DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
2521 SOUTH CLARK STREET
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Executive Director: Charles Battaglia

Bob Meyer — Some help, Please!

June 8, 2005

TO: ~~Clearinghouse@wso.whs.mil~~

CC: Robert.Meyer.CTR@osd.mil, Nathaniel.Sillin@wso.whs.mil,

FROM: BRAC Commission

SUBJECT: Request Comment on Hawthorne Army Depot, Kansas AAP, and Lone Star AAP.

1. Attached for your review and comment are issues tied to the closure of army bases, Lone Star AAP, Kansas AAP, and Hawthorne Army Depot. For all three installations, representatives of the communities and Day and Zimmerman the contractor stated that the personnel numbers were inaccurate, noting that information provided in response to data calls was not used or incorporated into the final recommendation, and that the contract workforce had not been taken into consideration. In each case, the facility is government-owned, contractor-operated (GOCO), meaning that the workforce is contractual by nature instead of a more typical federal civilian workforce. Please respond as to what the correct personnel figures should be at each installation.

2. The concern was presented that closure of Hawthorne with movement to Tooele Army Depot was not logical as movement was occurring from a large facility into a smaller facility. How was the decision made to move the Hawthorne mission to Tooele?

3. With respect to Hawthorne, the community mentioned that there would be a significant issues with permits in Utah and there would also be significant community (Utah) concern regarding the demil work that would move from Hawthorne to Tooele. Please discuss Utah requirements and any information, with regard to environmental permits and requirements to successfully move the Hawthorne mission to Tooele.

4. Please discuss how each of the missions at Hawthorne Army Depot was considered in the closer of the facility; particularly their demilitarization capability?

5. Were any other scenarios explored which did not close Hawthorne, but realigned other sites and moved missions to Hawthorne? If so, what were the scenarios and why were they rejected?

6. With regard to Lone Star and Kansas, please discuss how you accounted for and incorporated the complexity of manufacturing ammunition into the recommendations.

7. There was discussion and reference to a RAND study which recommended privatization in place of all the ammunition plants. Please provide a COBRA run, analysis and comments on the potential for a suggestion to privatize both Lone Star and Kansas in place.

Best regards,

R. Gary Dinsick
Army Team Leader

Economic Impact to the Community

BRAC Position:

Potential reduction of 326 jobs over period 2006-2011. Less than .1% of economic area employment (measured against Reno-Sparks, Nevada).

Point	BRAC (2003)	Actual: (2005)
Military Personnel	74	1
Civilian Personnel	45	45
Contractor Personnel	80	493
Totals	**199**	**539**
Employment Displacement	0.1%	30% - Direct 50% - Mineral County Direct and Indirect

HWAD Payroll Over $16 Million Annually; Losing 835 Jobs of the 1860 Jobs in Mineral County..

Analysis

Incorrect Data – Only the Commander is active military. The 73 were temporary reserves stationed at HWAD during heightened security.

Correct Data

Incorrect Data; a total of 448 contractors was reported to the ASIP IMA Southwest in 2003..no one knows where the 80 figure comes from..

Incorrect data..the 2003 IMA report showed a total 567; since 2003 HWAD lost the Reserves and added more contractors for security…

Incorporated the Mineral County displacement figures into the employment data for the Reno/Sparks metropolitan area (243,270 employment) – 133 miles away. Current Mineral County employment is 1,860. Closing the depot could devastate Hawthorne, Nevada. As primary employer in Hawthorne significant economic redevelopment will be required. Annual Payroll - $16.6 million; Subcontracts & Purchases 10/2004 to 3/2005 - $5.9 million ($5.3 million (89%) to small business, women owned, disadvantaged, veteran owned, etc.). 4% of the workforce is Native American.

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HAWTHORNE ARMY DEPOT – BRAC FACT MATRIX			
Point	**BRAC Comment**	**Actual Facts**	**Analysis**
Mil.Personnel	74	1	Incorrect Data – Only the Commander is active military.
Civ. Personnel	45	45	Correct Data
Contr. Pers.	80	493	Incorrect Data
Employment Displacement Percentages	.1%	31%-50% Mineral County Total job losses	BRAC used employment data for the Reno/Sparks metropolitan area (243,270 employed) which is 133 miles away. Current Mineral County employment is 1,860. Total HWAD displacement is **585**. Total projected job loss in county is **970**.
Cost to Close In actuality totals approximately $1.28 billion	$180.3 million	**$80.7** million	Relocation of 218,000 tons of munitions, inert material, and IPE to a new location. $39m shipping, $20.4m transportation, $21.3m receipt
		$151 million	Demilitarization of 130,000 tons of munitions stored at HWAD (calculated at current rates). Under perfect conditions – 4.5 years to complete.
	IJCSG Munitions / Armament Capability Report says HWAD does not use its demil capability.	**$157** million of demil facilities duplication at Tooele not calculated. **$500** million for new magazines	Duplication of WADF capabilities at Tooele or other depots at least $157 million for demil facilities plus $500 million new magazines. Not feasible with Tooele space available. Environmental permitting will require 5 to 7 years. HWAD demilitarized 8,070 tons in 2002, 5,913 tons in 2003, and 5,526 tons in 2004. Demil effort is directly proportional to funding. Toole would need $500 million in new magazines to accommodate incoming munitions from HWAD.
		$10 million tenant relocate not calculated	Relocation of Navy Torpedo Battery Recycling, and Mine Maintenance Detachment and the Marine Corp Weapons Test Detachment ($ 5 million to $15 million), if facilities are available.
	Environmental costs not included by BRAC	Community Direct loss- $38 million, indirect loss - $46 million	As primary employer in Hawthorne extensive economic redevelopment will be required. Annual Payroll - $16.6 million; Subcontracts & Purchases 10/2004 to 3/2005 - $5.9 million ($5.3 million (89%) to small business, women owned, disadvantaged, veteran owned, etc.). 4% of the workforce is Native American
		$383 million	$383 million clean-up required - only if HWAD closed
Discriminating Issues	HWAD does not produce or maintain munitions	Incorrect	HWAD is currently performing the renovation of 300,000 rounds of 105 MM renovation HWAD has performed Load Assembly & Pack (LAP) functions for bomb fuzes, mines, AQMs, and these facilities are still available.
	Railroad Wash-out 3 months per year	Incorrect	Severe weather wash-outs are extremely rare. There have been three wash-outs in the last twenty years and they have not impacted receipt or shipment of munitions. Most shipments & deliveries by truck – Outstanding surge capabilities.
	HWAD is not multi-functional or joint service oriented	HWAD is very multi-functional and Joint Service oriented in all areas of storage, demil, testing, training, manufacturing, & property disposal	• Navy: Fallon training storage – Navy Carrier group storage/surge support for West Coast (in discussion) – Signed MOA to provide range scrap demilitarization. • Marines: High Desert and winter training (ideal Iraq / Afghanistan training simulations). Transient training up to 1000 at a time. • Navy SEALS: High Desert, Mountain, and Water training site (dedicated barracks facilities). • Corp of Engineers: Signed MOA for Range Scrap processing from closed test sites • DLA: Slated for national Mercury storage site summer 06; 4.890 tons

Hawthorne Army Depot Facts:

- 230 Square Miles of irreplaceable un-encroached, environmentally permitted, multi-functional Joint Service land and facilities
- 2400 Steel reinforced concrete magazines, all in serviceable condition
- Storage capacity for 600,000 tons of munitions with 300,000 tons of space available as the only usable space left in the depot system.
- Korea, South West Asia retrogrades will fill this space or otherwise be stored outdoors elsewhere causing Homeland Security and Anti-terrorism issues.
- 700 Industrial process, service support, inert storage buildings mostly all steel reinforced concrete
- 272 miles of railroad
- Facilities in place and operating for production/renovation, demilitarization, storage, receiving, shipping, ammo surveillance, mine and torpedo maintenance, property re-utilization office, scrap sales, open burn, open detonation, weapons and ammunition testing, operational training for Navy SEALS, Marines, National Guard, and Army, rifle ranges, gun ranges, mortar ranges etc. Multi-Functional, Joint Service, extremely low cost to use
- Currently demilitarizing 6-8 thousand tons per year. Capacity to demil 35-40 thousand tons per year
- Open burn, open detonation facilities for emergency destruction of unstable ordnance
- 3 Industrial sized container loading/offloading pads complete with truck and rail access
- 6 Industrial sized loading off /offloading docks complete with truck and rail access
- Army owned water rights and facilities; Cat Creek dam, Black Beauty reservoir, Rose creek reservoir, multiple deep wells
- Western Area Demilitarization Facility (WADF) – Largest fully permitted demilitarization facility in the depot system
- Homeland Security/Anti-terrorism support. All ammo stored in locked, guarded concrete magazines
- On-site laboratory for ammunition and environmental testing
- Range Scrap demilitarization and disposal facilities for joint service customers
- HWAD is sited by original design to service Pacific Fleet and western test and training ranges
- Un-restricted air-space for training operations
- Available adjacent land for expansion of training and testing for Joint Service customers
- 6,000 foot C-130 capable Mineral County airstrip
- Space available to support DLA customer request to store 4890 tons of strategic mercury stockpile
- Space available to store 22 Trident C-4 rocket motors at request of customer
- Space available to support Pacific Fleet customer with just in time delivery of fleet ammo packages to ports on west coast

- Multi-functional use of HWAD land makes for transient training of Marines and Seals at little extra cost

Problems with changing land use of HWAD from current use to public/commercial use:

- HWAD has been used as munitions processing and storage and testing site for over 70 years. To change land use will require extensive multiple site environmental remediation. Army Corps of Engineers estimates approximately $383 million.
- Likely to cause water rights legal battle between Army, State of Nevada and Mineral County that will last many years and cost everyone a lot.
- Buildings constructed for ammunition processing and storage not readily suited to other uses.
- Some HWAD sites may be permanently closed to usage transfer and require care-taker status forever. This is costly with no benefit to tax payer or war fighter.

WHITE PAPER
HWAD BRAC ISSUES
[redacted]
5/19/05

1. BRAC says that the effect on personnel of closing Hawthorne Army Depot (HWAD) is 74 military, 45 civilians, 80 contractors. This is incorrect. Closing HWAD will result in the loss of 1 military, 45 civilians and 493 contractors since that is what is present now. Also lost would be many subcontractors not counted as full time. BRAC says this is not important because this is only .1% of the Reno/Sparks metropolitan area which they used for analysis. In actuality HWAD is 133 miles from Reno. The loss of 539 direct jobs represents approximately 27% of the total workforce on Mineral County. The waterfall effect of these jobs lost would result in at least a 46% loss of jobs in Mineral County and probably much more since HWAD is the primary source of outside revenues. It is interesting to note that BRAC used Fallon to compare the impact of shutting down NAS Fallon but used Reno for analysis for shutting down HWAD whereas Reno is 133 miles from HWAD and Fallon is 70 miles from Reno.
2. BRAC says the cost to close HWAD is $180,000,000. Actual Costs will be much higher including $80.7 million for relocation of stocks (there is no magazine storage in the USA that will hold this amount of stocks), $[redacted] million in Demil of stocks at HWAD, $5-15 million to relocate Navy Torpedo and Marine Corps Weapons Test Detachments, Mineral County Redevelopment $27.8 million, many millions to build, prove out, and permit a new demil facility to replace WADF (see paragraph 3) and an estimated $400 million for environmental remediation sufficient to change the land use from a munitions operation to a public operation. BRAC says that environmental remediation is not included as a factor because it is required anyhow. Not accurate. It is required to change the land use from military munitions to public use but in reality that $400 million will never be allocated as long as the land use does not change (i.e. HWAD is not shut down).
3. BRAC says that HWAD capabilities and functions will be transferred to Tooele Army Depot. The cost of doing this is prohibitive in itself. To duplicate HWAD demil facilities would cost $[redacted] million to $[redacted] million and a decade of environmental approval delays. There is no room at Tooele for magazine storage on the scale of HWAD. Tooele is also facing an encroachment problem that would make it vary difficult to build or develop the required facilities needed to replace HWAD. The entire Depot system in the USA is currently out of storage capacity except for HWAD. When Korean and Guam and European retrogrades start coming back in full force (they have already started) all the depot system will be overflowed requiring outdoor storage of ammunition thus producing large Homeland Security issues. HWAD has the only remaining useable 300,000 tons of storage capacity. (See attached chart produced by the Program Manager for Demilitarization).
4. BRAC says HWAD does not maintain or produce munitions. This is not true. HWAD routinely renovates munitions for storage and issue to war-fighter for training programs. HWAD also supports a dedicated formal government Quality

Assurance Specialist Ammunition Surveillance (QASAS) munitions inspections program for active stocks of Ready for Issue (RFI) ammunition.

5. BRAC says HWAD cannot offload and receive munitions because of unreliable rail conditions. This is untrue. HWAD has one of the very best (if not the very best) shipping and receiving record in the depot system. There have been a total of only 3 short rail outages in the last 20 years. No shipping or receiving schedules were missed. Ever. Other major depots (not BRAC'd) located in the East and Midwest cannot claim this. They have a much worse record because of weather and other factors. Also the majority of all shipping and receiving is done by truck. HWAD has access to 3 highways in and out of the area with multiple routes branching off from each of the 3. HWAD was designed and positioned where it is because it is in the perfect location to serve the Pacific Fleet. HWAD is also in the perfect position to serve out ammo to the 2 largest ammunition usage ranges in the western US – namely Fallon NAS and Nellis USAF.
6. BRAC says that installations must multi-functional for production, demil and storage and BRAC says that HWAD is not. This is incorrect.* HWAD is very multifunctional and also highly joint in its customer base. HWAD routinely provides joint demilitarization, renovation, receiving, shipping, storage under the Joint Munitions Command Single Manager for Conventional Ammunition concept. HWAD is also joint in providing access and support for Marines, Navy Seals, and Army training exercises on a regular annual basis. HWAD has evolved in the last year to be the site of preference for desert warfare training for Marines Corps Special Forces and Navy Seals headed to Afghanistan due to the similarity in terrain and climate. HWAD is currently providing joint services support for the processing of Range Scrap and Residue from Navy test ranges and FUD sites in concert with the Army Corps of Engineers. HWAD provides on-site support to the Navy Torpedo and Mine Maintenance Detachment on a permanent year-round basis. HWAD provides Load Assemble and Pack (LAP) services for the production of demo charges for ship testing at Mare Island and Puget Sound, Washington. HWAD is slated for the summer of 2006 to be the site for storage and maintenance of the National Mercury Stockpile because of its capacity and the quality of storage and security. HWAD is the largest and most capable site for the emergency destruction of unstable munitions in the US. HWAD also operates a MILVAN inspection and repair facility that serves all joint customers. HWAD routinely supplies serviceable containers to Tooele and other military bases so that they may meet their surge/mobilization plan requirements. This effort is in addition to HWAD meeting its own container requirements.
7. If anything HWAD is severely underutilized. With approximately 10 million square feet of manufacturing space, over 2,500 storage magazines, its proven out-loading and receiving capability, benchmark inventory program, ability to inspect, repair, and stuff 188 containers a day, available demilitarization processes that have grown since the initial BRAC review, customer interest in HWAD for the storage of mercury and ammunition to support pacific fleet operations and so on HWAD should be work loaded to take advantage of its geographical location and proven ability to provide needed services to all the branches of the military.

