

DCN: 11444

**Base Realignment and Closure (BRAC) 2005
Supply and Storage Joint Cross Service Group (JCSG)
Meetings**

Memorandum For Record

The Under Secretary of Defense for Acquisition, Technology and Logistics issued a memorandum on April 16, 2003 entitled "Transformation Through Base Realignment and Closure (BRAC) 2005 Policy Memorandum One - - Policy, Responsibilities, and Procedures," commonly referred to as Policy Memo One. Policy Memo One states:

"Base realignment, closure, or consolidation studies that could result in a recommendation to the 2005 Commission of a BRAC must: use data that is certified accurate and complete. . ."

"The Inspector General of the Department of Defense (IG DoD) shall be available to assist the DoD Components' and JCSG's by providing advice on the development and implementation of the internal control plans, as well as reviewing and making recommendations related to the internal control plans. In addition, the IG DoD will assist by reviewing the accuracy of BRAC data and the certification process. The DoD Components and JCSGs are encouraged to make use of the IG DoD services as well as consultation with their audit agencies."

The Office of the Secretary of Defense (OSD) established the policies and responsibilities through the "OSD Internal Control Plan (ICP) for the 2005 BRAC Process" to implement the BRAC Process. The OSD ICP states:

"Minutes will be maintained of all deliberative meetings of IEC, ISG, JCSGs, Military Departments, and Defense Agencies. Each group will record attendance, provide a synopsis of items discussed and include all decisions and recommendations."

To monitor compliance with BRAC Policy Memo One and ensure implementation of the OSD ICP, DoD OIG representatives attended the following S&S JCSG meeting and tested the accuracy of the approved minutes. The OSD BRAC office, located in room 1E515A of the Pentagon, retains the repository files of the approved minutes.

Supply and Storage JCSG Meetings:

On Friday, March 18, 2005 I reviewed the approved minutes to the Supply and Storage JCSG "Principals" Meeting with the OSD Red Team held on February 17, 2005. The minutes adequately addressed attendance. I would like to provide a clarification to the synopsis of the significant issues discussed during the meeting. The minutes state that "On Chart 13, Ms. Cole from the DoDIG confirmed that the IG had completed its audit of data integrity and all issues were resolved to the satisfaction of the IG." (Attachment 1 page 2) I would like to clarify that that statement was made in reference to the "Automated data verification between OSD, master and production databases." (Attachment 2 - Slide 13) At that point in time, February 17, 2005, the auditors from the OIG DoD had completed one step of their review which was an initial verification

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**S&S “Principals” Meeting with the OSD Red Team
17 February, 2005 (1000)
3E808, Pentagon**

Red Team: Mr. H.T. Johnson, General Saloman (USA-Ret), Mr. Pirie, Mr. Turnquist, Mr. Samuelson, Ms. Atkin

Principal Attendees: VADM Lippert (S&S Chair; DLA), Mr. Neal (S&S JCSG Alternate, Army), Mr. Berkson (USD AT&L), Mr. Aimone (S&S Alternate Air Force), RDML Thompson (S&S Principal, Navy), Ms. Kenney (S&S Alternate, Marines)

Other Attendees: Col Neeley (S&S Exec Sec), CDR Goodwin (S&S XO), CAPT Coderre (S&S JCSG Navy lead), Col King (S&S JCSG Air Force Lead), Col Faulkner (S&S JCSG Joint Staff Lead), Mr. Burleson (S&S JCSG COBRA Team), LtCol Truba (S&S JCSG Marine Lead), Ms. Cole (DoD IG), Mr. Meyer (OSD), Mr. Desiderio (OSD) Capt Rivera (S&S JCSG Marine Team), LCDR Stark (S&S JCSG Data team), Mr. Williams (S&S JCSG Army Team), Major Champagne (S&S JCSG Data Team), CAPT Bianchi (USD AT&L), LtCol Nalepa (S&S JCSG Marine Corps Team)

Minutes:

- The Principals’ briefing to the OSD BRAC Red Team commenced at 1000 in 3E808 in the Pentagon.
- VADM Lippert outlined for the Red Team the strategy, structure and processes used by the S&S JCSG. On Chart 5, VADM Lippert highlighted that the initial ideas and strategy of the S&S JCSG were the result of military judgment, and the proposals and conclusions were data (verified and certified data) driven with the final recommendations a result of combined military judgment and quantitative assessment.
- Mr. Johnson advised that the use of military judgment should be clearly and thoroughly supported by the S&S documentation archives. Mr. Pirie noted that objectivity was an essential factor in how the S&S JCSG arrived at conclusions. VADM Lippert offered the Red Team examples of the use of objective standards by the S&S JCSG including minimizing MilCon costs, and sensitivity to customer wait times. General Saloman noted that community leaders and BRAC commissioners would likely query for objectivity and that justification of the use of objective measures would be an essential feature of the Department’s argument. General Saloman added that it appeared that customer wait time was then an aspect of Military value and should be considered as such. General Saloman suggested that if a site was selected as a final BRAC location to remain open, and if that site had a lower MilVal than another site, that this would appear counterintuitive. The MilVal score should be corrected with the objective measure such as customer wait time so the final location is also the location with the highest MilVal score. Mr. Berkson responded that the best way to understand

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the use of MilVal scores was that the score for the resulting network was higher than the scores of a particular location prior to the BRAC alignment recommendation; observers should focus on the resulting network score. General Saloman added that while a plausible argument, he doubted that it would convince the BRAC commission.

- VADM Lippert briefed Chart 9 which showed the topical areas of responsibility. General Saloman suggested that there could be confusion about what the term “distribution” referred to and suggested adding “inventory management” to the phrase.
- The Red Team asked if the S&S JCSG had addressed Fuels. VADM Lippert noted that the majority, if not all of the fuels mission had already been privatized and therefore was not deemed as an area where BRAC would be meaningful. RADM Thompson added that the Department was wholly outsourced already with the exception of six miles of pipeline in California.
- In Chart 11, General Saloman suggested that “strategy” lead off the arrow on the chart since the strategy of the S&S JCSG was well developed. The Red Team members complimented that the strategy used by the S&S JCSG seemed effective, well developed and a key ingredient that should be highlighted in the documentation.
- On Chart 12, Mr. Pirie asked how the 10 and 20% surge factors were devised. Mr. Johnson noted that the Red Team had observed different surge metrics among the various teams and this appeared to be uncoordinated. VADM Lippert noted that he believed the surge factors were provided by OSD. OSD representatives Mr. Desiderio could not amplify the discussion. Mr. Pirie suggested that different surge factors could be awkward for the Department to explain. Mr. Aimone offered that OSD had realized that surge would be difficult to standardize given the different nature of processes and missions being examined by the different JCSGs and services, so OSD opted to allow each JCSG/Service to define surge in a manner deemed logical by the respective Principals. Col Faulkner added that OSD BRAC had driven each JCSG/Service to define their best sense of surge.
- Also on chart 12, Mr. Johnson, assuming that the “process designed to” list was in priority order, suggested that maximizing military value was a higher priority than saving money. VADM Lippert acknowledged that he could rank these in priority order.
- On Chart 13, Ms. Cole from the DoDIG confirmed that the IG had completed its audit of data integrity and all issues were resolved to the satisfaction of the IG.
- On Chart 14, VADM Lippert briefed that the S&S JCSG had realized that system-wide excess capacity existed. One of the key determinants was to eliminate that capacity and cost to the department, and this had the ultimate effect of increasing

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military value. General Saloman advised that “other activities of interest” be defined (e.g. with an “e.g”). General Saloman asked why demand levels from FY 03 were used and if all of the groups used FY 03 levels. VADM Lippert noted that FY 03 reflected the best data set, and was post Iraq war build-up with demand better understood than prior years where the war demand had grown and fluctuated.

- On Chart 15, General Saloman recommended an “e.g.” be used on “common functions.”
- On Chart 16, General Saloman suggested that the S&S JCSG have available as backup, examples of the calculations for the “T Factor” and the “C factor” everywhere they were used. Mr. Pirie noted that these type calculations were helpful in the ‘95 BRAC round when Long Beach and Portsmouth naval Shipyards were being assessed in terms of MilVal scores.
- General Saloman further noted that the MilVal criteria 1-4 ranking metrics used by the S&S JCSG were understood, but he asked OSD if these correlated across the Department’s BRAC effort., OSD Representative Mr. Desiderio could not answer. General Saloman suggested that OSD create a matrix for the SecDef to see how each group weighted the MilVal characteristics and compare to see if there were extremes or outliers.
- On Chart 22, Mr. Pirie asked about the logic of dropping the DRMOs and other “below threshold” activities from the BRAC process. VADM Lippert noted that the S&S JCSG realized that it needed to manage the scope of its effort in order to complete its work. VADM Lippert noted that the strategy of the group was to focus on the wholesale, department-wide global supply chain and to explicitly focus on the key entities in this chain which were the DDs and ICPs. Those that were below a certain threshold of having too small of a footprint, or as in the case of base supply departments, being part of the respective service’s analysis footprint, were then excluded from consideration by the S&S JCSG. In addition, VADM Lippert briefed that the DRMOs had a successful A-76 process underway and this was delivering highly desirable results for the department and BRAC would likely have interfered. Mr. Pirie noted that GAO and the Department had ruled that below threshold groups were acceptable focal points for the department’s BRAC round, and that the BRAC process might be more expedient and helpful to the department than the arduous A-76 process. The Red Team recommended that the below threshold comment be eliminated since it may cause confusion. Later in the brief the PBL recommendations at the DDs were cited as below threshold activity and to focus on the PBL workforce and not the DRMOs and base supply was deemed an internal inconsistency by the Red Team. General Saloman asked if the process or strategy spoke to why these activities were dropped and that questions about the decision were likely to surface. For base supply activities, VADM Lippert briefed that these were in the scope of effort of the services and that if a service closed a base, that the base supply

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element would be part of that closure. VADM Lippert noted that a scenario that reached deeper into the Department's supply infrastructure and examined retail supply functions at industrial support sites was added in tandem with the Industrial JCSG and would be briefed later the session.

