DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE REALIGNMENT OF
MARCH AIR FORCE BASE, RIVERSIDE, CALIFORNIA

Report No. 96-137

May 31, 1996

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Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFB</td>
<td>Air Force Base</td>
</tr>
<tr>
<td>BRAC</td>
<td>Base Realignment and Closure</td>
</tr>
<tr>
<td>MILCON</td>
<td>Military Construction</td>
</tr>
<tr>
<td>SIOH</td>
<td>Supervision, Inspection, and Overhead</td>
</tr>
</tbody>
</table>
May 31, 1996

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for   
the Realignment of March Air Force Base, Riverside, California  
(Report No. 96-137)

We are providing this audit report for information and use. This report is one  
in a series of reports about FY 1997 Defense base realignment and closure military  
construction costs. Management comments on a draft of this report were considered in  
preparing the final report.

As a result of Air Force comments, we revised Recommendation 2.b.  
Comments on a draft of this report conformed to the requirements of DoD Directive 7650.3  
and left no unresolved issues. No additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions on the  
audit should be directed to Mr. Garold E. Stephenson, Audit Program Director, at  
(703) 604-9332 (DSN 664-9332) or Mr. John M. Gregor, Audit Project Manager, at  
(703) 604-9219 (DSN 664-9219). See Appendix F for the report distribution. The  
audit team members are listed inside the back cover.

[Signature]
David K. Steensma  
Deputy Assistant Inspector General  
for Auditing
Office of the Inspector General, DoD

Report No. 96-137
(Project No. 6CG-5001.27)

May 31, 1996

Defense Base Realignment and Closure Budget Data for the
Realignment of March Air Force Base, Riverside, California

Executive Summary

Introduction. This report is one in a series of reports about FY 1997 Defense base
realignment and closure military construction costs. Public Law 102-190, "National
directs the Secretary of Defense to ensure that the amount of the authorization that DoD
requested for each military construction project associated with Defense base
realignment and closure does not exceed the original estimated cost provided to the
Commission on Defense Base Closure and Realignment (the Commission). If the
requested budget amounts exceed the original project cost estimates provided to the
Commission, the Secretary of Defense is required to explain to Congress the reasons
for the differences. The Office of the Inspector General, DoD, is required to review
each Defense base realignment and closure military construction project for which a
significant difference exists from the original cost estimate and to provide the results of
the review to the congressional Defense committees. Our audits include all projects at
locations where total projects were valued at more than $1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of
Defense base realignment and closure military construction budget data. This report
provides the results of the audit of two projects, valued at $1.75 million, for the
realignment of March Air Force Base, Riverside, California.

Audit Results. The Air Force overestimated the requirements for projects
PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," and
PCZP959006, "Alterations to Supply Administration and Communications." As a
result, the Air Force overstated project costs by $160,000.

See Part I for a discussion of the audit results. See Appendix D for a summary of
invalid and partially valid requirements for the projects we reviewed.

Summary of Recommendations. We recommend that the Under Secretary of Defense
(Comptroller) place the two projects on administrative withhold until management
submits a revised DD Form 1391 for each project. We also recommend that the
Commander, Headquarters, Air Force Reserve, Warner Robins, Georgia, reduce
budget estimates by $160,000 and submit a revised DD Form 1391 to reflect valid
Defense base realignment and closure requirements and costs for each project.
Management Comments. The Under Secretary of Defense (Comptroller) agreed with the recommendations and will place the funds associated with the two projects at issue on administrative withhold pending resolution and reprogram funds to other Defense base realignment and closure requirements. The Assistant Secretary of the Air Force (Financial Management and Comptroller) concurred with the recommendations and submitted revised DD Forms 1391 for projects PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," and PCZP959006, "Alterations to Supply Administration and Communications," that reflect budget estimates based on actual contract amounts. See Part I for a summary of management comments, and see Part III for the complete text of management comments.

