

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE RELOCATION OF MARINE
AIR CONTROL GROUP-48 FROM NAVAL AIR STATION
GLENVIEW, ILLINOIS, TO NAVAL AIR STATION
ATLANTA, GEORGIA**

Report No. 96-233

September 30, 1996

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
LAAD	Low Altitude Air Defense
MILCON	Military Construction
NAS	Naval Air Station



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



September 30, 1996

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

**SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for
the Relocation of Marine Air Control Group-48 From Naval Air Station
Glenview, Illinois, to Naval Air Station Atlanta, Georgia
(Report No. 96-233)**

We are providing this audit report for your information and use. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Management comments from the Navy were considered in preparing the final report.

Management comments on a draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

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. Michael Perkins, Audit Project Manager, at (703) 604-9273 (DSN 664-9273). See Appendix F for the report distribution. The audit team members are listed inside the back cover.

A handwritten signature in black ink that reads "Robert J. Lieberman".

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-233
(Project No. 6CG-5001.13)

September 30, 1996

Defense Base Realignment and Closure Budget Data for the Relocation of Marine Air Control Group-48 From Naval Air Station Glenview, Illinois, to Naval Air Station Atlanta, Georgia

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 one Defense base realignment and closure military construction project, valued at \$9.1 million, resulting from the closure of Naval Air Station Glenview, Illinois, and realignment of the Air Control Unit to Naval Air Station Atlanta, Georgia (project P-906T, "Marine Reserve Training Facility"). An additional normal military construction project P-330, "Reserve Training Building," was also reviewed because it was for a similar requirement and became consolidated with the Defense base realignment and closure military construction project.

Audit Results. Marine Forces Reserve, New Orleans, Louisiana, did not plan to consolidate two Marine Reserve training facility military construction projects, project P-906T and project P-330. As a result, total facility space requirements and cost estimates of \$11.8 million (\$9.1 million for project P-906T and \$2.7 million for project P-330) may be overstated.

Recommendation. We recommend that the Commander, Marine Forces Reserve, prepare and submit revised DD Forms 1391, "Military Construction Project Data," for project P-906T and project P-330 to reflect a shared, consolidated facility and appropriate conjunctive funding allocation.

Management Comments. The Navy partially concurred with the report stating that the two projects will be consolidated as recommended and that new DD Forms 1391 will be submitted in November 1996. The Navy further stated that it does not expect a significant reduction in the total facility costs because increased construction costs in

the Atlanta area may be sustained throughout the next 3 to 5 years. A summary of management comments is in Part I, and the complete text of management comments is in Part III of the report.

Audit Response. We consider the Navy comments fully responsive to the intent of the recommendation; therefore, no additional comments are required.

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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 about FY 1997 BRAC military construction (MILCON) costs. It discusses a project that was added to the FY 1996 budget too late to be included in previous audit coverage. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid and partially valid requirements for the project we reviewed.

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 project was a valid BRAC requirement, 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 revised project P-906T, "Marine Reserve Training Facility," valued at \$9.1 million, resulting from the closure of Naval Air Station (NAS) Glenview, Illinois, and realignment to NAS Atlanta, Georgia. 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. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Marine Reserve Training Facility

The Marine Corps did not plan to consolidate two MILCON projects, project P-906T, "Marine Reserve Training Facility," and P-330, "Reserve Training Building." The Marine Corps did not consolidate the MILCON projects because the Marine Corps did not perform an economic analysis for the consolidated space requirements of both projects. As a result, facility space requirements and cost estimates of \$11.8 million (\$9.1 million for project P-906T and \$2.7 million for project P-330) may be overstated.

Proposed Project for Marine Reserve Units

Realignment of the Marine Air Control Group-48. NAS Glenview operationally closed September 30, 1995, with final property disposal expected to be completed by September 30, 1998. The Marine Air Control Group-48 was temporarily relocated from NAS Glenview to Fort Sheridan, Illinois. By the time the lease expires on December 31, 1999, the Marine Air Control Group-48 is to relocate to NAS Atlanta.

Marine Forces Reserve, New Orleans, Louisiana, proposed a military construction project for a Marine Reserve training facility at NAS Atlanta, valued at \$9.1 million, to accommodate the relocation of the Marine Air Control Group-48. Design of the Marine Reserve training facility consists of a two-story, metal-framed, 70,000-square-foot building with masonry walls. The Marine Corps submitted DD Form 1391, "FY 1996 Military Construction Project Data," for project P-906T on June 23, 1995.

Congressional Add-on for Marine Reserve Training Facility. The 4th Low Altitude Air Defense Detachment "A" (LAAD) required a new facility for several years. The requirement is primarily based on the lack of adequate space, unsecured storage areas, and sanitary problems that exist at the present facility for LAAD. In April 1994, Marine Forces Reserve prepared a DD Form 1391, "FY 1994 Military Construction Project Data," for project P-330, to remedy those deficiencies. Funding was not available for military construction of the new facility for LAAD. However, Congress added funding for project P-330 to the National Defense Authorization Act for Fiscal Year 1995.

