

Riverbank Army Ammunition Plant, CA

Issue: The Commission proposes closing Riverbank Army Ammunition Plant (AAP), CA, and privatizing it in place versus moving equipment to Rock Island Arsenal, IL, because privatization retains necessary production capability and preserves jobs in the region.

Key Points:

- Riverbank 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 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. Riverbank 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 Riverbank AAP moves the workload to Rock Island Arsenal, IL, a multi-functional (performing production, demilitarization, storage, and maintenance) site with a utilization rate of 72 percent 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 \$53M.



ACQUISITION,
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PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

JUL 11 2005

The Honorable George Radanovich
428 Cannon House Office Building
Washington, DC 20515-0519

Dear Representative Radanovich:

Thank you for your recent letter to the Secretary of Defense regarding the recommendation to close Riverbank Army Ammunition Plant. I am responding on his behalf. The decision to recommend Riverbank was difficult, but it was ultimately in the best interests of the Department.

The Riverbank recommendation does not abandon the deep drawn cartridge case capability. It relocates the capability with other metal working capabilities and processes to increase the efficiencies and effectiveness of our organic industrial base. Responses to your specific questions are attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Wynne".

Michael W. Wynne

Enclosure:
As stated



RIVERBANK ARMY AMMUNITION PLANT

1. *Question: Since Riverbank AAP is the only industrial base facility capable of producing large caliber steel cartridge cases in support of ammunition for the 105mm Stryker, 5"54, 76mm, Navy Gun; and the R&D program for the 155mm Advanced Gun System for the Navy's DD(X) program, what criteria were used to judge these capabilities as "excess"?*

Answer: The large caliber steel cartridge case capabilities were not judged as excess. The recommendation moves the capabilities (in their entirety) to Rock Island Arsenal. Riverbank has a five percent utilization rate, the excess is in infrastructure.

2. *Question: The justification indicates there are four sites in the Industrial Base actively producing metal parts. Please identify the sites and their specific capabilities in producing large caliber deep drawn steel cases.*

Answer: The four sites referenced are Mississippi, Riverbank, Scranton, and Louisiana. The analysis identified only Riverbank as having the capability to produce large caliber deep drawn steel cases.

3. *Question: The deep drawn caliber cases are produced by a very unique process, based on technical know-how developed and perfected over 70 years by a California-based contractor. How does DOD plan to relocate this technical and intellectual property, i.e., know-how to Rock Island Arsenal?*

Answer: Rock Island Arsenal has a greater utilization rate (72% versus 5%), a higher military value, and assets that support the function (heat treat, annealing, metallurgy, etc). This recommendation provides an opportunity to reduce infrastructure, improve processes, and acquire technical and intellectual skills through public private partnering.

4. *Question: Where is the redundancy in the manufacture of deep drawn steel cartridge cases in the Industrial Base?*

Answer: There is no redundancy in the manufacturing of deep drawn steel cartridge cases. The justification statement is in reference to the entire metal parts function. There is redundancy in other metal parts commodities (i.e. metal parts for mortars, artillery).

5. *Question: The justification cites the need "to remove excess from the Industrial Base." How did DOD determine "excess" at Riverbank? How was Riverbank's unique capacity to manufacture large caliber deep drawn steel/brass cartridge cases evaluated in determining facility utilization?*

Answer: The large caliber steel cartridge case capabilities were not judged as excess. The recommendation moves the capabilities (in their entirety) to Rock Island Arsenal. Riverbank has a five percent utilization rate, the excess is in infrastructure. The

capability to manufacture large caliber deep drawn steel/brass cartridge cases was considered to be a critical skill that must be retained within DoD.

6. *Question: Please provide studies that were conducted or data collected from Riverbank and the year of this information, which were utilized in the economic analysis model?*

Answer: Data was gathered by a Joint Process Action Team during the BRAC process and used to develop the common economic analysis model.