Audit Response. As a result of the Air Force comments, we revised report Recommendation 2.b. to reduce budget estimates for the two projects. The amount of the reduction is $160,000, a decrease of $189,000 from the amount originally identified in the draft report. Management comments are considered responsive to the recommendations and no additional comments are needed. We have written a separate memorandum requesting the Under Secretary of Defense (Comptroller) to release funds for the basic projects and to reprogram $160,000 for other Defense base realignment and closure requirements.
# Table of Contents

## Executive Summary

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>i</td>
</tr>
</tbody>
</table>

## Part I - Audit Results

- Audit Background
- Audit Objectives
- Validity of Project Cost Estimates

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Background</td>
<td>2</td>
</tr>
<tr>
<td>Audit Objectives</td>
<td>2</td>
</tr>
<tr>
<td>Validity of Project Cost Estimates</td>
<td>3</td>
</tr>
</tbody>
</table>

## Part II - Additional Information

- Appendix A. Scope and Methodology
- Appendix B. Summary of Prior Audits and Other Reviews
- Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs
- Appendix D. Projects Identified as Invalid or Partially Valid
- Appendix E. Organizations Visited or Contacted
- Appendix F. Report Distribution

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A. Scope and Methodology</td>
<td>10</td>
</tr>
<tr>
<td>Appendix B. Summary of Prior Audits and Other Reviews</td>
<td>11</td>
</tr>
<tr>
<td>Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs</td>
<td>13</td>
</tr>
<tr>
<td>Appendix D. Projects Identified as Invalid or Partially Valid</td>
<td>15</td>
</tr>
<tr>
<td>Appendix E. Organizations Visited or Contacted</td>
<td>16</td>
</tr>
<tr>
<td>Appendix F. Report Distribution</td>
<td>17</td>
</tr>
</tbody>
</table>

## Part III - Management Comments

- Under Secretary of Defense (Comptroller) Comments
- Department of the Air Force Comments

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Secretary of Defense (Comptroller) Comments</td>
<td>20</td>
</tr>
<tr>
<td>Department of the Air Force Comments</td>
<td>21</td>
</tr>
</tbody>
</table>
Part I - Audit Results
Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid and partially valid requirements for the project we reviewed.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

This report provides the results of the audit of two projects, valued at $1.75 million, for the realignment of March Air Force Base (AFB), Riverside, California. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data. The following table describes the projects that this audit reviewed.

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Location</th>
<th>Description</th>
<th>DD Form 1391 Amount (millions)</th>
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<tr>
<td>PCZP959004</td>
<td>March AFB</td>
<td>Isolate Utilities and Construct Perimeter Security Fence</td>
<td>$1.35</td>
</tr>
<tr>
<td>PCZP959006</td>
<td>March AFB</td>
<td>Alterations to Supply Administration and Communications</td>
<td>0.40</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$1.75</td>
</tr>
</tbody>
</table>
Validity of Project Cost Estimates

The Air Force overestimated the requirements for projects PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," and PCZP959006, "Alterations to Supply Administration and Communications." The Air Force overestimated the requirements because it could not support the reported requirements and it included part of a requirement in another construction project. As a result, the Air Force overstated project costs by $160,000.

Realignment

The 1993 Commission on Defense Base Closure and Realignment recommended realignment of March AFB from an active to a reserve base. As a result of the realignment, March AFB will excess about 5,000 acres of land and accompanying buildings to the local community for reuse. The two projects are required for the smaller cantonment area for the Air Force Reserve and other DoD tenant organizations.

The purpose of project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," valued at $1.35 million, was to isolate utilities in the retained areas and to establish a perimeter security fence and main gate. March AFB originally estimated that the project would cost about $2.25 million. In October 1995, Headquarters, Air Force Reserve, revised the cost estimate to $1.35 million because of reductions in requirements.

The Air Force working estimate for the perimeter security fence consisted of the construction of perimeter fences around the new cantonment area and several areas outside the cantonment area (the communications building, buildings 2640 and 2641, the small arms range, and an antenna farm), a gate on Riverside Avenue, a west gate, a west gate detour, and a change to Baucom Avenue. The current working estimate, totaling $1.259 million, was a 90-percent design cost estimate.

In January 1996, the Army Corps of Engineers opened bids for construction of the gates, the change to Baucom Avenue, and the fence around the antenna farm. The low bid including administrative costs for that part of the work was $593,000. The Air Force planned to award its own contract for the remainder of the fence construction, which was estimated at $681,000.
Project PCZP959004

Perimeter Security Fence Requirements. The Air Force overestimated the perimeter fence requirements because it could not support the fence requirements for the communications building and the small arms range, valued at $52,000.

Communications Building. Building 2620 housed the base telephone switch and message center. March AFB had a requirement for a fence around the communications building because the building was located outside the new cantonment area and processed classified messages. However, the Air Force decided to exceed the building to the local community after the Air Force contracted for the operation and maintenance of the telephone switch for the base. The message center was moved to another building located inside the new cantonment area. As a result, a requirement for a fence was no longer valid. The estimated cost of the communications fence was $28,000.

