

**DEPARTMENT OF THE NAVY**OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

03 Jan 05

MEMORANDUM FOR CHAIR, SUPPLY AND STORAGE JOINT CROSS SERVICE GROUP

Subj: PROVISION OF CERTIFIED DEPARTMENT OF THE NAVY DATA TO THE BRAC
2005 SUPPLY AND STORAGE JOINT CROSS SERVICE GROUPEncl: (1) Scenarios/Activities with Certified Data
(2) Additional Information for Scenarios S&S-0043, S&S-0044, and
S&S-0045

In compliance with both the Office of the Secretary of Defense (OSD) Internal Control Plan (ICP) for the Base Realignment and Closure Process, Appendix B to Under Secretary of Defense (Acquisition, Technology and Logistics) Memorandum "Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum One - Policy, Responsibilities, and Procedures," dated 16 April 2003, and the Department of the Navy Procedures for Certification of BRAC 2005 Information, enclosure (1) to Secretary of the Navy Memorandum "Internal Control Plan for Management of the Department of the Navy 2005 Base Closure and Realignment (BRAC) Process Policy Advisory Two," dated 27 June 2003, this memorandum is a certification of Department of the Navy (DON) data provided to the Supply and Storage (S&S) Joint Cross Service Group (JCSG) for its use in analyzing common business support functions. The data consists of certified responses to Scenario Data Call as listed in enclosure (1), and is provided to the S&S JCSG via posting to the portal. The scenario templates have been populated with all responses requested by the S&S JCSG, as well as some amplifying information collected that may be useful to you in your analysis.

Enclosure 2 provides additional information included in the data call responses that may warrant further consideration or be helpful to you in evaluation of your respective scenarios.

During the course of our initial quality assurance review of the data, we discovered no areas where we believe the data is incorrect, incomplete, or in need of further clarification. However, we anticipate that other areas of concern may be identified as we continue our quality assurance process. The S&S JCSG may also find during the course of its analysis of the data, additional areas requiring clarification or supplementation, and request additional data be collected. Updated certified data will be collected by the IAT and provided to the S&S JCSG as it becomes available.

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Subject to the foregoing, I certify that the information is
accurate and complete to the best of my knowledge and belief.



Anne Rathmell Davis
Special Assistant to the Secretary of the Navy
for Base Realignment and Closure

cc:
O-6/GS-15 Lead, S&S JCSG
Navy & Marine Corps S&S JCSG Principals

Scenarios/Activities with Certified Data

S&S-0043

<u>Activity Plad</u>	<u>Activity Name</u>	<u>Activity UIC</u>
NAVICP_MECH	NAVICP MECH	00391B
CO_MCLB_ALBANY_GA	CO MCLB ALBANY GA	67004
COMNAVSUPSYSCOM_MECHANICSBURG_PA	NAVSUPSYSCOM MECHANICSBURG, PA	00023

S&S-0044

<u>Activity Plad</u>	<u>Activity Name</u>	<u>Activity UIC</u>
NAVICP_MECH	NAVICP MECH	00391B
CO_MCLB_ALBANY_GA	CO MCLB ALBANY GA	67004
COMNAVSUPSYSCOM_MECHANICSBURG_PA	NAVSUPSYSCOM MECHANICSBURG, PA	00023

S&S-0045

<u>Activity Plad</u>	<u>Activity Name</u>	<u>Activity UIC</u>
NAVICP_MECH	NAVICP MECH	00391B
CO_MCLB_ALBANY_GA	CO MCLB ALBANY GA	67004
COMNAVSUPSYSCOM_MECHANICSBURG_PA	NAVSUPSYSCOM MECHANICSBURG, PA	00023

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SDC 43 Personnel Questions

The number of civilian personnel associated with support of the tires commodity was calculated as a percentage of the number of people required to support all NAVICP Aviation/Maritime items managed for the functions associated with tires management.

The full scope of Global Integrated Supply Chain (GISCM) functions were used to calculate the number of personnel who support tires.

