

DCN 7649

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To: Elizabeth Bieri, Army Analyst, BRAC Fax: (703) 699-2735

From: L. Michael Ross, Chair, Opportunity '05 Date: 07/22/05

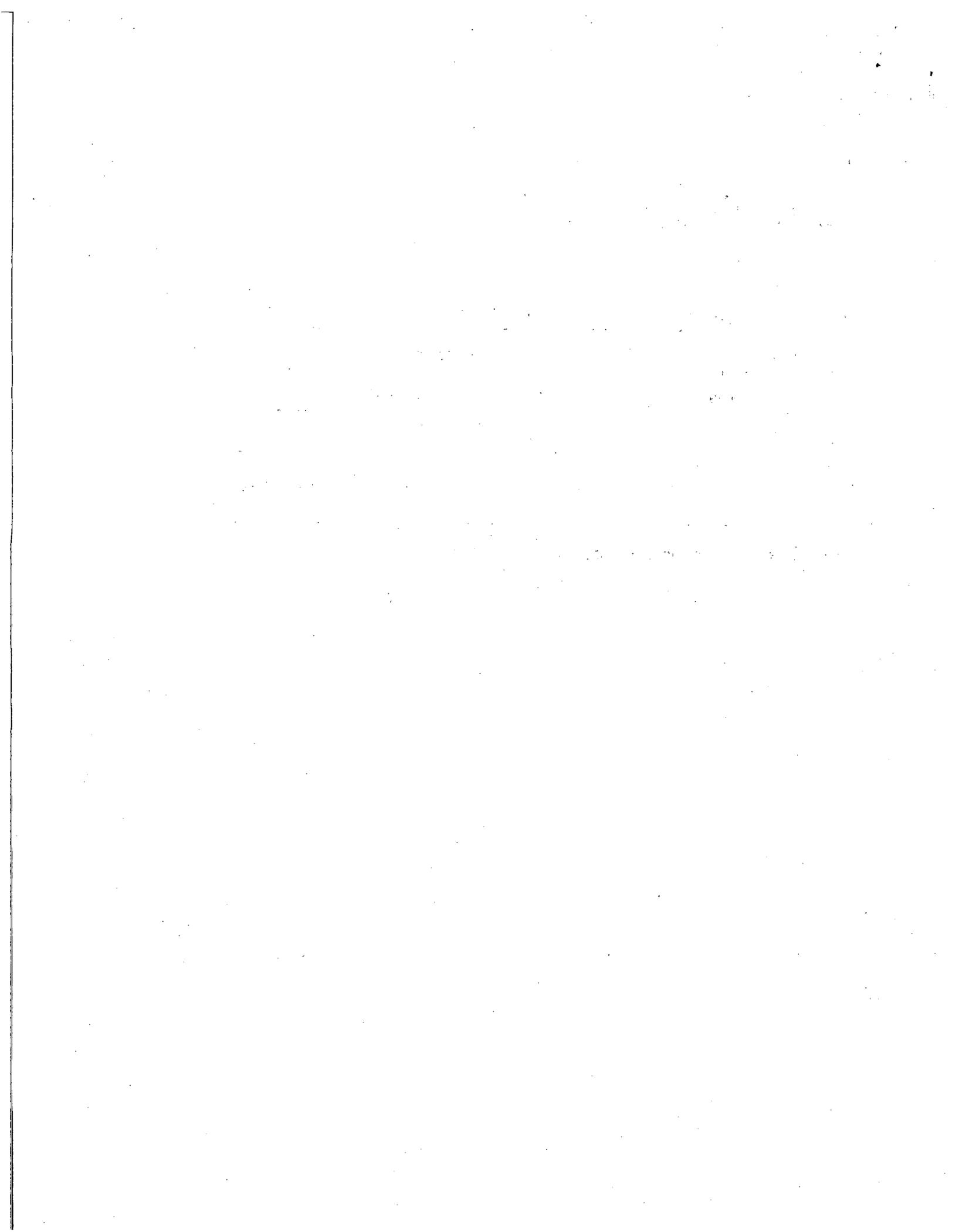
Re: Talking Points from July 19th Meeting Pages: 6 (Includes Cover Sheet)

CC: CC Fax:

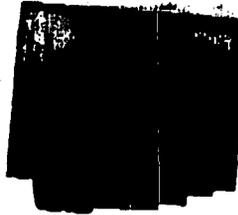
Urgent For Review FYI Please Reply Please Recycle

Please see the attached correspondence.





Opportunity Knocks



for BRAC '05

Committed to Retaining and Expanding Letterkenny

TO: Elizabeth Bieri, Army Analyst, BRAC
George M. Delgado, Senior Analyst, Review & Analysis, BRAC

FROM: L. Michael Ross, Chair MJ
Opportunity '05

DATE: July 22, 2005

SUBJECT: Opportunity '05 Talking Points for BRAC Staff... July 19, 2005

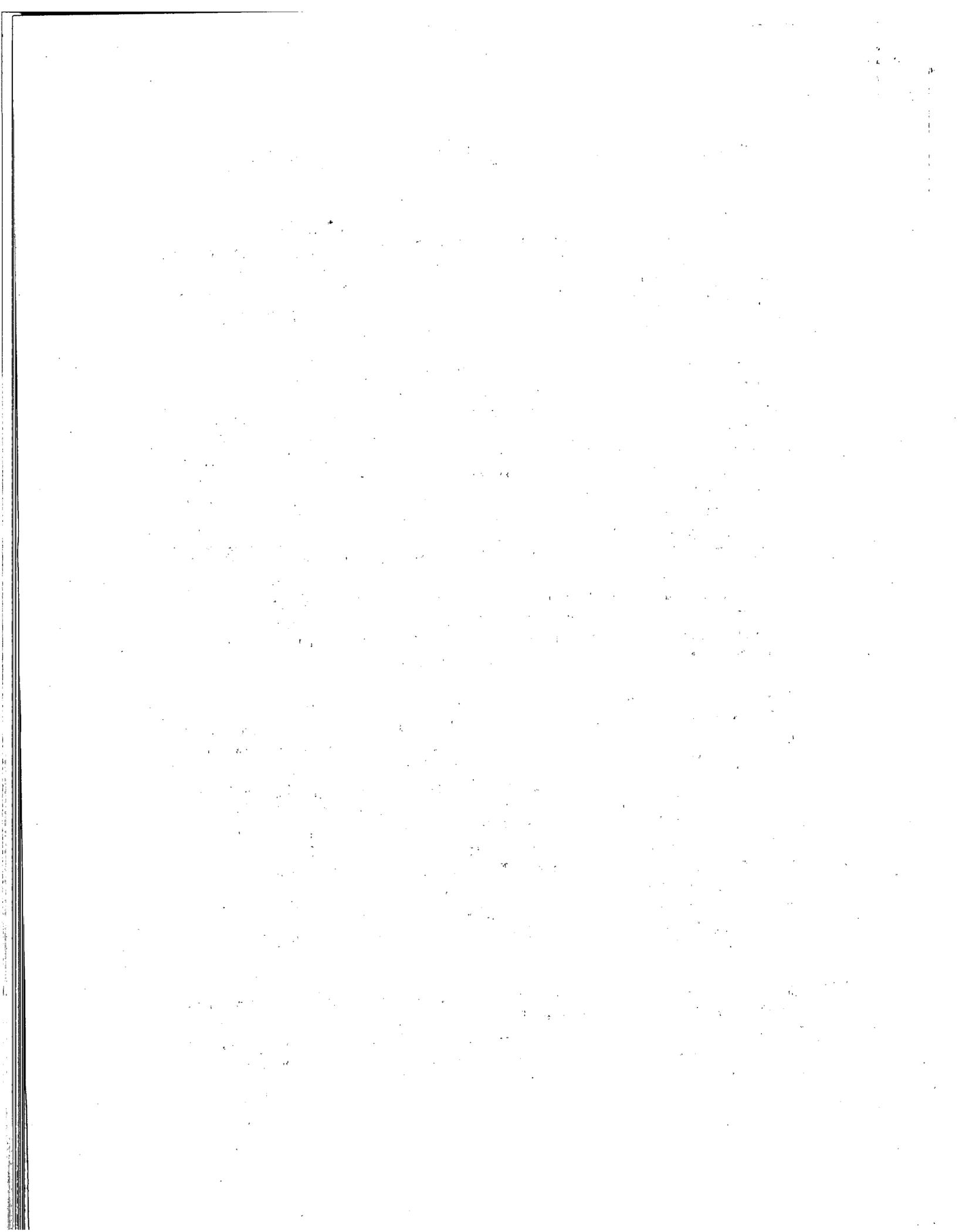
Thank you both for the opportunity to meet with you earlier this week and discuss areas of interest in the BRAC recommendations and hearings. One additional area of interest surfaced since our July 19th meeting. The DoD BRAC recommendation is to consolidate Marine generators from the Marine Corps Logistics Base, Barstow, to Tobyhanna Army Depot. (Please see attachment 1.)