Small Arms Range. We observed that the small arms range facility had an existing fence. March AFB personnel stated that the existing fence was adequate. Therefore, a requirement for a fence was not valid. The estimated cost of the arms range fence was $24,000.

Isolation of Utilities and Metering. The Air Force personnel could not provide any supporting documentation to validate the cost of isolation of utilities and metering. The DD Form 1391 erroneously showed the estimated cost of that portion of the project to be $1,116,000. The DD Form 1391 should have showed $96,000, which was the amount shown on the DD Form 1391 for construction of the perimeter fence. Air Force personnel stated that the amounts were apparently reversed by mistake on the DD Form 1391. The Air Force could not support the $96,000 for isolation of utilities and metering because the Air Force and the local community have not determined what changes are needed in the utilities and metering system.

Contingency Factor and Supervision, Inspection, and Overhead Cost. The DD Form 1391 identified estimates of $61,000 for a 5-percent contingency and $76,000 for supervision, inspection, and overhead (SIOH) costs. A contingency factor of 5 percent is included on the DD Form 1391 for MILCON projects involving new construction. The contingency amount was overstated by $7,000 because of the invalid fencing requirements and the unsupported requirement for isolation of utilities and metering. The SIOH cost represented the 6-percent fee that the U.S. Army Corps of Engineers charged for administering the fence project. However, the DD Form 1391 should reflect only the SIOH cost associated with the U.S. Army Corps of Engineers' contract. The estimated SIOH cost for the Army Corps of Engineers' contract is $30,000. The estimated cost for SIOH on the DD Form 1391 was overstated by $46,000.

Revised Cost Estimate. During the audit, the project cost of the perimeter security fence increased by $64,000. The project cost increased from the
$1,116,000 reported in the original DD Form 1391 to $1,180,000 to reflect actual contract bid amounts. Contingency and SIOH costs added another $7,000 to the project estimate.

**Revised Project Data Needed.** The Air Force should submit a revised DD Form 1391 that reduces the scope of the project from about $1.35 million to about $1.2 million for the construction of a perimeter security fence. The following table describes the revised project cost estimate based on the deletion of the invalid or unsupported requirements and the cost increases based on actual bid cost data.

<table>
<thead>
<tr>
<th>Table 2. Cost Estimate for Perimeter Security Fence Construction Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Estimate</strong></td>
</tr>
<tr>
<td>Perimeter security fence</td>
</tr>
<tr>
<td>Isolation of utilities and metering</td>
</tr>
<tr>
<td>Contingency (5 percent)</td>
</tr>
<tr>
<td>SIOH</td>
</tr>
<tr>
<td><strong>Original DD Form 1391</strong></td>
</tr>
<tr>
<td>Less: Invalid Requirements</td>
</tr>
<tr>
<td>Plus: Bid Cost Increase</td>
</tr>
<tr>
<td><strong>Revised DD Form 1391</strong></td>
</tr>
<tr>
<td>Rounded</td>
</tr>
<tr>
<td><strong>Overstated Cost</strong></td>
</tr>
</tbody>
</table>

*The Air Force rounded to the nearest hundred thousand.

**Project PCZP959006**

The Air Force overestimated requirements for the supply administration and communications project, valued at $400,000. The cost estimate for the project consisted of $216,000 for alterations to the supply administration building, $126,000 for alterations for the base message center, $34,000 for a 10-percent contingency, and about $23,000 for SIOH. A contingency factor of 10 percent is included on the DD Form 1391 for MILCON projects involving alterations.

**Supply Administration Building.** The alterations to the supply administration building were necessary to house the travel management office and to
consolidate logistics functions for the 452nd Air Mobility Wing, Air National Guard, and other tenant organizations at the realigned base. During the audit, the project cost for the alterations increased by $102,000 from $216,000 to $318,000. We determined that the alterations to the supply administration building were valid and adequately supported.

**Base Message Center.** The Air Force overestimated project requirements because it included part of a requirement in another construction project. Building 2404, which is inside the new cantonment area, required certain alterations to house the base message center. Headquarters, Air Force Reserve, included $80,000 for the alterations in project PCZP970008, "Alterations to Communications Facility," because the alterations had to be completed by April 1, 1996; however, the Air Force did not delete the requirement from project PCZP959006. As of February 1996, work on the alterations to building 2404 for the message center was underway. Therefore, the cost estimate of $126,000 for the alterations in project PCZP959006 was not valid and should be deleted.

