Audit Report

OFFICE OF THE INSPECTOR GENERAL

CONSTRUCTION OF THE NAVAL RESERVE READINESS CENTER AT GREAT LAKES, ILLINOIS

Report Number 92-094 **May 18, 1992**

Department of Defense

The following acronyms are used in this report.

EFD.....Engineering Field Division
MOMAG.....Mobile Mine Assembly Group
MSC.....Military Sealift Command
PWC.....Public Works Center

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

May 18, 1992

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)

SUBJECT: Audit Report on Construction of the Naval Reserve Readiness Center at Great Lakes, Illinois (Report No. 92-094)

This is the final report on our audit of the project to construct a Naval Reserve Readiness Center (Center) at Great Lakes, Illinois. It addresses the documentation supporting the planned construction of the new Center. The audit was performed as part of our ongoing Audit of Construction Projects for Training Facilities, Project No. 1RB-0029.

The Department of the Navy provided comments on April 3, 1992, in response to a draft of this report dated February 4, 1992. The Navy concurred with the finding, concurred in principle with Recommendation 1., and concurred with Recommendations 2. and 3. However, the Navy did not concur with the full amount of the potential monetary benefit resulting from the audit. The Navy stated that some of the military construction funds generated from the cancellation of the project for a new Center may be required for an alternative project that would satisfy facility requirements.

We agree with the basic premise in the Navy's reply. Therefore, we have revised the potential monetary benefits shown in Appendix C of this report. The amount of savings are to be determined based on implementation of actions in accordance with Recommendations 1., 2., and 3.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and there are no unresolved issues. However, concerning the monetary benefits, it is requested that the Navy provide the final amount of the savings to the Office of the Assistant Inspector General for Analysis and Followup by August 31, 1992.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Ms. Mary Lu Ugone at (703) 693-0317 (DSN 223-0317) or Mr. Timothy J. Tonkovic at (804) 766-3319. Copies of this report will be provided to the activities listed in Appendix E.

Robert J. Lieberman
Robert J. Lieberman
Assistant Inspector General
for Auditing

cc:
Secretary of the Navy

Office of the Inspector General

AUDIT REPORT NO. 92- **May 18, 1992**
(Project No. 1RB-0029.02)

CONSTRUCTION OF THE NAVAL RESERVE READINESS CENTER AT GREAT LAKES, ILLINOIS

EXECUTIVE SUMMARY

Introduction. During our Audit of Construction Projects for Training Facilities, we reviewed the proposed construction of a Naval Reserve Readiness Center at Great Lakes, Illinois. Congress appropriated $6.3 million for this FY 1992 construction project.

Objective. The objective of the audit was to evaluate the data on which the Navy based construction requirements and to determine if alternatives to new construction were fully considered.

Audit Results. Documentation supporting the construction of a new Naval Reserve Readiness Center at Great Lakes, Illinois, was not accurate or current and did not include consideration of alternatives. As a result, the proposed construction of the new building was not necessary to accomplish training objectives and to achieve mission readiness.

Internal Controls. Procedural weaknesses in the construction and approval process within DoD will be addressed in the audit report on the overall Audit of Construction Projects for Training Facilities.

Potential Benefits of Audit. We revised the potential monetary benefits (see Appendix C) to reflect that the amount of savings is dependent on the management actions to be completed by July 31, 1992.

Summary of Recommendations. We recommended that an engineering evaluation of the existing facility be performed, that the economic analysis be updated to adequately address alternatives to new construction, and that the proposed construction project be canceled.

Management Comments. The Navy concurred in principle with Recommendation 1. and concurred with Recommendations 2. and 3. The Navy stated that the potential monetary benefits could not be determined until the engineering evaluation and economic analysis, required by Recommendations 2. and 3., were completed. Details on management's comments are provided in Part II of this report, and the text of management's comments is in Part IV. The Navy was requested to provide the final amount of the potential monetary benefits by August 31, 1992.

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This report was prepared by the Readiness and Operational Support Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Audit Planning and Technical Support Directorate at (703) 614-6303.

