OVERVIEW

This may be the last battle of an 80-year bureaucratic war. Measured against recent national and world events, the long-running dispute seems of small consequence. But appearances can deceive. This case study, which focuses on the Department of the Navy’s corporate laboratory (while also addressing Navy warfare centers and test ranges), analyzes disturbing recent events that challenge civilian control within the Department, threaten the future viability of its laboratories, risk the integrity of upcoming base closure decisions, promote careless stewardship of public funds, erode the demarcation between corporate profits and government responsibility, and stifle the creation of powerful naval warfighting capabilities.

Civilian vs. Military Control

At its surface, the dispute is over the best way to operate the Department’s corporate laboratory, the Naval Research Laboratory (NRL). But the heart of the issue is about control — military vs. civilian. NRL belongs to the Navy Secretariat, and as such, it is the only installation not controlled by the service’s uniformed officers. That was Thomas Edison’s intention from the day he urged the Navy to create NRL.¹

Sitting under the civilian-managed Navy Secretariat puts the Laboratory at the center of a struggle between two camps. One camp believes NRL’s organizational position is a chief source of its long sustained ability to create powerful capabilities for naval forces, like its invention of the first U.S. radar, the world’s first intelligence satellite, the key concepts and satellite prototypes of GPS, and a technology — used for homeland defense and by our forces in Afghanistan and Iraq — that identifies any radar by its unique characteristics with such accuracy as to “fingerprint” it.

The second camp believes NRL belongs under military control, or failing that, should at least be operated in the same manner as a shipyard. With that goal in mind, Navy shore administrative officers within the Office of the Chief of Naval Operations (Logistics) (known as OpNav N4) and the newly established Commander, Navy Installations (CNI) have taken recent actions that:

- Defy existing Navy Secretariat policy
- Conflict with U.S. law
- Clash with expressed interests and concerns of the U.S. Congress
- Exceed orders given by the Chief of Naval Operations

¹ Edison once stated, in rather uncompromising terms, “As to the management of the proposed laboratory, I believe it should be civilian. Also that the civilian Secretary of the Navy should control through an appointed naval officer … and that no naval officers who have their own duties should interfere in any way.” (Thomas A. Edison, Report of the Naval Consulting Board of the United States, 1920.)
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- Violate basic principles for sound management of naval science and technology
- Seize unprecedented power in the base closure process
- Waste Navy and taxpayer money
- Ignore the findings of a "Think Tank", in a study commissioned by OpNav (N4) itself\(^2\)
- Jeopardize the success of naval transformation

Old Battles

Edison fought to have NRL placed under the Secretary of the Navy — instead of the Navy’s shore administrative officers — to ensure that it worked on creating tomorrow’s warfighting capabilities, and not on meeting today’s needs. Franklin D. Roosevelt, then Assistant Secretary of the Navy, helped the Naval Consulting Board achieve Edison’s vision. In 1923, the Assistant Secretary of the Navy, Theodore Roosevelt, Jr. inaugurated NRL, and General Order #84 placed it under his office.

In the ensuing years NRL was twice turned over to military control, to the Bureau of Engineering in 1932 and the Bureau of Ships in 1941. However, in both cases, NRL was pulled back under civilian control. In the first case, Acting Secretary of the Navy, Charles Edison, son of the great inventor, transferred NRL back as an “independent unit under the Secretary of the Navy.”\(^3\) On the second occasion, Secretary of the Navy James Forrestal restored civilian control. In 1946, Congress placed NRL — by law — with the Office of Naval Research (ONR), directly under the Secretary of the Navy.\(^4\)

Things were quiet during the Cold War. But victory brought a sharp decline in the Navy’s acquisition budget, giving priority to policies designed to save money. One such policy involves regionalizing facility management functions — not exactly a spellbinding subject, but an important one to laboratories. In 1990 the Navy Comptroller directed the establishment of a Public Works Center (PWC) to service all Navy activities within the Washington Capital Beltway.

This is when the war for NRL began anew.

NRL was to lose its entire PWC, but higher authority intervened with Defense Management Review Decision (DMRD)-967. Under its terms, NRL gave facility functions not integral to its R&D mission to the PWC at Naval District Washington (NDW), and transferred 133 of its personnel. In turn, NRL retained its capability for minor construction, repair, and alteration projects that support R&D projects. The agreement with NDW was codified in a Memorandum of Understanding (MOU).\(^5\)

Five years later, OpNav (N4) began implementing its first phase of installation claimant consolidation, which involved merging organizations that manage shore infrastructure. OpNav’s plan included transferring ownership of NRL’s facilities and support functions to NDW. But Navy civilian authority intervened. The Assistant Secretary of the Navy (Research, Development, and Acquisition), or ASN(RD&A), exempted all NRL real property and the Base Operations Support (BOS) functions (e.g., contracting, supply, personnel, and financial management) that are integral to R&D. This decision preserved NRL’s ability to provide facility support to its R&D program.

\(^2\) The study, performed by the Center for Naval Analyses, strongly supports many of the points made in this paper.
\(^3\) General Order #124 (1939)
\(^4\) Public Law 588, Chapter 727, Sec. 7 (1 August 1946)
\(^5\) MOU between Public Works Center, Washington DC and the Naval Research Laboratory, 29 January 1992.
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Crumbling Navy Bases

In 2001, members of the House Armed Services Committee toured more than 20 military bases. The trip was an eye-opener. Rep. Curt Weldon remarked, "What we have seen can only be described as outrageous. This looks like something you'd see in a Third World country." An article in Government Executive later made a strong case that DoD bases are in a severe state of disrepair and that the Pentagon had under-funded infrastructure maintenance for decades.6 One week after the article appeared, the Secretary of the Navy tasked OpNav to study the issue.

In a February 2003 report that addressed only non-R&D functions,7 OpNav's panel endorsed the concept of a single organization to oversee all Navy installations.8 On 27 March, the Chief of Naval Operations (CNO) formally announced that:

"A new command entitled Commander, Navy Installations (CNI), reporting directly to me as an echelon II commander, will stand up effective 1 October 2003."

(See Attachment 1)

One important fact needs to be emphasized here. By not citing ONR as one of the eight claimants to be consolidated, the CNO did not include NRL within the scope of his new command.10

OpNav (N4) and CNI Cross the Rubicon

"I would like to take this opportunity to welcome the Naval Research Laboratory...to the NDW [Naval District Washington] regional team...we propose to establish a Transition Oversight Group charged with providing direction and management oversight of the assimilation process..."

— Commandant, Naval District Washington (June 2003)

On 7 June 2003, NRL got a "bolt from the blue" message from NDW's Commandant welcoming it to his regional team and informing it of imminent assimilation (on 1 October NDW became a regional command under the CNI and now claims ownership of NRL's land, facilities and BOS functions).11 (See Attachment 2)

The Commandant's message was unexpected because his boss, the CNO, did not include NRL under the CNI's span of command, and as a key player in the attempt to regionalize NRL's facilities six years ago, the Commandant is well aware of the Secretariat's policy.12 Two weeks after the Commandant issued his assimilation message, the Navy announced that he was selected to be the CNI.13

Unfortunately, there are key differences from the earlier battles that make this one harder to win:

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7 Facilities Management Panel, "Enhancing Naval Readiness through Effective Facilities Management," February 7, 2003. The 136-page report never mentions R&D or laboratories. It addresses only non-R&D functions stating that CNI will, "contain core competencies in all diverse areas of facilities management, including: operations, engineering, environmental, utilities, industrial, medical, ordnance, communications, housing, community support, and safety." Taken literally, the panel did not find R&D facilities management to be a core competency of the CNI.
8 This proposal had been made one month earlier by the CNO (See Guidance for 2003, January 3, 2003).
9 ADM Vern Clark, msg 271955Z Mar 03
10 The CNO directed that ownership of the land and facilities from eight claimants be transferred to the CNI: LANTFLT, PACFLT, NAVEUR, FSA, NAVSEA, NAVAIR, RESFOR, CNET. These are all Echelon 2 commands reporting to the CNO and do not include the ONR, an Echelon 1 command reporting to the ASN(R&D&A).
11 NDW msg 071401Z Jun 03
12 The NDW Commandant was an addressee on correspondence communicating the Secretariat's policy regarding NRL, such as ASN(R&D&A) letter, "Regionalization and the Naval Research Laboratory", 1 Jul 98.
13 DoD News Release #442-03, 23 June 2003
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- The threat is much less visible
- The subject matter is arcane — and quite boring
- The issue appears insignificant in the face of a global war on terrorism and military actions in Iraq and Afghanistan

Defying Existing Secretariat Policy

Of the 98 installations on OpNav’s list for consolidation, only one (NRL) belongs to the Navy Secretariat. By laying claim to NRL’s land, facilities, and BOS functions, OpNav (N4)’s action defies policy set in 1997 during the first round of consolidation. In no uncertain terms, the ASN(RD&A) set forth the Secretariat’s policy by stating,

“NRL is a Secretary of the Navy corporate activity (emphasis added) that has been assigned unique Navy-wide and national responsibilities… Real property and BOS functions integral to the research and industrial functions at NRL will remain with the Commanding Officer.”

(See Attachment 3)

The Navy Secretariat’s policy has not been rescinded.

Conflicting with U.S. Law

On 1 August 1946, Congress passed Public Law 588, Chapter 727, Sec. 7, by which Congress authorized the transfer of NRL’s “buildings, facilities, and other property” to the Secretariat (See Attachment 4). It states:

“The Secretary of the Navy is authorized to transfer to the Office of Naval Research…such research and development functions as are now assigned to the various bureaus and other agencies and offices of the Navy Department, together with any or all personnel, buildings, facilities, and other property used in the administration thereof, including without limitation the Special Devices Division and the Naval Research Laboratory (emphasis added).”

