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**Construction Of 125  
Temporary Lodging Units  
At The Newport Naval Base,  
Rhode Island** B-169926

**Department of the Navy**

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

095594

700667

APRIL 9, 1971



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-169926

Dear Senator Pell:

This is our report on the construction of 125 temporary lodging units at the Newport Naval Base, Rhode Island, as requested in your letter of May 22, 1970. As agreed with your office, we will issue a separate report on the charges regarding the construction of 200 family housing units at the Newport Naval Base.

We have incorporated, where appropriate, the Department of the Navy's comments on questions we raised with the Commanding Officer of the Newport Naval Station. The comments were furnished by the Bureau of Naval Personnel, rather than by local officials, because all policy and basic decisions relating to the Newport project were made at the highest levels within the Department and thus relate to the entire Navy temporary lodging program.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General  
of the United States

The Honorable Claiborne Pell  
United States Senate

D I G E S T

WHY THE REVIEW WAS MADE

At the request of Senator Pell, the General Accounting Office (GAO) examined into the proposed construction of a temporary lodging facility at the Newport Naval Base, Rhode Island. This request was based on local residents' concern over competition between the Navy lodgings and local commercial motels and over the location of the facility.

The Secretary of the Navy announced in January 1970 that the Navy planned to embark on a \$10 million temporary lodging program. This program is intended to remedy the situation in which Navy personnel and their families traveling to new duty stations have had to use their savings, and often borrow money, to stay in commercial facilities while attempting to find permanent housing. This situation has occurred because of a lack of adequate commercial motels at reasonable prices. (See p. 3.)

FINDINGS AND CONCLUSIONS

The Navy did not document the basis originally used to justify the need for 125 units at Newport prior to award of the construction contract. Also, the Navy did not perform a sufficiently detailed study to determine whether its temporary lodging needs could have been met by private motels in the area. (See pp. 6 and 11.)

A subsequent Navy revalidation of the need for 125 units is questionable because (1) many of the calculations and figures used in computing the number of required units also have not been documented and (2) GAO's verification of the figures used in the revalidation indicate that they are not reasonable. (See p. 7.)

Prior to the award of the construction contract, local residents of the area were led to believe that the Newport temporary lodging facility would be for permanent-change-of-station personnel only. Navy regulations showed, however, that the facility would be available to all military personnel and to certain civilians. (See p. 14.)

The cost projections used to establish the \$8 rental rate per unit appear questionable. (See p. 18.)

The location selected for the temporary lodgings will increase the likelihood of additional jurisdictional disputes between the Newport Naval Base and the town of Middletown, Rhode Island, in the event that a crime is committed in the facility. (See p. 22.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

In commenting on the above matters, the Navy said that standards were being refined to validate future requirements for temporary lodging facilities. (See p. 9.) Also, after the actual construction and operating costs are known, changes could be made in the period of time required to repay the construction costs in order to maintain the \$8 daily rental rate. (See p. 19.)

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## CHAPTER 1

### INTRODUCTION

The Secretary of the Navy announced in January 1970 that the Navy planned to embark on a \$10 million temporary lodging program. According to the Secretary, this program is intended to remedy the situation in which Navy personnel and their families traveling to new duty stations have had to use up their savings, and often borrow money, to stay in commercial facilities while attempting to find permanent housing. This situation has occurred because of a lack of adequate commercial motels at reasonable prices.

Military permanent-change-of-station personnel receive allowances to cover such things as the average costs of transportation, subsistence, lodging, and other incidental expenses related to the travel between duty points. Under certain conditions permanent-change-of-station personnel in pay grades E-4 and above also receive dislocation allowances which are generally equal to the applicable monthly rates of the basic allowances for quarters.

The legislative history of Public Law 84-20, The Career Incentive Act of 1955, as amended (37 U.S.C. 407), which led to the establishment of the dislocation allowances, indicates that the allowances are intended to cover a variety of nonreimbursable costs, including the excess costs of food and lodging incurred immediately prior to leaving the old station and after arriving at the new assignment. A 1966 study conducted by the Department of Defense (DOD) indicated, however, that the actual expenses incurred by permanent-change-of-station personnel with families exceeded the dislocation allowances by about 250 percent. This was exclusive of the costs of temporary lodging.

About 900 temporary lodging units will be constructed in areas of fleet concentration within the United States. Installations receiving the largest number of temporary lodging units in the first construction phase are San Diego, California (250 units); Norfolk, Virginia (200 units); and Newport, Rhode Island (125 units).



