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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Reduction Of Civilian Personnel At New London, Connecticut, Naval Installations

Department of the Navy

FPCD-76-22

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NOV. 4, 1975

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

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The Honorable Christopher J. Dodd
House of Representatives

Dear Mr. Dodd:

This is our response to your May 22, 1975, request, which we discussed with you on June 19 and August 19, 1975.

You asked that we:

- Investigate whether the loss of civilian manpower has affected the efficiency of the Groton Submarine Base, New London, Connecticut, and what savings, if any, have resulted from using contractors.
- Help determine whether contracting out the guard force at the Naval Underwater Systems Center, New London, will reduce costs and threaten security.

No functions transferred externally at the Groton Submarine Base during fiscal years 1973-75 affected civilian employment levels. However, functions and employees were transferred from base activities to tenant activities on base. During this period personnel ceilings decreased 237 for base activities and increased 198 for tenant activities, a net decrease of 39.

Although personnel ceilings for base activities and the number of employees on board have decreased, operations required to support the fleet and tenant activities have increased. This has resulted in an increase in contracting for services and a growth in the backlog of essential maintenance.

In October 1974 the base contracted for custodial services because of a reduction in the personnel ceiling. The base's March 1975 cost analysis showed that about \$212,000 could be saved in 4 years by contracting for these services. Cost data then available was used in this analysis, but base officials now believe contract costs will increase. Most other services contracted had not been performed previously by base personnel.

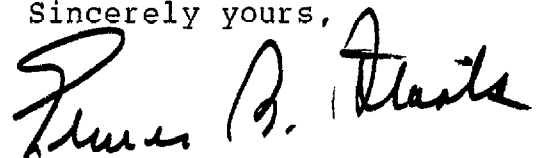
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The Naval Underwater Systems Center, New London Laboratory, made an April 1974 cost analysis of in-house versus contract guard service which showed that contracting would not be economical and would introduce unacceptable security risks. Data on current wage rates paid for guard services in the New London area indicates that the rate used by the Laboratory in its cost analysis was reasonable. Bids have not been solicited.

We found no clear evidence that contracting for guard services at the Laboratory would reduce costs. Contract specifications have been prepared to maintain security, but loss of direct control over guards by the Laboratory's commander could compromise security.

We did not obtain formal agency comments on this report. However, we did discuss its contents with Navy officials at headquarters and at the installation.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Starks".

Comptroller General
of the United States

REDUCTION OF CIVILIAN PERSONNEL

AT NEW LONDON, CONNECTICUT, NAVAL INSTALLATIONS

INTRODUCTION

Congressman Christopher J. Dodd requested us to review the loss of civilian manpower at the Groton Submarine Base and the Naval Underwater Systems Center, New London, Connecticut. He was particularly interested in the effects on operations and costs of contracting out civilian jobs to contractors.

In the Department of Defense Appropriation Authorization Act, 1975, (Public Law 93-365), the Congress established June 30, 1975, ceilings on civilian personnel for each military service. The yearend ceiling for the Department of the Navy was 323,529. Section 502 of this act provided that:

"It is the sense of Congress that the Department of Defense shall use the least costly form of manpower that is consistent with military requirements and other needs of the Department of Defense. Therefore, in developing the annual manpower authorization requests to the Congress and in carrying out manpower policies, the Secretary of Defense shall, in particular, consider the advantages of converting from one form of manpower to another (military, civilian, or private contract) for the performance of a specified job. A full justification of any conversion from one form of manpower to another shall be contained in the annual manpower requirements report to the Congress required by section 138(c)(3) of title 10, United States Code."

Office of Management and Budget Circular No. A-76, revised August 30, 1967, defines the basic policies to be applied by executive agencies in determining whether commercial and industrial products and services used by the Government are to be provided to private suppliers or by the Government itself. Department of Defense (DOD) Directive 4100.15 explains and implements the policy as follows.

- "A. Office of Management and Budget Circular No. A-76 * * * outlines the principle that: (1) Government Departments and Agencies will rely on the private enterprise system for the provision of required products or services to the maximum extent consistent with effective and efficient accomplishment of their programs;

and (2) in some circumstances, it is in the national interest for the Government to provide directly the products and services it uses, and that only under those circumstances will a Department or Agency continue the operation of a Government commercial or industrial activity or initiate a 'new start.'

"B. In conformance with this principle, the Department of Defense will depend upon both private and Government commercial or industrial sources for the provision of products and services, with the objective of meeting its military readiness requirements with maximum cost effectiveness."

