DOCUMENT RESUME

04543 - [B0104992]

Planned Establishment of the Naval Aviation Logistics Center at Patuxent River, Maryland. LCD-77-355; B-172707. January 6, 1978. 16 pp. + 6 appendices (21 pp.).

Report to Rep. G. William Whitehurst; Sen. William L. Scott; by Robert F. Keller, Acting Comptroller General.

Issue Area: Facilities and Material Management (700).
Contact: Logistics and Communications Div.
Budget Function: National Defense: Defense-related Activities (054).
Organization Concerned: Department of Defense; Department of the Navy: Naval Air Station, Patuxent, MD.
Congressional Relevance: Rep. G. William Whitehurst; Sen. William L. Scott.
Authority: Military Construction Authorization Act. 10 U.S.C. 2674.

On February 23, 1977, the Secretary of the Navy approved the establishment of the Naval Aviation Logistics Center at the Naval Air Station in Patuxent River, Maryland. This facility would consolidate depot management and logistics support functions located in San Diego, California; Norfolk, Virginia; Washington, D.C.; and Patuxent River, Maryland. Findings/Conclusions: The Navy estimated that the planned establishment of the Logistics Center would result in one-time costs of about $3.3 million and attributed no savings to the planned realinement. GAO estimated the one-time cost of the realinement at about $6.8 million, including military and civilian relocation, recruitment of new staff, severance pay, equipment purchase, facility construction and repair, and renovation of temporary facilities. The Navy planned construction on two buildings at Patuxent River and repair work on a third building which was later reclassified as minor construction. The use of minor military construction funds to finance building modifications would be inappropriate and contrary to the intent of the Military Construction Authorization Act. Recommendations: The Secretary of Defense should direct the Secretary of the Navy to submit a single project to the appropriate congressional committees for review and approval of all construction work for the establishment of the Naval Aviation Logistics Center. (RRS)

045543

REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Planned Establishment Of The Naval Aviation Logistics Center At Patuxent River, Maryland

The Navy's planned use of minor military construction funds to finance building modifications needed to support the realinement is inappropriate and not in accord with the spirit and intent of the Military Construction Authorization Act.

A single project should be submitted to the appropriate congressional committees for review and approval of all of the construction work for the establishment f the Naval Aviation Logistics Center.

GAO estimates the cost of the realinement at about $6.8 million, as compared to the Navy's January 1977 estimate of about $3.3 million. Navy did not attribute cost savings to the realinement.

LCD-77-355

JANUARY 6, 1978

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

B-172707

The Honorable William L. Scott
United States Senate
The Honorable G. William Whitehurst
House of Representatives

In response to your requests, we have reviewed the planned establishment of the Naval Aviation Logistics Center. Our review concerned the savings and costs related to the planned realinement.

As requested, we have not presented this report to the Department of Defense for written comment. However, we discussed the report with Department representatives and included their views where appropriate.

As the report contains a recommendation to the Secretary of Defense, we are sending copies to the Secretary of Defense and the Secretary of the Navy.

As agreed, the report is also being made available for unrestricted general distribution.

ACTING Comptroller General
of the United States

REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES

PLANNED ESTABLISHMENT OF THE NAVAL AVIATION LOGISTICS CENTER AT PATUXENT RIVER, MARYLAND

D I G E S T

On February 23, 1977, the Secretary of the Navy approved the establishment of the Naval Aviation Logistics Center at Naval Air Station, Patuxent River, Maryland. The new organization consolidates depot management and logistics support functions located in San Diego, California; Norfolk, Virginia; Washington, D.C.; and Patuxent River, Maryland.

GAO estimates the cost of the realinement at about $6.8 million, as compared to the Navy's January 1977 estimate of about $3.3 million. In July 1977 the Navy revised its estimate to about $4.8 million. The Navy does not attribute any cost savings to the realinement.

The Navy's planned use of minor military construction funds to finance building modifications needed to support the realinement is inappropriate and contrary to the spirit and intent of the Military Construction Authorization Act.

The Secretary of Defense should direct the Secretary of the Navy to submit a single project to the appropriate congressional committees for review and approval of all of the construction work for the establishment of the Naval Aviation Logistics Center.

GAO has not obtained written comments on the report from the Department of Defense. However, GAO discussed the report with Defense officials and included their views where appropriate.

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CHAPTER 1

INTRODUCTION

On February 23, 1977, the Secretary of the Navy approved the establishment of the Naval Aviation Logistics Center at the Naval Air Station, Patuxent River, Maryland. The Logistics Center will be responsible for managing Navy-wide aviation maintenance programs at the depot level to support aviation weapons systems and developing automated management information systems for the Naval Aviation Systems Command and aviation fleet activities.

The Logistics Center will be formed by consolidating the logistics functions of the following organizations:

--Naval Air Systems Command representatives located in Norfolk, Virginia; and San Diego, California.

--Management Systems Development Office, Jacksonville, Florida; and San Diego, California.

--Naval Aviation Integrated Logistics Support Center, Patuxent River, Maryland.

--Naval Air Systems Command Headquarters' depot management activity, Arlington, Virginia.

Prior to approval of the realinement action, the authorized positions of the activities to be consolidated were as follows:

	Military	Civilian	Total
Management Systems Development Office	3	139	142
Naval Air Systems Command Headquarters' depot management activities	4	63	67
Naval Air Systems Command Representative, Atlantic	35	337	372
Naval Air Systems Command Representative, Pacific	60	333	393
Naval Aviation Integrated Logistics Support Center	71	105	176
Total	173	977	1,150

In December 1975 a decision by the Secretary of Defense required about a 50-percent reduction of the depot management field activities' civilian staffs during fiscal year 1977. The Navy's planned realinement became necessary to meet the reduction requirement. Under the realinement the Navy planned to

--establish the Logistics Center with 159 military and 630 civilian positions,

--transfer 4 military and 277 civilian positions to other Navy Commands, and

--eliminate 10 military and 70 civilian positions.

The eliminated and transferred positions were attributed to the reduction requirement and, consequently, the Navy did not attribute savings to the planned realinement.

Naval Air Station Patuxent River

The Naval Air Station is located in St. Mary's County, Maryland, about 60 miles southeast of Washington, D.C. The Naval Air Test Center is the principal activity located at the air station. The Test Center's mission is to test and evaluate aircraft weapons systems and components.

Establishment of the Logistics Center requires alteration and repair of five permanent brick buildings. Three of the buildings were formerly used as barracks--one had undergone substantial refurbishment while used as a barracks.