A logical interpretation of this language is that the law must be amended before any legal transfer of NRL’s land and facilities can be made from the Secretariat to OpNav.

Clashing with the Expressed Interests and Concerns of the U.S. Congress

In the last few years, the Senate Armed Services Committee (SASC) has expressed concern over how the DoD manages its laboratories. For example, in a 25 February 2003 hearing on the defense budget, the CNO was asked the following question for the record:

“What steps are being taken to ensure that this organization’s [NRL] important capabilities are not degraded as we seek to transform the Navy?”

Only three months after the SASC hearing, OpNav (N4) began actions to eliminate NRL’s control over its land, facilities, and BOS functions.

Congress has noted and expressed its concerns about the CNI’s relationship to NRL on two occasions. The first appeared in the Conference Report of the FY04 Defense Appropriations Bill in a section titled “Unforeseen Impact of Base Operations Funding on Future Naval Research Laboratory Activities.”

14 ASN(RD&A) letter to Deputy Chief of Naval Operations (Logistics) of 2 Oct 97.
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"The conferences are concerned about changes in the management of base operations funding and its potential to adversely impact ongoing and emergent research activities. The conferences urge the Navy to be sensitive to the special nature of such research activities and to ensure sufficient flexibility to accommodate unforeseen research needs."

The second occasion came when the SASC’s Senator Pat Roberts expressed concern during a hearing to consider the nomination of Gordon R. England to be Secretary of the Navy. In a question for the record he stated,

"The Navy is currently undergoing a consolidation of naval facilities under a newly established Commander, Navy Installations (CNI). It has come to my attention that certain functions of the NRL will now be under the command of the CNI. If confirmed, is it your intention to cede any functions of the NRL to the CNI? If so, do you feel this conflicts in any manner with Public Law 588, which establishes the Office of Naval Research?"

Congress is clearly concerned that inclusion under the CNI will jeopardize NRL’s important capabilities and that the action may conflict with the law.

Exceeding Orders

By not including NRL within the CNI scope of command, the CNO’s March 2003 directive was well aligned with existing Navy Secretariat policy, Public Law 588, and Capitol Hill’s interests. But subsequent actions by his subordinates, OpNav (N4) and the CNI, have included NRL in the claimant consolidation. These actions exceed the orders given by the CNO.

More evidence that the CNO’s orders have been exceeded is the composition of the Executive Oversight Group, a group established by the CNO to guide implementation of the CNI. It is composed of representatives from each divesting command, but there is no representative from ONR, NRL’s parent command (See Attachment 5). The CNO would have specified ONR’s participation if NRL was in his plans for consolidation.

Violating Basic Principles for Sound Management of Naval Science and Technology

Principle #1: Organizations responsible for creating tomorrow must be autonomous and managed separately from those that maintain today. Peter Drucker, considered the most important management thinker of our time, states that,

"innovation needs to be organized separately and outside of the ongoing managerial business...it has to be autonomous and separate from operating organizations"

The need to manage S&T separately is why Edison argued for placing NRL under the Secretariat, and it is why Congress placed it there by law — instead of the operational commands. It is also a reason why the ASN(R&D&A) exempted NRL’s R&D facilities and BOS functions from consolidation in 1997.

Principle #2: Laboratories need to control their own mission-critical support services if they are to remain world-class. Over the decades, dozens of DoD reports have urged decentralization, not centralization, as the most effective means for managing R&D. For example, one DoD study noted that,

16 Senate Armed Services Committee, Questions for the Record, Hearing on 23 September 2003, #03-72.
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"The special needs of the RDT&E process are not recognized by ‘the system.’ Too often, procedures, controls and administrative devices that are effective in operations and logistics are also applied to R&D organizations. Support activities must assist rather than control line laboratory managers in their missions."

The “centralize vs. decentralize” debate is also occurring within industry. The advice offered by an IT vice president summarizes things this way.

"Organizations that are forced to compete through product innovation generally have less rigid bureaucracies with fewer managerial levels than organizations that produce standard, unchanging products... As a result, a highly centralized IT department may not be able to satisfy adequately the varied information needs of user departments in organizations characterized by rapid product change."

Clearly, decentralization is the best way to achieve flexibility in an R&D environment. In fact, Drucker calls it, "the most effective design principle for such work."

Seizing Unprecedented Power in the Base Closure Process

COBRA (Cost of Base Realignment Actions) algorithms are “used to estimate costs and savings associated with closure and realignment recommendations.” Bases that rank low in “military value,” and show attractive COBRA-derived savings, are recommended to the Base Closure Commission for closure or realignment. Why is this fact relevant here?

Data on BOS functions feed the COBRA model. In previous Base Realignment and Closure (BRAC) rounds, the bases themselves supplied BOS data. The data were subsequently reviewed, cross-correlated, approved, certified up the Navy chain-of-command, and audited by the Naval Audit Service. But by centralizing the management of BOS functions, the CNI is now positioned to be a “one-stop shop” for the data. This places great power in the CNI’s hands during BRAC-05. In addition, the NDW Commandant is currently the Navy’s representative to one of six DoD BRAC teams that are assessing bases for closure. Will the Navy establish rigorous checks and balances to this power? It will be important to do so because success of the closure process depends on its integrity, both real and perceived.

There is another BRAC-related question. Given the need to infuse crumbling operational bases with massive levels of scarce resources, will BRAC-05 spark a feeding frenzy where the Navy’s corporate laboratory, warfare centers, and test sites are cannibalized by the CNI’s regional commands? Two examples provide cause for concern.

- The Space and Naval Warfare (SPAWAR) Systems Center in San Diego was regionalized a number of years ago. The center had a high quality facility on its site that was used to conduct R&D. But when office space was required for Third Fleet functions, Navy Region Southwest requisitioned the building to meet Fleet priorities. The Center’s displaced R&D work is now done in temporary trailers.

- SPAWAR, the Systems Command that manages the above Center, has a large facility that, in addition to its own operations, houses Lockheed Martin. The company rents the space to support its Atlas-Centaur rocket program. For a number of years SPAWAR has used this income for much-needed facility improvements within its command, with the next scheduled project being asbestos removal. However, SPAWAR was

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17 Ibid, 582-585.
18 Department of the Navy, DoD Base Closure and Realignment Report to the Commission, (March 1995), 39.
19 Like NDW, Navy Region Southwest is a facilities management region that became part of CNI on 1 October.
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directed to turn the lease income over to Navy Region Southwest for Fleet priorities. The planned asbestos removal project is now un-funded.

Other warfare centers can likely expect similar treatment as they are assimilated.

Unlike NRL, the warfare centers report to the CNO. Also unlike NRL, one of their missions is to meet the Fleet's short-term technical needs, which requires in-service engineering, test and evaluation, etc. However, they do perform R&D of a long-range nature, which distinguishes them greatly from shipyards. The urge to siphon resources from the warfare centers to meet important needs of the Fleet is understandable, but such short-term fixes will rob tomorrow's naval forces of new ways to fight and win.

Wasting Navy and Taxpayer Money

OpNav (N4) believes the Navy will save money if the CNI owns the NRL's facilities and operates its BOS functions. This assertion deserves a close look at both the available facts and the whole picture.

How Much Money Will CNI Save? In 1994 OpNav established the Regional Maintenance (RM) program. Its goals were similar to those of CNI: reduce infrastructure, improve maintenance processes, etc. Anticipating major savings, the Navy decreased its O&M budgets for FY1995-99 by about $1.3 billion. In 1998 the General Accounting Office reviewed the program and reported that:

"savings had not materialized as anticipated. Further, the accuracy of savings that had been claimed by the Navy was questionable because they are not tracked and verified (emphasis added). Consequently, the Navy's actual savings may be far less than $944 million."

Almost 10 years later, big savings from regionalization are being projected once again. In testimony to the SASC, the CNO stated that the CNI initiative,

"has the potential to save approximately $1.6 billion in the next six years."

After normalizing for inflation, the projected CNI savings are about the same as that originally projected for the old RM program — savings that did not materialize as anticipated.

A recent OpNav (N4) briefing shows what appears to be a breakdown of these potential savings. It is uncertain whether these are the same savings to which the CNO referred; however, when FY09 savings are straight lined into FY10, the resulting 6-year level of expected savings is more than $1.5 billion. That is ballpark with the CNO's figure of "approximately $1.6 billion." Are all those dollars coming from regionalizing the 98 Navy bases? The answer is, no. Not by a long shot.

The briefing identifies 15 individual sources for CNI savings, such as divesting the Family Housing Self-Help Program and contracting Great Lakes galley operations (See Attachment 6). All but one of the savings sources — "Activity Based Management Savings" — appears quite unrelated to regionalizing Navy bases. By working the numbers back, it is now possible to get a sense for how much money OpNav hopes to save by regionalizing NRL.

According to the briefing, Activity Based Management Savings is but one of six sources that combine for a projected $400 million in savings. Thus, the savings expected from regionalizing Navy bases

35 Statement of Admiral Vern Clark Before the Senate Armed Services Committee (25 February 2003), p. 28.
36 After inflation, the RM program's projected savings of $1.3 billion equates to $1.55 billion in 2002.
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worldwide is some value less than $400 million. Assume total CNI savings for Activity Based Management Savings is more than half, for example, $250 million. Given that NRL has ½% of the Navy’s total facility square footage, it is reasonable to estimate that NRL’s share of the projected savings would be — on paper — about $208,000 a year. This represents only 2/100 of 1% of the annual investment made in research at NRL.

