

October 2000

NAVAL SHIP DONATION

Selection Decision for *U.S.S. New Jersey* Was Objective, but Selection Process Can Be Strengthened



G A O

Accountability * Integrity * Reliability



United States General Accounting Office
Washington, D.C. 20548

October 12, 2000

The Honorable Marge Roukema
The Honorable Robert Menendez
The Honorable James Saxton
The Honorable Robert Andrews
House of Representatives

On January 20, 2000, the Secretary of the Navy approved the selection of the Home Port Alliance (the Alliance), a nonprofit organization, to receive the *U.S.S. New Jersey* under the Navy's ship donation program. The organization had sought to obtain the ship for use as a floating museum to be moored in Camden, New Jersey. The Secretary's decision represented the culmination of a competition between the Alliance and the *U.S.S. New Jersey Battleship Commission* (the Battleship Commission), another nonprofit organization, which had sought to obtain the ship for a proposed museum in Bayonne, New Jersey. After the Navy's decision, questions were raised concerning whether each competing organization had received equitable treatment in the selection process. At your request, we reviewed the selection process. This report addresses whether (1) the selection decision was credible and (2) opportunities exist to improve the selection process for future donations.

Results in Brief

The Navy applied its donation evaluation criteria in an impartial, multiple-stage process that led to a credible and objective decision. Multiple Navy evaluators independently reviewed each application according to preestablished evaluation criteria, drawing tentative conclusions about them, and then came together as a group to reach composite ratings for each application. The evaluations were supplemented by a higher level advisory panel that provided oversight to the evaluations, as well as completed its own assessment before submitting a recommendation to the Secretary of the Navy. The process also provided opportunities for applicants to strengthen their applications in response to inquiries by the Navy prior to completion of the evaluation process.

Although not significant to the outcome of the *U.S.S. New Jersey* decision, opportunities exist to strengthen the selection process in the areas of timeliness, clarity of guidance, and communications. Changes to the process could strengthen the public's confidence in and understanding of

future donation decisions. Opportunities for such improvements were evident in the *U.S.S. New Jersey* selection process where key aspects of selection criteria were not finalized until late in the application submission period. There was a lack of specificity at times in communications regarding the requirements or the competitiveness of individual applications. A misunderstanding appeared to have resulted from the Navy's January 3, 2000, letter that notified applicants of the results of the Navy's evaluation of three initial evaluation criteria categories. This led one applicant to erroneously believe that the final decision would hinge on the results of the Navy's evaluation of the final two selection criteria categories. In fact, the Navy's decision was based on the comparative results of each of the five criteria categories. The winning application was judged superior to the other application in four of the five evaluation categories. In the fifth evaluation category (financial), both applications were rated equally (excellent).

This report provides recommendations for strengthening the Navy's process for making future donation decisions. The Navy agreed with the report and concurred with the recommendations.

Background

Ships that are part of the Navy's force structure are listed on the Naval Vessel Register, the official inventory of ships and service craft in the custody of or owned by the Navy. Ships no longer needed may be removed from the Register and can be donated and used as memorials, transferred to foreign governments, scrapped, or otherwise disposed of as authorized by Congress. The Secretary of the Navy has discretionary authority¹ to donate ships no longer needed for the Navy's purposes to not-for-profit entities and others. The law requires that (1) such a donation be made at no cost to the government, (2) the recipient maintain the ship, and (3) Congress be allowed 30 days of continuous session to review the Secretary's decision. Absent action by Congress to negate such a decision, the Secretary may donate the applicable ship to the selected organization.

The donation of the *U.S.S. New Jersey* represents the Navy's 46th ship donation since 1948, but only the third donation that included multiple applicants. Absent competing applications, Navy officials historically have worked with interested organizations in developing their applications to

¹ 10 U.S.C., sec. 7306.

ensure applicants met the Navy's financial and technical requirements for the donations. Where multiple organizations have sought donation of the same ship, the Navy has used a competition to select the best application.

