

**S&S JCSG Principals Meeting
11 Apr 05 (1500)
3E808, USD LMR Conference Room**

Principal Attendees: VADM Lippert (S&S Chair; DLA), LTG Christianson (S&S JCSG Principal, Army), Mr. Berkson, (USD AT&L), LtGen Wetekam (S&S JCSG Principal, Air Force) RDML Thompson (S&S Principal, Navy), Ms. Kinney (S&S Alternate, Marines), Lt Gen McNabb (S&S JCSG Principal, Joint Staff), Mr. Aimone (S&S JCSG Alternate, Air Force)

Other Attendees: Col Neeley (S&S JCSG, Executive Secretary), Mr. Williams (S&S JCSG, Army Team), CAPT Coderre (S&S JCSG, Navy Team), Col King (S&S JCSG, Air Force Team), Col Faulkner (S&S JCSG Joint Staff Lead), LtCol Truba (S&S JCSG Marine Lead), Mr. Marshall (S&S JCSG DLA Team), Mr. Meconnahey (S&S JCSG, COBRA Team Lead), Ms. Lacy (S&S JCSG Army Team), CDR Goodwin (XO, S&S JCSG), Capt Rivera (S&S JCSG Marine Corps team), Ms. Cole (DoDIG), , Mr. Meyer (OSD), Mr. O'Rourke (DLA BRAC Office), CDR Martin (S&S JCSG Navy Team), CDR Goodwine (Navy BRAC Office), Major Champagne (S&S JCSG Data Team), LtCol Nalepa (S&S JCSG Data Team), Mr. Kramer (S&S JCSG Air Force Team), Mr. Colson (S&S JCSG Air Force Team), Mr. Nemfakos (S&S JCSG Advisor), CAPT Bianchi (USD AT&L), Ms. Needham (DoDIG)

Minutes:

- The Principals meeting began at 1505.
- VADM Lippert briefed the chairman's remarks chart. He noted that the Red Team had received the S&S JCSG second briefing. VADM Lippert updated the Principals on the potential percentages of bases and installations that would potentially be closed under this BRAC round, and that the totals may be less than the 20-25% previously reported. LTG Christianson asked how the percentage was calculated noting that an accurate percentage could be difficult to compute, especially when the overseas infrastructure changes were being taken into consideration. Mr. Aimone noted that there was a standard established in the capacity analysis that could be used.
- Col King briefed the revised S&S # 0035R. Lt Gen Wetekam suggested that the Principals add to Chart 6 that one of the primary reasons for the scenario revision was risk reduction. VADM Lippert concurred noting that the actions to revise the scenario were taken as a direct result of discussions with the services. The Principals agreed that risk dialogue had been robust and that the steps taken addressed the risk issues raised by the services. Scenario revisions allowed S&S # 0035 to still capture substantial savings, but protected against the risk issues that had been identified by the services.
- RADM Thompson asked how the scenario addressed the movement of Army infrastructure and the cost that resulted from reorganizations that the Army had

requested in S&S # 0035R. VADM Lippert concurred that if the PBA savings were not used in the scenario, that the NPV result would be negative as a result of the revision to the scenario to accommodate Army movements of personnel. RADM Thompson summarized that the IEC may question this aspect of the revision.

- Lt Gen Wetekam asked about the timeline relative to the start year of this initiative. He noted that taking savings beginning in FY08 could negatively impact readiness.
- Col King briefed chart 7 which showed moves under the scenario which were directly related to the DLR and Consumable consolidations, and the moves independent of the DLR/Consumable innovations, and which had been requested by the services desiring to move ICP personnel to accommodate related closures and initiatives.
- Lt Gen Wetekam noted that DLA would have to execute the \$14.6 Billion buy for the Department, and questioned if VADM Lippert felt the personnel transfers were sufficient for DLA to be successful. VADM Lippert stated that the best approach was to revise up or down as needed after implementation. Mr. Nemfakos noted that the Principals decision to extend the timeline would allow DLA to acquire a better grasp of what was ultimately required. Mr. Nemfakos felt that this was an intelligent implementation strategy. Mr. Nemfakos also noted that BRAC implementations almost always differed from what was envisioned in the BRAC analysis.
- VADM Lippert asked Col King to discuss the 10% personnel reductions. Col King noted that the scenario did not take a 10% personnel reduction “across the board” since comprehensive agreement was not yet had among the services, notably Army, to take additional reductions. LTG Christianson suggested that for the Army, some moves were not consolidations, but relocations. LTG Christianson stated he thought approximately 143 personnel could be taken as a reduction but could not recall the exact sites where personnel were impacted. VADM Lippert directed Col King to work with the Army to determine the specific locations for the reductions. Lt Gen Wetekam stated Air Force concurred with the 10% reductions for the Air Force moves.
- Col King briefed chart 9, the savings projections. VADM Lippert asked if any concerns existed, and noted he thought the Army had questions on the savings. Lt Gen Wetekam reminded that he was concerned about timing, and that the group should qualify the savings projections as medium risk. There were no other issues raised with S&S # 0035R by the Army or other Principals.
- Mr. Williams briefed S&S # 0051. The scenario is ready for submission should it be required based on the final decision regarding Barstow. VADM Lippert noted