**Revised Project Data.** The Air Force overstated project costs by $30,000. The Air Force should submit a revised DD Form 1391 that decreases the scope of the project from about $400,000 to $370,000 for alterations to the supply administration building. The following table describes the revised project cost estimate based on deletions of the invalid requirements and the cost estimate based on actual bid cost data.

| Table 3. Cost Estimate for Alterations to the Supply Administration Building |
|---------------------------|-----------------|-----------------|-----------------|
|                          | Cost Estimate   | Invalid Requirements | Change Based on Actual Bid Cost |
|                          | (thousands)     | (thousands)         | (thousands)     |
| Supply administration building | $216           | $0               | $102            |
| Base message center       | 126             | 126              | 0               |
| Contingency (10 percent)  | 34              | 12               | 10              |
| SIOH                      | 23              | 9                | 6               |
| Original DD Form 1391     | $399            | $147             | $118            |
| Less: Invalid Requirements| (147)           |                  |                 |
|                           | 252             |                  |                 |
| Plus: Bid Cost Increase   | 118             |                  |                 |
| Revised DD Form 1391      | 370             |                  |                 |
| Overstated Cost           | $30*            |                  |                 |

*Rounded.*
Validity of Project Cost Estimates

Recommendations, Management Comments, and Audit Response

Revised Finding and Recommendation. In response to the draft of this report, the Air Force prepared revised DD Forms 1391 that reduced the budget estimates for project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," by $130,000 and project PCZP959006, "Alterations to Supply Administration and Communications," by $30,000. The revised DD Forms 1391 deleted the unsupported requirements as recommended in the draft report and adjusted the project costs to reflect actual contract bid amounts. As a result of Air Force comments, we revised the finding and Recommendation 2.b to reflect budget estimates that were revised based on actual construction contract amounts.

1. We recommend that the Under Secretary of Defense (Comptroller) place project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," and project PCZP959006, "Alterations to Supply Administration and Communications," on administrative withhold, until management submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," for each project to accurately reflect requirements and costs.

Management Comments. The Under Secretary of Defense (Comptroller) generally agreed with the audit findings and recommendations and will place the funds associated with the two projects at issue on administrative withhold pending resolution. The Under Secretary stated that savings resulting from the audit will be reprogrammed to other Defense base realignment and closure requirements as appropriate.

2. We recommend that the Commander, Headquarters, Air Force Reserve:

   a. Submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," and project PCZP959006, "Alterations to Supply Administration and Communications," that reflects valid Defense base realignment and closure requirements and costs, and

   b. Correspondingly reduce budget estimates for project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," by $130,000 and project PCZP959006, "Alterations to Supply Administration and Communications," by $30,000.

Management Comments. The Assistant Secretary of the Air Force (Financial Management and Comptroller) concurred with the recommendations and submitted revised DD Forms 1391 based on actual construction contract amounts.
Audit Response. Based on management comments, we revised the recommended reductions in the budget estimates for projects PCZP959004 and PCZP959006 to be $130,000 and $30,000, respectively. The management comments are considered responsive to the revised recommendations and no additional comments are required. We have written a separate memorandum requesting the Under Secretary of Defense (Comptroller) to release funds for the basic projects and to reprogram $160,000 for other Defense base realignment and closure requirements.
Part II - Additional Information
Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request and supporting documentation for the construction of a perimeter security fence and isolation of utilities at March Air Force Base, Riverside, California. Project PCZP959004, "Isolate Utilities and Construct Perimeter Security Fence," was estimated to cost $1.35 million. We also examined the FY 1997 BRAC MILCON budget request and supporting documentation for alterations to supply administration and communications buildings at March Air Force Base, Riverside, California. Project PCZP959006, "Alterations to Supply Administration and Communications," was estimated to cost $400,000.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from February through April 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix E lists the organizations visited or contacted during the audit.
Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Report Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>96-131</td>
<td>Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard</td>
<td>May 28, 1996</td>
</tr>
<tr>
<td>96-127</td>
<td>Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York</td>
<td>May 23, 1996</td>
</tr>
<tr>
<td>96-126</td>
<td>Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio</td>
<td>May 21, 1996</td>
</tr>
<tr>
<td>96-119</td>
<td>Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin</td>
<td>May 14, 1996</td>
</tr>
</tbody>
</table>
## Appendix B. Summary of Prior Audits and Other Reviews

