



## JAMES HASIK

5 August 2005

The 2005 Base Realignment and Closure (BRAC) Commission  
2521 South Clark Street, Suite 600  
Arlington, Virginia 22202

Esteemed Commissioners:

Having read the Secretary of Defense's BRAC recommendations, I have serious concerns with respect to the language regarding Joint Systems Manufacturing Center (JSMC) Lima:

*Realign Lima Tank Plant, OH. [Disestablish tank manufacturing.<sup>1</sup>] Retain the portion required to support the manufacturing of armored combat vehicles to include Army Future Combat System (FCS) program, Marine Corps Expeditionary (sic) Force Vehicle (EFV) chassis, and M1 Tank recapitalization program.*

Actually, it is less his recommendation than the justification for that recommendation that has caused me alarm.

*Capacity and capability for armored combat vehicles exists at three sites with little redundancy among the sites. The acquisition strategy for the Army Future Combat System (FCS) and Marine Corps Expeditionary (sic) Force Vehicle (EFV) includes the manufacturing of manned vehicle chassis at Lima Army Tank Plant. The impact of establishing this capability elsewhere would hinder the Department's ability to meet the USA and USMC future production schedule. This recommendation to retain only the portion of Lima Army Tank Plant required to support the FCS, EFV, and M1 tank recap(italization) reduces the footprint. This allows DOD to remove excess from the Industrial Base, create centers of excellence, avoid single point failure, and generate efficiencies within the manufacture and maintenance of combat vehicles.*

While this is a short stretch of text, its implications for future government procurement policy could be significant. The Secretary's justification states that JSMC Lima is needed because it is the designated solution for

<sup>1</sup> The phrase 'Disestablish tank manufacturing' seems to have been inadvertently omitted from the Secretary's report, as it appears inserted (as shown) in the COBRA report. That disestablishment, however, is the presumed source of the savings.

MI tank remanufacturing, and for new production of Expeditionary Fighting Vehicles (EFVs) and FCS manned ground vehicles (MGVs). JSMC Lima has not been designated as the preferred site for anything in the FCS program, and the site selection decision in new vehicle programs should rest with the individual program managers and their superiors. The BRAC process is an inappropriate venue for setting acquisition policy.

If the language survives your review, this justification could be cited in the future as a mandate enshrined in statute—as you know, if your report is not rejected by either the President or the Congress, it passes into law. So, while the Secretary's effort to save \$22 million is commendable, there is more at stake. FCS could be a huge program, and contrary to the justification, several industrial facilities in North America could prove capable of producing MGVs. If Lima proved to be only one percent less efficient in building MGVs than the best plant, the opportunity cost to the government could amount to hundreds of millions of dollars.

For this reason, I urge you to vacate the Secretary's justification in your report, *whatever your ultimate recommendation*. I am sending along with this letter a briefing that describes these concerns in some more detail. If there are any questions that I can answer that may facilitate your work, please feel free to contact me.

James Hasik  
4306 Marathon Boulevard  
Austin, Texas 78756  
[jhasik@jameshasik.com](mailto:jhasik@jameshasik.com)  
<http://www.jameshasik.com>



**JAMES HASIK**

## A critique of the Pentagon's recommendations for Joint Systems Manufacturing Center (JSMC) Lima



A briefing for the 2005 Base Closure and Realignment (BRAC) Commission  
5 August 2005



**JAMES HASIK**

The Pentagon's justification for its recommended realignment at JSMC Lima is short but problematic.

*Language from the report of the Industrial Joint Cross Service Group (IJCSG)*

### RECOMMENDATION

Realign Lima Tank Plant, OH. Disestablish tank manufacturing.\* Retain the portion required to support the manufacturing of armored combat vehicles to include Army Future Combat System (FCS) program, Marine Corps Expeditionary (sic) Force Vehicle (EFV) chassis, and MI Tank recapitalization program.

### JUSTIFICATION

Capacity and capability for armored combat vehicles exists at three sites with little redundancy among the sites. The acquisition strategy for the Army Future Combat System (FCS) and Marine Corps Expeditionary Force Vehicle includes the manufacturing of manned vehicle chassis at Lima Army Tank Plant. The impact of establishing this capability elsewhere would hinder the Department's ability to meet the USA and USMC future production schedule. This recommendation to retain only the portion of Lima Army Tank Plant required to support the FCS, EFV, and MI tank recapitalization reduces the footprint. This allows DOD to remove excess from the Industrial Base, create centers of excellence, avoid single point failure, and generate efficiencies within the manufacture and maintenance of combat vehicles.

Source: the Secretary of Defense's recommendations to the 2005 Base Closure and Realignment Commission.

\*Note that the phrase "Disestablish Tank Manufacturing" appears in the COBRA model run supplied with the supplemental information, but not in the initial report. That realignment, however, is the presumed source of the savings.