Secretary of the Navy Instruction 4860.44B provides that the Chief of Naval Operations implement the commercial or industrial activities program within his area. In an April 8, 1975, memorandum to the Chief of Naval Operations, the Assistant Secretary of the Navy (Installations and Logistics) said:

"Continuing studies both within and outside the Department of Defense (DOD) have indicated a potential for savings when base support functions are performed by private enterprise (contractors) rather than by government personnel. In the interests of economy the Assistant Secretary of Defense, (Installations and Logistics) has requested that the military services energetically implement the provisions * * * relating to base support services at all shore activities."

* * * * *

"Accordingly, it is requested that the requirements * * * be emphasized throughout the Navy, particularly with respect to the completion of necessary economic analyses and actions leading to a further realization of potential savings by conversion to contract support where indicated in all functional areas.

"In addition, since past assessments have indicated the strong probability that certain functional areas Navy wide can be more economically accomplished by contract, it is requested that particular efforts be devoted to the functional areas S709, Custodial Services, S712 Refuse Collection and Disposal Services, and S724 Guard Service * * *. For these areas it is considered that primary reliance should be on contractor support unless such contract service cannot be obtained, contract services would be significantly more

costly, or extraordinary conditions preclude contract consideration."

* * * * *

"FY 1975-1976 goals hereby are established of at least 70% contract support for function S709, at least 60% contract support for function S712, and at least 30% contract support for function S724. Conversion to contract support where indicated should be accomplished at the earliest possible date."

NAVAL SUBMARINE BASE NEW LONDON,
GROTON, CONNECTICUT

This base maintains and operates facilities to support a submarine force and tenant activities. The base is under the jurisdiction of the Commander, Submarine Force, Atlantic Fleet, Norfolk, Virginia.

The base's operation and maintenance budget has increased from \$7,884,000 in fiscal year 1970 to \$10,573,000 proposed for fiscal year 1976. The budget for maintenance of real property has increased from \$1,105,000 for fiscal year 1970 to \$1,741,000 proposed for fiscal year 1976.

The base's mission of supporting the submarine force and tenant activities has remained essentially the same during this period, but has become more complex as the number of nuclear-powered submarines homeported at Groton and the number of tenants has increased. No functions were transferred externally during fiscal years 1973-75 which affected civilian employment levels. However, the number of employees transferring from base activities to tenant activities on base has increased.

Although fiscal yearend (June 30) personnel ceilings changed for base and tenant activities during fiscal years 1973-75, there was little change, except for 1 year, in total ceilings.

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Change</u> <u>1972-75</u>
Base activities	746	615	559	509	(237)
Tenant activities	<u>299</u>	<u>300</u>	<u>505</u>	<u>497</u>	<u>198</u>
Total	<u>1,045</u>	<u>915</u>	<u>1,064</u>	<u>1,006</u>	<u>(39)</u>

Changes in the base personnel ceilings and the number of employees on board as of June 30 of each fiscal year are shown in more detail in the following tables.

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Change</u> <u>1972-75</u>
Personnel ceiling	<u>746</u>	<u>615</u>	<u>559</u>	<u>509</u>	(237)
Increase:					
Military billets transferred to civilian positions		-	90	-	90
New positions		<u>5</u>	<u>16</u>	<u>6</u>	<u>27</u>
Total		<u>5</u>	<u>106</u>	<u>6</u>	<u>117</u>
Decrease:					
Attrition and involuntary separation		(111)	(34)	(54)	(199)
Transfer of functions		(25)	(128)	(2)	(155)
Total		(136)	(162)	(56)	(354)
Net decrease		(<u>131</u>)	(<u>56</u>)	(<u>50</u>)	(<u>237</u>)
Allocation to departments:					
Public Works	346	296	285	267	(79)
Supply	175	152	136	130	(45)
Security	50	48	48	46	(4)
Other	<u>175</u>	<u>119</u>	<u>90</u>	<u>66</u>	(109)
Total	<u>746</u>	<u>615</u>	<u>559</u>	<u>509</u>	(237)
Analysis of decrease:					
Transfer with functions to tenants					156
Positions lost					<u>81</u>
Total					<u>237</u>
Number of employees on board	685	590	581	513	
Decrease		(95)	(9)	(68)	(172)

The civilian personnel officer said that employment decreased mainly through attrition--voluntary separation, death, or transfer to other employment.