In September 1977 we discussed with Patuxent officials various aspects of the construction and repair work applicable to the three former barracks designated for the use of the Logistics Center. They stated that except for recruiting some personnel, the Logistics Center was operational and performing its mission.

Some Logistics Center personnel were occupying one of three buildings that was mostly completed. Others were working in temporary space until the two remaining ones were ready. However, the Navy stopped construction and repair work on these two buildings until the issues raised by our review were settled. These issues concern the use of minor military construction funds and are discussed in more detail in chapter 3.

SCOPE OF REVIEW

Our review, made at the Naval Air Systems Command Headquarters, Washington, D.C.; and its representatives in Norfolk, Virginia; San Diego, California; and the Naval Air Station, Patuxent River, Maryland, involved

--reviewing Navy estimates of one-time costs associated with the planned realinement and

--reviewing documentation and interviewing Navy officials in these locations.

CHAPTER 2

COSTS RELATED TO PLANNED ACTION

The Navy estimated that the planned establishment of the Logistics Center would result in one-time costs of about $3.3 million. The Navy attributed no savings to the planned realinement.

ESTIMATED ONE-TIME COSTS

We estimate that the planned realinement could result in one-time costs of about $6.8 million.

	Navy (note a)	GAO	GAO over or under (-)
	---------(000 omitted)-------		
Military and civilian relocation	$1,090	$2,180	$1,090
Recruitment of new staff	-	1,600	1,600
Severance pay	630	130	-500
Equipment purchase	860	1,160	300
Facilities construction	390	456	66
Facilities repair	360	543	183
Renovation of temporary facilities	-	40	40
Equipment relocation and set-up	-	360	360
Communications	-	70	70
Temporary hires	-	240	240
Total	$3,330	$6,779	$3,449

a/After completion of our field work, the Navy updated its estimate of about $3.3 million to about $4.8 million. The primary change was the inclusion of about $1.6 million for recruitment of new staff.

Military and civilian relocation

The Navy estimate is based on a 1976 planning assumption that 40 military and 80 civilian personnel would relocate to Patuxent River as a result of the realinement. Based on information available during our review, it appears that 7 military and 176 civilian personnel would relocate.

Our estimate of $2.180 million differed from the Navy's because we used a more current estimate of the number of personnel who would relocate, and we included $833,000 for relocating 65 personnel occupying Management Systems Development Office positions who may be transferred from their east and west coast locations to Patuxent River. Navy officials stated that relocations costs of Management Systems Development Office people are not attributable to the planned consolidation because the action was planned prior to the consolidation's approval and would have occurred regardless of the establishment of the Logistics Center.

However, since the Management System Development Office is considered a part of the Naval Aviation Integrated Logistics Support Center, and some of its personnel will transfer and become a part of the Logistics Center at Patuxent River, we believe that these costs are properly included as a consolidation-related cost.

The remaining difference in these costs resulted primarily from our use of detailed cost elements for relocating personnel, while the Navy used a standard factor for its estimate.

Recruitment of new staff

Costs to recruit new employees to replace employed professional and technical personnel of the organizations to be consolidated who select not to move to Patuxent River were not included in the Navy's estimates. As a result of discussions with a Navy official, we assumed that administrative and clerical personnel would be hired from the local area, while professional and technical personnel would largely be obtained from the work force of the Navy rework facilities in Norfolk and San Diego. Recruiting costs include the costs to relocate new employees to Patuxent River from their present work locations and the administrative cost of recruiting. Recruiting costs were estimated using the same cost factors applied to present employees who elect to relocate. Based on data provided by the Navy, we estimate these costs at about $1.6 million.

Severance pay

The Navy estimate of $630,000 for severance pay was based on an assumption that 25 percent of the work force would receive payments. Based on more current information on the eligibility of personnel to receive payments, we estimate that severance pay costs could be about $130,000.

Equipment purchase

The Navy's estimate included about $860,000 for acquisition of new equipment, such as furniture, partitions, and file cabinets at the Logistics Center facilities. In March 1977 the Navy estimated that an additional $300,000 would be required for equipment items.

Facility construction

The Navy's estimate is based on work which the Navy considers construction in buildings numbered 447, 448, and 449, which will be used to support the Center. We estimate construction work at about $456,000. Additional information on the construction work and the Navy's use of minor military construction authority is contained in chapter 3.

Facilities repair

The Navy's estimate for repairs reflected the amount of funds officially approved. Our estimate was based on cost information available at completion of architect-engineer work for buildings 447 and 448 and other information showing planned repair work in three other buildings to effect the realinement.

Renovation of temporary facilities

The Navy's estimate did not include costs to refurbish several temporary buildings at Patuxent River. These buildings will be occupied by Logistics Center personnel until renovation of the permanent buildings is completed. According to Navy officials, this requirement was not known at the time the January 1977 estimate was prepared. Based on latest Navy information, we estimate this work could cost about $40,000.

Equipment relocation and setup

The Navy did not consider costs to move and install various items of equipment to Patuxent River from current locations, to transfer records, and to setup temporary office areas. According to a Navy official, these costs could amount to about $360,000.

Communications

Navy's estimate did not include costs to install additional telephone equipment at the Patuxent River facilities. Navy officials estimate these cost at about $70,000.

Temporary hires

In June 1977 a Navy official informed us that 17 temporary employees will be needed at the Logistics Center during the first 7 months of operation. Based on information provided by the Navy, salaries and expenses for these employees would be about $240,000.

CHAPTER 3

FUNDING OF FACILITIES PROJECTS

The Navy planned an urgent minor construction project and several repair projects for buildings at Patuxent River to provide adequate administrative space for the Logistics Center. The construction work on two buildings was to be funded as a minor construction project, while modification of a third building was undertaken as repair work. This was improper since some of the work should have been classified as construction, and required approval was not obtained from higher Navy commands to undertake the repair work, although the $135,000 cost far exceeded the $25,000 limit permitted without such approval.

Later, the Navy reclassified the construction work in the third building to the minor construction project and kept the cost of the total project within the $400,000 legal limit by deleting some of the planned work in one of the other buildings.

The planned revision is still questionable because (1) the deletion will result in an incomplete project and (2) some of the remaining repair work is actually construction work, and its inclusion in the construction project would result in that project exceeding the minor construction fund limitation.

