

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

SELECTION OF AN AIRPORT TO SUPPORT
THE NATIONAL TRAINING CENTER,
FORT IRWIN, CALIFORNIA

Report No. 96-182

June 28, 1996

Department of Defense

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Acronyms

AFB
NTC
SCIA

Air Force Base
National Training Center
Southern California International Airport



INSPECTOR GENERAL
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June 28, 1996

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
PRINCIPAL ASSISTANT DEPUTY UNDER SECRETARY
OF DEFENSE (INDUSTRIAL AFFAIRS AND
INSTALLATIONS)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit of Selection of an Airport to Support the National Training Center,
Fort Irwin, California (Report No. 96-182)

Introduction

We are providing this report for information and use. The audit was requested by the Office of the Deputy Assistant Secretary of Defense (Installations)* and also included concerns raised by Representative Jerry Lewis, 40th District, State of California, U.S. House of Representatives. The Army prepared various alternative studies (the Studies) to assist in the selection of a site for an airport for the use of the National Training Center (NTC), Fort Irwin, California. This report provides the results of our audit of the Studies. See Enclosure 1 for a discussion of the audit scope and methodology and the management control program review.

To support NTC training requirements, NTC needs an airport for aircraft carrying arriving and departing troops. Starting in 1982, NTC used Norton Air Force Base (AFB), San Bernardino, California, to support the NTC airport requirement. However, because of the 1988 Defense Base Closure and Realignment Act, use of Norton AFB was discontinued in December 1992. To provide continued support, the Air Force investigated options for the Army to relocate the NTC airport. In July 1990, 12 airports met the minimum aircraft and ramp requirements. Edwards AFB, California; Barstow-Daggett Airport, Daggett, California; and Southern California International Airport (SCIA), Victorville, California (formerly George AFB), were among the alternatives that the Air Force and the Army selected. Those three airports became the final alternatives that the Army evaluated.

Audit Results

The methodology that the Army used to evaluate alternatives was reasonable, but the cost and operational assumptions that the Army used to prepare the

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Studies were questionable. The August 1995 Study underestimated construction cost estimates for Barstow-Daggett Airport by at least \$30.4 million and overstated land costs by \$23.7 million.

We also found that:

- Barstow-Daggett Airport cannot meet the operational and training requirements for NTC without an initial capital outlay of at least \$62.4 million for land purchase, construction, and environmental cleanup.
- SCIA lease and logistical costs exceed those of Edwards AFB.
- Edwards AFB best meets the needs of the operational and training requirements for the NTC. Edwards AFB offers the benefits of joint training that the other alternatives could not match.

Audit Objectives

The National Defense Authorization Act for FY 1996 contains language requiring the Secretary of Defense to certify that the Barstow-Daggett Airport best meets the operational and training requirements of NTC. Therefore, the primary audit objective was to validate for adequacy and reasonableness the August 1995 Study of three sites proposed to support the airport needs of NTC. Additionally, we addressed concerns that Representative Lewis raised on highway safety, mission incompatibility, changes in costs from previous studies performed by the Army, and requirement changes from a minimum airport operation to a complete airport operation.

Audit Background

NTC Training Mission. The mission of NTC is to provide realistic joint and combined armed training focused on developing soldiers, leaders, and units for success on the battlefields. Army units from all over the continental United States travel to Fort Irwin each year. Each of 12 training rotations brings in approximately 5,000 troops who represent the major combat elements of a United States Army brigade. Support of the NTC training mission requires the airlift of the brigade-sized units, and certain portions of their equipment, from and back to their home stations.

Former Airport Support. The Army trains about 60,000 troops per year at the NTC. Formerly, the Army used the airport at Norton AFB for arriving and departing troops, until the base was scheduled to close in 1992 because of the 1988 Defense Base Closure and Realignment Act. Starting in 1993, the Army used McCarran International Airport, Las Vegas, Nevada. The Army discontinued use of the McCarran airport in February 1995 when a closer alternative, Edwards AFB, became available.

Congressional Legislation. Public Law 104-32, "Military Construction Appropriations Act, 1996," October 3, 1995, required that the Army discontinue the use of Edwards AFB. The National Defense Authorization Act

for FY 1995 authorized \$10 million for phase I of the Barstow-Daggett expansion project. The National Defense Authorization Act for FY 1996 authorized \$10 million for phase II of the Barstow-Daggett expansion project, contingent upon the Secretary of Defense certification that the Barstow-Daggett Airport best meets the operational and training requirements of NTC.