The temporary lodging program will utilize the "turn key" concept for construction of the facilities, under which a contractor will provide a completely useable facility similar to those routinely being built for the private market. The award, administration, and supervision of the construction contracts will be handled by the Naval Facilities Engineering Command who will receive a fee paid from nonappropriated funds. The Navy Resale System Office will be responsible for managing the financial and operating aspects of the temporary lodging program in the same manner as other Navy exchange functions.

The initial construction funds of \$10 million will be loaned to the Navy Resale System Office by the Chief of Naval Personnel from nonappropriated monies which have accumulated in the centralized Navy Recreation Fund administered by the Bureau of Naval Personnel. This loan is interest-free, and the current financial plan indicates that the monies are to be repaid in 13.5 years from the income generated by the temporary lodging units.

The construction of additional temporary lodging units will be financed from an annual \$2 million construction fund. The monies will be provided from the profits of the temporary lodging facilities augmented, as required, by monies from the Navy Recreation Fund. This procedure will continue until the profits from the temporary lodging facilities can sustain the construction program or until the temporary lodging construction requirements have been met.

On June 17, 1970, the Naval Facilities Engineering Command awarded a \$2.1 million fixed-price contract to the lowest bidder for the construction of motel-type temporary lodging units at the Newport Naval Base and at the Submarine Base, New London, Connecticut. The temporary lodging facility at the Newport Naval Base will have 112 living units plus support units, such as rooms for vending machines, laundry services, storage, and maid services. The construction contract also provides for the following furnishings in each unit:

- Kitchenette with two-burner range, sink, refrigerator, storage cabinet, wall cabinets, and garbage disposal.

- Two double beds and one single bed with back cushions for use as a sofa.
- Dining table that is convertible to a coffee table.
- Wall-to-wall carpeting.
- Black-and-white 18-inch television set.
- Night table.
- Six-drawer chest.
- Combination desk and vanity with chair.
- Two lounge chairs.
- Air conditioner.
- Bathroom with shower and tub.

## CHAPTER 2

### VALIDITY OF THE NEED TO CONSTRUCT

#### 125 TEMPORARY LODGING UNITS

Our review showed that the Navy did not document the basis originally used to justify the need for 125 temporary lodging units at the Newport Naval Base prior to the award of the construction contract. A subsequent revalidation of the need by the Newport base is questionable because (1) many of the specific calculations and figures used in computing the number of units required have not been documented and (2) our independent verification of selected figures considered in the revalidation indicate that these figures are of questionable validity.

Our review also disclosed that the Navy did not perform a sufficiently detailed study to determine whether its temporary lodging needs could have been met by private motels in the area.

#### THE NAVY'S COMPUTATION OF THE NUMBER OF UNITS REQUIRED

In September 1969 the naval district commandants were requested by higher headquarters to provide a listing of the number of temporary lodging units required in their jurisdictions. The request, however, did not provide guidance regarding the method of estimating the number of units required. The Newport Naval Base reported a need for 230 units but did not document the specific calculations and assumptions which formed the basis for the estimated need. Therefore, we were unable, in our examination, to evaluate the reasonableness of the need for 230 units as requested by the base.

The Bureau of Naval Personnel, Special Services Division, considered the need for motel units as reported by various naval installations. In the case of the Newport Naval Base, only 100 of the 230 were approved in order to provide, we understand, lodging units to a number of other naval installations. The Bureau did not verify the data

provided by the Newport Naval Base, however, nor did they document the rationale used in making the reduction to 100 units.

The number of units authorized for the Newport area was increased to 125 units (112 living units plus support units, such as maids' rooms), after meetings among representatives of the Bureau of Naval Personnel, the Navy Resale System Office, and Naval Facilities Engineering Command. We were advised by a Navy official that the increase had been made after giving consideration to (1) the cost of constructing various numbers of units and (2) the number of units required for a profitable operation (in some cases as few as 25 units are being built). We were also advised that no documentation was available to support this increase.

In view of this lack of documentation, we advised base officials on July 15, 1970, of our reservation as to the need for 125 temporary lodging units (the construction contract had been awarded on June 17, 1970). Subsequently, officials of both the Newport Naval Base and the Bureau of Naval Personnel advised us that a July 23, 1970, study prepared by the naval base had shown that the motel would be fully occupied by permanent-change-of-station families. This study showed a need for 228 units during the 3 summer months and a need for 149 units during the remaining 9 months.