8. *And also very faulty logic when it comes to Supply Depot Operations and Demil Operations. Just think where Wal Mart would be if they insisted that production, disposal, storage and distribution be performed all in one place).

ATTACHMENT 1

received from DZI 8 Jun 2005

IJCSG - Munitions/Armaments Capacity Report - Capacity By Site

Site	*Function*	*Category*	*Current Capacity**	*Current Usage**	*Maximum Capacity**	*Capacity in Excess of Current Usage**
USA	**KANSAS ARMY AMMUNITION PLANT**					
	MUNITIONS DEMILITARIZATION					
		DEPLETED URANIUM AMMO	57.0	1.0	57.0	56.0 -- 56.0
		HE BOMBS	17.0	0.0	17.0	17.0 -- 17.0
		HE ICM/BU & SUBMUNITIONS	17.0	0.0	17.0	17.0 -- 17.0
		HIGH EXPLOSIVE MUNITIONS	142.0	2.5	142.0	139.5 -- 139.5
		INERT	17.0	1.5	17.0	15.5 -- 15.5
		NO FAMILY	0.0	0.0	17.0	0.0 -- 17.0
		PROPELLENTS	63.0	1.0	63.0	62.0 -- 62.0
		SMALL CAL AMMO/FUZES/MISC	63.0	1.0	63.0	62.0 -- 62.0
		Site Total	**376.0**	**7.0**	**393.0**	**369.0 -- 386.0**
		Percent of Capacity Not Utilized				**98.1% -- 98.2%**
	Munitions Production					
		Artillery	22,580.0	0.0	35,380.0	22,580.0 -- 35,380.0
		Cluster Bombs	112.0	116.0	3,112.0	-4.0 -- 2,996.0
		Missiles	1,300.0	130.0	1,336.0	1,170.0 -- 1,206.0
		Mortar	0.0	0.0	30,000.0	0.0 -- 30,000.0
		Pyro/Demo	0.0	0.0	3,000,000.0	0.0 -- 3,000,000.0
		Rockets	512,000.0	0.0	512,000.0	512,000.0 -- 512,000.0
		Site Total	**535,992.0**	**246.0**	**3,581,828.0**	**535,746.0 -- 3,581,582.0**
		Percent of Capacity Not Utilized				**100.0% -- 100.0%**

* Capacity is measured in dlh(k) for Armaments Production/Manufacturing and Munitions Maintenance functions; short tons for Munitions Demilitarization; ksf for Munitions Storage;and lbs or each(s) as applicable for Munitions Production.

IJCSG - Munitions/Armaments Capacity Report - Capacity By Site

Site	*Function*	*Category*	*Current Capacity**	*Current Usage**	*Maximum Capacity**	*Capacity in Excess of Current Usage**
USA	**KANSAS ARMY AMMUNITION PLANT**					
	MUNITIONS STORAGE					
		EXPLOSIVE ABOVE GROUND	255.6	155.5	255.6	100.1 -- 100.1
		Explosive Earth Covered	3.6	3.0	3.6	0.6 -- 0.6
		OTHER EXPLOSIVE STORAGE	979.3	737.4	979.3	241.9 -- 241.9
		Site Total	**1,238.5**	**895.9**	**1,238.5**	**342.6 -- 342.6**
		Percent of Capacity Not Utilized				**27.7% -- 27.7%**

* Capacity is measured in dlh(k) for Armaments Production/Manufacturing and Munitions Maintenance functions; short tons for Munitions Demilitarization; ksf for Munitions Storage;and lbs or each(s) as applicable for Munitions Production.

Attachment 1

DoD BRAC KSAAP
Munitions/Armaments Capacity Report - Capacity by Site

	What Is This	Current Capacity	Current Usage	Maximum Capicity	Capicity in Excess of Current Usage	
Artillery	155mm, M795 & 105mm	22,580	-	35,380	22,580	35,380
Cluster Bombs	SFW (Expressed in terms of BLU-108s)	112	116	3,112	(4)	2,996
Missiles	BLU-108's for JSOW	1,300	130	1,336	1,170	1,206
Mortar	60mm, 81mm, 120mm	-	-	30,000	-	30,000
Pyro/Demo 0	Detonators (Line Inactive & Requires Major Facilitization)	-	-	3,000,000	-	3,000,000
Rockets	Grenades & MLRS	512,000	-	512,000	512,000	512,000
Total		535,992	246	3,581,828	535,746	3,581,582
Percent of Capacity Not Utilized					100.0%	100.0%

KSAAP - Revised Analysis — Attachment 1

Munitions/Armaments Capacity Report - Capacity by Site

Corrected for Unit Quantities

	What Is This	Current Capacity	Current Usage	Maximum Capicity	Capicity in Excess of Current Usage	
Artillery	155mm, M795	12,800	10,000	12,800	2,800	2,800
Artillery	105mm	12,800		12,800		
Cluster Bombs	SFW (Expressed in terms of BLU-108s)	600	280	600	320	320
Missiles	BLU-108's for JSOW	1,300	130	1,300	1,170	1,170
Mortar	60mm	12,000	10,000	20,000	2,000	10,000
Mortar	81mm	10,000		10,000		
Mortar	120mm	8,000		8,200		
Pyro/Demo 0	Detonators (Line Inactive & Requires Major Facilitization)	-	-	-	-	-
Rockets	Grenades & MLRS	512,000	-	512,000	512,000	512,000
Total		569,500	20,410	577,700	518,290	526,290
Percent of Capacity Not Utilized					**91.0%**	**91.1%**

Capacity Measured as Weighted Quantities (weighted by hours per unit)

	What Is This	Current Capacity	Current Usage	Maximum Capicity	Capicity in Excess of Current Usage	
Artillery	155mm, M795	7,680	6,000	7,680	1,680	1,680
Artillery	105mm	4,992	-	4,992		
Cluster Bombs	SFW (Expressed in terms of BLU-108s)	6,000	2,800	6,000	3,200	3,200
Missiles	BLU-108's for JSOW	10,400	1,040	10,400	9,360	9,360
Mortar	60mm	2,088	1,740	3,480	348	1,740
Mortar	81mm	3,790	-	3,790		
Mortar	120mm	3,360	-	3,444		
Pyro/Demo 0	Detonators (Line Inactive & Requires Major Facilitization)	-	-	-	-	-
Rockets	Grenades & MLRS	9,956	-	9,956	9,956	9,956
Total		48,266	11,580	49,742	24,544	25,936
Percent of Capacity Not Utilized					**50.9%**	**52.1%**