7. *Question: What studies were conducted or data collected to verify Rock Island's capabilities and know-how to manufacture the large caliber deep drawn cartridge cases? What was the year of these studies or data sources?*

Answer: As stated, the only site possessing the capability to manufacture deep drawn cartridge cases is Riverbank. BRAC analysis gathered data on capabilities and Rock Island's capabilities provide the following support system:

- Heat treat capability
- Forging capability
- Annealing capability
- Apprenticeship programs for machinists, electricians, molder/foundry/pattern maker, pipe fitters, tool and die making
- Metal turning
- Press Forming
- Manufacturing skill sets
- Similar workforce
- Non-destructive testing
- Full metal fabrication with press, laser, shear, welding, etc
- Full engineering support with material test lab metallurgist and production support engineers
- Buildings with the height clearance needed for presses.
- Rock island Arsenal is a totally vertically integrated manufacturing facility that begins with raw material and ends with a finished product. In-house total manufacturing to include forgings, castings, weldments, and fabrications.

8. *Question: What steps did DOD take to validate and certify the input data on both Riverbank and Rock Island relative to cartridge case manufacturing?*

Answer: All data was validated/certified by:

- Installation Commander
- MSC Commander
- Military Department

9. Question: The justification cites that closure allows DOD to "generate efficiencies." Please provide specific data on each efficiency generated by closure.

Answer:

- Closure of Mississippi (0% utilization rate) and Riverbank (5% utilization rate) and movement of the function to Rock Island (72% utilization rate), generates substantial monetary efficiencies
- Cost efficiencies generated from shared overhead
- Reduction in sustainment cost (\$5.1 million per year)
- Reduction in facility security and force protection cost
- Reduction in cost of product to the customer

10. Question: The justification cites that closure allows DOD to "nurture partnership with multiple sources in the private sector". Please provide details for each of the private sources DOD has identified for nurturing. Please indicate whether any of these private sources are capable of producing large caliber deep drawn steel cartridge cases.

Answer: There is no current source for large caliber deep drawn steel cartridge cases in the private sector. Identification of a private sector partners will be made through a competitive process.

11. Question: What assumptions were made to handle tenants currently leasing at the Riverbank facility to help the Army offset the facility maintenance costs?

Answer: There are 13 ARMS tenants at Riverbank and their leases will expire within the BRAC window (FY 2006- 2011). Tenants may either relocate or become tenants to the new land owner.

12. Question: Were the costs associated with terminating tenant leases at Riverbank considered? If not, what is the additional cost involved?

Answer: Costs associated with lease termination were considered. Since all leases expire within the BRAC window (FY 2006 -2011), there are no lease terminations or additional cost involved.

13. Question: Large caliber steel deep drawn cases and the grenade metal parts manufacturing requires a highly skilled design, technical, manufacturing, and engineering capabilities. Are these capabilities available at Rock Island? If not, what is DOD plans on acquiring these capabilities?

Answer: Large caliber steel deep drawn cartridge case capability does not exist at Rock Island. Rock Island Arsenal has a greater utilization rate (72% versus 5%), a higher military value, and assets that support the function (heat treat, annealing, metallurgy, etc). This recommendation provides an opportunity to reduce infrastructure, improve processes, and acquire technical and intellectual skills through public private partnering.

14. Question: What are the current cost structure (such as overhead, G&A, materials, and direct and indirect labor) at Rock Island?

Answer: Rock Island's cost structure was not part of the IJCSG analysis and is considered competition sensitive.

15. Question: If Rock Island's cost structure cannot support competitive pricing for cartridge cases, how does DOD plan to meet ammunition requirements in a cost effective manner?

Answer: Rock Island can support competitive pricing.

16. Question: Riverbank is designated as a surge facility for M42 and M46 grenade metal parts and is the only plant known to have produced M77 grenade bodies. How was Riverbank's capacity to produce cargo grenade metal bodies evaluated in determining facility utilization? What is DOD plans to move this capability to Rock Island?