that S&S # 0051 at \$3.1 Billion was the largest single scenario savings result in the entire BRAC candidate list so far, and S&S # 0035 was next at \$2.4 Billion.

- Mr. Williams briefed chart 13 which shows how S&S # 0051 would be implemented at maintenance sites, some of which had a DLA presence, and other sites which did not. Mr. Williams state he felt that potential existed for costs to be missed. This was because costs for a few of the designated sites were not in S&S # 0051 and may not be in Industrial # 0128 as well. In order to ensure that all costs are captured, and Mr. Williams and his team were researching these costs to ensure that they were not missed.
- Mr. Meconnahey noted that with regard to S&S # 0051, that if the concept of inventory consolidation savings were rejected at any step by any body, then the savings in this and other scenarios would be removed and would have the effect of substantially lowering the savings being projected in S&S candidate recommendations. VADM Lippert noted that the Navy maintenance consolidation also had inventory savings and so the concept was in use in more than one scenario.
- CDR Goodwin briefed the Knitting integration effort noting that select portions of S&S scenarios would likely be consolidated into service submissions. This would cause a revision to candidate recommendations, new COBRA runs and associated work. The principals discussed the impacts of knitting. LTG Christianson suggested that combining scenarios could potentially result in a larger payback over-and-above existing single scenarios. Mr. Nemfakos noted that the potential for a significant workload existed as result of delays in final guidance.
- CAPT Coderre briefed the status of the documentation effort.
- Col Neeley briefed the way ahead. VADM Lippert noted that the ISGs may be curtailed in favor of another body that would work remaining BRAC issues. Col Neeley noted that staffing requirements would need a review after the submission, but that there would need to be dedicated support.

- Mr. Nemfakos suggested that the Military staff is the continuity for the JCSG since Military understanding would be especially helpful when interfacing with other than military entities.
- Lt Gen McNabb noted that the team had done great work. VADM Lippert expressed thanks to the group as well. The meeting concluded at 1600.
- The Meeting concluded at 1600

Approved: 



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

Attachments:

1. Briefing Slides

ACTIVITY: S&S JCSG
CONTROL NUMBER# 5111-0538
COPY 1 OF 1 COPIES
DATE RECEIVED 21 Apr 05
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Pages: 1-30



Supply and Storage Joint Cross-Service Group (S&S JCSG)

Principals' Meeting

April 11, 2005

Chair: VADM Keith Lippert



Agenda

- Chairman's Remarks VADM Lippert
- S&S-0035R Status Col King
- S&S-0051 Status Mr. Williams
- Knitting/Integration CDR Goodwin
- Documentation CAPT Coderre
- Way Ahead Col Neeley



Chairman Remarks

- Red Team brief
- Barstow and Red River
- Briefing S&S-0035R to the IEC
- Final Report
- 13 May announcement
- Recess appointment for BRAC commission
- Success of this BRAC round versus goal of 20-25%



S&S-0035R Status

Col King



Candidate Recommendation S&S-0035R

Candidate Recommendation (Summary): Transfers the Budget/Funding, Contracting, Cataloging, Requisition Processing, Customer Services, Item Management, Stock Control, Weapon System Secondary Item Support, Requirements Determination, Integrated Materiel Management Technical Support Inventory Control Point functions for Consumable Items and the procurement management and related support functions for DLRs (including oversight) to DLA. All other ICP functions remain with the Services. Relocates some Army & AF ICP functions to preserve Army Life Cycle Management, and provide for continuation of security facilities.