Consolidation of the Logistics Center requires refurbishment of three large permanent unoccupied brick buildings numbered 447, 448, and 449 and two smaller permanent brick buildings. The three large buildings were formerly used as barracks and one, building 449, had undergone substantial refurbishment while used as a barracks. Additional refurbishment to make building 449 suitable for the Logistics Center was substantially completed in June 1977.

In addition, two wooden temporary buildings will be used until the permanent buildings are ready for occupancy. The temporary buildings required some work before they could be used. The work in these buildings was properly classified as repair projects. However, we believe that according to Navy regulations and construction criteria, certain work completed and presently planned for the three primary buildings should be classified as construction. This will cause the Navy to exceed their finding authority of $400,000.

MINOR CONSTRUCTION AND REPAIR AUTHORITY

Requirements for authorizing urgent minor construction work are included in 10 United States Code 2674, while overall construction and repair procedures are included in Department of Defense directives and Navy instructions. The Navy Facilities Projects Manual assigns specific approval authority for all construction costing more than $15,000 and repairs costing more than $25,000 to certain Navy commands. Approval authority for projects in the Naval Air Systems Command has been assigned to the Chief of Naval Material.

Navy regulations define construction as the erection, installation, or assembly of a new real property facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing real property facility; or the relocation of a real property facility from another installation.

Repair is defined as the restoration of a real property facility to such condition that it may be effectively used for its designated purposes by overhaul, reprocessing, or replacement of its constituent parts or materials. Generally, the replacements are to be equal in quality and durability to the removed item.

Use of operation and maintenance funds for minor construction projects is limited to projects costing not more than $75,000. Construction projects costing over $75,000 normally must be included in the annual military construction program. However, in section 2674, title 10 of the United States Code authorizes the use of minor military construction funds for urgent projects that are not otherwise authorized by law and that cost less than $400,000. A project costing between $75,000 and $400,000 must be supported by a determination that it is either urgently needed or that it will, within 3 years following its completion, result in a savings of maintenance and operation costs in excess of the project's costs. The statute also requires a single construction fund allocation for each project and Secretary of Defense approval for projects costing more than $200,000.

Department of Defense regulations and Navy instructions for implementing the statute require that

--each project be complete and usable in itself;

--all construction of the same type, concurrently required for two or more similar real property facilities at the same installation, be grouped together in a single construction project; and

--no project be subdivided to reduce costs for the purpose of circumventing program and approval requirements.

The House Committee on Appropriations has advised the military departments that violations of either the intent or the letter of the laws and regulations governing the minor construction program as established cannot be condoned. (See H.R. 95-388., 95th Cong., 1st sess., p. 18 (1977).)

Construction projects missclassified and procedures violated

In December 1975 and January 1976, Navy officials submitted projects to the Chief of Naval Material for refurbishing the facilities needed for the Logistics Center. The projects included

--an urgent minor construction project for buildings 447 and 448 and

--three repair projects for buildings 447, 448, and 449.

The urgent minor construction project required approval from the Secretary of Defense, while the repair projects required approval from the Chief of Naval Material. The Air Systems Command requested that the Facilities Engineering Command review the proposed construction and repair projects. These reviews normally include verifying the appropriateness of construction and repair classifications, and a determination that the planned work is not excessive or elaborate in scope.

After reviewing the proposed projects, the Chief of Naval Material advised the Air Systems Command in July 1976 that some of the proposed repairs should be classified as construction and could not be funded as repairs. Several items proposed for building 449, such as insulating and paneling walls and constructing executive toilet facilities, were specifically cited as being improvements and, as such, should have been included with buildings 447 and 448 in the minor construction project. The Chief of Naval Material directed the Air Systems Command to reevaluate all of the projects.

A revised urgent minor construction project totaling $397,000 for buildings 447 and 448 was resubmitted in August 1976. The study that accompanied the project noted that building 449 was adequate and did not require any construction or alterations. The request for minor construction funds for buildings 447 and 448 was approved by the Office of the Assistant Secretary of Defense in May 1977.

In addition to the minor construction project referred to above, the Air Systems Command also submitted repair projects for buildings 447 and 448 in September 1976. None of the revised projects proposed any construction or repair work for building 449. Nevertheless, building 449 was being modified and without appropriate approval. By June 1977 about $120,000 had been spent for work on this building, and estimated work of about $15,000 remained to be done. The work was classified as repairs by the Air Systems Command. Although repair expenditures exceeding $25,000 require approval of the Chief of Naval Material, officials of that Command told us the Air Systems Command had not requested approval, and they were not aware the work was in progress. The Air Systems Command document, which transferred funds to accomplish the work in building 449, described the purpose for which the funds were to be used as equipment installation associated with updating buildings for the Naval Aviation Integrated Logistics Support Center. This description was inaccurate and misleading. Part of the work on building 449, which the Air Systems Command classified as repairs, included insulating and paneling walls that was cited as construction by the Chief of Naval Material in July 1976. (See app. III, p. 25.)

We informed the Secretary of the Navy of these matters in a June 23, 1977, letter. (See app. I.) The Secretary of the Navy agreed that the construction work performed in building 449 should have been included in the scope of the minor construction project. (See app. II.) The Secretary responded that when building 449 construction work, estimated by the Navy to cost about $25,000, is added to the work included in the project for buildings 447 and 448, the $400,000 statutory limitation would, in fact, be exceeded. The Secretary stated, however, that the Navy will reduce the scope of the project in order to stay within the funding limitation of $400,000.

CONSTRUCTION MISCLASSIFIED AS REPAIRS

The following tables show (1) the Navy's position as to how it expects to apply minor military funding in the construction of buildings 447, 448, and 449, and remain within the funding limitation of $400,000; and (2) our identification of construction based on Navy criteria (app. V, pp. 33 and 34), within the same buildings which will cause the funding limitation to be exceeded.

	Navy's estimate	GAO's estimate
	(000 omitted)	
Bldg. 449	$ 25	$ 25
Bldgs. 447 and 448	376	376
Deletion of ceiling in 448	-10	
Exterior walls furred-out, insulated, and finished in bldgs. 447 and 448		40
Exterior walls furred-out and finished in bldg. 449		15
Total	391	456

In addition to the $25,000 of construction work noted by the Secretary of the Navy in his response, other work completed in building 449 was previously identified by the Chief of Naval Material as construction. A portion of this work pertained to insulating and paneling the exterior walls, primarily for energy conservation. This work was accomplished by installing a permanent partition or wall on the inside of the exterior wall using furring strips, insulation material, vinyl-coated wallboard, wallboard, and vinyl wall covering at a cost of about $18,000. About $3,000 of the cost for installing the insulation was included in the Navy's $25,000 construction estimate referred to above. The $3,000 represents the cost of materials and labor for attaching the insulation material to the furring strips. The remaining $15,000 of the cost was classified by the Navy as repair.