PART I - INTRODUCTION

Background

Training facilities are the third most frequent type of facility built by DoD and account for about 14.5 percent of the dollar value of the program for nonfamily housing facility construction. In FYs 1988 through 1991, DoD received $2.3 billion in appropriations for construction of training facilities. Of the $2.3 billion, the active Navy received $500 million, and the Naval Reserve received $100 million. Construction projects for training facilities included firing ranges, armories, Reserve centers, training support centers, and classroom buildings.

The Military Departments either renovate or construct training facilities to meet essential training requirements and are required to expeditiously complete the facilities so that training missions and readiness capabilities are not impaired. Training facility requirements must be sufficiently defined, validated, and periodically revalidated before construction begins.

During our Audit of Construction Projects for Training Facilities, Project No. 1RB-0029, we found that the Naval Reserve Force planned to build a Naval Reserve Readiness Center at Great Lakes, Illinois. Congress appropriated $6.3 million for this FY 1992 construction project.

Built in 1942, the existing Naval Reserve Readiness Center at Great Lakes is a 53,447-square-foot, semipermanent structure located on Government-owned land. In October 1985, the Navy reclassified the Reserve Center from substandard to inadequate.

Objectives

The objective of the audit was to determine whether the Navy based construction requirements on valid data, fully considered using existing facilities, and consolidated building requirements, where possible. We also evaluated the adequacy of internal controls as they related to the proposed construction of the training facility.

Scope

The audit focused on the proposed construction of a new Naval Reserve Readiness Center. At a programmed cost of $6.3 million, the approved construction project was for a new, steel frame, 48,073-square-foot training building. We visited the existing Reserve Center and the proposed construction site at Great Lakes and various Navy offices responsible for the construction approval and execution process.

At those locations, we reviewed procedures for developing facility requirements and obtained available project documentation dated from 1981 to 1991 on project initiation, development, validation, and approval. A chronology of events for the project is in Appendix A. Site visits were made in September and October 1991.

This economy and efficiency audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The activities we visited or contacted are listed in Appendix D.

Internal Controls

Procedural weaknesses in the construction and approval process within DoD will be addressed in the audit report on the overall Audit of Construction Projects for Training Facilities.

Prior Audits and Other Reviews

In the past 5 years, no audits have specifically addressed the construction of training facilities. However, the Naval Audit Service has issued two reports on military construction and is in the process of issuing another report.

The Naval Audit Service issued Report No. 126-W-88, "Military Construction Program at Marine Corps Base, Camp Pendleton, California," on July 12, 1988. The report states that the Marine Corps generally managed its Military Construction Program effectively at Camp Pendleton, but improvements were needed to ensure that facility requirements were properly determined, documented, and programmed in the most efficient manner. Internal controls were not adequate to prevent and detect material deficiencies in operations or to ensure compliance with laws and regulations. In responding to the report, management did not indicate that any of the report recommendations would be implemented. However, during the follow-up and mediation process, responsive actions were taken on the recommendations.

Naval Audit Service Report No. 041-S-89, "Budgeting for Selected Military Construction Projects at Naval Submarine Bases, Kings Bay, Georgia, and Bangor, Washington," March 24, 1989, addresses a wide range of military construction projects within the Department of the Navy. The report states that construction projects were not fully supported, that the Naval Facilities Engineering Command circumvented the normal planning and certification process, and that requirements were overstated. Management generally nonconcurred with the findings and recommendations. During the follow-up and mediation process, actions considered responsive by the auditors were taken on the recommendations.

In March 1989, the Naval Audit Service initiated Project No. 89-0182, "Audit on Validation of Military Construction Projects." The objectives were to determine the validity of selected Navy and Marine Corps military construction projects and whether systematic problems existed within the Shore Facilities Planning and Programming System. The research included a review of 99 of 551 projects proposed for fiscal years 1992 and 1993. As of April 6, 1992, the final report on this project had not been issued.

PART II - FINDING AND RECOMMENDATIONS

JUSTIFICATION FOR NEW CONSTRUCTION

The Naval Reserve Force planned construction of a new Naval Reserve Readiness Center building at Great Lakes, Illinois, that was not needed to accomplish training objectives and to achieve mission readiness. This condition occurred because the Naval Reserve Force overstated personnel requirements and did not update changes in space requirements from the 1984 economic analysis that should have allowed facility planners to consider alternatives to new construction. As a result, as much as $6.3 million could be spent unnecessarily on the proposed new construction, unless this project is canceled.