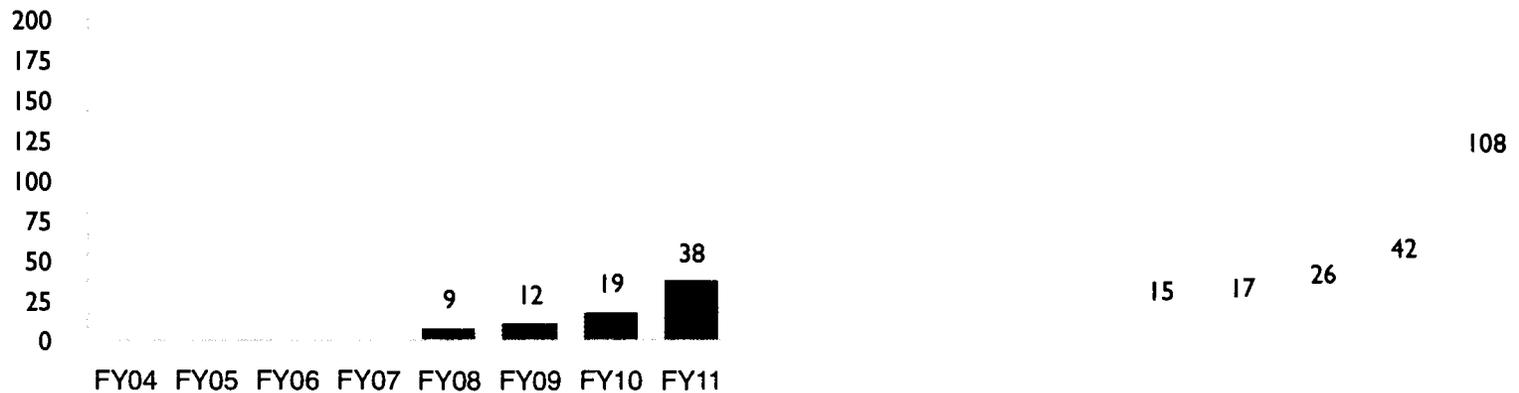


Whatever the Commission's recommendation for the Lima, the Secretary's justification must not stand.

- The Secretary's justification is objectionable for several reasons:
  1. Even closing JSMC Lima would not seriously disrupt either the FCS or EFV acquisition schedule. [This constitutes a deviation from Criterion One.]
  2. Several other sites, both government- and contractor-owned, can support armored combat vehicle assembly. [This constitutes a deviation from Criterion One.]
  3. This discussion of acquisition strategies in the BRAC recommendations is inaccurate, inappropriate, and anticompetitive. [It also lies completely outside the statutory criteria.]
- The problem is that the Secretary's justification language could someday be used to direct FCS work to Lima in lieu of full and open competition in the program.
- The \$22 million in net present savings projected in the recommendation are valuable, but they are rather small compared to what is at stake—the ability of the Army and Marine Corps to find the most cost-effective solutions to future combat vehicle manufacturing problems.
- Any other recommendation—realignment as a no-cost facility, privatization-in-place, or closure—would be preferable to the Secretary's *so long as the justification is vacated*.



Full-rate production for the FCS and the EFV is sufficiently far off that alternate facilities would have plenty of time to prepare.



Source: analysis of the Army's Fiscal Year 2006 budget

The FCS MGV LRIP decision is scheduled for 2012—seven years from now—though the GAO believes (March 2005 testimony) that even this restructured plan is too optimistic.

FY08 and FY09 quantities represents NLOS-C production—but this will almost certainly be accomplished at another site.

The only EFV production underway at Lima concerns the 30 mm gun turrets—but these are early articles destined for the Navy's San Antonio-class (LPD-17) amphibious ships.

The plan for EFV production featured a new site in Woodbridge, Virginia.—until the Ohio government offered \$11 million in incentives.



The Pentagon did not compare Lima to relevant facilities—those that are also capable of handling future combat vehicle production.

**The Industrial Joint Cross Service Group...**

**seems to have compared Lima** to the two Army arsenals described as 'armaments production' facilities. Neither of these, however, produces or repairs armored vehicles.



**JSMC  
Lima**



**Rock Island  
Arsenal**



**Watervliet  
Arsenal**

**could have compared Lima** to the Army's two depots that overhaul armored vehicles, and to the MCLBs at Albany and Barstow, which handle this work as well. The Anniston Army Depot even builds new vehicles, in cooperation with GDLS.



**JSMC  
Lima**



**Anniston  
Army Depot**



**Red River  
Army Depot**

**should have compared Lima** to the two largest combat vehicle factories in North America. This would have provided the only reasonable comparison for evaluating Lima's importance for meeting future production requirements.



**JSMC  
Lima**



**GD-London  
(Ontario)**



**BAE-York  
(Pennsylvania)**



The Army has not preordained Lima as the FCS production site. Neither should the BRAC Commission.

- *The language is inaccurate.* JSMC Lima is not the designated final assembly site for manned ground vehicles (MGVs) in the Future Combat System (FCS) acquisition strategy. The Army undertook a “One Site, One Process” study to determine whether the FCS program could benefit from undertaking all MGV final assembly at one factory, but the results were inconclusive. At the outset, some in the Army leadership presumed that the single site would be a GOCO facility, but the question of the supposed advantages of a GOCO site was not part of the study. For that matter, it is not clear that there is an FCS acquisition strategy yet, as the low rate initial production (LRIP) decision is seven years away.
- *The language is inappropriate.* As a matter of process, the BRAC recommendations are not the right place to be setting acquisition strategies. If accepted by the President and not explicitly rejected by the Congress, the recommendations will pass into effect. The BRAC process is not an appropriate venue in which to endow acquisition strategies with legal force.
- *The language is anticompetitive.* As a matter of policy, the FCS program should feature competition in both design and manufacturing. Designating Lima as the final assembly facility constrains the contractors' solution space without a stated reason.