On June 3, 2005 General Griffin, Commanding General Army Materiel Command, sent a letter to Secretary of the Army Harvey requesting that Letterkenny Army Depot be designated the Center of Industrial and Technical Excellence (CITE) for US Army Mobile Electric Power Equipment (MPE)(i.e., generators). (Please see attachment 2.) General Griffin's request was coordinated with and concurred to by his major subordinate commander's at both CECOM and AMCOM.

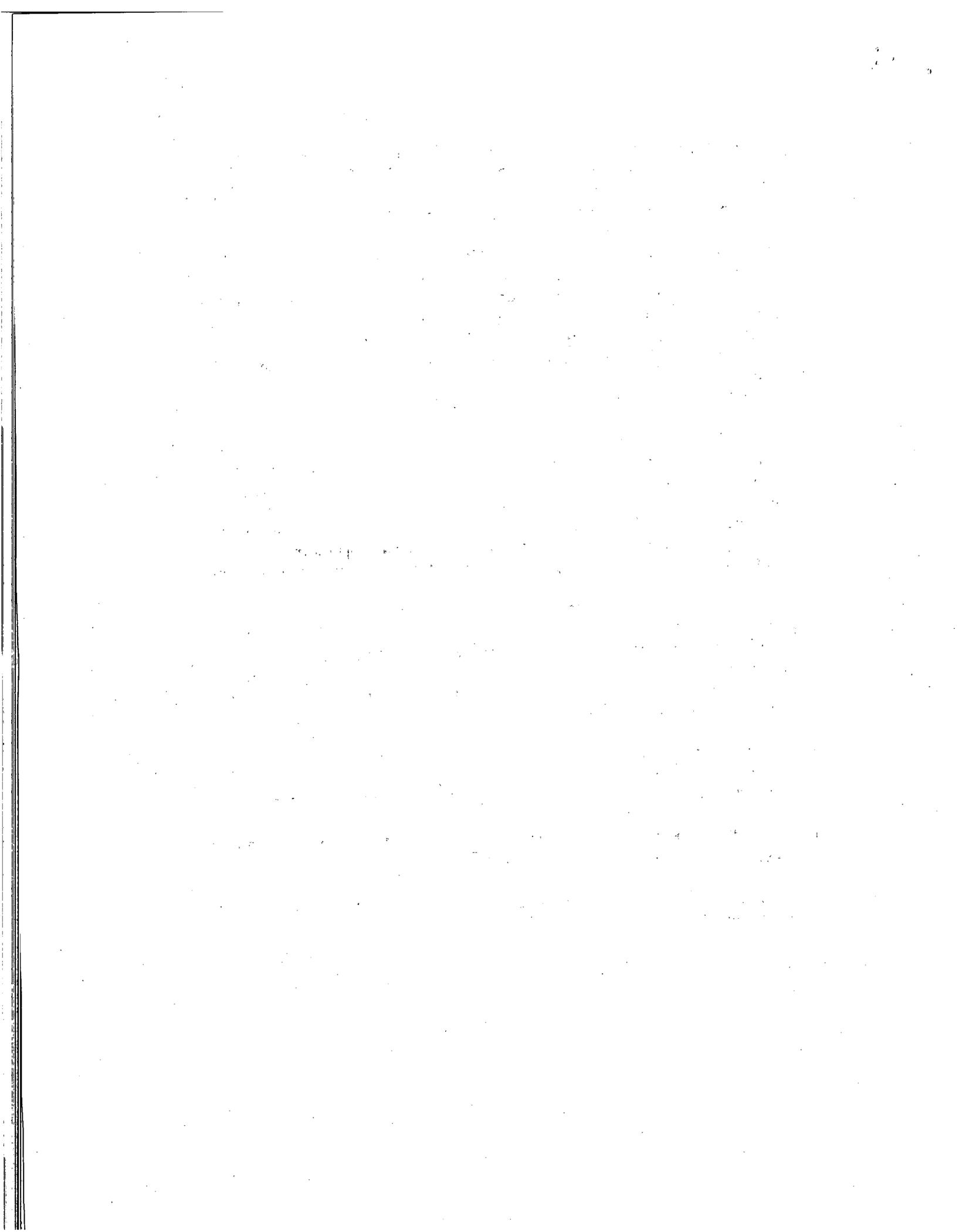
Letterkenny Army Depot is performing extensive generator repair and rebuild work on a wide range of generators. They have employees deployed worldwide to help our military repair generators. Since the Commanding General AMC has requested Letterkenny to be designated the CTX for MPE/generators, it would seem to be logical to move the Marine generator work to Letterkenny Army Depot. If you have any questions, please do not hesitate to contact me.

Opportunity '05 Talking Points for Letterkenny Army Depot

1. **Letterkenny finished #1 in military value for tactical vehicles and #1 for tactical missiles.** Red River finished #3. The DoD recommendation was to move tactical vehicles and tactical missiles to Letterkenny. Letterkenny is the Center of Industrial and Technical Excellence for Air Defense and Tactical Missile Ground Support Equipment. The 2004 DoD BRAC recommendation supports previous BRAC recommendations. The Army/DoD recommendation is sound.
2. **Mission transfers and depot closures will NOT cause degradation to Warfighter support.** Under the BRAC '93 decision, 17 missile systems were transitioned to Letterkenny. There was absolutely no degradation in readiness. Franklin County (Pennsylvania) has a very high concentration of highly skilled missile/electronic technicians who are available to support expanded missile and electronic work at the depot. Over the years, Tooele Army Depot closed...Mainz Army Depot closed...Seneca Army Depot closed...Savanna closed...Lexington-Blue Grass drew down...Pueblo drew down...OberRamstadt closed (remember their rubber operation?)...For Wingate went away...Navaho drew down...etc. etc. There is more than enough time in the BRAC timeline for successful transfer of Army missions to Letterkenny. Letterkenny has the acres, the infrastructure, the core mission facilities, partnerships with 11 local educational institutions to train the workforce of the future, the community support (including similar maintenance industries), the current highly trained, technical staff...everything it needs to add tactical vehicles and missiles to the workload.
3. **The synergism between Letterkenny Army Depot and its tenants is no different than the synergism between Red River and its tenants...except that Letterkenny has more diverse military tenants.** Letterkenny has a Munitions Center (LEMC) with over \$6 billion in joint munitions. LEMC performs all munitions functions (receive, store, maintain, certify, repair, upgrade, demil, etc. etc.) and it can easily pick up additional missions from Lone Star. Letterkenny has 3 separate DISA operations...has dedicated several buildings to the 99th Regional Readiness Command (Reserve) operations...host the NE Region TMDE operation...host the Patriot Support Office...the DLA HQ at Mechanicsburg, PA and the DLA Eastern Depot at New Cumberland, PA (just down the interstate). (NOTE: Don't you think large DLA huge warehouse operations are really outdated, cold war thinking? Why don't we have more direct delivery to the customers?)
4. **Letterkenny is THE first and only Army nominee for the Shingo Award for LEAN manufacturing excellence.** Several depots claim LEAN excellence. However, Letterkenny is the Army Shingo Award nominee. Letterkenny LEAN studies have helped streamline production lines and made over 50,000 square feet of interior space available for new missions.



5. **Letterkenny IS focused on Homeland defense and they can do more.** Letterkenny has a growing partnership with Joint PEO Chemical Biological Defense. They currently produce Biological Detection Systems, Dry Filter Units, and a myriad of complex items in support of homeland defense systems.
6. **Use of 2003 data vs. 2005 data...vs. 2007 data.** The use of 2003 data for BRAC recommendations is sound. All depots will have more workload in 2005...Letterkenny has picked-up completely new missions (generators, Force Provider Systems, shelters, mobile kitchens, and all of the associated components, etc.). However, Letterkenny is still NOT challenged in capacity. Letterkenny is working one shift and a little overtime. They can do much more...and with the available partnerships they have in place they can do much, much more. Letterkenny's surge capacity has not been touched yet.
7. **HMMWV production.** In six months, Letterkenny went from initial start-up of HMMWV's to producing 15 per day...and again, they can do much more. This is hard work but it is not overwhelming. Letterkenny is located in a manufacturing sector surrounded by similar industries (Ingersoll-Rand, JLG, Grove Manufacturing, Volvo, General Motors, Harley, etc.). The Franklin County workforce understands manufacturing and maintenance operations. The workforce is eager to meet the challenge of expanded maintenance missions.
8. **Letterkenny has room to expand.** Letterkenny is located on 17,773 secure federal acres in rural Pennsylvania with NO encroachment issues. Letterkenny is in a low cost area with plenty of community infrastructure available to expand. Letterkenny won the 2003 Secretary of the Army Environmental Restoration Award and continues to aggressively protect the environment (i.e., innovative R3 demil technology for munitions.)
9. **Letterkenny is both ISO 9001 and ISO 14001 registered.**
10. **Maneuver System Sustainment Center at Red River (\$44M)—FY '09?**
11. **The ONLY way to save taxpayers dollars and fund military modernization is to completely close a depot.**
12. **Franklin County and Pennsylvania is prepared to reach out and welcome other installation workers to our community.**



