THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAR 8 2004

MEMORANDUM FOR CHAIRMAN, SUPPLY & STORAGE JOINT-CROSS SERVICE GROUP

SUBJECT: Infrastructure Steering Group (ISG) Comments on the Supply and Storage Joint-Cross-Service Group Draft Military Value Report

The ISG has reviewed the draft Supply and Storage Joint Cross-Service Group (S&S JCSG) Military Value Report, briefed to it on February 20, 2004.

The ISG appreciates the military judgment and dedicated effort that your members, as the experts in the field, put into the report. As you prepare your final report for formal coordination, please consider the following comments, consolidated from those submitted on behalf of ISG members. For your convenience, the original comments are also enclosed. Please note that the general process comments provided by the Air Force are for ISG consideration rather than your direct response. If the judgment of your group is not to incorporate any of the following suggestions, please provide a brief rationale in the letter transmitting your final report. Your final report is due to the OSD Base Realignment and Closure (BRAC) office on or before March 22, 2004. Additionally, please plan to attend the April 2, 2004, ISG meeting (1030-1230) and be prepared to respond to any questions about your final report.

General Comments:

As you mentioned in your draft report, essential elements of the report need to be completed. These include revisions to questions, certain weights and scores, and the complexity factors to be applied to supply management.

The final report should reflect the rationale to support all aspects of the scoring plan, including assignment of attributes, metrics, weights, scoring and the complexity factors. To the extent possible, your report should be a complete, stand-alone document that contains the reasons for selecting attributes and metrics and assigning weights and scores, and the process used to arrive at each complexity factors, as supported by official records of deliberation.

It is unclear whether your scoring plan values those attributes you consider important. For example, notionally, metrics that vary between .9 and 1 or .95 and 1 are

not nearly as valuable for discriminating as those that vary between .5 and 1 or 0 and 1. Please review your metric scoring and consider whether it will allow you to discriminate among installations, while still capturing the factors that are important for the defense of your analysis.

You should include in your report a discussion on the results of your sensitivity analysis using notional data to determine the viability of the weights, scoring and formulas in the military value report. Sensitivity analyses should point out where skewed and unintended results might occur.

There was a discussion among ISG members regarding who will answer the S&S questions. One purpose of the first data call was to determine which activities and facilities performed the functions being reviewed by the JCSGs. Please consider revising your report to reflect that you will use the results of the first data call to determine those activities and facilities where you will direct your military value questions.

The complexity of some questions and the resulting data requirements may be more than installations can accurately support. Please review the questions and resulting data requirements for the ability of an installation or facility to answer it within the time available.

The February 12, 2004, Federal Register notice providing the proposed final selection criteria makes a number of commitments related to how the Department will interpret and apply the final selection criteria. Please review this notice to determine if such commitments should be built into your military value approach.

Your final report should include a complete set of questions your JCSG will need to support the military value scoring plans. The questions should also clearly distinguish between those questions that have already been asked in the first data call and those that will be included in the next data call. Each JCSG will also be required to review the totality of its questions to ensure redundant questions are eliminated. Additionally, the second data call will provide an opportunity to include questions to support your capacity analysis that were either omitted in the first data call or, based on what you have learned through feedback from the query process, clarify existing questions to ensure data received is consistent with your capacity analysis framework. These additional capacity-related questions should be included in a new section to your report.

As was done for the first data call, an Input Question Tool (IQT) will be provided to each JCSG through the Data Standardization Team (DST). Each JCSG and Military Department is required to submit their final questions in this tool, with appropriate amplification and references, no later than seven days after submission of their final report. The DST will provide guidelines for inputting questions in this tool (e.g., tables are restricted to nine total columns - avoid submitting multiple questions in a single

question, etc.). The DST review will vary from the one conducted for the first data call. The primary focus of this review will be on clarity, format (i.e., correct use of tables), and, to a smaller extent, duplication. Merging questions across JCSGs and Military Departments is not the intent of this review.

