



Postpone planned Norfolk to Mayport East Coast Naval Ship Movements

Issue: Today's Federal fiscal environment will, in all likelihood negatively impact Navy readiness. Some short term East Coast political and industrial base concerns are forcing unnecessary expenditures for Navy homeport shifts. These planned expenditures would best be utilized to shore up Navy operating accounts of maintenance and modernization.

Executive Summary: Today's challenging fiscal environment dictates that wasteful expenditures of tax dollars for surface ship homeport shifts from Norfolk to Mayport *should be abandoned* in favor of optimizing Navy readiness. The unnecessary and unknown expenses of the nine ship homeport shift would be better utilized for operational readiness to maintain and modernize Navy conventional ships. The modernization and service life extension of the three cruisers (CG) class vessels and "retooling" Mayport to be the initial east coast LCS Center of Excellence will ensure that economic and ship repair industrial capability will be adequately maintained in Mayport. These factors eliminate the need for the proposed Norfolk to Mayport homeport shifts.

Germane Facts

- The Proposed homeport shifts from Norfolk to Mayport were due in large part to the decommissioning of the USS JOHN F KENNEDY and three Mayport Cruisers (CG's) expected in FY 13/14. The three CG's have received restoration of funding for operations, maintenance and modernization in FY 13 / 14. The restoration of this funding aids Mayport in maintaining its economic and ship repair industrial base.
- Transfer of 2800 Navy personnel incurs significant moving costs and family resource services. The Navy's reported amount of \$11M does not cover all these costs. This unrealized expense would also defer funds from fleet OMN accounts for personnel and non-readiness shore infrastructure support.
- Joint Expeditionary Base Little Creek-Fort Story recently completed PC infrastructure investment for logistic and training facilities. Duplicitous expenditure would be required for PC shifts to Mayport.
- The splitting of smaller classes of sister ships between homeports would incur additional costs to shift specialized technicians back and forth between regions.
- Joint Expeditionary Base Little Creek- Fort Story has the only bare-beach Joint Logistics Over-the-Shore training site in the Department of Defense. ARG personnel travel from Mayport would incur greater cost for Norfolk training, and diminish ARG accessibility to remote active duty training sites.
- Unrealized life cycle costs would increase because of increased transit required from Mayport to amphibious training events at Little Creek and Camp Lejeune.
- The MSMO contract for the Hampton Roads DDGs would receive less work thus increasing overall costs.
- Mayport ship repair infrastructure capacities will be exceeded by the proposed homeport shifts.

Background: Navy force laydown is drastically changing to strategically position forces for better agility. By 2018, the Navy's ship laydown plan eliminates fourteen conventional surface ships from Hampton Roads. There is no ship force structure recovery to Hampton Roads within the Navy relocation strategy. One homeport shift from Hampton Roads includes moving nine ships [1 ARG {LSD, LPD & LHD}, 3 PCs, and 3 DDGs] to Mayport, Florida. This homeport shift is planned because the numbers of Navy conventional surface ships in Mayport has been reduced. Relocation of ships from Hampton Roads was expected to offset the negative economic and ship repair impacts to Mayport. However the need for such shifts has been eliminated by the recent federal legislation restoring three Mayport CGs for modernization and service life extension as well as the "retooling" of Mayport as the initial LCS East Coast Center of Excellence.



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Discussion: Navy concern regarding loss of ships and its desire to ensure that Mayport remains a viable port is fully recognized, understood and respected. However, economic pressures on military resources will continue to jeopardize readiness. In the current fiscal environment, the expenditure of funds for the movement of nine ships from Norfolk to Mayport is not prudent. The proposed shifts will increase costs, lower efficiency, and decrease the Navy's ability to effectively maintain all east coast ships at a reasonable price. A homeport shift will incur extensive costs, unrealized expenses and investments in infrastructure. This will divert additional scarce funds from operating, maintenance and modernization accounts. One example of an unrealized expense is the lack of a Mayport dry-dock for the PC, LHD or LPD. These ships would have to be sent back to Norfolk for maintenance and repairs at further expense, inefficiency, and disruption to the crew's family life. Additionally, the homeport shift of several different ship classes will exacerbate the Navy's ability to keep those ships maintained and modernized. It will increase cost for repair in both Mayport and Hampton Roads from the required establishment of new repair capabilities for Mayport and the loss of the work capability in Hampton Roads.

