Issues for Chairman Principi

Army Depot Capacity
&
Red River Army Depot

DCN: 3048

The Army does <u>not</u> have excess depot capacity for Red River's missions

- Department of Army's analysis on Depot Maintenance showed no significant excess capacity among the five Army depots.

- "Army depots are working beyond capacity and show no signs of slowing down, says **Army Secretary Francis J. Harvey**. With these industrial facilities operating 24/7 to keep up with equipment repair workloads, **the Army is not in a position to close any of them**, even as a round of base closures looms, he asserts. This year, the services eight depots and arsenals will generate 19 million direct labor hours. Next year, the number is going up to 25 million direct labor hours. 'We have surge capacity within that, and we pay very close attention to having that capability,' says Harvey. The Base Realignment and Closure Commission will have to take that into account. 'We are going to maintain the capability to surge—in the 25 to 30 million range" (from National Defense/May 2005).

- Department of Army resisted closure of Red River throughout Service deliberations and only acquiesced when promised equivalent capacity. [See supporting documentation]

Flaws in the Red River Recommendation

- The Industrial Joint Cross Service Group (IJCSG) reached its recommendation to close Red River Army Depot using a flawed methodology.
  - DoD handbook uses a workload of 85% capacity based on 1 shift, 8 hours/day or 40 hours per week for capacity analysis.
  - No excess capacity exists beyond necessary surge ratio.
  - Industrial JCSG incorrectly used 60 hours per week (1.5 shifts), making it appear feasible to close Red River and leading to the flawed Red River recommendation.

- This flaw required the creation of 2.6 million direct labor hours in new capacity to support the Red River closure.
  - Recommendation requires creation of 2.2 M DLH in capacity at Anniston and 0.4 M DLH in capacity at Letterkenny.
  - Recommendation requires over $194 M in one time costs and over $40 M in military construction to recreate capacity that exists at Red River today.

Risk to Surge Capacity Resulting From the Red River Recommendation

- Even this new 2.6 M DLH in capacity may not be sufficient based upon Red River's escalating workload:
  - FY03: 2.1 M DLH
  - FY05: 4.0 M DLH
  - FY06: 5.6 M DLH (projected)
- Army discussions on Red River noted that "FY03 data used in Industrial JCSG's analysis does not reflect current workload or future requirements." (Army Senior Review Group Meeting #32, 01 March 2005)
  - The Army benefited from the BRAC '95 decision to keep Red River open and maintain its crucial depot capacity.
  - The ongoing Global War on Terrorism makes it dangerous to eliminate capacity based upon data from the past.

CAPACITY ISSUES

- Conflicts with DOD 4151.18H peacetime capacity guidance
- Assumes people are only constraint and that all shops have capacity for expansion
  - Equipment, tooling and facility constraints ignored
  - Existing multi-shift operations not considered
  - Assumes no artisan/skills constraint
- Navy analysis indicates
  - 1.5 shift operation with 50% increase in work will only yield 30% increased throughput with corresponding 20% increase in WIP

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SUMMARY OF ISSUES

Military Value

Military Value primary consideration to support the Combat Commander

Ignoring this constitutes Substantial Deviation

Army Depot Capacity – Issue 1

The Army must retain all Depots to support War Fighters

Army Depot Capacity – Issue 2

Industrial Joint Cross Service Group (IJCSG) deviated from DoD parameters for capacity and "created" 2.6 million direct labor hours in Anniston and Letterkenny to permit closure over Army objections

Red River Munitions Center

There is insufficient ammunition storage capacity within the Army to accommodate the Red River Munitions Center and Lone Star Ammunition Plant's current stored ammunition

DLA's Defense Distribution Depot (DDRT) – Red River, Texas

The top ranked Red River DDRT was slated for disestablishment due only to potential RRAD Closure

Military Value

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- This is the only joint installation in the United States that has a maintenance mission, ammunition mission and a major distribution mission. These missions work together to support our troops in an efficient and highly responsive manner. The only true way to compile the military value of this defense complex is thru the eyes of the soldier.

- Portions of Red River's workload was relocated to other installations with essentially the same military value.