Effects of the loss of civilian manpower on base operations

Although personnel ceilings for base activities and the number of employees on board have decreased, operations required to support the fleet and tenant activities have increased. This has resulted in an increase in contracting for services, and a growth in the backlog of essential maintenance.

The Public Works Department (PWD) is responsible for maintaining facilities and equipment and for providing services for the base and its tenants. During fiscal years 1972-75, PWD's major tenant maintenance has increased while base maintenance, including maintenance of real property, has decreased. The percentage of expenditures for contracted maintenance, repair, minor construction, and maintenance services also has increased for tenant activities and decreased for base activities.

A summary of PWD's staff-year efforts follows.

	<u>1973</u>		<u>1974</u>		<u>1975</u>	
	<u>Base</u>	<u>Tenant</u>	<u>Base</u>	<u>Tenant</u>	<u>Base</u>	<u>Tenant</u>
Functional area:						
Maintenance, re- pair, and minor construction	70	36	62	41	60	42
Maintenance services	<u>8</u>	<u>2</u>	<u>6</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total staff-years	<u>78</u>	<u>38</u>	<u>68</u>	<u>44</u>	<u>63</u>	<u>45</u>
Percentage of total in-house staff-year effort	<u>67</u>	<u>33</u>	<u>61</u>	<u>39</u>	<u>58</u>	<u>42</u>
<u>Contracts for services</u>						

Advertised contracts for facility support services during fiscal years 1973-75 are summarized on the following page.

Item:	FY		
	<u>1973</u>	<u>1974</u>	<u>1975</u>
Garbage and refuse collection (note a)	\$98,234	\$129,112	\$145,265
Custodial services (note b)	-	-	48,159
Grounds maintenance (note c)	(d)	39,903	39,903
Elevator maintenance (note e)	(d)	(d)	25,854
Water conditioning & testing services (note f)	-	-	2,534
Cleaning of family housing quarters (note g)	(d)	5,786	1,500
	<u>\$98,234</u>	<u>\$174,801</u>	<u>\$263,215</u>

a/Collection and disposal of garbage, refuse, and trash except at certain base activities.

b/Complete custodial services for specific base administrative and supply buildings. The initial contract for October 1, 1974, through September 30, 1975, provided for more janitorial services than formerly were provided by base employees.

c/Grounds maintenance for family housing areas. Base grounds maintenance is done by civilian and military personnel.

d/Contract data not readily available.

e/Inspection, maintenance, and repair of all elevators. The base has had no in-house capability for these services.

f/Engineering and technical services, testing, and application of chemicals for control of boiler and auxiliary equipment.

g/Complete interior washing and cleaning of quarters, including fixtures and appliances.

Cost studies

A January 25, 1972, Naval Material Command Instruction 4860.12A, provides that:

"Each Commanding Officer is specifically required to establish necessary controls to assure that his installation relies on the private enterprise system for the

provision of required products or services to the maximum extent consistent with effective accomplishment of essential programs."

This instruction also requires that the installation inventory and report all commercial or industrial activities and all contract support services at the close of each fiscal year.

Under this instruction, the base has made a cost analysis of refuse collection and custodial services to determine whether it would be more economical to use base employees or a contractor. We reviewed some of the base's cost analysis worksheets to verify that the same scope of work was proposed for in-house or contractor operations and that the analyses were completed in accordance with the instructions. We also identified the source of the data used and tested the accuracy of the analyses.

--The cost analysis for collection of refuse at certain onbase activities showed that a continued in-house operation would be more economical than a contract operation. (See app. I.) As of July 31, 1975, the base commander had made no decision to contract for this service.

--A July 14, 1972, cost analysis showed that the estimated cost of contracting for custodial services was slightly lower than the estimated cost for in-house services. (See app. II.) A decision was made to retain the in-house capability to perform custodial services. However, in October 1974 the in-house operation was terminated because of a reduction in the personnel ceiling, and a 1-year contract was awarded to the low bidder.

--A March 17, 1975, analysis showed \$211,845 could be saved in 4 years if custodial services were performed by a contractor. (See app. III.) Estimated contractor costs were based on the low bid of \$63,730, at which the October 1974 contract was awarded. A base official said that the present contractor will seek about \$90,000 to perform services the second year because it had underestimated the cost of doing the work. Estimated costs for an in-house operation were based on the July 1972 estimates, adjusted for expected increases.

In fiscal year 1976 the base plans to contract for services and maintenance previously contracted. Additional contracting will depend upon the extent to which the base's

personnel ceiling is reduced and funds are available for carrying out its functions.