Answer: Based on requirements generated by the Military Departments, the production capacity for Cargo Grenade Metal Parts at Riverbank AAP cannot meet the departments' needs. Riverbank has laid-away capability (for M42/46/77) to produce about 0.9 million cargo grenades per month (on a 1-8-5 basis). Mississippi has laid-away capability (for M42/46) to produce about 4 million per month (on a 1-8-5 basis). Military Department requirements are 2.5-3.0 million per month. DoD's plan is to relocate equipment from both Mississippi and Riverbank to Rock Island and establish one modern cargo grenade facility capable of meeting the requirements of the war-fighter. Cost to move, procure, and install the equipment are included in the Riverbank and Mississippi analysis. There is a technical challenge involved because Cargo Grenades metal parts have not been produced by either Mississippi or Riverbank in many years.

17. Question: DOD has also recommended that the M42 and M46 grenade metal parts capability from Mississippi AAP be relocated to Rock Island. It is our understanding that Mississippi AAP does not currently have technical manpower knowledgeable in the manufacture of these grenade bodies, as exists at Riverbank; and that the installation cannot be easily inactivated. What are DOD's plans to establish this unique capability at Rock Island?

Answer: The recommendation includes costs to relocate equipment and install equipment, procure new equipment, and refurbish an existing building at Rock Island. This recommendation provides an opportunity to reduce infrastructure, improve processes, and acquire technical and intellectual skills through public private partnering.

18. Question: The recommendation noted that new construction is planned at Rock Island. Please indicate the purpose of the new construction, the type and the cost involved. Was this cost considered in the one time cost?

Answer: This recommendation does not include new construction at Rock Island. The cost included in the BRAC analysis is for refurbishment of an existing building.

19. *Question: What environmental infrastructure does Rock Island have to treat the discharge from the chemicals utilized in the manufacturing process?*

Answer: Rock Island Arsenal has Industrial Waste Treatment Plant (IWTP) capabilities to treat chemical waste before discharge to the City of Rock Island. This capability includes treatment associated with chrome and zinc plating. In addition, pre-treatment equipment will be moved from Riverbank to Rock Island and augmented with selected new equipment.

20. *Question: Have the additional costs of the operating the new construction as well as the environmental treatment facility been considered in the BRAC evaluation?*

Answer: Yes.

21. *Question: What constitutes the one time cost of \$25.2 million, and what are the assumptions made for each cost element?*

- Answer: The \$25.2 million in one time costs are:
 - \$15,000K to skid, ship and install equipment
 - \$100K to shut off utilities
 - \$1,300K to perform an EIS at Riverbank
 - \$5,000K for new equipment
 - \$2,000K for building refurbishment
 - \$5K for training and TDY
 - \$1,150 for air conformity, new source review, and EIS at Rock Island
 - \$684K for shutdown of 707KSF
- The assumption is to include all costs related to relocation of cartridge case functions from Riverbank to Rock Island Arsenal. Costs include facilitization projects, equipment, training, cost avoidances (planned site improvements), environmental compliance, layaway, ammunition transportation, IT projects, contract termination, movement of non-vehicle mission equipment, and movement of support equipment.

22. *Question: Have the costs of relocating the following equipment considered in the one time cost?*

- *Relocation and installation of 17 presses, 6 machining centers, tempering, annealing, zinc plating facilities, and heat treatment facilities?*
 - Answer: Yes

- *Question: Proper design of the foundation and pits for heavy machinery such as presses and machining centers?*
 - Answer: Yes
- *Question: Metrology, chemical, and metallurgical laboratories?*
 - Answer: Yes

23. *Question: In justifying relocation of the cartridge case metal parts capability to Rock Island, did DOD take into account the following factors:*

- *Over \$13 million would be required to procure two major pieces of equipment: an anneal furnace, although currently utilized in production, the furnace is 50 years old and would not be expected to survive the move; an additional 5,000 ton press – because of limited press technical know-how, Rock Island would not likely be able to take advantage of utilizing the lower tonnage press at Riverbank to produce the 155mm advanced Gun System cases?*
 - Answer: Yes (used our estimate)
- *Additional \$9 million would be needed to replace the zinc plating and thermal treatment facilities which are not likely to survive the move?*
 - Answer: Yes (used our estimate)
- *Were these additional costs in excess of \$20 million considered in the payback calculation?*
 - Answer: No. Used our estimates in the payback calculation

24. *Question: Has the cost of training personnel been accounted for in the one time cost? If not, what is the additional cost?*

Answer: Yes, training costs were considered as part of the analysis.