It is also reasonable to assume this level to be on the high side given that NRL does not have the types of facilities with large operations and maintenance costs, like shipyard facilities, docks, hangars, family housing, etc. But, low or high, valid or invalid, OpNav (N4)’s projections for cost cutting do not tell the whole story. They fail to account for savings generated through the creation of new technologies.

**NRL Saves the U.S. Fleet Huge Sums of Money.** The Laboratory is not a traditional “cost-center” like a shipyard. One difference is that it generates enormous savings in the course of its mission to create new warfighting capabilities. Consider what just five of its low-profile innovations save the Navy.

**Innovation #1:** $375 Million. NRL’s Voice Communication Processing System enhances speech intelligibility on secure telephones and provides direct interoperability between old and new speech parameters, allowing new and legacy secure phones to work together. This means 40,000 legacy units do not need to be retired prematurely, and during the potentially long transition period, secure phone service will not be interrupted. The continued use of legacy units results in a one-time cost savings of nearly $600 million to DoD, and of that, about $375 million to the Navy.

**Innovation #2:** >$100 Million/Year. LaserNet Fines is a laser-based, optical oil debris monitor that enables early detection of catastrophic faults, enhances safety, and protects the platform and mission. Its shipboard operation eliminates remote lab turnaround time, and it reduces cost and manning requirements. The system is used to assess diesel engine mechanical wear, aircraft elevator hydraulics, submarine external hydraulics, and helicopter flight control hydraulics, etc. In 1999, Lockheed Martin signed a patent license for commercialization.

**Innovation #3:** $41 Million/Year. The Navy, Air Force, Army, and Coast Guard use weather forecasts provided by NRL’s Navy Operational Global Atmospheric Prediction System. The Naval Meteorology and Oceanography Command recently estimated that use of these forecasts, in addition to increasing the safety of Fleet units, saves the Navy roughly $41 million a year in fuel, weather damage avoidance, and utility costs. NRL’s Coupled Ocean/Atmosphere Mesoscale Prediction System (COAMPS) is now elevating the state-of-the-art further. In fact, The Weather Channel uses COAMPS data.

**Innovation #4:** $100 Million. NRL invented a method for assessing distillate fuel stability. This has reduced the number of incidents in which Navy vessels have shut down or failed to achieve full power because of contaminants in the fuel, which result from chemical reactions that take place in the fuels while they are stored for extended periods of time. The innovation has saved the Navy over $100 million in replacement fuel, filtering, and clean-up costs and has increased operational and combat readiness. In addition, the method has been adopted as an American Society for the Testing of Materials standard.

**Innovation #5:** $27 Million/Year. NRL developed a method of growing high-purity single crystals of gallium arsenide (GaAs), leading to less expensive GaAs integrated circuits. U.S. firms, such as Rockwell

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28 According to the FMP report, “Enhancing Naval Readiness Through Effective Facilities Management,” (p. 1) the Navy’s total is 712 million square feet.
29 From the Navy’s award citation for the 2001 Vice Admiral Harold G. Bowen Award for Patented Inventions.
30 2001 Federal Laboratory Consortium Award for Excellence in Technology Transfer; ONR/NRL/Lockheed Martin product information brochure.
33 From the Navy’s award citation for the 2000 Vice Admiral Harold G. Bowen Award for Patented Inventions.
International and Texas Instruments adopted the technology. A 1986 Navy study estimated that this technique would save the DoD over $560 million between 1979 and 1989. Assuming a constant rate of savings, the DoD is saving $82 million per year in 2002 dollars. A simple 1/3 share for the Navy means about $27 million per year. The original investment in NRL’s research was only $328,000.

Together, over a 6-year period, these five NRL achievements achieve roughly $1.63 billion in actual Navy savings (and well over $2 billion in total DoD savings), an amount greater than CNI’s projected worldwide savings. These savings are enough for the Fleet to purchase 28 new F/A-18 Super Hornets, two squadrons worth of the premier warplane.

NRL’s generated savings are much greater because these five innovations are but a small subset of the Laboratory’s program. Given that NRL has conservatively created hundreds of technologies over the last 20 years that have enhanced U.S. naval power, it is likely that scores of them saved big money as well — like the two following examples.

**NAVSTAR GPS.** NRL’s development of GPS helped create what was an $8.5 billion market in 2000. GPS’s contributions to reduced Navy costs are difficult to quantify, but they are no doubt massive. For instance, more accurate ship and aircraft navigation leads to fuel savings and accident prevention, and greater accuracy means less weapons are required to fulfill the mission, to the point where “two raids of 300 B-17 bombers could not achieve with 3,000 bombs what two F-117s can do with only four.”

**ALE-50.** This electronic warfare decoy protects combat aircraft so well that it earned the nickname “Little Buddy” from our pilots. In the Kosovo campaign alone, 1,479 were used and the system was credited with saving several aircraft. It is now used on the Super Hornet and just one of them costs $57 million.

The Economic Bottom Line. The balance sheet shows that to gain possibly about $208,000 in annual savings at NRL it will conservatively cost the Navy, DoD, and ultimately the taxpayer, billions of dollars in technology-generated savings as the CNI’s inappropriate controls gradually suffocate the Navy’s corporate laboratory. In fact, the savings generated by just 5 low-profile NRL programs exceed the total cost-cutting effort of the CNI.

But the greatest cost would not be financial; it would be the loss of NRL’s ability to create technologies that keep the American Fleet the most powerful in the world. That ability is why Senator John Warner called NRL “the biggest force-multiplier that we have in our military.”

Why is it Necessary for A Laboratory to Manage its Own Facilities?

If creativity is the lifeblood of a laboratory, then facilities are its muscle. But should a laboratory be given authority to manage its own facilities because it is somehow “special” as compared to other types of installations? Some would mischaracterize the arguments presented in this paper in that way. NRL and the warfare centers are no more special than other naval installations. However, they are different.

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36 The estimate assumes a constant level of recurring savings for Innovations #2, 3, and 5 and is derived by applying a 2.5% inflation rate to their combined base level of $168 million (2002 dollars) in Navy-only savings for the 6-year period of FY 2005-2010.
42 Senator John Warner, keynote speech on the occasion of NRL’s 75th anniversary, June 1998.
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Naval readiness is not R&D. Readiness requirements, which are the job of naval shipyards and depots, are predictable, short-term, low-risk, and focused on efficiency. By contrast, R&D is unpredictable, long-term, high-risk, and focused on effectiveness. Furthermore, base facilities that contribute to readiness are not the same as laboratory facilities. There is a big difference between piers, runways, hangars, base housing, and a one-of-a-kind, technically complex, nanoscience facility.

The Defense Science Board explains part of the reason why laboratories are different, and why it is necessary for them to control their R&D facilities:

"R&D depends upon the use of state-of-the-art equipment and facilities. Providing such facilities and equipment is made difficult by rapidly changing technology which results in equipment becoming quickly outmoded, and by the increasing cost of renewing such equipment and facilities... Without very good facilities and equipment, in some areas, even an excellent researcher cannot compete with a mediocre researcher who does have the facilities (emphasis added)"  

NRL’s mode of operation is like that of other world-class laboratories, such as General Electric Global Research, Sandia National Laboratory, and the National Institute of Standards and Technology (NIST), which has owned its property and managed its facilities since 1901. In fact, upon learning of the actions taken by OpNav (N4) and CNI, Dr. John Lyons, a former director of NIST had this to say:

"I spent twenty years at the National Institute of Standards and Technology. I served as director under President George H.W. Bush. The NIST director has complete control over all support functions including even the contracting for major new facilities such as research laboratory buildings (emphasis added)."

NRL operates in a dynamic environment. In addition to its long-term work, it must be able to create technical solutions for national emergencies and its ability to rapidly reconfigure and modify its facilities plays a significant role. Examples of this are often classified, but the following is not.

Operation Earnest Will. In 1988, the Persian Gulf was a crowded theater of operations due to the Iraq-Iran conflict. At least ten Western navies and eight regional navies were patrolling the area, the site of weekly incidents in which merchant vessels were crippled.  

NRL was tasked to solve the problems anti-ship missiles posed to Fleet operations in the confined waters. Its simulations proved that an American naval escort of Kuwaiti oil tankers could succeed in the face of Iranian and Iraqi attacks, and were used to design the tactics for the successful operation to keep the Straits of Hormuz open. New technologies allowed detection of previously undetectable attack warning signals, and foreign military hardware was exploited in days, with new electronic warfare techniques developed and installed on warships within weeks. NRL's ability to modify its facilities on a crash basis to support this work was integral to success.

CNI manages Fleet production and operational base facilities, which is an important mission. But, it will be a poor advocate and manager of R&D facilities. This is evident in OpNav’s vision statement for CNI — “Nothing extra...Nothing Missing,” a vision appropriate for predictable production processes that are focused on efficiency, not effectiveness.

How Will CNI Manage R&D Facilities?