The Navy's rationale for classifying this work as repair was developed after the work had been completed and is discussed below.

> "Existing walls are exposed concrete block and brick; both are badly chipped and scarred. From past experience, they will not hold paint. Refurbishing would call for patching and filling, sandblasting and repainting. Because of the nature of construction, these would continue to be a maintenance problem. Rather than accept this continuous maintenance problem, the choice was to furr out from the existing walls and install gypboard paneling (vinyl covered)."

In other words the Navy claims the work replaces paint on existing exterior walls.

This rationale was based on interpretation of Navy Instruction 11010.20c, paragraph 4103, which states:

4103. General policy

A. As a general guide in repair projects involving replacement of constituent parts, the item installed shall be equal in quality and size or capacity to the item removed.

B. Repairs, however, can be effected by replacement of the original materials with substitute materials under the following conditions:

1. When a direct replacement is no longer available.
2. When economic and environmental justifications dictate replacement with improved or more durable or more esthetic materials. Such justifications shall be based on a sound engineering judgment that takes into account functions performed in the area and the initial cost of the material and maintenance costs over the remaining life of the structures. Improved materials or design may be used, if new materials have been developed and have come into accepted use since installation of the material to be replaced, or if the selection of the original material or the original design has proved economically unwise. In general, a new material shall not be of higher quality or durability than that permitted for a similar use by criteria for new construction.

C. In the course of repair by replacement, constituent parts of a structure, such as electrical wiring, piping, heating, and ventilating equipment (contained within the individual building), may be increased in size to meet current demands or modern accepted engineering practice. Increases in size of air conditioning units are specifically excepted from this provision.

This rationale conflicts with an earlier Navy position expressed by the chairman of a task group that was evaluating this specific project. The evaluation had identified various regulations which were cited as the basis for formulating the construction and repair requirements of the project.

In a memo dated August 1976, the chairman of the task group noted that stringent reviews at various levels, including congressional inquiries, necessitated that the projects include only those requirements necessary to perform the assigned mission and tasks of the new Logistics Center.

The chairman also noted that at a conference held in July 1976, representatives of the Chief of Naval Operations and the Chief of Naval Material directed that all requirements contained in the project meet all criteria relating to directives, manuals, and instructions. The chairman noted that stringent review of the regulations had revealed areas not sufficiently addressed in the initial project submission. One of these was the area of the Energy Conservation Program.

Two specific urgent minor construction requirements which were identified by the task group as having their basis in Navy Instruction 4100.7 - Energy Conservation (see app. V., p. 33) were:

--"Exterior walls, except as noted, are to be furred out, insulated and finished.

--"Install accoustical ceiling throughout office space."

The exterior wall work was identified as being required in accordance with energy instruction 4100.7 and was identified as construction rather than repair work. Its value, using Navy supplied figures and architectual blueprints, is estimated at $55,000 as shown on the table on page 12 of this report.

We discussed this with officials of the Navy and the Department of Defense on December 5, 1977. Their position was that they had properly classified all of the wall work as repairs rather than construction in accordance with their rationale explained on page 12 of this report. They insisted there is no requirement to insulate the buildings, the insulation was merely a byproduct of the necessary repair work and that, therefore, their rationale and classification of the work as repairs is correct.

In our opinion the Navy's current rationale ignores the construction work involving alteration which would be required to achieve the most efficient method of energy utilization called for in Navy Instruction 4100.7. The current rationale also does not recognize the earlier Navy position taken by the chairman of the task group which critically reviewed the entire project.

CONCURRENT CONSTRUCTION REQUIREMENT DELETED TO REMAIN WITHIN STATUTORY LIMIT

The Secretary of the Navy directed that the proposed scope of construction work in the buildings be reduced to allow the total cost of construction work to remain within the $400,000 statutory limit. The Navy reduced the scope of the project by deleting suspended acoustical ceilings, valued at $10,000, from the basement plan of building 448. (See table on p. 12.)

As noted earlier an acoustical ceiling was specifically identified as a requirement to meet the criteria for energy conservation and the overall criteria of providing adequate facilities that would eliminate or reduce to a minimum any significant interruptions that would prohibit or curtail a smooth and orderly working environment (see app. V, p. 32, par. 5). It is also important to note that suspended acoustical ceilings are still planned on the other floors of building 448 and throughout the administrative areas of building 447.

With regard to reducing the scope of a project, the House Appropriations Committee on the Military Construction Bill, 1978, states in part:

> "Questionable practices to avoid statutory funding limitation include:
>
> * * * * *
>
> --(d) reducing the scope of a project to remain within a statutory funding limitation, thereby possibly resulting in less than a complete and usable facility." (See app. VI.)

In our opinion deletion of the acoustical ceiling for the administrative space in the basement of building 448 results in that portion of the project being incomplete, as measured by the energy and adequacy criteria on which the decision was based to construct the suspended acoustical ceilings in buildings 447 and 448. The decision to install the ceilings throughout the remaining office spaces to have a complete and usable facility leads us to conclude that the area where it has been deleted is not complete and usable when measured by the same criteria and adequacy standard. We believe, therefore, that the Navy cannot delete a portion of the ceiling to remain within the statutory funding limit without violating the intent and the spirit of the minor military construction authorization act.

Navy officials informed us on December 5, 1977, that the ceiling was of marginal utility and that its deletion will not have adverse effect on the ability of Logistics Center personnel to carry out assigned tasks. They contend that the project is complete and usable without that portion of the ceiling. Although they conceded it might have some peripheral energy conservation impact, they stated that the ceiling was not based on functional criteria and is only required for esthetic purposes.

CONCLUSION AND RECOMMENDATION

We believe that the project as presently planned includes construction, which the Navy has classified as repairs. Proper classification of these items will result in the estimated costs of the project exceeding the statutory funding limitation. The Navy has also deleted an acoustical ceiling which, according to Navy criteria, had previously been identified as a project requirement. The Navy's actions were, in our opinion, prompted by the need to show the use of minor military construction funds at an amount not to exceed the $400,000 limitation. We believe that such actions are not in accord with the intent and spirit of the minor military construction authorization act.

We recommend, therefore, that the Secretary of Defense direct the Secretary of the Navy to submit a single project to the appropriate congressional committees for review and approval of all construction work for the establishment of the Naval Aviation Logistics Center.