<u>Justification</u>	<u>Military Value</u>																
<ul style="list-style-type: none"> ✓ Mission consolidation ✓ Reduces excess capacity ✓ Leverages DOD buying power 	<ul style="list-style-type: none"> ✓ Relative military value scores not determinative because select service ICP functions were relocated and others were realigned to DLA 																
<table border="0" style="width: 100%;"> <thead> <tr> <th colspan="2" data-bbox="73 1050 1213 1123"><u>Payback</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="73 1123 903 1189">✓ One Time Cost:</td> <td data-bbox="903 1123 1213 1189">\$235.8M</td> </tr> <tr> <td data-bbox="73 1189 903 1255">✓ Net Implementation Savings:</td> <td data-bbox="903 1189 1213 1255">\$402.5M</td> </tr> <tr> <td data-bbox="73 1255 903 1321">✓ Annual Recurring Saving:</td> <td data-bbox="903 1255 1213 1321">\$210.3M</td> </tr> <tr> <td data-bbox="73 1321 903 1387">✓ Payback Period:</td> <td data-bbox="903 1321 1213 1387">Immediate</td> </tr> <tr> <td data-bbox="73 1387 903 1478">✓ 20 Yr. NPV savings:</td> <td data-bbox="903 1387 1213 1478">\$2.413B</td> </tr> </tbody> </table>	<u>Payback</u>		✓ One Time Cost:	\$235.8M	✓ Net Implementation Savings:	\$402.5M	✓ Annual Recurring Saving:	\$210.3M	✓ Payback Period:	Immediate	✓ 20 Yr. NPV savings:	\$2.413B	<table border="0" style="width: 100%;"> <thead> <tr> <th data-bbox="1213 1050 2037 1123"><u>Impacts</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1213 1123 2037 1255">✓ Criterion 6: -2 to -2,339 jobs; < 0.1% to .72%</td> </tr> <tr> <td data-bbox="1213 1255 2037 1321">✓ Criterion 7: No Issues</td> </tr> <tr> <td data-bbox="1213 1321 2037 1478">✓ Criterion 8: TBD</td> </tr> </tbody> </table>	<u>Impacts</u>	✓ Criterion 6: -2 to -2,339 jobs; < 0.1% to .72%	✓ Criterion 7: No Issues	✓ Criterion 8: TBD
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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/MilDeps



S&S-0035 - Payback



S&S-0035R - Payback

	Delta	
* Eliminates 760 Gov't Positions	(514)	* Eliminates 246 Gov't Positions
* Realigns 1,049 Gov't Positions	1,766	* Realigns 2,815 Gov't Positions
* Implementation Years: 2006-2011	N/A	* Implementation Years: 2006-2011
* Payback: Immediate	N/A	* Payback: Immediate
* One-time Cost: \$93M	\$142.8M	* One-time Cost: \$235.8M
* Annual Savings: \$227M	\$16.7M	* Annual Savings: \$210.3M
* <u>NPV (Savings): \$2.9B</u>	(\$.5B)	* <u>NPV (Savings): \$2.4B</u>
* MILCON: \$5M	\$71.7M	* MILCON: \$76.7M



S&S-0035R Position Moves and Transfers

S&S-0035

		Moves				Transfers		10% Transfer Reductions		BOS		
		DLA			MILDEP	Total	DLR In-Place	Total	Consumables	DLRs	MILDEP Consolidations	Labor
		CIT/Moves	DLR/Moves	HQS/Moves	Moves	Moves	Transfers	DLA Gains				
USAF	Hill AFB	DSCR = 22				22	194	216	-2	-21	TBD	-2
	Robins AFB	DSCR = 9				9	255	264	-1	-28		21
	Tinker AFB	DSCR = 9				9	245	254	1	-27		-1
	Lackland AFB	DSCC = 17			Robins = 0	274	0	17	-2	0		-24
	Wright Patterson					0						
Subtotal		57	0	0	274	331	694	751	-6	-76		-6
USN	Mechanicsburg					1	79	80		-9		0
	Philadelphia					1	86	86		-10		0
Subtotal		0	0	1	0	1	165	166	0	-19		0
USMC	Albany					0	7	7		-1		0
	Subtotal		0	0	0	0	0	7	7	0	-1	
USA	Redstone	DSCC = 15				15		15	2			
		DSCR = 43				43		43	5			
					Belvoir (AMC) = 35	35	51	51		6		-1
	Rock Island	DSCC = 52			Detroit = 36	727		88	-6	-4		-3
	Fort Monmouth	DSCC = 44			Aberdeen = 53	1231		97	-5	-6		0
	Fort Huachuca	DSCC = 9			Aberdeen = 1,134	205		10	-1	0		-6
	Soldiers	DSCP = 10			Aberdeen = 1	174		11	-1	0		-66
Detroit	DSCC = 53			Aberdeen = 163	53	53	106	-6	6		20	
Belvoir					0							
Subtotal		226	91	0	2,166	2,483	104	421	-26	-22		-56
DLA	Columbus											6
	Richmond											2
Subtotal		0	0	0	0	0	0	0	0	0		8
Total		283	91	1	2,440	2,815	970	1,345	-32	-118		-54