ATTACHMENT #1

Recommendations and Justifications

Recommendation for Realignment Marine Corps Logistics Base, Barstow, CA

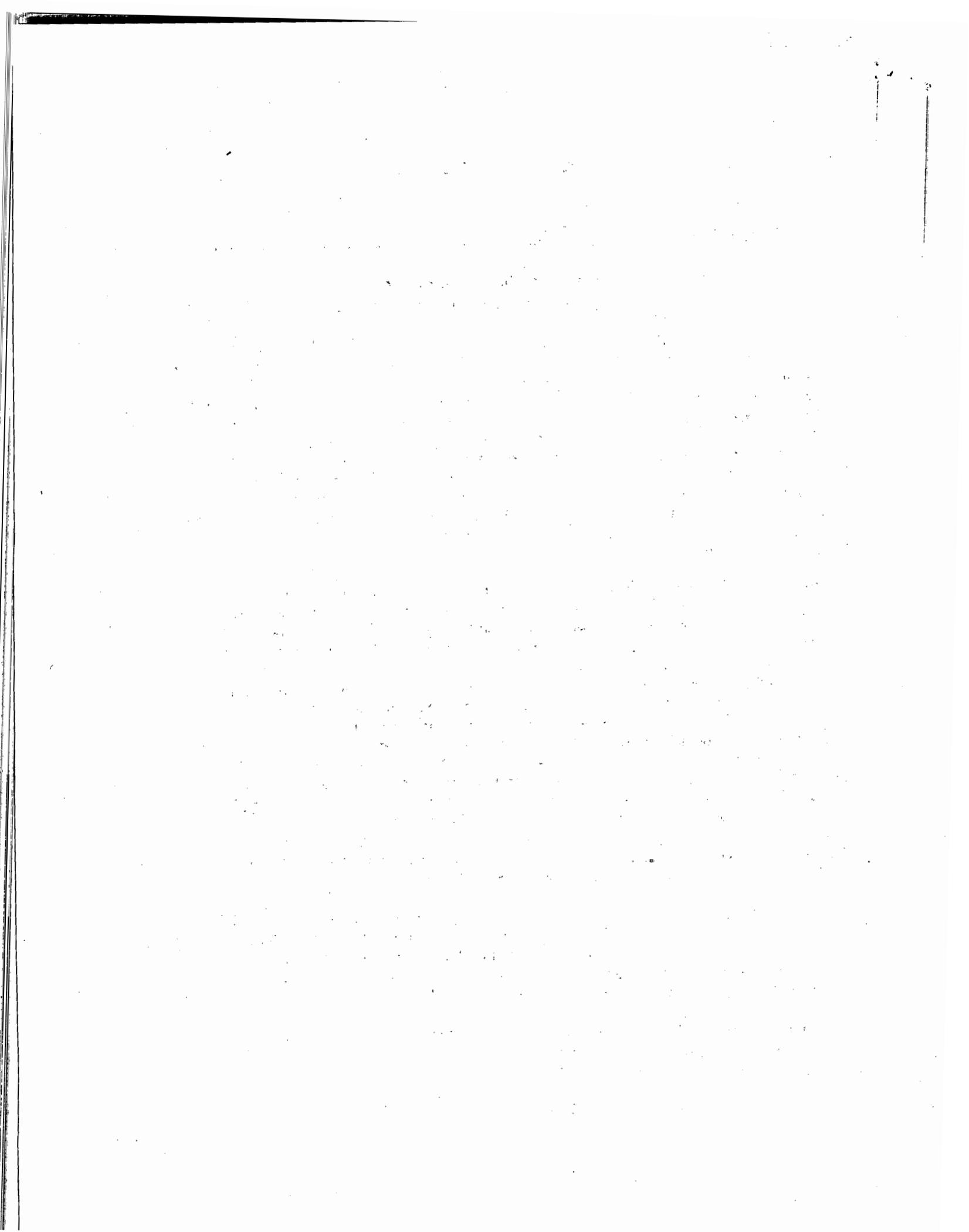
Recommendation: Realign Marine Corps Logistics Base, Barstow, CA. Disestablish the depot maintenance of Aircraft Other Components, Aircraft Rotary, and Strategic Missiles. Consolidate depot maintenance of Engines/Transmissions, Other Components, and Small Arms/Personal Weapons at Anniston Army Depot, AL. Consolidate the depot maintenance of Conventional Weapons, Engines/Transmissions, Material Handling, Powertrain Components, Starters/Alternators/Generators, Test Measurement Diagnostic Equipment, and Wire at Marine Corps Logistics Base, Albany, GA. Consolidate depot maintenance of Electronic Components (Non-Airborne), Electro-Optics/Night Vision/ Forward-Looking-Infrared Generators, Ground Support Equipment, Radar, and Radio at Tobyhanna Army Depot, PA. Consolidate depot maintenance of Tactical Missiles at Letterkenny Army Depot, PA. Realign Fleet Support Division Maintenance Center, Barstow and Marine Corps Logistics Base, Barstow operations to increase efficiencies and reduce infrastructure.

Justification: This recommendation follows the strategy of minimizing sites using maximum capacity of 1.5 shifts while maintaining a west coast depot maintenance presence at Marine Corps Logistics Base, Barstow, to provide west coast operating forces with a close, responsive source for depot maintenance support. Required capacity to support workloads and core requirements for DoD is relocated to other DoD Centers of Industrial and Technical Excellence, thereby increasing the military value of depot maintenance operations across DoD through consolidation and elimination of 30 percent of duplicate overhead structures required to operate multiple depot maintenance activities. This recommendation supports transformation of DoD's depot maintenance operations by increasing the utilization of existing capacity by up to 150 percent while maintaining capability to support future force structure. This recommendation also results in utilization of DoD capacity to facilitate performance of interservice workload. In addition, based on present and future wartime surge projections, Marine Corps Logistics Center, Barstow, will establish an additional 428 thousand hours of amphibious vehicle capacity.

This recommendation, along with other recommendations affecting supply and storage functions, optimizes the depot maintenance operations at Marine Corps Logistics Base, Barstow.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is \$26.0M. The net of all costs and savings during the implementation period is a savings of \$56.5M. Annual recurring savings to the Department after implementation are \$18.4M with an immediate payback. The net present value of the costs and savings to the Department over 20 years is a savings of \$230.6M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 796 jobs (409 direct jobs and 387 indirect jobs) over the 2006-2011 period in the Riverside-San Bernardino-Ontario, CA Metropolitan Statistical.



ATTACHMENT #2



APPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
HEADQUARTERS U.S. ARMY MATERIEL COMMAND
8301 CHAPEK ROAD, FORT BELVOIR, VA 22060-5527

AMCCG

MEMORANDUM THRU Lieutenant General James L. Campbell, Director of the Army Staff, United States Army, 202 Army Pentagon, Washington, DC 20310-0202

FOR The Honorable Francis J. Harvey, Secretary of the United States Army, Washington, DC 20310

SUBJECT: Designation of US Army Mobile Electric Power Generation Equipment Center of Industrial and Technical Excellence at Letterkenny Army Depot

1. Request Letterkenny Army Depot (LEAD) be designated a Center of Industrial and Technical Excellence (CITE) for US Army Mobile Electric Power (MEP) Equipment based on authority of Title 10, United States Code, Section 2474.