Maintenance and repair of real property

Base policy is to use civilian personnel for routine recurring maintenance and to contract for seasonal, peakload, and occasional and specialized maintenance and repair of real property, which includes certain types of equipment.

The base contracted for maintenance and repair of electrical power cables, overhead doors, electrical motors and equipment, air-conditioners (normally serviced by the base work force), roofs, and roadways and sidewalks. Also, the base contracted for housing requirements of exterior and interior painting, boiler repair, and floor resurfacing. The numbers and cost of advertised fixed-price maintenance and repair contracts for fiscal years 1973-75 are shown in the following table.

	FY			Total
	1973	1974	1975	
Number of contracts:				
Base facilities	22	19	61	102
Base housing	26	14	22	62
Contract costs:				
Base facilities	\$210,404	\$273,821	\$530,366	\$1,014,591
Base housing	\$383,610	\$251,829	\$272,019	\$ 907,458

- Note: 1. Facilities contracts are primarily for maintenance and repair of electrical power cables, overhead doors, electrical equipment and motors, air-conditioner and ventilation systems, roofs, and roadways and sidewalks.
2. Housing contracts are primarily for exterior and interior painting (52 percent), boiler repair and cleaning (10 percent), and floor resurfacing (12 percent).

Backlog of deferred maintenance

The base has a backlog of deferred maintenance. As of December 31, 1974, the base's Unfunded Facilities Deficiencies report showed the estimated cost of maintenance and repair items of more than \$25,000--which require approval of the Commander, Submarine Force, Atlantic Fleet--totaled \$3,296,900.

The estimated cost of items of less than \$25,000--which can be completed without command approval--totaled \$1,155,500. The base commander estimated that the backlog at December 31, 1975, would total \$5,600,000. However, the commander said that these estimates are conservative since he does not have enough inspectors to adequately examine all facilities for needed maintenance.

Deferred maintenance items on the Unfunded Facilities Deficiencies report are considered firm requirements to meet the Navy's uniform maintenance levels.

We discussed maintenance that has been deferred or not done as planned, with a PWD officer. Some of these cases follow.

- Preventive maintenance inspections, designed to avoid breakdown of equipment, are not made according to schedule. PWD has only 1 employee to inspect more than 250 pieces of equipment, including cranes, trucks, passenger vehicles, and fire equipment. Inspection and repair is often delayed because of competing requirements for maintenance of fleet support equipment and lack of inspection and repair personnel. The base has agreed with the General Services Administration to participate in a proposed contract with a local vendor for repair of Government vehicles. This should help to reduce the backlog of vehicle maintenance.
- Wharf repairs are made on a "breakdown repair" basis. Minor repairs, such as replacing a few deck planks, are made by PWD employees on an emergency basis, but contracts are awarded for all major repairs. Repair projects have been scheduled for five piers, and the mechanical, electrical, and fender piling systems of all wooden piers are in need of minor repairs. Military construction funds have been requested for pier improvements and construction.
- Preventive maintenance inspections of electric motors, including motors for air-conditioners, refrigeration and roof ventilation equipment, and generators, are scheduled periodically and made by PWD employees. Inspections occasionally are not made in accordance with schedules because PWD employees are needed for higher priority work. The PWD officer said that it is difficult to determine whether unnecessary costs have been incurred because of the lack of timely preventive maintenance inspections. Inspections have been made regularly on air-conditioning equipment, yet one of the

PWD's biggest problems in summer months is the breakdown of air-conditioners. These problems could result from lack of inspections, age of the equipment, or over-use.

--Congressman Dodd commented in his May 22, 1975, letter, that the cutback of personnel had affected snow removal at the base. The PWD officer said that snow is plowed when needed and that base employees are used for road maintenance work, such as plowing snow and cleaning storm drains. Some road patching is done by base personnel, but usually contracts are awarded for major road repairs.

Civilian personnel needs

In April 1975 the commanding officer reviewed base manning levels and identified a need for an additional 200 civilian billets and 77 military billets. The main powerplant and the fire department were two areas where additional personnel were needed.

A base review of the main powerplant operation showed that the plant was undermanned by 10 civilians. The plant is a critical facility and operating without sufficient personnel may create safety and maintenance problems. Since April 1975 five employees have been permanently assigned to the plant from other base duties, but the remaining five positions remain unfilled.

A January 15, 1975, Naval Facilities Engineering Command report on a special inspection of base fire protection operations recommended that

--fire department personnel be increased from 31 to 54 to meet class A fire protection standards and

--a new fire station be constructed close to the family housing area rather than relying on the base fire station.