- The recommendation to close Red River does not maximize military value for:
  - Armament and Structure Components
  - Construction Equipment
  - Starters/Alternators/Generators
  - Tactical Vehicles
  - Depot Fleet/Field Support

Army Depot Capacity – Issue 1

The Army must retain all Depots to support War Fighters

- "Army depots are working beyond capacity and show no signs of slowing down, says **Army Secretary Francis J. Harvey**. With these industrial facilities operating 24/7 to keep up with equipment repair workloads, **the Army is not in a position to close any of them**, even as a round of base closures looms, he asserts. This year, the services eight depots and arsenals will generate 19 million direct labor hours. Next year, the number is going up to 25 million direct labor hours. 'We have surge capacity within that, and we pay very close attention to having that capability,' says Harvey. The Base Realignment and Closure Commission will have to take that into account. 'We are going to maintain the capability to surge—in the 25 to 30 million range" (from National Defense/May 2005).

- DA told IJCSG in 7 Dec 04 (SRG Meeting #23) that they could not close Red River or Letterkenny.

- DA analysis on Depot Maintenance shows no significant excess among 5 depots.

Army Depot Capacity – Issue 2

Industrial Joint Cross Service Group (IJCSG) deviated from DoD parameters for capacity and "created" 2.6 million direct labor hours in Anniston and Letterkenny to permit closure over Army objections

- DoD handbook uses 1 shift, 8 hours/day or 40 hrs per week for capacity analysis.

- IJCSG used 60 hrs per week which is reserved for surge capacity

- IJCSG chose to modify depot capacity numbers to justify moving 2.1 million direct labor hours (DLH) from Red River.

- This analysis did not consider Red River's workload for FY05 (4.0 million DLH) and for FY06 (5.6 million DLH).

- Their plan eliminates surge capability and adversely impacts readiness.

Red River Munitions Center

There is insufficient ammunition storage capacity within the Army to accommodate the Red River Munitions Center and Lone Star Ammunition Plant's current stored ammunition

- The BRAC recommendation is to move the ammunition storage and demilitarization from Red River Army Depot and Lone Star Army Ammunition Plant to McAlester Army Ammunition Plant. Since the BRAC data was gathered, McAlester has shown a significant increase in storage occupancy and is currently over the optimum level set by Joint Munitions Command. Assuming 100% capacity, there is still a shortage of 1.9 million square feet to store the ammunition from Red River and Lone Star. The goal of the Joint Munitions Command is 85% capacity.

- Red River currently has critical sensitive ammunition such as Stinger missiles stored in 88 Category I and II igloos. McAlester has 50 Category I and II igloos and will need additional Category I and II storage, but the Army Plan does not call for any additional facilities to be built or for upgrade of facilities to meet Category I and II requirements.

- Approximately $8.3M would be required to replicate the Chaparral Missile Facility and move the sophisticated test equipment.

- The BRAC report shows no provision for accomplishing the workload of 107 Red River Munitions Center workforce on McAlester's personnel rolls other than the statement that "it is anticipated that the missions can be accomplished with existing workforce." No positions are shown to transfer to or from McAlester.

DLA's Defense Distribution Depot (DDRT) – Red River, Texas

The top ranked Red River DDRT was slated for disestablishment due only to potential RRAD Closure

SUPPLY & STORAGE JOINT CROSS SERVICE GROUP SCENARIOS ANALYSIS

- The DDRT is rated number one for placement as Strategic Distribution Platform (SDP) in the Central Region.
  - 4 SDP's are required because of capacity/mission demand issues
  - They considered Oklahoma City Distribution Depot as SDP alternative location and NOT SELECTED!
  - They attempted to optimize to 3 SDP's by contracting out some supply & storage functions, but capacity was still insufficient.
  - Red River was rated #1 and designated Central Area SDP!
  - DDRT remained the Central Area SDP until Red River was recommended for closure.
  - Red River SDP was transferred to #2 Oklahoma City only as a result of Army closure.

- Moving the mission to the Oklahoma City Distribution Depot will require $43M military construction.

- When Red River is removed from the BRAC closure list, DDRT should be re-designated as the Central Region Strategic Distribution Platform for DLA.

References to Red River Army Depot from Army Senior Review Group Deliberative Minutes

Army Senior Review Group Meeting #23, 07 Dec 2004:

"Red River/Letterkenny: The SRG supports retaining both facilities and directed the Army Representative to the Industrial JCSG to represent the Army position."

Army Senior Review Group Meeting #31, 22 Feb 2005:

"On Red River Army Depot (RRAD) . . .There is a question whether the FY03 data used accurately reflects the current and projected workload at RRAD."

Army Senior Review Group Meeting #32, 01 March 2005:

"Dr. College then discussed Red River, noting that the FY03 data used in Industrial JCSG's analysis does not reflect current workload or future requirements."