- The Red Team noted that the S&S JCSG was the first team to provide linkages between recommended outcomes and transformational options.
- General Saloman suggested that the quad chart for S&S 0004 on chart 27 explain wholesale-versus-retail and global-versus-regional supply missions and how the conclusion reached in S&S 0004 addresses these constructs.
- Mr. Johnson stated that in the past the department had recommendations that attempted to use BRAC to obtain MilCon for projects that DoD could not routinely obtain approval for and funding to complete. Mr. Johnson advised that BRAC ought not be used for this purpose and since S&S 0004 required MilCon, the need for MilCon should be explicit and fully justified. Mr. Johnson suggested that a MilCon requirement, even if only one site and as an enabler for the entire scenario, would likely not win approval. Mr. Johnson asked if the number of SDPs could be reduced to three in order to avoid the MilCon requirement. VADM Lippert explained that 2, 3 4 and 5 SDP location options had been considered. The analysis supported that the capacity of 4 SDPs was required, especially when customer wait times had been factored into the decision for the SDP and FDP locations. General Saloman suggested that the case had not been made for S&S 0004 but the argument could be improved if customer wait times could be converted into a dollar savings metric. General Saloman also asked if the number of customers in the regional zones could be indicated on the chart.
- General Saloman commented on Charts 29 through 34 and recommended that examples be provided of efficiencies realized in existing or previous PBLs.
- On Chart 35, the Red Team recommended consistency in MilVal portrayal; on the quad charts (match MilVal format on S&S 0046 with S&S 0004). Mr. Johnson again asked why a 3 site SDP option could not work. VADM Lippert responded that the capacity requirement and customer wait times were driving the analysis. In addition, the deconflict box was still checked and Mr. Williams explained that supply as a following function needed to wait to finalize until the Industrial JCSG completed its recommendations on the best location for a maintenance depot. S&S 0046 was therefore held as a competing scenario with S&S 0004 until the IJCSG completed its work.
- On Chart 37, the Red Team had difficulty understanding the main premise of the scenario and suggested better wording. General Saloman asked if what the scenario was really proposing was moving DLRs to DLA. VADM Lippert explained that all of the related inventory management functions would move to DLA, but the technical engineering portion would stay with the services. VADM

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strategic approach. Mr. Johnson offered that he looked forward to the next opportunity for S&S to brief the Red Team.

- The meeting concluded at 1140.

Approved: J. MAROS



KEITH W. LIPPERT
Vice Admiral, SC, USN
Director,
Defense Logistics Agency
Chairman, Supply and Storage,
Joint Cross Service Group

Attachments:

1. Briefing Slides
2. Red Team Feedback notes

ACTIVITY: S&S JCSG
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**Supply and Storage
Joint Cross-Service Group
(S&S JCSG)
Briefing for BRAC 2005
Red Team**

February 17, 2005

Chair: VADM Keith Lippert



Outline

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- Strategy
- Structure
- Approach
- Scope of Effort
- Outcomes
- Summary



Strategy

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“Pursue those logistics economies and efficiencies that enhance the effectiveness of operational forces as traditional forces and logistics processes transition to more joint and more expeditionary aspects”



Strategy

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- Service warfighting constructs in transition
 - Army – Maneuver Brigades (Units of Employment and Units of Action)
 - Navy / Marines – Seabasing
 - AF – Expeditionary Air and Space Force
 - Bottom Line: Logistics must adapt accordingly
 - “Logistics full partner in Joint warfighting process”
JS J4 Focused Logistics Campaign Plan

- Strategy: Transition traditional Military Logistics’ linear processes to a networked, force-focused construct which minimizes the number of sites & reduces excess capacity while providing a more effective & efficient DOD Logistics base.



Strategy

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- Initial ideas, proposals and scenarios were strategy driven (military judgment), data verified
 - Transformational options
 - Capacity analysis
 - Military value
 - Optimization
 - Force structure
 - Service and process functional requirements
- Subsequent proposals and scenarios were data driven (quantitative assessment)
 - Optimization
 - COBRA
- Final Candidate Recommendations based on best analysis of all products; military judgment and quantitative assessment



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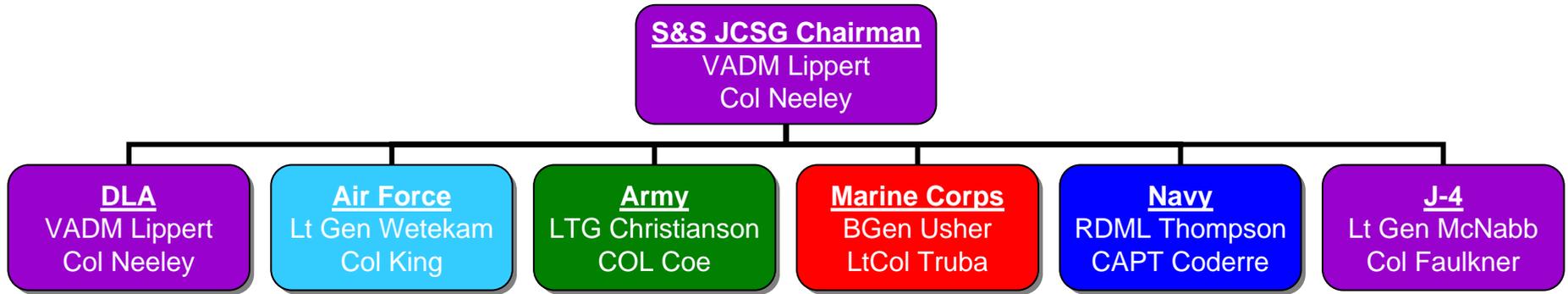


Structure



Structure

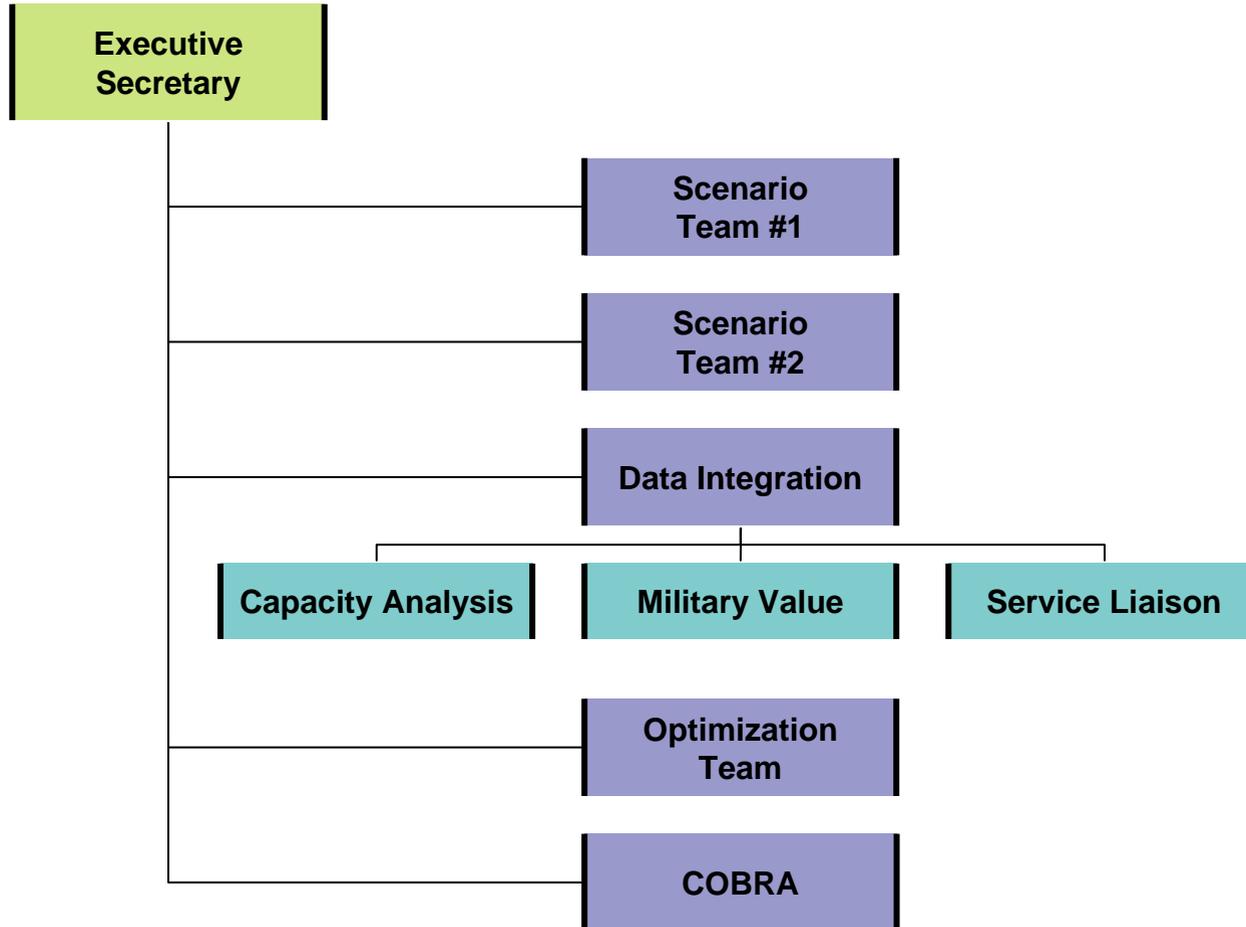
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Structure

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Structure

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■ Supply

- Requirements Determination
- Requisitioning
- Requisition Processing
- Stock Control
- Shelf-life Management
- Technical Support
- Quality Assurance

■ Distribution

- Shipping
- Materiel Handling
- Traffic Management
- Quality Assurance

■ Storage

- Physical Inventory Management
- Materiel Handling
- Materiel Issuing
- Warehousing
- Packaging
- Preserving
- Quality Assurance