DISCUSSION OF DETAILS

Background

Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," (the Manual), October 12, 1990, states that facility requirements must be accurate and justified and that new construction should not be proposed when existing assets equal or exceed requirements. The Manual also states that projects affected by reduced personnel strengths or mission changes should be reduced in scope.

The Manual defines an adequate facility as one capable of supporting its current use. A substandard facility is capable of supporting its current use, but requires modification or repairs to make it adequate. An inadequate facility is one that cannot be made adequate for its present use through "economically justifiable means." When the rehabilitation of a facility will cost more than 75 percent of the equivalent cost for new construction, the facility should be classified as inadequate. Conversely, a facility that can be made adequate for less than 75 percent of the cost for new construction should be classified as substandard. As required in the Manual, a substandard facility should not be replaced unless supported by an economic analysis that evaluates all feasible alternatives.

Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," (P-80) establishes standardized space criteria for Naval Reserve Centers. The P-80 gives specific space allowances in increments of 100 Reservists. The P-80 criteria were established as a guide and are considered the maximum space allowances. An activity is not automatically "entitled" to a maximum amount of space, but should base space requirements on actual utilization or need.

The present Naval Reserve Readiness Center at Great Lakes has four primary facilities: the main Reserve Center building, a

maintenance training facility, a small boat house, and a cargo handling facility. The table below shows the square footage of each facility.

Reserve Center Square Footage

Building	Building No.	Square Feet
Main Reserve Center		
Building	2711	53,447
Storage	2711A	1,008
Maintenance Training		
Facility	3209	37,902
Storage	3210	2,810
Small Boat House	52	9,000
Small Boat Berthing		440
Cargo Handling Facility	1712	13,000
Total		117,607

The proposed construction project (Project P-030) will replace only the main Reserve Center building and its associated storage space. Until October 1990, a Class VI Package (Liquor) Store used about 16,000 square feet in the Reserve Center building. Since then, the Reserve Center has occupied that space.

Project documentation states the existing Reserve Center did not support the mission of maintaining the technical readiness of Reservists or present a suitable image to reinforce recruitment efforts. Documentation further states that the new 48,073-square-foot training building would eliminate the need for separate facilities and their associated operation and maintenance costs. Additionally, the Navy stated that the Reservists were meeting in Reserve Center facilities that had marginal space, life-safety code deficiencies, inefficient heating and lighting systems, and other maintenance needs.

Proposed Reserve Center

Overstated personnel requirements. The proposed Reserve Center construction project requirements were computed using the P-80 design criteria for a 1,200-member center. Project documentation shows that 46 Reserve units were assigned, consisting of 1,114 members. The assigned units had an authorized strength of 1,858 Reservists. As of September 1991, 42 units, consisting of 950 Reservists were assigned to the Reserve Center. The assigned units had an authorized strength of 936 Reservists. However, 28 of the 42 units did not muster

(assemble), drill, or train in the main Reserve Center building. Training is conducted over two weekends identified as a blue and a gold weekend.

We obtained blue and gold weekend drill attendance records for the main Reserve Center building for the 12-month period ended May 1991. Drill attendance is shown below.

Category	Weekend	No. of Units	Drill Attendance High	Low	Average
Muster	Blue	2	73	51	62
Muster and Drill		6	97	62	74
Combined *		8	170	113	136
Muster	Gold	2	94	15	58
Muster and Drill		4	77	57	69
Combined *		6	165	87	127

* The muster, muster and drill, and combined figures are each based on the high and low attendance during the 12-month period. For the blue weekend drill, the high and low attendances occurred during the same month.

Units that only muster at the main Reserve Center building take attendance and then train elsewhere in the Reserve Center complex. On the average, only 14 percent of the 950 assigned Reservists (as of September 30, 1991) mustered and drilled at the main Reserve Center building on the blue weekend and on the gold weekend, only 13 percent. Reserve Center requirements should have been based on actual muster and drill attendance rosters.