CNI will likely manage NRL, and the warfare centers, in the only way it knows — like a shipyard. The assimilation guidance, which would make NRL a tenant of the CNI, states:

43 Defense Science Board, Technology Base Management, 1987
44 http://www.globalsecurity.org/military/ops/earnest_will.htm
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"CNI will establish a standard level of service to be provided to all Navy funded tenant activities that is consistent across all regions...Requests from Navy tenants to exceed Navy level of service standards will be handled on a case basis, with CNI approval (emphasis added)." 46 (See Attachment 7)

The CNI will "prioritize shore installation requirements in support of warfighter readiness," 47 which a later section will show as ranking higher than R&D needs. Furthermore, the Commander, Navy Installations, recently described his way of operating in the following way,

"...the installation will be controlled by a central committee." 48

The idea of managing R&D by a remote central committee that prioritizes projects by readiness requirements is worrisome, especially when most R&D requests will no doubt exceed the "standard level of service," thereby requiring CNI approval on a case-by-case basis.

In his book, The End of History, Francis Fukuyama analyzed why central planning of this type fails. He concludes that it fails to make rational business decisions, which "can occur only when managers receive adequate information on the effects of their decisions." 49 Decentralization, on the other hand, fosters action that is based on adequate information. According to Drucker decentralization is:

..."the most effective design principle for such [innovative] work...the autonomous organization should not have to depend on central service staffs...Service staffs are, of necessity, focused on their functional area rather than on performance and results (emphasis added)." 50

Applying Drucker’s point, the CNI is a “central service staff” that will by nature focus on its functional area, not on R&D performance. And, to apply Fukuyama’s point, controlling a laboratory’s facilities by a remote committee will repeat the mistakes of other failed experiments in central planning by its inability to gain adequate information on the effects of its decisions.

These somewhat academic arguments made by Fukuyama and Drucker are in fact well supported by a RAND study on DoD centralization. 51 RAND found that centralization might be a traditional solution that is ill suited to a new era, in part because centralized organizations,

"...reduce the flow of information between development and users precisely because of its distance from front-line military operations and its lack of expertise at the junction of technology, operations, and military tactics and strategy." 52

The study also cites a second RAND paper that makes a damning observation about the much-touted DoD centralization projects,

"Almost all the previous consolidation attempts and all the DMRDs (Defense Management Review Decisions) examined in a recent RAND study failed to create cost savings (emphasis added)." 53

46 “Guidance for Assimilating Divesting Claimant Activities into Regions,” 22 May 2003, p. 4.
50 Drucker, 582-585.
52 Ibid., 6.
DRAFT

Does the CNI really sound like an organization that will have the agility and responsiveness to support NRL’s R&D facility requirements, especially for crash projects like Operation Earnest Will? Moreover, of 98 Navy installations, NRL is the only one outside of the OpNav reporting chain. How responsive will CNI be to the only organization whose mission is not its responsibility?

Ignoring the Findings of a Think Tank — A Study Commissioned by OPNAV Itself

Several years after the first round of claimant consolidation, OpNav (N4) commissioned the Center for Naval Analyses (CNA) to evaluate the first round and to,

“recommend the number and alignment of claimants that will produce the most appropriate balance of good stewardship, effective management, and low cost.”

The authors of the report took an approach based on economics and management science. Two things stand out about their report. The first is that OpNav ignored the findings. OpNav evidently did not like the answer it got. Subsequent actions taken by OpNav (N4) were opposite to CNA’s central conclusion, which was that,

“A reevaluation of the consolidation, with the benefit of more than 3 years’ experience, shows the eight claimants selected to be close to the optimal set (which the study finds to be 7)... the question of claimancies should now be put to rest (emphasis added).”

The second notable aspect is the very strong degree to which CNA supports the arguments in this paper.

- **On the matter of Secretariat policy. Public Law 588, and Congressional interests**, the report is well aligned in that it addressed only the claimants reporting to the CNO (i.e., the same ones he identified for consolidation under the CNI in his March 2003 message). In other words, NRL was appropriately not included within the scope of CNA’s analysis.

- **On the matter of why R&D facilities need to control their facilities**, CNA states,

  “The facilities and equipment include costly, high-precision, delicate, and easily damaged instrumentation. Risks are high, in that damage or failure can cause delay or setbacks that translate into huge amounts of money or shortfalls in readiness. Perhaps most significant in making comparison with other installations perilous is that the products of the scientific installations are years into the future (emphasis added).”

- **On laboratories and RDT&E being different from shipyards and readiness**, CNA states,

  “There is a difference between RDT&E and upkeep and maintenance...the objective is different from that of fleets and requires a different type of thinking...we think scientific and research-focused organizations need their own claimants (emphasis added)”

- **On the matter of cost**, CNA states,

  “This approach (the working capital fund) provides their installations with incentives for cost visibility and savings. No additional savings are expected from switching their shore installation responsibilities to the fleets; perhaps there would be additional costs (emphasis added).”

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55 Ibid., p. 35-36.
56 Ibid., p. 27.
57 Ibid., p. 28.
58 Ibid., p. 26 – 27.
DRAFT

- On the matter of centralization vs. decentralization, CNA states,

  "Personnel at the installation level work directly with the consumers and thus have the best knowledge of their needs" (emphasis added)... The people in the Navy who make decisions about systems and equipment needed to fight and win wars are people at strategic levels in the Navy’s organization. They are not at LANTFLT or PACFLT.  

- On the matter of the Navy warfare centers, CNA states,

  NAVAIR and NAVSEA should retain their claimancies. Management of their installations differs from that of other installations... They support the fleets of the future (emphasis added)... They have laboratories and test ranges with technologically sophisticated, sensitive, and expensive equipment. Delays and errors are extremely costly.  

One has to wonder why OpNav (N4) pursued a single claimant structure when its own study on the subject presented strong arguments not to go below a level of seven claimants. This seems to give weight to a theory that NRL, the warfare centers, and test ranges are being sought as “cash cows.”

Cash Cows?

NRL operates under the Navy Working Capital Fund (WCF). The WCF, informally known as “industrial funding,” is a funding and cost-accounting mechanism. Under its rules, WCF activities charge their customers a proportional and appropriate share of all costs of doing business. Sponsors of such organizations have the choice of funding (or not funding) individual R&D projects on the basis of their cost, quality, and responsiveness to needs. This provides strong incentives to operate efficiently by reducing overhead costs and improving productivity. In this way, NRL is financially operated in a manner similar to private enterprise. The warfare centers operate under the WCF as well. The test ranges (maintained and operated by some warfare centers) are reimbursed for weapons tests. The point here is that R&D facilities generate income.

Do OpNav (N4) and CNI seek ownership of R&D facilities as an alternate source of income? If so, the Navy’s R&D budget will become a “bill payer” for cash-strapped operational bases in need of repair. It is not clear that this will happen, but the CNI “assimilation guidance” creates the possibility. It states that,

  "Requests from Navy tenants to exceed Navy level of service standards will be handled on a case basis, with CNI approval. If approved, the requesting Navy tenant will reimburse the Region from tenant mission funding for the added cost above the CNI standard."  

Most R&D requirements will no doubt exceed the Navy-wide service standard. Therefore, as tenants, NRL, the warfare centers, and test ranges, will reimburse the CNI regions from mission funding. This doesn’t necessarily mean that costs will inflate under the CNI, but the experiences of SPAWAR and its warfare center do not offer encouraging signs. But there is additional piece of evidence that OpNav and the CNI will divert resources away from the laboratories and toward readiness needs.

For each of the last seven years, the NRL and the warfare centers received Military Construction funding to build new R&D facilities. In POM 05, the first budget submission after the stand-up of the CNI, the total MILCON funding for the entire Navy R&D community is zero.  

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59 Ibid., p.8 and 28.
60 Ibid., p.2-3
61 "Guidance for Assimilating Divesting Claimant Activities into Regions," 22 May 2003, p. 4.
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Chevys and Ships, Pontiacs and Planes

OpNav (N4) defends the CNI concept by saying that it is based on an industrial benchmark, provided by the General Motors (GM) Worldwide Facilities Group (WFG). GM product divisions (e.g., Buick, Chevrolet, etc.) formerly managed their own facilities, but WFG is now the facilities manager for all GM divisions, worldwide. In a confidential phone conversation, a GM executive stated that, “anything more ambitious than putting down new carpet must be approved and implemented by the WFG.”

Analytically, the probability of a benchmark being useful is related to how well the environment in which it excels resembles the one in which it will be applied. So, what are the characteristics of the WFG’s operating environment? According to Drucker, an expert on GM,

“General Motors is essentially a single-product, single-technology, single-market business.”

What can be said about the experiment in centralization that the Navy is conducting? We can say that centralizing facilities management in a mono-technology environment like GM’s, where product innovation is marginal from year to year, appears to work well. We can also say that GM’s operating environment appears to conform to the characteristics of naval readiness requirements, which are predictable, short-term, low-risk, and focused on efficiency. Therefore, we can say that the WFG model may work for shipyards and depots.

But, we cannot say that it will work well in an R&D environment that is unpredictable, long-term, high-risk, and focused on effectiveness. NRL is not a single-product, single-technology, single-market business, and neither is the U.S. Navy.

A company that more closely resembles the Navy in both size and diversity of product lines is General Electric, a company that grants independence to its product divisions (large appliances, aircraft engines, medical equipment, lighting products, locomotives, synthetic materials, etc) to operate and manage their own facilities and support services. In fact, General Electric Global Research — a world-class laboratory of NRL’s size — owns its land and facilities and has an organic on-site facility capability. And, like NRL, it contracts out the facilities work it cannot accomplish in-house. After hearing of CNI’s concept for managing R&D facilities by central committee, a Global Research executive said in a confidential conversation, “I can’t imagine doing this [managing GE lab facilities] remotely.”

