing Facilities

Existing and vacant facilities were scheduled to become available at MCBH Kaneohe Bay that could accommodate portions of the applied instruction facility space requirements. Six of those facilities will be vacant and could accommodate portions of the 12,705-square-foot space requirement that the Navy is planning to obtain with new construction.

Table 10 shows our computation of the estimated cost of renovating each vacant facility.

Table 10. Vacant Facilities at MCBH Kaneohe Bay February 1996

Building	Available Square Feet	Estimated Cost of Renovation[1]
208	2,800	$210,000
212 (west wing)	5,808	unknown[2]
212 (second floor)	2,628	unknown[2]
219 (five classrooms)	4,200	0
220 (four classrooms)	2,463	0
220 (second floor)	7,920	$594,000
1359	5,612	$420,900
1360	4,500	0

[1]The cost of renovation was calculated using a unit cost of $75 per square foot. That rate is the unit cost estimate for another 1997 BRAC project P-271T, "Building Renovations." The estimated unit cost is based on the renovation of administrative facilities.
[2]Building 212, the old mess hall at MCBH Kaneohe Bay, has asbestos in the floor and walls, lead paint on the walls, pipe lagging, and sanitary problems. The cost of renovating building 212 was undeterminable, but estimated to be costly. Therefore, we did not estimate the renovation costs for the facility.

The following is a brief summary of the availability of the proposed buildings.

- Building 208 is scheduled to become vacant within one year. No future use is planned.

- Buildings 219 and 220 would not require renovation because the facilities are already configured for instructional classes. The Joint Education Center teaches college-level courses in buildings 219 and 220 in the evenings.

- Building 220 is used by the Civil Air Patrol two evenings each week.

- Building 1359 was vacant as of February 1996. No future use is planned.

- Building 1360 was recently renovated and would not require any additional renovation. Base planners at MCBH Kaneohe Bay stated that the Resident Officer in Charge of Construction is scheduled to move into building 1360. However, the occupancy of building 1360 by the Resident Officer in Charge of Construction was not final as of March 1996.

Possible Use of Existing Facilities

We compiled three scenarios for the use of existing facilities at MCBH Kaneohe Bay for the Training Group and the Tactical Training Team. Table 11 summarizes each scenario and the estimated cost reductions.

Table 11. Locations for the Training Group and the Tactical Training Team

Building	Organization	Space Requirement	Estimated Cost Reductions* (millions)
Scenario 1			$1.9
219/220	Training Group	Classroom	
220	Training Group	Special Purpose	
1360	Tactical Training Team	Classroom/Special Purpose	
Scenario 2			$1.6
208	Tactical Training Team	Classroom/Special Purpose	
219/220	Training Group	Classroom	
220	Training Group	Special Purpose	
Scenario 3			$1.4
219/220	Training Group	Classroom	
220	Training Group	Special Purpose	
1359	Tactical Training Team	Classroom/Special Purpose	

*Estimated cost reductions resulting from the revised square-foot requirement and the use of existing facilities.

The applied instruction facilities of the Training Group and the Tactical Training Team are presently not collocated at NAS Barbers Point. Therefore, the possibility of locating them in separate buildings is feasible and should be considered by the Navy.

Consideration of Existing Facilities

Navy planners did not have a comprehensive plan to coordinate with facilities personnel at MCBH Kaneohe Bay to periodically review existing facilities that could meet the needs of the applied instruction facility. The NAS Barbers Point did not assign personnel that could coordinate efforts with facilities personnel at MCBH Kaneohe Bay to periodically appraise the potential use of existing facilities when they become vacant. Such coordination and planning would ensure that the economic use of existing facilities would be properly considered in lieu of new construction.

Summary

Scenario E states that for BRAC MILCON, organizations can have a maximum replacement of the lesser of the requirement or existing assets. The proposed applied instruction facility construction estimate of 14,700 gross square feet is overstated by 1,995 gross square feet. The requirement for the applied instruction facility should be reduced to 12,705 gross square feet.