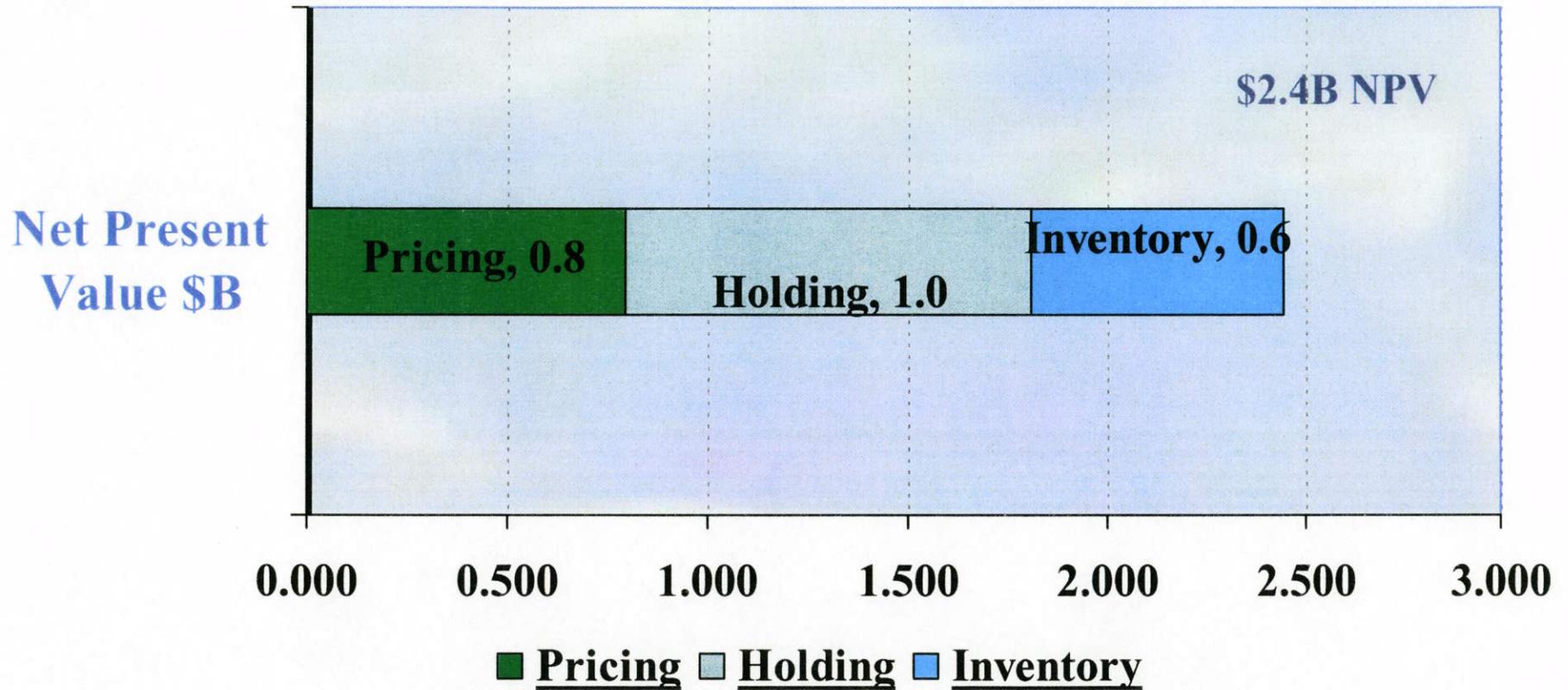


S&S-0035R Moves & Facilities

	Gaining Location	MILCON	Facilities Shutdown
Ft Monmouth	Aberdeen	0	193 (KSF)
Huachuca	Aberdeen	0	32 (KSF)
Rock Island	Detroit	0	110 (KSF)
Lackland	Robins	\$9M	0 (KSF)
Redstone	HQ AMC	0	
Detroit	N/A	\$25M	
Aberdeen	N/A	\$42M	
Natick	Aberdeen	0	27 (KSF)