In reviewing other military value reports, we have noticed the use of various dates for defining the data input boundary (e.g., POM 06, FY 03, etc.). To ensure the data received is consistent for analysis, we will be issuing policy that will define the "cut off" dates that should be used in your analysis.

Specific Comments:

1. Please update the selection criteria throughout the report to ensure they reflect the proposed final criteria published in the Federal Register on February 12, 2004.

2. Please re-consider the weighting of location relative to capacity and condition to ensure that the analysis leads in the intended direction.

3. The report should clarify maximum metric scores. It appears that the JCSG's weighting plan sets the maximum score for most metrics at 1, but the report is not entirely clear.

4. Questions 44, 49, and 58. Please clarify the significance of knowing the unemployment rate. As it appears that this question attempts to measure the availability of the local workforce for inventory management, please consider whether a different metric such as measuring the percentage of the local workforce that works on the installation would be a better indicator of a market for replacement workers. Also consider using metropolitan statistical area rather than a defined radius.

5. Please clarify why the questions and the weighting plan for criteria 4 (costs) do not reflect a breakdown by function (supply, storage and distribution).

6. In order to determine where their commodities fall in the complexity factor matrix, activities will need detailed guidance to ensure that each activity sorts its commodities in the same way. Appropriate definitions and clarifications should be sent out with the next data call and be provided in the BRAC library. Experience with the capacity data call shows that in-depth definition guidance is important in obtaining consistent responses from the field.

7. Regarding the complexity factors, end item management is heavily weighted in the complexity factor, with a four to one ratio when compared to consumable management. Please review this portion of the complexity factor to ensure it does

what is intended, since most inventory control point management is of repair parts and consumables.

8. Page 3 of the report indicates that your group crafted a methodology to ". . . analyze the military value of supply, storage and distribution functions around the continental United States (CONUS)." This statement is contrary to the legal requirement to analyze all installations within the United States, which includes all 50 states, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Samoa, and any other commonwealth, territory or possession of the United States. Please revise your report to capture this requirement.

9. Please update report Section 4, "Issues Impacting Analysis," regarding manning levels and individual Service participation to describe the current status as it impacts the JCSG ability to conduct its analysis.

If you have any questions regarding these comments, please contact Peter Potochney, OSD Director Base Realignment and Closure, at 614-5356

Michael W. Wynne
Acting USD (Acquisition, Technology & Logistics)
Chairman, Infrastructure Steering Group

Attachments:
As stated

cc: Military Department BRAC Deputy Assistant Secretaries

DEPARTMENT OF THE ARMY
OFFICE OF ASSISTANT SECRETARY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110

SAIE-IA 27 February 2004

MEMORANDUM FOR Mr. Peter Potochney, Director, BRAC Office, OUSD (AT&L)

SUBJECT: S&S JCSG Military Value Analysis Report and ISG Briefing

1. I appreciate the opportunity to review the draft Military Value (MV) Analysis Report. In general, we found the report sufficiently detailed to understand the MV approach; the approach is generally sound and adequate to the task.

2. The Army supports the complexity factor technique employed by the S&S JCSG. We suggest, however, that the process that determines those factors be more completely described in the MVA report. GAO and the Commission will certainly wish to audit that process. Describing the process now should make your defense more effective.

3. Perhaps more importantly, we are concerned by the discussion at the ISG of who will answer the S&S questions. One purpose of the capacity data call was to determine which activities and facilities are actually of interest to the JCSGs. We ask that S&S JCSG identify the activities that must answer its questions per the discussion at the ISG.

4. Additionally, to offer our concurrence, we will need to review the final and complete list of questions and data elements (Appendix D) that will be included by the S&S JCSG in Data Call #2. It would be particularly helpful to identify what portion of the data elements required for the MV Analysis were already acquired in Data Call #1.

5. The complexity of some questions and the resulting data requirements may be more than installations can accurately support. We provide examples in the attachment, and recommend the S&S JCSG review their MV approach with this in mind. We find the unemployment metric particularly troubling and offer a substitute.