Army SRG Meeting #33, 08 March 2005:

"Regarding Red River Army Depot, the SRG determined that the FY03 data is not sufficient for analysis and that the Army should request that the Industrial JCSG analyze the impact of current and future workload projections in their process."

Army SRG Meeting #34, 15 March 2005:

"On Red River, Dr. College noted that the IEC approved relocation of the functions with the condition that 2.6 M DLH of capacity be added to the other Army depots. The SRG approved submitting an Army candidate recommendation to close Red River given the collection of JCSG recommendations that move activities out of Red River."

Army SRG Meeting #35, 22 March 2005:

"On Red River, Dr. College reported the IEC decision to close Red River, and build additional capacity at Anniston Army Depot and Letterkenny Army Depot."

BRAC SRG #32

1 March 2005

Red River

- Anniston (24) and Letterkenny (39) have higher MV than Red River (40)
- Industrial JCSG determined that remaining capacity sufficient if Red River closed - Army is not yet convinced
- The model used does not support the reality of mission requirements, nor accurately reflect Red River's military value in this instance
- The current base of work differs significantly now from the 03 data, (4 million DLH vice 2.1 million DLH) and that this base is more representative of the workload that we can expect in the foreseeable future
- Estimate based on assumption of 50% surge capacity requirement; Red River surpassed the FY 03 surge requirement in its routine operations in FY 05 and continues to increase its mission load -- in support of what is considered a "small" war
- If the base remains at 4 Million DLH, or continues to grow, does this recommendation still make sense?

2.4.6. Joint Logistics

2.4.6.1. Depot Maintenance

For Depot Maintenance, TABS used the measurements for workload and capacity index expressed in direct labor hours (DLH) for fiscal year 2003 by depot level commodity

groups[19] at maintenance depots. The workload is the total organic workload, funded, being performed and reported by each installation from all funded sources. The reported capacity index for the depot commodity groups applicable to depot maintenance work at each maintenance installation used the formula in Chapter 3 of the DOD Depot Maintenance Capacity and Utilization Measurement Handbook. Subtracting the workload from the capacity index at each installation, depot maintenance capacity shows 20 percent excess across the Army, but there is a 8 percent shortage at Red River Army Depot.

Depot Maintenance			
Installations	**Assets**	**Excess/Shortage**	**Summary**
Anniston AD	3,962	739	✓ 13,392 direct labor hours
Corpus Christi	3,957	697	✓ 20 % excess exists across the Army; 8 % shortage exists at Red River Army Depot.
Tobyhanna AD	3,687	706	
Red River AD	1,849	-158	
Letterkenny AD	1,575	213	
Others (11)	1,670	1,118	
Total	13,392	3,308	

Table 59. Depot Maintenance

Surge: The Army's goal for its five principal depots (Anniston Army Depot, Tobyhanna Army Depot, Corpus Christi Army Depot, Letterkenny Army Depot, and Red River Army Depot) is a workload of 85 percent capacity based on one shift, eight hours per day, and five days per week. The remaining 15 percent is available to meet surge requirements.

In the opinion of the BRAC SRG, surge capacity is required due to the importance of depot maintenance, but the Industrial JCSG will determine actual requirements.

Implications: Larger depots may have the capacity to absorb the workload of smaller depots as well as other DOD depot-type activities. Consolidation may improve the efficiency and effectives of our depots in support of the warfighter.

2.4.6.2. Armaments Production

The Army has four Manufacturing Centers: Lima Army Tank Plant, Pine Bluff Arsenal, Watervliet Arsenal, and Rock Island Arsenal. Each manufacturing center has a unique capability that must be maintained. While the capability needs to be maintained, this does not imply that the installation itself needs to be retained.

- Lima – Only DOD organic combat vehicle manufacturing facility.
- Pine Bluff Arsenal – Only DOD organic facility for Chem/Bio production and rebuild. Sole supplier for producing white phosphorous
- Watervliet Arsenal – Unique capability for the manufacture of light arms and heavy arms, thick-/thin-walled mortar, and cannon tubes.[20]
- Rock Island Arsenal – USMC howitzers mounts. Unique Foundry capability.

[19] DOD 4151.18H, DOD Depot Maintenance Capacity and Utilization Measurement Handbook, Jan 24, 1997 and Handbook Supplemental guidance, Oct 4, 2001.
[20] Industrial Analysis Center, DCMA, *Army Transformation of the Industrial Base Study*, April 2003.