Congress also instructed that NTC establish a temporary airport for NTC at SCIA, on the site of the former George AFB, which was closed by the 1988 Defense Base Closure and Realignment Act in December 1992. The Defense appropriation bills of FYs 1994 and 1995 provided a total of \$5 million explicitly for a short-term lease for the SCIA. As of April 15, 1996, NTC discontinued use of Edwards AFB, and NTC is using SCIA for the airport support requirements for the NTC troop rotations.

House Defense Authorization Bill for FY 1997, H.R. 3220, section 2105, May 15, 1996, corrects the authorized uses of \$20 million appropriated during FY 1995 and 1996 for construction of an airfield at Barstow-Daggett, California. The Secretary of the Army may use the \$20 million for the construction of a heliport in lieu of the airfield at the same location. House Defense Authorization Bill for FY 1997, H.R. 3517, "Appropriations for FY 1997 Military Construction," House Report 104-591, May 23, 1996, recommends \$7 million to complete funding of a heliport for the National Training Center, Fort Irwin, California, to be located at Barstow-Daggett, California. The Senate has not completed action on H.R. 3230 or H.R. 3517.

Discussion

Search for the NTC Airport. DoD Directive 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, requires continued surveillance of existing facilities that can be jointly used, converted, or altered to satisfy new requirements or acquired and adapted to military use at minimum cost. Norton AFB was scheduled to be closed by the 1988 Defense Base Closure and Realignment Act. As a result, NTC prepared the Studies to assist in the selection of a permanent site for an airport.

March 1991 Study. The NTC, with the U.S. Army Corps of Engineers, Sacramento District, prepared a March 1991 Study. However, the March 1991 Study excluded Edwards AFB as an option and included seven airport alternatives. The results of the March 1991 Study concluded that Barstow-Daggett Airport was the best alternative for noneconomic reasons.

The NTC submitted the March 1991 Study to the Department of Army. The Army returned the March 1991 Study to NTC for extensive rework because of legal requirements, Army guidance, and additional information obtained after NTC completed the March 1991 Study. Documentation supporting the March 1991 Study was not available at the NTC.

October 1993 Study. An October 1993 Study evaluated four airports but eliminated Edwards AFB as an alternative because of mission incompatibility. However, the Army and the Air Force could not provide documentation that Edwards AFB was not a viable alternative for the NTC

airport. The results of the October 1993 Study concluded that the Barstow-Daggett Airport was the most economically efficient alternative. The Secretary of the Army approved the study in November 1994.

NTC Mission Changes. Lessons learned from Desert Shield/Desert Storm and changes in structure, resources, and new mission requirements caused NTC to revise training needs. The integration of light forces and special operations forces created a new requirement for an intermediate staging base. The intermediate staging base is an area required to conduct operations in preparation for deployment to Fort Irwin. The area is primarily for staging airborne and ground support operations. The NTC will use an intermediate staging base area to simulate field conditions for a maximum of 5 of the 12 training rotations per year. The NTC will now use the airport for large commercial aircraft carrying arriving and departing troops, as well as military aircraft carrying equipment. Heavy equipment is also transported via rail to Barstow Marine Logistics Base, California. The airport must have the operational capability to support 24-hour-a-day control tower operations with a runway, taxiways, and ramp space to support commercial and military aircraft. The airport must also provide for general airport support, such as fuel operations and ground support. In addition, helicopters arriving partially unassembled via military aircraft will be reassembled at the airport before deploying to NTC.

Availability of Edwards AFB. The Edwards AFB mission was reduced by 40 percent because of the 1991 Defense Base Closure and Realignment Act and C-17 and B-1 aircraft workload reductions. The availability of Edwards AFB caused the Army to reevaluate the alternatives and include Edwards AFB as an alternative for the NTC troop rotation in December 1994.

August 1995 Study. Because of the new requirement for an intermediate staging base and because of the availability of Edwards AFB, Forces Command, Department of the Army, prepared an August 1995 Study to select a site for the permanent location of the NTC airport and intermediate staging base. The August 1995 Study considered three alternative sites: Edwards AFB, SCIA, and Barstow-Daggett Airport. Table 1 reflects the August 1995 Study, which concludes that Edwards AFB is the least costly alternative, with SCIA and Barstow-Daggett as second and third, respectively.

Table 1. Cost Comparisons for NTC Airport per August 1995 Study

<u>Alternatives Compared</u>	<u>Cost*</u> <u>(millions)</u>	<u>Cost</u> <u>Alternative</u> <u>Ranking</u>
Edwards AFB	\$17.9	1
SCIA	\$72.4	2
Barstow-Daggett	\$95.1	3

*The costs represent the net present value of all evaluated life-cycle costs over a 30-year period.