The base's July 1970 study considered the following information in its determination of the number of units required: (1) the estimated number of incoming and outgoing permanent-change-of-station personnel who would use the temporary lodging facility, (2) the average length of stay in the temporary lodgings for incoming and outgoing permanent-change-of-station personnel, and (3) the number of families requiring more than one motel unit. The determination also included separate calculations for student personnel on permanent-change-of-station orders, the number of units required in the summer, and the number of units required during the remaining 9 months.

Our review of the data used in the base study showed that, in many cases, the data supporting the figures used in

the requirements computations was not available. For example, the study showed that every Navy family making a permanent-change-of-station move to or from the Newport base would use the motel for about 20 days in the winter months and about 15 days in the summer months.

Newport officials told us that these figures were not based upon a detailed survey of the conditions; instead, they were based on the statement in an Office of the Chief of Naval Operations instruction on the operation of temporary lodging accommodations that "Normal period of occupancy will be 10 to 15 days and may be extended to 29 days in order to maintain full occupancy." Our discussion with a Navy official disclosed that there was no written support for the 10- to 15-day figure used in the regulation.

In addition, the study used an average base tour of 24 months to determine the number of permanent-change-of-station personnel coming into the area each year; but Newport officials could not provide documentary support for the 24-month figure. Because this data affects the estimated number of permanent-change-of-station families using the motel, we believe that base officials should have documented such things as the number of families expected to use the motel, the length of occupancy, and the average duty tour, to ensure a realistic estimate of the number of temporary lodging units required.

To verify the expected usage of the Navy motel, we contacted recent Newport permanent-change-of-station personnel to determine if they would have used the proposed Navy motel, had it been available, and for how long. As suggested by a Public Works official, we obtained a listing of the permanent-change-of-station personnel who had requested assistance from the base to find permanent housing during June and July of 1970. Our interviews with 46 such individuals indicated that 41 of them would have used the Navy motel for an average of 11 days, if it had been available. In addition, we used the procedure which base officials advised us that they had used to compute the average base tour of 24 months. We estimated that the average Newport Naval Base tour was about 33 months.

In view of the questionable validity of the figures used by the base in its July 1970 determination of the units required, we again advised the base and Navy Department officials of our reservations on September 9 and October 12, 1970. The objective of the September 9 notification was to have them carefully reconsider the need to build all 125 units before construction was well underway.

In its December 1970 written comments, the Navy stated that, although the primary consideration in the provision of temporary lodging facilities was to serve personnel on permanent-change-of-station orders, it recognized that there was also a need to provide this type of facility for other categories of naval personnel and their families. On the basis of its surveys, the Navy also stated that the determination that 125 units were needed for permanent-change-of-station personnel arriving at the Newport base was conservative, because such units would also be used by (1) personnel arriving at Quonset Point and Davisville, Rhode Island, and (2) the families of patients and outpatients of the Newport Naval Hospital.

As shown above, the justification for the 125 units up to the time of the Navy comments seemed to indicate to us that it was based on needs to temporarily house permanent-change-of-station personnel and their families arriving at the Newport Naval Base. Obviously, the inclusion of other categories of personnel as additional justification for having 125 units broadens significantly the number of authorized potential users of the temporary lodging facility. On this basis, the demand for such accommodations could well exceed the capacity of the 125-unit temporary lodging facility because Navy policy permits a wide range of both civilian and military personnel to use temporary lodging facilities. (See p. 14.) As discussed in chapter 3 (see p. 17), it may be desirable to generally restrict such facilities to permanent-change-of-station personnel.

Apparently the Navy has recognized the need to improve the methods being used to determine requirements for temporary lodging units. In the December 1970 reply, the Navy stated that standards were being refined to assist in validating future requirements for temporary lodgings. In addition, procedures were being established to obtain up-to-date

figures on personnel receiving permanent-change-of-station orders and on the average length of wait in each area for permanent housing.

AVAILABILITY OF RENTAL UNITS  
IN THE COMMUNITY

We found that, prior to the award of the construction contract, base officials did not coordinate with local business interests for the purpose of having them meet the Navy's need for a sufficient number of suitable temporary lodging accommodations at reasonable prices.