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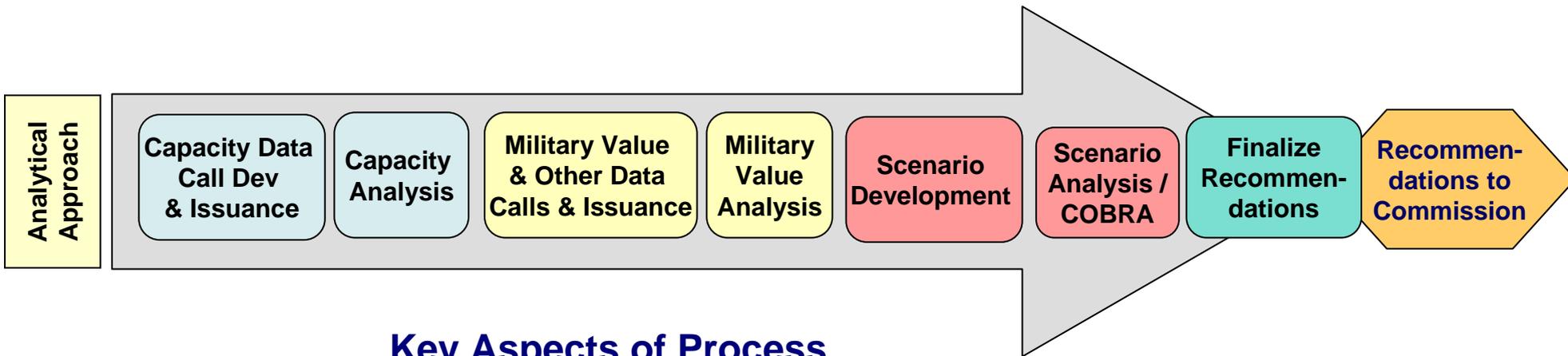


Approach



Approach

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Key Aspects of Process

CAPACITY

- Inventory
- What
 - Where
 - How Big
 - Usage
 - Surge

MILITARY VALUE

- Selection Criteria 1 - 4
- What's important
 - How to measure
 - How to weight
 - Rank order

SCENARIO DEVELOPMENT

- 20-Year Force Structure Plan
- Capacity Analysis
- Military Value Analysis
- Transformational Options
- Principles (Guiding)
- Imperatives (Policy)

SCENARIO ANALYSIS

- Selection Criterion 5 – Potential Costs and Savings (COBRA)
- Criteria 6, 7, 8 – Economic, Community, and Environmental Impacts



Approach

DCI. 11444

■ Process designed to

- Save money
- Ensure surge maximized to 20% at remaining sites
- Maximize military value to the greatest extent possible
- Consciously avoid Defense Component stovepipe processes
 - Consolidated like supply, storage and distribution functions
 - Sought supply chain efficiencies
- Exploit jointness
- Avoid single point of failure
- Make use of private sector



Approach

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- Used formal database management plan developed in coordination with DoDIG
- Protected data integrity
 - Maintained master copy of all data and updates
 - Work performed on separate “production” copy
 - Automated data verification between OSD, master, and production databases
- Formal process for data correction/clarification
 - 3,200+ requests for missing/corrected data
- Data integrity subjected to DoDIG inspection



Approach

DCA 11444

- System-wide excess capacity was determined for four groupings
 - Inventory Control Points (ICPs)
 - Distribution Depots (DDs)
 - Defense Reutilization and Marketing Offices (DRMOs)
 - Other Activities of Interest
- System demand was assumed to remain constant at FY-03 level
 - Considered 20 year force structure impacts
 - Considered current (FY-03) war time usage rate
 - Surge considerations were effected by applying a 10% and 20% rise in current (FY-03) demand
- Standard approaches to estimate capacity (e.g., methodology used by FedEx, Delta, etc.)



Approach

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- Activities' "Military Value" scored against their peers (ICPs, DDs, DRMOs, and Others were each peer ranked)
- Scoring plan finalized prior to receiving data call responses from activities
- Scoring rewarded modern, flexible, effective and efficient activities
- Scores composed of four functions
 - Supply
 - Storage
 - Distribution
 - Common



Approach

Doc. 11444

- Functions measured against four weighted criteria (S&S Principals determined weighting allocation)
 1. Support and sustain current operations (35%)
 2. Support and sustain future joint, expeditionary operations (20%)
 3. Military value of land and facilities (35%)
 4. Cost and manpower implications (10%)
- Complexity Factor (C-Factor) - used to account for varying degrees of complexity in inventory management at ICPs
- Transportation Factor (T-Factor) - used to value a Distribution Depot's (DD) transportation modes (air, sea, rail, pipeline, ground) and proximity to distribution nodes



Approach

- DCI. 11444
- Optimization Model variables that were considered:
 - Capacity
 - Productivity Rates
 - System Demand
 - Military Values



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Scope of Effort



Scope of Effort

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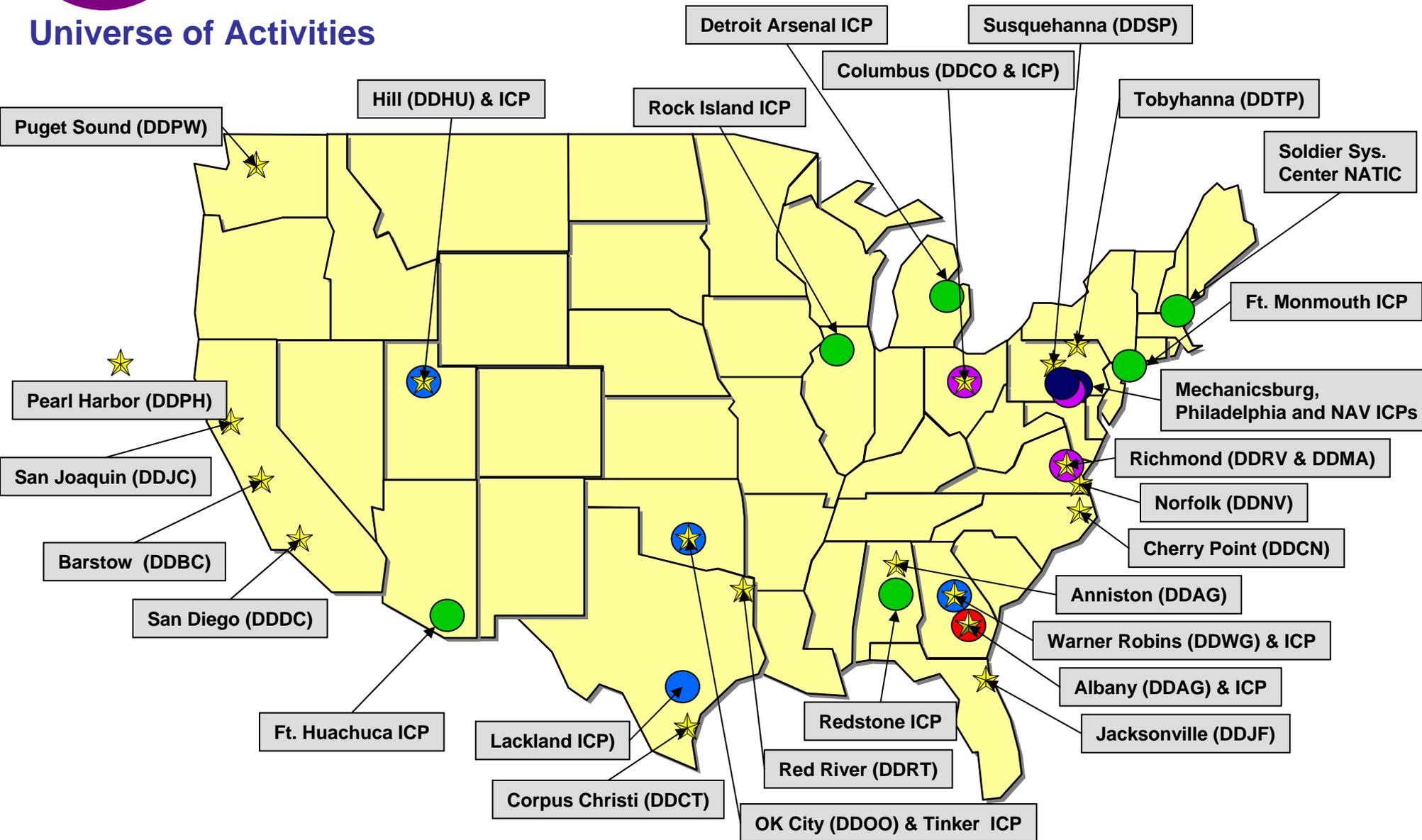
- The capacity data call produced a large number of initial responses:
 - 2,684 activities responded
 - Of those, 271 were relevant to our coverage area
- These winnowed, responding activities were placed in four targeted groups:
 - Inventory Control Points (ICPs)
 - Distribution Depots (DDs)
 - Defense Reutilization and Marketing Offices (DRMOs)
 - Other activities of interest
- A complete inventory of these activities is contained in the Capacity Analysis Report



Scope of Effort

DCM 11444

Universe of Activities



★ 19 DDs

② ICP USN

④ ICP USAF

① ICP USMC

⑥ ICP USA

③ ICP DLA

⑩ ICP Totals



Scope of Effort

DCS 11444

16 ICP Locations

- Detroit Arsenal, MI
- MCLB Albany, GA
- NAVICP MECH, PA
- NAVICP PHIL, PA
- DSC Columbus, OH
- DSC Philadelphia, PA
- DSC Richmond, VA
- Hill AFB, UT
- Lackland AFB, TX
- Robins AFB, GA
- Tinker AFB, OK
- FT Monmouth, NJ
- Rock Island Arsenal, IL
- Redstone Arsenal, AL
- Soldier System Command, MA
- FT Huachuca, AZ

19 DDDs

- Anniston, AL
- Albany, GA
- Barstow, CA
- Cherry Point, NC
- Columbus, OH
- Corpus Christi, TX
- San Joaquin, CA
- Jacksonville, FL
- San Diego, CA
- Norfolk, VA
- Oklahoma City, OK
- Hill, UT
- Pearl Harbor, HI
- Puget Sound, WA
- Red River, TX
- Richmond, VA
- Susquehanna, PA
- Tobyhanna, PA
- Warner Robins, GA

Depot Maintenance Retail Supply (in co-located activities)

- 9 Depots
- 3 Shipyards
- 3 Air Logistics Centers



Scope of Effort

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■ Dropped from Consideration

- DRMOs (67 Activities)
 - Personnel below BRAC threshold
 - A-76 economies and efficiencies would result in the appropriate activity status
- Other Activities of Interest (169 Activities)
 - Base Level Supply