Despite long-standing private sector interest in obtaining the *U.S.S. New Jersey* under the donation program, the ship was subject to several administrative and legislative actions that caused it to be taken off, then placed back on, the Naval Vessel Register in the 1990s, before being finally removed in 1999. It was removed from the Register in January 1995 as part of a Navy decision to remove the four Iowa class battleships built for the Navy during World War II. It was placed back on the Register in February 1998 as the result of legislation enacted as part of the National Defense Authorization Act for Fiscal Year 1996, which required that two battleships be placed back on the Register for mobilization purposes.² The Navy substituted another battleship on the Register in 1999 so that it could again remove the *U.S.S. New Jersey* and make it available for donation in response to congressional direction under section 1012 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999.³ One of the legislation's requirements was that the ship be located in New Jersey as a condition of the donation. A November 17, 1998, Federal Register notice announced the availability of the *U.S.S. New Jersey* for donation, the Navy's donation and application requirements, and a May 17, 1999, deadline for receipt of applications.

The *U.S.S. New Jersey* Battleship Commission, created in 1980 under New Jersey law for the purpose of facilitating the donation of the ship for use as a museum, submitted an application for the battleship to the Navy in 1996. Initially, the Battleship Commission designated Liberty State Park in Jersey City, New Jersey, as the intended mooring site. However, Navy officials noted that uncertainties over the availability of the ship caused them not to fully evaluate the application. Subsequently, in 1998, when it appeared that congressional action would make the battleship available for donation, the Battleship Commission voted Bayonne, New Jersey, as the proposed mooring site in its application.⁴ However, by this time, the Home Port

² P.L. 104-106, sec. 1011, 110 stat. 421.

³ The ship was officially removed from the Naval Vessel Register by authorization of the Secretary of the Navy on January 4, 1999.

⁴ Available information indicates the change in mooring locations was a result of cost and technical challenges associated with mooring the ship in Liberty State Park.

Alliance, Inc., had stated its intention to submit an application, proposing Camden, New Jersey, as the mooring site. Subsequently, the Governor of New Jersey expressed neutrality over the Navy's selection decision in choosing between these two competing groups and locations.

Prior to July 1998, the ship donation program was managed as a collateral responsibility by the Naval Sea Systems Command's Office of Congressional and Public Affairs. However, in July 1998, in anticipation of a number of future ship donations, the Command established a program office specifically for ship donations, under the Command's Program Executive Office for Expeditionary Warfare. The donation involving the *U.S.S. New Jersey* was the first competitive ship donation to be executed under this new office. As such, the program office was responsible for convening two evaluation boards,⁵ comprised of a variety of subject matter experts drawn from across the Navy, and each chaired by the head of the ship donation office. These boards evaluated the applications against specific criteria and summarized their work in written reports to an Executive Advisory Panel chaired by the Deputy Assistant Secretary of the Navy (Ship Programs). This Panel provided oversight to the evaluation board process, reviewed the board's reports, conducted site visits to candidate sites, completed its own report, and made a recommendation through the Assistant and Under Secretaries of the Navy to the Secretary for his decision.

Multiple Evaluation Criteria and Multistage Process Used to Ensure Thorough Evaluation of Each Application and Credible Decision-Making

The Navy's evaluation criteria for the *U.S.S. New Jersey* donation decision evolved over time, even as applications were being prepared. Nevertheless, the Navy applied its criteria in an impartial, multiple-stage evaluation process. This multistage process served to identify distinctions between the competing applications based on specific evaluation criteria and led to a credible donation decision.

⁵ While Navy documents referred to the "evaluation board" in singular fashion, it was actually conducted in two phases, with largely different board membership during the second phase. We refer to this as the work of the first and supplemental evaluation boards.

Application Requirements and Evaluation Criteria Evolved Over Time

Available information indicates that donation application requirements and evaluation criteria for the *U.S.S. New Jersey* evolved over time, from October 1998—just before the formal Federal Register notice of availability of the ship for donation—to March 1999 when the Navy formally notified Congress and applicants regarding expanded criteria and their relative weight. Nevertheless, the evaluation criteria were communicated to all interested parties as the guidance evolved.