DoD regulations require efficient use of all existing DoD facilities and continued consideration of existing facilities that can be jointly used, converted, or altered to satisfy new requirements. Navy planners did not coordinate efforts with the Marine Corps to determine the availability of existing facilities that could meet the requirements of the applied instruction facility. Existing facilities at MCBH Kaneohe Bay could meet the requirements. The estimated cost reductions resulting from the revised requirement and the use of existing facilities range between $1.4 million to $1.9 million, including contingency and SIOH adjustments.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-276T, "Training Facility," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-276T, "Training Facility," will be placed on administrative withhold pending audit resolution. The Under Secretary of Defense (Comptroller) also stated that any cost reductions will be reprogrammed to other valid BRAC requirements.

Navy Comments. The Navy nonconcurred with the recommendation to place funds for project P-276T on administrative withhold. The Navy will submit a revised DD Form 1391 for project P-276T by September 20, 1996.

Audit Response. The Under Secretary of Defense (Comptroller) comments were responsive. However, based on management comments received from the Navy on Recommendations 2., 3., and 4., we will request that the Under Secretary of Defense (Comptroller) release the funds associated with project P-276T.

2. We recommend that the Commander, Patrol Wings, U.S. Pacific Fleet, and the Commander, Fleet Aviation Specialized Operational Training Group Pacific Fleet Detachment, submit a revised basic facility requirement for each organization's portion of the applied instruction facility that is included in project P-276T, "Training Facility."

Management Comments. The Navy concurred with the recommendation to revise and resubmit the basic facility requirement for project P-276T, "Training Facility."

3. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-276T, "Training Facility," that reflects valid Defense base realignment and closure requirements and costs, and

b. Correspondingly reduce budget estimates by as much as $1.9 million.

Management Comments. The Navy concurred with the Recommendation E.3.a. to submit a revised DD Form 1391 but nonconcurred with Recommendation E.3.b. to reduce the budget estimates. The Navy stated that the cost to renovate the five facilities that we suggested for possible use in the draft report exceeded 70 percent of the cost of new construction. The Navy stated that because renovation of existing facilities was not feasible, new construction was the only viable solution.

Audit Response. We consider the Navy comments to the recommendation to be responsive. We agree with the documentation supporting the excessive renovation costs for project P-276T.

4. We recommend that the Commander, Naval Air Station Barbers Point, develop a comprehensive plan with facilities personnel at Marine Corps Base Hawaii Kaneohe Bay to review existing facilities that could meet the needs of the applied instruction facility.

Management Comments. The Navy concurred and stated that Navy planners have coordinated with facilities personnel at Marine Corps Base Hawaii Kaneohe Bay to identify existing facilities that would be available for Navy use. The Navy stated that facility planning alternatives have been officially documented and that officials at Marine Corps Base Hawaii Kaneohe Bay have provided input on the availability of existing facilities after each alternative. Working groups have been established to discuss potential re-use, construction phasing, work-around plans, budget short-falls, and project consolidation.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for 13 projects, estimated to cost $138 million, involving the closure of NAS Barbers Point, Hawaii, and realignment to MCBH Kaneohe Bay. We also examined concurrent hazardous waste MILCON project P-703T, "Hazardous Material/Waste Consolidation Facility," estimated to cost $5.1 million. We did not review project P-287T, "Helicopter Landing Pad," estimated to cost $400,000.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from January through March 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix E for the potential benefits resulting from the audit. Appendix F lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