Naval warfighting requirements require innovative efforts across a wide range of scientific disciplines and technology areas. The Fleet’s operating environments, such as steel-crushing ocean depths, demand high levels of technical sophistication and reliability. GM makes cars. The U.S. Navy fights wars. The benchmark might have more validity if GM’s job was to police highways that are cruised by Fords firing pavement-skimming missiles, Chryslers launching strike aircraft, Toyotas laying mines, and Volkswagens rigged to ram and explode in Kmart parking lots.

Jeopardizing the Success of Naval Transformation

“Research requires time... Wars, long as they are, move much more swiftly than the research processes... It follows, therefore, that if a nation is to be scientifically prepared, its preparedness must be worked out in peace-time.”

— Secretary of the Navy James Forrestal

(From a Navy press release announcing transfer of NRL back to the Navy Secretariat from the Bureau of Ships, June 1945)

63 Ibid., 521.
64 Navy Press Release, “New Office of Research and Inventions Established by Navy Department,” (8 June 1945)
DRAFT

The impending assimilation of NRL risks the loss of a laboratory that has helped make our naval forces the most formidable in the world. Rather than cite a laundry list of NRL’s contributions, it may be best to survey the experts. The following national, military, and technology leaders offered their assessments of NRL for its 75th anniversary in 1998.

“What you do here [at NRL] is probably the biggest force-multiplier that we have in our military.”
— Senator John Warner, (Chairman, Senate Armed Services Committee)

“NRL has a reputation for clever solutions where others thought none were possible. NRL continues to be a national treasure.”
— VADM Arthur K. Cebrowski (USN, Ret.) (Director, Force Transformation)

“I know from experience that there are few other institutions—public or private—which have had a greater impact on American life in the 20th century, both in terms of military needs and civilian uses.”
— Norman Augustine (CEO of Lockheed Martin)

“This efficient, relatively small government agency has had an enormous impact, touching the lives of just about every American...the Naval Research Laboratory is a national asset, not just a military asset.”
— Peter Teets (Undersecretary of the Air Force / Director, National Reconnaissance Office)

“NRL is the equivalent of the most significant technology jewel in our country.”
— Robert Galvin (chair of the Executive Committee of Motorola, Inc.)

“NRL has been, and is, an extraordinary place...a leader in both fundamental research and technology.”
— Robert Frosch (former Vice President of GM Research Laboratories)

“What made this country great was the ability to commit to long term vision and what we have in this establishment [at NRL] is a brilliant example of the success and triumph of that perspective.”
— Bran Ferren (Vice President for Creative Technology, Walt Disney, and member of the Senate Select Committee on Intelligence: Technical Advisory Group)

“NRL is important to all of us — to defense industry and to science.”
— Dr. Charles Townes (Nobel Laureate, Inventor of the laser)

Achieving Efficiencies — Whatever the Cost

NRL is the Department of the Navy’s world-class corporate laboratory, not an operational base. It has no family housing, runway, family service center, bachelor quarters, or significant tenants. It does not even have a golf course or officer’s club. What it does have are some of the most unique and sophisticated R&D facilities in the world, and they comprise about 1/5% of the Navy’s square footage of facility space.

But to own that 1/5 %, OpNav (N4) and CNI are willing to: conflict with a U.S. statute, defy civilian control, disregard Capitol Hill’s unease about NRL’s situation, exceed the CNO’s orders, lose billions of dollars in technology-generated savings, and risk the technological future of the Navy. Clearly, these are compelling reasons for OpNav to reconsider its actions. So, why does it continue to pursue consolidation? The reason offered by OpNav is the purported potential for big savings, but the GAO, CNA, and RAND cast big doubts about that claim.

The GAO found that “savings had not materialized as anticipated” from an earlier attempt to save money through facility regionalization, and that the,

“accuracy of savings that had been claimed by the Navy was questionable because they are not tracked and verified.”

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The CNA — in a study commissioned by OpNav (N4) — found that as far as laboratories are concerned,

“No additional savings are expected from switching their shore installation responsibilities to the fleets; perhaps there would be additional costs (emphasis added).”

And RAND observed that,

“Almost all the previous consolidation attempts and all the DMRDs examined in a recent RAND study failed to create cost savings (emphasis added).”

It’s unlikely that OpNav (N4) and CNI are done “saving” the Navy money. They bit off a large piece of real estate and will almost certainly want to divest themselves of the day-to-day aspects of base operations. Sometime in the next two years or so, OpNav will likely outsource base support functions to the private sector in one enormous package, like the Navy Marine Corps Internet. This will further blur the demarcation between corporate profits and government responsibilities, as well as make it even more difficult for the Navy laboratories get responsive support for their R&D missions.

The Way Ahead: Two Recommendations

Over the years NRL has been able to efficiently modernize its R&D facilities, in three effective ways. The first is an organic capability that directly supports its R&D program. Second, facility work that it cannot accomplish with this capability is outsourced to private contractors. And third, as agreed in the 1992 MOU with NDW, its non-mission support is obtained through NDW. NRL chooses the best approach based on performance and cost, ensuring that its R&D mission is conducted at the best value to the Navy and the American taxpayer. By contrast, the CNI is a centrally planned and managed monopoly, a type of organization not known for either its effectiveness or efficiency.

This situation begs two actions from higher Navy authority — either the Navy Secretariat or the CNO.

1. Require that OpNav (N4) and CNI cease and desist in their efforts to transfer ownership of NRL’s land, facilities, and BOS functions to OpNav.

2. Suspend the regionalization of R&D facilities and BOS functions at OpNav’s warfare centers and test sites until the Navy can be assured, with the analytical assistance of CNA, that the RDT&E processes at these activities are protected. If protection cannot be ensured, their R&D facilities and BOS functions should be exempted.

Action (1) is straightforward and easily accomplished because it requires the invocation of only one of three documents: Public Law 588, standing Secretariat policy, or the CNO’s original orders.

Action (2) has a precedent because the hospital facilities of the Navy’s Bureau of Medicine are exempt, even though they are OpNav activities, like the warfare centers.\(^{65}\) This action would conform to CNA’s finding that,

“‘The scientific installations under NAVAIR and NAVSEA, with makeup and mission of their own, would not combine well with others, so they should stay in their own claimancies (emphasis added).’\(^ {66}\)

This exemption would include the warfare centers at Dahlgren, VA, Carderock, MD, Indian Head, MD, Patuxent River, MD, China Lake, CA, and Newport, RI, among others.

\(^{65}\) NDW msg 071401Z Jun 03. The message states, “CNO directed the 01 Oct 03 standup of Commander, Navy Installations (CNI) with responsibility for all Navy Shore Installation Management (SIM) less BuMed.”

\(^{66}\) Cesar A. Perez and Perkins Pedrick, p. 36.
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One Ring to Rule Them All...\textsuperscript{67}

This has been a story with many facets, but it has one unifying theme — power.\textsuperscript{68} More than facility management is being centralized at CNI. Power is being amassed there, at the expense of Navy civilian control. Thomas Edison would be spinning in his grave if he knew the present course of Navy RDT&E. In NRL’s case, CNI’s grasp is weak — at the moment. That will not last long in the absence of strong corrective action. All it would take to break CNI’s hold is for someone in a position of authority to invoke Public Law 588, existing Secretariat policy, or the CNO’s original orders, exceeded by his subordinates, that did not include NRL under the assigned scope of the CNI.

OpNav (N4) and CNI have the power to shape the Navy’s base structure during BRAC, and possibly even help determine winners and losers, and they have gained power sufficient to pull physical and financial resources out of NRL and the warfare centers. The Navy’s shore administrative officers are not alone in consolidating power in this way.

The Department of the Army is also centralizing base management in one organization, thus risking successful transformation to a lighter and more rapidly deployed force, without compromising lethality. One distinction is that the Army benchmarked its concept with Microsoft, instead of General Motors.\textsuperscript{69} At least the Army is honest by modeling a true monopoly. However, the experience of Dr. John Lyons, the Army Research Laboratory’s former director, provides a sober warning,

“I served for five and one half years as director of the Army Research Laboratory (ARL) and there saw the negative effects of centralizing finance, personnel, and procurement. These changes did not save any money but they did slow down the operation of these functions and tended to remove sensitivity to the needs of the laboratory (emphasis added).”

Clearly, the Fleet’s readiness requirements must be met and the quality of its bases must satisfy the needs of its ships, aircraft, personnel, and families. The problem is that there are too many requirements chasing too few dollars. Under these conditions, the long-term will always lose out to the short-term. This is one reason why the actions of OpNav (N4) and CNI will inevitably sacrifice naval force transformation on the altar of efficiency. One last quote from Drucker illustrates what is at stake.

“No amount of efficiency would have enabled the manufacturers of buggy whips to survive.”\textsuperscript{70}

Not in Our Nation’s Interest

The technological capabilities of tomorrow’s Fleet are critically important to protecting the nation’s interests in a hostile world. These capabilities are created, in part, by NRL. Therefore it is important that the Department ensure its continued viability. This must be done for another reason as well.

Many who enlist in America’s naval forces come from Navy and Marine Corps families. Children now playing in the backyards of Navy housing at the Department’s crumbling bases will eventually answer their country’s call to service and go to sea. In a future that promises technologically advanced

\textsuperscript{67} J.R.R. Tolkien, \textit{The Fellowship of the Ring}

\textsuperscript{68} The rise of misplaced power and the acquisition of unwarranted influence are two reasons why the long-term threats to DoD laboratories have proven difficult to solve, even when national leaders, technical experts and high-level studies call for prompt and decisive action. For a thorough analysis of these issues, see Don J. DeYoung, “The Silence of the Labs,” \textit{Defense Horizons}, (January 2003), found at http://www.fas.org/man/eprint/.