ATTACHMENT 2

Munitions Production Capacity by Munitions Commodity Family

Question: Fill in the table below:
1) For columns "End Items" and "Components", please indicate with a "Y" (yes) or "N" (no) which you have capacity. (NOTE: If you have both "end item" and "component" enter the data for the end-item only.)
2) For "Current Capacity columns, enter the current capacity amount in the appropriate column ("EA" (each) or "lbs" (pounds/month)). Current capacity is the expected monthly output from utilization of ALL ACTIVE lines or workstations running ONE shift (40 hours), under current operating conditions on a concurrent basis.
3) For "Current Usage" columns, enter the current usage amount in the appropriate column ("EA" (each) or "lbs" (pounds/month)). Current usage is the expected monthly output from that portion of the current capacity that is actually in use or on contract.
4) For "Maximum Capacity" columns, enter the current capacity amount in the appropriate column ("EA" (each) or "lbs" (pounds/month)). Using current capacity as a baseline, maximum capacity is the total monthly output attainable running ONE shift (40 hours), with full utilization of ALL LINES or workstations, active and inactive, on a concurrent basis. Maximum capacity INCLUDES hiring skilled labor and reactivation of inactive lines, but EXCLUDES facility expansion).
Amplification: QUESTION/INSTRUCTIONS:
This question is to be answered by government-owned, government operated (GOGO) and government-owned, contractor-operated (GOCO) facilities performing the following activities: munitions and/or armaments production; depot level munitions storage; deepstow and short-term storage; depot level munitions and/or armaments maintenance; munitions and/or armaments demilitarization and repair at traditional depot- and intermediate-levels as defined below.

Please fill in the following table(s)

Commodity Family	End Item (Yes/No)	Component (Yes/No)	Current Capacity (Ea)	Current Capacity (lbs)	Current Usage (Ea)	Current Usage (lbs)	Maximum Capacity (Ea)	Maximum Capacity (lbs)
60mm Mortar	Y	Y	12,000	0	10,000	0	12,000	0
81mm Mortar	Y	Y	10,000	0	0	0	10,000	0
120mm Mortar	Y	Y	8,000	0	0	0	8,200	0
105mm HE Artillery	Y	N	12,800	0	0	0	12,800	0
105mm Artillery (Other)	0	0	0	0	0	0	0	0
155mm HE Artillery	Y	N	12,800	0	10,000	0	12,800	0
155mm ICM Artillery	Y	N	12,800	0	12	0	12,800	0
155mm Artillery (Other)	0	0	0	0	0	0	0	0
MLRS Artillery	N	Y	512,000	0	0	0	512,000	0
Detonators/Delays/Relays	N	Y	1,0280,000	0	0	0	1,028,000	0
Tomahawk Missile	N	Y	12	0	0	0	12	0
Shoulder-Launched Multipurpose Assault Weapon	N	Y	1250	0	0	0	2500	0
SFW/CBU-97/CBU105	Y	Y	60	0	28	0	60	0
CBU-87	Y	Y	1,500	0	0	0	01,500	0
BLU-108	Y	Y	200	0	520	0	200	0

155mm ICM ARTILLERY/M864 Currently Producing M864 Rounds to be utilized in the testing of the M42/M46 Grenades with the Self-Destruct Fuzes.
MLRS Artillery: M77 Grenade/Component
DETONATORS: M55
TOMAHAWK MISSILE: Payload Module Assembly/Component

KSAAP - Significant Production Contracts

Attachment 2

Item	Customer	Contract Number	Prime Contract Number	Item Produced	Quantity	Converted to Monthly DoD Definitions	Start Date	Finish Date
1	Textron Systems Corporation	28027	F08626-96-C-0001	SFW (FRP 1)	529	441	2/6/1997	1/23/1998
2	Textron Systems Corporation	75969	F08626-97-C-0003	SFW (FRP 2)	585	488	1/21/1998	3/19/1999
3	Textron Systems Corporation	L473PO114359	F08626-98-C-0002	SFW (FRP 3)	556	463	6/14/1999	1/14/2000
4	Textron Systems Corporation	L473PO143311	F08626-99-C-0008	SFW (FRP 4)	304	253	2/15/2000	12/31/2000
5	Textron Systems Corporation	L473PO175170	F08635-00-C-0009	SFW (FRP 5)	304	253	2/8/2001	3/29/2002
6	Textron Systems Corporation	L473PO210361	F08635-01-C-0005	SFW (FRP 6)	301	251	1/2/2002	12/31/2002
7	Textron Systems Corporation	L473PO232752	F08635-01-C-0005	SFW (FRP 7)	301	251	1/10/2003	1/16/2004
8	Textron Systems Corporation	PO246800	F08635-03-C-0022	SFW (FRP 8)	350	292	12/23/2004	2/18/2005
9	Textron Systems Corporation	PO246800	FA8677-04-C-0071	SFW (FRP 9)	320	267	1/3/2005	Open
10	US Army ARDEC	(Additional Options pending)	DAAE30-03-C-1166	LAP 155mm, HE M795 Projectiles	111,015	10,000	9/30/2003	3/30/2006
11	US Army ARDEC		DAAE30-02-1004	60mm Mortars	373,358	10,000	11/15/2001	Open

ATTACHMENT 3

IJCSG - Munitions/Armaments Capacity Report - Capacity By Site

Site	*Function*	*Category*	*Current Capacity**	*Current Usage**	*Maximum Capacity**	*Capacity in Excess of Current Usage**
USA	**MILAN AAP**					
	Munitions Production					
		Artillery	28,520.0	7,715.0	28,520.0	20,805.0 -- 20,805.0
		Medium Cal	853,251.0	316,658.0	853,251.0	536,593.0 -- 536,593.0
		Mines	0.0	0.0	10,200.0	0.0 -- 10,200.0
		Missiles	43.0	5.0	43.0	38.0 -- 38.0
		Mortar	93,831.0	0.0	93,831.0	93,831.0 -- 93,831.0
		Pyro/Demo	142,390.0	62.0	142,390.0	142,328.0 -- 142,328.0
		Tank	32,240.0	0.0	32,240.0	32,240.0 -- 32,240.0
		Site Total	**1,150,275.0**	**324,440.0**	**1,160,475.0**	**825,835.0 -- 836,035.0**
		Percent of Capacity Not Utilized				**71.8% -- 72.0%**
	MUNITIONS STORAGE					
		EXPLOSIVE ABOVE GROUND	181.6	120.4	181.6	61.2 -- 61.2
		Explosive Earth Covered	53.3	11.7	53.3	41.6 -- 41.6
		OTHER EXPLOSIVE STORAGE	3,023.2	697.8	3,023.2	2,325.4 -- 2,325.4
		Site Total	**3,258.1**	**829.9**	**3,258.1**	**2,428.2 -- 2,428.2**
		Percent of Capacity Not Utilized				**74.5% -- 74.5%**

* Capacity is measured in dlh(k) for Armaments Production/Manufacturing and Munitions Maintenance functions; short tons for Munitions Demilitarization; ksf for Munitions Storage;and lbs or each(s) as applicable for Munitions Production.