The Navy commented that the costs and availability of existing community facilities had been considered and reviewed. Rates were obtained from various motel/hotel directories and average in-season costs were found to be prohibitive for Naval personnel. In addition, kitchenettes were generally not provided. The Navy explained that this feature was vital to Navy families trying to live within their means while in transit status and, for that reason, was an absolute requirement for Navy temporary lodging units. It further stated that, where there was a concentration of naval personnel, it was fully realized that commercial facilities might be unable to meet the needs of the Navy during periods of peak civilian use.

We believe that motel/hotel rates obtained from directories by the Navy are not necessarily indicative of the rates that could have been obtained if negotiations had been conducted with the owners for short-or long-term leasing of the units needed.

For example, we contacted the majority of the motel operators on Aquidneck Island, site of the Newport Naval Base, and were advised that there were at least 38 efficiency-type units with weekly or monthly rates lower, during the summer season, than the Navy planned to charge<sup>1</sup> and 70 units available during the winter season. An additional 39 efficiency-type units in the area are rented, during the summer months, at weekly rates from \$90 to \$120 and, during the winter months, at weekly rates from \$50 to \$90.

Although there is no assurance that these units would be available during the summer when the demand is greatest, we believe that the existence of such units shows that the

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<sup>1</sup>\$8 per day per unit.



Navy should have explored the possibility of leasing commercial motel units. We also noted that this very method was considered in 1966 when base officials had surveyed local motel owners in Newport regarding accommodations for bachelor officers. The supporting documents show that nine motel owners expressed an interest in leasing arrangements which would accommodate about 340 men in the nine motels at a relatively modest daily rate of about \$5.

We believe that coordination with the local business community in the Newport area would be in keeping with the Navy policy concerning temporary lodging accommodations. Secretary of the Navy Instruction 11107.1, dated October 24, 1963,<sup>1</sup> provided that such accommodations be established only at those activities where convenient, adequate, and reasonably priced facilities are not available in nearby civilian communities.

With respect to the need for kitchenettes, we agree that the number of efficiency units available at a rate comparable to the \$8 daily rate per room proposed for the base motel is limited. We believe, however, that some users of the base motel may not desire a unit with a kitchenette, because such units are being provided not only for permanent-change-of-station personnel but also for other categories of military personnel.

Also, there is convenient access to public dining facilities in the Newport area. Furthermore, according to an article in the March 3, 1971, Navy Times, station commanders have been directed to allow and encourage enlisted personnel to bring dependents and guests to general messes for occasional meals.

We noted that the Department of the Army is sponsoring a similar construction program in which approximately 800 guest units are currently under construction at bases throughout the United States; however, kitchenette facilities will be included only when access to public dining facilities is not convenient to a guest house. We believe that the desire at Newport to build temporary lodging units with kitchenette facilities, without first determining a need for such facilities, may have automatically precluded from consideration those available commercial motel units without such facilities but which were otherwise adequate.

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<sup>1</sup> Rescinded December 18, 1970.

Prior to the completion of the Newport temporary lodging facility, about 380 new commercial motel or hotel units will have been added to the total of about 825 existing units on Aquidneck Island. The newly built commercial motel or hotel units represent an increase of about 45 percent of the total units currently located on Aquidneck Island. None of these new units were considered as possible substitutes for any of the units now being built on the base.

### CHAPTER 3

#### DISCLOSURE BY THE NAVY OF THE CATEGORIES OF

#### PERSONNEL TO OCCUPY THE

#### TEMPORARY LODGING FACILITY

Officials of the town of Middletown and other local residents, further identified below, stated that, prior to the award of the construction contract for the temporary lodging facility at Newport, they had been led to believe that the facility would be used for permanent-change-of-station personnel only. They stated also that they were not in favor of its usage by any other categories of Navy personnel.

We found that Navy regulations existing prior to the award of the construction contract showed that the temporary lodging facilities would be available to all categories of military personnel and to certain categories of civilians. Our review showed, however, that public announcements stating that individuals other than permanent-change-of-station servicemen would be permitted to use the temporary lodging facility had not been issued until after the Newport construction contract was awarded on June 17, 1970.