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

IN REPLY REFER TO: B-172707

JUNE 23 1977

The Honorable
The Secretary of the Navy

Dear Mr. Secretary:

At the request of Senator William L. Scott and Congressman G. William Whitehurst, we are reviewing the costs and savings associated with the Navy's proposed consolidation of depot management functions at the Patuxent River Naval Air Station, Maryland.

We understand that certain construction or repair work has been planned or accomplished for buildings 447, 448 and 449 at the Naval Air Station in order to provide facilities for the consolidation. Although some of the work on the three buildings was initially classified as repairs, a review by Headquarters, Naval Material Command, concluded that several of the repair items should be classified as minor construction in accordance with Chief of Naval Operations Instruction (OPNAVINST) 11010.20C, May 30, 1974, entitled "Facilities Projects Manual."

In regard to the repair work initially proposed for the three buildings, a July 1976 memorandum from the Chief of Naval Material to the Commander, Naval Air Systems Command, stated in part:

> "2. Reference (e) [OPNAVINST 11010.20C] provides specific guidance on work that can be included under repair projects. Typical work items included in the project write-ups that are not allowable are the following:
>
> "a. Insulating and paneling walls. (Improvement)
> "b. Increasing electrical capacity inside the buildings. (Improvement)
> "c. Installation of emergency lights. (Improvement)
> "d. Installation of water coolers. (Equipment installation)

"e. Additional fire escapes. (Improvement)

"f. Construction of an executive head. (Improvement)"

After the review by the Naval Material Command, the work items for buildings 447 and 448, estimated to cost $397,000, were proposed for funding pursuant to 10 U.S.C. $2674 which authorizes urgently needed minor construction projects for military installations where the costs of such projects do not exceed $400,000. However, the work items for building 449, estimated to cost about $135,000, were not included in the minor construction project for buildings 447 and 448.

The work on building 449 is still classified as a repair project despite the fact that much of the work appears to be similar to that proposed for buildings 447 and 448. Also, several items classified as repairs for building 449, such as installing an executive toilet facility, installing partitions, and insulating and paneling walls, appear to be the type of work regarded as an improvement by the July 1976 memorandum or an alteration by paragraph 3105 of OPNAVINST 11010.20C, which states:

"Alteration

"An alteration is the work required to adjust interior arrangements, on-base location, or other physical characteristics of an existing real property facility so that it may be more effectively adapted to or utilized for its designated purpose. Additions, expansions, and extensions are not alterations.

"A. Examples

"1. A real property facility may be moved or disassembled and reassembled at a different location within the confines of an activity. In other words, a structure may be relocated and considered an alteration as long as it is not removed from (demolition), nor added to (new construction), the activity's real property inventory.

"2. A section of road or railroad may be relocated or realigned to reduce curves or increase clearance.

"3. The fabrication, erection, installation or removal of a partition, the installation of a new door and/or a window, or the addition of a mezzanine constitutes an alteration (Chapter 6).

"4. The installation of general air conditioning or mechanical ventilation is an alteration (Chapter 6).

"5. The installation of a fire protection system in an existing facility is an alteration. Structural modifications for fire protection purposes are alterations."

Alterations are considered construction under paragraph 3101 of OPNAVINST 11010.20C.

We understand that most of the work on building 449 has been completed and was financed with operation and maintenance funds. Although Table C-1, Appendix C, of OPNAVINST 11010.20C appears to require the approval of the Chief of Naval Material for such action, there is no indication that his approval was given.

Finally, we understand that the work on the three buildings will result in their conversion from barracks to administrative facilities. In this regard, paragraph 3203.B of OPNAVINST 11010.20C states:

"Construction Applicable to Two or More Similar Real Property Facilities

"All construction work of the same type concurrently required to be done to two or more similar real property facilities at the same installation (shore activity) shall be grouped together into a single construction project. Thus, a conversion of a number of barracks buildings to administrative buildings is one construction project, if concurrently required, because it includes construction work of the same type on similar real property facilities. Similarly, electrical

> work to improve the power distribution within a number of laboratory buildings is one construction project, if concurrently required, because it includes construction work of the same type (electrical) on similar real property facilities."

See also the explanation of the term "conversion" in paragraph 3102 of OPNAVINST 11010.20C.

In view of the above, we have been asked whether the division of the work on the three buildings into two different types of projects is proper under 10 U.S.C. $2674, as implemented by OPNAVINST 11010.20C. Before resolving this question, we would appreciate your views and supporting rationale on the matter.

If you decide that the work cannot be accomplished as planned in accordance with 10 U.S.C. $2674 and its implementing regulations, we request that you provide a statement of the corrective action which will be taken. If a statement of corrective action is provided, it should deal with the use of operation and maintanance funds, rather than minor construction funds, for financing the work on building 449. With regard to that use, 10 U.S.C. $2674(e) places a $75,000 ceiling on the use of operation and maintenance funds for minor construction projects, and 10 U.S.C. $2674(c) provides that only one allotment of funds may be used for each minor construction project.

We understand that work on the three buildings has been suspended pending a further study of these questions. If a decision is made to issue invitations for bids on further work at the three buildings, we would appreciate being promptly notified.

Your assistance in this matter is appreciated and we look forward to your response. Since our report on the consolidation is scheduled to be issued in August 1977, we will need to receive your response within 30 days from the date of this letter. Any

B-172707

questions your staff may have may be directed to Clarence M. Ellington, Logistics and Communications Division (275-3612), or William L. Taylor, Office of General Counsel (275-3150).

Sincerely yours,

Paul G. Dembling

Paul G. Dembling
General Counsel

cc: Secretary of Defense

APPENDIX II

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON D C 20350

August 3, 1977

Mr. Paul G. Dembling
General Counsel
U. S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Dembling,

This is in reply to your letter B-172707 of June 23rd. The letter raised questions concerning facilities construction and repair associated with the establishment of the Naval Aviation Logistics Center (NALC) at the Naval Air Test Center (NATC), Patuxent River, Maryland.

Our review has developed essentially the same facts as those presented in your letter with additional information concerning the timing of the construction work in Building 449. Our review has developed the fact that the spaces in Building 449 were required for the advance nucleus of the NALC which would be followed by the fully consolidated organization.

In response to your specific questions:

1. "In view of the above, we have been asked whether the division of work into two different types of projects is proper under 10 USC 2674, as implemented by OPNAVINST 11010.20C."