Attachment 1

KSAAP - Revised Analysis
Munitions/Armaments Capacity Report - Capacity by Site
Corrected for Unit Quantities

	What Is This	Current Capacity	Current Usage	Maximum Capicity	Capicity in Excess of Current Usage	
Artillery	155mm, M795	12,800	10,000	12,800	2,800	2,800
Artillery	105mm	12,800		12,800		
Cluster Bombs	SFW (Expressed in terms of BLU-108s)	600	280	600	320	320
Missiles	BLU-108's for JSOW	1,300	130	1,300	1,170	1,170
Mortar	60mm	12,000	10,000	20,000	2,000	10,000
Mortar	81mm	10,000		10,000		
Mortar	120mm	8,000		8,200		
Pyro/Demo 0	Detonators (Line Inactive & Requires Major Facilitization)	-	-	-	-	-
Rockets	Grenades & MLRS	512,000	-	512,000	512,000	512,000
Total		569,500	20,410	577,700	518,290	526,290
Percent of Capacity Not Utilized					**91.0%**	**91.1%**

Capacity Measured as Weighted Quantities (weighted by hours per unit)

	What Is This	Current Capacity	Current Usage	Maximum Capicity	Capicity in Excess of Current Usage	
Artillery	155mm, M795	7,680	6,000	7,680	1,680	1,680
Artillery	105mm	4,992	-	4,992		
Cluster Bombs	SFW (Expressed in terms of BLU-108s)	6,000	2,800	6,000	3,200	3,200
Missiles	BLU-108's for JSOW	10,400	1,040	10,400	9,360	9,360
Mortar	60mm	2,088	1,740	3,480	348	1,740
Mortar	81mm	3,790	-	3,790		
Mortar	120mm	3,360	-	3,444		
Pyro/Demo 0	Detonators (Line Inactive & Requires Major Facilitization)	-	-	-	-	-
Rockets	Grenades & MLRS	9,956	-	9,956	9,956	9,956
Total		48,266	11,580	49,742	24,544	25,936
Percent of Capacity Not Utilized					**50.9%**	**52.1%**

Day & Zimmermann Munitions and Defense

BRAC Commission
Review And Analysis

Joint Issues Team

June 8, 2005

by

Day & Zimmermann

BRAC Recommendation and Justification

- DOD recommended closure of Kansas and Lone Star AAPs due to overcapacity of the industrial base

- Kansas Justification: To reduce redundancy and remove excess from the Industrial Base, the closure allows DoD to create centers of excellence, avoid single point failure, and generate efficiencies.

- Lone Star Justification: To reduce redundancy and remove excess from the Industrial Base, the closure allows the DoD to create centers of excellence, avoid single point failure, and generate efficiencies. Goal is to establish multi-functional sites. Lone Star performs only one of 4 functions.

Competition is the real answer to rationalize capacity
Directed capacity ignores the proven benefits of competition

- Over the last few years, successful competition has created more activity at both Kansas and Lone Star.

- Competition is the best way to achieve the same reduction of capacity, reduce the cost of ammunition, while maintaining high quality, without the costs associated with closure.

- The answer
  - Privatize Kansas and Lone Star in place
  - Continue PEO Ammo's push toward full systems competition
    - Without workloading

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Lone Star AAP

July 2003

BRAC ANALYSIS ERRORS

- The data used to generate the closure of Lone Star is faulty
  - Employment is higher than reported – high enough to deserve a site visit
  - Capability and current utilization was understated
  - No recognition of single source capability that others have been unsuccessful in manufacturing
  - No cost built in to acquire privately owned intellectual property and equipment
  - Assumption of competed work going to the receiving installation may not be true since in a lot of cases the competed work will be won by Canada
    - If work directed, then no benefit of competition will be achieved as currently exists
    - If work goes to Canada, than transfer costs will not be recouped

Lone Star AAP has critical capabilities and intellectual property that will be lost…

- **Much of the intellectual property belongs to Day & Zimmermann**
  - Designs for production equipment, processes, and tooling
  - Process control programs developed for production of detonators, self-destruct fuzes, and other products
  - Patents on critical production equipment: Chamlee Loader (US #3426946), Cargile Scooper (US #3383020), and Cone & Explosive Extractor (pending)

- **Lone Star has critical capabilities**
  - Produces, stores, maintains, upgrades, and demilitarizes munitions – *the full scope of activity*
  - Loaded Components (Primers, Detonators, Delays, etc.)
  - FASCAM Gator, Volcano, MOPMS
  - Artillery ICM 105mm, 155mm, MLRS (Grenades)
  - Hand Grenades (HE)
  - M223/M239 fuze production – *relocated to meet M77/M101 grenade production requirements*
  - M53 Delay, M59 Detonator, M67 Hand Grenade, and M223/M239 Fuze Production – *Lone Star sole source items*

Closing Lone Star AAP is contrary to the interests of full and open competition…

- PEO Ammo's long-term strategy is to move to more, not less, competitive contracting
- By directing workload to Iowa, Milan, McAlester, and Crane, DoD is acting contrary to the strategy
- Shutting down a contractor-operated facility (Lone Star) in favor of government-operated ones (McAlester and Crane) completely ignores the benefits of competitive contracting
- Lone Star's most formidable competitor is SNC of Canada – *a privatized firm*
  - SNC is proficient in mortars, artillery, energetics and grenades
  - SNC is the most likely winner of any subsequent hand grenade competition if Lone Star is closed

Privatization is the most cost effective method to implement DoD's recommendations…

One-Time Costs	Closure ($k)	Privatization ($k)
O&M		
Civ Salary	426	426
Civ Moving	142	142
Unemployment	31	31
Other	7,021	1,918
Mil Personnel		
Other	21	21
Other		
Environmental	5,350	0
1-Time Other	15,984	0
Total One-Time Costs	**28,975**	**2,538**
Total One-Time Savings w/Privatization		**26,437**

With privatization the avoidance of relocating the capabilities results in a one-time savings to DoD of $26.4M – Also the annual net recurring savings of $17.3M will remain the same as closure

The best outcome is for the Commission to recommend that the Lone Star AAP be privatized-in-place

Benefits to privatization-in-place include…

- Reduces the organic base footprint while maintaining capabilities
- Lone Star would be operated at no-cost to the government
- Reduces one-time cost to implement the recommendation by $26.4M and provides the same net recurring savings as closure of $17.3M
- Retains competitive forces within the US industrial base without cost of ownership
- Preserves D&Z intellectual property and surge capacity at no cost to the Government
- Retains jobs and on-going business
- Allows the redevelopment of excess real estate

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Kansas AAP

July 2003

Capacity Analysis Is Seriously Flawed

- **There is no apparent adjustment in the utilization figures for relative size and complexity of the munition!**
  - A detonator receives the same weight as artillery and cluster bombs.
  - The DoD BRAC report compares 3,000,000 Pyro/Demo detonators (roughly the size and complexity of a watch battery) to 3,112 SFW BLU-108 cluster bombs (thousands of times larger and significantly more sophisticated than a detonator). Unit hours for a SFW BLU-108 are roughly 10 HPU and for a detonator 0.003 HPU.
  - Even when comparing capacities by commodity the relative size and complexity of the munition have been ignored when determining utilization. (SFW BLU-108 = 10 HPU & M105 M915 = 1.5 HPU).
  - The quantities should be weighted by a factor that better represents the relative size and complexity of the production requirements, for example direct labor hours per unit (HPU).
- DoD BRAC report shows current usage higher than current capacity for cluster bombs, an obvious error.
- Numerous items in production at KSAAP have been left off the list altogether.
  - Artillery: 155mm, M795 HE
  - Mortars
  - Warheads
- Items that KSAAP has won for future production are also ignored.
  - Precision Guided Mortar Munition (PGMM)
  - Anti-Personnel Landmine Alternatives (Spider)

DoD BRAC Economic Impact Figures Are Flawed

- DoD BRAC manpower analysis
  - Direct 167
- Actual manpower at KSAAP (CY2005):
  - Direct 314
- The DoD BRAC manpower analysis does not reflect current business.
  - The labor information appears to have been drawn from a period of layoff due to a stop work order resulting from the failure of the government's furnished materials.
  - Once the stop work order was lifted employment returned to levels above 200.
  - Current contracts will sustain employment levels in the 300 to 500 direct labor range for the future.