<i>Tires</i>			PBL Items	Non-PBL Items
Total Tire items in ICP files =	40		31	9
Mech Maritime Tire items in ICP files (all Ground Support Equipment) =	11		3	8
Phil Aviation Tire items in ICP files (23 aircraft, 6 GSE) =	29		28	1
Total ICP items managed =	470,071			
Mech Maritime items managed =	311,795			
Phil Aviation items managed =	158,276			
Mech Maritime Tire items as a pct of Maritime items managed =		0.00256%	(8/311,795)	
Phil Aviation: Tire items as a pct of Aviation items managed =		0.00063%	(1/158,276)	
Mech Maritime: number of personnel in GISCM =		864		
Phil Aviation: number of personnel in GISCM =		797		
Mech Maritime: number in GISCM required to support Tire items =		0.022	(.00256%*864)	
Phil Aviation: number in GISCM required to support Tire items =		0.005	(.00063%*797)	
Phil Manpower expended on the Tires PBL		0.15		

Movement

Since this is a privatization scenario it is assumed no personnel would move and that all personnel in support of tires management would be eliminated.

Elimination

NAVICP Philadelphia has management responsibility for 23 items that are tires for Naval aircraft. In addition, 17 items are tires used for ground support equipment that are managed at both NAVICP Mechanicsburg and Philadelphia.

NAVICP has in effect already privatized management of all aircraft tires via a long-term, performance-based agreement with the Michelin Tire Company. The contract, signed in February of 2001, is a five-year, firm, fixed price contract with two five-year renewal options. The contract covers 23 NSNs representing 23 types of tires used on all 14 types of Naval aircraft that NAVICP supports. Aircraft tires are a high-volume, commercially available commodity. In this performance-based arrangement, Michelin owns all the inventory (and incurs all inventory holding costs) and performs most of the functions normally performed by NAVICP including

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wholesale requirements determination and order fulfillment. Michelin is exceeding the performance requirement stipulated in the contract. The improved wholesale availability that has resulted has allowed NAVICP to significantly reduce investment in retail inventory levels. The end strength required to support the performance based agreement (3/20ths of one end strength) and other item-related functions NAVICP performs for the 23 NSNs, when aggregated, would amount to less than one. (Note: The 23 NSNs represent less than a hundredth of a percent of the total NSNs managed by NAVICP.) No personnel would be eliminated since support for the performance-based contract would still be required. (Note: NAVICP's position is that it is in the best interests of the Navy to continue this contract.)

The 17 ground support equipment tire NSNs also represent less than a hundredth of a percent of the total NSNs managed by NAVICP. Eight of these are part of separate performance-based contracts. All 17 of these items are managed with the remaining, unaffected NAVICP items spread throughout NAVICP's ground support equipment Integrated Weapon Support Team (IWST). Likewise the support functions associated with item management will still need to be performed for the remaining, unaffected NAVICP ground support equipment items. Civilian, military and contractor personnel are linked to the IWSTs and the individual support functions and not to a subset of items. The same level of military and contractor personnel would be required to support the remaining, unaffected NAVICP items after the items identified in the scenario transferred. As such, no civilian, military or contractor personnel can be eliminated.

Performance Based Logistics (PBL) Contracts Are a Form of Privatization – Most of the tires managed by NAVICP are covered by PBL contracts. All 23 of the tires used on the 23 types of tires used on 14 types of Naval aircraft are covered on a single PBL with the Michelin Tire Company. Eight of the 17 tires used on ground support equipment are also covered under other PBLs. PBL arrangements are in effect a form of privatization in that the responsibility for most management functions, such as requirements determination, inventory investment and order fulfillment, have already been transferred to private industry under terms of the contract.

NAVICP has in effect already privatized management of all aircraft tires via a long-term, performance-based agreement with the Michelin Tire Company. The contract, signed in February of 2001, is a five-year, firm, fixed price contract with two five-year renewal options. The contract covers 23 NSNs representing 23 types of tires used on all 14 types of Naval aircraft that NAVICP supports. Aircraft tires are a high-volume, commercially available commodity. In this performance-based arrangement, Michelin owns all the inventory (and incurs all inventory holding costs) and performs most of the functions normally performed by NAVICP including wholesale requirements determination and order fulfillment. Michelin is exceeding the performance requirement stipulated in the contract. The improved wholesale availability that has resulted has allowed NAVICP to significantly reduce investment in retail inventory levels.

Assumption – The SDC answers are based on the assumption that the Navy will exercise the five year option in the current tire PBL in FY 2006. Transition to a DLA PBL will take place in FY 2011. Otherwise, there will be costs based on the Termination for the Government's Convenience clause of the current Navy PBL contract.

SDC 44 Personnel Questions

The number of civilian personnel associated with support of the Petroleum Products commodity was calculated as a percentage of the number of people required to support all NAVICP Aviation/Maritime items managed for the functions associated with Petroleum Products: Liquid Propulsion and Fuels (Petroleum based), Fuel Oils and Oils & Greases (Cutting, Lubricating and Hydraulic) management.