\textsuperscript{69} Cahlink, 5.

\textsuperscript{70} Drucker, 45.
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adversaries, they will need a Fleet more powerful than the one with which their parents serve. NRL's mission is to provide that crew the best technology possible when it is their turn to sail into harm's way.

Tomorrow's line between victory and defeat will likely be drawn by today's science and technology. OpNav (N4) and CNI threaten that important work by their pursuit of efficiency at all costs. America's vital interests and tomorrow's Sailors and Marines must not pay the price.

17 November 2003
STREAMLINING SHORE INSTALLATION MANAGEMENT

P 271955Z MAR 03 ZYB MIN PSN 885526I34
FM CNO WASHINGTON DC/N001/
TO NAVADMIN
BT
UNCLASS / N02300/
NAVADMIN 072/03
MSGID/GENADMIN/CNO WASHINGTON DC/
SUBJ/STREAMLINING SHORE INSTALLATION MANAGEMENT/
REF/A/RMG/CNO/082130ZAUG2000/
REF/B/DOC/CNO GUIDANCE FOR 2003/03JAN2003/
NARR/REF A IS NAVOP 010/03, THE WAY AHEAD. REF B PROVIDES GUIDANCE FOR NAVY LEADERS FOR 2003/

RMKS/1. REF A INFORMED YOU OF MY TOP FIVE PRIORITIES, INCLUDING A COMMITMENT TO IMPROVE NAVY-WIDE ALIGNMENT. SINCE 1997, THE NAVY HAS ADDRESSED IMPROVED SHORE INSTALLATION EFFECTIVENESS BY REGIONALIZING MANAGEMENT AND REDUCING THE NUMBER OF INSTALLATION MANAGEMENT CLAIMANTS FROM 18 TO 8. BY LATE 2000, WE BEGAN TO ASSESS THE VALUE OF FURTHER INSTALLATION MANAGEMENT CLAIMANT (IMC) REDUCTIONS WHILE USING INTEGRATED PROCESS TEAMS TO IDENTIFY BEST BUSINESS PRACTICES, SET NAVY-WIDE STANDARDS OF SERVICE, DEVELOP METRICS AND LINK THESE STANDARDS AND METRICS TO REQUIREMENTS AND FLEET READINESS.

2. PER MY GUIDANCE IN REF B, WE WILL CONTINUE FLEET AND ORGANIZATIONAL ALIGNMENT THROUGH CONSOLIDATION OF THE EXISTING INSTALLATION MANAGEMENT CLAIMANTS (COMMLANTFLT, COMPMCFLT, COMUSNAVEUR, FSA, NAVSEA, NAVAIR, RESFOR, AND CNET) INTO A SINGLE IMC. A NEW COMMAND ENTITLED COMMANDER, NAVY INSTALLATIONS (CNI), REPORTING DIRECTLY TO ME AS AN ECHELON II COMMANDER, WILL STAND UP EFFECTIVE 1 OCTOBER 2003. CNI WILL BE A SINGLE FOCUSED INSTALLATION MANAGEMENT ORGANIZATION WITH CORE RESPONSIBILITY TO PROVIDE UNIFIED PROGRAM, POLICY AND FUNDING TO MANAGE AND OVERSEE SHORE INSTALLATION SUPPORT TO THE FLEET. CNI WILL BE THE BUDGET SUBMITTING OFFICE FOR INSTALLATION SUPPORT AND THE NAVY POC FOR INSTALLATION POLICY AND PROGRAM EXECUTION OVERSIGHT. FUNDING FOR INSTALLATION SUPPORT WILL FLOW FROM CNO TO CNI, AND FROM CNI TO THE REGIONS.

3. CONUS REGIONAL COMMANDERS WILL REPORT OPCON TO CFCC; OCONUS REGIONAL COMMANDERS WILL REPORT OPCON TO THEIR RESPECTIVE NAVFOR. ALL REGIONAL COMMANDERS WILL REPORT ADCON TO CNI FOR INSTALLATION SUPPORT FUNDING AND STANDARDIZATION OF PROCESS/ POLICIES.

4. ALL INSTALLATION COMMANDING OFFICERS WILL REPORT TO THE APPROPRIATE REGIONAL COMMANDER; SPECIFICS PROMULGATED SEPCOR. THE REGULAR REPORTING SENIOR FOR INSTALLATION COMMANDING OFFICERS WILL BE THE APPROPRIATE REGIONAL COMMANDER.

5. NFLT 1 APR 03, OPNAV N4 WILL ANNOUNCE AN IMPLEMENTATION ORGANIZATION, ISSUE DETAILED IMPLEMENTATION GUIDANCE, AND PROMULGATE A POAM TO STAND UP CNI.

6. I KNOW THAT HARD WORK AND A STRONG BOND OF TRUST AMONG CLAIMANTS, REGIONS AND INSTALLATIONS ARE REQUIRED TO IMPLEMENT THESE CHANGES. THANK YOU FOR YOUR COOPERATIVE EFFORTS AND INNOVATIVE THINKING TO DATE. INITIATIVES AFFECTING INSTALLATIONS ARE SENSITIVE BOTH HERE IN WASHINGTON AND IN LOCAL COMMUNITIES. THUS, IT IS IMPORTANT THAT WE CLEARLY COMMUNICATE THAT THE INTENT OF THIS CHANGE IS TO ESTABLISH A SINGLE SHORE INSTALLATION MANAGEMENT ORGANIZATION THAT WILL FOCUS ON INSTALLATION EFFECTIVENESS. OUR PAST SUCCESSES IN THESE AREAS PROVE THAT WE CAN AND WILL SUCCEED AS WE CONTINUE TO ALIGN OURSELVES IN SUPPORT OF THE FLEET.

7. MINIMIZE CONSIDERED. ADMIRAL VERN CLARK SENDS.//
BT #0798
NNNNN
ADMINISTRATIVE MESSAGE
PRIORITY
P 071401Z JUN 03 ZYB
FM COMNAVDIST WASHINGTON DC/
TO USNA ANNAPOLIS MD/
NAVSTA ANNAPOLIS MD/
NRL WASHINGTON DC/
NAVSURFWARCCENT DIV BETHESDA MD/
NAVSURFWARCCENT IND MDC MD/
NAVSUPPAC THURMONT MD/

INFO CNO WASHINGTON DC/N46/
COMNAVSEASYSCOM WASHINGTON DC/
FLDSUPPACT WASHINGTON DC/
CNR ARLINGTON VA/
COMNAVREG NE GROTON CT
COMNAVREG MIDLANT NORFOLK VA
COMNAVREG SE JACKSONVILLE FL
COMNAVREG SW SAN DIEGO CA
COMNAVREG PEARL HARBOR HI
COMNAVPEG SOUTH CORPUS CHRISTI TX
COMNAVPEG GULF COAST PENSACOLA FL

UNCLASS //NO23000/
MSID/CREADMIN/COMNAVDIST WASH/
SUBJ/NAVAL DISTRICT WASHINGTON WELCOME ABOARD - 001/
REF/A/MSG/CNO/271955ZMAR03/
REF/B/MSG/CNO/032303ZAPR03/
REF/C/MSG/CNO/081730ZMAY03/
REF/D/MSG/CNO/222051ZMAY03/
NARR/REF A ANNOUNCED CNI STANDUP. REF B IS CNI IMPLEMENTATION GUIDANCE SERIAL 001. REF C IS CNO HUMAN RESOURCES IMPLEMENTATION GUIDANCE SERIAL 003. REF D IS CNO REGIONAL ASSIMILATION GUIDANCE SERIAL 002. /
POC/LT BARBOSA, NDW REBO/TEL:(202)433-3525/
EMAIL:ROBERTO.BARBOSA@NAVY.MIL/

RMKS/1. PER REF A, CNO DIRECTED THE 01 OCT 03 STANDUP OF COMMANDER, NAVAL INSTALLATIONS (CNI) WITH RESPONSIBILITY FOR ALL NAVY SHORE INSTALLATION MANAGEMENT (SIM) LESS RUMED. THIS IS PART OF CNO'S COMMITMENT TO IMPROVING NAVY-WIDE ALIGNMENT. CNI FOLLOW-ON IMPLEMENTATION GUIDANCE IS CONTAINED IN REFS B AND C. REF D CONTAINS OVERALL REGIONAL ASSIMILATION GUIDANCE TO FACILITATE THE TRANSITION OF STANDALONE INSTALLATIONS FROM DIVESTING CLAIMANTS TO SPECIFIC NAVY REGIONS. BY THIS MESSAGE, NAVAL DISTRICT WASHINGTON (NDW) WELCOMES ABOARD THOSE ACTIVITIES WITH WHICH NDW WILL PARTNER AND FOR WHOM NDW WILL ASSUME HOST AND COMMON OPERATING SUPPORT RESPONSIBILITY EFFECTIVE 01 OCT 03. IT ALSO OUTLINES THE PROPOSED TRANSITION PROCESS.

2. FIRST, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO WELCOME THE

UNITED STATES NAVAL ACADEMY, NAVAL STATION ANNAPOLIS, NAVY RESEARCH LABORATORY, NAVAL SURFACE WARFARE CENTER CARDEROCK DIVISION, NAVAL SURFACE WARFARE CENTER INDIAN HEAD DIVISION AND NAVAL SUPPORT FACILITY THURMONT TO THE NDW REGIONAL TEAM. OUR TEAM LOOKS FORWARD TO PROVIDING YOU WITH OUTSTANDING COMMON OPERATING SUPPORT (COS) AND TO MAKING THE TRANSITION AS TRANSPARENT AS POSSIBLE TO YOUR PERSONNEL AND TO THE OTHER CUSTOMERS ONBOARD YOUR INSTALLATIONS.