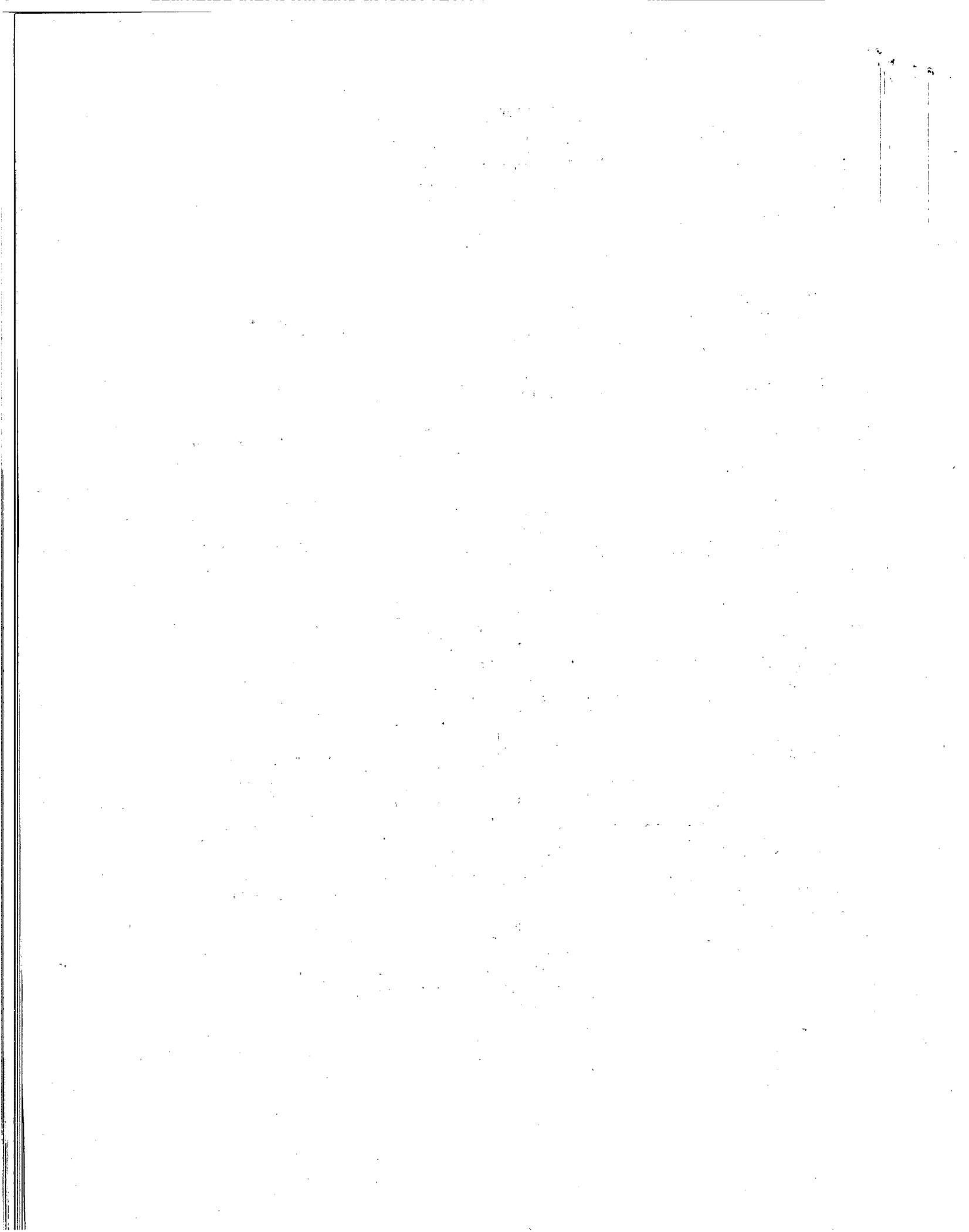
2. Designation as a CITE for US Army Mobile Electric Power Generation Equipment will authorize LEAD to enter into public-private cooperative arrangements, referred to in the statute as "public-private partnerships" (PPP) to perform work, including depot maintenance work, related to LEAD's core competencies in these areas. Upon designation as a CITE for US Army MEP Equipment, LEAD will make its capabilities in the respective areas available to all interested contractors.

3. By combining government expertise, assets, and resources with complimentary contributions from private industry, the Army can leverage its assets, reduce costs, and decrease outlays. A PPP that incorporates cost sharing permits the Army to accomplish goals with fewer funds than traditional contractual arrangements would require. Partnering with industry can create new capabilities that help the Army accomplish its military mission while offering/influencing commercial technology in the private sector. It can result in overall savings to the government and increase facility utilization.

*Sir -
This will help
our Army units - as well
the force.
Ben*

*Thank you,
Benjamin S. Griffin*

BENJAMIN S. GRIFFIN
General, USA
Commanding



INDUSTRIAL JOINT CROSS SERVICE GROUP

July 7, 2005

MEMORANDUM FOR R. GARY DINSICK, ARMY TEAM LEADER

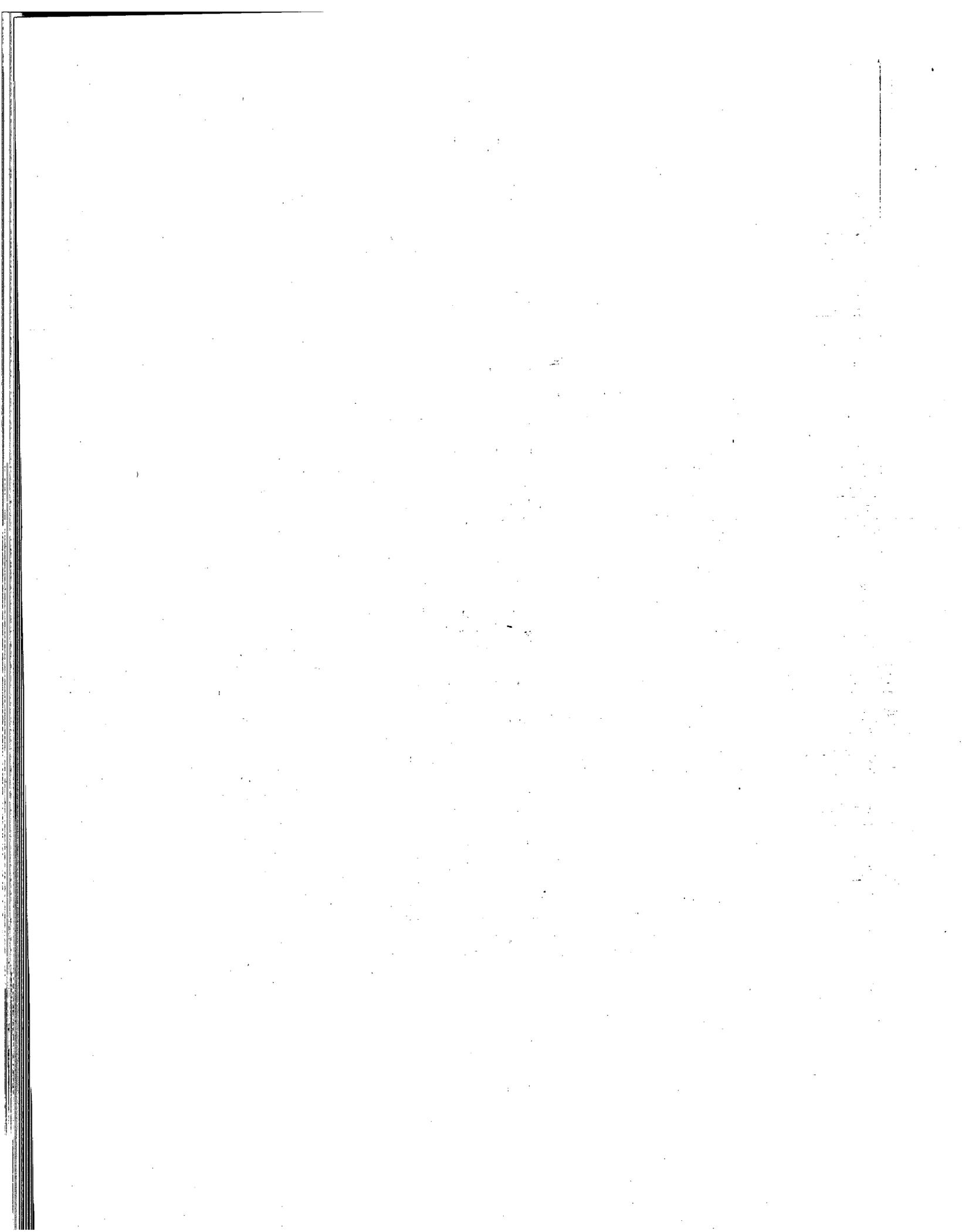
Subject: OSD BRAC Clearinghouse #C0455, Request for Comment on Letterkenny Army Depot Related Topics.

The following is in response to your e-mail inquiry of July 1, 2005, where you requested the following:

- 1. Question: Based on previous BRAC rounds and implementations, there have been installation questions regarding the wording of some of the realignments as to what is DoD's real intent, i.e.: what is the definition of 'munitions'? Is it conventional ammunition or does it include missiles? The recommendation "relocates the munitions maintenance function of the Munitions Center (Red River) to McAlester and Blue Grass"? How do "tactical missiles" maintained by the Red River Munitions Center fit into this recommendation? What is the DoD definition of Tactical Missiles? Which systems are included in this definition?*

Answer: The term munitions relates to conventional ammunition, rockets, torpedoes, and missiles. The BRAC analysis performed by the Munitions and Armaments IJCSG addressed maintenance performed on the explosive portion of the missile. The BRAC analysis performed by the Depot Level Maintenance IJCSG addressed the maintenance performed on the non-explosive portion of the missile. The IJCSG recommended the Red River Munitions Center relocate storage, demil, and munitions maintenance to McAlester AAP and munitions maintenance to Blue Grass. Red River reported munitions maintenance for Guided Munitions, Hawk Surface-to-Air Missile, Maverick Missile, and Unguided Munitions. The IJCSG recommendation relocates Hawk Surface-to-Air Missile and Unguided Munitions workload to Blue Grass and the Maverick Missile and Guided Munitions workload to McAlester. Both sites reported existing capability to perform the work.