Report No.	Report Title	Date
96-209	Defense Base Realignment and Closure Budget Data for the Closure of Defense Electronics Supply Center Dayton, Ohio, and Realignment to Defense Supply Center Columbus, Ohio	August 13, 1996
96-206	Defense Base Realignment and Closure Budget Data for the Realignment of Navy and Air Force Food Services Training at Lackland Air Force Base, Texas	August 2, 1996
96-204	Defense Base Realignment and Closure Budget Data for the Realignment of the Deployment Function for the 10th Mountain Infantry (Light) Division to Fort Drum, New York	July 31, 1996
96-199	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Distribution Depot Columbus, Ohio	July 25, 1996
96-191	Defense Base Realignment and Closure Budget Data for the Relocation of the Carrier Air Wings From Naval Air Station Miramar, California, to Naval Air Station Lemoore, California	July 3, 1996
96-171	Defense Base Realignment and Closure Budget Data for Realigning the Office of the Judge Advocate General and the Naval Facilities Engineering Command to the Washington Navy Yard	June 21, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-170	Defense Base Realignment and Closure Budget Data for the Realignment of Five Navy Activities From Leased Space in Arlington, Virginia, to the Naval Security Station, Washington, D.C.	June 19, 1996
96-166	Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado, and Realignment to Sheppard Air Force Base, Texas	June 18, 1996
96-165	Defense Base Realignment and Closure Budget Data for the Construction of the Hazardous Material Storage Addition to Warehouse 28 at Defense Distribution Region West Tracy, California	June 17, 1996
96-158	Defense Base Realignment and Closure Budget Data for the Redirect of the 726th Air Control Squadron From Shaw Air Force Base, South Carolina, to Mountain Home Air Force Base, Idaho	June 11, 1996
96-154	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center to Wright-Patterson Air Force Base, Ohio	June 10, 1996
96-147	Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida	June 6, 1996
96-144	Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana	June 6, 1996
96-142	Defense Base Realignment and Closure Budget Data for the Closure of Bergstrom Air Reserve Base, Texas, and Realignment of the 10th Air Force Headquarters to Naval Air Station Fort Worth, Joint Reserve Base, Texas	June 5, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-139	Defense Base Realignment and Closure Budget Data for the Closure of Griffiss Air Force Base and Realignment of Rome Laboratory and Northeast Air Defense Sector, Rome, New York	June 3, 1996
96-137	Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California	May 31, 1996
96-136	Defense Base Realignment and Closure Budget Data for the Closure of Gentile Air Force Station, Dayton, Ohio, and Realignment of Defense Logistics Agency Components to Wright-Patterson Air Force Base, Ohio	May 31, 1996
96-135	Defense Base Realignment and Closure Budget Data for the Fleet Anti-Submarine Warfare Training Center Pacific, San Diego, California	May 30, 1996
96-131	Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard	May 28, 1996
96-128	Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	May 24, 1996
96-127	Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York	May 23, 1996
96-126	Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	May 21, 1996
96-122	Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California	May 17, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-119	Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin	May 14, 1996
96-118	Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-110	Defense Base Realignment and Closure Budget Data for the Realignment of the 301st Rescue Squadron, Air Force Reserve, From Homestead Air Force Base, Florida, to Patrick Air Force Base, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON $820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least $1 million for each group. We also reviewed FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix D. Projects Identified as Invalid or Partially Valid

Table D-1. Causes of Invalid or Partially Valid Projects

Project Location	Project Number	Causes of Invalid Projects: Overstated	Causes of Invalid Projects: Unsupported	Causes of Partially Valid Projects: Overstated	Causes of Partially Valid Projects: Unsupported
MCBH Kaneohe Bay	P-268T			X	
MCBH Kaneohe Bay	P-297T			X	
MCBH Kaneohe Bay	P-504T			X	
MCBH Kaneohe Bay	P-288T			X	
MCBH Kaneohe Bay	P-703T*			X	

Table D-2. Recommended Changes in Project Estimates

Project Location	Project Number	Amount of Estimate on DD Form 1391 (thousands)	Recommended Amount of Change: Invalid Projects (thousands)	Recommended Amount of Change: Partially Valid Projects (thousands)
MCBH Kaneohe Bay	P-268T	$38,300		$4,800
MCBH Kaneohe Bay	P-297T	1,400		250
MCBH Kaneohe Bay	P-504T	5,100		928
MCBH Kaneohe Bay	P-288T	5,100		500
MCBH Kaneohe Bay	P-703T*	5,100		690
Total		**$55,000**		**$7,168**

*Concurrent MILCON hazardous waste project.