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SAIE-IA
SUBJECT: S&S JCSG Military Value Analysis Report and ISG Briefing

6. TABS looks forward to continuing to work with the Industrial JCSG on MV and other efforts.

Craig E. College
Deputy Assistant Secretary of the Army
(Infrastructure Analysis)

Encl
as

CF:
VCSA
ASA (I&E)
LTG Christianson, Army Rep, S&S JCSG

Specific Comments

REFERENCE: S&S Joint Cross Service Group Military Value Analysis

1. It remains unclear whether the max score for every attribute and metric is the same number. This is an important characteristic to ensure that the proposed weighting scheme works as envisioned by the S&S JCSG. It appears that most metrics have a max score of 1. We recommend the JCSG verify this characteristic as they finish their work.

2. Also key to getting results that discriminate among facilities is the variability of your metrics and attributes. Attributes that vary between .9 and 1 or .95 and 1 are not nearly as valuable for discriminating as those that vary between .5 and 1 or 0 and 1. ORSA theory strongly suggests reducing the weights or completely eliminating those characteristics with little variability. Recommend the S&S JCSG review the metrics now and modify weights as appropriate or reserve the opportunity to modify weights when the actual data come in.

3. p.14, Q4 and Q5. We were surprised that you assigned weights of 50 each to these questions. Neither question is a separate metric. One must divide by the other to build a single metric whose weight equals 40. Although OSD directed that every question have an assigned weight, this example should be an exception. The questions are truly unweighted; giving them weights will confuse unnecessarily those who will review our work. This issue applies to many other pairs of questions throughout the report.

4. Question 30. We have a major concern regarding the use of Service-specific facility codes. We know that the standards are inconsistent amongst the Services. We recommend that the JCSG switch to the DoD standard ISR to get more consistent answers across the Services.

5. Questions 44, 49, and 58. What is the significance of knowing the unemployment rate within a 50-mile radius? We understand from previous discussions that the issue is availability of workforce for inventory management. We are concerned about a metric wherein higher unemployment generates a higher score. This puts local communities in the unsavory position of wishing for higher unemployment to "protect" their military installation. The Army recommends replacing these questions for that reason. Perhaps a more acceptable metric would be to calculate the percentage of the local workforce that works on the installation-a lower number would indicate a better market for replacement workers. In this way higher unemployment is not a good thing.

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

1 March 2004

MEMORANDUM FOR DIRECTOR, BASE REALIGNMENT AND CLOSURE

SUBJECT: DON comments on the Supply and Storage Joint Cross-Service Group (JCSG) Military Value Report

We have conducted a detailed review of the draft Supply and Storage Joint Cross-Service Group Military Value Report, and provide the following recommendations to make the written report a more complete product.

Major Concerns:

1. We need to develop a process for establishing consistency of terminology and Military Value attributes/metrics/weights/scores assignment across like areas of other JCSGs (for example the munitions sub-function of the Industrial JCSG). Of particular concern is the fact that the evaluation of the munitions distribution function by the Industrial JCSG uses very different weighting, scoring, and metrics than the scoring plan developed for the rest of the distribution function by the Supply & Storage JCSG. This will become particularly important during the scenario phase as inter-JCSG negotiations become necessary and during review by higher level and external organizations.

2. A comprehensive definition or list defining the Supply and Storage JCSG universe of activities is required. There is no consistent understanding across services as to what a supply and storage activity is for the purposes of BRAC.

3. Separate military value scoring plans should be developed for supply, storage and distribution functions. When the same scoring plan is used for all three functions, activities that do not perform one or more of the functions will be unintentionally penalized. Additionally, when only similarly aligned activities are compared, the weights for the scoring plans will be skewed, with the particular function under assessment and criterion 4, cost and manpower implications, being weighted in a proportion far in excess of what we believe to be the JCSG's intention. We understand this has been born out by recently conducted sensitivity analysis.