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Outcomes



Outcomes

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More Forthcoming

4 Candidate
Recommendations

8 Active

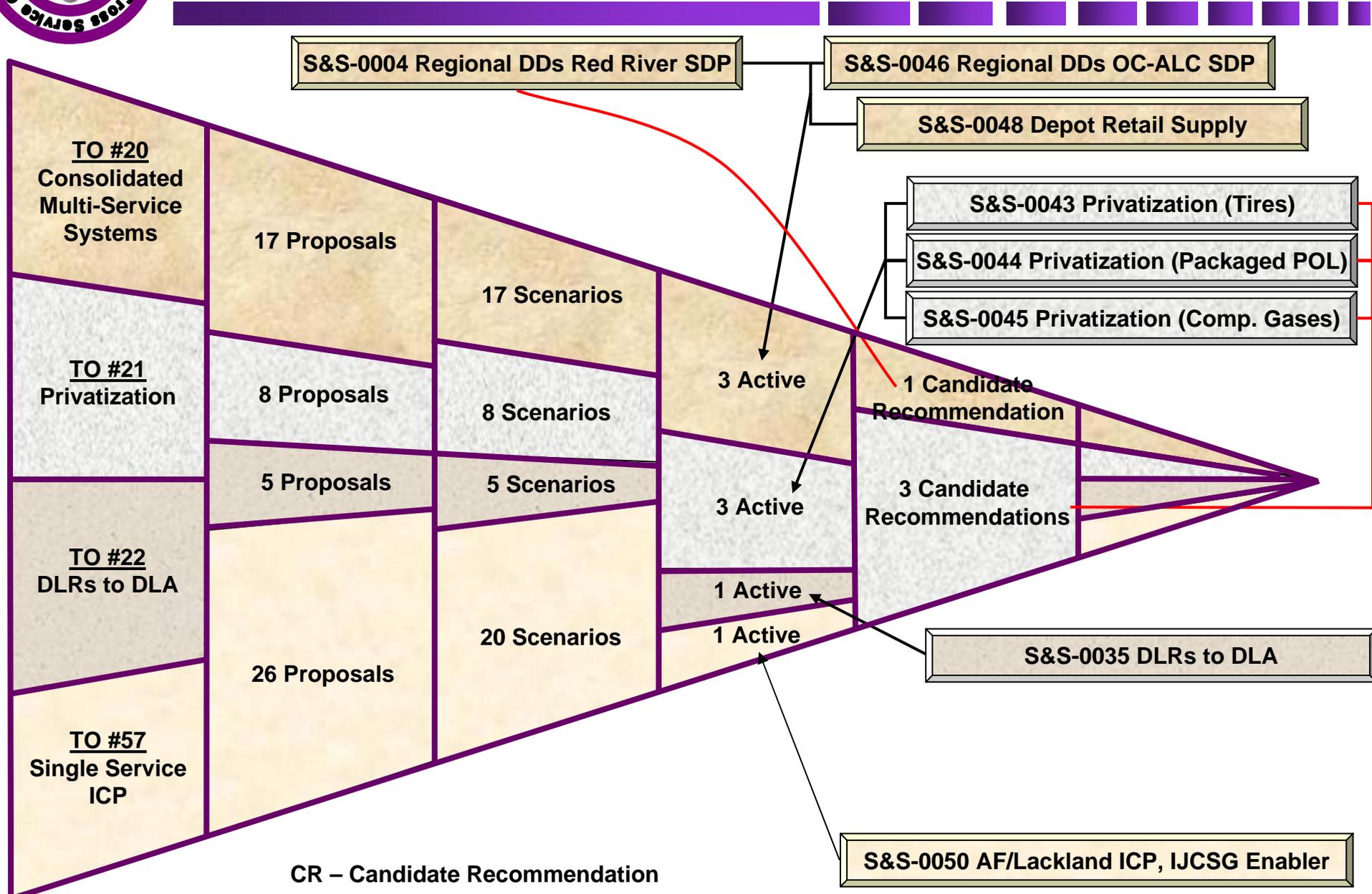
50 Scenarios

56 Proposals



Outcomes

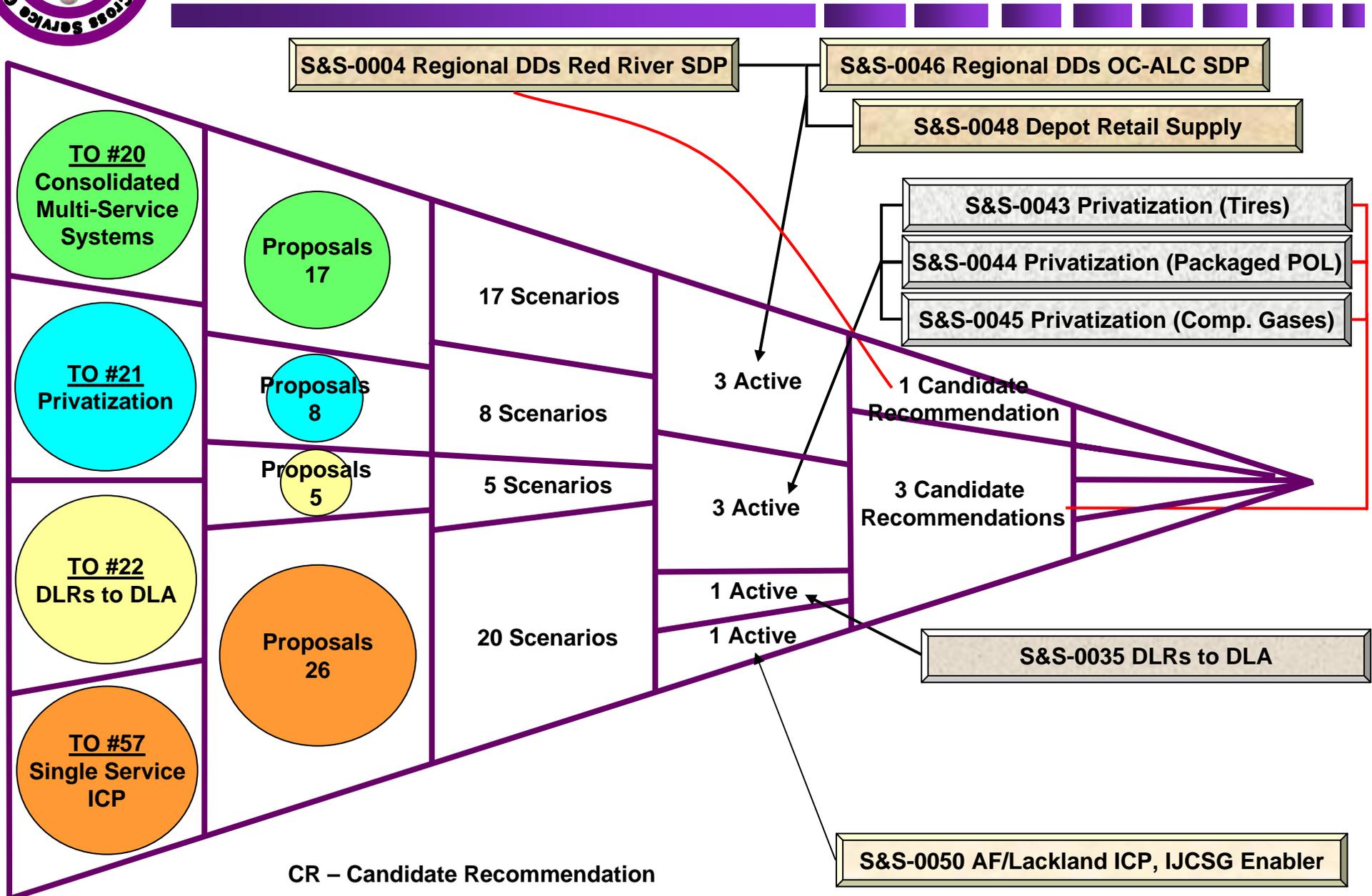
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Outcomes

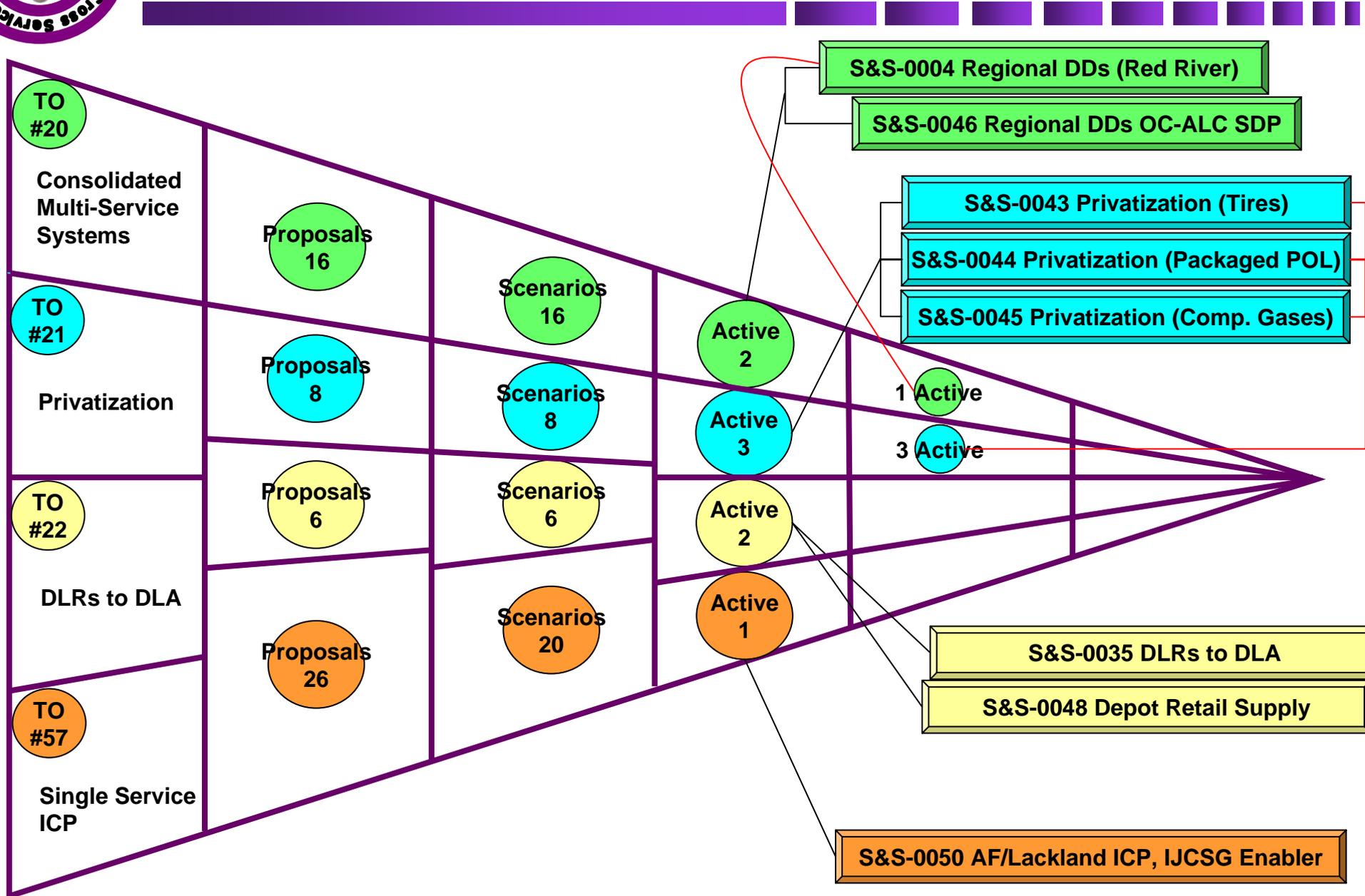
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Outcomes