25. *Question: Has the cost of prove-out been accounted for in the one time cost? If not, what is the additional cost?*

Answer: No. Prove-out cost is not and should not be included in the one time cost.

26. *Question: What is the estimated timetable for closure to removal/replacement to installation, training, and prove-out?*

Answer: All of those actions should be complete by Fiscal Year 2009.

27. *Question: Is the one time cost of \$25.2 million included in the calculation of the net cost of \$10.4 million after certain savings are projected?*

Answer: Yes

28. *Question: What are the assumptions made at arriving at a recurring savings of \$6.5 million? Please provide a breakdown of each area of savings?*

Answer: Recurring savings of \$6.5 million are based on no longer having to pay sustainment, BOS, and Civilian salaries.

29. *Question: What is the payback year for DOD's investment in closing Riverbank and relocating the cartridge case line at Rock Island and making it fully operational at a cost competitive level? How does this correlate with the 3-year payback period cited in the report?*

Answer: The payback is 3 years (same as the report).

30. *Question: What is the interest rate used in the payback calculations? What is the basis of this rate? What are the sunk costs considered?*

Answer: The COBRA uses a discount rate (not an interest rate) as outlined in OMB Circular A-94, Appendix C. Appendix C provides the 10-year and 30-year rate. To get the 20 year rate used by COBRA, the guidance is to take an average of the 10 and 30 year rate. Based on the March 2005 circular, the rate is 2.8%. There are no sunk costs in the payback calculations.

31. *Question: Please provide a breakdown of the \$2.5 million for environmental compliance activities and specify by the elements of environmental compliance including, for example, permitting, air, water, and sewer monitoring, equipment, etc. What was the source for this data?*

Answer: The \$2.5 million for environmental compliance:

- At Rock Island \$1.150M: \$50K for Air Conformity Analysis; \$100K for New Source Review Analysis and permitting; \$1M Environmental Impact Statement (EIS)
- At Riverbank \$1.3M for Environmental Baseline Study (EBS)

Source of data: The estimates were developed in consultation with Army Subject Matter Experts. The same cost estimation process was applied uniformly for all BRAC scenario environmental analysis.

32. *Question: Since Rock Island is a Title V Stationery Source, did the evaluation include costs for whatever Best Available Control Technology and/or emission offsets may be required? If Rock Island discharges pretreated industrial wastewater to the City of Rock*

Island, was the impact on the City's POTW evaluated? If additional pretreatment units are required to meet discharge limitation, were these costs included?

Answer: Yes

COMMENT:

The bulk of metal parts used to support to the current conflict is manufactured by Scranton AAP and Private Industry.

- o Deep drawn cartridge cases support ammunition for 105MM Stryker, 5"54 Navy Gun Ammo, 76MM Navy Gun Ammo and the R&D program for the 155MM Advanced Gun System for the Navy's DD(X) program. For the immediate conflict, the 5"54 Navy Gun Ammo and 76MM Navy Gun Ammo are specialty items of relative low volume. The 105MM for the Stryker is still in the decisional phase with only small training requirements out through the 2011. The 155MM Advanced Gun System for the Navy is in the R&D phase. For all of the aforementioned rounds, sufficient rounds can be stockpiled to make it through the transition. .*
- o For the immediate conflict, current requirements for Cargo Grenade Metal parts are low, but future requirements push production capacity beyond the capability that exists at Riverbank (0.9 million per month (1-8-5 basis) to 2.5 million to 3.0 million per month (1-8-5 basis). To support future needs of Cargo Grenade Metal Parts for the war-fighter, we need the capacity at both Riverbank AAP and Mississippi AAP.*

The recommendation does not abandon the deep drawn cartridge case capability within the organic base. It relocates the capability with other metal working capabilities and processes to gain efficiencies and effectiveness.