NAVAL UNDERWATER SYSTEMS CENTER NEW LONDON LABORATORY

The Naval Underwater Systems Center, New London Laboratory, is the principal underwater combat systems research and development laboratory under the command of Headquarters, Naval Underwater Systems Center, Newport, Rhode Island. The Center is an industrially funded activity under the command of the Chief of Naval Material.

The Laboratory's budget has increased from about \$94 million for fiscal year 1970 to about \$184 million for fiscal year 1976. About \$50 million will be spent for contracted technical and support services in fiscal year 1976.

The Director of Navy Laboratories imposes personnel ceilings upon the Center, which then allocates the ceiling between the Newport Laboratory and New London Laboratory. These personnel ceilings, rather than funding limitations, have prevented increases in civilian employment to perform support services. The New London Laboratory has had no transfers of functions during fiscal years 1973-75 which affected employment levels. Although personnel ceilings have been reduced, the Laboratory has not had a reduction in force.

Personnel ceilings and numbers of employees at New London (NLON) and Newport (NPT) at June 30 of each fiscal year follow.

	<u>FY 1972</u>		<u>FY 1973</u>		<u>FY 1974</u>		<u>FY 1975</u>	
	<u>NLON</u>	<u>NPT</u>	<u>NLON</u>	<u>NPT</u>	<u>NLON</u>	<u>NPT</u>	<u>NLON</u>	<u>NPT</u>
Personnel ceiling	1,438	1,842	1,474	1,851	1,439	1,799	1,416	1,743
Increase or (decrease)	-	-	36	9	(35)	(52)	(23)	(56)
Numbers of employ- ees	1,362	1,704	1,438	1,889	1,439	1,799	1,420	1,740
Increase or (decrease)	-	-	76	185	1	(90)	(19)	(59)

Employment decreased mainly through attrition--voluntary separation, death, or transfer to other employment.

Contracts for services

The New London Laboratory's advertised fixed-price contracts for facility support services during fiscal years 1973-75 are summarized on the following page.

	FY		
	<u>1973</u>	<u>1974</u>	<u>1975</u>
Custodial services (note a)	\$ 98,460	\$ 89,972	\$102,579
Guard service (note b):			
Seneca Lake	47,364	47,364	44,152
Dodge Pond	-	-	43,168
Painting (note c)	34,000	27,000	34,000
Garbage and refuse collection (note d)	24,870	24,870	24,870
Rigging, moving, mis- cellaneous services (note e)	9,900	12,360	14,916
Automotive repair (notes f and g):			
"A"--automotive	10,000	10,000	10,000
"B"--support vehicles	10,000	10,000	10,000
Window cleaning (note h)	9,229	(i)	9,889
Elevator maintenance (note j)	4,812	5,400	4,500
Extermination service (note k)	<u>1,590</u>	<u>1,428</u>	<u>1,152</u>
Total	<u>\$250,225</u>	<u>\$228,394</u>	<u>\$299,226</u>

a/Complete custodial services, except for work done by four Laboratory employees who perform work in security areas. The in-house custodial effort of 20 employees was terminated about fiscal year 1968.

b/Patrol of two field station sites (Dodge Pond, Niantic, Connecticut, and Seneca Lake, Seneca Lake, New York) on a 24-hour basis. Seneca Lake guards were contracted in FY 1973 and Dodge Pond guards were contracted in FY 1975. The Laboratory is guarded by 24 Government employees.

c/Interior and exterior painting of large areas, under specific orders, for all buildings. Four Laboratory painters provide small-scale routine painting.

d/Collection and disposal of all garbage, refuse, and trash from the Laboratory and field locations.

e>Loading, unloading, and moving of equipment as needed. Seventeen Laboratory riggers/laborers provide normal loading, unloading, and moving.

f/Automobile and support vehicle major repair work, over and above preventative maintenance, tuneups, and minor repairs. One Laboratory mechanic performs minor maintenance.

g/Budget amount. Actual costs not available.

h/Cleaning interior and exterior of all glass areas, in specific buildings, twice each year.

i/Not contracted in fiscal year 1974.

j/Inspection, maintenance, and repair of one elevator, two hydraulic elevators, and one hydraulic platform. Some in-house maintenance is provided by Laboratory electricians.

k/Extermination of insects and rodents at the Laboratory and field facilities.