IJCSG - Munitions/Armaments Capacity Report - Capacity By Site

Site	*Function*	*Category*	*Current Capacity**	*Current Usage**	*Maximum Capacity**	*Capacity in Excess of Current Usage**
USA	**KANSAS ARMY AMMUNITION PLANT**					
	MUNITIONS DEMILITARIZATION					
		DEPLETED URANIUM AMMO	57.0	1.0	57.0	56.0 -- 56.0
		HE BOMBS	17.0	0.0	17.0	17.0 -- 17.0
		HE ICM/BU & SUBMUNITIONS	17.0	0.0	17.0	17.0 -- 17.0
		HIGH EXPLOSIVE MUNITIONS	142.0	2.5	142.0	139.5 -- 139.5
		INERT	17.0	1.5	17.0	15.5 -- 15.5
		NO FAMILY	0.0	0.0	17.0	0.0 -- 17.0
		PROPELLENTS	63.0	1.0	63.0	62.0 -- 62.0
		SMALL CAL AMMO/FUZES/MISC	63.0	1.0	63.0	62.0 -- 62.0
		Site Total	**376.0**	**7.0**	**393.0**	**369.0 -- 386.0**
		Percent of Capacity Not Utilized				**98.1% -- 98.2%**
	Munitions Production					
		Artillery	22,560.0	0.0	35,360.0	22,560.0 -- 35,360.0
		Cluster Bombs	112.0	116.0	3,112.0	-4.0 -- 2,996.0
		Missiles	1,300.0	130.0	1,336.0	1,170.0 -- 1,206.0
		Mortar	0.0	0.0	30,000.0	0.0 -- 30,000.0
		Pyro/Demo	0.0	0.0	3,000,000.0	0.0 -- 3,000,000.0
		Rockets	512,000.0	0.0	512,000.0	512,000.0 -- 512,000.0
		Site Total	**535,992.0**	**246.0**	**3,581,828.0**	**535,746.0 -- 3,581,582.0**
		Percent of Capacity Not Utilized				**100.0% -- 100.0%**

No M795

No Mortars

* Capacity is measured in ds(s) for Armaments Production/Manufacturing and Munitions Maintenance functions, short tons for Munitions Demilitarization, lot for Munitions storage and lbs or each(s) as applicable for Munitions Production

No Anti-Personnel Landmine Alternatives (Spider)

No warheads listed

M72 LAW, SMAW-D, LOS-MP

Privatizing KSAAP Is the Best Solution Within BRAC

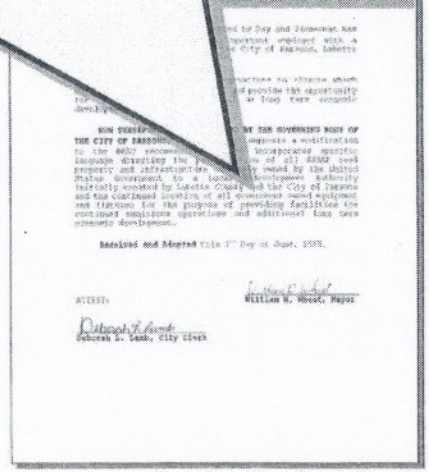
- DoD retains an ongoing munitions manufacturing capability without cost of ownership.
- Precludes millions of dollars from DoD for the cost and schedule impacts through attempts to relocate work.
- Maintains specialized talent in munition production at no cost to the government.
- Reduction of DoD facilities is accomplished.
- DZI owns many of the processes, procedures, controls software and critical equipment used in the production of ammunition products. The cost to acquire or redevelop has not been included in the DoD recommendations. **$$$**

Privatizing KSAAP Is the Best Solution Within BRAC

- Cost Savings Will Result From Privatizing KSAAP
  - Significant learning curve and production cost increases resulting from attempts to move SFW.
  - Privatization promotes competition with the munitions industry and forces indirect cost reductions at GOCO's (Iowa AAP and Milan AAP)
    - Rand Study recommended privatization.
  - Privatization promotes continuous improvement.

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

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF PARSONS, KANSAS that it supports a modification to the BRAC recommendation which incorporates specific language directing the privatization of all KSAAP real property and infrastructure currently owned by the United States Government to a Local Redevelopment Authority initially created by Labette County and the City of Parsons and the continued location of all government owned equipment and fixtures for the purpose of providing facilities for continued munitions operations and additional long term economic development.



Community Supports Privatization

Desired Outcome

- **Commission recommends that Lone Star and Kansas AAPs be privatized in place through a local redevelopment authority.**
- **Results in privatization of ownership of all real property and infrastructure and the continued location of all government owned manufacturing, office and other related equipment and fixtures in place for the purpose of providing facilities for continued munitions production and additional long-term economic development for the DoD and the Community.**

Day & Zimmermann Point of Contact

- Jerry Smith, Vice President and General Manager
  (w) 903-334-1210
  (c) 903-277-8915

INDUSTRIAL JOINT CROSS SERVICE GROUP

June 16, 2005

MEMORANDUM FOR R. GARY DINSICK, ARMY TEAM LEADER

SUBJECT: REQUEST COMMENT ON HAWTHORNE ARMY DEPOT, KANSAS AAP, AND LONE STAR AAP

The following is in response to an e-mail inquiry of June 9, 2005, where you asked the following questions:

Question:
Attached for your review and comment are issues tied to the closure of army bases, Lone Star, Kansas AAP, and Hawthorne Army Depot. For all three installations, representatives of the communities and Day and Zimmerman the contractor stated that the personnel numbers were inaccurate, noting that information provided in response to data calls was not used or incorporated into the final recommendation, and that the contract workforce had not been taken into consideration. In each case, the facility is government-owned, contractor-operated (GOCO), meaning that the workforce is contractual by nature instead of a more typical federal civilian workforce. Please respond as to what the correct personnel figures should be at each installation.

Answer:
Information provided in response to the data call on the civilian and contractor workforce was used in the analysis. There were eight specific Military Value questions that asked each installation to identify the number of Civilian Government Employees and Contractor Employees supporting munitions production, maintenance, storage/distribution and demilitarization. In an effort to ensure all installations were evaluated equally, each installation was told to provide this information as of a specific point in time, September 30, 2003. The workforce numbers utilized in the analysis were originally certified as accurate at the installation level.

Question:
The concern was presented that closure of Hawthorne with movement to Tooele Army Depot was not logical as movement was occurring from a large facility into a smaller facility. How was the decision made to move the Hawthorne mission to Tooele?

Answer:
Size was not the determining factor for site retention, or military value. Tooele is one of the Department's Tier I power projection platforms in the West *(Tier I is defined as*

follows: Active Core Depots installations will support a normal/full-up activity level with a stockage configuration of primarily required stocks and minimal non-required stocks during demilitarization. Normal activity includes daily receipts/issues of training stocks, storage of war reserve stocks required in contingency operations and additional war reserve stocks to augment lower level tier installation power projection capabilities. Installations at this activity level will receive requisite levels of storage support, surveillance, inventory, maintenance, and demilitarization.). It sits at a major convergence of trans-continental rail lines, interstate highways (east-west and north-south), and airfields (both military and civilian). It shipped more than 1,000 containers (20,000 tons plus) of ammunition in support of OEF and OIF and maintains a Stryker Brigade Combat Team (SBCT) ammunition basic load configured in support of the I Corps rapid deployment mission. Tooele's ammunition storage stockpile consists largely of critical go-to-war stocks that can be quickly out-loaded and moved to transportation nodes in response to all contingencies and mission demands.