On October 8, 1998, the Military Procurement Subcommittee of the House Committee on National Security held a hearing concerning Navy ship donation procedures following congressional action directing the Navy to remove the *U.S.S. New Jersey* from the Naval Vessel Register and to transfer the vessel to a not-for-profit entity. The hearing record indicated that one purpose of the hearing was to ensure that all participants had an understanding of the donation process. Testifying before the Subcommittee, the Navy's Deputy Assistant Secretary of the Navy (Ship Programs) provided an overview of the Navy's tentative application requirements and evaluation approach, pending presidential approval of the legislation dealing with the donation. He indicated that applicants would be expected to submit a financial plan, a mooring plan, a maintenance plan, a towing plan, an environmental plan, a security plan, and a curatorial plan. He indicated that (1) applications would be evaluated in these areas and (2) if there was more than one applicant, and they all rated highly against the initial criteria, then the Navy would consider adding additional criteria. At that time, the Navy had not determined whether the initial evaluation criteria would include the use of a point system for scoring candidate proposals as it had done in a previous donation competition.

Over the next few months, Navy officials made some minor revisions to their previously announced criteria and grouped the basic criteria into three categories: (1) financial, (2) technical, and (3) curatorial. The Navy also identified two additional evaluation criteria categories, “community” and “benefit to the Navy,” that would be used if more than one application was found acceptable based on the Navy's evaluation of the applications against the first three criteria. The Navy stipulated that the technical and financial criteria elements were equally the most important. Benefit to the Navy was considered next in importance, followed by curatorial and community, which were considered of equal importance. Subsequently, in July 1999, Navy officials identified and made public percentage weights that could be—but which were not—assigned to each of the five evaluation categories. Information concerning the evaluation criteria was made

available to applicants through an internet site as well as in correspondence with the applicants. See appendix I for a summary description of each of the categories as provided to interested Members of Congress in March 1999, along with the quantitative weights subsequently added.

Multistage Review Process Showed Clear Distinctions Between Competing Applications

The Navy followed a multistage review process that facilitated a thorough, if somewhat overlapping, review process that identified clear differences between the competing applications for most evaluation criteria categories. The process also provided opportunities for applicants to supplement their applications in response to inquiries by the evaluation board and the higher level Executive Advisory Panel prior to each of these groups completing their respective evaluations.⁶

As previously indicated, the Navy used a two-phased evaluation board to review the applications. During the first phase, a nine-member board, drawn from various Navy offices, evaluated the applications against the first three criteria categories (financial, curatorial, and technical) to determine whether the applications met the Navy's minimum requirements for a donation. Working independently, board members read the entire applications and then focused on individual criteria related to their area of expertise, such as financial management. Then, they worked collectively to agree on a rating for all three criteria. During this phase, they identified (1) strengths, weaknesses, and risks associated with each application and (2) areas where additional information was needed to evaluate the applications. On July 13, 1999, they sent applicable questions to the respective applicants who were given a month to respond. Both applicants provided supplemental information in response to the questions. Not satisfied with the clarity of the Battleship Commission's response, the board sought clarifying information regarding the Bayonne site from the Bayonne Local Redevelopment Authority. Still not satisfied, the board sent a second request for additional clarifying information to the Battleship Commission on September 21, 1999. Later, the board obtained further clarifying information concerning both applications based on a site visit to each competing site by the Executive Advisory Panel in which questions were posed.

⁶ The Navy established December 3, 1999, as the cut-off date for applicants to submit any supplemental information in support of their applications.