The following questions were based on a review of the Department of Defense Report to the Base Closure and Realignment Commission, Department of the Army Analysis and Recommendations BRAC 2005, Volume III dated May 2005

Note: Volume III represents the Army's analysis of all of its installations. The Army established its portfolio based on 40 different attributes. Responsibility for performing BRAC analysis of Munitions Production, Munitions Storage, Munitions Maintenance, Munitions Demilitarization, and Armaments Manufacturing/Production was assigned to the Industrial Joint Cross Service Group (IJCSG). Recommendations were established from capacity and military value data collected by the IJCSG with collaboration and support from the Army. Although the recommendations came from the IJCSG, questions 1- 6 are directed to the Army.

1. Question: According to the BRAC reports, "the Army did not include 'unique capability' within Military Value of Installations (MVI), but added these capabilities in its Military Value Portfolio determination (MVP) as constraints if the Army had a requirement for the capability". Further, "the MVP analysis was Army centric and did not account for Joint capability available or for unique capabilities from a Joint perspective. These Joint aspects were considered within scenario analysis". How were Riverbank's unique capabilities and joint aspects, including its role in meeting the Navy's requirements, taken into account by the BRAC Senior Review Group (SRG) in the Military Portfolio scenario analysis?

Answer: The Army serves as the Single Manager for Conventional Ammunition as outlined in DoD 5160.65. Since the Army has responsibility for the production, storage, maintenance, and demilitarization of ALL conventional ammunition for ALL services, joint capability was considered in the analysis.

The IJCSG and the Army worked together on the Munitions and Armaments recommendations. Both groups classified the ability to manufacture deep drawn steel cartridge case as a critical capability. The two groups also agreed that the process could be relocated.

2. Question: Please provide an explanation/justification as to how the Army determines that Rock Island Arsenal is a suitable candidate for establishing a cartridge case facility when Rock Island's output score for Munitions Production Capability under Military Attribute #21 is zero. Given this score, it would appear that Rock Island currently does not possess the munitions production capability or the technological know-how to support the manufacture of large caliber deep drawn steel cartridge cases. What considerations has the Army given to Rock Island's deficiencies?

Answer: The Industrial JCSG review of the munitions productions functions determined that Rock Island was capable of establishing a cartridge case facility.

- The major factors for closure of Riverbank Army Ammunition Plant, CA, were:
 - 5% utilization rate at Riverbank Army Ammunition Plant

- Inability to produce the total requirement for Cargo Grenade Metal Parts
- Availability of infrastructure to support the relocation of the deep drawn steel cartridge capability from Riverbank Army Ammunition Plant, CA.
- Assurance that there is time to bring Rock Island on line (4 deep drawn cartridge case commodities are low volume and can be stockpiled)

3. Question: Please provide details by which the military within SRG or Joint Cross Service Group (JCSG) determined whether or not to retain Riverbank in the portfolio.

Answer: The Army in coordination with the Industrial Joint Cross Service Group determined that the capabilities at Riverbank Army Ammunition Plant, CA, could be replicated elsewhere at a reasonable risk and cost.

4. Question: Please identify the two metal part installations under Munitions Production Attributes that were considered as constraints in the MVP evaluation and provide the justification for designating each as a constraint.

Answer: There was a typographical error in Volume III of the DOD Report to the BRAC Commission, Department of the Army Analysis and Recommendations BRAC 2005. Table 7 in Appendix B, page B-12 states 2 of 5 metal parts installations, but should read 1 of 4 metal parts installations.

These installations were Riverbank Army Ammunition Plant, CA; Mississippi Army Ammunition Plant, MI; Louisiana Army Ammunition Plant (removed from the BRAC process, but process and equipment were considered), and Scranton Army Ammunition Plant, PA.

5. Question: We would like to know which agencies completed the Installation Capacity Data Call and the Military Value Data Call for Riverbank. Which audit community determined the accuracy of the source and data? When was the data last updated for the final MVI and MVP results?

Answer: Riverbank Army Ammunition Plant answered both data calls. The Army Audit Agency has the responsibility for oversight and audit of the data calls. The Military Value Index and Military Value Portfolio results were last updated on 12 April 2005

6. Question: The BRAC report stated that the Army Materiel Command G3 is the Army Senior Military Executive (SME). Please identify the individuals and the services they represent as the SMEs within the Industrial Group for the Metal Parts Manufacturing. Please also provide the Military Supporting Documentation with details of the SME interviews for the metal parts installation for the manufacture of cartridge cases at Riverbank.