Question:
With respect to Hawthorne, the community mentioned that there would be a significant issues with permits in Utah and there would also be a significant community (Utah) concern regarding the demil work that would move from Hawthorne to Tooele. Please discuss Utah requirements and information, with regard to environmental permits and requirements to successfully move the Hawthorne mission to Tooele.

Answer:
There is an environmental impact statement provided in Criteria 8 and the analysis includes $1.1M for a New Source Review and Environmental Impact Study. There are no reported Air Permit thresholds or noise impact. There are no known, or anticipated, Tooele community concerns.

Within the mandated BRAC timeframes, Hawthorne will demil in place all existing unserviceable and obsolete stocks. Tooele will receive future demil workload.

Question:
Please discuss how each of the missions at Hawthorne Army Depot was considered in the closer of the facility; particularly their demilitarization capability?

Answer:
The missions identified for Hawthorne are Tier II storage/distribution *(Tier II is defined as follows: Cadre Depots are installations that perform static storage of follow-on war reserve requirements. Daily activity will be minimal for receipts/issues. Workload will focus on maintenance, surveillance, inventory, and demilitarization operations)* and demilitarization. The most critical portion of their mission is storage/distribution.

With respect to the storage and distribution mission Tooele is one of the Department's Tier I power projection platforms in the West and following demil of the existing stockpile, will be able to accommodate future requirements. The demilitarization mission

comparison follows: Hawthorne has the capability to demil 27 different Munitions Items Disposition Action System (MIDAS) class munitions and Tooele has the capability to demil 25 (duplicating 81% of Hawthorne's capability). Hawthorne demils 5 classes of munitions that Tooele does not have the capability to demil and Tooele has 3 classes that Hawthorne does not have the capability to demil. Both Hawthorne and Tooele have the ability to perform Open Burn/Open Detonation (OB/OD), incineration, and reclamation and reported comparable capacity. Following demil of the existing stockpile, the remaining multi-functional sites will be able to fulfill the projected 2025 demil requirements.

Question:
Were any other scenarios explored which did not close Hawthorne, but realigned other sites and moved missions to Hawthorne? If so, what were the scenarios and why were they rejected?

Answer:
There were no scenarios explored that realigned other sites and moved mission to Hawthorne. A guiding principle was to consolidate to multi-function installation that would permit the Army to Supply, Service, Maintain, Deploy, and Employ. The focus of the joint cross service group was to retain as many multi-functional installations as necessary that have the capacity and capability to produce munitions, store/distribute munitions, demil munitions, and perform maintenance on munitions.

A sequential process used in evaluations: The first phase gathered information on capacity, capability, military value data and requirements to support the 20 Year Force Structure Plan. Reviewed the capacity and capability needed to support the military departments. Established priorities: Retain multifunctional infrastructure that supports production, storage/distribution, demilitarization, and maintenance. The second phase of the process was the development of recommendations. Step one established scenarios that ensured we retained the capacity and capability to produce the munitions commodities needed to support the joint forces. Step two established scenarios that made sure we retained the storage/distribution sites needed to provide the power projection platform needed to support rapid deployment (if a site was retained in Step one for production and met the criteria needed in Step two, it was an automatic carry over). Step three retained the sites needed to perform demilitarization (if a site was retained in Steps one and/or two for production and storage/distribution, and met the criteria needed in Step three, it was an automatic carry over). Step four then retained the additional sites needed to perform munitions maintenance.

Question:
With regard to Lone Star and Kansas, please discuss how you accounted for and incorporated the complexity of manufacturing ammunition into the recommendations.

Answer:
The complexity of munitions manufacturing processes were incorporated into the military value portion of the analysis. The sites input to that portion of the analysis is in questions relating to Munitions Explosives Processes, Munitions Metal Parts Processes, Munitions Load, Assemble, and Pack. Those processes were considered and used in BRAC Criteria 1 and Criteria 3.

Question:
There was a discussion and reference to a RAND study which recommended privatization in place of all the ammunition plants. Please provide a COBRA run, analysis and comments on the potential for a suggestion to privatize both Lone Star and Kansas in place.

Answer:
Your request for a COBRA run to privatize Lone Star and Kansas is not possible without an extensive data call. Failure to privatize was not an oversight on our part. Our early analysis noted that out through FY 2004 – FY 2006 the four Load, Assemble, and Pack (LAP) plants that produce similar products (High Explosive (HE) melt pour artillery and mortar rounds) had extremely low production utilization rates (Iowa (35%), Lone Star (5%), Kansas (10%), and Milan (15%)). This was an indicator that there is excess in the industrial base and there a need to reduce the number of LAP plants, not privatize. Privatization in place would not fix the fact that we have too many LAP plants. It merely shifts ownership from the government to the commercial sector while retaining the same number of producers and degrading efficiencies that could result from these recommendations. Ultimately, the Department would still be paying for excess capacity. For instance, if the decision was made to privatize Lone Star and Kansas, and compete the contract among the four LAP plants (two in the government base and two in the commercial sector), and privatized Lone Star won the competition, the government will pay overhead twice. Once to the winner of the competition (through prices paid to Lone Star) and again to maintain the two plants retained within the organic industrial base.

The focus of the BRAC analysis was to perform a strategic and tactical analysis that makes the existing industrial base more efficient while providing DoD with the ability to: Supply, Service, and Maintain *(the Department needs access to logistical and industrial infrastructure capabilities that are optimally integrated into a skilled and cost efficient national industrial base that provides agile and responsive global support to operational forces)* and Deploy & Employ (Operational) *(the Department needs secure installations that are optimally located for mission accomplishment (including homeland defense); that support power projection, rapid deployment, and expeditionary force requirements for reach-back capability; that sustain the capability to mobilize and surge; and that ensure strategic redundancy)*. Our recommendations accomplished that goal.

Privatization splinters workload and degrades the efficiencies established through site closure and closures within the government base allow us to consolidate workload and become more efficient.

BRAC Fact Matrix Comments:
Information on the cost to close is correct. Much of the cost on the BRAC Fact Matrix should not be included in the analysis (cost to demil existing stock, duplication of Western Area Demilitarization Facility (WDAF) (duplicating only portion needed), tenant relocation, loss to the community, and environmental clean-up. The analysis provides for demil in place, relocation of stocks, and facilitization to support future demil and storage requirements. All of the information used in our analysis was originated and certified by the installations and used in the analysis.

Jay Berry
Executive Secretary

INDUSTRIAL JOINT CROSS SERVICE GROUP

June 16, 2005

MEMORANDUM FOR DUKE TRAN, SENIOR ECONOMIST,
REVIEW & ANALYSIS

SUBJECT: HAWTHORNE ARMY DEPOT ECONOMIC IMPACT REPORT

The following is in response to your e-mail inquiry of June 14, 2005, where you asked for a revised economic impact statement for Hawthorne Army Depot using Mineral County as its economic region of influence instead of Reno-Sparks Metropolitan Statistical Areas. That report is attached.