4. The Supply and Storage JCSG should conduct sensitivity analyses using notional data to determine the viability of the weights, scoring and formulas in the Military Value Report. It is unclear whether their scoring plan properly values those attributes they consider important. Sensitivity analyses should point out where skewed and unintended results might occur.

Specific Recommendations

1. End item management is heavily weighted in the complexity factor, with a four to one ratio when compared to consumable management. Recommend this portion of the complexity factor be reviewed to ensure it does what is intended, since most inventory control point management is of repair parts and consumables.

2. In order to determine where their commodities fall in the complexity factor matrix, activities will need detailed guidance to ensure that each activity sorts its commodities in the same way. Additionally, appropriate definitions and clarifications should be sent out with the next data call. Experience with the capacity data call shows that in-depth definition guidance is critically important in obtaining consistent responses from the field. In the report there are references to information that is not routinely accessed by field level activities.

3. The breakdown in criterion 4 by supply, storage and distribution is not matched in the questions or in the weighting plan section.

4. Reassess military value as it applies to capacity, condition and location. Under the proposed scoring plan, efficiency and effectiveness accounts for 30% of the military value of a supply and storage activity. Capacity is addressed, but perhaps not sufficiently to capture distinct differences in kinds of capacity. Location is only considered as it applies to distribution nodes, with no consideration being given to an activity's proximity to its customers, which we believe could be important.

My staff and I stand ready to further clarify these issues and assist in implementation of the recommendations as necessary.

Anne R Davis

Anne Rathmell Davis
Deputy Assistant Secretary of the Navy
Infrastructure Strategy and Analysis

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MAR 0 1 2004

MEMORANDUM FOR CHAIRMAN, INFRASTRUCTURE STEERING GROUP (ISG)

SUBJECT: Commentary on Supply Storage Joint Cross Service Group (JCSG) Military Value Analysis Report

References: (a) OSD-ATL/BRAC 19 Feb 04 e-mail; Review and Approval of JCSG Military Value Report
(b) Supply/Storage JCSG Military Value Analysis Report

We are providing our initial comments on reference b per ISG guidance; further comments may be provided later. Before discussion of these comments, we have identified several cross-cutter issues that we believe affect more than one of the JCSGs.

a. Lack of Military Imperatives. JCSG reports lack clearly articulated military imperatives and/or guiding principles. Absent these, there is no "bounding" of the JCSGs functions substantiating the reason for their existence, i.e., military requirement.

b. Confusion between capacity and military value. There is confusion between capacity and military value and a tendency to define military value in terms of what the infrastructure could support efficiently (capacity-based) versus a capability assessment. Military value should be defined in terms of tangible improvement in operational capability effectiveness through an efficient combination of functions (mission-value based) and not be limited by infrastructure.

c. Military Value Analysis. Each of the JCSG discussions of military value should include the following: the fact that their military value determinations should be based upon DoD military requirements, that a primary task to the JCSG is to determine where joint consolidation or restructuring can either add tangible military value to the Services or provide the same military value at a tangible net savings, and that JCSG will provide military value recommendations (or when driven by imperatives, basing recommendations) to the Services for incorporation to the overall Service-wide recommendations. Military value weighting schemes for JCSGs should indicate how the schemes would produce the above deliverables.

d. Selection Criteria Interpretation. The Federal Register Notice of 12 Feb 04 makes a number of "promises" related to how we will interpret and apply the final selection criteria. Also, each Service and JCSG is interpreting the Selection Criteria to facilitate its analysis. How can the ISG be reasonably assured that these interpretations are compatible? Without a sufficient and consistent methodology to match requirements to capability, military value remains undefined.

e. Attributes. Each Service and JCSG uses different descriptions of attributes that comprise military value; one JCSG has a different attribute set for each of its subgroups. We recognize the attribute "buckets" cannot be fully congruent, but in several instances, the same attribute is described in several different ways. As this may prove problematic later in the BRAC process as we make comparisons and tradeoffs between and among Services and JCSGs, we recommend that the attributes be more standardized. Here's a proposed strawman:

- Installation mission infrastructure ... e.g., in the case of the AF, things like runway and ramp and space launch
- Installation combat service support infrastructure ... e.g., in the case of the AF, mobilization and base operations
- Production and throughput ... e.g., sorties or students
- Installation physical maneuver space ... e.g., in the case of the AF, airspace
- Installation non-physical maneuver space ... e.g., in the case of the AF, electromagnetic spectrum and bandwidth
- Ranges ... land, sea, air
- Beneficial Relationships/Synergy ... operational, professional, joint/interagency
- Geographical/Environmental Factors ... e.g., encroachment, weather, topography, proximity to mission and joint operations

f. Terminology. We need to achieve a common understanding of the terms we're using, to include imperative, principle, military value, attribute names, and synergy.

g. Ensure that MilVal questions in no way duplicate those in the capacity data call.

h. Facility Conditions. The various JCSGs are using different methods and approaches to assess the condition of facilities on DoD installations. Therefore, there needs to be a consistent approach across all Joint Cross Service Groups to assess the condition of facilities.

With respect to reference b, of paramount concern is the language in Section 4 concerning manning. We believe that this is a showstopper issue that must be addressed before the report becomes final and the JCSG continues with its analysis. If the JCSG is not able to provide the level of analysis required, as intimated in the section, than it leaves itself, its methodology, and any recommendations open to criticism by parties external to DoD.

We challenge the JCSG to re-address the logic and rationale of examining, through the JCSG, wing and below retail-level supply/storage functions. We request this issue be raised to the ISG. It must be resolved before the Military Value methodology is final.

For the balance of the report, Air Force input falls essentially into the category of viability of metrics and weighting and reasonableness of data call questions.

Finally, the use of the complexity factor to normalize data for comparison requires it to be fully fleshed out, and we understand that the JCSG is committed to that effort. We would anticipate the validity and sensitivity analysis of this concept to be described in the final report.

You'll find the remainder of our comments is attached. Headquarters AF POC is Lt Col Nancy L. Combs, SAF/IEBJ, 614-0462.

MICHAEL A. AIMONE, PE
Deputy Assistant Secretary
(Basing & Infrastructure Analysis)

Attachment:
Additional AF Supply Storage JCSG Military Value
Analysis Report Comments

cc:
DASA (IA)
DASN IS&A
JS J4
AF/IL
AF/CV
SAF/IE

AIR FORCE COMMENTS
S/S JCSG MILVAL REPORT

Page 3. There is a conflict between the S/S JCSG Capacity Methodology and Military Value. Capacity analysis was limited to the "...evaluation of supply and storage capacity to that which exists in the fifty state, the District of Columbia, Guam, Puerto Rico and Samoa". Whereas the Military Value Methodology states ". analyze the military value of supply, storage, and distribution functions around continental Unites States (CONUS)".

Page 7. Criterion 1. Stock control processes seem more a management or policy function than pure military value.

Page 7. Criterion 2. Unless "modernity" is not easily reconstitutable, we cannot see how this is such a strong determinant, it is more ea matter of cost. Further, we do not see the measurable tie between "modernity" and output.

Page 8. Criterion 3. Is there a measurable tie between IT infrastructure and output? IF so, is it due to cost; is it site-dependent?

Page 11. Complexity Factor Table. This appears to measure the complexity of the current stock rather than the capability of the infrastructure to handle complexity.

Page 14. Characteristic 1. How is the inventory management process infrastructure-related?

Page 14. Characteristic 1, attribute 1, Metric 1, Question 1, Metric 2, Question 2. Define "accommodation" and "demand" satisfaction. If accommodation means how well one kept up specified stock levels, that means a high score for keeping stock you didn't need.