Attachment (2)
3. THERE IS MUCH TO BE ACCOMPLISHED BETWEEN NOW AND 30 SEP 03 TO PROPERLY SET THE STAGE FOR TRANSFORMING INSTALLATION MANAGEMENT UNDER CNI. IT WILL REQUIRE FOCUSED ATTENTION FROM CURRENT COS PERSONNEL, BOTH NDWS AND THOSE WHO WORK FOR YOU, OUR NEW CUSTOMERS, IN ADDITION TO THEIR NORMAL COS RESPONSIBILITIES. NDW'S APPROACH TO REGIONAL COS IS ONE OF ACTIVE PARTNERSHIP WITH OUR CUSTOMERS, STARTING WITH UNDERSTANDING THE UNIQUE MISSION REQUIREMENTS OF EACH PARTNER. THE NDW MISSION IS QUOTE TO BE THE BEST AT DOING OUR JOB SO OUR CUSTOMERS CAN BE THE BEST AT THEIRS END QUOTE. THIS PHILOSOPHY WILL GUIDE OUR TRANSITION EFFORTS WITH EACH OF OUR NEW PARTNERS.

4. BUILDING ON THE SUCCESSFUL APPROACH WE USED DURING THE FIRST ROUND OF INSTALLATION CLAIMANT CONSOLIDATION AND THE STAND UP OF NDW AS A REGIONAL COMMAND 01 OCT 98, WE PROPOSE TO ESTABLISH A TRANSITION OVERSIGHT GROUP (TOG) CHARGED WITH PROVIDING DIRECTION AND MANAGEMENT OVERSIGHT OF THE ACTUAL TRANSITION/ASSIMILATION PROCESS. TOG MEMBERSHIP WILL CONSIST OF: ONE DECISION-MAKING MEMBER FROM EACH INSTALLATION, A DIVESTING CLAIMANT REPRESENTATIVE, NDW REGIONAL IMPLEMENTATION TEAM (RIT) LEADERS, NDW REGIONAL BUSINESS MANAGER AND OTHER STAFF AS APPROPRIATE. CAPT KATHY CUMMINGS, NDW CHIEF OPERATING OFFICER, WILL HEAD THE TOG. IT IS ANTICIPATED THAT THE TOG WILL MEET WEEKLY TO REVIEW THE PROGRESS OF THE TRANSITION EFFORTS, AND TO DISCUSS/RESOLVE ANY CONCERNS/ISSUES THAT CAN NOT BE RESOLVED AT A LOWER LEVEL. FIRST MEETING OF THE TOG WILL BE WEDNESDAY 18 JUN 03 AT 0900, LOCATION TBD. AGENDA WILL BE PROVIDED SEPCOR BUT IS EXPECTED TO FOCUS ON TRANSITION POA&M AND BUSINESS RULES EACH RIT AND THE TOG WILL FOLLOW.

5. SUPPORTING THE TOG, WE PROPOSE TO ESTABLISH REGIONAL IMPLEMENTATION TEAMS (RITS) TO WORK SPECIFIC TRANSITION ISSUES FOR COS FUNCTIONAL AREAS IN THE IMAP CORE BUSINESS MODEL. THESE TEAMS WILL BE COMPOSED OF SUBJECT MATTER EXPERTS (SMEs) FROM NDW AND TRANSITIONING ACTIVITIES. SMEs FROM DIVESTING CLAIMANTS ARE WELCOME TO PARTICIPATE. EACH RIT WILL FORM INTEGRATED PROCESS TEAMS (IPTS) TO DISCUSS SPECIALIZED ISSUES ASSIGNED WITHIN THE RIT. ISSUES UNABLE TO BE RESOLVED AT THE IPT LEVEL WILL BE PRESENTED TO THE RIT FOR DISCUSSION AND RESOLUTION. THE SIX RIT IMPLEMENTATION TEAMS, COS FUNCTIONAL AREAS AND TEAM LEADERS ARE:

A. OPERATING FORCES: AIR OPERATIONS, PORT OPERATIONS, OTHER

OPERATIONS SUPPORT AND SUPPLY. TEAM LEADER IS CAPT HARRY MCDAVID, NDW SUPPLY PROGRAM MANAGER, AT 202-433-2901 (DSN 288-2901);

HARRY(UNDERSCORE)F(UNDERSCORE)MCDAVID(AT)NAVSUP.NAVY.MIL.

B. COMMUNITY SUPPORT: MWR, CHILD DEVELOPMENT, GALLEY, FLEET AND
FAMILY SERVICE CENTER, BQ OPERATIONS, OTHER COMMUNITY SUPPORT, AND COMMAND & STAFF. TEAM LEADER IS CAPT RICH TAYLOR, NDW COMMUNITY SUPPORT PROGRAM MANAGER, AT 202-433-3495 (288-3495);

RICHARD.TAYLOR(AT)NAVY.MIL.

C. FACILITY SUPPORT: UTILITIES, FACILITY MANAGEMENT, SRM, FACILITY SERVICES, BASE SUPPORT VEHICLES AND EQUIPMENT, AND INFORMATION TECHNOLOGY. TEAM LEADER IS CAPT DENNIS BIDDICK, NDW REGIONAL ENGINEER AT 202-685-8000. (DSN 288-8000); BIDDICK.DENNIS(AT)PW CWASH.NAVY.MIL

D. ENVIRONMENTAL AND SAFETY: TEAM LEADER IS MR. TOM LEWIS, NDW ENVIRONMENTAL AND SAFETY PROGRAM MANAGER AT 202-433-6388 DSN 288-6388; THOMAS.LEWIS(AT)NAVY.MIL.

E. PUBLIC SAFETY: FORCE PROTECTION, SECURITY, FEDERAL FIRE AND DISASTER PREPAREDNESS. TEAM LEADER IS MR. RUSSELL DUKE, NDW PUBLIC SAFETY PROGRAM MANAGER AT 202-433-6340 (DSN 288-6340); RUSSELL.DUKE(AT)NAVY.MIL.

F. HUMAN RESOURCES: CIVPERS, MILPERS, AND HRO/HRSC MATTERS. THIS TEAM ALSO WILL SUPPORT OTHER TEAMS AS REQUIRED. TEAM LEADER IS DR. V. VACCARO 202-685-0066 (DSN 288-0066); VINCENT.VACCARO(AT)NAVY.MIL.

6. THE NDW REGIONAL BUSINESS OFFICE (REBO) WILL SERVE AS EXECUTIVE AGENT FOR LIAISON AND COORDINATION EFFORTS DURING THE TRANSITION PROCESS. NDW AREA OPERATIONS OFFICERS AND COMPTROLLER WILL INTEGRATE ACROSS ALL IMPLEMENTATION TEAMS. MY REGIONAL BUSINESS MANAGER IS MR. ROBERT SINNOTT, AT 202-433-4364 (DSN 288-4364);

ROBERT.SINNOTT(AT)NAVY.MIL.

7. REQUEST ALCN FORWARD NAME, E-MAIL ADDRESS, AND TELEPHONE NUMBER FOR (1) TOG MEMBERS AND (2) FUNCTIONAL SME'S FOR EACH RIT TO REBO POC LT BARBOSA, LISTED BY SUBJECT LINE ABOVE, NLT 12 JUN 03.
8. AN IMPORTANT FIRST STEP IN THE TRANSITION PROCESS IS DATA COLLECTION. THIS EFFORT WILL BE GEARED TOWARD CAPTURING MORE DETAILED INFORMATION THAN THE BROADER OUTLINE DATA PROVIDED DURING EARLIER CNI DATA CALLS. WE ARE WORKING WITH OTHER REGIONAL COMMANDERS TO STANDARDIZE THE DATA COLLECTION TEMPLATE/PROCESS. MORE INFO ON THE DATA COLLECTION PROCESS WILL BE PROVIDED BY SEPCOR.


10. RADM C. E. WEAVER SENDS.//

BT
NNNN
MEMORANDUM FOR DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)

Subj: INSTALLATION CLAIMANT CONSOLIDATION

Ref: (a) DCNO memo #N464C/197/97 of 29 Sep 97
(b) CNO memo #N464C/185-97 of 11 Sep 97

1. In response to your acknowledgment (reference (a)) of the unique mission Laboratory (NRL) the draft message, provided by reference (b), is accepted. The paragraph is changed to read as follows:

"ONR - REAL PROPERTY AND BOS FUNCTIONS INBEDDEN INSEPARABLY WITH THE RESEARCH AND INDUSTRIAL FUNCTIONS AT NRL WILL REMAIN WITH THE COMMANDING OFFICER. TRANSFER ALL OTHER REAL PROPERTY AND BOS FUNCTIONS AT NRL TO THE CNO CLAIMANCY."

2. As you well know, NRL is a Secretary of the Navy corporate activity that has been invested with unique Navy-wide and national responsibilities. In this regard, I believe the foregoing change will both facilitate the achievement of your stated objectives and protect the unique corporate status of the NRL.