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount of Benefit
A.1.	Economy and Efficiency. Avoids inappropriate expenditure of BRAC MILCON funds.	Amount of benefit identified in Recommendation A.2.
A.2.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for project P-268T, "Aircraft Parking Apron."	FY 1997 Base Closure Account funds of $4.8 million put to better use.
B.1.	Economy and Efficiency. Avoids inappropriate expenditure of BRAC MILCON funds.	Amount of benefit identified in Recommendation B.2.
B.2.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for project P-297T, "Air Launched Target Drone Missile Facility."	FY 1997 Base Closure Account funds of $250,000 put to better use.
C.1.	Economy and Efficiency. Avoids inappropriate expenditure of BRAC MILCON funds.	Amount of benefit identified in Recommendation C.2.
C.2.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for project P-504T, "Utilities Upgrade."	FY 1997 Base Closure Account funds of $928,000 put to better use.
D.1.	Economy and Efficiency. Avoids inappropriate expenditure of BRAC MILCON funds.	Amount of benefit identified in Recommendation D.2.
D.2.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for project P-288T, "Hazardous Material/Hazardous Waste Storage."	FY 1997 Base Closure Account funds of $500,000 put to better use.
D.3.	Economy and Efficiency. Revises and resubmits MILCON project estimate for project P-703T, "Hazardous Material/Waste Consolidation Facility."	Future year MILCON funds of $690,000 put to better use.

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount of Benefit
E.1.	Economy and Efficiency. Avoids inappropriate expenditure of BRAC MILCON funds.	Nonmonetary. FY 1997 Base Closure Account funds more accurately supported.
E.2. and E.3.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for project P-276T, "Training Facility."	Undeterminable. Amount of benefit may be determined by validated space requirements.
E.4.	Economy and Efficiency. Ensures that the economic use of existing facilities would be properly considered.	Undeterminable. Future use of existing facilities may avoid new construction.

Appendix F. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology, Washington, DC
Under Secretary of Defense (Comptroller), Washington, DC

Department of the Army

Auditor General, Department of the Army, Washington, DC

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller), Washington, DC
Deputy Chief of Naval Operations (Logistics), Washington, DC
Naval Sea Systems Command, Arlington, VA
Commander in Chief, Pacific Fleet, Pearl Harbor, HI
Patrol Wings, Naval Air Station Barbers Point, HI
Naval Air Station Barbers Point, HI
U.S. Navy Public Works Center, Pearl Harbor, HI
Pacific Missile Range Facility, Kekaha, HI
Fleet Aviation Specialized Operational Training Group, San Diego, CA
Pacific Fleet Detachment, Barbers Point, HI
Naval Facilities Engineering Command, Alexandria, VA
Pacific Division, Pearl Harbor, HI
Marine Corps Headquarters, Arlington, VA
Marine Corps Base Hawaii Kaneohe Bay, HI

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller), Washington, DC

Unified Command

Commander in Chief, U.S. Pacific Command, Camp H.M. Smith, HI

Other Defense Agency

Director, Defense Logistics Agency, Fort Belvoir, VA

Non-Federal Organization

Honolulu Board of Water Supply, Honolulu, HI

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
  Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant to the Secretary of Defense (Public Affairs)
Under Secretary of Defense for Acquisition and Technology
  Director, Defense Logistics Studies Information Exchange

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Deputy Chief of Naval Operations (Logistics)
Commander in Chief, Pacific Fleet
  Commander, Patrol Wings, U.S. Pacific Fleet
    Commander, Naval Air Station Barbers Point
  Commander, Navy Public Works
  Commander, Fleet Aviation Specialized Operational Training Group
    Officer in Charge, Pacific Fleet Detachment
Commander, Naval Facilities Engineering Command
  Commander, Pacific Division
Commandant of the Marine Corps
  Commander, Marine Corps Base Hawaii
Auditor General, Department of the Navy
Superintendent, Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Unified Command

Commander in Chief, U.S. Pacific Command

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

Final Report Reference

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER
(Program/Budget)

May 3, 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Quick-Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay (Project No. 6CG 5001.08)

This responds to your April 15, 1996, memorandum requesting our comments on the subject report.

