

Commodity Management Privatization

Recommendation: Realign Detroit Arsenal, MI, by relocating the supply contracting function for tires to the Inventory Control Point at Defense Supply Center Columbus, OH, and disestablishing all other supply functions for tires.

Realign Hill Air Force Base, UT, as follows: relocate the supply contracting function for tires to the Inventory Control Point at Defense Supply Center Columbus, OH; disestablish all other supply functions for tires; and disestablish the storage, and distribution functions for tires, packaged petroleum, oils, and lubricants, and compressed gases.

Realign Naval Support Activity Mechanicsburg, PA, by relocating the supply contracting function for packaged petroleum, oils, and lubricants to the Inventory Control Point at Defense Supply Center Richmond, VA, and disestablishing all other supply functions for packaged petroleum, oils, and lubricants.

Realign Defense Supply Center Richmond, VA by disestablishing storage and distribution functions for tires, and the supply, storage, and distribution functions for packaged petroleum, oils, and lubricants, and compressed gases. Retain the supply contracting function for packaged petroleum, oils, and lubricants, and compressed gases.

Realign Defense Supply Center Columbus, OH, Tobyhanna Army Depot, PA, Defense Distribution Depot Susquehanna, PA, Naval Station Norfolk, VA, Marine Corps Air Station Cherry Point, NC, Marine Corps Logistics Base Albany, GA, Robins Air Force Base, GA, Anniston Army Depot, AL, Naval Air Station Jacksonville, FL, Tinker Air Force Base, OK, Corpus Christi Army Depot, TX, Naval Station Bremerton, WA, Naval Station San Diego, CA, Defense Distribution Depot Barstow, CA, Defense Distribution Depot San Joaquin, CA, and Naval Station Pearl Harbor, HI, by disestablishing storage and distribution functions for tires, packaged petroleum, oils, and lubricants, and compressed gases at each location.

Justification: This recommendation achieves economies and efficiencies that enhance the effectiveness of logistics support to forces as they transition to more joint and expeditionary operations. This recommendation disestablishes the wholesale supply, storage, and distribution functions for all tires; packaged petroleum, oils and lubricants; and compressed gases used by the Department of Defense, retaining only the supply contracting function for each commodity. The Department will privatize these functions and will rely on private industry for the performance of supply, storage, and distribution of these commodities. By doing so, the Department can divest itself of inventories and can eliminate infrastructure and personnel associated with these functions. This recommendation results in more responsive supply support to user organizations and thus adds to capabilities of the future force. The recommendation provides improved support during mobilization and deployment, and the sustainment of forces when deployed worldwide. Privatization enables the Department to take advantage of the latest technologies, expertise and business practices which translates to improved support to customers at less cost. It centralizes management of tires; packaged petroleum, oils, and lubricants; and compressed gases and eliminates unnecessary duplication of functions within the Department. Finally, this

recommendation supports transformation by privatizing the wholesale storage and distribution processes from DoD activities.

In addition to the actions described in this recommendation, the Department is also disestablishing storage and distribution functions for tires, packaged petroleum, oils, and lubricants, and compressed gases at Red River Army Depot, TX. The storage and distribution functions at this additional location are now being disestablished as part of recommendation for the full closure of the Red River Army Depot installation. The recommendation to close the installation fully supports all objectives intended by this recommendation.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is \$6.379M. The net of all costs and savings to the Department during the implementation period is a savings of \$333.747M. Annual recurring savings to the Department after implementation are \$43.777M with a payback expected immediately. The net present value of the costs and savings to the Department over 20 years is a savings of \$735.854M.