Laboratory officials said that contractors have been used to obtain or supplement facility support services. Services acquired have not eliminated civilian employee positions, but have supplied services not performed in-house because of ceiling limitations or employee attrition.

Grounds maintenance was contracted for the first time in fiscal year 1976 at a cost of \$8,237. Five laborers had retired and were not replaced because of the lower personnel ceiling.

Laboratory officials said that, through fiscal year 1975, the Laboratory did not have any deferred maintenance problems caused by reductions in the personnel ceiling.

As required by Naval Material Command Instruction 4860.12a (see p. 6), the Laboratory has made a cost analysis of its custodial service contract for the past 3 fiscal years and found that it is more economical to use a contractor than to maintain an in-house operation. Officials said that the Laboratory makes annual cost analyses of all other service contracts to determine whether costs are reasonable and in line with fiscal objectives. The data is submitted to the Office of the Chief of Naval Material through the Navy Material Industrial Resources Office.

Contracting for guard services

Contracting for guard services is being considered by the New London Laboratory in response to a February 28, 1974, Chief of Naval Material request for a cost analysis of in-house versus contract guard service. According to the Laboratory's April 4, 1974, cost analysis, contract guard service would not be economical and would introduce unacceptable security risks. The Office of the Chief of Naval Material revised the analysis to show that contractor guard services would cost less by using an estimated hourly rate of \$4 for contractor guard services rather than the \$5.10 hourly rate used by the Laboratory. We contacted several activities within the New London area to obtain information on current wage rates for guard services.

	Hourly rates (note a)	
	Low	High
New London Laboratory (note b)	\$3.65	\$4.75
Submarine Base, New London (note c)	4.09	5.31
Charles Pfizer Drug, Groton, Conn.	4.68	d/5.18
Electric Boat Division, Groton, Conn.	3.89	3.98
Pratt-Whitney Aircraft Division, East Hartford, Conn.	4.69	4.96
City of Groton-Contracted Guards	3.60	3.60
Bectel Power Corp., Waterford, Conn.	3.35	(e)

a/Fringe benefits are not included because they varied greatly and were usually not available. For example, an hourly factor of \$1.32 and \$1.75 was obtained for fringe benefits at two commercial activities which provided information.

b/The low rate is GS-4, step 1, and the high rate is GS-4, step 10. The average grade is GS-4, step 5.

c/The low rate is GS-5, step 1, and the high rate is GS-5, step 10.

d/Rate based on a 1-percent increase per year for 10 years.

e/Not available.

The estimate of \$5.10 per hour for guard services used by the New London Laboratory included fringe benefits. Since the minimum rate at four selected commercial activities averaged about \$4, the addition of fringe benefits could increase the cost to about the level estimated in the Laboratory's analysis.

If a contract is awarded, it would result in elimination of 24 positions. Laboratory officials told us that if the 24 guards are separated, 5 will be eligible for full retirement; 6 will be eligible for discontinued service retirement; 9 will be eligible for severance pay; and 4 will not be eligible for either retirement or severance pay.

On February 4, 1975, the Laboratory was directed by the Office of the Chief of Naval Material to prepare contract specifications assuring that security protection is not degraded and to prepare contract bid solicitations. Contract specifications were prepared, but bids had not been solicited as of July 31, 1975. Laboratory officials were awaiting direction from the Office of the Chief of Naval Material.

Laboratory officials said that contract bids, when received, will show whether contracting would be cost effective. The contract specifications will provide for the scope of security requirements. Officials said that the following matters should be considered in contracting for guard services:

1. Loss of flexibility and direct guard supervision--Contract terms would not allow assignment flexibility to contend with various daily security problems. Any Laboratory direction over guard activities must be made through a contractor monitor. Contractor employees and any Laboratory guard employees that may be retained could not be mixed.
2. Need for auxiliary guards--Laboratory employees trained to serve as guards will maintain security if contractor employees strike or fail to report for work or if contractor operations are terminated. The cost of training employees to serve as guards, if contractor guards are available, is not included in the comparison of in-house versus contractor operations.
3. Contractor employee turnover--The larger the employee turnover rate, the greater the possibility of compromising security. The Seneca Lake field station needs 9 employees to man 5 positions and has had a turnover of 20 employees during a 3-year period. The Dodge Pond field station needs seven part-time employees to man three positions and had a turnover of one employee in 1 year.
4. Loss of security--Reaction time to a security problem may be compromised. If a Laboratory employee is considered a risk, he can be moved to a low-security area, pending a review of his case. Contract guards could not be moved unless the contractor cooperated pending review of possible security risks.
5. Facility and community interaction--Laboratory guards are constables and can work outside the Laboratory's boundary in connection with their duties and can carry their weapons between sites. Also, Laboratory guards and local and State police cooperate in investigations. There is no assurance that contractor guards could do this.
6. Cost savings--Based on the results of cost analyses and the proven effectiveness of contract guard operations at other Government installations, the Office of the Chief of Naval Material personnel believes that a contractor guard operation is feasible.