Answer: In the BRAC process, the Army Materiel Command G3 had dual roles. One role was as the Chair of the Industrial Joint Cross Service Group (IJCSG) and the other as an Army Senior SME. Other members chairing Joint Cross Service Groups and responding to dual roles included Senior Executive Service members/Flag/General Officers from the Joint Staff, Navy, Air Force, Marines, and Defense Logistics Agencies.

Munitions storage, demil, maintenance, production and Armaments manufacturing/production are inter-related processes that focus on support to the war-fighter. To make sure DOD sizes the industrial base appropriately, the support to the IJCSG included input from a cadre of 309 individuals. Throughout the entire BRAC process, the IJCSG relied upon the following SMEs: Under Secretary of Defense, the Commanding General of the Army Field Support Command and Joint Munitions Command (AFSC/JMC), Senior Executive Service (SES)(Army, Navy, Air Force, and Marine Corps), Rear Admiral from the Navy, General from the Marine Corp, General from the Air Force, IJCSG team (36 participants from the AFSC, JMC, AMCOM, CECOM, AMC, Navy, Air Force, Marine Corps, DODIG, DLA, OSD, DA and GAO). After development of the recommendations, a final review and approval was made by SMEs from the Secretary of the Military Departments (Army, Navy, and Air Force). The focus of the analysis was an industrial base in support of the total life cycle (except RDT&E) of munitions and armaments processes. The goal of the analysis was to improve the industrial base and increase DOD's ability to support readiness.

SECRETARY OF DEFENSE CORRESPONDENCE ACTION REPORT			
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U.S. House of Representatives
Washington, DC 20515-0519

GEORGE RADANOVICH

18TH DISTRICT, CALIFORNIA

June 15, 2005

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Donald Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington D.C. 20301-1000

Dear Mr. Rumsfeld:

One of the Government installations currently recommended for closure by the DOD is the Riverbank Army Ammunition Plant (RBAAP), located in my District. Needless to say, I am very concerned about the recommendation, not only from the impact on our community, but more importantly its impact on national defense preparedness and national security.

In order to understand the justification for seeking to close RBAAP and relocate the large caliber deep drawn steel cartridge case capability to Rock Island Arsenal, I have prepared the attached list of questions. I request your assistance in obtaining answers from DOD as promptly as possible. Since the Commission hearing in Los Angeles is scheduled for July 14, 2005, I would be very appreciative if answers can be secured in sufficient time to prepare for this hearing.

When reading the various BRAC related reports, several points concern me, which I believe were based on deficient information. The BRAC reports appear to overlook the fact that:

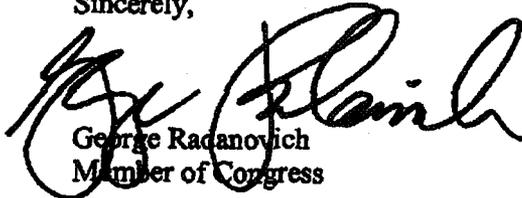
- Riverbank is the only industrial base facility capable of producing large caliber deep drawn steel cartridge cases in support of ammunition for the 105mm Stryker, 5"54, 76mm, Navy gun; and the R&D program for the 155mm Advanced Gun System for the Navy DD(X) program.
- Riverbank's manufacturing capability and technological know-how in the manufacture of these military products supports the Army's Future Combat System and the Navy's Advanced Gun System requirements.
- Riverbank serves our military's joint capacity needs.

Also of serious concern are various BRAC cost calculations that significantly underestimate the relocation of the cartridge case capacity from Riverbank to Rock Island.

OSD 12181-05

I am very appreciative of any assistance and support you could provide in expediting responses to the attached questions. Should you need additional information or have any questions concerning my request, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "George Radanovich". The signature is fluid and cursive, with the first name "George" written in a larger, more prominent script than the last name "Radanovich".