Planning for the Consolidation of the Two Projects

Marine Forces Reserve did not initially consider the consolidation of the two MILCON projects P-906T and P-330. Marine Forces Reserve management planned for the projects to be built as two independent facilities. The Marines did not consider combining the facility requirements, which would reduce the

Marine Reserve Training Facility

total facility space requirements and reduce the total overall costs. The performance of an initial economic analysis, as required by DoD and Navy guidance, may have indicated that a consolidation of the two projects into one shared facility would result in significant savings.

Requirement to Perform an Economic Analysis. Marine Forces Reserve did not perform an economic analysis. DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972, states that an economic analysis is to assist personnel in choosing the best method of employing resources to achieve specific objectives. The performance of an economic analysis should be a crucial part of planning, programing, and budgeting within DoD. An economic analysis is required when a choice or trade-off exists between at least two options.

Department of the Navy memorandum, "Economic Justification for MILCON Projects," April 14, 1992, amplifies DoD Instruction 7041.3. The Navy memorandum further establishes that projects with an estimated value of at least \$2 million must have an economic analysis performed as part of the planning. Marine Forces Reserve personnel stated that the election to consolidate the two projects was made only after determining that efforts to construct P-330 as a separate facility were ineffectual because of the construction market's lack of competition in the Atlanta, Georgia, region as a result of the 1996 Summer Olympics.

Impact of 1996 Summer Olympics on Project P-330. The 1996 Summer Olympic Games caused Marine Forces Reserve management to consider the option of consolidating the two projects into one shared facility. The option of consolidating the projects was a factor that Marine Forces Reserve management should have considered initially.

Marine Forces Reserve solicited bids for project P-330 with a bid closing date of September 7, 1995. The Government estimated that the project would cost not more than \$88 per square foot. However, the lowest bid received was for \$124 per square foot, which was considered to be a nonresponsive bid.

Marine Forces Reserve again solicited bids for project P-330 with a bid closing date of January 11, 1996. However, none of the second bids were lower than the lowest bid from the first solicitation, \$124 per square foot.

To devise a plan for accomplishing project P-330, Marine Forces Reserve held a meeting on February 15, 1996, with all parties responsible for project P-330. During the meeting, the design consultants stated that the construction for the 1996 Summer Olympic Games caused a significant backlog of non-Olympic construction projects. The design consultants added that the backlog has caused an increase in construction costs as evidenced by the two previous bid solicitations. The consultants further stated that they expect the increase in construction cost to be sustained throughout the next 3 to 5 years.

During the February 15, 1996, meeting, the design consultants indicated that the consolidation of project P-330 with project P-906T into one shared facility could be accomplished for the funds already budgeted. That is, the Marine

Forces Reserve could house both projects in one shared facility, with a reduced total space requirement, and could construct the projects using the funds from each project's DD Form 1391, "FY 1995 Military Construction Project Data," \$2.7 million (project P-330) and \$9.1 million (project P-906T).

Corrective Actions. Marine Forces Reserve management closed the February 15, 1996, meeting by requesting the design consultants to develop a schematic design for a combined facility that can accommodate both Marine Reserve Groups. The consultants were also to determine the cost of the structure and ensure that the cost was at least within the aggregate sum of the funds already budgeted for the two projects. Approximately 3 weeks later, the consultants advised Marine Forces Reserve management that the option of constructing one facility for both projects could be accomplished.

Recommendation, Management Comments, and Audit Response

We recommend that the Commander, Marine Forces Reserve, prepare and submit revised DD Forms 1391, "Military Construction Project Data," for project P-906T, "Marine Reserve Training Facility," and project P-330, "Reserve Training Building," to reflect a shared, consolidated facility and appropriate conjunctive funding allocation.

Navy Comments. The Navy partially concurred with the report stating that the two projects will be consolidated as recommended and that new DD Forms 1391 will be submitted in November 1996. The Navy further stated that it does not expect a significant reduction in the total facility costs because increased construction costs in the Atlanta area may be sustained throughout the next 3 to 5 years.

Audit Response. We consider the Navy comments fully responsive to the intent of the recommendation; therefore, no additional comments are required.

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 one realignment project to relocate the Marine Air Control Group-48 from Naval Air Station Glenview, Illinois, to the Naval Air Station Atlanta, Georgia. Project P-906T, "Marine Reserve Training Facility," is estimated to cost \$9.1 million.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from January through June 1996 in accordance with auditing standards issued by 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. Appendix E 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

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-226	Defense Base Realignment and Closure Budget Data for the Closure of Stratford Army Engine Plant, Stratford, Connecticut	September 18, 1996
96-223	Defense Base Realignment and Closure Budget Data for the Construction of Family Housing at Altus Air Force Base, Oklahoma	September 22, 1996
96-222	Defense Base Realignment and Closure Budget Data for the Construction of Family Housing at Naval Air Station Fallon, Nevada	September 22, 1996
96-220	Defense Base Realignment and Closure Budget Data for Closure of Marine Corps Air Station Tustin, California, and Realignment of Helicopter Squadrons and Aircraft to Marine Corps Air Station Camp Pendleton, California	September 13, 1996
96-218	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	September 4, 1996
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

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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 of 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
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

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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
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

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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
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

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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
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 BRAC MILCON project.

