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STATEMENT OF

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BEFORE THE

COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON MILITARY CONSTRUCTION

UNITED STATES SENATE

ON

THE NAVY'S STRATEGIC HOMEPORTING PLAN

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before the Subcommittee to discuss the results of our review of the Navy's strategic homeporting plan.

The Navy initiated the plan because of concerns that the existing homeporting structure was not optimum from a strategic and military standpoint. The plan calls for adjusting the mix of ships in existing homeports and developing several new homeports for a battleship surface action group at Staten Island, New York; a carrier battlegroup at Everett, Washington; a battleship surface action group and a carrier battlegroup at several gulf coast cities; and a battleship surface action group at two west coast cities and Pearl Harbor, Hawaii.

The strategic homeporting plan has generated considerable congressional and public interest. In response to your request, Mr. Chairman, we sought during our review to develop information concerning

--the Navy's basis for increasing the number of homeports,

--the scope and cost of developing the new homeports,

--the capacity of existing homeports to accommodate the ships to be assigned to the new ports and any investment costs involved, and

--the cost of homeporting the ships in existing homeports versus the cost of homeporting them in new ports.

In February 1986, we provided DOD a draft report summarizing the results of our work for its review and comment. Our overall conclusion, which was reflected in the draft, was that the Navy needed to better demonstrate the strategic benefits of new homeports and to prepare more definitive and complete cost estimates as a basis for proceeding further. We received the Navy's oral comments on our draft report on March 12, and its written comments on April 4. The Navy disagreed strongly with our findings and conclusions. While changes will be made to our report as a result of the Navy's comments, we continue to believe that our fundamental conclusions are valid.

Before turning to the specific results of our work, I would like to note that it was not our objective to make a judgement on whether the Navy's strategic homeporting plan or some other basing approach should be implemented. Simply stated, our objective was to assure that the Congress has as complete a picture as possible of the benefits and costs of the homeporting plan for use in its decisionmaking process.

STRATEGIC ISSUES

The homeporting plan is based on five strategic principles related to (1) force dispersal, (2) battlegroup integrity, (3) industrial base utilization, (4) geographical considerations, and (5) logistics suitability.

We found that the Navy had not done a definitive analysis of how the benefits envisioned in applying the five strategic principles would be achieved at each port and the extent that the

Navy will realize these benefits is not clear. We did not do a definitive analysis of the benefits either, but we did obtain certain information concerning them which I will briefly discuss.

The Navy has stated that the dispersal of ships to more ports will improve the U.S. defensive posture and the survivability of the fleet. While dispersal should certainly help accomplish these objectives, we found that the decision to disperse the fleet was not based on a formal threat/survivability analysis specifically addressing force dispersal. Some Navy officials advised us that the conventional threat to U.S. ports is relatively low. We were also told that the threat from mining and sabotage could be greater in the new homeports than in the existing homeports. This is because most of the new ports are in commercial port areas that are open to Soviet commercial ships whereas some of the major existing ports, such as Norfolk, are closed to Soviet ships. During the course of our work, we also heard concerns about the extent to which this strategic objective would be achieved, given the relatively small proportion of the fleet which will be dispersed.

The second strategic principle relates to battlegroup integrity. The idea here is that collocating ships of the same battlegroup will enhance warfighting coordination because they will be able to train and work together as a complete group.

Under the homeporting plan some of the ships will not be homeported in battlegroup configurations at the new homeports. For example, ships comprising the west coast battleship group will be spread among San Francisco, Long Beach, and Pearl

Harbor. We were told that retaining battlegroup integrity is difficult under either the expanded homeporting structure or the existing homeport structure because of personnel rotation policies and the differing maintenance cycles of ships.

The third strategic principle concerns industrial base utilization. The Navy has stated that homeporting ships near locations with existing industrial capability will permit the Navy to take advantage of this capability. An expanded fleet will, of course, provide more work for private shipyards and we found that the strategic homeporting plan will benefit shipyards in the vicinity of the new homeports.

The fourth strategic principle relates to geographical considerations. The Navy believes that homeporting in more diverse geographical locations on both coasts will permit it to train and operate in a variety of environments and reduce the response time to potential conflict areas.

Our review indicated that, while the strategic homeporting plan will provide more diverse training opportunities and some reduced response times, the impact likely will not be significant. Most fleet training will continue to be conducted in the Southern California and Caribbean areas where the Navy already has test facilities and resources. In addition, individual personnel will have to be sent to existing homeports for specialized training, such as fire fighting, unless such facilities are constructed at the new homeports.

The locations of some of the new homeports will reduce the steaming time of ships to potential conflict areas. However, Navy officials advised us that the battlegroups would not be deployed independently into a potential major conflict area and, therefore, would have to rendezvous with ships from other homeports before proceeding.