While the use of separate repair and Urgent Minor Construction projects as an integrated undertaking is allowed by Paragraph G of the Interim Policy Amendment of 5 March 1964 to DOD Directive 7040.2 and Paragraph 3204.A of OPNAVINST 11010.20C, we have concluded that to use both O&M,N funded Minor Construction and MILCON funded Urgent Minor Construction to prepare facilities for the NALC is questionable since the work is for similar purposes in similar Real Property facilities, notwithstanding the fact that the facilities funded by O&M,N in Building 449 were required several months earlier than those covered by the Urgent Minor Construction project in Buildings 447 and 448.

2. "If you decide that the work cannot be accomplished as planned, in accordance with 10 USC 2674 and its implementing regulations, we request that you provide a statement of the corrective action which will be taken."

In order to remove any question as to the propriety of accomplishing construction work under two projects of generally similar nature under 10 USC 2674, I have directed that the following actions be taken:

a. The Urgent Minor Construction project P-299 is to be revised to include all construction work in Buildings 447, 448, 449, and also a very small amount in Building 420. To accommodate the approximately $25,000 of construction work in 420 and 449, the proposed scope of construction work in all four buildings will be reduced to allow the total cost of construction work to remain within the $400,000 statutory limit. The revised UMC P-299 will be resubmitted to OSD for approval.

b. A formal repair project for the repair work in Building 449, totaling approximately $95,000, will be submitted to the Chief of Naval Material for approval as required by OPNAVINST 11010.20C.

In accordance with your request, your office will be notified when the decision to issue invitations for bid is made.

Sincerely,

W. Graham Claytor, Jr.

W. Graham Claytor, Jr.
Secretary of the Navy

COPY

HEADQUARTERS NAVAL MATERIAL COMMAND
DEPUTY CHIEF OF NAVAL MATERIAL
(Operations and Logistics)

FROM: MAT-04 28 July 1976

TO: MAT-09

You and/or OO may receive a telephone call with regard to this letter.

The issues involved appear clear to me. First, if we were to support the request, we would be in violation of the OPNAV instruction. Second, if we were to support the request, we would unnecessarily subject ourselves to valid criticism that were "gilding the lily." For example, it is difficult to defend complete carpeting of all floors and passageways in all three buildings at the same time we are having difficulty in obtaining funds to repair the F-14. There are other similar examples in the references.

Very respectfully,

/s/ Steve

S. A. White

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044B/JCD

From: Chief of Naval Material
To: Commander, Naval Air Systems Command

Subj: Repair Projects, NATC Patuxent River in support of Naval Air Logistics Command

Ref: (a) Repair Project R4-76, Repairs to Building 447
(b) Repair Project R5-76, Repairs to Building 448
(c) Repair Project R6-76, Repairs to Building 449
(d) Conference on support facilities for Naval Air Logistics Command, 14 July 1976
(e) OPNAVINST 11010.20C
(f) Repair Project R7-76, Repair Parking Areas A, B, C, D, E

1. References (a), (b) and (c) describe repair projects to convert barracks buildings 447, 448 and 449 at NATC Patuxent River to offices for the new Naval Air Logistics Command. During reference (d), the projects were reviewed at which time it was noted that the requests included some work items which are not properly classed as repairs or that may be excessive in scope.

2. Reference (e) provides specific guidance on work that can be included under repair projects. Typical work items included in the project write-ups that are not allowable are the following:

a. Insulating and paneling walls. (Improvement)

b. Increasing electrical capacity inside the buildings. (Improvement)

c. Installation of emergency lights. (Improvement)

d. Installation of water coolers. (Equipment installation)

e. Additional fire escapes. (Improvement)

f. Construction of an executive head. (Improvement)

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Naval Air Logistics Command

3. Typical work items that should be examined for scope include the following:

a. Complete replacement of all plumbing.

b. Complete replacement of heating systems.

c. Replacement of fire escapes.

d. Use of carpet tile throughout all offices and corridors.

e. Replacement of exterior doors with full length glass doors.

f. Replacement of all interior doors.

4. It is also requested that reference (f) be reexamined to determine if 292 parking spaces are supported by planning criteria for the number of personnel who will be working in buildings 447, 448 and 449.

5. The four repair projects of references (a), (b), (c) and (f) should be submitted after an engineering examination of the facilities has revealed the repair work that is essential for use of the buildings as offices. It is requested that the planning and design money needed for this purpose be identified as soon as possible so that preparation of plans and specifications can begin at an early date.

6. It is requested that projects be submitted via the Chesapeake Division, Naval Facilities Engineering Command for validation.

Copy to:
COMNAVFACENGCOM (FAC 21A/FAC 1013)
NATC Patuxent River
NAVAIRSYSCOMREPLANT
CHESDIVNAVFACENGCOM

NAVMAT FILES
MAT 04 CIR
MAT 044
Prepared by J. Day, 23163
Typed by E. Schneider 7/21/76-retyped 7/27/76

COPY

DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332

NAVFACINST 4100.7
FAC 0441D
7 MAR 1975

NAVFAC INSTRUCTION 4100.7

From: Commander, Naval Facilities Engineering Command

Subj: Energy Conservation in New and Rehabilitated Buildings by Computer Simulation of Building Energy Consuming Systems

Ref: (a) OPNAVINST 4100.5 of 13 June 1974 (NOTAL)
(b) DOD Manual 4270.1-M
(c) NAVFACINST 11010.55A of 1 July 1974
(d) NAVFACINST 4100.6 of 29 March 1974
(e) ASD (I&L) memo of 24 September 1974 on Modification of DOD Manual, 4270.1-M (NOTAL)

Encl: (1) Guidance for Preparation of Computer Energy Analysis

1. Purpose. This instruction requires a computer energy analysis for large new and major rehabilitated buildings in order to determine the most efficient method of energy utilization.

2. Background. Because of past and possible future shortages of fuel, the Chief of Naval Operations, by reference (a) set fifteen (15) percent as an overall goal for the Navy's shore facilities energy reduction. Reference (b) requires that energy conservation features be included in new buildings and that life cycle cost studies be made of alternatives. In the past, consideration of the above requirements has not been properly documented. Various studies have shown that energy saving measures can be incorporated in the original design with slight, if any, increases in construction costs. In response to the need for energy conservation, several computer energy programs have been developed which accurately calculate the alternatives in order to obtain optimum systems in terms of life cycle costs and energy conservation.