Anticipated effects of further
reductions in personnel ceilings

New London Laboratory officials said that a reduction in force may be needed to meet the fiscal year 1976 personnel ceiling. The Center anticipates a loss of 225 positions on the basis of a proposed ceiling reduction of 40,000 DOD civilian employees.

Laboratory officials identified the following in-house operations that might be considered for conversion to contract operations:

- Guard services.
- Computer keypunching.
- Computer system programing and maintenance.
- Computer operations.
- Fire fighting.
- Facility maintenance support services.
- Photography.
- Publication and manual preparation.

Possible consolidation of activities

On July 23, 1975, Congressman Dodd's office requested that we determine whether any work would be consolidated between the Newport and New London Laboratories as discussed in a May 24, 1974, "Study of the Naval Underwater Systems Center." We discussed the matter of consolidations with the New London Laboratory's Commanding Officer and obtained the following information.

In February 1973, with the approval of the Assistant Secretary of the Navy (Research and Development) and the Director of Navy Laboratories, the Center's Commanding Officer and Technical Director initiated a master plan for developing the major laboratories at Newport and New London. The plan provided that:

- "a. Command headquarters will remain in Newport;
- "b. The Newport Laboratory will be the principal weapons and launchers R&D [Research and Development] laboratory for submarines and surface ships, and home base for the Fleet Readiness and Test and Evaluation Directorates;

- "c. The New London Laboratory will be the principal underwater combat systems R&D laboratory, with some operationally oriented surface ship components located in Newport;
- "d. Systems Development, Science and Technology, Plans and Analysis, Engineering and other supporting elements will continue to be located in both places as required."

Some consideration for continuing major laboratories at both Newport and New London were:

- a. The Newport site has extensive weapon test facilities which would be unacceptably costly to move to another location.
- b. The New London site is ideally located for submarine operating forces, particularly Submarine Development Group Two. The close proximity to the submarine base, including the submarine school, and a major submarine design and construction facility is also an advantage.

Having prepared a master plan for the Center, Navy headquarters personnel decided to use the Center as a model for the study of Navy laboratory expenditures and efforts and a test of the model was developed for the Assistant Secretary of the Navy. The study, which considered data on Federal, military, and commercial laboratories, showed that consolidation of Newport and New London facilities at one location would not be cost effective, and it supported the long-term operating concepts outlined in the February 15, 1973, report.

Administrative division transfer

In a July 7, 1975, letter to the Secretary of Defense, Congressman Dodd said:

"This situation has been further upset most recently, when an apparent efficiency transfer of an administrative division from NUSC-Newport to NUSC-New London was abruptly terminated."

The New London Laboratory's Commander said that:

--A transfer of an administrative division never had been contemplated.

--Because several Newport systems analysis employees were not fully employed, coordinating their work with similar work at New London to provide full use of the systems analysts was being considered.

- This coordination occurred without personnel transfers and will occur again whenever peak workloads at one laboratory can be handled by another laboratory. This was considered an internal organizational matter because Newport and New London are considered one entity.
- As funds become scarce and as personnel ceilings are reduced, he will attempt to make the New London Laboratory cost efficient to preclude its closing or the loss of work to outside competitors. The Laboratory may have internal organizational changes, using Newport and New London personnel in conjunction with their workloads as efficiently as possible.
- Such changes preclude moving personnel between New London and Newport. From fiscal year 1972-75, only three employees had permanent change-of-station transfers between the two NUSC sites, and this was at their request.

Sebestyen Committee

Congressman Dodd's letter of July 7, 1975, to the Secretary of Defense also referred to the future of the New London Laboratory in view of a study by the Sebestyen Committee. Laboratory officials said that this Committee will study all naval laboratories, including 10-year goals, mission and functions, and potential areas for contracting. The Center is the second of eight naval laboratories to be reviewed. The Committee will report its results to the Director of Naval Laboratories.