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Outcomes

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Status	Capacity	MilVal	COBRA	S&S JCSG	OGC	ISG
S&S-0004 (Four Regions)	Completed	Completed	Completed	Completed	Completed	Completed
S&S-0035 (DLRs to DLA)	Completed	Completed	In Progress	In Progress	In Progress	In Progress
S&S-0043 (Tires)	Completed	Completed	Completed	Completed	Completed	In Progress
S&S-0044 (Packaged POL)	Completed	Completed	Completed	Completed	Completed	In Progress
S&S-0045 (Compressed Gases)	Completed	Completed	Completed	Completed	Completed	In Progress
S&S-0046 (Four Regions Alt.)	Completed	Completed	Conflict	Conflict	Conflict	Conflict
S&S-0048 (Retail Seams)	Completed	Completed	Conflict	Conflict	Conflict	Conflict
S&S-0050 (Lackland Enabler)	Completed	Completed	In Progress	In Progress	In Progress	In Progress

Completed

In Progress

Inactive

Conflict



Outcomes (S&S-0004)

DD Form 11444

Candidate Recommendation (Summary): Reconfigure wholesale storage and distribution around 4 regional Strategic Distribution Platforms (SDPs): Susquehanna, Warner Robins, Red River and San Joaquin. Disestablish DD Columbus. Realign the following DDs as Forward Distribution Points (FDPs): Tobyhanna, Norfolk, Richmond, Cherry Point, Albany, Jacksonville, Anniston, Corpus Christi, Oklahoma City, Hill, Puget Sound, San Diego and Barstow.

Justification

- ✓ Provides for regional support to customers worldwide
- ✓ Enhances strategic flexibility via multiple platforms to respond to routine requirements and worldwide contingencies
- ✓ Improves surge options and capabilities
- ✓ Returns significant storage infrastructure to host organizations
- ✓ Provides for significant personnel reductions

Military Value

- ✓ **Relative Military Value Against Peers:**
 Region 1. SDP-Susquehanna: Ranked 1 out of 5
 Region 2. SDP Warner Robins: Ranked 4 out of 5
 Region 3. SDP Red River: Ranked 2 out of 3
 Region 4. SDP San Joaquin: Ranked 2 out of 5
- ✓ **Military Judgment:** Applied in selecting SDPs for regions 2, 3 and 4 to minimize MILCON (capacity) and optimize support to customer organizations (geographical location).

Payback

- ✓ One-time Cost: \$223.4M
- ✓ Net Implementation Savings: \$202.9M
- ✓ Annual Savings: \$137.4M
- ✓ Payback Period: 2 Years
- ✓ NPV (Savings): \$1.5B

Impacts

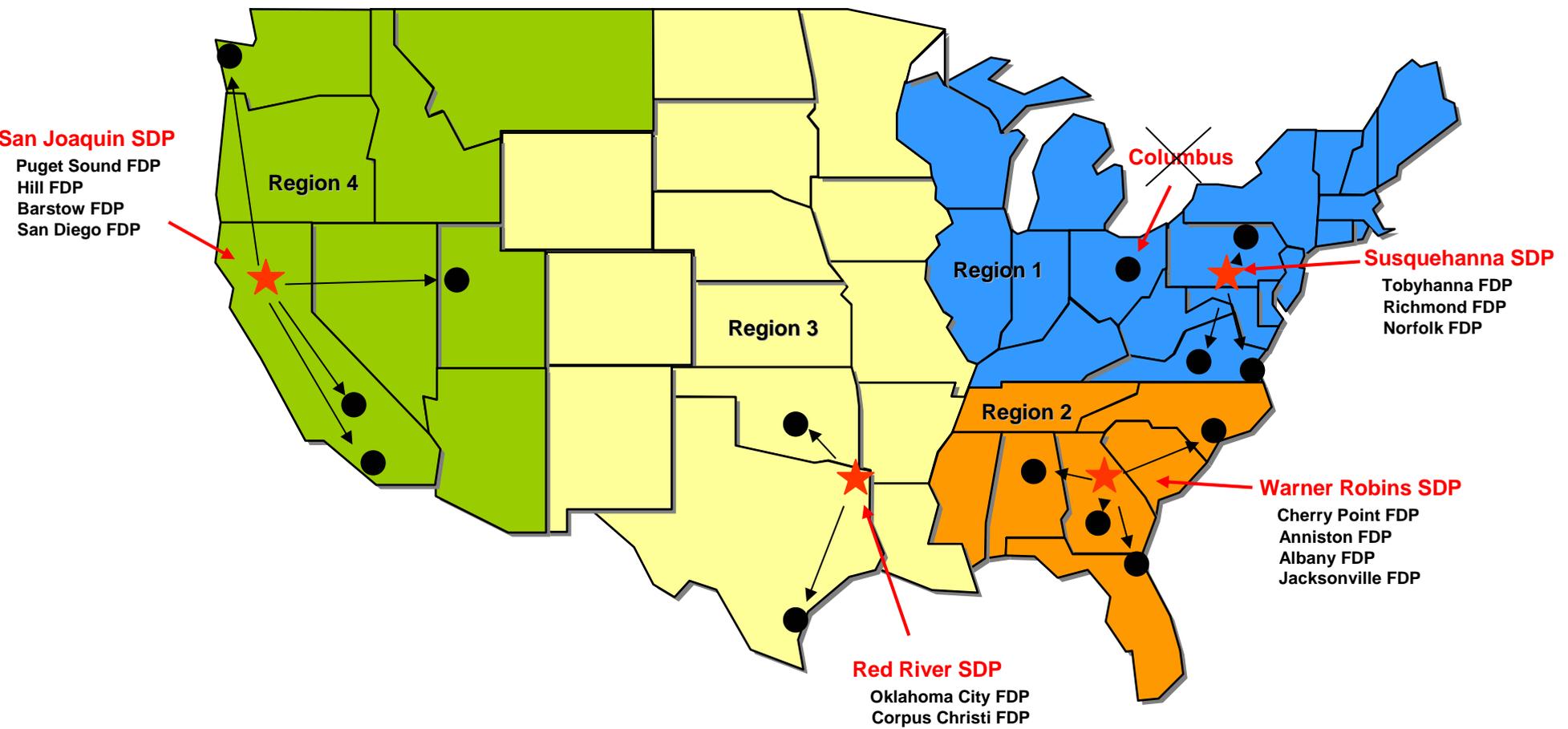
- ✓ **Criterion 6:** From -12 to -991 jobs; <0.1% to 0.22%
- ✓ **Criterion 7:** No impediments
- ✓ **Criterion 8:** Archeological issues; no impediments

- ✓ Strategy
- ✓ Capacity Analysis / Data Verification
- ✓ JCSG/MilDep Recommended
- ✓ De-conflicted w/JCSGs
- ✓ COBRA
- ✓ Military Value Analysis / Data Verification
- ✓ Criteria 6-8 Analysis
- ✓ De-conflicted w/MilDeps



Outcomes (S&S-0004)

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Outcomes (S&S-0043)

DDA 11444

Candidate Recommendation (Summary): Privatize wholesale supply, storage and distribution for all tires used by DoD. Disestablish tire supply functions performed by ICPs at Detroit Arsenal and Hill AFB. Disestablish tire storage and distribution functions performed at the following DDs: Columbus, Tobyhanna, Susquehanna, Richmond, Norfolk, Cherry Point, Albany, Warner Robins, Anniston, Jacksonville, Red River, Oklahoma City, Corpus Christi, Puget Sound, Hill, San Diego, Barstow, San Joaquin, and Pearl Harbor.