APPENDIX IV

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NAVFACINST 4100.7
7 Mar 1975

3. Requirements. A computer energy/systems analysis is hereby required for all new buildings (permanent and semi-permanent) and major building rehabilitation projects which have:

(a) 10,000 square feet or more gross floor area and are heated and cooled.

(b) 40,000 square feet or more gross floor area and are heated only.

This analysis shall be performed as early as possible in the preliminary design effort. The analysis shall be performed in accordance with enclosure (1). An economic analysis is required as part of the energy analysis. This economic analysis may be calculated by the computer energy analysis program provided the economic analysis is in accordance with reference (c). In order to reflect the effects of future energy cost increases, inflation rates from reference (c) should also be used unless better local data is available.

4. Cost. The cost of the computer energy analysis should be charged to the same source as the project design. Computer energy analysis of non-appropriated funded projects and inter-agency projects should be performed at the discretion of the project sponsor or NAVFACENGCOMHQ Code 053.

5. Action.

a. A computer energy/systems analysis shall be prepared for military construction projects as required by paragraph 3. An energy/systems analysis program (AXCESS) with appropriate weather data is available in-house through the Facilities System Office (FACSO), Port Hueneme, California. Either this program or other programs meeting the requirements of enclosure (1) may be used for in-house designs. For A-E prepared designs, the contractor may use any program meeting the requirements of enclosure (1).

APPENDIX IV

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NAVFACINST 4100.7
7 Mar 1975

b. During energy conservation surveys initiated by reference (d), an energy/systems analysis program meeting the requirements of enclosure (1) should be used where appropriate to determine maximum energy payoff in order to establish project implementation and priorities.

c. Total energy studies required by reference (e) shall also be accomplished by computer programs meeting the requirements of enclosure (1).

/s/ W. H. Bannister

W. H. Bannister
Assistant Commander for
Engineering and Design

Distribution:
(See page three)

APPENDIX V

COPY

103/11010
11 AUG 1976

From: Naval Air Systems Command Representative, Atlantic
To: Commander, Naval Air Test Center, Patuxent River
Via: Commander, Naval Air Systems Command (AIR-04)

Subj: Special projects in support of pending consolidation and relocation of NAVAIR Depot Management functions

Ref:
(a) NAVAIRSYSCOM ltr 414A:FLL of 24 Sep 1975 (NOTAL)
(b) NAVAIRSYSCOMREPLANT ltr 2234/11010/1327 of 17 Dec 1975 (NOTAL)
(c) CNO/CMM/NAVAIR/REPLANT/NAS Patuxent River conference 14 Jul 1976
(d) Executive Orders 11514 and 11752
(e) OPNAV Instruction 6240.3D
(f) Executive Order 11807
(g) Public Law 91-596
(h) Federal Register, Vol 37, No 202, Sec 19, 18 Oct 1972
(i) NAVFAC Instruction 4100.7
(j) DOD Manual 4720.1-M (NOTAL)
(k) American Recommended Practice of Industrial Lighting Handbook 1966
(l) OPNAV Instruction 11010.20C
(m) NAVAIRSYSCOMREPLANT 2713282 Jul 76

Encl:
(1) List of Naval Aviation Logistics Center Facility Repair, Alterations and/or Construction Requirements for Buildings 447, 448, and 449
(2) Buildings 447, 448, and 449 Office Space Requirements

1. By reference (a), this Command was directed to serve as chairman of a task group to develop pertinent plans toward the consolidation and relocation of certain NAVAIR Depot Management functions. Special projects in support of this impending move were forwarded by reference (b). These projects identified the facility requirements necessary to accomplish the missions and tasks assigned as functions of the newly established Naval Aviation Logistics Center (NALC).

2. The conference, convened during reference (c), provided additional guidance regarding the preparation and contents of special projects submitted by reference (b) for higher authority approval. The paucity of funds relative to repair

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103/11010

projects at the CNM level has impacted the priorities of project approval significantly. Stringent reviews at various levels including congressional inquiries necessitate assurance that all projects contain only those requirements necessary to perform the assigned missions and tasks of NALC. Both CNO and CNM members of this conference directed that all requirements contained in the special projects meet all criteria relating to directives, manuals and instructions. The emphasis on this point was amplified more so because of interest in Navy Department projects by various investigative committees and the results, in many cases, were unfavorable to the Navy. It was requested by both CNO and CNM that NALC Special Projects R4-76, R5-76, R6-76 and R7-76 together with the Urgent Minor Construction Project P-299 be re-evaluated and revised, insuring that identified requirements meet existing requirements.

3. This Command has reviewed the requirements necessary to perform the assigned missions and tasks of NALC, using the guidance provided during reference (c). Exhaustive research has identified various directives equally important in planning, developing and implementing the task associated with the relocation of NAVAIR functions to NAS Patuxent River, Md. References (d) through (l) deal directly with various phases of this task and all have a serious effect on the development of the subject projects. A stringent review of these references reveals many specific areas of consideration that were not sufficiently addressed in the initial projects submitted by reference (b). The areas of Occupational Safety and Health Administration (OSHA), the Environmental Quality Program (EQP) and the Energy Conservation Program (ECP) have strong influence in the direction of the preparation and contents of project submissions forwarded by reference (b).

4. During the meeting scheduled by reference (m), the requirements of this Command to occupy spaces in Buildings 447, 448 and 449 at NAS Patuxent River were reviewed and identified as to either repair or alteration/construction categories. It is requested that engineering cost estimates be provided to this Command for the preparation of additional supporting data as requested by reference (c).

APPENDIX V

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103/11010

5. Emphasis should be placed on providing adequate facilities that would eliminate or reduce to a minimum any significant interruptions that would prohibit or curtail a smooth and orderly working environment. Special attention should be placed on insuring that major repairs for utilities meet all requirements and will provide long term useful life service with emphasis on energy conservation as directed by higher authority. This Command has identified various regulations, references (d) through (l), to the requirements cited by enclosure (1) that form the basis for formulating these requirements in enclosure (1). Enclosure (2) depicts planned office space requirements for NALC as they are known today. Enclosure (2) was provided to NAS Patuxent River, Code 83E, during reference (m) meeting.

6. To expedite this request, this Command (my representative, Mr. J. D. Horton, AUTOVON 690-4624) will provide any assistance as required.

W. L. HINKLE

Copy to: (w/o encl (2))
CNO (OP-4464)
CNM (MT-44A)
NAVAIRSYSCOM (AIR-414)

APPENDIX V

COPY

REPAIR CRITERIA

1. Repair/replace exterior doors and/or hardware in compliance with reference (h) and fire protect' standards in reference (i).