When the evaluation board completed its work, it characterized how well the applications met the individual criteria using qualitative criteria contained in the Navy's selection plan of May 18, 1999, which outlined the Navy's approach to evaluating applications for the *U.S.S. New Jersey* donation. An assigned rating of "outstanding" was to be used to indicate that, in terms of the specific criterion, the application contained no weakness or deficiency and met the highest expectation of the Navy with very low cost risk. An "excellent" rating meant that the application was responsive with no major weakness or deficiency, more than adequately met the Navy's requirements, and was likely to produce good results with low cost risk. An "acceptable" rating meant that the application may contain minor weaknesses or deficiencies, but the applicant would probably complete necessary tasks adequately, although the Navy was concerned that moderate cost or other risks may exist. A rating of "marginal" indicated major weaknesses or deficiencies and few, if any, strengths, and the application was considered to present significant cost or other risks. An "unsatisfactory" rating indicated that the application was not responsive with major weaknesses or deficiencies and was considered to present major cost or other risks. The selection plan did not indicate what combination of qualitative ratings was needed to meet minimum requirements, leaving it to the subjective judgment of the evaluation board members.

A majority of the board members eventually decided that both applications met minimum requirements, although assigned qualitative ratings indicated that the Alliance's application rated higher than the Battleship Commission's application in two of the three criteria categories (see table 1).

Table 1: Evaluation Board Ratings of *U.S.S. New Jersey* Applications against Initial Criteria

Criterion	Home Port Alliance	Battleship Commission
Financial	Excellent	Excellent
Curatorial	Outstanding	Acceptable
Technical	Acceptable	Marginal

Source: Evaluation board report.

The ratings were summarized in an evaluation board report to the Executive Advisory Panel on December 17, 1999, along with details concerning strengths and weaknesses of each application and the board's rationale for the assigned ratings. Although not required to be retained, available working notes of selected board members, as well as our interviews with selected members, supported the ratings summarized in the report and provided an indication of individual member's working independently to evaluate the applications before agreeing on composite ratings.

While a majority of the board members believed that both applications had met minimum donation requirements and should be given further consideration, two board members expressed a minority view that the Battleship Commission's application did not meet minimum donation requirements. They also believed that its technical plan should be rated as unsatisfactory because of limitations in data provided related to permanent berthing authority, mooring permit, and environmental issues.

With a majority of the board having decided that both applications met minimum requirements, the Navy continued its evaluation, focusing on the remaining two evaluation categories—community and benefit to the Navy. For this portion of the evaluation, a three-person supplemental evaluation board, headed by the chairman of the initial board, was convened along with two new members who had not served on the initial evaluation board. These members began their work by reviewing the applications, including the information related to the two additional evaluation categories. Table 2 shows ratings in all five evaluation categories.

Table 2: Initial and Supplemental Evaluation Board Ratings of *U.S.S. New Jersey* Applications

Criterion	Home Port Alliance	Battleship Commission
Financial	Excellent	Excellent
Curatorial	Outstanding	Acceptable
Technical	Acceptable	Marginal
Community	Outstanding	Acceptable
Benefit to the Navy	Outstanding	Acceptable

Source: Supplemental evaluation board report.

The supplemental evaluation board submitted its report to the Executive Advisory Panel⁷ on January 13, 2000. The narrative information contained in the supplemental evaluation board report emphasized that portion of the community criterion related to location and surrounding area, in differentiating between the two applications.

The Executive Advisory Panel provided oversight to the evaluation boards and received periodic briefings regarding their work. The Panel, which first convened on September 8, 1999, assessed the applications, reviewed the evaluation board's reports, and, as discussed previously, visited each proposed mooring site to obtain additional information. The Panel had the option of converting the boards' qualitative ratings to weighted numerical scores for each application. However, since the Alliance's application surpassed the Battleship Commission's on four of the criteria, the Panel accepted the boards' evaluations without applying the numerical weights. In a January 20, 2000, report, the Panel unanimously recommended that the Secretary of the Navy select the Alliance as the recipient of the *U.S.S. New Jersey* to be moored on the Camden, New Jersey, waterfront.