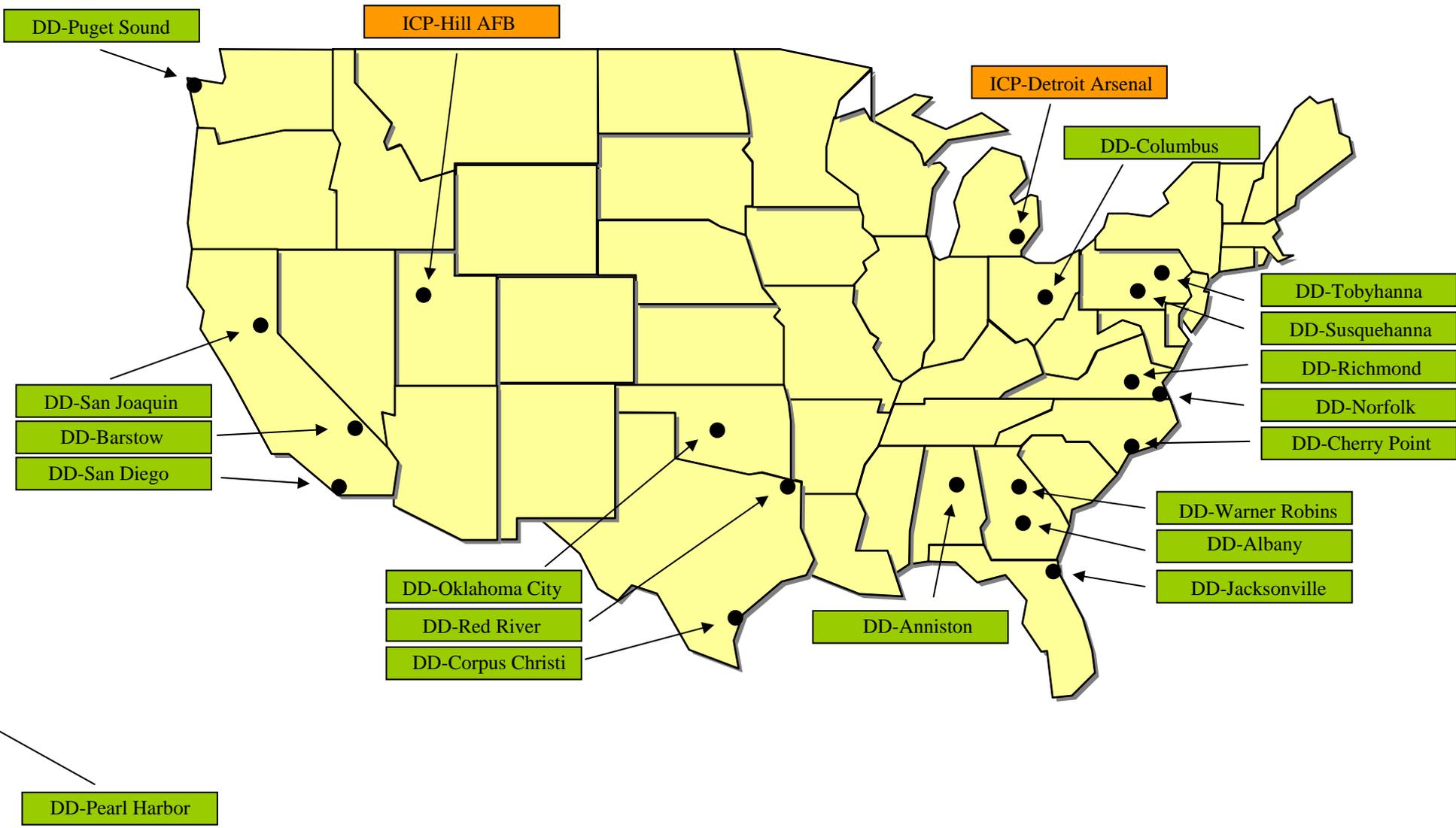
<p style="text-align: center;"><u>Justification</u></p> <ul style="list-style-type: none"> ✓ Supports transformation by privatizing wholesale storage and distribution processes ✓ Allows use of latest technologies, expertise and business practices to improve support to customers ✓ Reduces excess storage capacity by 1.6M sq ft 	<p style="text-align: center;"><u>Military Value</u></p> <ul style="list-style-type: none"> ✓ Relative Quantitative Military Value: Not relevant because all functions for tires are privatized. All activities performing supply, storage and distribution for tires are being privatized. 										
<p style="text-align: center;"><u>Payback</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">✓ One-Time Cost:</td> <td style="text-align: right;">\$3.6M</td> </tr> <tr> <td>✓ Net Implementation Savings:</td> <td style="text-align: right;">\$35.9M</td> </tr> <tr> <td>✓ Annual Savings:</td> <td style="text-align: right;">\$8.3M</td> </tr> <tr> <td>✓ Payback Period:</td> <td style="text-align: right;">Immediate</td> </tr> <tr> <td>✓ NPV (Savings):</td> <td style="text-align: right;">\$110.9M</td> </tr> </table>	✓ One-Time Cost:	\$3.6M	✓ Net Implementation Savings:	\$35.9M	✓ Annual Savings:	\$8.3M	✓ Payback Period:	Immediate	✓ NPV (Savings):	\$110.9M	<p style="text-align: center;"><u>Impacts</u></p> <ul style="list-style-type: none"> ✓ Criterion 6: From -2 to -75 jobs; <0.1% to 0.11% ✓ Criterion 7: No impediments ✓ Criterion 8: No impediments
✓ One-Time Cost:	\$3.6M										
✓ Net Implementation Savings:	\$35.9M										
✓ Annual Savings:	\$8.3M										
✓ Payback Period:	Immediate										
✓ NPV (Savings):	\$110.9M										

- ✓ Strategy
- ✓ Capacity Analysis / Data Verification
- ✓ JCSG/MilDep Recommended
- ✓ De-conflicted w/JCSGs
- ✓ COBRA
- ✓ Military Value Analysis / Data Verification
- ✓ Criteria 6-8 Analysis
- ✓ De-conflicted w/MilDeps



Outcomes (S&S-0043)

DD Form 11444





Outcomes (S&S-0044)

DD Form 11444

Candidate Recommendation (Summary): Privatize wholesale supply, storage and distribution for all packaged POL used by DoD. Disestablish packaged POL supply functions performed by ICPs at Defense Supply Center Richmond and NSA Mechanicsburg. Disestablish packaged POL storage and distribution functions performed at the following DDs: Columbus, Tobyhanna, Susquehanna, Richmond, Norfolk, Cherry Point, Albany, Warner Robins, Anniston, Jacksonville, Red River, Oklahoma City, Corpus Christi, Puget Sound, Hill, San Diego, Barstow, San Joaquin, and Pearl Harbor.

Justification

- ✓ Supports transformation by privatizing wholesale storage and distribution processes
- ✓ Allows use of latest technologies, expertise and business practices to improve support to customers
- ✓ Reduces excess storage capacity by .9M sq ft

Military Value

- ✓ **Relative Quantitative Military Value:** Not relevant because all functions for packaged POL are privatized. All activities performing supply, storage and distribution for packaged POL are being privatized.

Payback

- ✓ One-Time Cost: \$2.9M
- ✓ Net Implementation Savings: \$29.1M
- ✓ Annual Savings: \$6.4M
- ✓ Payback Period: Immediate
- ✓ NPV (Savings): \$86.8M

Impacts

- ✓ **Criterion 6:** From -2 to -46 jobs; <0.1% all areas
- ✓ **Criterion 7:** No impediments
- ✓ **Criterion 8:** No impediments

✓ Strategy

✓ Capacity Analysis / Data Verification

✓ JCSG/MilDep Recommended

✓ De-conflicted w/JCSGs

✓ COBRA

✓ Military Value Analysis / Data Verification

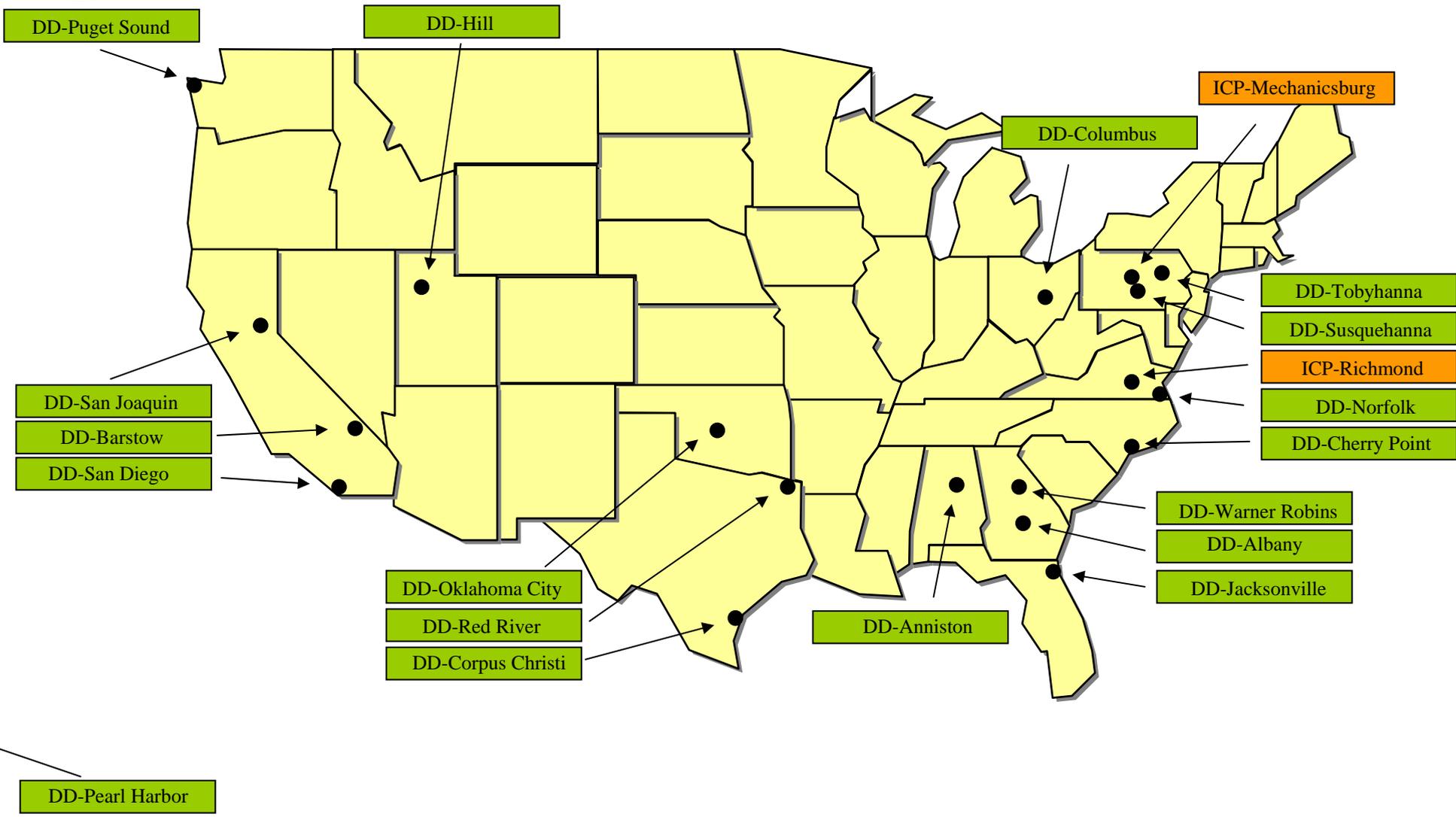
✓ Criteria 6-8 Analysis

✓ De-conflicted w/MilDeps



Outcomes (S&S-0044)

DD Form 11444





Outcomes (S&S-0045)

DDI 11444

Candidate Recommendation (Summary): Privatize wholesale supply, storage and distribution for all compressed gases used by DoD. Disestablish compressed gas supply functions performed by the ICP at Defense Supply Center Richmond. Disestablish compressed gas storage and distribution functions performed at the following DDs: Columbus, Tobyhanna, Susquehanna, Richmond, Norfolk, Cherry Point, Albany, Warner Robins, Anniston, Jacksonville, Red River, Oklahoma City, Corpus Christi, Puget Sound, Hill, San Diego, Barstow, San Joaquin, and Pearl Harbor.

