



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

2521 SOUTH CLARK STREET
ARLINGTON, VA 22202
TELEPHONE: (703) 699-2950

DCN 6382

Chairman: The Honorable Anthony J. Principi
Commissioners: The Honorable James H. Bilbray • The Honorable Philip E. Coyle III • Admirable Harold W. Gehman, Jr., USN (Ret.) • The Honorable James V. Hansen
General James T. Hill, USA (Ret.) • General Lloyd W. Newton, USAF (Ret.) • The Honorable Samuel K. Skinner • Brigadier General Sue Ellen Turner, USAF (Ret.)
Executive Director: Charles Battaglia

July 25, 2005

TO: Clearinghouse@wso.whs.mil

FROM: BRAC Commission

SUBJECT: Kansas (KS), Lone Star (LS), Mississippi (MS), and Riverbank (RB) Army Ammunition Plants

1. There has been mention of proprietary processes at each plant. With a general description of the process and avoiding any proprietary restrictions, list each process at each installation, specifically noting whether the government or the operating contractor owns the process.
2. For each line where the process is owned by the operating contractor, how was it determined that the line could be moved to and incorporated with production at another GOCO facility with a different operating contractor or a GOGO?
3. Will workload from each plant closure be directed to the gaining installation? Is there any DoD, Army, or PEO directive to competitively award workload? If so, what is it? Do these recommendations violate any of those directives? How, or why not?
4. If the workload will not be directed to the gaining installations and the work will be competitively awarded, how can the recommendations be evaluated on the merits of the proposed relocations of capabilities to other Army GOCOs or GOGOs?
5. The justifications for MSAAP and RBAAP reference the DoD ability to "nurture partnership with multiple sources in the private sector". Please define and interpret the intent of this statement.
6. Is the intent to close each installation but retain the same operating contractor at the gaining installation? How will this be implemented with the GOGO or one operating contractor at the GOCO now owning the line operated by a different operating contractor or the government?
7. Is the intent for the new line to be operated by the current operating contractor as a tenant on the gaining installation? How is there a "savings" if we have only changed the location in which it's manufactured, and what have we truly accomplished?
8. What is the PEO Ammunition position on these recommendations?
9. Without responding that this is an implementation determination, specifically what equipment from each installation will move to each of the gaining installations? For each move, what is the estimated cost to move that equipment?
10. If the intent is to divest the Army of excess property, why does this need to be accomplished through BRAC?

11. Provide the current 2005 percentage of facility utilization for each installation.

DCN 6382

12. Provide updated certified data on the personnel levels by military officer, enlisted, civilian and contractor for each installation.

13. Addressing each installation, what are the advantages and disadvantages to privatizing these functions and installations in place? Why is this or is this not a sound business decision?

Regards,

R. Gary Dinsick
Army Team Leader

INDUSTRIAL JOINT CROSS SERVICE GROUP

July 28, 2005

MEMORANDUM FOR R. GARY DINSICK, ARMY TEAM LEADER

Subject: Kansas (KS), Lone Star (LS), Mississippi (MS), and Riverbank (RB)
Army Ammunition Plants, OSD BRAC Clearinghouse Tasker C0682

The following is in response to your e-mail inquiry of July 25, 2005, where you asked the following:

1. There has been mention of proprietary processes at each plant. With a general description of the process and avoiding any proprietary restrictions, list each process at each installation, specifically noting whether the government or the operating contractor owns the process.

Response: There are no proprietary processes at these sites. Some operating contractors may state that they have proprietary processes, but this is not true. At Government Owned and Government Operated facilities, the Government owns the land, buildings, requirements, Technical Data Package (TDP) and equipment. The operating contractor produces munitions to meet requirements as stated in the TDP (product requirements and drawings). To produce the requirements identified by the Government, the operating contractor establishes their own processes. The Government may have two contractors producing the same munitions and they may have two different processes. The DoD does not dictate processes. The requirement of the operating contractor is take the TDP provided by the government and develop the processes needed to successfully manufacture the end item.

2. For each line where the process is owned by the operating contractor, how was it determined that the line could be moved to and incorporated with production at another GOCO facility with a different operating contractor or a GOGO?

Response: Every operating contractor is given a TDP and develops his own processes, but they do not own the TDP. The TDP, requirements, land, buildings, and equipment belong to the Government. Contracts are awarded through a competitive process. A contractor may get the bid for a contract and remain at a site for 15 or 20 years. This does not give him proprietary right to any of the requirements. If he loses the bid and another contractor wins, the operating contractor leaves and another comes on board. The Government has the authority to close down a site and has no obligations to take that contractor with the workload.