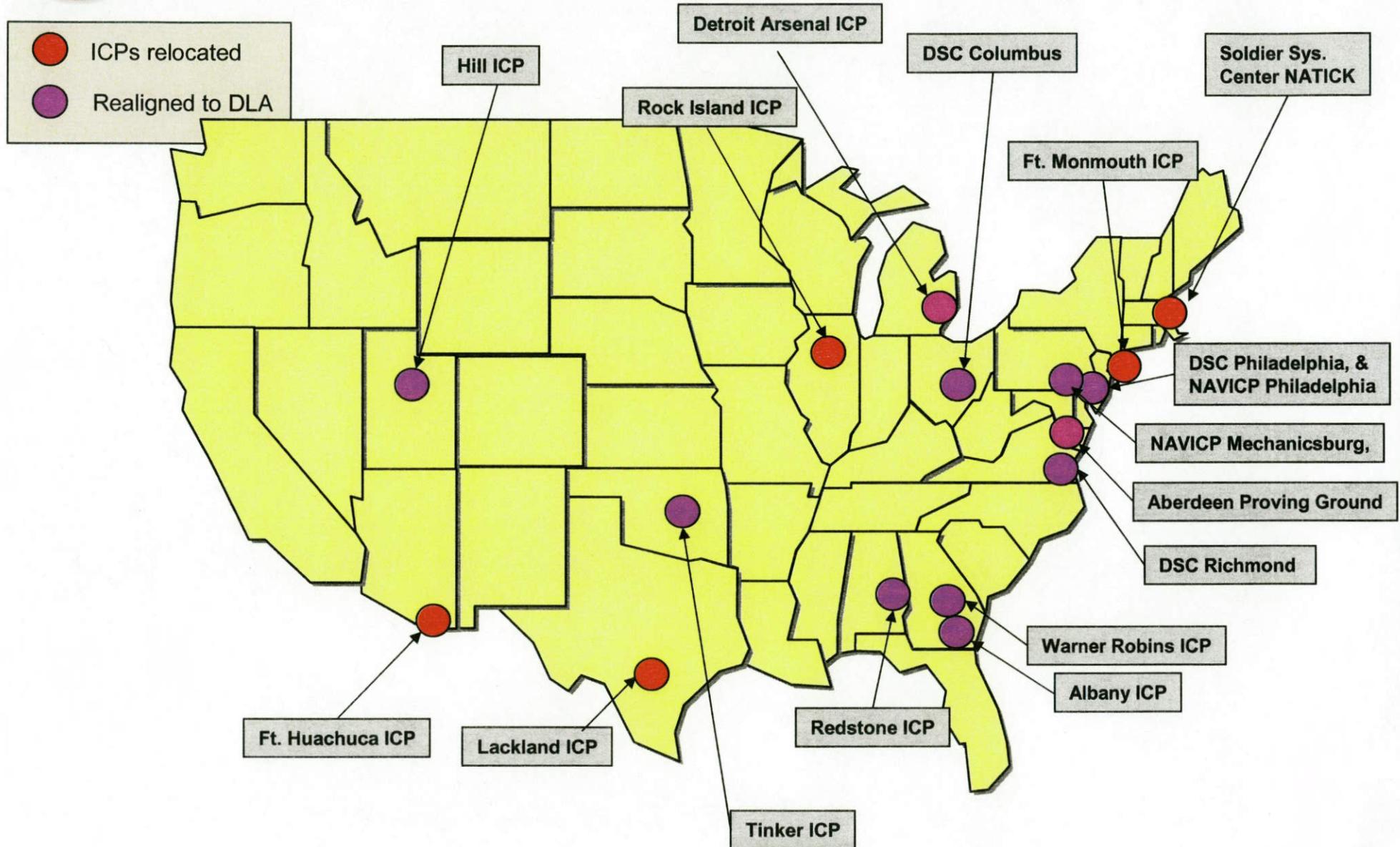
S&S-0035 Consolidated Corporate Contracts PBAs



Assumptions	
Inventory Reduction	2-2.5% year (marginal annual increase)
Cost to Hold	17.05% (IAW DoD 4140.1-R)
Pricing	3.3% (includes 2% inflation)



S&S-0035R





S&S-0051 Status

Mr. Williams



Candidate S&S-0051

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, DD Red River and DD Barstow. 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 Pearl Harbor.

