

URGENT

*Kansas  
Letter*

BRAC Commission

**Day & Zimmermann  
Washington Office**

AUG 26 2005

1655 North Fort Myer Drive, Suite 520, Arlington Virginia 22209  
Main Phone: 703-527-2147; Fax Number: 703-527-2850

Received

**FAX Cover Sheet**

To: Tiffany @ BRAC Organization/Office/Agency: \_\_\_\_\_

Fax #: 703-2699-2735 Phone #: \_\_\_\_\_

From: Jim Hickey Date: 8/15/05 Number of Pages Cover + 2

Message: \_\_\_\_\_

*This is a second letter (different from an earlier letter re: Love Star, TX.)*

*Please distribute today to :*

- Chairman*
- Commissioners*
- Analysts mentioned*

*Many Thanks!*

Sent by

*JH*  
 Mr. James Hickey  
 Vice President of  
 Government Affairs  
 703-527-2167  
[James.Hickey@DayZim.com](mailto:James.Hickey@DayZim.com)

Mr. Joe Mahaley  
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25 August 2005

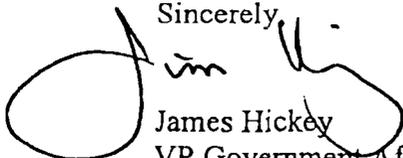
Honorable Anthony Principi, Chairman  
2005 Base Realignment & Closure Commission  
2521 South Clark Street, Suite 600  
Arlington, Virginia 22202-3920

Dear Mr. Chairman,

Attached please find a letter from the Labette County Local Redevelopment Authority (LRA) regarding the disposition of equipment at the Kansas Army Ammunition Plant (KAAP) in Parsons, Kansas.

While we regret the vote to close KAAP, we are now looking to the future of the facility and county. It is the LRA's request, supported by us, that all equipment be transferred in place to the LRA immediately upon initiation of closure procedures. Such transfer language could be included under the BRAC's "final administrative details" section, or wherever you deem is appropriate to achieve the intended results. This transfer of equipment is vital to the local economy, and to the future of operations at KAAP. They, and we, would greatly appreciate your consideration of this request. Many thanks for your support of this request.

Sincerely,



James Hickey  
VP Government Affairs  
Day & Zimmermann

cc:

Commissioner James Bilbray  
Commissioner Philip Coyle, III  
Commissioner Harold W. Gehman  
Commissioner James Hansen  
Commissioner James T. Hill  
Commissioner Lloyd W. Newton  
Commissioner Samuel K. Skinner  
Commissioner Sue Ellen Turner  
Frank Cirillo  
Dave Van Saun  
George Delgado  
Elizabeth Bieri,  
R. Gary Dinsick

- FINAL ADMINISTRATIVE  
DETAILS -

August 25, 2005

Chairman Anthony Principi  
2005 Defense Base Closure and Realignment Commission  
2521 South Clark Street, Suite 600  
Arlington, Virginia 22202-3920

Dear Mr. Chairman:

Now that the BRAC process is winding down and you are voting on the final facilities under consideration in this 2005 BRAC round, we write to respectfully request once again that you include in your "Final Administrative Details" section a provision that will transfer all equipment and facilities currently located at the Kansas Army Ammunition Plant (KSAAP) to the Labette County Local Redevelopment Authority immediately upon initiation of closure. This request is consistent with the community's presentation to BRAC and we still believe that it is vital to the future of the community, local economy and to the potential munitions manufacturing operations there that all related equipment be retained at this facility. The LRA respectfully requests that the BRAC include in its final deliberations, and in its September 8<sup>th</sup> report, such a provision ensuring the swift and complete transfer of this equipment. Your consideration of this request is greatly appreciated.

Sincerely,



Mike McReynolds, Chairman  
Labette County Task Force

cc:

Honorable James H. Bilbray  
Honorable Philip E. Coyle, III  
Adm. Harold W. Gehman, Jr. USN (ret.)  
Honorable James V. Hansen  
Gen. James T. Hill, USA (ret.)  
Gen. Lloyd W. Newton USAF (ret.)  
Honorable Samuel K. Skinner  
BGen Sue Ellen Turner, USAF (ret.)