Opportunities Exist to Strengthen the Navy's Process for Future Donation Decisions

Although not significant to the outcome of the *U.S.S. New Jersey* decision, opportunities exist to strengthen the Navy's donation decision-making process to improve the clarity, specificity, and timeliness of guidance and communications with applicants. Changes in these areas could strengthen the public's confidence in and understanding of donation decisions. In selected instances, we noted that the lack of clarity in communications may have led to misunderstandings about the process and the relative standing of individual applications. Also, in some instances, the absence of documentation of Navy communications with applicants limited our ability to corroborate exchanges of information between the Navy and the applicants.

⁷ This Panel was comprised of five senior Navy personnel—the Deputy Assistant Secretary of the Navy (Ship Programs), the Deputy Program Executive Officer (Expeditionary Warfare), the Director of the Office of Program Appraisal, the Director of the Maintenance Policy and Acquisition Logistics Division, and the Director of the Naval Historical Center.

Timeliness and Stability in Application and Selection Criteria

This is the second Navy ship donation decision we have been asked to review in recent years. Our first evaluation was of the Navy's 1996 donation decision involving the *U.S.S. Missouri* and four competing applications. We found that the Navy's donation process appeared to have been impartially applied, but we identified opportunities to improve the process and communications with applicants.⁸ While we noted improvements in the guidance to applicants for the *U.S.S. New Jersey* decision, we nevertheless noted continuing changes in evaluation criteria and a lack of timeliness in finalizing the criteria. Although we found that the Navy had made fair and credible selection decisions, greater stability in the application and selection process could avoid confusion and increase the public's confidence in the fairness and consistency of the Navy's decision-making process.

Although many similarities existed in evaluation criteria used for the two donation decisions we reviewed, some changes have occurred as the criteria evolved over time and both donations were notable for introduction of additional criteria as the application process was underway. In the 1996 ship donation process used for the *U.S.S. Missouri*, the Navy, after having determined that four applications met its financial and technical requirements, added two criteria to better distinguish among the competing applications and assigned numerical weights to each of the evaluation criteria.⁹ Our August 1997 report stated that the Navy had not done a good job in communicating its additional criteria to the applicants and had not told them the relative importance of the evaluation criteria. We made several recommendations to improve the Navy's process, including a recommendation that the Navy (1) communicate to applicants, at the earliest possible date, necessary information that, at a minimum, includes the criteria that will be used to evaluate the applications and (2) the relative importance of the criteria in the final selection.

⁸ We cited the importance of providing applicants, at the earliest possible date, information concerning criteria that will be used to evaluate applications, the relative importance of the criteria in the final selection, and clear definitions of what the criteria mean. See *Naval Ship Donation: Existing Procedures Inadequate for the Use of Additional Evaluation Criteria* (GAO/NSIAD-97-180, Aug. 15, 1997) and (GAO/NSIAD-97-171R, June 3, 1997).

⁹ In the evaluation for the *U.S.S. Missouri*, the Navy added public benefit to the Navy and historical significance associated with each location as supplemental criteria; in the most recent competition, the Navy used benefit to the Navy and community (local support, regional support, and location and surrounding area) as supplemental criteria.

Available information indicates the Navy did a better job in communicating its application requirements for the *U.S.S. New Jersey* than it did for the *U.S.S. Missouri* decision. Nevertheless, in the most recent case, the Navy still did not fully communicate application and selection requirements until all applications had been prepared. For example, the Navy gave applicants information concerning the relative importance of each criterion as they were preparing their applications, and although ultimately not used, provided information on numerical weights only after the deadline for applications had expired. If they are going to be used, timely information on what the numerical weights are for each criterion and how these weights might be used could assist applicants in preparing their applications.

Clarity in Communicating Requirements and Status of Process

In reviewing the Navy's donation selection process, we noted selected instances where the Navy's communications regarding requirements and status of the process may have contributed to misunderstandings about the selection process and the relative standing of individual applications. While we found no indication that these issues would have changed the outcome of the Navy's decision, they nevertheless point to opportunities to strengthen decision-making processes for the future.