#### NAVY REGULATIONS ON TYPES OF OCCUPANTS

Navy regulations, some dating as far back as 1963, provide that guest houses (which include hotels and motels) would be available to persons authorized unlimited Navy exchange privileges, to official guests and visitors of the command, and to visiting relatives and guests of military personnel. The assignment policy for the temporary lodging program was restated in the Office of the Chief of Naval Operations Instruction 11107.1, dated May 13, 1970, as follows:

"5. a. To serve the primary purpose of temporary lodging accommodations, the occupancy of these facilities will be in the following order of priority:

(1) Navy personnel with dependents, and Marine Corps personnel with dependents assigned to the regular personnel allowance of Navy ships, stations and staffs arriving or departing area under PCS [permanent-change-of-station] orders.

(2) Other personnel

(a) Other active duty military personnel and their dependents.

(b) Retired military personnel and their dependents.

(c) DoD civilian employees assigned to overseas areas and their dependents.

(d) Official guests and visitors of the command.

(e) Visiting relatives and guests of assigned military personnel in isolated areas where civilian community accommodations are not available.

(3) The above order of priorities is not applicable to temporary lodging accommodations at naval hospitals. Instructions concerning the occupancy of these facilities will be issued separately by the Chief of Naval Personnel."

PUBLIC ANNOUNCEMENTS ON  
THE TYPES OF OCCUPANTS

The Navy announced in January 1970 that the lodging program:

"\*\*\* is intended to remedy the situation in which Navy men and their families traveling to new duty stations have had to dip into savings and often borrow money to stay in commercial facilities while attempting to find permanent lodging."

But, even more specifically, an announcement in the Newport Daily News, dated April 27, 1970, stated that:

"\*\*\* the Navy motel building will be for the benefit of enlisted men and their families who are newly arrived in the area \*\*\* and it will provide strictly temporary housing units until more permanent housing can be found."

The Newport Naval Base itself did not issue news announcements regarding the temporary lodging facility prior to the award of the construction contract. Information supplied to the news media was in response to queries made by them. Our review showed that this was in accordance with guidelines from higher authorities. We also found that the guidelines did not provide for release of information regarding usage of the temporary lodging facility by other than permanent-change-of-station personnel.

In letters dated January 19, 1970, the Navy advised the Chairmen of the Armed Services and Appropriations Committees of the Congress of its plan to construct temporary lodgings. The Navy indicated that the program was designed to provide relief for personnel who were changing stations, with emphasis on enlisted families. The letters did not, however, contain any indication that the temporary lodgings would be used by other categories of personnel.

On July 21, 1970, officials of the town of Middletown stated that they were not aware that the temporary lodging facility at the Newport base would be used by other than permanent-change-of-station personnel. They also advised us that the Navy had told them that the only people to use the motel would be Naval personnel making a permanent change of station. Similar statements were also made by a few commercial motel operators that we contacted.

On July 24, 1970, an article in the Newport Daily News stated that the Chairman of the Middletown Democratic Town Committee felt that the Committee had been misled on the types of personnel who would be using the temporary lodging facility. The article went on to explain that the Committee thought the facility would be used for enlisted personnel only, but that recent disclosures by the Navy revealed that retired Navy personnel, DOD civilian employees, and official guests and visitors could also make use of the temporary lodgings.

In its December 1970 written comments to us, the Navy stated that, until final approval of the temporary lodging program within the Navy Department had been received, the program had been given minimum publicity so as not to needlessly raise the hopes of servicemen. Public release of information concerning the program was withheld until the appropriate committees of the Congress had been advised.

We believe that there was ample time between the January 19, 1970, notification to the committees and the award of the construction contract on June 17, 1970, to advise Newport business interests of the Navy's assignment policy. Yet, full disclosure does not appear to have been made until local interests learned, sometime in July 1970 after the construction contract was awarded, that persons other than permanent-change-of-station personnel would be eligible to use the temporary lodgings.

The Navy policy guidance for public affairs provides that the prompt release of unclassified information concerning any activity or member of the Naval establishment which is of interest to the public is mandatory. Other instructions indicate that the Navy public information policy requires maximum disclosure to the public to foster good community relations. It seems to us that it would have been within the intent of this stated policy for the Navy to have been more candid concerning who would be eligible to use the temporary lodging facility at Newport.

In addition, we believe that eligibility by other than permanent-change-of-station personnel increases the likelihood of unfair competition between the Navy facility and local commercial motels, because it increases the possibility of occupancy by higher grade military and civilian personnel visiting the area on Government business, as well as by others who might visit the area on personal business.