Frank Cirillo, Director  
Dave Van Saun, Joint Issues Team Leader  
George Delgado  
Gary Dinsick  
Elizabeth Bieri

## Kansas Army Ammunition Plant, KS

**Issue:** The Commission proposes closing the Kansas Army Ammunition Plant (AAP) and privatizing it in place versus moving equipment to Army ammunition plants in Iowa; McAlester, OK; Milan, TN; and Crane, IN, because privatization retains necessary production capability and preserves jobs in the region.

### **Key Points:**

- Kansas Army Ammunition Plant currently has a 5 percent utilization rate.
- If the Department agrees to privatize in place, the outcome will only change ownership (from government to private industry) while leaving the industrial base and the workload the same.
- The Department's recommendation retains sufficient capacity through consolidation into multi-functional capabilities (especially for reconstitution requirements), while reducing DoD overhead and footprint.

**DoD Position:** The munitions industrial base has substantial excess capacity, as demonstrated by very low utilization rates, from a low of 0 percent at Mississippi Army Ammunition Plant to a high of 30 percent at Iowa Army Ammunition Plant. Low utilization rates are representative of the absence of workload. Kansas Army Ammunition Plant currently has a 5 percent utilization rate. Privatization does not reduce capacity, infrastructure or overhead - it only changes site ownership. The Department would be required under law to workload the plant and pay its overhead; thereby negating the net present value savings expected from closure. The costs to the government remain the same.

The closure of the Kansas AAP moves the workload to multi-functional sites (performing production, demilitarization, storage, and maintenance) with 10 percent to 30 percent production utilization rates. If the Department is forced to implement a recommendation to privatize this facility in place, the outcome will only change ownership (from government to private industry) while leaving the industrial base and the workload the same. The Department will continue to pay the same amount of overhead. This recommendation retains sufficient capacity through consolidation into multi-functional capabilities (especially for reconstitution requirements), while reducing overhead and footprint.

**Impact on DoD:** If this recommendation is not approved, the Department will continue to maintain unnecessary base infrastructure, thereby wasting resources that can be better spent on higher priority programs. The 20-year Net Present Value of this recommendation is a savings of \$101M.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF LABETTE COUNTY, KANSAS**

**PROCLAMATION**

**WHEREAS**, the Department of Defense BRAC recommendation currently is to close the Kansas Army Ammunition Plant "KSAAP" located east of Parsons; and

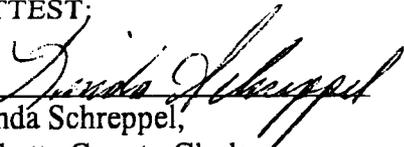
**WHEREAS**, the KSAAP operated by Day & Zimmermann is an important employer and partner in the economic future of all of Labette County, Kansas; and

**WHEREAS**, there exist alternatives to closure which should preserve existing jobs at the KSAAP and provide the opportunity for future operations as well as long term economic development opportunities.

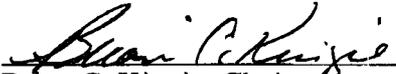
**NOW THEREFORE, IT IS HEREBY PROCLAIMED BY THE BOARD OF COUNTY COMMISSIONERS OF LABETTE COUNTY, KANSAS**, that it will support a BRAC recommendation which incorporates specific language calling for the privatization of ownership of all KSAAP real property and infrastructure in a Local Redevelopment Authority "LRA" and the continued location of all government owned manufacturing, office and other related equipment and fixtures for the purpose of providing facilities for continued munitions operations and additional long term economic development.

Adopted by the Board of Labette County Commissioners this 1st day of June, 2005.