Economic Impacts: Assuming no economic recovery, this recommendation could result in the maximum potential job reductions (direct and indirect) over the 2006-2011 period, as follows:

Economic Region of Influence	Direct Job Reductions	Indirect Job Reductions	Total Job Reductions	% of Employment
Harrisburg-Carlisle, PA Metropolitan Statistical Area	16	15	31	Less than 0.1%
Richmond, VA Metropolitan Statistical Area	32	25	57	Less than 0.1%
Bremerton-Silverdale, WA Metropolitan Statistical Area	1	1	2	Less than 0.1%
Virginia Beach-Norfolk-Newport News, VA Metropolitan Statistical Area	7	10	17	Less than 0.1%
Oklahoma City, OK Metropolitan Statistical Area	1	1	2	Less than 0.1%
Stockton, CA Metropolitan Statistical Area	31	20	51	Less than 0.1%
Honolulu, HI Metropolitan Statistical Area	1	1	2	Less than 0.1%
Anniston-Oxford, AL Metropolitan Statistical	1	1	2	Less than 0.1%

Area				
Detroit-Livonia- Dearborn, MI Metropolitan Division	30	19	49	Less than 0.1%

The aggregate economic impact of all recommended actions on these economic regions of influence was considered and is at Appendix B of Volume I.

Community Infrastructure: A review of community attributes indicates no issues regarding the ability of the infrastructure of the communities to support missions, forces and personnel. There are no known community infrastructure impediments to implementation of all recommendations affecting the installation in this recommendation.

Environmental Impacts: This recommendation has no impact on air quality; cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; threatened and endangered species or critical habitat; waste management; water resources; or wetlands. This recommendation will require spending approximately \$200,000 for waste management and environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

COMMODITY MANAGEMENT PRIVATIZATION

DETROIT ARSENAL, MI

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(4)	(104)	4	751	0	647	0	647

HILL AIR FORCE BASE, UT

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(13)	(447)	291	24	278	(423)	0	(145)

NAVAL SUPPORT ACTIVITY, MECHANICSBURG, PA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(11)	0	0	0	(11)	0	(11)

DEFENSE SUPPLY CENTER, RICHMOND, VA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(77)	0	83	0	6	0	6

DEFENSE SUPPLY CENTER, COLUMBUS, OH

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(2)	(960)	65	2,655	63	1,695	0	1,758

TOBYHANNA ARMY DEPOT, PA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(1)	(82)	3	355	2	273	0	275

DEFENSE DISTRIBUTION DEPOT SUSQUEHANNA, PA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(15)	0	0	0	(15)	0	(15)

NAVAL STATION NORFOLK, VA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(373)	(1,085)	3,820	356	3,447	(729)	89	2,807

MARINE CORPS AIR STATION CHERRY POINT, NC

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(16)	(664)	64	8	48	(656)	(20)	(628)

MARINE CORPS LOGISTICS BASE, ALBANY, GA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(2)	(42)	1	193	(1)	151	0	150

ROBINS AIR FORCE BASE, GA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(484)	(225)	453	224	(31)	(1)	781	749

ANNISTON ARMY DEPOT, AL

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(87)	0	1,121	0	1,034	0	1,034

NAVAL AIR STATION JACKSONVILLE, FL

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(72)	(245)	1,974	310	1,902	65	58	2,025

TINKER AIR FORCE BASE, OK

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(9)	(197)	9	552	0	355	0	355

CORPUS CHRISTI ARMY DEPOT, TX

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(92)	0	0	0	(92)	0	(92)

NAVAL STATION BREMERTON, WA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	0	0	1,401	0	1,401	0	1,401

NAVAL STATION SAN DIEGO, CA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(1)	(2)	1,085	86	1,084	84	2	1,170

DEFENSE DISTRIBUTION DEPOT BARSTOW, CA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		

DEFENSE DISTRIBUTION DEPOT SAN JOAQUIN, CA

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
0	(31)	0	0	0	(31)	0	(31)

NAVAL STATION PEARL HARBOR, HI

REALIGN

Out		In		Net Gain/(Loss)		Net Mission Contractor	Total Direct
Mil	Civ	Mil	Civ	Mil	Civ		
(29)	(213)	0	324	(29)	111	0	82