Each manufacturing center is Joint in nature. TABS collected data on FY 03 direct labor hours (DLHs) from theses manufacturing centers and compared that data to the Total Capacity Index in order to determine the excess capacity. The Capacity Index was calculated in accordance with the DOD Depot Maintenance Capacity and Utilization Measurement Handbook, DOD 4151.18H. As shown in Table B-14, the manufacturing centers display about 69 percent excess capacity; none of the installations are in a deficit.

Armament Production			
Installations	Assets	Excess/Shortage	Summary
Pine Buff Arsenal	2,341	2,341	✓ 69 % excess capacity; none of the installations are in a deficit
Rock Island Arsenal	1759	1,117	
Lima Tank Plant	867	281	
Watervliet Arsenal	641	421	
Anniston AD	379	0	
Tooele AD	105	45	
Others (2)	26	1	
Total	6,119	4,206	

Table 60. Armament Production

Surge: The Army has excess armament production capacity and can meet surge requirements through additional funding for multiple shifts.

In the opinion of the BRAC SRG, surge capacity is required due to the importance of armament production, but the Industrial JCSG will determine actual requirements.

Implications: The excess means that the FY03 workload at these centers was assessed and judged to by less than maximum capacity. The potential exists to reshape these manufacturing centers around the core capability and divest of excess infrastructure.

2.4.6.3. Ammunition Storage

Most Army ammunition production facilities have limited storage and distribution for ammunition. The Army has 13 Army production facilities based on the Army Stationing Strategy dated 5 August 2003. The Army has seven munitions centers: Blue Grass Army Depot, Hawthorne Army Depot, Tooele Army Depot, and the four chemical demilitarization sites, which will close at the completion of the Chem Demil mission. It should be noted that there are three other munitions centers located as tenants at Anniston Army Depot, Letterkenny Army Depot, and Red River Army Depot. The Joint Munitions Command (JMC) considers Blue Grass Army Depot, Hawthorne Army Depot, Tooele Army Depot, and the three munitions centers located at depots as storage and distribution centers. Storage and distribution includes receipt, storage, issue, maintenance, surveillance, and demilitarization of munitions.

Not counting installation level ammunition storage facilities the Army has 20 installations with ammunition storage. Two of these installations have requirements equal to assets. The remaining 18 installations have assets, 47,373KSF, which exceed the requirement of 28,178 KSF, leaving an excess of 19,195 KSF.

Ammunition Storage			
Installations	**Assets**	**Excess/Shortage**	**Summary**
McAlester AAP	6,925	2,686	✓ Army assets total 48,315 KSF
Hawthorne AD	6,303	2,591	✓ Army requirement is 29,120 KSF
Crane AD	4,892	1,377	✓ Army excess totals 19,195 KSF
Sierra AD	4,537	3,691	✓ 2 installations have requirements equal to assets.
Pine Buff Arsenal	3,970	268	✓ The remaining 18 installations have assets of 47,313 KSF with requirements of 28,178 KSF
Bluegrass AD	3,966	793	
Tooele AD	3,250	1,273	
Letterkenny AD	2,343	939	
Milan AAP	2,169	1,579	
Anniston AD	1,990	587	
Red River AD	1,801	598	
Pueblo CD	1,475	1,314	
Others (8)	4,694	1,500	
Total	48,315	19,195	

Table 61. Ammunition Storage

Surge: The Army has excess ammunition storage capability above the installation. Some excess should be maintained to meet unexpected surge requirements.

In the opinion of the BRAC SRG, surge capacity is required due to the importance of ammunition storage, but the Industrial JCSG will determine actual requirements.

Implications: The JMC goal is to be filled at 85% capacity. End state is to structure a Joint distribution network that will enhance the strategic mobility/deployability of the Warfighter, reduce the sustainment footprint, and reduce the cost of logistics while maintaining warfighting capability and readiness. These goals imply the ability to consolidate and divest of excess infrastructure.

To Maximize Military Value -- Keep Red River Open!

- The recommendation to close Red River does not maximize military value for:
  - Armament and Structure Components
    Red River Army Depot: 18.34 (1st) ➔ Anniston: [not in top three]
  - Construction Equipment
    Red River Army Depot: 61.90 (1st) ➔ MLCB Albany: 49.33
  - Starters/Alternators/Generators
  - Red River Army Depot: 55.27 (1st) ➔ MLCB Albany: 39.01
  - Depot Fleet/Field Support
    Red River Army Depot: 31.56 ➔ Anniston: 15.81
  - Tactical Vehicles
    Sent from Red River (3rd in MV) and split between LEAD (1st) and TOAD (4th), both of which are distant from the location of most tactical vehicles