The final strategic principle relates to logistics suitability. Although the Navy stated that it wanted to maximize the use of the existing base infrastructure, we found that the logistics suitability of existing homeports was not studied during the selection process for the new homeports. Our review indicated that the infrastructure of the existing homeports will be used at a level which is considerably less than their maximum capacity.

In commenting on our draft report, the Navy disagreed with our assessment that the strategic benefits needed to be more clearly demonstrated through a definitive analysis. It stated that while modeling techniques exist for various wargaming strategies, they would be neither valid nor conclusive to quantify the benefits of the strategic homeporting concept since the analysis is extremely scenario dependent. It noted that the concept and its principles, which were developed in consonance with the Navy's maritime strategy, evolved over a decade of continous operational assessment of capabilities and threats of potential adversaries by various elements of the Navy command structure. Navy also stated that benefits of strategic

homeporting, while not quantified empirically, were clear in the collective judgement of the top military professionals in the Navy.

One of the objectives of our review was to identify the strategic principles which were important to the Navy's decision to increase the number of homeports and to report on any major concerns associated with the principles. In conducting our work we accepted these principles as a given since they are heavily based on military judgement. However, because they do involve judgement it is not surprising that we identified concerns, which we believe warrant the attention of the Congress.

We agree with the Navy that the use of modeling techniques to quantify the benefits of strategic homeporting probably is not practical. What we had in mind was much more straightforward. In conducting its assessments of potential sites for the new homeports the Navy analyzed how each of the potential sites scored in terms of such factors as operational considerations, land, community support, and environmental issues. It seems to us that it would be useful for the Navy to perform a similar analysis of the strategic principles which would assess the extent to which these principles could be realized at existing homeports in comparison to the new homeport sites.

CAPACITY OF SELECTED EXISTING HOMEPORTS

We found that selected existing homeports have the capacity to accommodate the ships included in the Navy's strategic homeporting plan. With the assistance of knowledgeable Navy

personnel, we analyzed ship berthing plans, capacity studies, and ship deployment schedules for selected existing homeports. In making this analysis, we relied on Navy capacity studies and berthing plans which considered such factors as hull sizes, pier configurations, pier utilities, maintenance considerations, and yard craft and visiting ships. Our analysis indicated that these ports have the capacity to accommodate an additional 95 ships without any further waterfront construction.

The available capacity by homeport was as follows:

Homeports	Additional Ships
Norfolk Naval Station	8
Charleston Naval Station	17
Mayport Naval Station	15
San Diego Naval Station	36
San Diego--North Island Naval Air Station	2
Long Beach Naval Station	14
Alameda Naval Air Station	3
Total	95

To illustrate, our analysis of ship berthing plans showed that Mayport has the capacity to accommodate 44 ships. Ship deployment schedules indicate that 29 ships of various types, including two carriers, are expected to be homeported at Mayport in future years. Therefore, we estimated that this port could accommodate 15 additional ships.

The overall capacity of 95 additional ships is well in excess of that needed to accommodate the 36 ships making up the 2 carrier groups and 3 battleship groups planned for the new homeports. Although the existing homeports have the capacity to handle additional individual ships, waterfront construction would be required to accommodate the ships in battlegroup configuration at certain locations.

We studied several possible alternatives for accommodating the five battlegroups in existing homeports. We took into account available capacity and any physical limitations at existing ports and worked with knowledgeable Navy officials to make sure the alternatives were technically feasible. These alternatives are not the only ones, since others could be developed. Some of the possible alternatives are:

--The Staten Island and gulf coast battleship group could be accommodated at Norfolk after an already planned pier is constructed.

--The gulf coast carrier group could be accommodated at Mayport after an already planned berthing wharf is constructed.

--The Everett carrier group could be accommodated in the San Diego area if an additional dedicated carrier berthing wharf is constructed.

--The west coast battleship group could be accommodated in its entirety at Long Beach without any additional piers. That is, the ships planned for San Francisco and Pearl Harbor could be accommodated at Long Beach.

In its comments on our draft, the Navy stated that we overestimated the capacity of existing homeports and that no capacity existed within these ports to berth additional ships without additional construction. The largest disparity was in San Diego. Our analysis indicated that there were a total of 75 berths available at San Diego, but in its comments on our draft the Navy stated there were only 50 available berths.

At this point we are not sure we completely understand the basis for the Navy's disagreement since we relied totally on Navy data to develop our analysis. For example, in determining the capacity of the west coast ports we used a Pacific Fleet base capacity study dated May 1985. It appears that in its comments on our draft, the Navy used significantly different assumptions to determine available berths than were used in its earlier studies. This is an issue that we need to explore in more detail with the Navy before we finalize our report.

COSTS OF NEW HOMEPORTS

Estimates of the costs to construct the new homeports are numerous and in various stages of development, thus making a complete assessment difficult. The most recent Navy cost estimate for all of the new homeports totals $799 million. This estimate covers the construction costs needed to establish a full initial operating capability. The estimate does not include the construction costs for projects that have been identified as desirable for the ultimate development of new homeports.