The audit states that the Navy overstated cost estimates for projects, P-268T, P-297T, P-504T, P-288T, P-703T, and P-176T by $8.8 million due to the inclusion of non-BRAC requirements, the use of improper cost factors, overstated space requirements, duplicative requirements, and the failure to consider existing facilities to satisfy facility requirements.

Correction. Project P-176T should be P-276T.

The audits recommends that the USD(Comptroller) place the funding for the six projects at issue on administrative withhold until the Navy submits revised DD 1391 forms that accurately reflect project requirements and costs.

We generally agree with the audit findings and recommendations, and will place the funds associated with the projects in question on administrative withhold pending audit resolution. Further, any savings resulting from the audit will be reprogrammed to other valid BRAC requirements as appropriate.

B. R. Paseur
Director for Construction

Department of the Navy Comments

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

25 JUL 1996

MEMORANDUM FOR DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR GENERAL FOR AUDITING

SUBJECT: DODIG Quick-Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay (Project 6CG-5001.08) - ACTION MEMORANDUM

I am responding to the quick-reaction report forwarded by Attachment 1, concerning base realignment and closure budget data for the closure of Naval Air Station Barbers Point, Hawaii, and realignment to Marine Corps Base Hawaii Kaneohe Bay. The Department of the Navy response is provided in Attachment 2.

Duncan Holaday
Deputy Assistant Secretary
(Installations and Facilities)

Attachments:
1. DODIG memo of 15 Apr 96
2. DON Response to DODIG Quick Reaction Report of 15 Apr 96

Copy to:
ASN(FMB)
ASN(FMO-31)
NAVINSGEN (02)
COMNAVFAC (00G2)

DEPARTMENT OF NAVY RESPONSE

TO

DODIG QUICK REACTION REPORT OF APRIL 15, 1996
ON
DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE CLOSURE OF NAVAL AIR STATION BARBERS POINT, HAWAII, AND REALIGNMENT TO MARINE CORPS BASE HAWAII KANEOHE BAY
(PROJECT 6CG-5001.08)

Finding A. Aircraft Parking Apron

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) place funds for project P-268T, "Aircraft Parking Apron," on administrative withhold until management submits a revised DD Form 1391, "FY 1996 Military Construction Project Data," to accurately reflect the project costs.

Department of the Navy response: Do not concur. Administrative withhold on funds for the project will not be necessary. Navy completed a review of the project costs and the DD Form 1391 will be revised to reflect a reduction of $4.8 million vice the $2.4 million recommended by the DODIG. Award of P-268T is scheduled for October 1996 so that construction can be complete in time for the closure of NAS Barbers Point in July 1999. Revised DD Form 1391 for the project will be submitted by September 20, 1996.

Recommendation 2. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-268T, "Aircraft Parking Apron," that reflects valid Defense base realignment and closure requirements and costs, and...

Department of the Navy Response: Concur. A revised DD Form 1391 will be submitted by September 20, 1996.

b. Correspondingly reduce budget estimates for the project by $2.4 million.

Department of the Navy response: Concur. Based on further reviews, the cost of the project is now $33.5 million. Therefore, budget estimate for the project has been reduced by $4.8 million vice the $2.4 million initially identified by DODIG.

1

Finding B. Air Launched Target Drone Missile Facility

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) place project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect the project costs.

Department of the Navy response: Do not concur. Administrative withhold on funds for the project will not be necessary. The revised DD Form 1391 will be provided by September 20, 1996, and will reflect an estimated reduction of $250,000. Placing P-297T on administrative withhold will severely jeopardize closure of NAS Barbers Point by July 1999.