Justification

- ✓ Supports transformation by privatizing wholesale storage and distribution processes
- ✓ Allows use of latest technologies, expertise and business practices to improve support to customers
- ✓ Reduces excess storage capacity by 325K sq ft

Military Value

- ✓ **Relative Quantitative Military Value:** Not relevant because all functions for compressed gases are privatized. All activities performing supply, storage and distribution for compressed gases are being privatized.

Payback

- ✓ One-Time Cost: \$1.3M
- ✓ Net Implementation Savings: \$8.3M
- ✓ Annual Savings: \$2.0M
- ✓ Payback Period: Immediate
- ✓ NPV (Savings): \$26.6M

Impacts

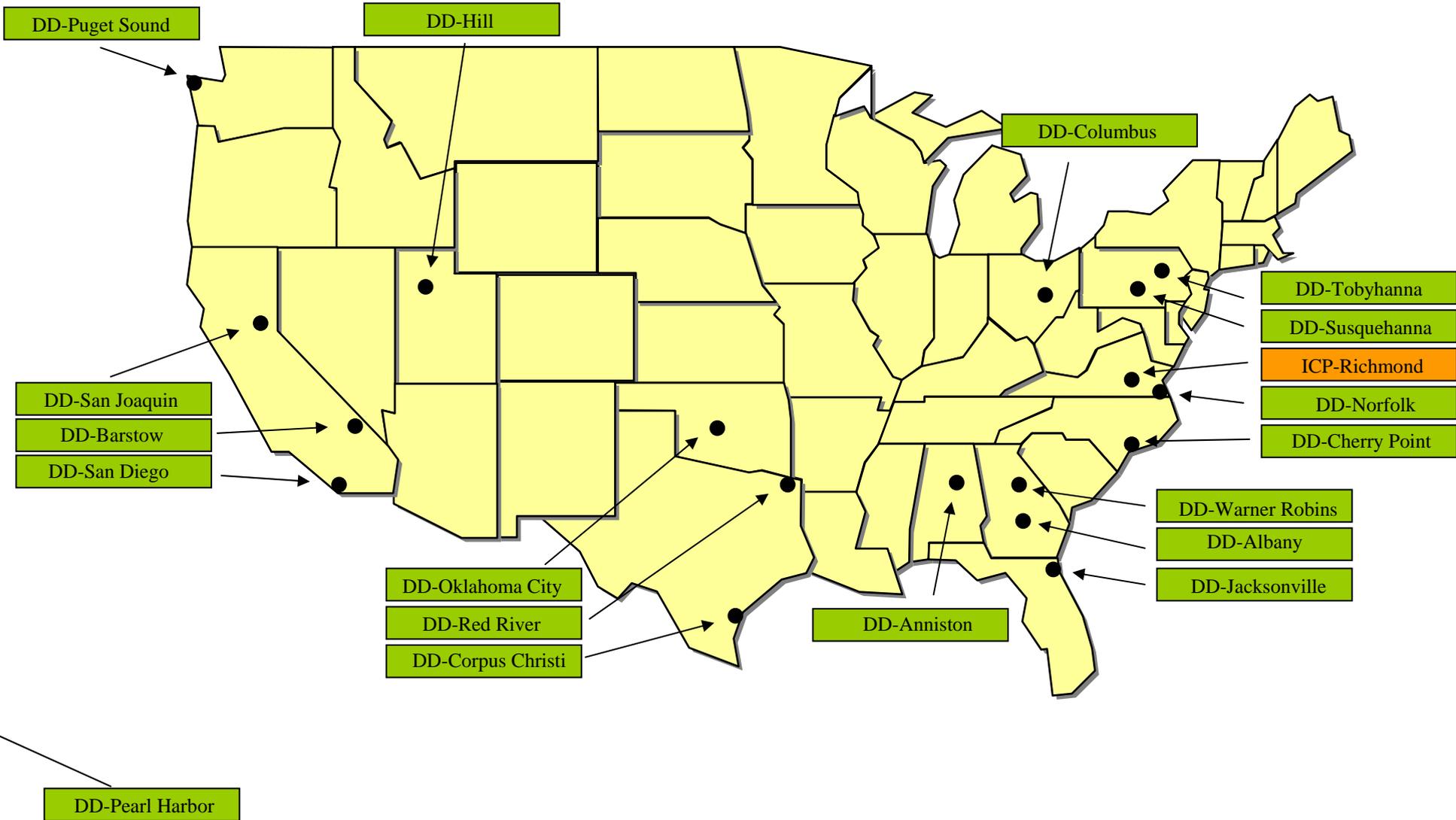
- ✓ **Criterion 6:** From -2 to -10 jobs; <0.1% all areas
- ✓ **Criterion 7:** No impediments
- ✓ **Criterion 8:** No impediments

- | | | | |
|-------------------|--|----------------------------------|----------------------------------|
| ✓ Strategy | ✓ Capacity Analysis / Data Verification | ✓ JCSG/MilDep Recommended | ✓ De-conflicted w/JCSGs |
| ✓ COBRA | ✓ Military Value Analysis / Data Verification | ✓ Criteria 6-8 Analysis | ✓ De-conflicted w/MilDeps |



Outcomes (S&S-0045)

DD Form 11444





Outcomes (S&S-0046)

DD Form 11444

Candidate Recommendation (Summary): Reconfigure wholesale storage and distribution around 4 regional Strategic Distribution Platforms (SDPs): Susquehanna, Warner Robins, Oklahoma City and San Joaquin. Disestablish DDs Columbus and Red River. Realign the following DDs as Forward Distribution Points (FDPs): Tobyhanna, Norfolk, Richmond, Cherry Point, Albany, Jacksonville, Anniston, Corpus Christi, Hill, Puget Sound, San Diego and Barstow.

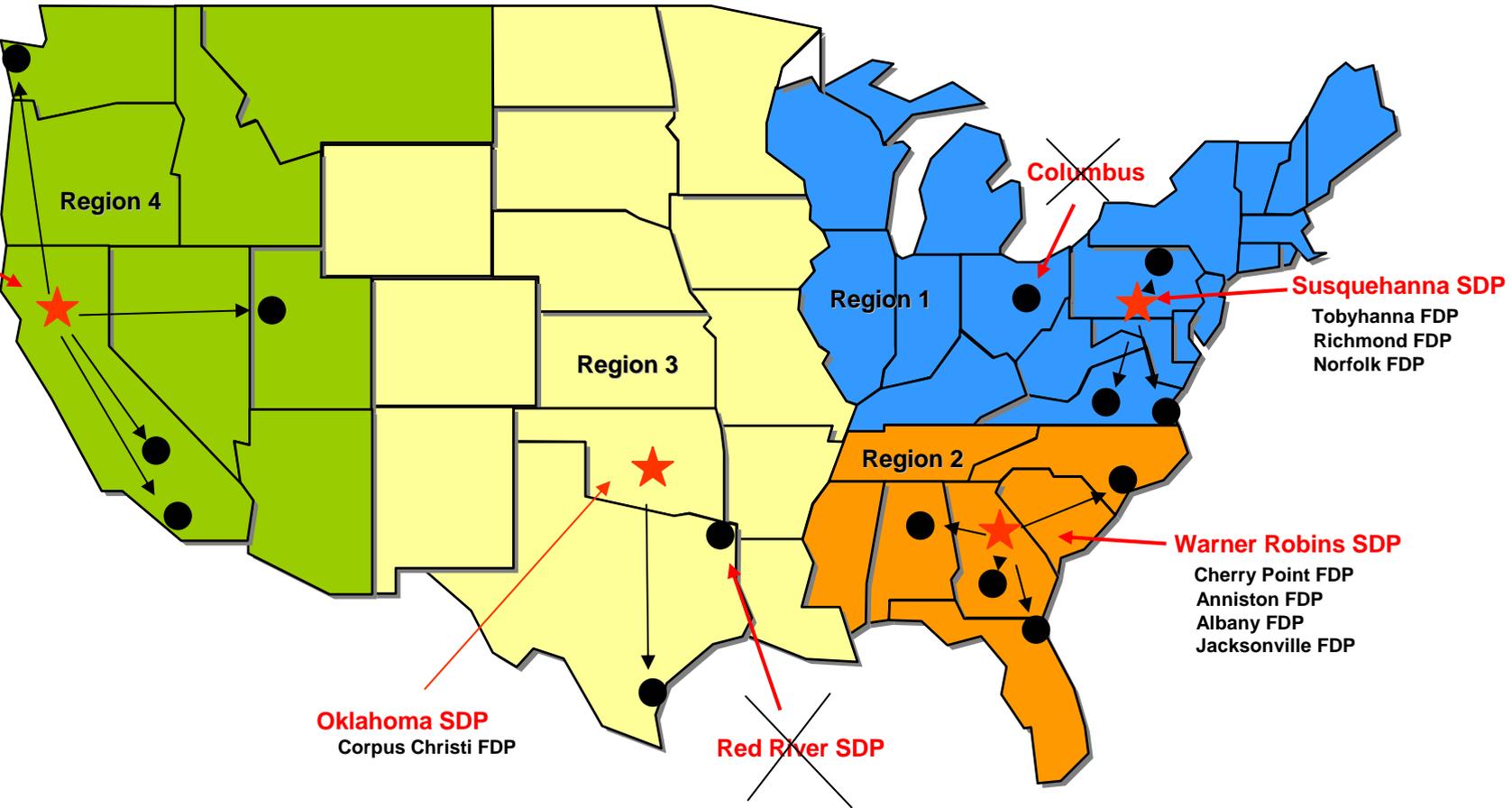
<p style="text-align: center;"><u>Justification</u></p> <ul style="list-style-type: none"> ✓ Provides for regional support to customers worldwide ✓ Enhances strategic flexibility via multiple platforms to respond to routine requirements and worldwide contingencies ✓ Improves surge options and capabilities ✓ Returns significant storage infrastructure to host organizations ✓ Provides for significant personnel reductions 	<p style="text-align: center;"><u>Military Value</u></p> <ul style="list-style-type: none"> ✓ Overall Effect on Military Value: None ✓ Relative Military Value Against Peers: Mil Val ranking, storage capacity and geographical locations were considered in selecting SDPs. ✓ Military Judgment: Applied in selecting SDPs for minimize MILCON and optimize support to customer organizations.
<p style="text-align: center;"><u>Payback</u></p> <ul style="list-style-type: none"> ✓ One-time Cost: \$244M ✓ Net Implementation Savings: \$408.1M ✓ Annual Savings: \$170M ✓ NPV (Savings): \$1.958B ✓ Payback Period: 1 Years 	<p style="text-align: center;"><u>Impacts</u></p> <ul style="list-style-type: none"> ✓ Criterion 6: Assuming no economic recovery...max potential job loss to community is from -12 to -857 jobs; <0.0% to 1.26%. ✓ Community: Minor issues found .. No impact. ✓ Environmental: Minor issues found ...no impact.