Edwards AFB. The August 1995 study addressed the Edwards AFB site as a lease to the Army at a cost of \$212,000 per year. No land acquisition would be required and only minor construction costs would be incurred, should Edwards AFB be chosen as the permanent site. The Air Force supported the NTC troop rotation from its inception in 1982 until 1992, when Norton AFB closed. The NTC used McCarran International Airport, Las Vegas, Nevada, until February 1995, when Edwards AFB became available. The NTC used Edwards AFB until April 1996, when Public Law 104-32 required the Army to stop using Edwards AFB and use SCIA on an interim basis until Barstow-Daggett Airport was constructed.

Southern California International Airport. The SCIA is currently under the management of Victor Valley Economic Development Authority. As of April 15, 1996, NTC is using SCIA for the NTC troop rotation. SCIA is not as cost-effective as Edwards AFB. At SCIA, commercial aircraft are charged landing fees that they do not incur at Edwards AFB, and SCIA ground support and fuel costs are higher than at Edwards AFB. Further, airplane mechanics and parts are not available on site; therefore, the Army will incur higher repair costs at SCIA.

To support the NTC mission at SCIA, a lease agreement between the Army and SCIA was required. The lease agreement at SCIA (currently \$939,000 per year) exceeds the estimated lease costs between Edwards AFB and the Army (\$212,000 per year).

Barstow-Daggett Airport. The Barstow-Daggett Airport alternative assumes that the San Bernardino County government would transfer ownership to the Army at no cost. The Army would be responsible for purchasing an additional 700 acres of land needed to extend the runways. The Army would have to construct new facilities (a control tower, runways, taxiways, parking aprons, maintenance hangars, warehouses, a weather station, fire and rescue stations, aircraft and land vehicle fueling facilities, etc.) at a cost of at least \$62.4 million, to meet NTC mission requirements. The facilities are already available at Edwards AFB and SCIA.

Review of the August 1995 Study

Based on our review of the cost estimates for the Barstow-Daggett Airport alternative in the August 1995 study, land costs were overstated by \$23.7 million. Land cost is addressed later in the report as a concern of Representative Lewis. We also determined that NTC excluded at least \$30.4 million of construction costs. The net result is that the costs in the study were understated by at least \$6.7 million. Excluded construction costs were in the areas of infrastructure and environmental impact.

Infrastructure Costs. DoD Directive 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972, revised in November 7, 1995, required that life-cycle costs in an economic analysis

include all anticipated expenditures directly or indirectly associated with an alternative. The Barstow-Daggett Airport estimated construction costs did not include all infrastructure improvements.

Those infrastructure improvements, which will increase the construction costs by at least \$10.4 million for Barstow-Daggett Airport, are as follows:

- water wells/mains/storage,
- electric substation/distribution,
- gas pipe line/storage,
- sewage treatment/industrial treatment,
- complete communication system (plus back-up power),
- demolition costs,
- road replacement,
- site improvements,
- ground water monitoring system, and
- fencing and security.

Environmental Impact Costs. An Army "Environmental Baseline Study" for Barstow-Daggett Airport, November 1990, identified known landfills and the presence of hazardous materials on the site. The Army Environmental Center estimated that cleanup costs could be as much as \$20 million. The Army based the estimate on the potential that significant subsurface contamination exists. The environmental engineer's opinion is that, without substantial surface and subsurface testing to establish the magnitude of possible contamination, a credible cost estimate for the environmental cleanup at Barstow-Daggett Airport cannot be made. Edwards AFB and SCIA have no known existing environmental cleanup problems.

Congressional Concerns

During a March 11, 1996, meeting, Representative Lewis expressed concerns about highway safety on the routes from the different locations, mission incompatibility between the alternative proposed airports, fluctuations in maintenance and land cost between the different studies, and changes in requirements from a minimum airport operation to a complete airport operation.

Highway Safety. Representative Lewis was concerned that the highway between Edwards AFB and NTC (State Highway 58) might be more dangerous than the interstate between SCIA and NTC (Interstate 15).

A report that the Military Traffic Management Command prepared, "Traffic and Safety Analysis of Highway Routes for Rotational Training Exercises,

Fort Irwin, California," April 13, 1995, analyzed State Highway 58 and Interstate 15 route data. The report concludes that State Highway 58 is the preferred route for training exercises at NTC.

Table 2 shows the characteristics used to evaluate Interstate 15 and State Highway 58.