2. Repair/replace windows.

3. Repair/replace interior doors as required.

4. Repair/replace water coolers.

   Reference (h), subpart J, sec 1910.141, para (b) (water supply).
   Standard specs for drinking fountains, ANSI Z4.2-1942.
   Reference (l), OPNAVINST 11010.2C, para 3101, 3115, 6102 and 6105 "B" and "C".

5. Floors, except in mechanical rooms, clea ing gear spaces, and toilets, are to be repaired as required.

6. Repair/replace tile.

   Acoustic and energy conservation "cost savings".
   Reference (i), para 3.
   Reference (l), chap 4-4102E.

7. Replace/upgrade electrical.

   Reference (h), subpart S, sec 1910.308 and 1910.309.
   Electrical application and the National Electrical Code.
   Reference (l), chap 4-4103B&C.

8. Repair/upgrade and/or replace utility systems.

   Reference (l), chap 4-4105A, C1 and F

9. Replace/upgrade heating systems.

   Reference (i), para 3.
   Reference (j), DOD Manual 4720.1M.
   Reference (l), chap 4-4103B&C/4105F.

10. Repair roof as required.

11. Provide clean-up/rubbish removal.

Enclosure (1)

APPENDIX V

COPY

CONSTRUCTION CRITERIA

1. Provide central air conditioning.

   Reference (i), para 3.
   Reference (j), DOD Manual 4720.1M.

2. Install acoustical ceiling throughout office spaces.

   Reference (i), para 3.
   Reference (j), DOD Manual 4720.1M.

3. Provide adequate/required lighting.

   Reference (k) American Recom Practice of Industrial Lighting by the Illuminating Eng Society.

4. Provide adequate fire protection system.

   Reference (h), sec 1910.159.

5. Exterior walls, except as noted, are to be furred-out, insulated and finished.

   Energy conservation.
   Reference (i), para 3.
   Reference (j), DOD Manual 4720.1M.

6. Areas designated as women's toilets are to be rehabilitated. Urinals and three water closets are to be removed. Areas as designated on enclosure (2).

   a. Floors and walls are to be covered with ceramic tile and vanities and mirrors are to be installed.

      Reference (h), subpart J, sec 1910.141 subsec C. Toilet facilities/water closets and their design.

7. Men's toilets are to be rehabilitated including installation of ceramic tile on walls and floors. Areas as designated on enclosure (2).

   Reference (h), subpart J, sec 1910.141, subsec C. Toilet facilities/water closets and their design.

APPENDIX V

COPY

8. Crosshatched areas are to be converted from shower rooms to office spaces, and require the removal of shower partitions.

a. Wall tile, floor tile, curbing, special lighting, ceilings, plumbing and fixtures and the installation of drop ceilings, lighting, wall and floor coverings in harmony with the general building decor.

9. Install exit and emergency lights.

Reference (h), subpart E, sec 1910.36.
Every building is required to have a sufficient artificial illumination. Every exit is required to be clearly visible and route properly marked.

10. Provide fire escapes - Building 448 basement.

Reference (h), subpart E, sec 1910.36.
Every building shall be provided with sufficient numbers and kinds of exits at appropriate locations as to provide sufficient escape in case of emergency.

APPENDIX VI

95TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 95-388

MILITARY CONSTRUCTION APPROPRIATION BILL, 1978

JUNE 2, 1977.—Committed to the Committee of the Whole House on the State of Union and ordered to be printed

Mr. MCKAY, from the Committee on Appropriations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 7559]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for military construction and family housing for the Department of Defense for the fiscal year ending September 30, 1978.

SUMMARY OF BUDGET REQUEST AND COMMITTEE ACTION

The committee has provided new budget authority of $2,819,501,000 for fiscal year 1978. The overall decrease in new budget authority requested for fiscal year 1978 is $196,099,000 or more than 6% of the $3,015,600,000 requested.

The following tabulation lists, in summary form, appropriations for fiscal year 1977, estimates for fiscal year 1978, and the committee action on the requests for fiscal year 1978, together with appropriate comparisons.

[See GAO Note]

will be treated as one project, (2) all construction concurrently required for contiguous areas in a multi-use facility will be treated as one project, and (3) all construction work of the same type (for example, electrical distribution work) concurrently required to be done to two or more similar facilities at the same installation will be treated as a single project.

The military departments are abusing the minor military construction authority primarily in two ways, by adjusting (for example, subdividing, changing scope) projects to avoid specified funding limitations and by improperly classifying projects as urgent.

10 U.S.C. 2674 provides for statutory project funding limitations as well as a one-allotment-per-project limitation. Implementing Defense policy provides that incrementation of a project to avoid the limitations is prohibited and that each project must result in a complete and usable facility.

Questionable practices to avoid statutory funding limitations include: (a) Dividing the funding of a single project between military construction, minor military construction, and/or operations and maintenance appropriations, (b) subdividing a complete and usable facility into two or more increments of the same type of funds, (c) dividing the funding of a single project between various funding sources (nonmilitary construction appropriations), and (d) reducing the scope of a project to remain within a statutory funding limitation, thereby possibly resulting in less than a complete and usable facility.

Projects authorized under 10 U.S.C. 2674 must be urgently needed. Implementing Defense policy has defined the requirement to state that a project is urgent when, because of an existing or developing condition, a project cannot be delayed for inclusion in future military construction legislation.

Questionable practices under this limitation include: (a) permitting a project to remain for several years on an installation's planned future construction list until the need for the project becomes urgent, (b) project programming instructions from higher commands directing how and when projects are to be accomplished, the instruction then becoming the basis for the urgency, and (c) justifying projects as urgent because of either economy, efficiency, welfare or morale, which is contracy to Defense's policy that such a justification is insufficient.

Something must be done to correct the current situation which tends to put at a disadvantage those who obey the intent and letter of the law while rewarding those who ignore it. Although it is difficult to measure, the committee believes that misuse of the minor construction program has been increasing. In any case, there is an increased awareness in the Congress of the problems which this program is encountering and concern that corrective actions be taken. Various proposals are being put forward to correct these problems. The committee notes, for example, that new legislation is proposed by the Senate in the military construction authorization act. This would allow the minor construction authority to be utilized for projects up to $1 million, giving the military services and the Department of Defense increased flexibility. It would provide for increased personal responsibility by the proponent of a minor construction project by requiring certification of the project by the individual responsible. Also, new

[See GAO Note]

GAO Note:

Information not considered necessary has been omitted.

(945122)