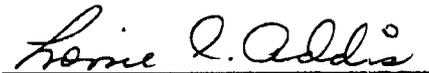
ATTEST:

  
Linda Schreppel,  
Labette County Clerk

LABETTE COUNTY COMMISSION

  
Brian C. Kinzie, Chairman

  
Jerry D. Carson, Commissioner

  
Lonie R. Addis, Commissioner

**Supporting Information Briefing  
for the  
BRAC Commission Staff**

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*Presented by*  
**Labette County, Kansas**  
*on behalf of*  
**Kansas Army Ammunition Plant**

8/15/2005

# KSAAP BRAC Issues

## **1. Community Seeks EDC transfer of KSAAP** **2. Community Seeks Ownership of Real Estate, Fixtures and Personal Property**

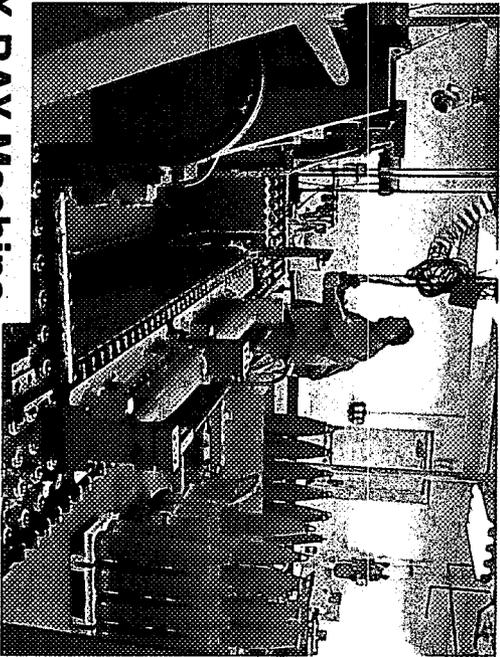
- Equipment ownership by community retains 279 jobs at KSAAP – Makes EDC more viable
- Transfer of fixtures used in production is consistent with proposed implementation guidance for BRAC
- LRA & Operating Contractor partner to retain a competitive capability for DA
  - DoD avoids costs of tear down, moving, installation at new site
  - DoD avoids risk of creating new capability
  - DA benefits from low cost, high quality competitive producer
  - DA Justification/reply to BRAC Commission questions is inconsistent
- Economic recovery hindered w/o maintaining existing jobs

# Community Concerns with DoD's Reply to BRAC Commission Questions

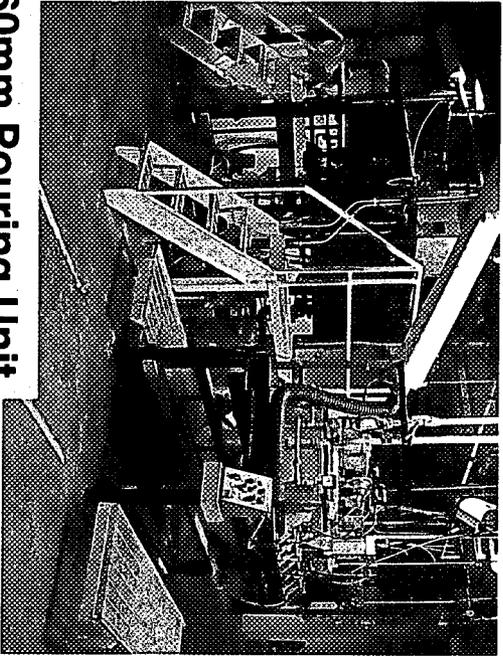
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- “Capability” comprises real estate, buildings, equipment, tooling, labor force, processes and materials.
  - DoD does not own the labor force, processes and much of the tooling
    - Creating new capability is high risk
  - Moving equipment to create capability at other sites poses high risk and high costs
    - Equipment very large
    - Some buildings built around equipment
    - Most equipment is connected to air pressure, gas, water, steam, electric and attached to the structure
      - Integral part of the building
    - In some cases, requires walls to be removed to remove equipment
    - Not readily transported
    - Disconnection is extensive effort
    - Substantial installation investment required at new site
    - Remote operation requires specific building design which complicates removal
-