Recommendation 2: We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-297T, "AQM-37 [Air Launched Target Drone Missile] Facility," that reflects valid Defense base realignment and closure requirements and costs, and correspondingly reduce budget estimates for the project by $590,347 if the project remains at Marine Corps Base Hawaii Kaneohe Bay, or...

Department of the Navy response: Partially concur. A revised DD Form 1391 will be provided that reflects a receiver site at PMRF Barking Sands, Kekaha by September 20, 1996. Since the project site has been revised, the amount that can be reduced is $250,000.

b. If the project relocates to the Pacific Missile Range Facility Barking Sands, Kekaha, Hawaii, and is formally approved, review the supporting facilities on the revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-297-T, "[Air Launched Target Drone Missile] Facility," and revise the DD Form 1391 and the budget estimate as necessary.

Department of the Navy response: Concur. A new DD Form 1391 will be provided by September 20, 1996.

Final Report Reference

Finding C. Utilities Upgrade

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) place project P-504T, "Utilities Upgrade," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect the project costs.

Department of the Navy response: Do not concur. Administrative withhold on funds for the project will not be necessary. The revised DD Form 1391 will be provided by September 20, 1996. Placing P-297T on administrative withhold will severely jeopardize closure of NAS Barbers Point by July 1999.

Recommendation 2: We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-504T, "Utilities Upgrade," that eliminates duplicate requirements for the reservoir tank monitoring system, the diesel drive backup power, and the fire suppression piping, and...

Department of the Navy response: Partially concur. A revised DD 1391 will be submitted as part of the NAVCOMPT budget submittal and will be forwarded to DODIG by September 20, 1996. Navy agrees with the reduction for the diesel drive and back up power, but does not agree with the reduction for the tank monitors and controls. Refer to enclosures C-1 and C-2 for further clarification. *

b. Correspondingly reduce budget estimates by $2.7 million.

Department of the Navy response: Partially concur. The costs associated with this project have been validated by the Functional Analysis Concept Development plan. Enclosure C-3 details the cost reductions of $928K for P-504T. *

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*Enclosures omitted because of length. Copies will be provided upon request.

Final Report Reference

Finding D. Hazardous Material and Waste Storage Facility

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) place project P-288T, "Hazardous Material/Hazardous Waste Storage," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Department of the Navy response: Do not concur. Administrative withhold on funds for the project will not be necessary. The revised DD Form 1391 will be provided by September 20, 1996. Placing P-288T on administrative withhold will severely jeopardize the closure of NAS Barbers Point by July 1999.

Recommendation 2: We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-288T, "Hazardous Material/Hazardous Waste Storage," that reflects valid Defense base realignment and closure requirements and costs, and...

Department of the Navy Response: Concur. A revised DD Form 1391 will be submitted as part of the NAVCOMPT budget submittal and will be forwarded to DODIG by September 20, 1996.

b. Correspondingly reduce budget estimates by $483,000.

Department of the Navy response: Partially concur. Three areas were reviewed to form our response. They deal with the administrative portion of the project, the hazardous materials storehouse, and storage lockers. Our response is keyed to each of these areas.

Administrative Facility: Our review of Functional Analysis Concept Development plan for P-288T showed that three Navy personnel were erroneously listed as part of P-703. Based on the revised manning of this facility as outlined on enclosure D-2, and the requirement for a shower/locker room, the revised space requirement is 2,230 square feet vice 1,992 square feet recommended in the draft report. The basic difference is the shower/locker room for the 4 workers/handlers. Based on the revised scope, the cost can be reduced $31,000 vice $358,000 recommended in the draft report. *

Hazardous Materials Storehouse: We agree that the unit cost of the project is $208/square foot. However, this cost does not include a "dry basement" containment facility. This facility is required to contain the fluids from the fire protection system.