Cancelling the shifts also eliminates crew movement expenses to be incurred. These expenditures, coupled with the millions of dollars that will be required to relocate over 2800 active duty sailors and their families to Mayport far exceeds any potential advantage.

The May 2013 GAO report, "Navy's Analysis of Costs and Benefits Regarding Naval Station Mayport," finds that the Navy's analysis regarding homeport shifts to Mayport lacks many crucial details regarding alternatives, identification of costs, complete lifecycle costs and benefits breakdown. One key item not identified by the Navy is lack of detailed analysis of life cycle costs from additional fuel cost incurred from the extra transit time to Little Creek and North Carolina for over-the-shore expeditionary exercises with the USMC. The GAO report validates that the labor rates are about 8% higher in Mayport, which equates to 8% less work in Mayport than what could be completed in Hampton Roads. The report also indicated a lack of detailed analysis of facility sustainment which includes a 60% higher utility rate than Hampton Roads. All of these costs need to be further analyzed and compared to any potential savings in housing costs as reported by the Navy.

The recent Congressional approval for the three Mayport CGs mandated modernization to remain in commission and the infrastructure investment of being retooled for the initial wave of east coast LCS vessels will revive the Mayport economy and support its ship industrial repair base. This eliminates the need for costly unnecessary homeport shifts.

Recommendation

Cancelling the homeport shift of nine Hampton Roads ships to Mayport is substantiated by the current fiscal environment, lack of accurate detail regarding true increased costs, restoration of the three Mayport CGs, and infrastructure investments to "retool" the port. Considering all of these factors, the cost to be incurred for homeport shifts to Mayport is not worth the return on investment. Homeport shifts would result in exceeding Mayport infrastructure capacities. This is substantiated by the lack of dry-dock capability of the PC, LHD, and LPD ships planned for relocation, which will negatively impact maintenance availabilities.

As a minimum, the proposed shift should be suspended pending further detailed study and review to ensure accurate and all-encompassing costs are identified. The loss of efficiencies in training, operations, and increased costs to Norfolk also needs to be realistically considered.

Long term viability for Mayport and its industrial base will be adequately maintained through the three CGs continued active service modernization and infrastructure retooling as the initial East Coast LCS Homeport & Center of Excellence.



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Hampton Roads to Mayport Homeport Shift: Call for Further Analysis

Issue - Homeport Shift of 9 Ships from Hampton Roads to Mayport

Concern - Unnecessary Navy costs in challenging fiscal environment

Result: Overall Negative Impact on Navy Readiness

Recommendation- Postpone/Suspend Homeport Shifts pending further analysis

Background Info / Discussion Points / Facts-

- Initial Threat of Mayport Ship Loss Spurred Homeport Shift Plans for 9 ships
- No Hampton Roads Replacements or Impact Analysis – Losing 14 ships total
- Threat Relieved by FY13/14 Three Mayport Cruisers Funding Restoration
- GAO Report Identified Gaps in Navy's Planning Details
- Significant Potential Unidentified and Unrealized Cost Examples:
 - Mayport lacks LHD, LPD or Long Term PC Dry-docking Capacity
 - Increased Repair Expenditures from Splitting up Small Ships Classes across Ports
 - Underestimated Personnel Move Expense, PC Infrastructure, Repair Increases, Life Cycle Travel expenses, Distance to Training sites
 - Mayport Labor Rates 8% higher and Utility rates 60% higher than Hampton Roads



Hampton Roads to Mayport Homeport Shift: Call for Further Analysis

Background Info / Discussion Points / Facts (cont) -

- Funding ship maintenance must remain top priority
- Mayport identified for first wave of east coast LCS; Invest long-term gains on infrastructure investment around one united class of ship
- Revitalize and Invest in Mayport Shore Infrastructure to become initial East Coast LCS Homeport

SUMMARY

- Suspending Homeport Shift Substantiated by:
 - Challenging Current Fiscal Environment
 - Lack of Accurate Detail and Analysis of Costs and Impacts
 - Funding Restoration for the Three Mayport Cruisers (CG's)
 - Infrastructure Retool Investment as initial East Coast LCS homeport