## CHAPTER 4

### REASONABLENESS OF THE ESTIMATED RATE TO BE

#### CHARGED OCCUPANTS OF THE NAVY'S

##### TEMPORARY LODGING FACILITY

We inquired into the reasonableness of the estimated rate to be charged occupants because of statements by local motel owners that they could not compete with any motel-type facility which would be subsidized by the Government.

We found that the cost projections used to establish the \$8 daily rental rate for the temporary lodging units were questionable. This is because (1) the estimated operating costs used in developing the rental rate are based on existing transient Navy guest facilities which are dissimilar in size and features to the proposed transient lodging facilities and (2) the cost projections are based on the assumption that all temporary lodgings will receive partial support from appropriated funds, despite indications to the Congress that construction and operation of these lodgings will be financed from nonappropriated funds derived from Navy exchanges and other welfare activities.

We believe that the questionable adequacy of the cost projections used to establish the rental rate increases the possibility of unfair competition between the local motel owners and the Navy's temporary lodging facility. In addition, as discussed in chapter 3 on page 17 the possibility of unfair competition is increased by the type of occupants who use the temporary lodging facility.

##### REASONABLENESS OF OPERATING AND CONSTRUCTION COST ESTIMATES

The November 10, 1969, financial arrangements for the loan of \$10 million in construction funds to the Navy Resale System Office by the Bureau of Naval Personnel were based on a uniform daily unit rate of \$8 for all new temporary lodging facilities with kitchenettes, such as those being built at Newport. The arrangements also indicated that this rate would be sufficient to cover operating

expenses and repayment of the construction cost within 13.5 years.

The Navy records showed that, in developing operating-expense data for the establishment of the unit rate for all new temporary lodging units, salaries and other direct expenses were estimated by using historical cost experience obtained from 18 transient Navy guest facilities operated in the United States, the Philippines, and Japan. The 18 facilities were dissimilar in that they ranged in size from two units, at one location, to 80 units at another. They also varied in features in that some units offered shared baths and kitchen facilities and others were complete living units.

The uniform rate was established on the basis that all temporary lodging units could be built at an average construction cost of \$10,000 per unit. The actual construction contract costs for Newport temporary lodging facility, however, will be about \$1.3 million, or an average of about \$10,560 per unit. The Naval Facilities Engineering Command will receive a 6-percent fee from nonappropriated funds for the administration and supervision of the construction contract. This fee will increase the per unit construction cost at Newport to about \$11,190.

In its December 1970 written comments, the Navy stated that, on the basis of the actual construction and operating costs, the period of amortization could be adjusted, as necessary, to maintain the \$8 rate. This procedure suggested by the Navy would be in accordance with the financial arrangements pertaining to the operation of temporary lodging facilities. The financial arrangements also provide for an annual review of the rate for such revision as may be necessary to maintain the desired earnings level.

We believe, however, that realistic estimates regarding operating expenses should have been developed for the Newport temporary lodging facility. The absence of such information precluded a realistic comparison between the cost of building and operating a Navy-owned facility and alternatives, such as leasing commercial motel space for Navy personnel.



NEED FOR APPROPRIATED-FUND SUPPORT  
CONTEMPLATED IN THE RATE

A Navy Resale System Office representative who participated in the rate establishment stated that the cost projections were based on the assumption that appropriated funds would bear the cost of snow and trash removal, groundskeeping, and other common service expenses. This is in accordance with a Navy Resale System Office instruction which established the policy and procedures for the operation of temporary lodging facilities.

The instruction states that such facilities within the continental United States will reimburse the Government for utility costs, such as heat, steam, water, ice, electricity, refrigeration, gas, compressed air, air conditioning, and telephone service, but appropriated funds are to bear the costs of common services, such as fire and security protection, pest control, trash and garbage removal, sewage disposal, and medical inspection.

In July 1970 the Newport Naval Station, as well as other Navy stations, were requested to provide an estimate of costs to support the Navy's temporary lodging facilities for inclusion in the fiscal year 1972 budget. Newport furnished an estimate of \$43,150 of appropriated-fund support for fiscal year 1972, as follows:

	<u>Amount</u>
Item:	
Police protection	\$ 7,300
Pest control	1,500
Fire protection	5,000
Trash removal	5,000
Street cleaning and snow removal	1,500
Grounds maintenance	1,000
Maintenance of structure and appurtenances, emergency calls, maintenance of furnishings, equipment and appliances	<u>21,850</u>
Total	<u>\$43,150</u>

We calculated that, if the above estimated costs were borne by appropriated funds, they would subsidize the Newport's temporary lodging operation by about \$1.20 daily for each unit on the basis of an approximate 90 percent occupancy. The nature of the costs suggests to us that appropriated fund support for temporary lodging facilities could be substantial over the years, particularly if other Navy stations and other military services provide similar support for such facilities.