Computing space requirements based on a 1,200-member center causes a gross overstatement of space requirements, since records show that the high attendance during the blue weekends was only 170 Reservists and during the gold weekends, only 165 Reservists. Based on the historical usage at the Reserve Center, the P-80 criteria for a 200-member center, rather than a 1,200-member center, would be applicable.

Overstated space requirements. Using the P-80 design criteria for a 1,200-member Reserve Center with special requirements, the project documentation states a need for a 48,073-square-foot main Reserve Center building. Based on the need for a 200-member center and space reduction for unneeded special requirements, we computed a requirement for 24,568 square feet. Our computations are shown in Appendix B. Special requirements, which are discussed below, either were not justified or were not the most economic alternative to meet requirements.

Active duty administrative space requirements. Space requirements of 8,920 square feet were based on P-80 design criteria for 76 active duty personnel and on 180 square feet for a Mobile Mine Assembly Group (MOMAG). As a result of space rearrangements, this requirement was subsequently reduced to 6,998 square feet.

Only 32 active duty positions were assigned to the main Reserve Center building, and 27 personnel filled those positions. Based on the 32 positions, we computed a need for only 3,680 square feet for active duty administrative space. The MOMAG was assigned to the maintenance training facility and did not require space in the main Reserve Center building.

Electronic Interactive Lab. The Navy stated that the Reserve Center Electronic Interactive Lab would receive 26 to 32 video terminals for electronic information systems. Therefore, the design included a 1,461-square-foot room that would accommodate 32 video terminals. The Reserve Center received only 14 terminals, and 11 were assigned to the main Reserve Center building. We calculated that a 600-square-foot room could easily hold the 11 terminals. Also, records for FY 1991 show the electronic information systems were underused. The average use of each terminal during FY 1991 was only 1.3 times per month. No space authorization is shown in the P-80 design criteria for an Electronic Interactive Lab.

Medical skills lab. A 459-square-foot medical skills lab is included in the project design for hospital ward training. However, we were told by the Great Lakes Naval Hospital Facilities Officer that several hospital wards were not being used and that they were available to the Reserve Center for training space. The Commander of the Reserve Center stated that the hospital wards would meet the hospital ward training requirements.

Team training. In early 1988, the Military Sealift Command (MSC) submitted a requirement for a dedicated team training area. The project design shows 2,247 square feet for MSC team training and includes an office for an MSC Area Coordinator. MSC personnel stated that the team training area requirement had been deleted from the Navy Training Plan. Additionally, neither an MSC unit nor an MSC Area Coordinator is assigned to the Great Lakes Reserve Center. Therefore, the 2,247 square feet of space is not required.

Locker rooms. The project design shows 1,056 square feet for locker rooms. Space for locker rooms was based on a requirement for 400 square feet for assigned Reservists, 400 square feet for a construction battalion, and 160 square feet for a Mobile Diving and Salvage Unit. No Reserve construction battalion is assigned to the Reserve Center. Therefore, the Reserve Center should have a maximum of only 560 square feet for locker rooms.

Storage. The project design includes 1,027 square feet of storage space for the supply department. The planned construction of the Reserve Center building originally included a new maintenance training facility and associated storage space. However, project requirements for the training facility were deleted, but not for the associated storage space. The supply department already has storage space at the maintenance training facility, which is where supply actions primarily occur. Therefore, supply storage space is not required in the main Reserve Center building.

Garage. The project design includes a 619-square-foot attached two-vehicle garage. However, the maintenance training facility already has a 2,100-square-foot garage that was not considered as an alternative to new construction.

Other space requirements. The project design includes parking spaces for 187 privately owned vehicles. P-80 design criteria allow Reserve Center parking spaces for 80 percent of the Reservists drilling during the "largest drill period." During a 12-month period ended May 1991, the maximum number of Reservists that drilled at the main Reserve Center building was 170 Reservists, justifying only 136 parking spaces.

Alternatives to new construction. The Navy Shore Facilities Planning System directs facility planners to examine various alternatives to new construction when correcting facility deficiencies. The Manual states that new construction will not be proposed when existing facilities equal or exceed requirements. It also requires that an economic analysis of the alternatives, including the status quo, be performed. The analysis should be comprehensive and reflect valid costs and benefits for each proposed alternative. The Manual also requires that the analysis be supported by engineering evaluations of existing facilities.