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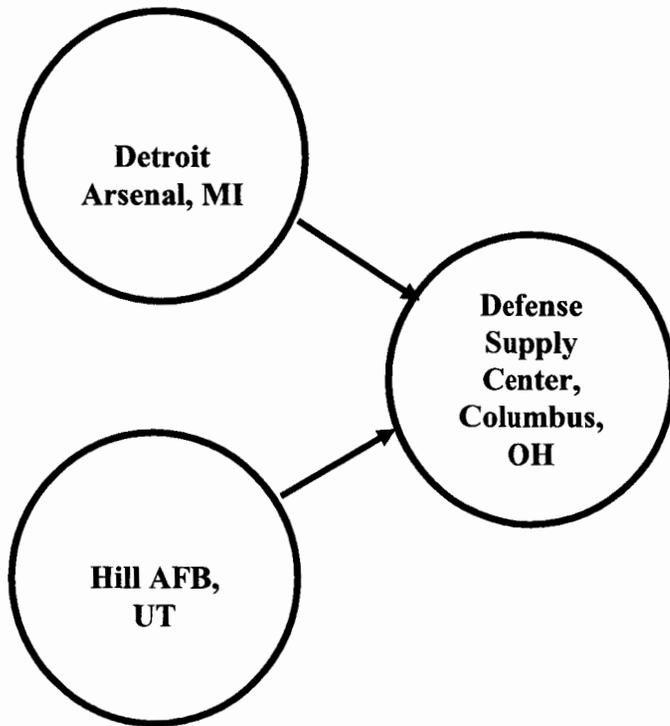
Recommendation: Realign Naval Support Activity, Mechanicsburg, PA, by relocating the supply contracting function for packaged petroleum, oils, and lubricants to the Inventory Control Point at Defense Supply Center, Richmond, VA, and disestablishing all other supply functions for packaged petroleum, oils, and lubricants.

Recommendation: Realign Defense Supply Center, Richmond, VA by disestablishing storage and distribution functions for tires, and the supply, storage, and distribution functions for packaged petroleum, oils, and lubricants, and compressed gases. Retain the supply contracting function for packaged petroleum, oils, and lubricants, and compressed gases.

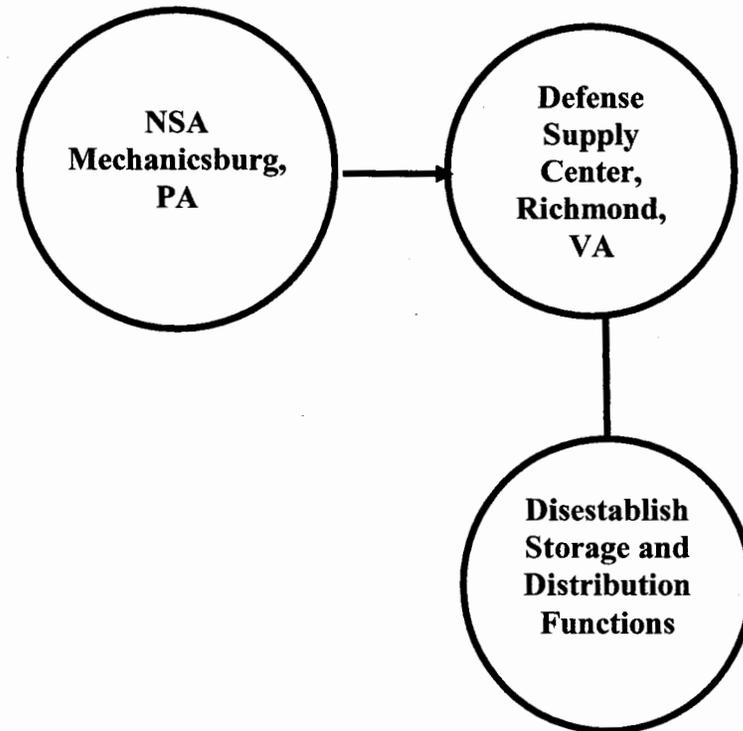
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COMMODITY MANAGEMENT PRIVATIZATION

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COMMODITY MANAGEMENT PRIVATIZATION