At the time of closure, if there is an open contract between the government and the operating contractor, the government will pay termination cost. The IJCSG reviewed the contract expiration dates and captured contract termination cost in the COBRA run when appropriate.

3. *Will workload from each plant closure be directed to the gaining installation? Is there any DoD, Army, or PEO directive to competitively award workload? If so, what is it? Do these recommendations violate any of those directives? How, or why not?*

Response:

- The BRAC recommendations do direct workload to specific installations:
 - Mississippi:
 - Cargo Grenade Metal Parts to Rock Island
 - Kansas:
 - Sensor Fuzed Weapon, Cluster bombs, and Missile Warheads to McAlester
 - Artillery and Mortar to Milan
 - Artillery and Missile Warheads to Iowa
 - Detonators/relays/delays to Crane
 - Riverbank:
 - Deep Drawn cartridge Case and Cargo Grenade Metal Parts to Rock Island
 - Lone Star:
 - Storage and demilitarization to McAlester
 - Artillery, MLRS, Hand Grenades, Primers and Mortars to Milan
 - Mines, Detonators/relays/delays to Iowa
 - Demolition Charges to Crane

- Contracts do not automatically go to the same or incumbent contractor. Each new requirement, including the facility use contracts that govern use of our GOCOs, must meet the Competition in Contracting Act Requirements, (CICA is a Public Law, 10 USC 2304 and 41 USC 253, execution of this PL is defined in the Federal Acquisition Regulation (FAR) Part 6.) whereby the standard is to compete the requirement unless we are able to meet the preordained exceptions to competition. All of these requirements/determinations are met during the acquisition planning phase.

- For GOCOs:
 - The operating contractor does not automatically follow the workload
 - When requirements go away at a site, the contractor goes away
 - In the remaining industrial base, if you have more than one capable producer, the FAR directs competitive awarding of workload
 - The Iowa and Milan recommendations do not violate this FAR directives.

- For GOGOs:
 - Site may get the work performed by:
 - Opting to perform the work themselves OR
 - Perform a portion of the workload and contract out a piece OR
 - Totally contract the workload out OR
 - Join with a contractor through Public Private Partnering
 - There is no violation of any directive with any of these choices
 - The win/win decision for the GOGOs is Public Private Partnering

4. *If the workload will not be directed to the gaining installations and the work will be competitively awarded, how can the recommendations be evaluated on the merits of the proposed relocations of capabilities to other Army GOCOs or GOGOs?*

Response: BRAC language does relocate workload to a specific site, but how the work is performed becomes the issue.

- Example: When we say that the 105/155MM HE Artillery round is going to Iowa from Kansas, both Iowa and Kansas have the capability and Iowa won the last competition and is currently producing. At the time that we collected certified capacity data: For the 105MM HE, Kansas lines were laid away and Iowa's were active. For the 155MM HE, Kansas' lines were active, but not producing (since then Kansas has been producing the M795) and Iowa's are active and producing.
- In the future ,if there are two sites with the capability to produce the 105/155MM HE, both places will bid on the contract and the next time, the other site may be the producer if they win the bid
- When the recommendation relocated a function to another site, generally, the site is already producing the item and is likely to win the bid. This is why privatization is not a good idea unless you have sufficient workload to support both the government base and the private sector. With these recommendations competition should remain within the government industrial base among the producers with capability.

5. *The justifications for MSAAP and RBAAP reference the DoD ability to "nurture partnership with multiple sources in the private sector". Please define and interpret the intent of this statement.*

Response:

- The phrase "nurture partnership with multiple sources in the private sector" means that at places like Rock Island and McAlester, the government has an opportunity to do something very smart and leverage the advantages of the public and private sectors.. They have an opportunity to take the workload directed to them via the BRAC and go into Public Private Partnering with "capable" operating contractors and have a "win, win" situation for both the contractor and the GOGO.
- This situation lends itself to increasing future workload and capacity for Rock Island and the contractor that wins the bid.