# Equipment Samples (Fixtures)

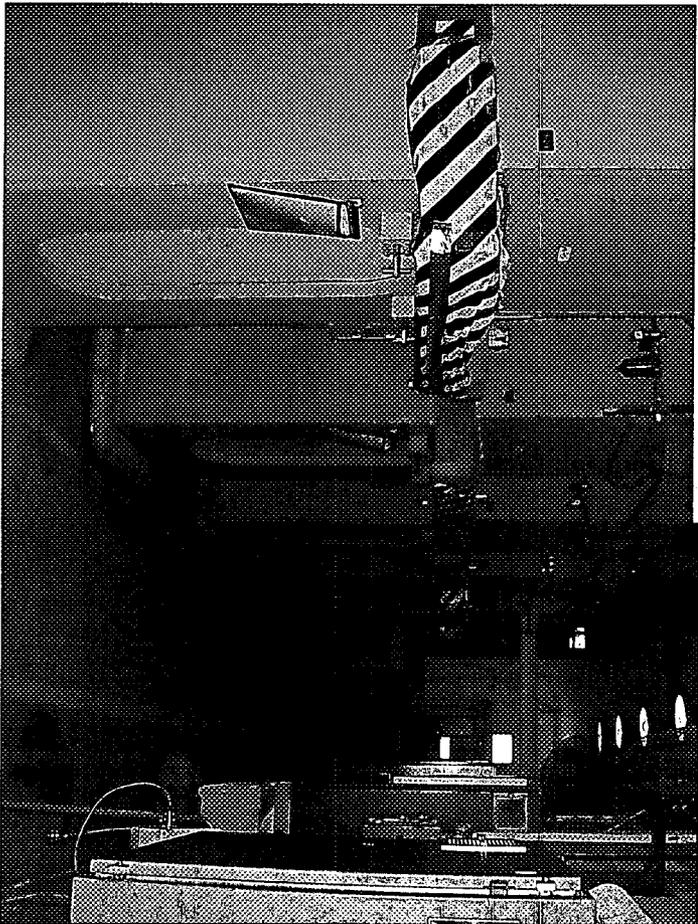


**X-RAY Machine**



**60mm Pouring Unit**

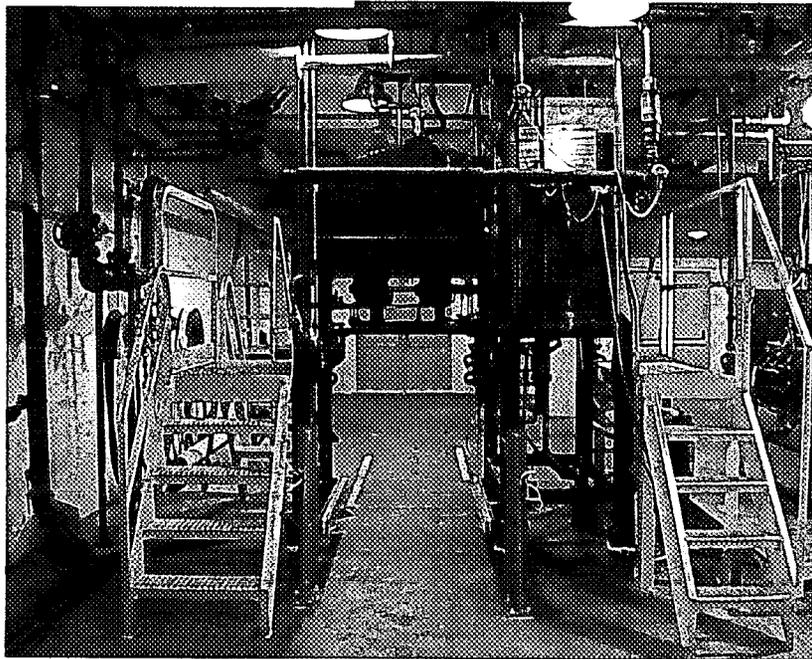
**CEM BLU Disassembly or  
Assembly Machine**