### Inspector General, DoD (cont'd)

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Report Title</th>
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</tr>
</thead>
<tbody>
<tr>
<td>96-118</td>
<td>Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina</td>
<td>May 13, 1996</td>
</tr>
<tr>
<td>96-116</td>
<td>Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah</td>
<td>May 10, 1996</td>
</tr>
<tr>
<td>96-112</td>
<td>Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida</td>
<td>May 7, 1996</td>
</tr>
<tr>
<td>96-104</td>
<td>Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island</td>
<td>April 26, 1996</td>
</tr>
<tr>
<td>96-101</td>
<td>Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington</td>
<td>April 26, 1996</td>
</tr>
</tbody>
</table>
Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON
Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON $820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least $1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.
Appendix D. Projects Identified as Invalid or Partially Valid

Table D-1. Causes of Invalid or Partially Valid Projects

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Project Number</th>
<th>Causes of Invalid Projects</th>
<th>Causes of Partially Valid Projects</th>
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</thead>
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<tr>
<td>March AFB</td>
<td>PCZP959004</td>
<td>Overstated</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>PCZP959006</td>
<td>Unsupported</td>
<td>X</td>
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Table D-2. Recommended Changes in Project Estimates

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<th>Project Location</th>
<th>Project Number</th>
<th>Amount of Estimate on DD Form 1391 (thousands)</th>
<th>Recommended Amount of Change Invalid Projects (thousands)</th>
<th>Partially Valid Projects (thousands)</th>
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<td>$160</td>
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Total Invalid and Partially Valid Projects $160
Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense
Under Secretary of Defense (Comptroller), Washington, DC

Department of the Army
U.S. Army Corps of Engineers, March Air Force Base, Riverside, CA

Department of the Air Force
Air Combat Command, Langley Air Force Base, VA
Air Force Base Conversion Agency Command, Arlington, VA
    Air Force Base Conversion Agency, March Air Force Base, Riverside, CA
Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division, Washington, DC
Headquarters, Air Force Reserve, Warner Robins, GA
March Air Force Base, Riverside, CA
Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
  Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
  Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
  Commander, Headquarters, Air Force Reserve
  Commander, March Air Force Base
Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division
  Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency
Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Barbara Boxer, U.S. Senate
Honorable Dianne Feinstein, U.S. Senate
Honorable Sonny Bono, U.S. House of Representatives
Part III - Management Comments
MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Quick-Response Report on Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California (Project No. 6CG-5001.27)

This responds to your April 19, 1996, memorandum requesting our comments on the subject report.

The audit states that the Air Force overstated the space requirements and costs for projects PCZP95004, "Isolate Utilities and Construct Perimeter Security Fence," and PCZP95006, "Alterations to Supply Administration and Communications." The audit contends that the Air Force could not support the requirements in the DD 1391 form and included part of a requirement in another construction project.

This audit recommends that the USD(Comptroller) place the two projects on administrative withhold until the Air Force submits revised DD 1391 forms that accurately reflect requirements and costs.

We generally agree with the audit findings and recommendations and will place the funds associated with the two projects at issue on administrative withhold pending resolution. Further, any savings resulting from the audit will be reprogrammed to other Base Realignment and Closure requirements as appropriate.

B. R. Paseur
Director for Construction
MEMORANDUM FOR The Assistant Inspector General for Auditing  
Office of the Inspector General  
Department of Defense

FROM: SAF/MIIIT  
1660 Air Force Pentagon  
Washington, DC 20330-1660

SUBJECT: Quick Reaction Report on Defense Base Realignment and Closure Budget Data for the Realignment of March AFB, California, April 19, 1996 (6CG-5001.27)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) provide Air Force comments on subject report.

Your report recommends that the BRAC MILCON project for a perimeter security fence (PCZP-959004) be reduced by deleting the fence around the old Communications facility (2620) and the small arms range. It also recommended that the utility isolation portion of this project be deleted. Your second recommendation was to delete the proposed message center alteration from BRAC MILCON project "Alter Supply Administration" (PCZP-959006). You requested revised DD Forms 1391's reflecting the above actions.

We CONCUR. The referenced fence and utility items have already been deleted and actual Contract bids received. The actual costs with Corps of Engineers normal "mark-ups" are $592,744 for the Corps and $681,000.00 for the Reserves. The message center has been deleted from the supply project and actual contract price is $370,645.00. Funding should not be placed on withhold as revised DD Form 1391's are attached and actual construction contract amounts are now available. Our POC is Mr. Lester R. Schauer, DSN: 227-6559.