A key misunderstanding or a lack of clarity in communications appeared to have resulted from the Navy's January 3, 2000, letter to both applicants concerning the outcome of the evaluation board's review using the three initial selection criteria. The letter stated that they had met minimum technical, financial, and curatorial requirements and that the Navy had initiated a review of additional criteria involving community and benefit to the Navy. After the selection decision, a Battleship Commission official told us that his understanding was that the final decision would be determined by the final two criteria—community and benefit to the Navy. We can understand how one might interpret the Navy's letter to mean that both applications were on equal footing at that point pending further evaluation against the final two criteria, even though the Navy's process called for applications to be evaluated against the five criteria.

Another example of a lack of clarity in communications involved whether and when applicants were required to have obtained or show proof of their ability to obtain permits such as an Army Corps of Engineers' ship mooring permit. This became a point of dispute between the Navy and the Battleship Commission when Navy officials debriefed Battleship Commission members regarding the selection decision. Battleship

Commission members told us that, based on earlier discussions with Navy officials, they had believed permits were not required at that time. While initial questions from the evaluation board were less specific about this issue, communications near the end of the Navy's evaluation process were more specific regarding the mooring permits or expected approval of the Battleship Commission's mooring plans. Nevertheless, this appears to be an area where greater clarity is warranted to avoid potential misunderstandings in the future.

Improved Documentation of Contacts With Applicants

During our review, we encountered a number of instances where we could not corroborate exchanges of information between the Navy and the applicants because memorandums of meetings or telephone conversations were either not developed or not retained. For example, Navy officials told us that some key information on process and application requirements was communicated by telephone to applicants but not documented. Likewise, the Navy did not document its February 2000 debriefing to explain the factors leading to its selection decision. Because this debriefing was not an official part of the decision process, we have no reason to believe that information conveyed in this meeting had the potential to change the outcome of the Navy's decision. Nevertheless, documentation of this and other key meetings and discussions between the Navy and applicants are important to corroborating substantive exchanges of information and issues being addressed.

Conclusions

While the Navy has followed an objective and credible ship donation evaluation process, opportunities exist to strengthen the process and the public's understanding of, and confidence in, any future donation decisions. Lessons learned from the most recent competitive donation decision show that clarity and timeliness in the Navy's guidance and communications with applicants concerning requirements and evaluation results could be strengthened. Also, documenting exchanges of information with applicants can be important to facilitating any independent assessments of the selection process that may be later required.

Recommendations for Executive Actions

To strengthen the Navy's ship donation process and the public's confidence and understanding of the results involving competing applications, we recommend that the Secretary of the Navy

-
- provide all evaluation criteria, their relative importance, and other applicable guidance to applicants when applications are solicited;
 - reassess the process of informing applicants about evaluation board results before evaluations involving all criteria have been completed; and
 - require that documentation of key information exchanges between donation office staff and applicants be established and retained.

Agency Comments

The Navy provided written comments on a draft of this report. The Navy agreed with the report and concurred with the recommendations. It also described actions it would take to address the recommendations. The Navy's comments are included in appendix II.

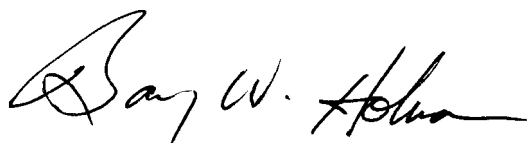
Scope and Methodology

To evaluate the Navy's ship donation selection process, we obtained and reviewed available documentation related to the Navy's ship donation selection criteria, evaluation process and reports, and other pertinent correspondence. We interviewed officials at the Naval Sea Systems Command's Ship Donation Program Office, the Deputy Assistant Secretary of the Navy for Ship Programs (the head of the Navy's Executive Advisory Panel) and its staff, and members of the Navy's evaluation board who provided available documents they had prepared in evaluating the applications. We also interviewed representatives of the two *U.S.S. New Jersey* applicants: Home Port Alliance, Inc. and the *U.S.S. New Jersey* Battleship Commission. We visited the proposed mooring sites at Camden, New Jersey, and Bayonne, New Jersey. We also visited the battleship *U.S.S. New Jersey* at its current berth in the Naval Inactive Ships Maintenance Facility in Philadelphia, Pennsylvania.