The full scope of Global Integrated Supply Chain (GISCM) functions were used to calculate the number of personnel who support Petroleum Products: Liquid Propulsion and Fuels (Petroleum based), Fuel Oils and Oils & Greases (Cutting, Lubricating and Hydraulic).

			Must be Navy Managed*	Total to Move
Petroleum				
Total Petroleum Products items in ICP files =	238		49	189
Mech Maritime Petroleum Products items in ICP files =	216		49	167
Phil Aviation Petroleum Products items in ICP files =	22			22
Total ICP items managed =	470,071			
Mech Maritime items managed =	311,795			
Phil Aviation items managed =	158,276			
Mech Maritime Petroleum Products items as a pct of Maritime items managed =		0.05356%	(167/470,071)	
Phil Aviation: Petroleum Products items as a pct of Aviation items managed =		0.01389%	(22/158,276)	
Mech Maritime: number of personnel in GISCM =		864		
Phil Aviation: number of personnel in GISCM =		797		
Mech Maritime: number in GISCM required to support Petroleum Products items =		0.4628	(.05356%*864)	
Phil Aviation: number in GISCM required to support Petroleum Products items =		0.1107	(.01389%*797)	

*Must be retained by NAVICP for management due to sensitivity/control requirements.

Movement

Since this is a privatization scenario it is assumed no personnel would move and that all personnel in support of petroleum products management would be eliminated.

Elimination

NAVICP has management responsibility for 238 packaged petroleum items. The end strength affected by privatizing to a DLA performance based agreement would amount to one at Mechanicsburg and none at Philadelphia. (Note: The 238 NSNs represent less than .05% of the total NSNs managed by NAVICP.) The small number of items affected would not impact any NAVICP Integrated Weapon Systems Teams (IWST). Likewise the support functions associated

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with item management will still need to be performed for the remaining, unaffected NAVICP items. Civilian, military and contractor personnel are linked to the IWSTs and the individual support functions and not to a subset of items. The same level of military and contractor personnel would be required to support the remaining, unaffected NAVICP items after the items identified in the scenario transferred.

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SDC 45 Personnel Questions

The number of civilian personnel associated with support of the Gases: Compressed and Liquefied commodity was calculated as a percentage of the number of people required to support all NAVICP Aviation/Maritime items managed for the functions associated with Gases: Compressed and Liquefied management.

The full scope of Global Integrated Supply Chain (GISCM) functions were used to calculate the number of personnel who support Gases: Compressed and Liquefied.

Gases			Must be Navy Managed*	Total to Move
Total Gases (compressed & liquefied) items in ICP files =	14		5	9
Mech Maritime Gases items in ICP files =	11		5	6
Phil Aviation Gases items in ICP files =	3			3
Total ICP items managed =	470,071			
Mech Maritime items managed =	311,795			
Phil Aviation items managed =	158,276			
Mech Maritime Gases items as a pct of Maritime items managed =		0.00192%	(6/311,795)	
Phil Aviation: Gases items as a pct of Aviation items managed =		0.00189%	(3/158,276)	
Mech Maritime: number of personnel in GISCM =		864		
Phil Aviation: number of personnel in GISCM =		797		
Mech Maritime: number in GISCM required to support Gases items =		0.0166	(.00192%*864)	
Phil Aviation: number in GISCM required to support Gases items =		0.0151	(.00189*797)	

* Must be retained by NAVICP for management due to sensitivity/control requirements.

Movement

Since this is a privatization scenario it is assumed no personnel would move and that all personnel in support of compressed gases management would be eliminated.

Elimination

NAVICP has management responsibility for 14 compressed gases items. The end strength affected by privatizing to a DLA performance based agreement would amount to less than one at Mechanicsburg and Philadelphia. (Note: The 14 NSNs represent less than .003% of the total NSNs managed by NAVICP.) The small number of items affected would not impact any NAVICP Integrated Weapon Systems Teams (IWST). Likewise the support functions associated with item management will still need to be performed for the remaining, unaffected NAVICP items. Civilian, military and contractor personnel are linked to the IWSTs and the individual

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support functions and not to a subset of items. The same level of military and contractor personnel would be required to support the remaining, unaffected NAVICP items after the items identified in the scenario transferred. As such, no civilian, military or contractor personnel can be eliminated.