Michael D. Callaghan, Col, USAF  
Chief, Base Transition Division

Attachment:  
DD 1391 (2 ea)

c:
SAF/FMBIC  
SAF/MII  
AFRES/XP/CE/REX

*The attachment referred to in the Air Force comments was replaced by a more current DD Form 1391. This report includes the revised form on page 24.
1. COMPONENT

FY 1996 MILITARY CONSTRUCTION PROJECT DATA

2. DATE

3. INSTALLATION AND LOCATION

MARCH AIR FORCE BASE, CALIFORNIA

4. PROJECT TITLE

BASE CLOSURE-ALTER SUPPLY ADMIN

5. PROGRAM ELEMENT

55396F

6. CATEGORY CODE

420-000

7. PROJECT NUMBER

PC1P959006

8. PROJECT COST ($000)

370

9. COST ESTIMATES

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<th>UNIT COST</th>
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<td>TOTAL REQUEST (ROUNDED)</td>
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</table>

10. Description of Proposed Construction:

Alter facilities to meet new requirements. Includes all necessary modifications to utilities and necessary support.

11. REQUIREMENT:

PROJECT: Alter facilities for Supply Administration, Travel Management Office (TMO).

REQUIREMENT: Realignment of March AFB, CA. Adequately and appropriately altered space is required to consolidate logistics functions for the 452nd Air Mobility Wing (AM), Air National Guard, and tenants. Upon realignment of March AFB the Air Force Reserve will consolidate into a cantonment area. There are facilities within the cantonment area that can be altered to meet the requirements of this project.

IMPACT IF NOT PROVIDED: Without the alterations provided by this project, the 452nd AM will not be able to properly sustain their mission at March AFB.

ADDITIONAL: Funding is to be provided by the Base Closure Account. There is no scope/criteria for this project in Part II of the Military Handbook 1190, "Facility Planning and Design Guide".
MEMORANDUM FOR The Assistant Inspector General for Auditing
Office of the Inspector General
Department of Defense

FROM: SAF/MIIT
1660 Air Force Pentagon
Washington, DC 20330-1660

SUBJECT: Quick Reaction Report on Defense Base Realignment and Closure Budget Data for the Realignment of March AFB, California, April 19, 1996 (6CG-5001.27)

This is in reply to telecon between your Ms. Vonna Swigart and our Mr. Schauer on the subject report.

A revised document for PCZP959004, Perimeter Security Fence is attached, verifying the "break out" of costs for the corps of Engineers portion and base portion. SIOH costs will not be provided for the base portion of the MILCON.

Lester R. Schauer
Chief, BRAC MILCON

Attachment:
DD 1391

cc:
AFRES/XP/CE/REX
1. COMPONENT | FY 1996 MILITARY CONSTRUCTION PROJECT DATA (computer generated) | 2. DATE
2. USAFR | | |
3. INSTALLATION AND LOCATION | BASE CLOSURE-PERIMETER SECURITY FENCE | 7. PROJECT NUMBER
4. MARCH AIR FORCE BASE, CALIFORNIA | | PCIP959004
5. PROGRAM ELEMENT | 6. CATEGORY CODE | 8. PROJECT COST($000)
6. 800-100 | | 1,200
9. COST ESTIMATES

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10. Description of Proposed Construction: Construct a new perimeter fence to serve the Air Force Reserve cantonment area.

11. REQUIREMENTS: As required.
   REQUIREMENT: Construct perimeter security fence/gatehouse.
   REQUIREMENT: Realignment of March AFB, CA. A perimeter security fence is required to contain and protect the cantonment area.
   CURRENT SITUATION: Upon realignment of March AFB, the Air Force Reserve will consolidate into a cantonment area. The existing base perimeter is much larger than the proposed cantonment, which makes a new perimeter essential.
   IMPACT IF NOT PROVIDED: Without the security fencing provided by this project, the Reserves will not be able to properly secure and sustain their mission at March AFB.
   ADDITIONAL: Funding is to be provided by the Base Closure Account. There is no scope/criteria for this project in Part II of the Military Handbook 1190, "Facility Planning and Design Guide". The work will be accomplished thru a Corps of Engineers line item at $593K and thru a Base contracting line item at $629K.
Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
Garold E. Stephenson
John M. Gregor
Stephanie J. Waker
Vonna D. Swigart
Noelle G. Blank
INTERNET DOCUMENT INFORMATION FORM

A. Report Title: Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California

B. DATE Report Downloaded From the Internet: 12/01/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
   Inspector General, Department of Defense
   400 Army Navy Drive (Room 801)
   Arlington, VA  22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
   DTIC-OCA, Initials: __VM__ Preparation Date 12/01/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.