Engineering evaluations. Facility planning documents, dated February 1985, classified the main Reserve Center building and maintenance training facility as substandard, which meant the facilities could be economically modified or repaired to upgrade their classifications to adequate. In October 1985, except for the Class VI Package Store that was located in the Reserve Center building and classified as adequate, the facilities were

reclassified as inadequate, which meant that the facilities could not be economically modified or repaired to make them adequate. However, facility deficiencies identified in the February 1985 documents did not change in October 1985. The Naval Reserve Force, Naval Facilities Engineering Command, and Reserve Center personnel did not have documentation, such as engineering evaluations, inspection reports, or cost analyses, to support the reclassification.

The Manual states that personnel from the Engineering Field Division (EFD), Naval Facilities Engineering Command, are responsible for conducting engineering evaluations. Facility planning documentation states that engineering evaluations of existing facilities were completed in 1982 and 1987. However, review of project files at each activity visited showed that engineering evaluations were not made. EFD personnel stated that the 1982 and 1987 evaluations were probably walk-through inspections of the facilities and that the classification of the condition of the Reserve Center building probably changed from substandard to inadequate based on a walk-through inspection. We found no required documented analysis of the cost to renovate facilities to justify the reclassification to inadequate.

Additionally, we found none of the "life-safety code" deficiencies claimed by the Navy in its documentation. Asbestos in the main Reserve Center building was stated to be a significant problem, but the project files did not indicate that a significant health problem existed. If asbestos removal is desired, the architectural design firm estimated that complete asbestos removal would cost about $174,161.

Economic analysis. As previously stated, there was no valid basis for reclassifying the main Reserve Center building from substandard to inadequate. The building should still be classified as substandard. The Manual states that substandard facilities are to be replaced only under unusual circumstances and only when supported by an economic analysis. We found that the 1984 economic analysis was not updated to evaluate alternatives as changes in space requirements occurred and did not adequately reflect costs and benefits.

The analysis was based on a requirement for 106,688 square feet, which included requirements for the planned relocation of the Naval Reserve Readiness Command to the Reserve Center. The analysis also compared the cost of refurbishing the main Reserve Center building, the maintenance training facility, and the cargo handling facility with the cost to construct a new building to house those functions. The analysis was not updated when decisions were made to exclude space requirements for the Readiness Command, the maintenance training facility, and the cargo handling facility, which reduced the project scope to only 48,722 square feet.

The economic analysis states that 14 types of repairs, at an estimated cost of $3.6 million, were needed for the main building, maintenance training facility, and cargo handling facility. Representatives from the Navy Public Works Center (PWC), Great Lakes, stated that needed repairs were based on inspection reports and detailed cost estimates provided by the PWC. The repair costs reflected the estimated cost to replace entire systems (electrical wiring or plumbing) rather than to repair existing systems. We requested copies of the inspection reports, cost analyses, and related documentation that were used to justify the $3.6 million cost; however, PWC representatives were unable to provide any supporting documentation.

A September 30, 1990, Annual Inspection Summary, prepared by the Naval Reserve Readiness Command, showed eight maintenance and repair deficiencies at the main Reserve Center building with an estimated repair cost of $67,000. The commander of the Reserve Center stated that the existing building met training requirements, was in fair condition, and required repairs that would cost about $75,000.

Although the roof on the main Reserve Center building was replaced in 1984, the analysis reflected a need for a new roof at a cost of $318,328. Additionally, the analysis stated that the consolidation of the main Reserve Center building, maintenance training facility, and cargo handling facility into a new building would result in productivity increases, operational efficiencies, and quality of life improvements. Those benefits were also stated in dollar savings. However, the PWC employee who prepared the analysis stated that the benefits and savings would not occur, because the project requirements for the maintenance training and cargo handling facilities were deleted. He also stated that the economic analysis is no longer valid and that it should be updated based on detailed engineering evaluations of the existing facilities.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

We recommend that the Director of Naval Reserve:

1. Cancel Naval Reserve Readiness Center building construction Project P-030.

Management comments. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) concurred in principle to cancel Project P-030 at Great Lakes, Illinois. Management stated that the project should be rescoped and the funds used to execute a project that meets the requirements supported by a revised economic analysis and by the current and future needs of the Naval Reserve. Those needs, which are being examined by a

recently established planning board, will be identified by July 31, 1992. Additionally, the Navy did not agree with the $6.3 million in potential monetary benefits reflected in the draft report.

