

GAO Highlights

Highlights of [GAO-13-501](#), a report to congressional committees

Why GAO Did This Study

Over the next couple of years, maintenance work available to the ship repair industrial base supporting Naval Station Mayport is expected to decrease. Section 1017 of the National Defense Authorization Act for Fiscal Year 2012 required the Navy to analyze the costs and benefits of stationing additional DDG-51 class destroyers at Naval Station Mayport and to include other considerations. It also required GAO to provide an assessment of the Navy's analysis. The Navy provided its analysis in a report submitted to Congress on December 31, 2012.

GAO's objectives were to describe the extent to which the Navy's analysis (1) demonstrated the use of applicable best practices for an analysis of costs and benefits and (2) provided information on other considerations, as required by Section 1017. In conducting our assessment, GAO identified applicable best practices for analyzing costs and benefits and discussed the Navy's documentation and methodology with knowledgeable officials. GAO also reviewed the information in the Navy's analysis, interviewed Navy and private ship repair firm officials, and visited Naval Station Mayport.

GAO is not making recommendations in this report. DOD and the Department of the Navy reviewed a draft of this report and did not have formal comments. The Navy provided technical comments that were incorporated as appropriate in the report.

View [GAO-13-501](#). For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

May 2013

DEFENSE INFRASTRUCTURE

Navy's Analysis of Costs and Benefits Regarding Naval Station Mayport Demonstrated Some Best Practices and Minimally Addressed Other Requirements

What GAO Found

The Navy's analysis of the costs and benefits of stationing additional DDG-51 class destroyers at Naval Station Mayport, Florida, demonstrated some applicable best practices for analyzing costs and benefits. GAO identified eight applicable best practices and applied them to the Navy's discussion of the costs and benefits of stationing DDG-51 class destroyers at Naval Station Mayport. GAO found that the Navy demonstrated the best practices of clearly defining a problem statement and objectives, and including key facts and assumptions. The Navy partially demonstrated the best practices of estimating costs and benefits, and identifying and discussing uncertainty. However, the Navy's analysis did not demonstrate the best practice of describing alternatives, and therefore, it did not compare alternatives or contain recommendations about them.

Navy's analysis minimally addressed other requirements, and it did not provide some information that would have been useful for oversight and decision making.

Information required by Section 1017	GAO's assessment
Consideration of negative effects on the ship repair industrial base at Mayport caused by the retirement of FFG-7 class frigates and delays in procurement of Littoral Combat Ships—including, in particular, increased costs (which would be passed on to the taxpayer) of reconstituting the ship repair industrial base at Mayport following the projected drastic decrease in workload.	The Navy provided an explanation of the retirement of the FFG-7 class frigates at Naval Station Mayport; discussed one negative effect—work days would be lost due to the retirements of the frigates—and stated that the Navy plans to station other ships to compensate for the lost workload. However, the analysis did not specifically address how the reduction in workload could affect local ship repair firms, explicitly discuss the procurement delay of the Littoral Combat Ship, or thoroughly describe the cost of reconstituting the ship repair industrial base at Mayport. Additionally, GAO believes that including the views of the ship repair industry at Mayport would have been beneficial.
Updated consideration of life extensions of FFG-7 class frigates in light of continued delays in deliveries of the Littoral Combat Ship.	The Navy concluded that extending the service life of the FFG-7 class frigates would be cost prohibitive, but the analysis relied on 2010 data that was not updated to reflect current circumstances. Additionally, Navy officials told GAO that the Navy could consider slowing down the decommissioning of the frigates if the Littoral Combat Ships are significantly delayed, but the analysis did not fully discuss that option.
Consideration of the possibility of bringing additional surface warships to Naval Station Mayport for maintenance with the consequence of spreading the ship repair workload appropriately amongst the various public and private shipyards and ensuring the long-term health of the shipyard in Mayport.	The Navy's analysis discussed the Navy's intention to transfer surface ships to Mayport and that the Navy strives to maintain a steady maintenance workload at all its homeports, but it did not specifically address the effect that the Navy's plan could have on the distribution of the workload among the ship repair industrial base at public and private shipyards.