We conducted our review from April 2000 through August 2000 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Honorable William S. Cohen, Secretary of the Defense; the Honorable Richard Danzig, Secretary of the Navy; and appropriate congressional committees. We will also make copies available to others upon request.

If you have any questions regarding this report, please contact me on (202) 512-5581. Other key contributors to this report were Donald Snyder, Arnett Sanders, and David Rowan.

A handwritten signature in black ink that reads "Barry W. Holman". The signature is written in a cursive style with a large initial 'B' and a long horizontal flourish at the end.

Barry W. Holman, Director
Defense Capabilities and Management

Evaluation Criteria for Navy's *U.S.S. New Jersey* Donation

Basic criteria	Evaluation criteria used to ensure applicants meet minimum donation requirements
Financial (25%)	Acquisition costs - Provide costs associated with the following: assuming ownership of the ship, towing, mooring, and preparing the ship for visitors. Acquisition costs may also include the cost of building, leasing, or improving facilities.
	Sources of income - Indicate pledges, loans, gifts, bonds, and funds on deposit in financial institutions. After donation, sources of income shall include tour fees and gift shop revenues.
	Operating and support - Provide costs associated with operating and maintaining the vessel as a museum and memorial. For example, rent, utilities, and personnel costs are typical operating and support costs.
	Cash flow analysis - The Navy will perform an independent analysis to determine whether capital funds are sufficient for capital costs associated with the donation and whether the operating fund will be sufficient to cover the projected cost of operation of the museum.
Technical (25%)	Towing plan - Include a plan that describes how the ship will be towed safely from the Naval Inactive Ships Maintenance Facility - Philadelphia to the proposed display site. The plan must meet the requirements in the Navy Tow Manual.
	Mooring plan - Include a plan that describes how the ship will be secured during normal and extreme weather conditions (100-year storm) to preclude damage to the ship, its mooring system, or neighboring facilities.
	Maintenance plan - Describe how the ship will be maintained and preserved over many years. Typically the plan includes preservation, underwater hull inspections, routine maintenance, periodic dry-docking, and pest control.
	Environmental plan - Describe how the proposed mooring and display of the ship will affect the environment. Describe how all local, state and regional environmental, public health, and safety requirements will be met.
Curatorial (15%)	Curator and staff plan - Describe the qualifications for a professional curator on staff. Also address adequate curatorial support.
	Collection management plan - Describe how the museum intends to collect and manage its artifacts. Typically, the plan includes a purpose, description, access, authority, responsibility, and collection management activities.
	Historical management plan - Describe how the museum will display the vessel and exhibits. Typically, the plan describes the historical context of vessel, historical subject matter that will be displayed, and tentative exhibit plans.
Additional criteria	Additional requirements if more than one acceptable application is received
Community (15%)	Local support - Provide evidence of local support, such as letters of support from individuals, organizations, newspaper articles or editorials, and letters of endorsement from the city or local government. Approval from the Port Authority is critical.
	Regional support - Provide evidence of regional support, such as letters of endorsement from adjacent counties, cities, or states. Local and regional support may be from either public or private sources. For example, an application may include letters from mayors, state officials, or federal officials. Local or state referenda may also demonstrate support.
	Location and surrounding area - Describe how the location of the ship will enhance display of the vessel and encourage tourist visitation. Describe how the vessel may become an integral part of the community, or how the vessel may assist in local developments.

**Appendix I
Evaluation Criteria for Navy's U.S.S. New
Jersey Donation**

**Benefit to
Navy
(20%)**

Support for Navy recruitment - Describe how the donee may support recruiting efforts by the Navy.

Association of site with Navy - Demonstrate a connection between the Navy and the proposed berthing site. For example, was the ship built, repaired, homeported, modernized, overhauled, or located at the proposed site.

