

Executive Correspondence  
DCN 7783

**NI INDUSTRIES, INC.** BRAC Commission  
**5215 S. BOYLE AVE** **AUG 18 2005**  
**P.O. BOX 58507** Received  
**LOS ANGELES, CALIFORNIA 90058**  
**(323) 588-7111 \* FAX (323) 588-7623**

**TELEFAX COVER SHEET**

**DATE:** Aug. 18, 2005

**TO:** Mr. Dave Van Saww (703) 699-2735

Joint Cross-Service Team Leader

**FROM:** Brian McQuire

**TOTAL PAGES FAXED:** 3  
**(INCLUDING COVER SHEET)**

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DATE: Aug. 18, 2005

TO: The Honorable Anthony J. Principi

(703) 699-2735

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DATE: Aug. 18, 2005

TO: Mr. R. Gary Dinsick (703) 699-2735  
Army Team Leader

FROM: Brian McGuire

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**NI INDUSTRIES, INC.**5215 S. BOYLE AVE. - P.O. BOX 58507 - LOS ANGELES, CALIFORNIA 90058  
(323) 688-7111 - FAX (323) 588-7823

August 16, 2005

**Subject: Privatization of Riverbank Army Ammunition Plant (RBAAP)****Reference: Questions and Responses Contained in BRAC Commission Document DCN 6382**

The Honorable Anthony J. Principi  
Chairman  
Defense Base Closure and Realignment Commission  
2521 South Clark Street, Suite 600  
Arlington, VA 22202.

Dear Chairman Principi:

NI Industries, Inc. (NI) recognizes and appreciates the interest the Commission has shown in listening to our concerns with the DoD's BRAC 2005 recommendation relative to the Riverbank Army Ammunition Plant (RBAAP).

During our presentations to the Commission staffers and the BRAC Commission NI championed the case to leave the cartridge case capability at RBAAP for the following reasons:

1. Potential risk to the supply chain for cartridge cases based on the complexity of the move.
2. Cost estimates for relocating the capability were understated and, thus, the payback overstated.
3. The concerns to keep jobs at Riverbank, which is a labor surplus area with high unemployment.

NI feels that it is extremely important to express our concerns with privatization raised in Question #13 of the above referenced document and the potential ramifications if privatization became the BRAC Commission's final decision. Key points for consideration are listed below:

1. The payback generated from the current and projected requirements for deep drawn large caliber cartridge cases to 50-60K units per year may not be sufficient to attract private investment considering the significant cost that would have to be made to acquire and support the facility and the return on that investment.
2. Cartridge case production volumes would have to be at a minimum of two (2) times the above level to maintain year round employment for the cadre of highly skilled and experienced personnel currently employed at RBAAP.
3. A long term (5 to 10 years) commitment at the higher volumes would be required to maintain the capability over a sustained period of time.
4. Environmental issues at RBAAP, even with the appropriate level of indemnification from the U.S. Government, may adversely affect insurance rates and cost of operations.

Given our expressed concerns and testimony to the Commission, if the determination is to close Riverbank and relocate the cartridge case line to Rock Island, with full recognition of the complexities, risks and costs associated with such a move, we believe the only way to minimize such a risk is for the Commission to recommend NI as the "turn-key" contractor to relocate and operate the cartridge case facility at Rock

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Island. Only NI's unique technical capability and intellectual property can mitigate the risk and ensure quality production.

In closing, we hope the above information is helpful as you deliberate the various options before you. We reiterate our firm commitment to continuing our support of the war fighter's requirements, as well as the DoD's transformation.

Sincerely,

A handwritten signature in black ink that reads "Brian M'Guire". The signature is written in a cursive style with a large initial "B".

Brian McGuire  
President

BM:gl

Cc: Mr. Dave Van Saun, Joint Cross-Service Team Leader  
Mr. R. Gary Dinsick, Army Team Leader