- ✓ Strategy
- ✓ Capacity Analysis / Data Verification
- ✓ JCSG/MilDep Recommended
- ✓ De-conflicted w/JCSGs
- ✓ COBRA
- ✓ Military Value Analysis / Data Verification
- ✓ Criteria 6-8 Analysis
- ✓ De-conflicted w/MilDeps



Outcomes (S&S-0046)

Doc. 11444





Outcomes (S&S-0048)

DD Form 11444

Candidate Recommendation (Summary): Reconfigure wholesale storage and distribution around 4 regional Strategic Distribution Platforms (SDPs): Susquehanna,, Warner Robins, Oklahoma City and San Joaquin. Disestablish DD Columbus and DD Red River. Realign the following DDs as Forward Distribution Points (FDPs) and consolidate their supply and storage functions, and associated inventories with those supporting industrial activities such as maintenance depots and shipyards: Tobyhanna, Norfolk, Richmond, Cherry Point, Albany, Jacksonville, Anniston, Corpus Christi, Hill, Puget Sound, San Diego and Barstow.

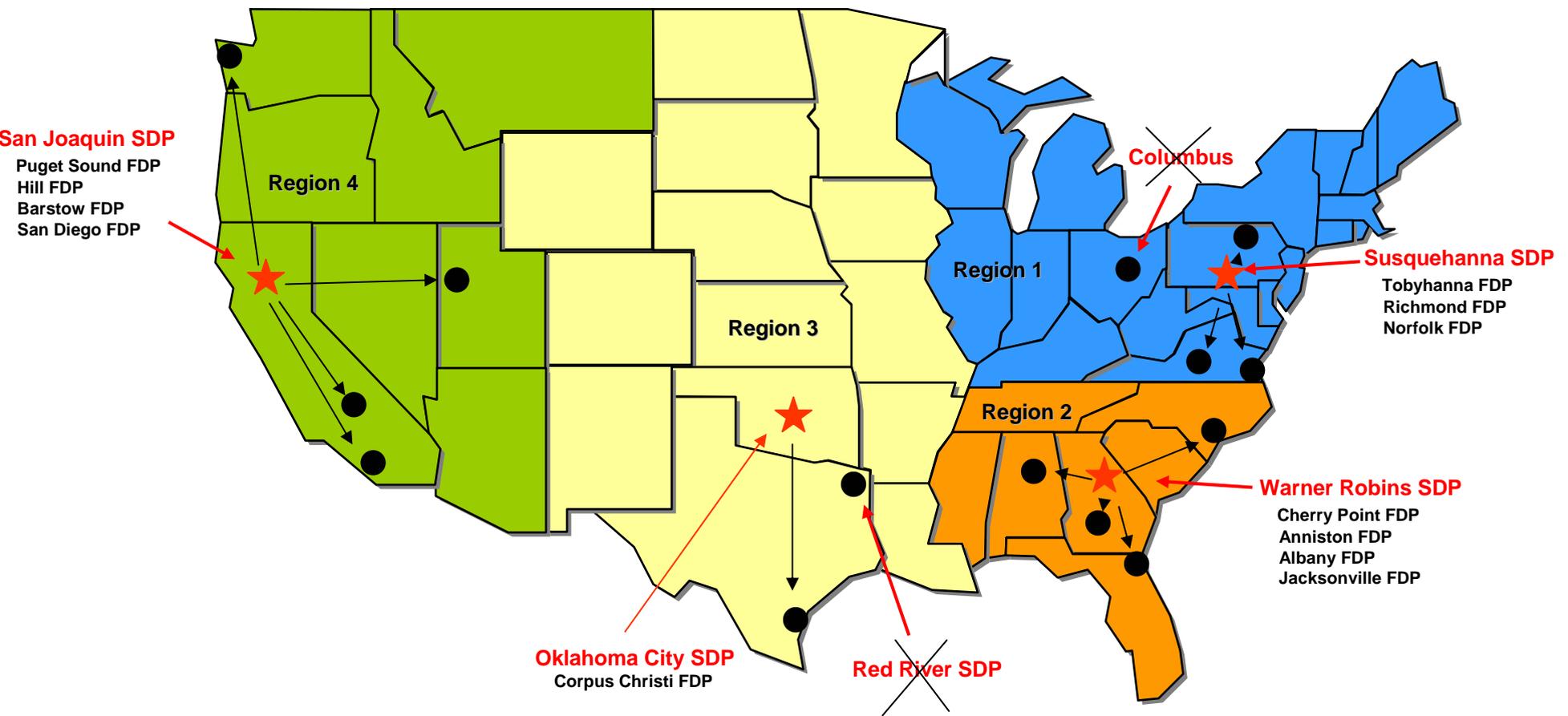
<p style="text-align: center;"><u>Justification</u></p> <ul style="list-style-type: none"> ✓ Provides for regional support to customers worldwide ✓ Enhances strategic flexibility via multiple platforms to respond to routine requirements and worldwide contingencies ✓ Improves surge options and capabilities ✓ Eliminates redundant supply and storage functions at industrial installations 	<p style="text-align: center;"><u>Military Value</u></p> <ul style="list-style-type: none"> ✓ Relative Military Value Against Peers: Region 1. SDP-Susquehanna: Ranked 1 out of 5 Region 2. SDP Warner Robins: Ranked 4 out of 5 Region 3. SDP Oklahoma City: Ranked 2 out of 3 Region 4. SDP San Joaquin: Ranked 2 out of 5 ✓ Military Judgment: Applied in selecting SDPs for regions 2, 3 and 4 to minimize MILCON (capacity) and optimize support to customer organizations (geographical location).
<p style="text-align: center;"><u>Payback</u></p> <ul style="list-style-type: none"> ✓ One-time Cost: \$ ✓ Net Implementation Savings: \$ ✓ Annual Savings: \$ ✓ Payback Period: _ Years ✓ NPV (Savings): \$ 	<p style="text-align: center;"><u>Impacts</u></p> <ul style="list-style-type: none"> ✓ Criterion 6: ✓ Criterion 7: No impediments ✓ Criterion 8:

- ✓ Strategy
- ✓ Capacity Analysis / Data Verification
- ✓ JCSG/MilDep Recommended
- ❑ De-conflicted w/JCSGs
- ❑ COBRA
- ✓ Military Value Analysis / Data Verification
- ✓ Criteria 6-8 Analysis
- ✓ De-conflicted w/MilDeps



Outcomes (S&S-0048)

Doc. 11444



Consolidates supply and storage functions supporting depots and shipyards to eliminate duplication and unnecessary redundancies



Outcomes (S&S-0035)

DCM 11444

Candidate Recommendation: Transfer Inventory Control Point (ICP) Backroom Functions to the Defense Logistics Agency (DLA).

<u>Justification</u>	<u>Military Value</u>																				
<table border="0"> <tr> <td>✓ Supports TO 22: Migrate oversight and management of all Service DLRs to a single DoD Agency/Activity.</td> <td></td> </tr> <tr> <td>✓ Mission consolidation</td> <td></td> </tr> <tr> <td>✓ Reduces excess capacity</td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;"><u>Payback</u></td> </tr> <tr> <td>✓ One Time Cost</td> <td>\$645.1M</td> </tr> <tr> <td>✓ Payback Period</td> <td>Immediate</td> </tr> <tr> <td>✓ Implemen. Period Net Savings:</td> <td>\$486.3M</td> </tr> <tr> <td>✓ Annual Recurring Saving:</td> <td>\$269.4M</td> </tr> <tr> <td>✓ Net Present Value (20 years):</td> <td>\$2.951B</td> </tr> </table>	✓ Supports TO 22: Migrate oversight and management of all Service DLRs to a single DoD Agency/Activity.		✓ Mission consolidation		✓ Reduces excess capacity		<u>Payback</u>		✓ One Time Cost	\$645.1M	✓ Payback Period	Immediate	✓ Implemen. Period Net Savings:	\$486.3M	✓ Annual Recurring Saving:	\$269.4M	✓ Net Present Value (20 years):	\$2.951B	<ul style="list-style-type: none"> ✓ Consolidates ICP Activities ✓ Maximizes military value while minimizing excess capacity across all ICP Activities <tr> <td colspan="2" style="text-align: center;"><u>Impacts</u></td> </tr> ✓ Economic: (TBD) ✓ Community: No substantial impact. ✓ Environmental: No Substantial impact. 	<u>Impacts</u>	
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- ✓ Strategy
- ✓ Capacity Analysis / Data Verification
- ✓ JCSG/MilDep Recommended
- ✓ De-conflicted w/JCSGs
- ✓ COBRA
- ✓ Military Value Analysis / Data Verification
- ❑ Criteria 6-8 Analysis
- ✓ De-conflicted w/MilDepts