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
- ✓ Eliminates redundant supply and storage functions at industrial installations

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 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).

Payback

- ✓ One-time Cost: \$234.7M
- ✓ Net Implementation Savings: \$1,071.5M
- ✓ Annual Savings: \$224.7M
- ✓ Payback Period: Immediate
- ✓ NPV (Savings): \$3,156.9M

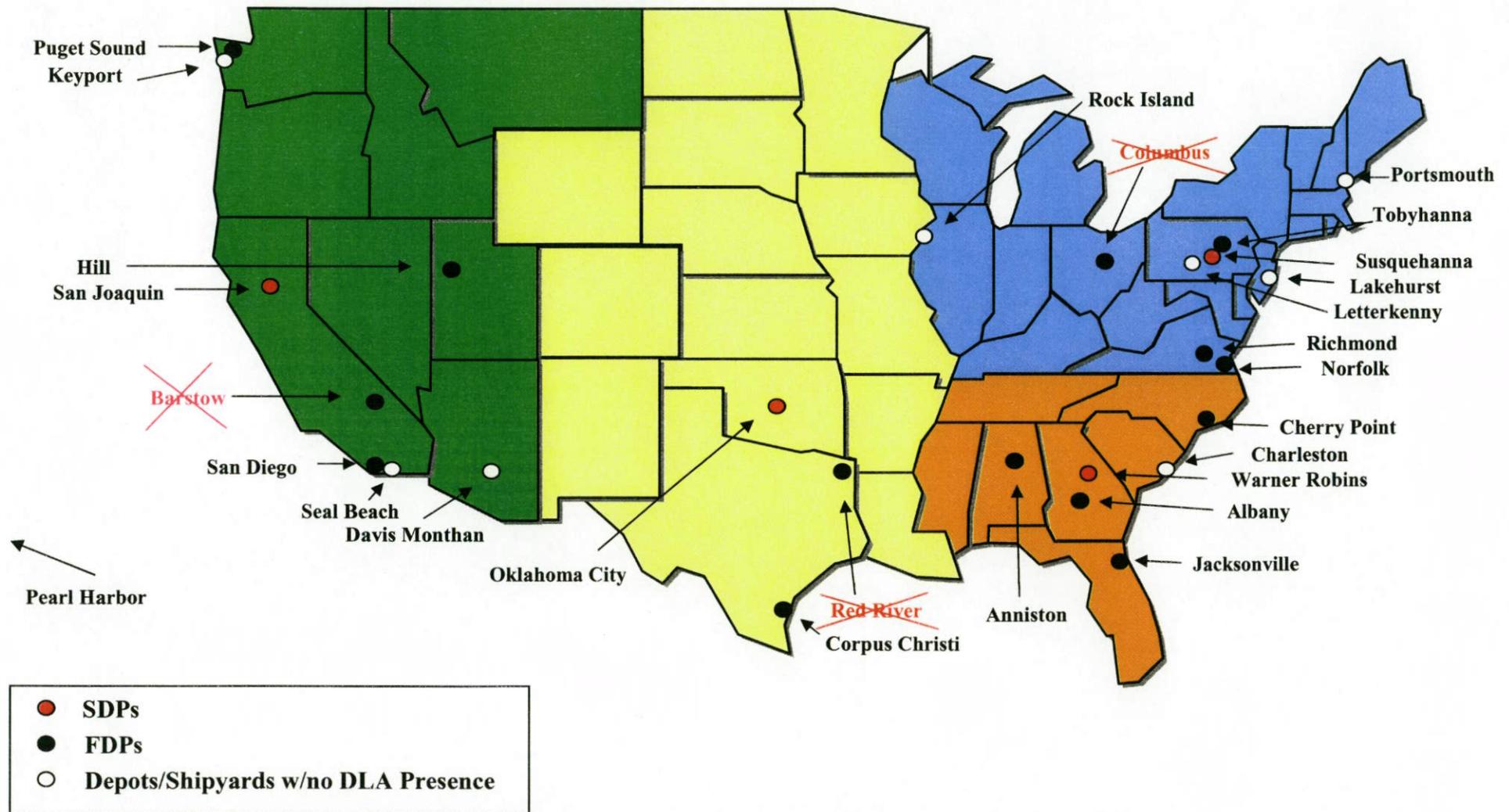
Impacts

- ✓ **Criterion 6:** From 0 to -857 jobs; 0.00% to 1.26%
- ✓ **Criterion 7:** No impediments
- ✓ **Criterion 8:** Wetland issues, archeological issues, historic properties, additional permits; 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