**Equipment  
Complex &  
Interconnected**

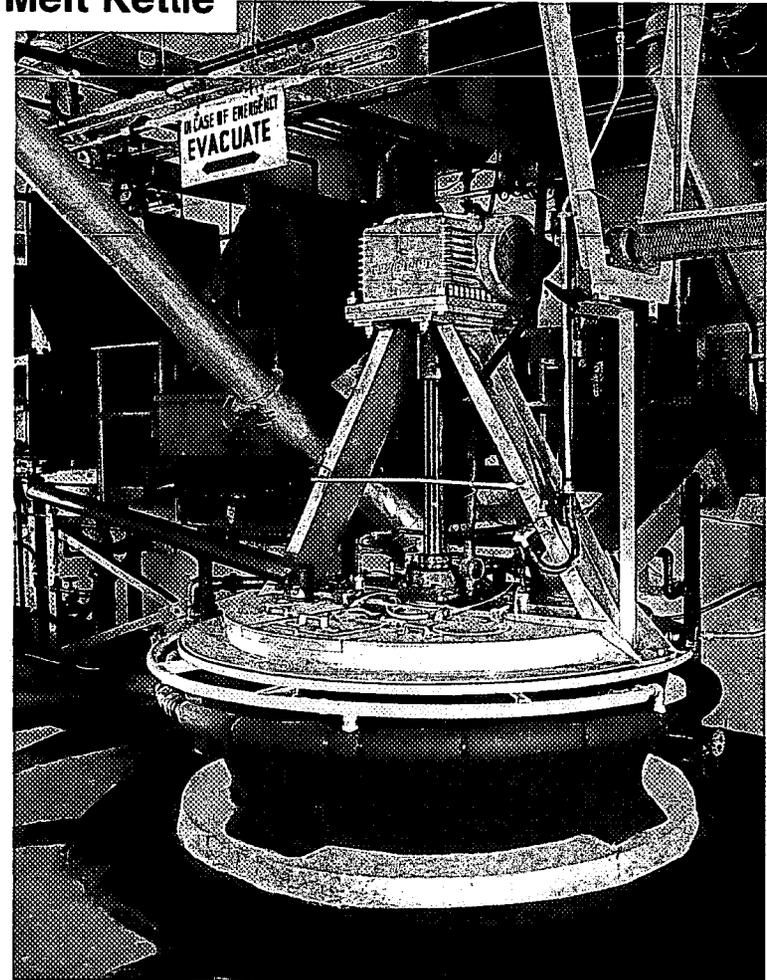
# Equipment Samples (Fixtures)

**Pouring Tri-Plex**



***Moving such equipment is costly, time-consuming, and operability at the new site is risky.***

**Melt Kettle**



# Community's Preferred Approach

- Community supports closure
- Transfer of fixtures used in production is consistent with DoD's proposed rules, as published in the *Federal Register*
- Request DoD
  - Abandon/transfer all real property, fixtures, personal property, etc. in-place, for the benefit of the Community
  - Possible caretaker agreement or lease in furtherance of conveyance in '06
- Propose Early Transfer and Clean-up
  - Accelerate new development on unused portions of KSAAP
- Community and Contractor will partner to ensure that capability/capacity is available to compete for Army needs and speed economic recovery

## Key Stakeholder Benefits

- Community keeps jobs
- Community takes ownership of land/equipment/ facilities
  - Consistent with DoD's proposed implementing guidance on fixtures
- Operating contractor still competes for DoD requirements
- DoD has low cost competitive producer providing requirements at no cost of ownership
- DoD eliminates ownership costs, transfer costs, set-up costs, new equipment costs, (BRAC one time costs) etc.
- DoD avoids risk of creating capability, set-up, prove-out, first article, learning curve, new labor force, etc. at the new site
- DoD avoids lost production time due to relocation and recertification of lines

# Summary

- Convey KSAAP to the LRA
- Include Fixtures and Personal Property in the transfer with the Real Property

**A WIN WIN!** *The Army wins with no ownership costs, no transfer costs and a viable competitive capability retained. The Community wins with sustained jobs and ownership of a revenue & job producing economic engine vs. a costly, tax draining empty land mass.*

**Bieri, Elizabeth, CIV, WSO-BRAC**

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**From:** Dinsick, Robert, CIV, WSO-BRAC  
**Sent:** Monday, August 15, 2005 4:20 PM  
**To:** Delgado, George, CIV, WSO-BRAC; Bieri, Elizabeth, CIV, WSO-BRAC  
**Cc:** Van Saun, David, CIV, WSO-BRAC  
**Subject:** FW: Kansas AAP

**Attachments:** JSD KSAAP 12 AUG 05.ppt



JSD KSAAP 12 AUG  
05.ppt (3 MB)...