Table 2. Comparison of Interstate 15 and State Highway 58 (includes 1993, 1994, and 1995 statistics for only the sections used for NTC troop rotation)		
<u>Characteristic</u>	<u>Interstate 15</u>	<u>Highway 58</u>
Roadway type	interstate	divided highway
Miles traveled to NTC	36 miles	51 miles
Speed limit	65 mph	55 mph
Fatal accidents*	39 vehicles	10 vehicles
Total fatalities*	62	14
Injury accidents*	335 vehicles	111 vehicles
Total injuries*	706	240
Average daily traffic volumes*	38,100 vehicles	9,200 vehicles
*(1993-1995)		

The State of California, Department of Transportation, District 8, provided the data for the Military Traffic Management Command report. Based on our review and discussions, we came to the following conclusions.

- Fatalities and injuries are lower on the applicable portion of State Highway 58 than the average for its highway class in the State of California.
- The applicable portion of State Highway 58 road fatality and injury rates are lower than those of the applicable portion of Interstate 15 fatality and injury rates.
- The applicable portion of State Highway 58 traffic volumes are lighter than those of the applicable portion of Interstate 15.
- Fatalities on the applicable portion of Interstate 15 are higher than the average interstate fatalities in California.
- Accidents on the applicable portion of Highway 58 are lower than those of the applicable portion of Interstate 15.

The results show that State Highway 58 (the highway between Edwards AFB and NTC) is a safer route for transporting troops than Interstate 15 (the interstate between SCIA and NTC).

Mission Incompatibility. Representative Lewis was concerned that the mission at Edwards AFB would not accommodate NTC. However, officials at Edwards AFB stated that NTC did not experience delays, postponements, schedule changes, or conflicts during its troop rotations during the time Edwards AFB airfield was being used by NTC.

The National Aeronautics and Space Administration space shuttle occasionally uses Edwards AFB as a landing site when it cannot use the Kennedy Space Center, Florida, because of weather-related problems. Should the space shuttle require Edwards AFB for a landing, the airfield would be closed for a maximum of 6 hours for the space shuttle landing. Officials at Military Traffic Management Command stated that arriving and departing troops could be rescheduled to accommodate the landing of the space shuttle with no added operational costs. If rescheduling could not be arranged, the troop rotation could be diverted to Ontario Airport, Ontario, California.

Fluctuations in Costs. Representative Lewis was concerned that maintenance and land costs for the Barstow-Daggett alternative fluctuated among the different studies and may have been inflated in the 1995 Study. Our analysis indicated that the maintenance costs given in the August 1995 Study did not vary significantly from those in the October 1993 Study; however, land costs in the August 1995 Study were overstated.

Maintenance Cost. Representative Lewis was concerned that the maintenance costs at Barstow-Daggett Airport were inflated. The 1993 Study estimated base maintenance at \$1.848 million (net present value) for Barstow-Daggett Airport. The 1995 Study estimated base maintenance at \$1.851 million (net present value). The maintenance costs represent maintenance and repair costs and are based on a percentage of the total construction cost. The percentages represent planning factors and are appropriate when actual historical cost is not available.

Land Cost. Representative Lewis was concerned that the estimated property cost at Barstow-Daggett Airport was inflated. We confirmed that the appraisals that the Real Estate Division, U.S. Army Corps of Engineers, Los Angeles District, provided for Barstow-Daggett to the Army for the March 1991 (\$9.9 million) and August 1995 (\$26.2 million) Studies were invalid.

In November 1995, the Real Estate Division, reanalyzed the land cost for Barstow-Daggett. That more thorough analysis concluded that the total estimated cost for the land, including various contingencies such as administrative acquisition costs and relocation benefits, would be \$2.8 million. Therefore, in December 1995, Forces Command requested that new land acquisition cost for Barstow-Daggett Airport be reduced from the \$26.2 million in the August 1995 study to \$2.5 million (\$3,571 per acre, including contingencies).

Our review of current land values verified that the fair market value of \$2.5 million is not unreasonable. However, Barstow-Daggett Airport still remains the most expensive alternative, even though the land acquisition costs were reduced by \$23.7 million (\$2.5 million subtracted from \$26.2 million).

Airport Operations. Representative Lewis was concerned about why Barstow-Daggett Airport changed from a minimum airport operation to a complete airport operation. The 1993 Study addressed airport requirements but did not fully develop requirements for the facilities. The 1995 Study, however, included complete facility requirements for the NTC airport, plus new

operational requirements because of changes in the Army mission that added the intermediate staging base. The underdeveloped requirements and changes in the NTC mission are the reasons that Barstow-Daggett Airport appeared to convert from a minimum airport operation to a complete airport operation.