COST ANALYSIS WORKSHEETFUNCTION: REFUSE COLLECTIONMAY 10, 1974

<u>Cost elements</u>	<u>FY</u>				<u>3-year total</u>
	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	
Contract operations:					
1. Contract cost (price paid to supplier)	\$37,325	<u>\$38,398</u>	<u>\$33,539</u>	<u>\$47,160</u>	<u>\$119,097</u>
Government operations (in-house):					
2. Civilian personnel services	(a)	25,045	22,346	13,677	
3. Materials, supplies, utilities, and other services	(a)	851	1,679	1,711	
4. Maintenance and repair	(a)	<u>2,498</u>	<u>1,187</u>	<u>1,432</u>	
Total		<u>\$28,394</u>	<u>\$25,212</u>	<u>\$16,820</u>	<u>\$70,426</u>

Elements: Estimated cost of:

1. Driver and equipment.
2. Driver and equipment.
3. Fuel, oil, and cleaning supplies.
4. Maintenance and repair of equipment (4 vehicles).

a/Data not available when analysis was made.

COST ANALYSIS WORKSHEETFUNCTION: CUSTODIAL SERVICESJULY 14, 1972

<u>Cost elements</u>	<u>FY</u>				<u>4-year total</u>
	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	
Contract operations:					
1. Contract cost (price paid to supplier)	\$ 80,000	\$ 86,400	\$ 93,312	\$100,777	
2. Contract administration and related costs	11,000	11,880	12,830	13,857	
3. Government-furnished materials and supplies	<u>10,100</u>	<u>10,908</u>	<u>11,781</u>	<u>12,723</u>	
Total	<u>\$101,100</u>	<u>\$109,188</u>	<u>\$117,923</u>	<u>\$127,357</u>	<u>\$455,568</u>
Government operations (in-house):					
4. Civilian personnel services	87,800	94,824	102,410	110,603	
5. Materials, supplies, utilities, and other services	10,100	10,908	11,781	12,723	
6. Maintenance and repair	1,100	1,188	1,283	1,386	
7. Federal taxes	1,476	1,594	1,722	1,859	
8. Other indirect costs	<u>1,980</u>	<u>2,138</u>	<u>2,309</u>	<u>2,494</u>	
Total	<u>\$102,456</u>	<u>\$110,652</u>	<u>\$119,505</u>	<u>\$129,065</u>	<u>\$461,678</u>

Elements: Estimated cost of:

1. Contract labor.
2. Administering and monitoring the contract by base personnel.
4. Federal employees' wages and benefits.
6. Cleaning equipment repairs.
7. Federal taxes for this industry as specified by Naval Material Command Instruction 4860.12A.
8. Various central administrative services.

Note: This analysis is based on equivalent work to be performed by the contractor or Government employees.

COST ANALYSIS WORKSHEETFUNCTION: CUSTODIAL SERVICESMARCH 17, 1975

<u>Cost elements</u>	<u>FY</u>				<u>4-year total</u>
	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	
Contract operations:					
1. Contract cost (price paid to suppliers)	\$63,730	\$68,828	\$74,334	\$80,281	
2. Contract administration and related costs	<u>8,762</u>	<u>9,463</u>	<u>10,221</u>	<u>11,038</u>	
Total	<u>\$72,492</u>	<u>\$78,291</u>	<u>\$84,555</u>	<u>\$91,319</u>	<u>\$326,657</u>
Government operations (in-house):					
3. Civilian personnel services	102,410	110,603	119,451	129,007	
4. Materials, supplies, utilities, and other services	11,781	12,723	13,741	14,840	
5. Maintenance and repair	1,283	1,386	1,497	1,616	
6. Federal taxes	1,721	1,859	2,008	2,169	
7. Other indirect costs	<u>2,310</u>	<u>2,494</u>	<u>2,694</u>	<u>2,909</u>	
Total	<u>\$119,505</u>	<u>\$129,065</u>	<u>\$139,391</u>	<u>\$150,541</u>	<u>\$538,502</u>

Elements: Estimated cost of:

1. Actual low bid cost for contract labor, materials, supplies, equipment, and supervision.
2. Administering and monitoring the contract by base personnel.
3. Federal employees' wages and benefits.
5. Repairs to cleaning equipment.
6. Federal taxes for this industry as specified by Naval Material Command Instruction 4860.12A.
7. Various central administrative services.

Note: This analysis is based on equivalent work to be performed by the contractor or Government employees. Contract cost operations of \$63,730 is based on a low bid accepted by the Government. Costs are projected based on expected cost increases.