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

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 the 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

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
NAS Atlanta, GA	P-906T	N/A			
NAS Atlanta, GA	P-330	N/A			

Table D-2. Recommended Changes in Project Estimates

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
NAS Atlanta, GA	P-906T	\$ 9.10	Undeterminable*	
NAS Atlanta, GA	P-330	<u>2.65</u>	Undeterminable*	
Total		\$11.75		

*The recommended amount of change will be undeterminable until a combined DD Form 1391, "Military Construction Project Data," has been approved by the appropriate BRAC officials.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Navy

Naval Facilities Engineering Command, Alexandria, VA
Southern Division, Charleston, SC
Naval Air Station Atlanta, GA

U.S. Marine Corps

Marine Forces Reserve, New Orleans, LA
Marine Air Control Group-48, Fort Sheridan, IL

Non-Federal Organizations

KBJ Architects, Jacksonville, FL
Thompson Company, Atlanta, GA
U.S. Cost, Atlanta, GA

Appendix F. Report Distribution

Office of the Secretary of Defense

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

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Commander, Naval Facilities Engineering Command
Commanding Officer, Southern Division
Commander, Marine Forces Reserve
Commanding General, 4th Marine Air Wing
Commanding Officer, Marine Air Control Group-48
Commanding Officer, Naval Air Station Atlanta

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

Non-Defense Federal Organizations and Individuals (cont'd)

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

Department of the Navy Comments

Final Report
Reference



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

19 SEP 1996

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR
GENERAL FOR AUDITING

Subj: DODIG DRAFT OF A PROPOSED AUDIT REPORT ON DEFENSE BASE
REALIGNMENT AND CLOSURE BUDGET DATA FOR THE RELOCATION
OF MARINE AIR CONTROL GROUP FROM NAVAL AIR STATION
GLENVIEW, ILLINOIS, TO NAVAL AIR STATION ATLANTA,
GEORGIA (PROJECT NO. 6CG-5001.13)

I am responding to the draft proposed audit report forwarded by Attachment 1,
concerning base realignment and closure budget data for the relocation of Marine Air
Control Group from Naval Air Station Glenview, Illinois, to Naval Air Station Atlanta,
Georgia. The Department of the Navy partially concurs in the report recommendation.
Navy response is provided at Attachment 2.

A handwritten signature in black ink, appearing to read "Duncan Holaday".

Duncan Holaday
Deputy Assistant Secretary
(Installations and Facilities)

Attachments:

1. DODIG memo of August 2, 1996
2. DON Reponse to DODIG Draft Proposed Audit Report of August 2, 1996

Copy to:
ASN (FMB)
ASN (FMO-31)
CMC (RFR)
NAVINGEN (02)
COMNAVFACENGCOM (00G2)

Attachment 1
not included.

Department of the Navy Comments
on
DODIG Draft Audit Report
on
BRAC Budget Data for the Relocation of Marine Air Control
Group from NAS Glenview to NAS Atlanta
Project #6CG-5001.13

Audit Finding. "Marine Forces Reserve did not plan to consolidate two Marine Reserve training facility construction projects, project P-906T and project P-330. As a result, total facility space requirements and cost estimates of \$11.8M (\$9.1M for project P-906T and \$2.7M for project P-330) may be overstated."

Recommendation. "That Commander, Marine Forces Reserve prepare and submit revised DD Forms 1391...for Project P-906T...and Project P-330...to reflect a shared, consolidated facility and appropriate conjunctive funding allocation."

DON Response. Partially concur. The two projects will be consolidated as recommended. Southern Division, Naval Facilities Engineering Command (SouthDiv) expects to have a schematic submittal representing approximately 10% design in November 1996 that will consolidate the two projects. The 1391s will be updated individually, based on the estimated consolidated facility cost. We do not expect a significant reduction in total facility costs as a result of the consolidation. In a normal bidding climate where construction costs have not been driven up in excess of 25%, the rationale for consolidating two projects at a cost less than the sum of the two separate projects would be sound. However, project P-330 has already registered two bid busts. Additionally, the design consultants' expectation, identified on page 5 of the draft report, that increased construction costs might be sustained throughout the next 3 to 5 years. When analyzed in this light, the possibility of an overstated cost estimate must be discounted in favor of the more realistic view that the funding level for the consolidated projects be maintained at \$11.8M.

Audit Team Members

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

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