Conclusion

The NTC 1995 Study considered three alternative sites for the operational and training requirements for NTC. Though the methodology used by the Army was reasonable, the cost data and operational assumptions used in the analysis were questionable. We determined that the construction cost estimates for Barstow-Daggett Airport were understated, while land costs were overstated. Because the Barstow-Daggett Airport does not meet the needs of NTC operational and training requirements, we are not recommending revision of the cost data.

Edwards AFB best meets the mission requirements for NTC and is the lowest cost alternative. The use of Edwards AFB offers increased joint training opportunities and a real world mission training strategy. The Air Force stated that Edwards AFB can be an excellent permanent airport for NTC. Army policy states that teamwork is required of all the Services to provide an environment of joint and combined operations.

Representative Lewis' concerns related to highway safety, mission incompatibility, fluctuations in cost (maintenance and land costs), and changes from a minimum airport operation to a complete airport operation. We were able to substantiate only the concern associated with the land costs. The Army corrected the land costs in December 1995; however, the results would not change the significant advantages of Edwards AFB over SCIA and Barstow-Daggett Airport.

Management Comments

We provided a draft of this report to you on June 3, 1996. Because the report contains no findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Henry P. Hoffman, Audit Project Manager, at (703) 604-9269 (DSN 664-9269). Enclosure 3 lists the distribution of this report. The audit team members are listed inside the back cover.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

Elements of the Audit

Scope and Methodology

Scope of This Audit. This program audit reviewed Studies that the Army prepared from March 1991 through August 1995 and related documentation. We reviewed the NTC mission requirements, made on-site visits to assess the operational suitability for the site alternatives, and reviewed budget and cost estimates and other related documentation. We analyzed the most current Study prepared in August 1995 to determine the validity both of the information used to compare the sites under consideration and of the results.

Audit Period, Standards, and Locations. This program audit was performed from February through May 1996 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We did not use computer-processed data or statistical sampling procedures for this audit. Enclosure 2 lists the organizations visited or contacted during this audit.

Use of Technical Assistance

Cost price analysts from the Technical Assessment Division, Analysis Planning and Technical Support Directorate, Office of the Assistant Inspector General for Auditing, DoD, assisted in this audit. Analysts evaluated the Studies and related documentation prepared by the Army.

Environmental engineers from the Environmental Division, Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, assisted in this audit. Engineers evaluated the Studies and related documentation and made on-site visits to Barstow-Daggett Airport.

Management Control Program Review

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We reviewed the adequacy of Forces Command and NTC management controls over operations, civil engineering, and resource management. Specially, we reviewed Forces Command and NTC management controls over the economic analysis process used to select the best alternative to meet the operational and training requirements for the NTC. Because we did not identify a material weakness, we did not assess management's self-evaluation.

Adequacy of Management Controls. The Forces Command and NTC management controls that we reviewed were adequate; we identified no material management control weaknesses.

Prior Audits and Other Reviews

No other audits have been performed on the construction of an airport to support the NTC mission.

Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC
Office of the Deputy Assistant Secretary of Defense (Installations)*

Department of the Army

Deputy Chief of Staff for Operations and Plans, Washington, DC
Army Training Directorate for Training Operations Division, Washington, DC
Forces Command, Atlanta, GA
Fort Irwin, CA
National Training Center, Fort Irwin, CA
Headquarters, U.S. Army Corps of Engineers, Washington, DC
South Pacific Division, San Francisco, CA
Los Angeles District, Los Angeles, CA
Sacramento District, Sacramento, CA
U.S. Army Criminal Investigation Division Command, Fort Belvoir, VA
Fort Irwin Resident Agency, Fort Irwin, CA

Department of the Air Force

Edwards Air Force Base, CA

Other Defense Organization

Military Traffic Management Command, Arlington, VA
Transportation Engineering Agency, Newport News, VA

Non-Defense Federal Organization and Individual

The Honorable Jerry Lewis, U.S. House of Representatives, Washington, DC
Federal Aviation Administration, Washington, DC

*Now, Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations).

Organizations Visited or Contacted

Non-Government Organizations

Barstow-Daggett Airport, Daggett, CA
Burns and Roe Enterprises, Inc., Cypress, CA
City of Victorville, Victorville, CA
John Trowbridge Company, Barstow, CA
Nakata Planning Group, Colorado Springs, CO
State of California, Department of Transportation, San Bernardino, CA
Southern California International Airport, Victorville, CA

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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 Diane Feinstein, U.S. Senate
Honorable Jerry Lewis, U.S. House of Representatives
Honorable William M. Thomas, U.S. House of Representatives

Non-Government Organization

Nakata Planning Group

Audit Team Members

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