The proposed Staten Island homeport is illustrative of the numerous cost estimates associated with the homeporting initiative. Staten Island was the first new homeport to be

selected by the Navy. At the time of the selection announcement in July 1983, the site selection team estimated that it would cost $107 million to establish the homeport. Subsequently, the Office of the Chief of Naval Operations prepared various estimates for budget planning purposes. For example, in February 1985, that office estimated the site would cost $291 million. Neither of these estimates provided a project by project breakout.

In August 1985, the Navy published a draft master plan prepared by an architect and engineering firm. The total cost of the construction projects included in this plan was estimated to be $397 million. In preparing the plan, the firm used the Navy's facility planning criteria to develop a basic facilities requirements list and the projects required to satisfy these requirements. In November 1985, the Navy reduced the construction cost estimate for Staten Island to $188 million, stating that projects making up this amount would achieve a full initial operating capability and that any other construction projects would have to compete with other Navy projects in the normal programming/budgeting cycle. In reducing the estimate from $397 million to $188 million the Navy excluded such projects as family housing and morale, welfare, and recreation facilities.

During the course of our work we noted that all potential future construction requirements were not included in the architect and engineering firms's $397 million estimate. A November 1984 Navy housing study stated that over 90 percent of the personnel seeking housing would encounter great difficulty or

be unable to find affordable private housing near the Staten Island homeport. The draft master plan stated that 1,200 units of family housing would be required in addition to the 620 units included in the $397 million estimate. The total additional cost of the 1,200 units could amount to $120 million.

It is our understanding that the planning criteria used by the architect and engineering firm is simply a guide and normally is considered to represent maximum facility needs. While we recognize that cost estimates are typically refined as planning moves forward on a project of this magnitude, we think the important point here is that there likely will be future requests for funding additional facilities at Staten Island.

COST COMPARISONS

The Navy had not developed the comparative costs of homeporting in existing ports with the costs of new homeports at the time of our fieldwork. While we did not develop complete cost comparisons our work suggested that there could be significant cost differences.

For example, our work indicated that the Everett carrier group could be acommodated in the San Diego area if an additional dedicated carrier berthing wharf was constructed at an estimated cost of $34 million. If the carrier group was placed at Everett, the Navy estimates that it would cost $272 million to achieve a full initial operating capability, and $441 million if all projects identified as desirable for its ultimate development were constructed. There would be additional costs for shoreside

facilities over and above the new berthing wharf if this carrier group was based at San Diego but we did not quantify them in our work. Similarly, our work suggested that the Staten Island battleship group could be based at Norfolk at a significantly lower cost.

Last year, this Committee directed the Secretary of the Navy to submit a report justifying the expenditure of funds for the Staten Island and Everett homeports on the basis of military necessity and cost effectiveness. In November 1985, the Secretary submitted the required report, which compared the estimated costs of basing at Staten Island and Everett with several alternative existing homeports.

The Navy report estimated that to achieve full initial operating capability the additional cost for homeporting the carrier group in Everett as opposed to San Diego would be $179 million and the cost difference between homeporting the battleship group in Staten Island and Norfolk was an estimated $89 million.

We believe that the cost comparisons provided by the Navy in its November 1985 report are a step in the right direction in that they provide the Congress with the type of information needed to make an informed decision.

Our review of the Navy's cost comparisons, however, indicate that they could be more complete. The cost comparisions only deal with construction costs. There will be costs to outfit the new homeports with such equipment as harbor tugs, cranes, shop machinery, and motor vehicles. Perhaps more importantly, by

focusing totally on construction costs, the cost comparisons and differences do not consider the cost implications of operating and maintaining the new homeports.

For example, one estimate indicates that the Navy will need about 1,200 civilian and military personnel to operate the new homeport at Staten Island. To our knowledge, the Navy has not developed detailed or formal estimates of the additional shore personnel that would be required in Norfolk (or other existing homeports) if the battleship group for Staten Island was based there. Because there is an existing manned infrastructure at Norfolk (or other existing ports), it seems clear that the number of personnel required at Norfolk to support an additional battleship group would not be as great as the number of personnel required to homeport this group at Staten Island. In other words, economies of scale should be realized. The difference in costs for operating, maintaining and manning are particularly significant because they are recurring. We believe it is important for the Congress to have as complete a picture as possible of the total costs of the strategic homeporting initiative.

In closing, Mr. Chairman, let me say that we would not argue that a decision to establish new homeports should be based solely on cost differences. Clearly, the Navy's strategic rationale must weigh heavily in the decision. But on the basis of our work we believe there is a need for the Navy to better demonstrate the strategic benefits of new homeports and to prepare more definitive and complete cost estimates as a basis

for proceeding further. With such information the Congress would be in a better position to consider the increased costs (construction, operation and maintenance, and other costs) in light of the strategic goals to be achieved.

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Mr. Chairman, that concludes my prepared remarks. I will be happy to respond to any questions.