George Radanovich
Member of Congress

Cc: The Honorable Jerry Lewis
Cc: The Honorable Duncan Hunter

Riverbank Army Ammunition Plant

The following questions are based on review of the Department of Defense Base Closure and Realignment Report Volume 1 Part 2 of 2: Detailed Recommendations dated May 2005

1. Since Riverbank AAP is the only industrial base facility capable of producing large caliber steel cartridge cases in support of ammunition for the 105mm Stryker, 5"54, 76 mm, Navy Gun; and the R&D program for the 155mm Advanced Gun System for the Navy's DD(X) program, what criteria were used to judge these capabilities as "excess"?
2. The justification indicates there are four sites in the Industrial Base actively producing metal parts. Please identify the sites and their specific capabilities; in producing large caliber deep drawn steel cases.
3. The deep drawn large caliber cases are produced by a very unique process, based on technical know-how developed and perfected over 70 years by a California-based contractor. How does DOD plan to relocate this technical and intellectual property, i.e., know-how to Rock Island Arsenal?
4. Where is the redundancy in the manufacture of deep drawn steel cartridge cases in the Industrial Base?
5. The justification cites the need "to remove excess from the Industrial Base." How did DOD determine "excess" at Riverbank? How was Riverbank's unique capacity to manufacture large caliber deep drawn steel/brass cartridge cases evaluated in determining facility utilization?
6. Please provide studies that were conducted or data collected from Riverbank and the year of this information, which were utilized in the economic analysis model?
7. What studies were conducted or data collected to verify Rock Island's capabilities and know-how to manufacture the large caliber deep drawn cartridge cases? What was the year of these studies or data sources?
8. What steps did DOD take to validate and certify the input data on both Riverbank and Rock Island relative to cartridge case manufacturing?
9. The justification cites that closure allows DOD to "generate efficiencies." Please provide specific data on each efficiency generated by closure.
10. The justification cites that closure allows DOD to "nurture partnership with multiple sources in the private sector." Please provide details for each of the private sources DOD has identified for nurturing. Please indicate whether any of these private sources are capable of producing large caliber deep drawn steel cartridge cases.
11. What assumptions were made to handle tenants currently leasing at the Riverbank facility to help the Army offset the facility maintenance costs?
12. Were the costs associated with terminating tenant leases at Riverbank considered? If not, what is the additional cost involved?
13. Large caliber steel deep drawn cases and the grenade metal parts manufacturing requires a highly skilled design, technical, manufacturing, and engineering capabilities. Are these capabilities available at Rock Island? If not, what are DOD plans on acquiring these capabilities?

14. What are the current cost structure (such as overhead, G&A, materials, and direct and indirect labor) at Rock Island?
15. If Rock Island's cost structure cannot support competitive pricing for cartridge cases, how does DOD plan to meet ammunition requirements in a cost effective manner?
16. Riverbank is designated as a surge facility for M42 and M46 grenade metal parts and is the only plant known to have produced M77 grenade bodies. How was Riverbank's capacity to produce cargo grenade metal bodies evaluated in determining facility utilization? What are DOD plans to move this capability to Rock Island?
17. DOD has also recommended that the M42 and M46 grenade metal parts capability from Mississippi AAP be relocated to Rock Island. It is our understanding that Mississippi AAP does not currently have technical manpower knowledgeable in the manufacture of these grenade bodies, as exists at Riverbank; and that the installation cannot be easily inactivated. What are DOD plans to establish this unique capability at Rock Island?
18. The recommendation noted that new construction is planned at Rock Island. Please indicate the purpose of the new construction, the type and the cost involved. Was this cost considered in the one time cost?
19. What environmental infrastructure does Rock Island have to treat the discharge from the chemicals utilized in the manufacturing process?
20. Have the additional costs of the operating the new construction as well as the environmental treatment facility been considered in the BRAG evaluation?
21. What constitutes the one time cost of \$25.2 million, and what are the assumptions made for each cost element?
22. Have the costs of relocating the following equipment considered in the one time cost?
 - Relocation and installation of 17 presses, 6 machining centers, tempering, annealing, zinc plating facilities, and heat treatment facilities.
 - Proper design of the foundation and pits for heavy machinery such as presses and machining centers.
 - Metrology, chemical, and metallurgical laboratories.
23. In justifying relocation of the cartridge case metal parts capability to Rock Island, did DOD take into account the following factors?
 - Over \$13 million would be required to procure two major pieces of equipment: an anneal furnace, although currently utilized in production, the furnace is 50 years old and would not be expected to survive the move; an additional 5,000 ton press - because of limited press technical know-how, Rock Island would not likely be able to take advantage of utilizing the lower tonnage press at Riverbank to produce the 155mm Advanced Gun System cases.
 - Additional \$9 million would be needed to replace the zinc plating and thermal treatment facilities which are not likely to survive the move.
 - Were these additional costs in excess of \$20 million considered in the payback calculation?
24. Has the cost of training personnel been accounted for in the one time cost? If not, what is the additional cost?
25. Has the cost of prove-out been accounted for in the one time cost? If not, what is the additional cost?
26. What is the estimated timetable from closure to removal/replacement to installation, training, and prove-out?