Continued association with Navy and Navy veterans - Describe how veterans associations in the area are willing to support the ship. Indicate how the donee will honor veterans' contributions. Show how exhibits and events will commemorate veterans and showcase naval traditions.

Source: Navy Ship Donation Program Office.

Comments From the Department of Defense



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

SEP 26 2000

Mr. David R. Warren
Director, Defense Management issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

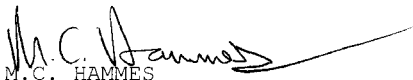
Dear Mr. Warren:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, 'NAVAL SHIP DONATION: Selection Decision for U.S.S. New Jersey was Objective, but Selection Process Can Be Strengthened', dated August 29, 2000 (GAO Code 709500/OSD Case 2072). The DoD generally agrees with the draft report.

The Donation of the battleship New Jersey was an impartial, multi-stage process that led to a credible and objective decision. Detailed comments on the draft report recommendations are included in the enclosure. The DoD appreciates the opportunity to comment on the draft report.

As always, if I may be of further assistance, please let me know.

Sincerely,


M.C. HAMMES
Deputy Assistant Secretary of the
Navy for Ship Programs

Enclosure

GAO DRAFT REPORT DATED AUGUST 29, 2000
(GAO CODE 709500) OSD CASE 2072

**"NAVAL SHIP DONATION: SELECTION DECISION FOR U.S.S. NEW JERSEY WAS
OBJECTIVE, BUT SELECTION PROCESS CAN BE STRENGTHENED"**

**DEPARTMENT OF DEFENSE COMMENTS TO
THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: In order to strengthen the Navy's ship donation process and public confidence and understanding of the results involving competing applications, the GAO recommended that the Secretary of the Navy provide all evaluation criteria, their relative importance, and other applicable guidance to applicants when applications are solicited. (p. 14/GAO Draft Report)

Now on p. 10.

DOD RESPONSE: Concur. In future Federal Register announcements the Navy will identify all the evaluation criteria and explain that two additional criteria are evaluated (Benefit to the Navy and Community Support), if multiple applications are received. The Federal Register announcement will also describe relative importance and identify our Internet site and a point of contact, so that, applicants can obtain other applicable guidance.

RECOMMENDATION 2: In order to strengthen the Navy's ship donation process and public confidence and understanding of the results involving competing applications, the GAO recommended that the Secretary of the Navy reassess the process of informing applicants about evaluation board results before evaluations involving all criteria have been completed. (p. 14/GAO Draft Report)

Now on p. 13.

DOD RESPONSE: Concur. For future donations, we will inform applicants about evaluation board results after the evaluation of all criteria is complete, and reevaluate the nature of correspondence during competitive donations to reduce confusion.

RECOMMENDATION 3: In order to strengthen the Navy's ship donation process and public confidence and understanding of the results involving competing applications, the GAO recommended that the Secretary of the Navy require that documentation of key information exchanges between donation office staff and applicants be established and retained. (p. 14/GAO Draft Report)

Now on p. 13.

Appendix II
Comments From the Department of Defense

DOD RESPONSE: Concur. For future donations, we will document the exchange of key information between the applicant and the Navy. NAVSEA will keep written records of all meetings and telephone conversations with applicants regarding a ship donation, particularly when application information is being provided, criteria requirements are being discussed, and for any debriefing of unsuccessful applicants.

Ordering Information

The first copy of each GAO report is free. Additional copies of reports are \$2 each. A check or money order should be made out to the Superintendent of Documents. VISA and MasterCard credit cards are accepted, also.

Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013

Orders by visiting:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders by phone:

(202) 512-6000
fax: (202) 512-6061
TDD (202) 512-2537

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

Orders by Internet:

For information on how to access GAO reports on the Internet, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web home page at:

<http://www.gao.gov>

To Report Fraud, Waste, or Abuse in Federal Programs

Contact one:

- Web site: <http://www.gao.gov/fraudnet/fraudnet.htm>
- e-mail: fraudnet@gao.gov
- 1-800-424-5454 (automated answering system)

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. GI00**