4

*Enclosures omitted because of length. Copies will be provided upon request.

The initial design analysis showed that a 15.525 cubic foot dry basement was sufficient to contain a 20 minute flow of fluids from the fire protection system. The dry basement is less costly and would contain less contaminated fluids than an exterior containment pond. The cost for this item is $136K. When added to the revised cost of the hazardous materials storehouse cost of $1,480,000 ($208/sf x 7100 sf), the revised cost becomes $1,616,000. This is greater than the initial request of $1,590,000. Therefore, no reduction is possible.

Storage Lockers: We concur with the recommendation to remove $130K from the project. These items should be funded with equipment from other appropriations.

Based on the above, the reduction to project funds due to the audit should be $161,000. However, through additional reviews, we have cut an additional $339K for a total project cost reduction of $500K. Based on this, the new project cost will be $4.6 million vice $5.1 million. A revised DD Form 1391 will be provided by September 20, 1996.

3. We recommend that the Commander, Marine Corps Base Hawaii, submit a revised DD Form 1391, "FY 1998 Military Construction Project Data," to reflect a reduced requirement of $690,000 for project P-703T, "Hazardous Material/Waste Consolidation Facility."

Department of the Navy response: Concur. This project is currently un-programmed. If in the future a requirement for the project develops, the comments from the audit will be considered in developing the revised scope.

Final Report Reference

Finding E: Training Facility

Recommendation 1. We recommend that the Under Secretary of Defense (Comptroller) place project P-276T, "Training Facility," on administrative withhold until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect the project costs.

Department of the Navy response: Do not concur. Administrative withhold on funds for the project will not be necessary. The revised DD Form 1391 will be provided by September 20, 1996. Placing P-276T on administrative withhold will severely jeopardize closure of NAS Barbers Point by July 1999.

Recommendation 2. We recommend that the Commander, Patrol Wings, U.S. Pacific Fleet, and the Commander, Fleet Aviation Specialized Operational Training Group Pacific Fleet Detachment, submit a revised basic facility requirement for each organization's portion of the applied instruction facility that is included in project P-276T, "Training Facility."

Department of the Navy response: Concur. A revised BFR is attached at enclosures E-1, E-2, and E-3. *

Recommendation 3. We recommend that the Commander, Pacific Division, Naval Facilities Engineering Command:

a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project P-276T, "Training Facility," that reflects valid Defense base realignment and closure requirements and costs, and...

Department of the Navy Response: Concur. A revised DD 1391 will be provided by September 20, 1996.

b. Correspondingly reduce budget estimates by as much as $1.9 million.

Department of the Navy response: Do not concur. The enclosed documents reviewed the buildings recommended by DODIG as possible alternative locations. In each case, the cost of renovation exceeded 70% of the value of new construction. Based on the fact that no other alternative is available, new construction is the only viable solution. Therefore, the full scope and cost of the proposed project is required.

4. We recommend that Commander, Naval Air Station Barbers Point, develop a comprehensive plan with facilities personnel at Marine Corps Base Hawaii Kaneohe Bay to review existing facilities that could meet the needs of the applied instruction facility.

6

*Enclosures omitted because of length. Copies will be provided upon request.

Final Report Reference

Department of the Navy response: Concur. As stated in the response to recommendation 3(b), Navy planners have coordinated with facilities personnel at MCBH to identify existing facilities available for Navy use. Subsequent information provided to DODIG auditors validated the full scope of P-276T.

During the planning for each scenario, a "snap shot" of the available existing facilities is taken and used to determine project scopes. As for the training facilities included in P-276T, the rooms that DODIG cited as available for use in this project have been previously committed to other organizations. See enclosure E-3. *

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*Enclosures omitted because of length. Copies will be provided upon request.

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
Wayne K. Million
Nicholas E. Como
Samuel J. Scumaci
Gopal K. Jain
Tonya M. Dean
Andrew J. Filer
Sheryl L. Jansen
Richard J. Kutchey