

June 1990

HOMEPORTING

Status of Continuing Construction and Development



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National Security and
International Affairs Division

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June 20, 1990

The Honorable Charles E. Bennett
Chairman, Subcommittee on Seapower
and Strategic and Critical Materials
Committee on Armed Services
House of Representatives

The Honorable Patricia Schroeder
Chairwoman, Subcommittee on Military
Installations and Facilities
Committee on Armed Services
House of Representatives

As a result of your strategic homeport hearing on April 24, 1990, and in response to subsequent discussions with your offices, we have continued reviewing the Navy's strategic homeporting program. As requested by your staff, we followed up on your letter of May 1, 1990, to the Secretary of Defense urging that work on ongoing construction projects at all new homeports be stopped and your letter of May 15, 1990, to the Secretary of the Navy recommending that construction of section 801 housing at Staten Island, New York, be halted. While our overall analysis is still ongoing, this interim report responds to your request for a status update of the new homeports' development.

Background

Prior to your letters, the Secretary of Defense instituted a moratorium that halted new military construction throughout the Department of Defense. The moratorium has now been extended to November 15, 1990. As a result, some new construction planned for the strategic homeports has not started.

Also, as part of a Navy infrastructure study the need for the strategic homeports is being considered, but the results of that study are not due before the fall of 1990. The Navy is also in the process of updating the net costs of not proceeding with the new homeports, which it currently estimates at \$375 million. However, as we testified before the Subcommittees in April, these costs need to be weighed against the additional costs of making the new homeports fully capable and the Navy's increased operating costs of having additional homeports.

Please contact me at (202) 275-6504 if you or your staff have questions concerning the report. Other major contributors to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read "Martin M. Ferber". The signature is fluid and cursive, with a long horizontal stroke at the end.

Martin M Ferber
Director, Navy Issues

percent complete). This package's current contract value is \$55.88 million, which includes \$11.22 million in options awarded on March 23. The estimated work in place is \$15.13 million, or 27 percent, of the current contract value. The expected contract completion date is February 18, 1992.

- Military Construction Package II includes work for demolition, utilities, and site improvements. This package's current contract value is \$36.80 million. The estimated work in place is \$35.30 million, or 96 percent, of the contract value. The expected contract completion date is September 8, 1990.
- The City of Everett is administering a contract for defense access roads funded with federal monies. Funds available for roads total \$14.4 million. The estimated work in place is about 30 percent of the contract value.
- Funds available for land acquisition total \$62.25 million of which \$54.03 has been expended.
- As of May 31, 1990, funds available totaled \$191.01 million, obligations totaled \$180.42 million, and expenditures totaled \$117.17 million.
- Additional military construction projects (and associated costs) needed for Initial Operating Capability was under study.
- The date for Initial Operating Capability also was under study.

Gulf Coast

- As of May 31, 1990, funds available for Ingleside totaled \$92.67 million, obligations totaled \$60.95 million, and expenditures totaled \$46.69 million.
- As of May 31, 1990, funds available for Pensacola totaled \$41.80 million, obligations totaled \$27.58 million, and expenditures totaled \$19.10 million.
- As of May 31, 1990, funds available for Pascagoula totaled \$47.48 million, obligations totaled \$25.95 million, and expenditures totaled \$6.87 million.
- As of May 31, 1990, funds available for Mobile totaled \$37.31 million, obligations totaled \$25.94 million, and expenditures totaled \$12.77 million.
- Construction was in various stages.

Potentially Applicable Laws

The laws affecting the disposition of particular government real property may vary with the circumstances existing at the time of disposition. If, however, all reversion and first purchase rights under the agreements outlined in appendix II are extinguished, the laws with the most relevance to a disposition appear to be the following.

10 U.S.C. 2662	Precludes the Secretary of a military department from entering into specified real property transactions until the expiration of 30 days from the submission of a report on the transaction to specified congressional committees. The transactions covered include the lease, license, or transfer of real property or the reporting of excess real property to a disposal agency.
10 U.S.C. 2687	Sets out procedures for base closures and realignments, including compliance with the National Environmental Policy of 1969, as amended (42 U.S.C. 4321 et seq.).
40 U.S.C. 483	Pertains to the utilization of excess property.
40 U.S.C. 484	Pertains to the disposal of surplus property.

All the above statutes are mentioned in the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526, 10 U.S.C. 2687 note) where they were waived or their authorities delegated in order to facilitate the act's purposes.