The missile system's operational range determines whether it is a tactical or strategic missile. Short range missiles are tactical missiles. Tactical missiles can be fired from the shoulder, vehicle or aircraft as a ground to ground, ground to air, air to air or air to ground weapon. Missiles with a range in excess of 500 miles are strategic missiles. The IJCSG recommendation disestablishes all of the tactical missile depot maintenance capability at Red River, MCLB Barstow and Naval Weapons Station, Seal Beach and moves 100 percent of their tactical missile



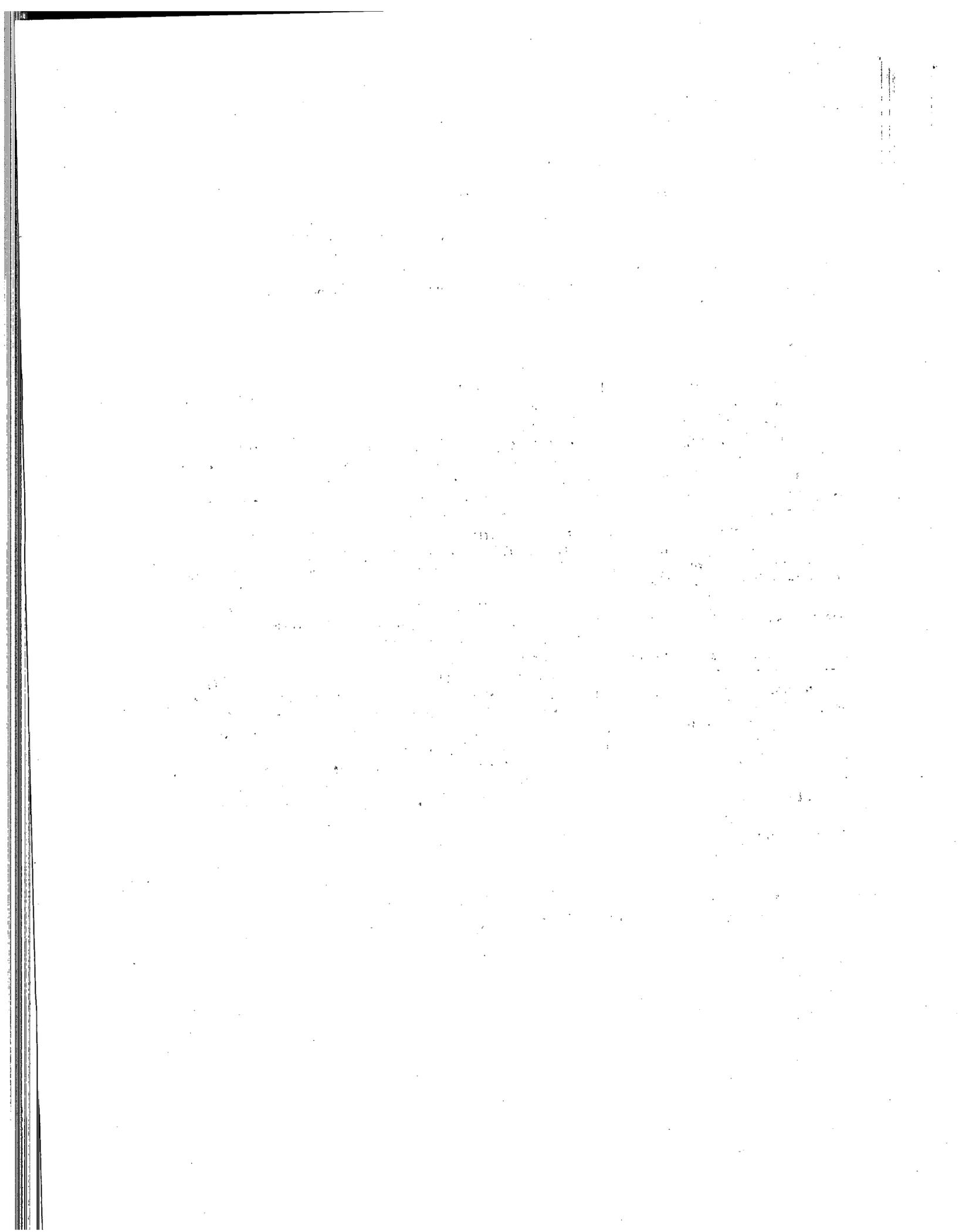
capability and workload to Letterkenny Army Depot. Barstow will still maintain a tactical missile system integration capability allowing them to mount, fault isolate and test tactical missile systems that are integral to their combat and assault vehicle programs. During the implementation phase the certified number of tactical missile hours at each of the realigned sites will be converted into specific weapon systems to be repaired. The JCSG also disestablishes the munitions maintenance, storage and demilitarization missions completed by the Red River Munitions Center. Specific systems and required depot maintenance equipment will also be identified during the implementation phase.

LEMC Comment:

If the BRAC recommendation is to move Hawk and Patriot Storage and munitions maintenance to McAlester and Blue Grass, and the Maintenance to LEAD, then the recommendation is based upon faulty analysis. The initial request for data was "stovepiped" and did not look at the actual operation. Red River Munitions Center (RRMC) stores the Patriot and Hawk missiles, performs minor maintenance to the missile itself, and disassembly and demilitarization. They provide the missiles to the Missile Readiness Directorate (MRD) for Stockpile Reliability Testing and electronic maintenance. When the data was requested, RRMC provided the capacity for storage, minor maintenance for guided munitions, and demilitarization. The MRD which is part of RRAD provided missile maintenance capacity. What DOD fails to recognize is that their recommendation creates a situation where the Patriot and Hawk missiles would be stored at either McAlester or Blue Grass, and then have to be shipped to LEAD for maintenance or for Stockpile Reliability Testing and maintenance. This would require an investment and duplication of a lot of the equipment for 3 sites and incur a large increase in handling charges and Second Destination Transportation charges. In order to avoid this, the storage, munitions maintenance, demilitarization, stockpile reliability testing and maintenance sites need to be at one location. LEMC and LEAD provide that capability at one location. I would also challenge the reported capacities in the Industrial Joint cross Service Group. The Part VIII data of the report shows Blue Grass with a capacity of 485,000 DLH for Guided Munitions Maintenance. Blue Grass has no guided munitions program and all of the munitions depots combined do not have that capacity. That number must be erroneous. You will also find that under the data reported for Letterkenny is Missile Intermediate Maintenance capacity of 134,600 DLH. This number reflects capacity to do guided munitions work within LEMC. The Air Force and Navy use different terms than the Army. This capacity needs to be included for LEMC to do guided munitions maintenance.

3. Question: Will the storage mission and demilitarization missions come with the maintenance/certification missions from Red River?

Answer: Yes.



5. Question: Confirm that it is the intent of the recommendation to move the Theater Readiness Monitoring Facilities (TRMF) from Red River Army Depot to Letterkenny.

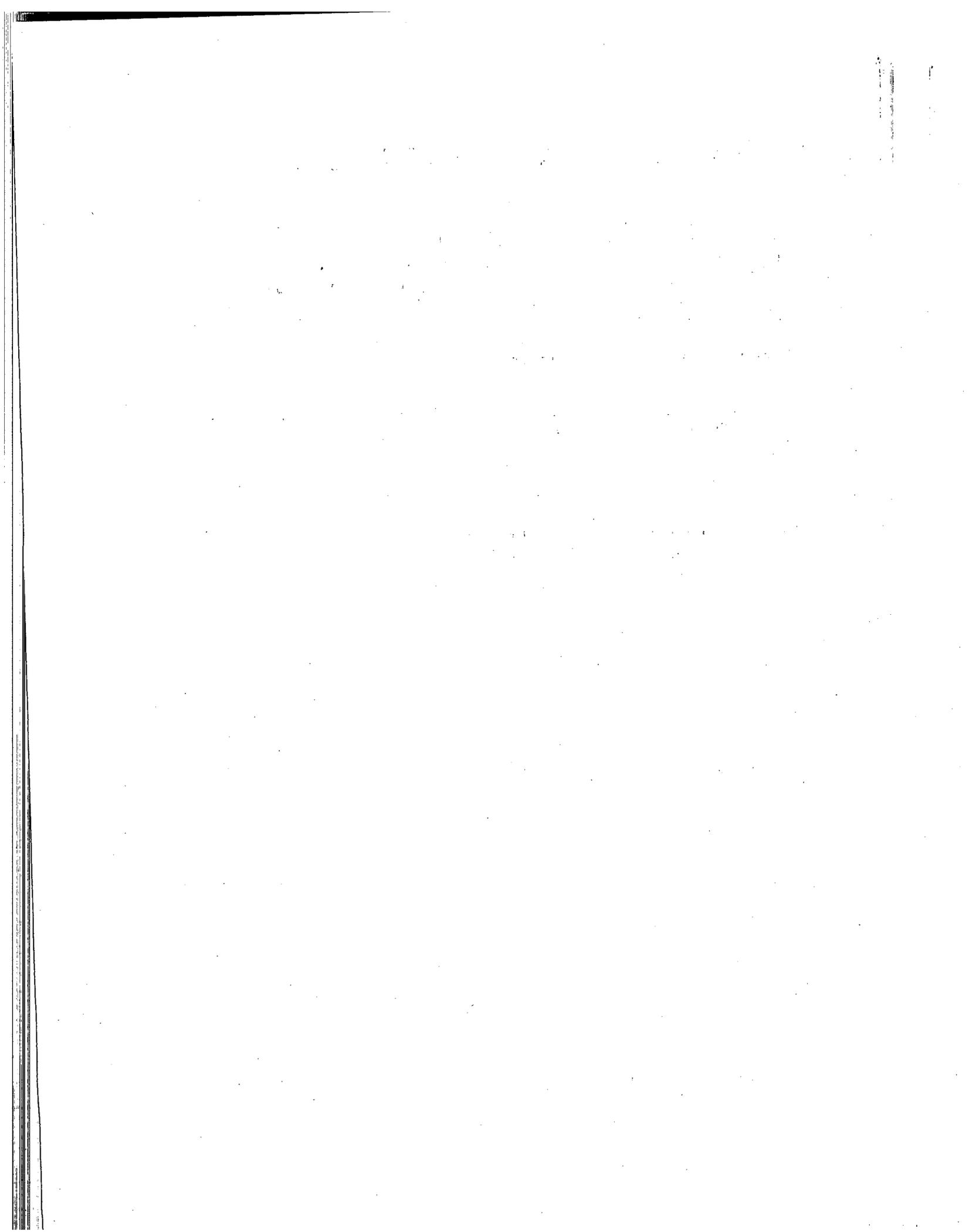
Answer: The intent of the IJCSG recommendation is to disestablish all tactical missile depot maintenance at RRAD and realign it to Letterkenny AD. RRAD declared the TRMF workload as tactical missile depot maintenance workload. The IJCSG conducted a workload optimization model run and based on its results realigned RRAD's tactical missile (including the TRMF) capacity and workload to Letterkenny Army Depot.