Audit response. We consider management's comments to be responsive, and have revised the potential monetary benefits shown in Appendix C of this report. The amount of savings is dependent upon actions to be completed by July 31, 1992. The Navy is requested to provide the final amount of savings by August 31, 1992.

2. Request the Naval Facilities Engineering Command to perform an engineering evaluation of the existing main building at the Great Lakes Reserve Center in accordance with Naval Facilities Engineering Command Instruction 110.10.44E, "Shore Facilities Planning Manual," October 1, 1990.

Management comments. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) concurred with the recommendation. The engineering evaluation will be part of the revised economic analysis. The estimated completion date is July 31, 1992.

3. Request the Public Works Center at Great Lakes, Illinois, to update the economic analysis to consider the use of the existing main Reserve Center building to meet requirements, in conformance with Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," October 1, 1990.

Management comments. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) concurred with the recommendation. The estimated completion date is July 31, 1992.

PART III - ADDITIONAL INFORMATION

Appendix A - Chronology of Events

Appendix B - New Reserve Center Building Space Requirements

Appendix C - Summary of Potential Benefits Resulting from Audit

Appendix D - Activities Visited or Contacted

Appendix E - Report Distribution

APPENDIX A: CHRONOLOGY OF EVENTS

The following chronology shows the major events that have affected the Naval Reserve Readiness Center, Great Lakes, construction project.

October 1981	New construction project initiated for approximately 55,832 square feet to replace the existing Reserve Center. Proposed building included the maintenance training facility, cargo handling facility, and the small boat house.
September 1984	Relocation of Naval Reserve Readiness Command 13 to the proposed Center, increasing the project requirements to 119,800 square feet. Fiscal year 1988 programmed cost of $16.1 million.
September 1984	Readiness Command requirements were deleted from the project. Space requirements were reduced to 49,271 square feet, and estimated cost was reduced to $6 million.
October 1984	The space requirements were increased to 68,283 square feet and programmed for fiscal year 1990 at a cost of $6.8 million. There was no explanation for the increased cost.
February 1985	The maintenance training facility requirement was deleted from the project, but space requirements were not reduced accordingly.
September 1987	The cargo handling facility was deleted from the project requirements, but space requirements were not reduced accordingly.
October 1987	P-80 criteria were revised, and the project requirements showed 48,073 square feet at an estimated cost of $6 million.
November 1987	Because of funding and site restrictions, the small boat house, main Reserve Center building, and cargo handling/maintenance training facilities were redesignated as three separate construction projects.
February 1988	Project design contract was awarded.

APPENDIX A: CHRONOLOGY OF EVENTS (cont'd)

May 1988	The project was reprogrammed to fiscal year 1992. Also, Shipboard Simulator and Damage Control Trainer areas were deleted from the project requirements. There was no corresponding decrease in space requirements.
September 1991	Sixty percent of the project design was completed.
November 1991	Estimated date that 100-percent design will be completed with a total design cost of $500,000.
March 1992	Estimated date of construction contract bid solicitation.
May 1992	Estimated date of construction contract award.

