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SEP 25 1964

MEMORANDUM FOR Major General C. V. Clifton
Military Aide to the President
The White House

The attached letter was sent over here for appropriate reply. The letter asks for the President's views, as a candidate, on the Naval Repair Facility at San Diego. I believe it would be more appropriate for someone on the White House Staff to reply. Attached is the original correspondence and a proposed reply.

SIG

Joseph A. Califano, Jr.
The Special Assistant

Attachment

JAC/es

DRAFT

My dear Mr. Armstrong:

The President has asked that I reply to your letter of August 28, 1964 in which you asked several questions related to the inactivation of the San Diego Naval Repair Facility.

As you know, the Secretary of the Navy has replied to other inquiries from you on this same general subject. We are in accord with his views.

I believe you are aware of the basic considerations which led to the decision to inactivate the Naval Repair Facility. An estimated \$1.4 million annual savings will result by eliminating fixed overhead costs at San Diego. Work ordinarily assigned to San Diego can be assigned to other yards already bearing fixed overhead costs, without any significant increase in such costs. Military readiness and our military posture will be maintained and improved at decreased cost.

Assignment of work to yards other than the Naval Repair Facility may, in some instances, affect the morale of San Diego based crews. However, it is not expected that the home port of any ship will be changed solely as a result of the Repair Facility inactivation.

Sincerely yours,