Just received this additional information. Based on your backbrief this doesn't add much new to their arguments.

R.Gary Dinsick  
Army Team Chief  
Base Realignment and Closure Commission  
2521 Clark Street, Suite 600  
Arlington, VA 22202  
(703)699-2950

-----Original Message-----

**From:** Jeff Donohoe [mailto:jeff@teamdonohoe.com]  
**Sent:** Monday, August 15, 2005 4:02 PM  
**To:** robert.dinsick@wso.whs.mil  
**Cc:** Jerry Carson  
**Subject:** Kansas AAP

Mr. Dinsick:

Jerry Carson, Labette County Commissioner, requested that I forward the attached file to you, for consideration by the Commission in evaluating the recommendation to close the Kansas Army Ammunition Plant. We recognize that time is short, and appreciate your assistance.

Should you have any questions, please free to contact me at (603) 568-5912.

Jeffrey Donohoe

**Parsons Sun  
June 2, 2005**

## **Agreement may save plant jobs**

County commission won't fight plant closure, but local authority may acquire KAAP site and munitions contracts may continue

By Jim Cook, Managing editor

Local officials will not fight the federal Base Realignment and Closures Board (BRAC) decision to close the Kansas Army Ammunition Plant.

But local officials will push for an arrangement that would allow Day & Zimmermann Inc. (DZI), the longtime contract operator at the plant, to remain on the property with the ability to bid for U.S. military munitions contracts.

The arrangement would provide for a Local Redevelopment Authority to acquire the 21.4-square-mile military installation with the potential to develop other industries at the location just east of Parsons.

KAAP, which began full production as the Kansas Ordnance Plant on July 14, 1942, was the only military installation in Kansas on the list for the first round of federal military base closures in a decade.

At a special meeting Wednesday night at Parsons Municipal Building, the Labette County Commission issued a proclamation in support of a BRAC recommendation to close the plant that would "incorporate specific language calling for the privatization of ownership of all KAAP real property and infrastructure in a Local Redevelopment Authority and the continued location of all government-owned manufacturing, office and other related equipment and fixtures for the purpose of providing facilities for continued munitions operations and additional long-term development."

Parsons City Manager Mary Reed said this morning that the Parsons City Commission would consider a similar resolution this afternoon.

The county proclamation cited Day & Zimmermann's role as "an important employer and partner in the economic future of all of Labette County."

County Commissioner Jerry Carson said hours of meetings between officials from DZI, local governmental units and local economic development agencies determined this approach to be the best for all concerned.

"We all reached the same conclusion," Carson told fellow commissioners Lonie Addis and Brian Kinzie before he proposed the proclamation. "This would save existing jobs and create others."

By moving ownership of the plant's nearly 14,000-acre tract to a local redevelopment authority, Carson said, DZI could continue to be a player in the local economy and other opportunities could arise.

DZI would need about 8,000 acres to operate and the remaining 5,000 acres could be targeted for other development, he said.

Ken Elliott, DZI's acting director at KAAP, said his company welcomed the county and city's action and that such community support will be necessary if DZI is to continue to be a part of the Southeast Kansas economic picture.

Elliott said company officials will meet next week with two members of the BRAC board to discuss the situation. DZI began operating the plant on March 1, 1970.

The plant area encompasses 21.4 square miles, or 13,727 acres. Buildings on site contain 2,200,000 feet of floor space and there are also 33 miles of railroad, 106 miles of roads and 178 total pond acres on the grounds.

Second District Congressman Jim Ryun told the Sun Tuesday that the way the process is structured in this round of base closings, removing KAAP from the closure list would be difficult but that he would support whatever decision was made locally.

Secretary of Defense Donald Rumsfeld announced on May 13 that the Department of Defense would close 33 major bases and downsize 29 others, saving an estimated \$48 billion over 20 years.

BRAC officials will review DOD's proposals and make final recommendations to President Bush, who in turn will pass along his recommendations to Congress for an up-or-down vote on the entire package.

Kansas' four major military bases - Fort Riley near Manhattan, McConnell Air Force Base at Wichita, Forbes Field in Topeka and Fort Leavenworth - would grow under the DOD plan.