Public Navy releases regarding the temporary lodging program did not mention that appropriated funds would be used in connection with the operation of these facilities. In fact, these announcements and other documents implied that the lodging program would be self supporting. For example, in January 1970 the Secretary of the Navy wrote to the Chairmen of the Appropriations Committees and the Armed Services Committees of the Congress and stated in part that:

"the cost of planning, construction and operation of these lodgings will be financed from nonappropriated funds derived by the operation of Navy Exchanges and other welfare activities."

In its December 1970 reply on the indicated use of appropriated funds, the Navy stated that

"There is no plan for amortizing the cost of temporary lodges by use of appropriated funds. Amortization will be accomplished exclusively through use of nonappropriated funds."  
(Underscoring supplied.)

The Navy reply, however, did not refer to operation costs which, as indicated above, would be financed partially from appropriated funds. This is not consistent, therefore, with the statement the Navy made in its January 1970 letter to the congressional committees.

## CHAPTER 5

### PROBLEMS RESULTING FROM THE LOCATION OF THE TEMPORARY LODGING FACILITY

Elected representatives of Middletown made several criticisms of the location selected for the temporary lodging facility. The principal criticisms were that (1) traffic congestion would be increased, (2) the open area used as a playground by families in the area would be substantially reduced, and (3) jurisdictional disputes might occur in the event a crime was committed in the Newport base temporary lodging facility.

Our observations on these matters follow.

#### POSSIBILITY OF INCREASED TRAFFIC CONGESTION

Navy base officials advised us that traffic increases from the temporary lodging facility would be negligible because access roads to the facility were relocated to provide entrance and exits via a lightly traveled street. They advised us also that future highway construction, which included widening of the roads and installation of traffic lights around the facility, would ease the traffic congestion.

#### DECREASE IN PLAYGROUND AREA FOR NAVY FAMILIES

The temporary lodging facility, including parking facilities, will occupy about 3 acres at the south end of a 7-acre plot. The plot is presently an open area except for a tennis court and a handball court at the north end. We were advised by base officials that the remaining 4 acres of playground area should be adequate for Navy family usage.

#### LIKELIHOOD OF JURISDICTIONAL DISPUTES

The land on which the motel is being constructed is part of a 128-acre parcel taken by the Government in 1940.

The Government possesses a proprietorial jurisdiction over the property which presently contains a number of Navy family housing units. Proprietorial jurisdiction exists where the Federal Government has acquired some right or title to an area in a State but has not obtained any measure of the State's authority over the area. The Federal statute which authorized the acquisition of the land prohibited such acquisition from depriving the State of any civil or criminal jurisdiction over the property.

A base official informed us that the town of Middletown had provided police protection for this property but that this protection was withdrawn a number of years ago when the Federal Government suspended payments for such services. Since that time the naval base has been furnishing the police protection for the family housing units on the property but lacks the proper authority to bring offenders to trial. We were advised by a base official that, as a result, in most cases offenders were not prosecuted. He also said that he did not believe that the temporary lodging facility would present any new types of jurisdictional problems but that its location would increase the likelihood of additional jurisdictional disputes of the type encountered in the past.

## CHAPTER 6

### SCOPE OF REVIEW

We reviewed pertinent records and held discussions with responsible officials of the Department of the Navy, the Naval Facilities Engineering Command, and the Newport Naval Base relating to the following aspects of the construction of 125 temporary lodging units at the Newport Naval Base: the determination of the number of units required, the availability of motel units in the community, the types of personnel to occupy the units, the determination of the rental rate, and the location of the facility.

We also held interviews with personnel who recently made a permanent change of station to determine if they would use the proposed temporary lodging units, and we contacted local motel operators to determine the availability of commercial motel units. We also held discussions with the complainants regarding their objections to the proposed temporary lodging facility at the Newport Naval Base.

We obtained information at the following Navy activities:

- Bureau of Naval Personnel, Washington, D.C.
- Naval Facilities Engineering Command, Washington, D.C.
- Navy Resale System Office, Brooklyn, New York
- U.S. Naval Base, Newport, Rhode Island