6. *Is the intent to close each installation but retain the same operating contractor at the gaining installation? How will this be implemented with the GOGO or one operating contractor at the GOCO now owning the line operated by a different operating contractor or the government?*

Response:

- There is no assumption that the operating contractor of the closing site will automatically go to the gaining installation.
- For GOGOs:
 - Site may get the work performed by:
 - Opting to perform the work themselves OR
 - Perform a portion of the workload and contract out a piece OR

- Totally contract the workload out OR
- Join with a contractor through Public Private Partnering
- For GOCOs:
 - The operating contractor does not automatically follow the workload
 - When requirements go away at a site, the contractor goes away
 - An example of what will happen following BRAC: 105/155MM HE Artillery workload at Kansas relocates to Iowa. The contractor at Iowa is in charge of producing 105/155MM HE Artillery. The contractor at Kansas is no longer involved in the process.
 - This example does not forgo the fact that this is still a competitive process and Iowa would have to win the competition.)

7. *Is the intent for the new line to be operated by the current operating contractor as a tenant on the gaining installation? How is there a "savings" if we have only changed the location in which it's manufactured, and what have we truly accomplished?*

○ GOCO: The contractor at the gaining site is responsible for the workload. The contractor at the losing site is no longer involved. The current contractor will not always follow the workloads. The DoD "saves" by closing a site.

○ GOGO:

- Site may get the work performed by:
 - Opting to perform the work themselves OR
 - Perform a portion of the workload and contract out a piece OR
 - Totally contract the workload out OR
 - Join with a contractor through Public Private Partnering
 - The DoD "saves" by closing a site.

8. *What is the PEO Ammunition position on these recommendations?*

Response: The Department of the Army concurred with these recommendations

9. *Without responding that this is an implementation determination, specifically what equipment from each installation will move to each of the gaining installations? For each move, what is the estimated cost to move that equipment?*

- Mississippi: \$14.5M
 - Grenade Metal Parts equipment
- Riverbank: \$15M
 - Drawing Presses
 - Heat treat
 - Plating equipment
- Kansas: \$7.9M
 - Sub-munitions explosive warhead presses
 - Assembly equipment
 - Test fixtures
 - Load, Assemble, and Pack equipment
 - ICM equipment

- Lone Star: \$4.6M
 - Detonator loading machines
 - Primer support equipment
 - ICM equipment
 - MLRS equipment
 - Grenade equipment

10. *If the intent is to divest the Army of excess property, why does this need to be accomplished through BRAC?*

Response: These four recommendations involve the disestablishment, relocation, and start-up of functions. The only way to accomplish this is through the BRAC process.

11. *Provide the current 2005 percentage of facility utilization for each installation.*

Response:

- Lone Star: 5%
- Mississippi: 0%
- Kansas: 5%
- Riverbank: 5%

12. *Provide updated certified data on the personnel levels by military officer, enlisted, civilian and contractor for each installation.*

- Kansas:
 - Certified data: Officers: 0; Enlisted: 0; Civilians: 8; Contractors: 159
 - Updated uncertified data: Officers: 0; Enlisted: 0; Civilians: 8; Contractors: 279
- Lone Star:
 - Certified data: Officers: 2; Enlisted: 0; Civilians: 18; Contractors: 129
 - Updated uncertified data: Officers: 2; Enlisted: 0; Civilians: 18; Contractors: 382
- Mississippi:
 - Certified data: Officers: 0; Enlisted: 0; Civilians: 3; Contractors: 50
 - Updated uncertified data: Officers: 0; Enlisted: 0; Civilians: 3; Contractors: 45
- Riverbank:
 - Certified data: Officers: 0; Enlisted: 0; Civilians: 4; Contractors: 85
 - Updated uncertified data: Officers: 0; Enlisted: 0; Civilians: 4; Contractors: 75

13. *Addressing each installation, what are the advantages and disadvantages to privatizing these functions and installations in place? Why is this or is this not a sound business decision?*

- When the IJCSG began its analysis, the industrial base had 14 sites responsible for munitions production. The highest production utilization rate at any one of the 14 was 50% and the lowest was 0%. This indicates there is insufficient workload to support the

industrial base and the customer loses buying power because much of what they need to buy bullets for the war-fighter is paying overhead.

o Privatization does not fix this problem. It allows the industrial base to remain the same size, while doing nothing more than transferring ownership. If we privatize and competition remains in both the industrial base and in the private sector, the customer will pay overhead twice. One time to maintain the industrial base that we retained and another time to private industry. There is no advantage to privatization of any of the functions being relocated from Lone Star, Kansas, Riverbank, or Mississippi

Should additional information be required, feel free to contact me at 703-560-4317 or e-mail jberry@gallows.vacoxmail.com


Jay Berry
Executive Secretary