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Homeporting Agreements

Location	Contract limitations on disposition
Staten Island, New York	<p>Upon timely notice by city of New York, premises revert to the city if (1) the Navy fails to utilize the premises as a homeport within 8 years of its acquisition of the premises (unless extended by the parties) or (2) cessation of use of the premises or any portion thereof for Navy homeporting purposes</p> <p>(The city's failure to provide a "reversion notice" within specified times extinguishes the city's right to cause reversion to occur.)</p>
Pascagoula, Mississippi	<p>Reversion of property automatically occurs if (1) construction of the homeport does not commence within 2 years of the conveyance of the property or (2) the Secretary of the Navy determines that the property is no longer required for a homeport or related facilities.</p> <p>(If the State of Mississippi fails to pay for Navy improvements within 5 years from the date of reversion, then the property and improvements revert to the United States.)</p>
Corpus Christi, Texas (Ingleside)	<p>Land reverts to Corpus Christi Port Authority on January 1, 1992, if at such time (1) the Navy has not commenced construction of the homeport or (2) construction has begun but the property is no longer used for maritime purposes by the Department of Defense.</p> <p>(Right of reversion to the Authority terminates and is extinguished if the State of Texas or the Authority fails to make certain capital contributions or pay for the increased value of the improved property within a stated period of time.)</p>
Mobile, Alabama	<p>Land reverts to county and city of Mobile and State of Alabama on January 1, 1992, if at such time (1) the Navy has failed to begin construction of the homeport or (2) construction has begun but the property is no longer required for Department of Defense purposes</p> <p>(The right to revert terminates and is extinguished upon the failure of the city, county, or state to pay for the increased value of the improved property within a stated period of time.)</p>
Everett, Washington	<p>A. Agreements for the past and anticipated future purchases of land between the Port of Everett and the Navy state that in the event the United States decides to sell or otherwise dispose of all or any part of the purchased property, the Port has the right to purchase the property for, depending upon circumstance, current fair market value or what the government paid for it plus interest.</p> <p>B. All properties exchanged pursuant to an exchange agreement between the State of Washington and the Navy revert to the ownership status that existed prior to any transfers of ownership under the exchange agreement if the homeporting project is not completed.</p> <p>C. Property bought by the Navy from Western Gear Machinery Company appears to be retained by the Navy if homeporting is not completed. The agreement covering the purchase of this property contains no first right to purchase in Western's favor should the Navy decide to dispose of the property.</p> <p>D. A 1988 Aquatic Lands Lease for 30 years between the State of Washington Department of Natural Resources and the Navy does not provide for the failure to complete the homeport. Lease contains no rent amount, however</p>
Pensacola, Florida	<p>By Memorandum of Agreement among the State of Florida, the city of Pensacola, and the Navy concerning dredging, the Navy agreed to locate and construct a homeport at Pensacola, Florida, by October 1, 1992. The Memorandum of Agreement does not address the failure to complete the homeport but does condition completion on, among other matters, "the Navy's receipt of appropriated funds from the United States Congress."</p>

Status Update (As of June 11, 1990)

Staten Island

- 91 percent of the contracts' value was complete.
- June 25, 1990, is the scheduled date for the official dedication ceremony for New York Naval Station. June 21-25 is Fleet Week and five Navy ships will berth at Stapleton during that period.
- The Shore Intermediate Maintenance Facility (SIMA) will be ready for occupancy acceptance from the contractor on June 15, 1990. This means it will be "substantially completed." The SIMA will be operational June 21, 1990. About 13 military personnel are assigned to the SIMA. This figure is now expected to increase to about 35 by January 1, 1991. The manning will be adjusted to maintain the number of ships homeported at Stapleton. The total personnel requirement for a fully equipped and utilized SIMA at Stapleton is 350.
- The bachelors enlisted quarters/mess hall will be ready for occupancy acceptance the last week in June.
- The 400 military construction housing units will be completed by June 15. About 131 Normandy families are now assigned housing units at Fort Wadsworth and are in the process of transferring there while currently eight USS Normandy families are actually living there. Eight personnel assigned to the SIMA and 16 personnel assigned to the construction battalion unit are also currently in quarters at Fort Wadsworth.
- As of June 11, 1990, the developer for the section 801 build to lease housing had not received the necessary financing to proceed.
- Utilities/site improvements (i.e. hot water, heat, electrical installation) will be complete in August.
- August 1, 1990, is the official effective date for the Normandy to be homeported at Staten Island.
- The Commanding Officer of the Brooklyn Naval Station is in the process of transferring personnel from Brooklyn to Staten Island. About 60 civilians assigned to Public Works and about five military personnel assigned to Housing have relocated (both groups were previously located in the old commissary building). On June 26, new furniture will begin to arrive at Staten Island. Furniture from Brooklyn Naval Station will be moved in July.
- As of May 31, 1990, funds available for Staten Island totaled \$193.30 million, obligations totaled \$152.40 million, and expenditures totaled \$136.16 million.

Everett

- As of May 30, 1990, two military construction contracts totaling \$92.68 million had been let.
- Military Construction Package I includes work for dredging (94 percent complete), a carrier pier (18 percent complete), and the south wharf (28

Results in Brief

Our review indicates that the Navy has not taken any action to stop ongoing construction as a result of your letters. Work under contracts already awarded has continued unabated and the Navy is going ahead with plans to dedicate the New York Naval Station on June 25, 1990. In fact, some families of military personnel assigned to the USS Normandy (the first ship scheduled to be homeported at Staten Island), the intermediate maintenance activity, and the construction battalion unit are already living at Staten Island or are in the process of transferring there. All these actions pertain to the strategic homeport. In addition, there are other actions and personnel transfers associated with the closure of the Brooklyn Naval Station. Appendix I summarizes preliminary information we gathered on the status of construction and other activity at all of the new homeports.

Limitations on Land Disposal

Your offices also asked us to determine the legal status of any limitations on the disposal of land if the new homeports are terminated.

We found that most of the written agreements pertaining to homeporting involve land that was obtained from state or local governmental instrumentalities and that reverts to the prior owner if (1) construction of the homeport does not begin within a specified time or (2) the Navy ceases to use the homeport. Appendix II summarizes the legal limitations for each new homeport and appendix III addresses potentially applicable laws.

As requested, we did not obtain official written agency comments on this report. However, we did discuss the matters presented in this report with Department of Defense and Navy officials and included their views where appropriate.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. At that time, we will send copies to the Chairmen, Senate and House Committees on Armed Services and Appropriations, the Secretaries of Defense and the Navy, and other interested parties.