Page 16. Characteristic 2, Attribute, Metric 1, Question 16. Recommend defining facilities by DoD FAC Code for standardization of comparison. Also, recommend using "gross square feet" or "net square feet" as "average net square feet" is not a standard engineering term.

Page 16. Characteristic 2, Attribute 1, Metric 1, Questions 11 & 12, Metric 2, Questions 13 & 14. Recommend review to determine if complexity factors should be applied to these metrics.

Page 19. Characteristic 1, Attribute 2, Metric 1, Questions 31 & 32. Same as above

Page 20. Criterion 2, Characteristic 1, attribute 3, Metric 1, Question 33. Recommend specifying $162Ft^2$ is Gross Square Feet or Net Square Feet.

Page 20. Characteristic 2, Attribute 1, Metric 1, Question 34. Are all supply and storage requirements compatible with automated materiel retrieval systems?

AIR FORCE COMMENTS
S/S JCSG MILVAL REPORT

Page 22. Characteristic 1, Attribute 1, Metric 1, Question 44. Ensure cut-off date is consistent with ISG guidance.

Page 22. Characteristic 1, Attribute 2, Metric 1, Question 46. The 06 POM will not be done in time to provide this data; the snapshot for infrastructure is FY 04.

Page 22. Characteristic 1, Attribute 2, Metric 1, Question 46. If a location has modernized before FY06 and the IT systems are relatively new or refurbished, the capital expenditures will be small. Therefore an existing modern IT system is scored low, which seems in contradiction with the rating scheme.

Page 23. Characteristic 2, Attribute 2, Metric 1, Question 51. Same as above.

Page 24. Characteristic 3, Attribute 2, Metric 1, Question 60. Same as above

Page 23. Characteristic 2, Attribute 1, Metric 1, Question 49. Ensure the cut-off date is consistent with ISG guidance.

Page 23. Characteristic 2, Attribute 3, Metric 2, Question 54. Same as above.

Page 23. Characteristic, Attribute 2, Metric 1, Questions 50 & 51, Attribute 3, Metric 1, Questions 52 & 53. The 06 POM will not be done in time to provide this data; the snapshot for infrastructure is FY04.

Page 22. Characteristic 1, Attribute 1, Metric 1, Question 43. This data may not be obtainable of consistent across the Services. Military Service job series and proficiencies are structured differently, for example. Additionally, civilian service dates may not be available without manual retrieval and create a subsequent auditability issue.

Page 23. Characters 2, Attribute 1. Metric 1. Question 48. Same as above.

Page 24. Characteristic 3, Attribute 1. Metric 1, Question 56. Same as above

Page 24. Characteristic 3, Attribute 1, Metric 2, Question 70. Ensure cut-off date is consistent with ISG guidance.

Page 24. Characteristic 3, Attribute 2, Metric 1, Questions 59 & 60. The 06 POM will not be done in time to provide this data; the snapshot for infrastructure is FY04.

Page 23, Characteristic 2, Attribute 3, Metric 1, Questions 52 and 53. Recommend using only approved and funded MILCON projects through the FY04 MILCON Appropriations Act vice program MILCON for accuracy and fidelity. Additionally, recommend clarifying the question, e.g., is the question determining supply/storage projects or projects at bases with major supply/storage functions.

Page 26. Criterion 4, Attribute 2, Metric 1, Question 70. Is this a statistically significant sample size?

AIR FORCE COMMENTS
S/S JCSG MILVAL REPORT

Page 31. Question 27. Ensure cut-off date is consistent with ISG guidance.

Page 32. Question 41 & 44. Ensure cut-off date is consistent with ISG guidance.

Page 32. Questions 46 & 47. The 06 POM will not be done in time to provide this data; the snapshot for infrastructure is FY04.

Page 33. Questions 49, 54, and 58. Ensure cut-off date is consistent with ISG guidance.
Page 33. Questions 50, 51, 52, 53, 59, 60. The 06
POM will not be done in time to provide this data;
the snapshot for infrastructure is FY04.