LEMC Comment: See comment for Question #1.

7. Question: Will any of the demilitarization that is currently located at Red River Army Depot move to Letterkenny?

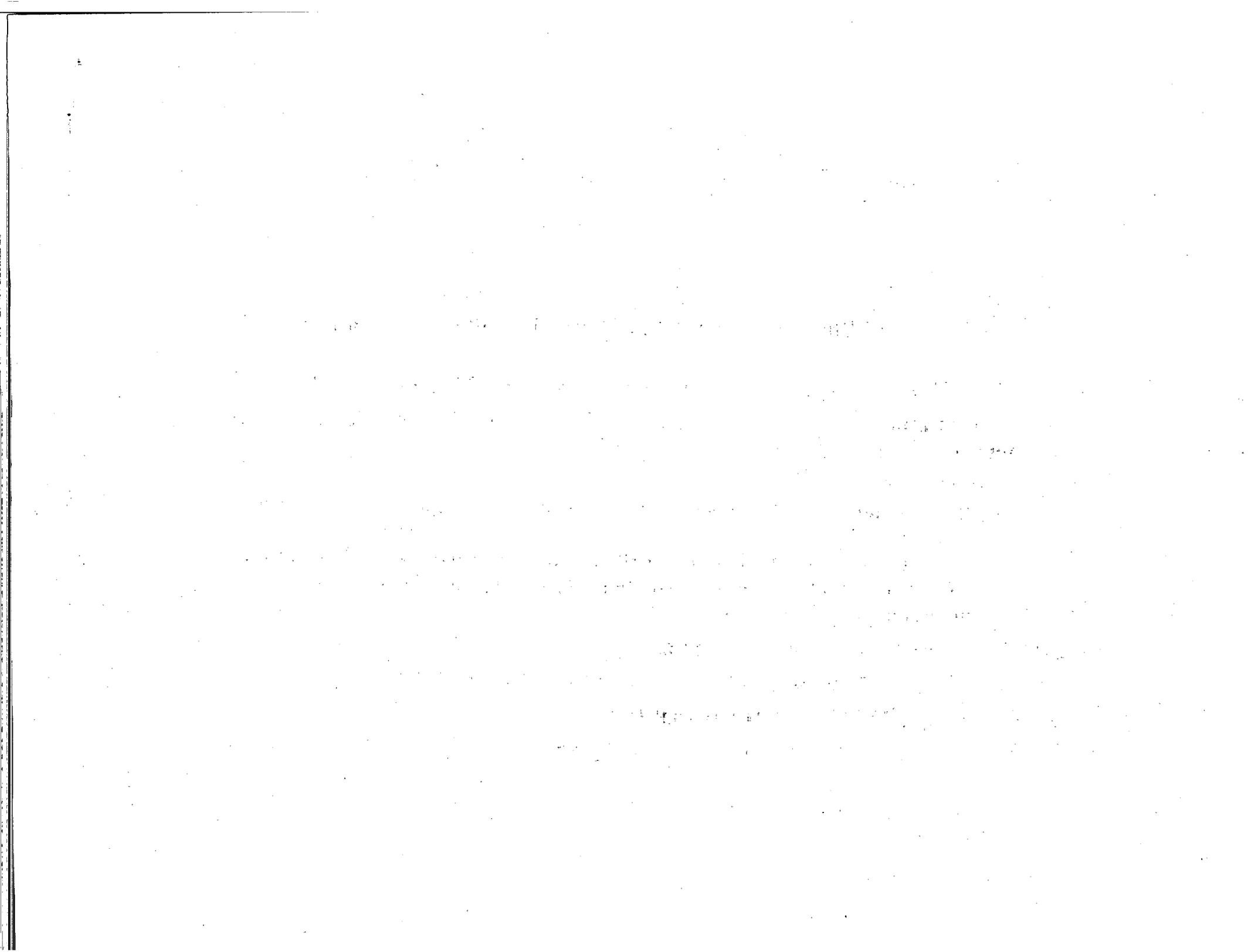
Answer: No.

LEMC Comment: Answers 3 and 7 are contradictory!



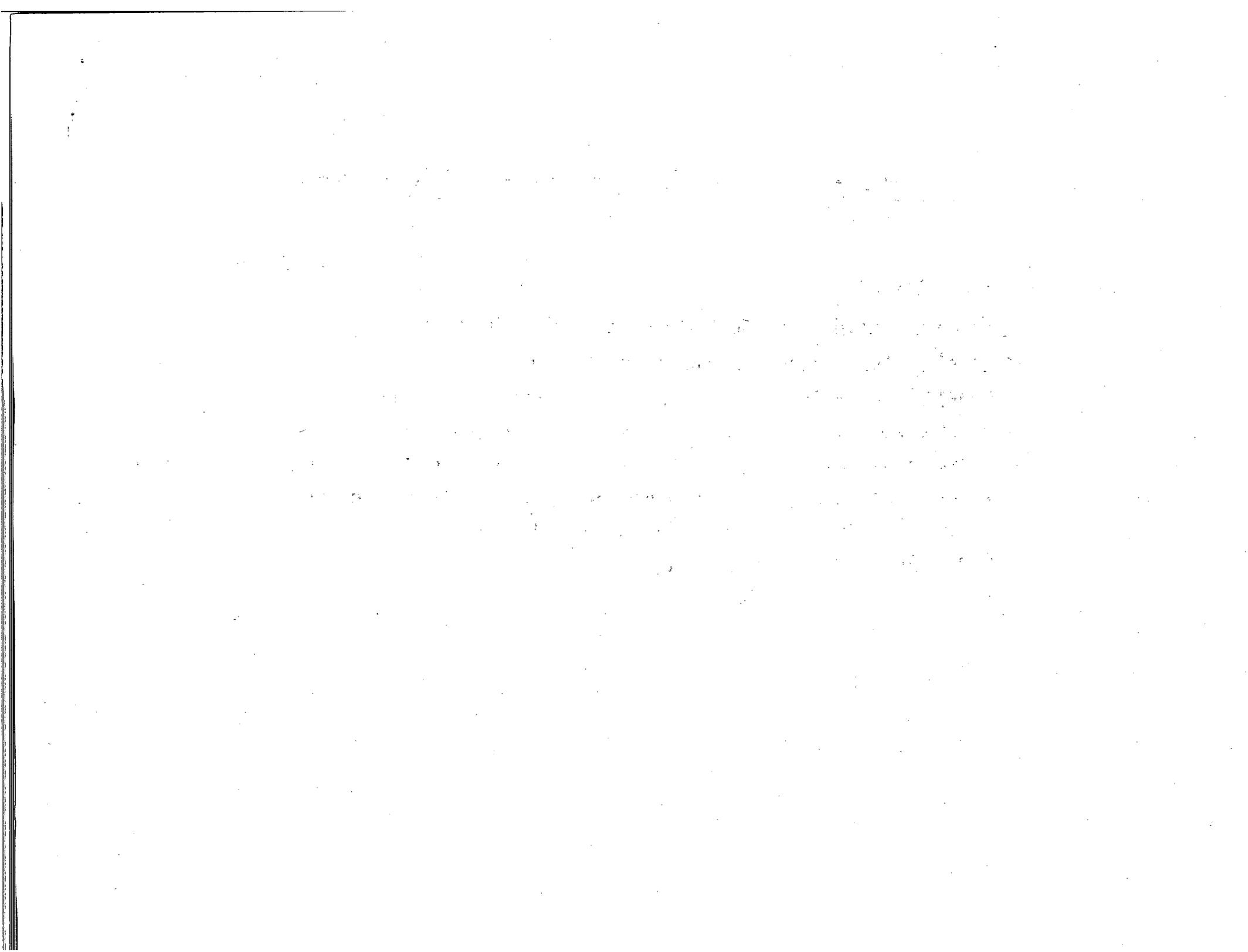
Letterkenny Munitions Center

- **Storage Capacity**
 - McAlester and Blue Grass can not accommodate all of the munitions at Red River
 - LEMC is currently at 67% capacity with over 600,000 sq ft available
 - Total number of Hawk and Patriot missiles at Red River would require 216± magazines, or 432,000 sq ft
 - Assumptions:
 - Demil at both Letterkenny and Red River will continue until BRAC05 is fully executed
 - Increasing available space at Letterkenny, decreasing assets at Red River needing moved
 - Joint Munitions Command will continue to decrease conventional unguided munitions requirements at LEMC
- **CAT I Storage for Stinger Missiles**
 - LEMC has 122 magazines fully capable for CAT I or CAT II storage
 - Currently 126,000 sq ft are available
 - Stinger requirement amounts to 20,000± sq ft