APPENDIX B: NEW RESERVE CENTER BUILDING SPACE REQUIREMENTS

	Square Footage Requirements				
	Per Project Proposal 1/		Per Design	Per Audit 2/	
	March 1989	May 1989	Sep 1991	Oct 1991	
Assembly Hall	4,600	4,600	4,876	3,000	
Classrooms	0	0	0	0	
Medical Exam/Skills	650	645	1,558	650	
Mechanical Equipment	650	1,700	648	400	
Conference Room	600	600	413	450	
Janitor's Space	560	560	291	225	
Toilets/Showers (Male)	790	790	604	500	
Toilets/Showers (Female)	560	560	548	300	
Crew's Lounge	500	500	534	400	
Electronic Interactive Lab	0	1,500	1,461	600	3/
Active Duty Administration	8,920	6,998	7,507	3,680	4/
Unit Administration	7,100	7,100	7,129	1,600	
Recruiting	825	980	984	825	5/
Training Aids	1,580	1,460	1,683	580	
Multimedia	900	900	862	600	
Team Training	2,300	2,400	2,247	0	6/
Shops	0	0	0	0	
Locker Rooms	960	960	1,056	560	7/
Storage	1,260	900	1,027	500	8/
Garage/Flammable Storage	580	580	651	300	9/
Security Vault/Armory	18	0	0	0	
Security Group	4,175	3,795	3,779	4,175	
Subtotal (Net Functional Area)	37,528	37,528	37,858	19,345	
Walls and Partitions (5 Percent of Net Functional Area)	1,876	1,876	4,242	967	
Total Net Functional Area	39,404	39,404	42,100	20,312	
Circulation Space (22 Percent Net Functional Area)	8,669	8,669	6,622	4,256	
Total main Reserve Center building	48,073	48,073	48,722	24,568	

See footnotes on next page.

1. Total May 30, 1989, project requirements are the same as the total March 28, 1989, requirements. However, space requirements for some functional areas were altered.
2. Requirements were based on P-80 design criteria for a 200-member Reserve Center unless otherwise noted.
3. Needed to support 11 to 12 video terminals for electronic information systems.
4. P-80 criteria of 115 square feet times 32 personnel.
5. P-80 criteria of 250 square feet for the first recruiter, and 115 square feet for each of the other five recruiters.
6. No requirement for Military Sealift Command team training room.
7. P-80 criteria for 307 total Reservists assigned to the Reserve Center building, and 160 square feet for the Mobile Diving and Salvage Unit.
8. Project requirements were based on supply department storage at the main Reserve Center building. Supply department has storage space at the maintenance training facility. The 500 square feet is storage space for the Mobile Diving and Salvage Unit.
9. Project requirement for two-vehicle garage. The maintenance training facility has a 2,100-square-foot garage. We computed that 300 square feet is more than adequate to support lawn equipment and supplies.

APPENDIX C: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation Reference	Description Of Benefit	Amount and/or Type of Benefit
1.	Economy and Efficiency. Cancellation of the construction project will result in funds put to better use.	Amount of FY 1992 military construction funds put to better use is to be determined. The amount is dependent upon actions to be completed on Recommendations 2. and 3.
2.	Economy and Efficiency. Requires performing engineering evaluations of the existing Great Lakes Reserve Center.	Nonmonetary
3.	Economy and Efficiency. Requires performing an economic analysis that considers the existing Great Lakes Reserve Center in meeting requirements.	Nonmonetary

APPENDIX D: ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Assistant Secretary of Defense (Reserve Affairs), Washington, DC

Department of the Navy

Director of Naval Reserve, Washington, DC
Naval Facilities Engineering Command, Alexandria, VA
Naval Facilities Engineering Command, Northern Division, Philadelphia, PA
Commander, Naval Reserve Force, New Orleans, LA
Commander, Naval Reserve Readiness Command, Region Thirteen, Great Lakes, IL
Commanding Officer, Naval Reserve Readiness Center, Great Lakes, IL

APPENDIX E: REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Force Management and Personnel)
Assistant Secretary of Defense (Production and Logistics)
Assistant Secretary of Defense (Public Affairs)
Assistant Secretary of Defense (Reserve Affairs)
Comptroller of the Department of Defense
Deputy Assistant Secretary of Defense (Installations)
Director, Joint Staff

Department of the Army

Assistant Secretary of the Army (Financial Management)
Auditor General of the Army

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Auditor General of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General of the Air Force

Other Defense Activities

Defense Base Closure Commission
Defense Logistics Studies Information Exchange
Inspector General, Defense Intelligence Agency
Inspector General, National Security Agency

Non-DoD Federal Organizations

Office of Management and Budget
U.S. General Accounting Office, NSIAD Technical Information Center