27. Is the one time cost of \$25.2 million included in the calculation of the net cost of \$10.4 million after certain savings are projected?
28. What are the assumptions made at arriving at a recurring savings of \$6.5 million? Please provide a breakdown of each area of savings
29. What is the payback year for DOD's investment in closing Riverbank and relocating the cartridge case line at Rock Island and making it fully operational at a cost competitive level? How does this correlate with the 3-year payback period cited in the report?
30. What is the interest rate used in the payback calculations? What is the basis of this rate? What are the sunk costs considered?
31. Please provide a breakdown of the \$2.5 million for environmental compliance activities and specify by the elements of environmental compliance including, for example, permitting, air, water, and sewer monitoring, equipment, etc. What was the source for this data?
32. Since Rock Island is a Title V Stationery Source, did the evaluation include costs for whatever Best Available Control Technology and/or emission offsets may be required? If Rock Island discharges pretreated industrial wastewater to the City of Rock Island, was the impact on the City's POTW evaluated? If additional pretreatment units are required to meet discharge limitation, were these costs included?

The following questions were based on review of the Department of Defense Report to the Base Closure and Realignment Commission, Department of the Army Analysis and Recommendations BRAC 2005, Volume III dated May 2005.

1. According to the BRAC reports, "the Army did not include 'unique capability' within Military Value of Installations (MVI), but added these capabilities in its Military Value Portfolio determination (MVP) as constraints if the Army had a requirement for the capability." Further, "the MVP analysis was Army centric and did not account for Joint capacity available or for unique capabilities from a Joint perspective. These Joint aspects were considered within scenario analysis." How were Riverbank's unique capabilities and joint aspects, including its role in meeting the Navy's requirements, taken into account by the BRAC Senior Review Group (SRG) in the Military Portfolio scenario analysis?
2. Please provide an explanation/justification as to how the Army determines that Rock Island Arsenal is a suitable candidate for establishing a cartridge case facility when Rock Island's output score for Munitions Production Capability under Military Attribute #21 is zero. Given this score, it would appear that Rock Island currently does not possess the munitions production capability or the technological know-how to support the manufacture of large caliber deep drawn steel cartridge cases. What considerations has the Army given to Rock Island's deficiencies?
3. Please provide details by which the military within SRG or Joint Cross Service Group (JCSG) determined whether or not to retain Riverbank in the portfolio.
4. Please identify the two metal part installations under Munitions Production Attributes that were considered as constraints in the MVP evaluation and provide the justification for designating each as a constraint.
5. We would like to know which agencies completed the Installations Capacity Data Call and the Military Value Data Call for Riverbank. Which audit community determined the accuracy of the source and data? When was the data last updated for the final MVI and MVP results?
6. The BRAC report stated that the Army Material Command G3 is the Army Senior Military Executive (SME). Please identify the individuals and the services they represent as the SMEs within the Industrial Group for the Metal Parts Manufacturing. Please also provide the Military Supporting Documentation with details of the SME interviews for the metal parts installation for the manufacture of cartridge cases at Riverbank.

SECFILES FULL RECORD DETAIL

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 AMMUNITION PLANT (RBAAP)**
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 COMMENTS
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