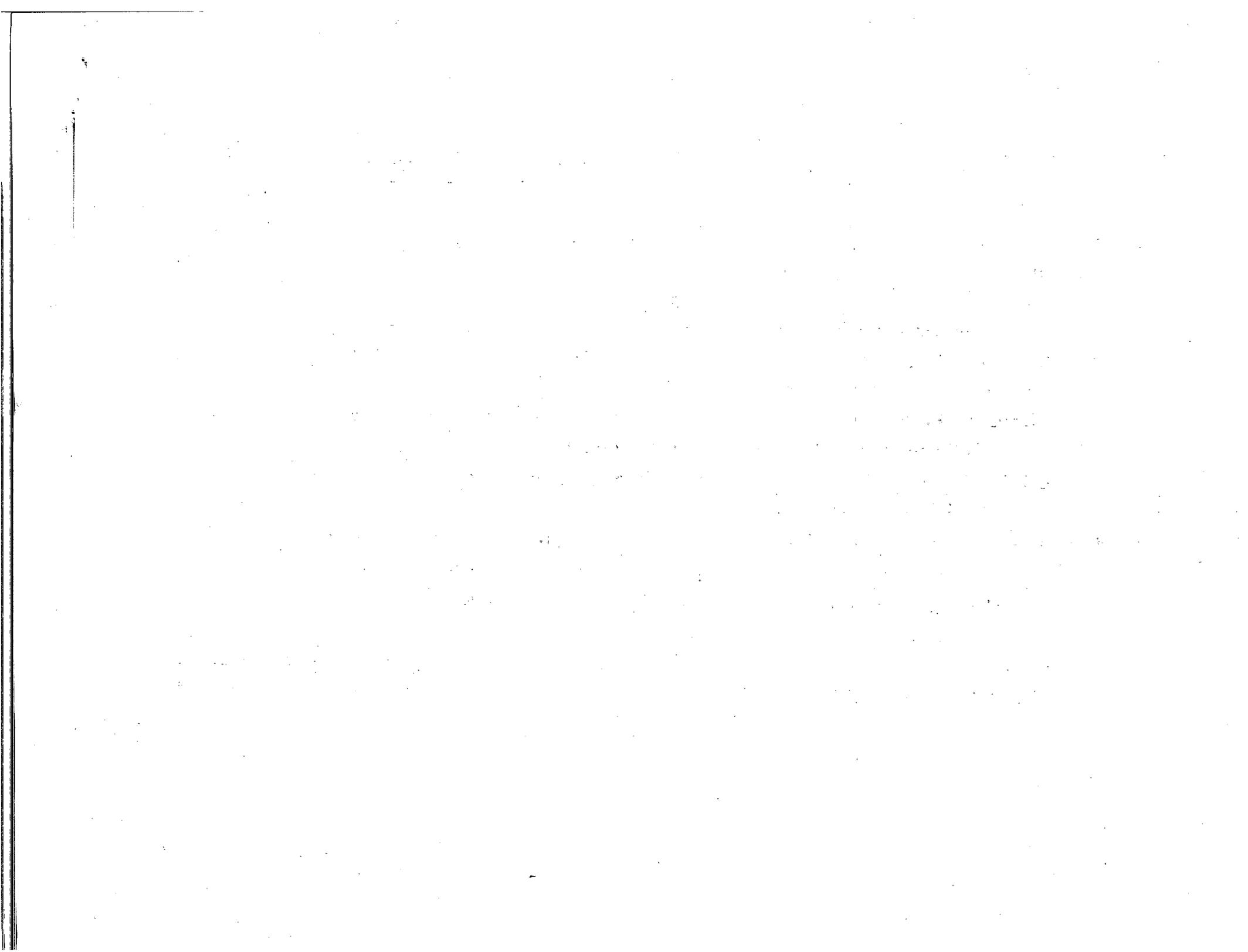
Letterkenny Munitions Center

- **Chaparral Missile**
 - **Chaparral missile is a modified AIM-9 Sidewinder missile**
 - **LEMC has been doing Sidewinder for the Air Force since 1967**
 - **LEMC is the Air Force's only munitions depot for Sidewinder**
 - **LEMC has sufficient storage and maintenance space**
 - **Red River currently uses a 19,000 sq ft facility, claims \$3 mil to replicate**
 - **Building is no longer used at full capacity, missile is FMS and demil only**
 - **LEMC would use excess space in Sidewinder facility**
 - **LEMC has the skill base for Chaparral**



Letterkenny Munitions Center

- **LEMC is very successful at quickly and efficiently transitioning systems**
 - **BRAC 93 moved ATACMS to LEMC**
 - **Moved at 80% of the estimated cost**
 - **Completed transition in 4 months and passed First Article Test**
 - **Navy moved HARM and Penguin missiles to LEMC**
 - **Both moves completed significantly ahead of schedule**
 - **LEMC has been designated as the organic depot for Joint Common Missile**
 - **LEMC is the munitions depot for Guided Multiple Launch Rocket System**
 - **LEMC's experience and skill base make it very efficient and competitive**
 - **Very little loss in readiness in all past moves**
- **Letterkenny complex has skills and capabilities to support the total Patriot program**
 - **LEAD already is the depot for all Patriot Ground Support Equipment**
 - **LEMC has the storage capacity, outloading capacity and skillbase**
 - **LEAD has strong electronics capability**
 - **Patriot and Hawk work is nothing more than recertification, same as LEMC already does for ATACMS, HARM, Sidewinder, Sparrow, AMRAAM, Penguin and JASSM**



Red River Army Depot's Issues

On 21 June 2005, BRAC Commissioners James T. Hill and Sue Ellen Turner visited Red River Army Depot and were presented issues that the Depot is using to challenge the BRAC recommendation to close Red River. This paper addresses the primary issues raised by Red River and endorses the recommendations made by the Department of Defense to close Red River and move its missions elsewhere.

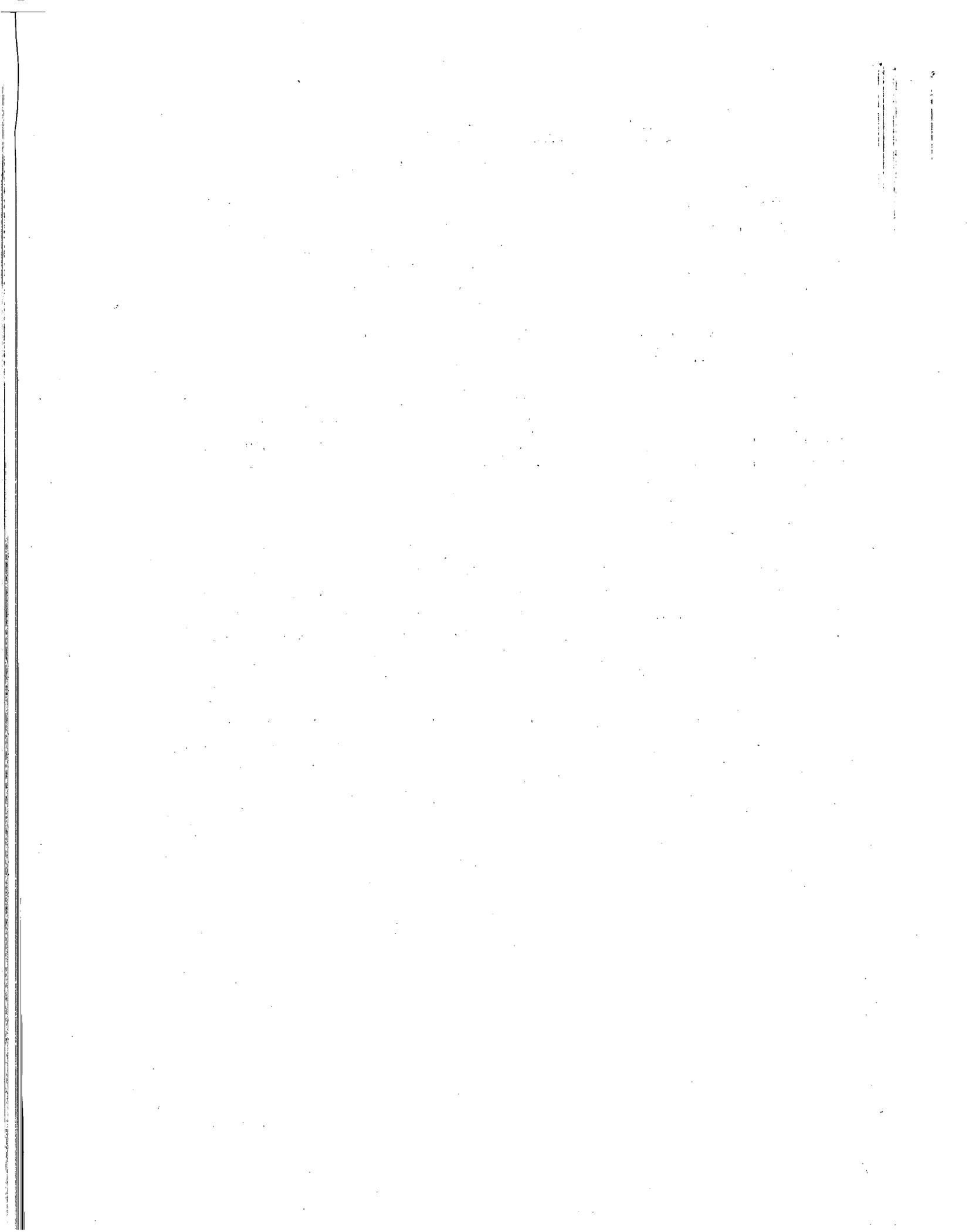
Red River Army Depot Issue #1: Red River does not believe that the Army has excess capacity for the Red River Missions.