Jay Berry
Executive Secretary

Attachment:
As Stated

Economic Impact Report

This report depicts the economic impact of the following Scenarios:

IND-0108: Close Hawthorne Army Depot

The data in this report is rolled up by Region of Influence

As of: Thu Jun 16 13:55:55 EDT 2005

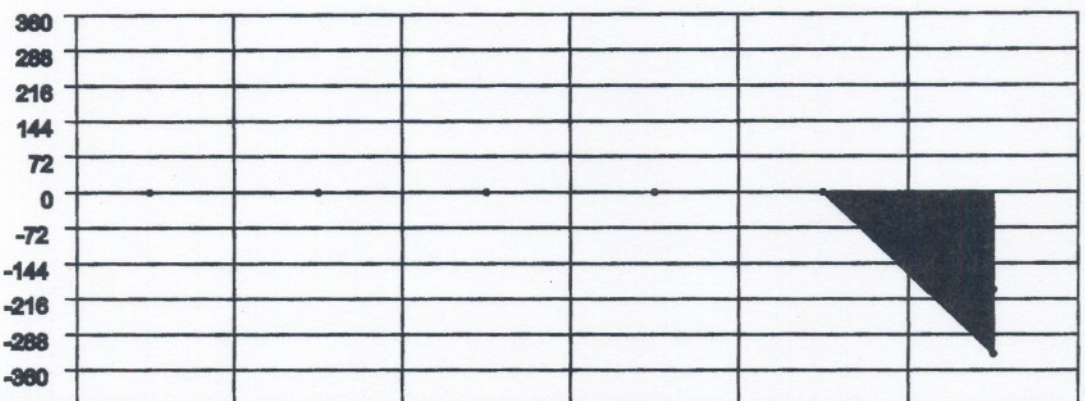
ECONOMIC IMPACT DATA

Scenario:	All Selected (see title page)
Economic Region of Influence(ROI):	Mineral County, NV
Base:	All Bases
Action:	All Actions

Overall Economic Impact of Proposed BRAC-05 Action:

ROI Population (2002):	4,768
ROI Employment (2002):	2,413
Authorized Manpower (2005):	119
Authorized Manpower(2005) / ROI Employment(2002):	4.93%
Total Estimated Job Change:	-329
Total Estimated Job Change / ROI Employment(2002):	-13.63%

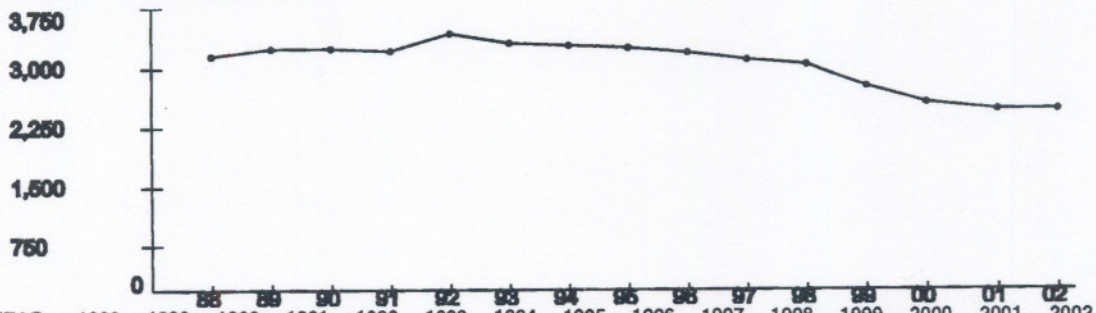
Cumulative Job Change (Gain/Loss) Over Time:



YEAR:	2006	2007	2008	2009	2010	2011
Direct Military:	0	0	0	0	0	-74
Direct Civilian:	0	0	0	0	0	-45
Direct Student:	0	0	0	0	0	0
Direct Contractor:	0	0	0	0	0	-80
Cumulative Direct:	0	0	0	0	0	-199
Cum Indir/Induc:	0	0	0	0	0	-130
Cumulative Total:	0	0	0	0	0	-329

Mineral County, NV Trend Data

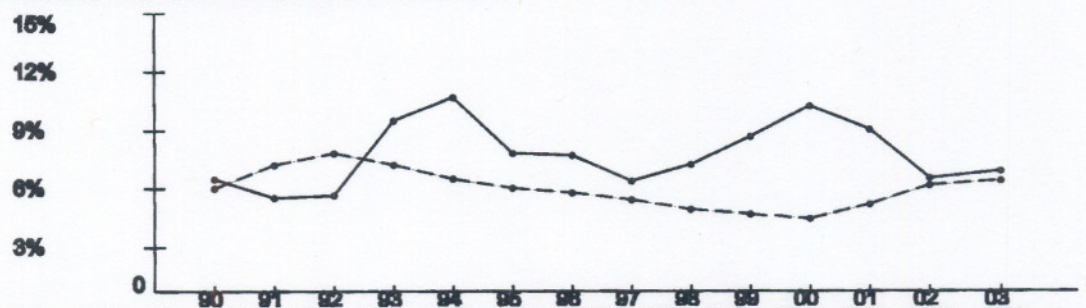
Employment Trend (1988-2002)



YEAR:	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Index:	1	1.02	1.02	1.02	1.09	1.05	1.04	1.02	1.01	0.98	0.96	0.86	0.79	0.77	0.77

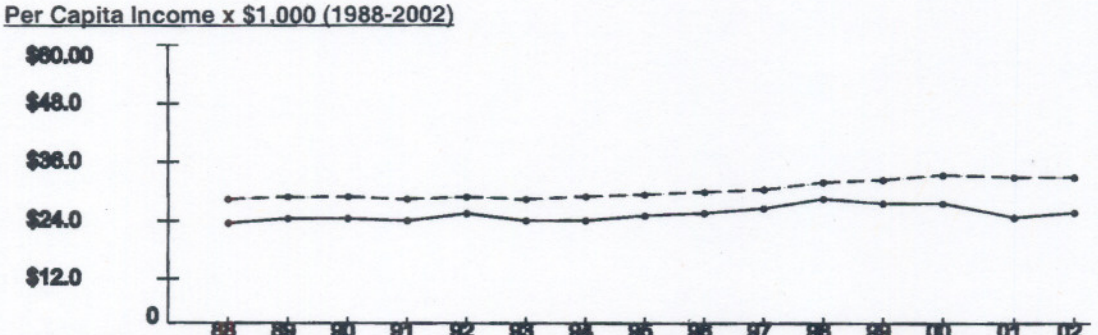
Represents the ROI's indexed employment change since 1988

Unemployment Percentage Trend (1990-2003)



YEAR:	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
ROI:	6.1%	5.18%	5.28%	9.27%	10.44%	7.44%	7.42%	5.96%	6.84%	8.4%	10.05%	8.73%	6.07%	6.44%
USA:	5.6%	6.83%	7.5%	6.91%	6.09%	5.59%	5.4%	4.94%	4.51%	4.21%	3.99%	4.74%	5.79%	5.99%

Per Capita Income x $1,000 (1988-2002)



YEAR:	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
ROI:	$22.14	$23.07	$23.12	$22.7	$23.91	$22.55	$22.72	$23.6	$24.18	$24.75	$26.82	$26.07	$25.97	$22.99	$24.03
USA:	$26.96	$27.48	$27.42	$26.87	$27.35	$27.18	$27.53	$27.86	$28.35	$29.04	$30.35	$30.86	$31.89	$31.72	$31.61

Note: National trend lines are dashed