John W. Douglass

Attachment (3)
AN ACT

To establish an Office of Naval Research in the Department of the Navy; to plan, foster, and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, and the preservation of national security; to provide within the Department of the Navy a single office, which, by contract and otherwise, shall be able to obtain, coordinate, and make available to all bureaus and activities of the Department of the Navy, world-wide scientific information and the necessary services for conducting specialized and imaginative research; to establish a Naval Research Advisory Committee consisting of persons preeminent in the fields of science and research, to consult with and advise the Chief of such Office in matters pertaining to research.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created and established in the Office of the Secretary of the Navy an Office of Naval Research, which shall be charged with such duties relating to (1) the encouragement, promotion, planning, initiation, and coordination, of naval research; (2) the conduct of naval research in augmentation of and in conjunction with the research and development conducted by the respective bureaus and other agencies of the Navy Department; and (3) the supervision, administration, and control of activities within or on behalf of the Department of the Navy relating to patents, inventions, trade-marks, copyrights, royalty payments, and matters connected therewith; as may be prescribed by the Secretary of the Navy. All of the duties of this Office shall be performed under the authority of the Secretary of the Navy and its orders shall be considered as emanating from him and shall have full force and effect as such.

Sec. 2. At the head of the Office of Naval Research there shall be a Chief of Naval Research, appointed by the President, by and with the advice and consent of the Senate, for a term of not to exceed three years, from among officers not below the grade of commander on the active list of the Navy. The Chief of Naval Research shall have the same rank and shall be entitled to the same pay, allowances, and privileges of retirement as are now or may hereafter be prescribed by or in pursuance of law for chiefs of bureaus in the Navy Department.

Sec. 3. An officer on the active list of the Navy may be detailed as Assistant Chief of Naval Research, and such officer shall receive the highest pay of his grade and in case of the death, resignation, absence, or sickness of the Chief of Naval Research, shall, until otherwise directed by the President as provided in Revised Statutes, section 179 (U. S. C., title 5, sec. 6), perform the duties of such chief until his successor is appointed or such absence or sickness shall cease.

Sec. 4. The Secretary of the Navy is hereby authorized to establish a Naval Research Advisory Committee, which shall consist of not exceeding fifteen persons to be appointed by the Secretary from those persons in civilian life who are preeminent in the fields of science, research, and development work. One member of such committee will be from the field of medicine. The members of such committee shall serve for such term or terms as the Secretary may specify, and shall meet at such times as may be specified by the Secretary to consult with and advise the Chief of Naval Operations and the Chief of the Office of Naval Research. Each member of such committee shall be entitled to compensation in the amount of $50 for each day or part of a day he shall be in attendance at any regularly called meeting of such committee, together with reimbursement for all travel expenses incident to such attendance: Provided, That nothing contained in sections
41, 109, and 113 of the Criminal Code (U. S. C., title 18, secs. 93, 198, and 203); in Revised Statutes, section 190 (U. S. C., title 5, sec. 99); in section 19 (e) of the Contract Settlement Act of 1944 (Public Law 395, Seventy-eighth Congress); or in any other provision of Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim proceeding, or matter involving the United States, shall apply to such persons solely by reason of their appointment to and membership on such committee.

Sec. 5. (a) There is hereby authorized to be appropriated such amounts as may be necessary for the Office of Naval Research to carry out its functions as provided for herein, including such sums as may be required for administrative expenses, and the conduct of research and development work in Government facilities and under contracts with private individuals, corporations, and educational or scientific institutions. Sufficient information relative to estimates of appropriations for research by the several bureaus and offices shall be furnished to the Chief of the Office of Naval Research to assist him in coordinating the Navy research program and the carrying out of such other duties as outlined in section 1.

(b) Any funds appropriated to enable the Office of Naval Research to carry out its functions as provided for herein shall, if obligated during the fiscal year for which appropriated, remain available for expenditure for four years following the expiration of the fiscal year for which appropriated. After such a four-year period, the unexpended balances of appropriations shall be carried to the surplus fund and covered into the Treasury.

Sec. 6. Within the limits of available appropriations, the Secretary of the Navy, and, by direction of the Secretary, the Chief of the Office of Naval Research and the chiefs of all bureaus of the Navy Department may enter into contracts, or amendments or modifications of contracts, for services and materials necessary for the making and securing of reports, tests, models, apparatus, and for the conducting of research, without performance or other bonds, and without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5), section 3718 of the Revised Statutes (U. S. C., title 34, sec. 611), section 3719 of the Revised Statutes (U. S. C., title 34, sec. 662), section 3720 of the Revised Statutes (U. S. C., title 34, sec. 663), section 3722 of the Revised Statutes (U. S. C., title 34, sec. 572), and may make advance, progress, and other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes (U. S. C., title 31, sec. 529): Provided, That nothing herein shall be construed to authorize the use of the cost-plus-a-percentage-of-cost system of contracting.

Sec. 7. The Secretary of the Navy is authorized to transfer to the Office of Naval Research, as in his judgment may be necessary and appropriate, such research and development functions as are now assigned to the various bureaus and other agencies and offices of the Navy Department, together with any or all personnel, buildings, facilities, and other property used in the administration thereof, including without limitation the Special Devices Division and the Naval Research Laboratory.

Approved August 1, 1946.
Executive Oversight Group (EOG)

- Flag/SES
- Divesting IMCs plus experts

Bi-weekly meetings initiated 17 Mar 03

Attachment (s)
Fleet Readiness & Logistics

Shape, Anticipate, Innovate, and Lead

Commander, Navy Installations (CNI) Status Brief

Brief for NAVFAC Facilities Engineering Executive Board (FEEB)
by CAPT Will Boudra
Ashore Readiness Division (N46)
Planning / Real Estate Branch
28 May 03
http://www.usn.hq.navy.mil/n46
Way Ahead

Immediate Actions:

1) CNI/NAVFAC implement Low and Medium Risk options (excluding output reductions) under their authority:
   - Contract Great Lakes Galley Operations
   - Fleet & Family Support Functionality Assessment savings
   - Activity Based Management savings
   - Close non-critical fire companies & study fire standards
   - Increase number of shared NMCI seats from 15% to 25%
   - NAVFAC field commands regional alignment

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CNO: “Proceed with implementation plans. If issues appear impacting PR05 – Need to get them to me.”

Concerns Raised:
- Galley – Sea/Shore rotation, “Randolph-Shepard” (state level NISH?)
- NMCI – Training Impact?
- Fire Protection – Labor Unions
Way Ahead

Immediate Actions:

2) CNO direct implementation of Low and Medium Risk options (excluding output reductions):
   - Staff Transient Bachelor Quarters via NAF
   - Maintain child care spaces at 65% of eligible population
   - Consolidate CONUS regions from 10 to 4
   - Transfer of FSM 5.0 asset
   - Sustainment set at 90% across FYDP
   - Hold Recap Rate at 155 years in FY05
   - Delay Homeport Ashore, second East Coast OLF, and NSA Bahrain Operations & Support Facility Projects one year
   - Divest CONUS Family Housing Self Help Program
   - Delay Pearl Harbor PPV Seed one year

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CNO: “I’m not ready to do all of these. Come back and tell me what OSD will do.”

Concerns Raised:
- Child Care, Recap Rates, delay of OLF, Family Housing self-help elimination
transition from the divesting claimant for each activity to the applicable receiving Region. This joint transition team should consist of a joint claimant/activity/region oversight group and joint claimant/activity/region teams based upon the IMAP 2003 installation Core Business Model for all applicable services provided as shown in enclosure (2). These IMC/Activity/Navy Region teams will work all transition issues and bring them to resolution. Any issues that cannot be resolved will be forwarded to the CNI Transition Team discussed above. Typical issues to be resolved by the 01 October 2003 transition are identified in enclosure (2).

**Levels of Service.** Under the consolidated regionalization process, CNI will establish a standard of service to be provided to all Navy funded tenant activities that is consistent across all regions. If FY04 budgets do not allow for standard levels of service to be provided, each Region shall address this with CNI through the budget process. For services provided above the established standards, non-Navy tenants will reimburse the host. Requests from Navy tenants to exceed Navy level of service standards will be handled on a case basis, with CNI approval. If approved, the requesting Navy tenant will reimburse the Region from tenant mission funding (e.g. EOB, NWCF, MRTFB) for the added cost above the CNI standard. Specific CNI approval process will be promulgated separately.

**Real Property Transfer.** Class 1 and 2 real property at the activities listed on enclosure (1) will be reassigned effective 01 October 2003. All Class 1 and 2 property will transfer from the Divesting Claimant and installation to CNI and Region. All Property Record Cards (PRCs) will be modified and corrected on 30 September 2003. Navy Working Capital Funded installations will retain Maintenance UIC for all facilities and spaces that exclusively support mission functions. Facilities and spaces that exclusively support mission functions will be jointly agreed to by the Transition team. Non Navy Working Capital Funded activities will transfer Maintenance UIC responsibility to CNI and the applicable Region. Facilities that are shared between NWCF and O&MN will be handled on a case basis. NWCF activities must reimburse for all facility support required associated with the space they occupy and use.

All existing facilities management staffs should be consolidated under CNI wherever possible. For non-O&M,N (e.g. NWCF) funded activities receive facilities management support should be provided from each Region on a reimbursable basis. Transfer all existing occupied billets and associated personnel to the applicable CNI Region effective 01 Oct 03. After transition is complete, review staffing and distribution of expertise in FY04 to maximize use of resources and to identify opportunities for savings. (Note: Within this context NWCF activities are responsible for executing the mission and determining requirements. They coordinate with the Region/activity as the service provider. The NWCF activity is responsible to determine the Service Level (SL) to meet the mission. For example, a NADEP is already a tenant on an activity and operates on this basis.

All existing use and/or real estate agreements held by Divesting IMC/installation will be transferred to CNI and Region. This includes any lease, license, MOU, MOA and any other documented Host/Tenant and or real estate agreement. All proceeds from, or costs