Comment: Based on the capacity data analysis performed by the DOD Industrial joint Cross Service Group, available excess capacity does exist. This conclusion was based on the certified data submitted by each DOD activity performing depot maintenance, munitions maintenance and munitions demilitarization and was based on a comparison of the average of FY-03-FY-05 historical data for workload and capacity,

The GAO observed in their July 2005 Analysis of DOD's Selection Process and Recommendations for Base Closures and Realignments that "one issue that the maintenance subgroup dealt with during its scenario development was that the current DOD capacity baseline for its maintenance work was based on a single shift 40 hours per week workload. Recognizing that such a baseline was inconsistent with industry practice, the subgroup modified the capacity baseline to one and a half shifts with a 60 hours weekly workload, thus increasing available capacity at its industrial activities and the potential for consolidating work at fewer installations."

At a 60 hour work week there is sufficient available capacity across DOD to assume Red River's combat vehicle, tactical missile and construction equipment workload (using the FY 03-05 average). The Industrial Joint Cross Service Group assessed the mix of retained depot activities to achieve an optimal balance of capacity, usage and military value. The GAO agrees that a single shift is a conservative projection of capacity.

The Industrial JCSG estimates that post BRAC, with a 2.6M DLH supplemental and a 60 hour work week there is sufficient capacity to complete the higher of the anticipated workload or CORE requirement.



Red River Issue #2: The Industrial Joint Cross Service Group used a flawed methodology.

Comment: The Industrial JCSG methodology was consistent and uniformly applied. The 1.5 times maximum capacity (60 hour workweek) was applied uniformly across all of DOD's depot maintenance infrastructure. The intent was to allow more work to be done in a smaller footprint. It has some additional benefits by allowing for a rapid transition to two full shifts should the workload require it.

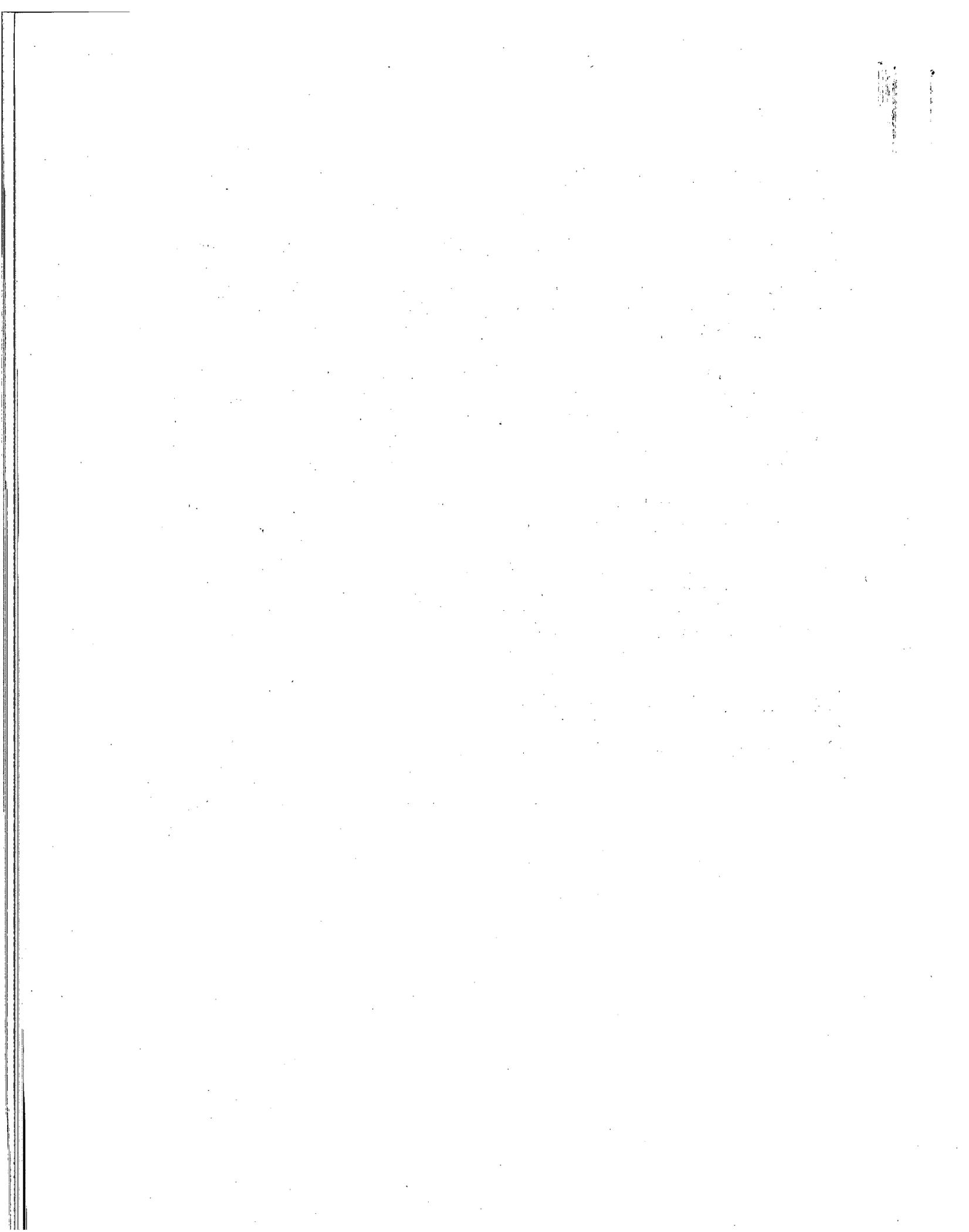
The Industrial Joint Cross Service Group did allow for updated workload data. IJCSG optimization analysis was initially built on an average of FY 03-05 workload reported in the Capacity Data Call (March 2004). The Army submitted a certified workload change in March 2005 that reported actual total depot FY 05 workload. These higher numbers were used to justify 2.6million direct labor hours in additional capacity.

The additional 2.6M DLH is a very generous recommendation built on the worst case of out-year workload growth. If more risk were assumed less capacity would be required.

Even when one-time costs to implement the closure of Red River is considered, this recommendation pays back in 4 years and has a very positive return on investment. Should Red River's requirement for \$49M in MILCON to construct a new Maneuver Systems Sustainment Center be considered, the return on investment would be even more positive

Red River Issue #3: Risk to surge capacity.

Comment: As previously noted, the addition of 2.6M direct labor hours is considered generous and more than adequate to surge. The current workload is not necessarily indicative of future workload but rather based on the current contingency.



Red River Issue #4: Military value should be the primary consideration to support the combatant commander. Ignoring this constitutes substantial deviation.

Comment: DOD did consider the needs of the combatant commanders.

The Industrial JCSG planned for wartime needs. Capacity was sized to accomplish the reported workload or CORE (JCS War Plans) requirement whichever was highest.

The IJCSG considered future Force Structure requirements. The IJCSG compared the final capacity to the FY 2025 Force Structure and increased combat vehicle numbers based on projected CORE and workload increases.

The IJCSG recognized the current OPTEMPO to support the Global War on Terrorism (GWOT).. They built additional capacity into the recommendation to handle the GWOT OPTEMPO.

Military Value: Based on the data submitted in the Military Value data calls, Letterkenny Army Depot had higher military value where there were common commodities with Red River. For tactical missiles, Letterkenny was rated as #1 overall while Red River was rated # 3. For tactical vehicles Letterkenny was rated # 1 and again Red River was rated at #3.

Summary: The issues raised by Red River are not justified based on the data submitted through numerous and very specific data calls. By implementing this recommendation as specified by DOD, the Army and DOD save money, gain a positive return on investment, reduce excess depot maintenance capacity, increase Military Value and facility utilization, and add new and efficient facilities to the inventory.