Congressional Committees

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services

Congressional Committees (cont'd)

Senate Subcommittee on Manpower and Personnel, Committee on Armed Services
Senate Subcommittee on Readiness, Sustainability, and Support, Committee on Armed Services
Senate Committee on Budget
Senate Committee on Governmental Affairs
Senate Subcommittee on Oversight of Government Management, Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Committee on Armed Services
House Subcommittee on Military Installations and Facilities, Committee on Armed Services
House Subcommittee on Military Personnel and Compensation, Committee on Armed Services
House Subcommittee on Readiness, Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

PART IV - MANAGEMENT COMMENTS

Department of the Navy

Department of the Navy Comments

Final Report Reference

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON D C 20350 1000

8 APR 1992

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE, ASSISTANT INSPECTOR GENERAL FOR AUDITING

Subj: DRAFT AUDIT REPORT ON CONSTRUCTION OF THE NAVAL RESERVE READINESS CENTER AT GREAT LAKES, ILLINOIS (PROJECT NO. 1RB-0029.02) - ACTION MEMORANDUM

Ref: (a) DODIG memo of 4 Feb 92

Encl: (1) DON Response to Draft Audit Report

I am responding to the draft audit report forwarded by reference (a) concerning the construction of a new Naval Reserve Readiness Center at Great Lakes, Illinois.

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We generally agree with the findings and recommendations contained in the draft report. Regarding the Summary of Potential Benefits Resulting from Audit contained on page 27 of the report, we concur that monetary savings would be realized if project P-30 were not constructed, but do not concur with the amount of savings reflected. The estimated value of the planned project is $6.3 million. It is misleading to say that this amount would be saved without also stating that costs would be incurred if the new facility, as planned, were not built. Continued expenditures of O&MNR funds will be required to maintain the existing aged facility, or additional funds would be required to plan, design, and execute an alternative project that would satisfy the final revised facilities requirements. Specific Department of the Navy responses to each recommendation, as well as planned corrective actions are provided in enclosure (1).

Barbara S Pope

BARBARA SPYRIDON POPE
Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

Copy to:
ASN (IE)
NAVINSGEN
NAVCOMPT (NCB-53)
CNO (OP-095)
NAVFAC (Code 09)

Department of the Navy Response

to

DODIG Draft Report of February 4, 1992

on

Construction of the Naval Reserve Readiness Center at Great Lakes, Illinois
Project No. 1RB-0029.02

Findings:

Documentation supporting the construction of a new Naval Reserve Readiness Center at Great Lakes, Illinois was not accurate or current and did not include consideration of other alternatives. Square footage requirements were overstated and the economic analysis of the project was not updated to reflect major reductions in assigned missions. As a result, the proposed construction of the new building was not necessary to accomplish training objectives and achieve mission readiness.

Recommendation 1:

Cancel Naval Reserve Readiness Center building construction project P-030.

DON Position:

Concur in principle. Project P-030 should be rescoped and the funding appropriated used to execute a project that meets the requirements supported by a revised economic analysis and by the current and future needs of the Naval Reserve. These needs are currently being examined by a recently established planning board. Estimated completion date is 31 July 1992.

Recommendation 2:

Request the Naval Facilities Engineering Command perform an engineering evaluation of the existing main building at the Great Lakes Reserve Center in accordance with Naval Facilities Engineering Command Instruction (NAVFACINST) 11010.44E, "Shore Facilities Planning Manual," October 1, 1990.

DON Position:

Concur. Commanding Officer, Northern Division, Naval Facilities Engineering Command (NORTHNAVFACENGCOM) will be tasked to perform an engineering evaluation of the existing main building as a part of a request for a revised economic analysis. Estimated completion date is 31 July 1992.

Recommendation 3:

Request the Public Works Center at Great Lakes, Illinois to update the economic analysis to consider the use of the existing main Reserve Center building to meet requirements, in conformance with the Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," October 1, 1990.

DON Position:

Concur. NORTHNAVFACENGCOM will be tasked to update the economic analysis of the Naval Reserve Readiness Center, Great Lakes, Illinois. Estimated completion date is 31 July 1992.

AUDIT TEAM MEMBERS

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