Candidate S&S-0051



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



Scenario Results

* Start Yr:	2006
* Finish Yr:	2009
* Payback Yr:	Immediate
* Gov't Positions Eliminated:	932
* Gov't Positions Realigned:	490
* Covered Storage Vacated:	25,062,749 FT ²
* NPV (Savings):	\$3,156.9M
* 1-Time Cost:	\$234.7M
* Implementation Savings:	\$1,071.5M
* Annual Savings:	\$224.7M
* MILCON:	\$76.6M



Knitting/Integration

CDR Goodwin



Service Knitting/Integration...what is it...

- Initial effort: Service DAS's 16 Mar 05 memo. MilDeps note they are ultimately responsible for BRAC implementation onboard their installations
 - Provides MilDeps & OSD with transparency of impacts for each installation resulting from MilDep/JCSG CRs
 - Ensures feasibility of CR, avoids double counting, clarifies impacts

- Within the S&S JCSG: Microsoft Access tool developed that allows extract of any input or results data from COBRA showing impact of S&S CRs (Tool offered to OSD for use Department-wide)
 - S&S JCSG scenario teams meeting with MilDep BRAC offices
 - Coordination memos promulgated by MilDeps

- Final step: JCSG and/or MilDep CRs may be woven together to allow the owning MilDep of an installation to present a comprehensive CR to the BRAC commission
 - May require withdrawal or rewrite of S&S JCSG CRs to allow bundling at the MilDep level
 - Could alter the "rationalization" of S&S efforts as CRs are merged or changed
 - Additional new analytical work probable, impacts documentation effort

- OSD Guidance Pending



**Documentation
Report Writing
Post May 16 Activity**

CAPT Coderre



Documentation - JCSGs

Documentation	Total Hard Copies	Congress		Commission		GAO		OSD BRAC Office		Public Website
		Hard Copies	Electronic Files	Hard Copies	Electronic Files	Hard Copies	Electronic Files	Hard Copies	Electronic Files	
JCSG Charter	6 hard copies	2 copies	Yes	2 copies	Yes	1 copy	Yes	1 copy	Yes	Yes
JCSG Deliberative Record - Meeting Minutes	6 hard copies	2 copies	Yes	2 copies	Yes	1 copy	Yes	1 copy - Originals	Yes	Yes
JCSG Capacity Analysis Reports	6 hard copies	2 copies	Yes	2 copies	Yes	1 copy	Yes	1 copy - Originals	Yes	Yes
JCSG Military Value Reports	6 hard copies	2 copies	Yes	2 copies	Yes	1 copy	Yes	1 copy - Originals	Yes	Yes
JCSG Internal Correspondence	6 hard copies	2 copies	Yes	2 copies	Yes	1 copy	Yes	1 copy - Originals	Yes	No



Report

- Unsigned OSD Memo on Report Template out
 - OSD Suspense April 20
 - Internal Suspense April 13
- Format: 12 Volumes
 - Vol 1: OSD section (“brown book”)
 - Overall BRAC process, strategy, results
 - List ALL recommendations
 - Vol 2-5: Force Structure Plan & MILDEP Reports
 - Vol 6-12: Individual JCSG Reports (S&S XI)



Way Ahead

Col Neeley



Meeting Schedule

April 2005						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
				1 ISG 1030-1200 3D1019	2	3
4	5	6 IEC 1645-1730 3E928	7	8 ISG 1030-1200 3D1019	9	10
11 JCSG IEC	12	13	14	15 ISG 1030-1200 3D1019	16	17
18 IEC 1645-2045 3E928	19	20	21	22 ISG 1030-1200 3D1019	23	24
25 JCSG 0900-1100 DLA IEC	26	27	28	29 ISG 1030-1200 3D1019	30	1 May



Meeting Schedule

May 2005						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2 IEC 1645-1730 3E928	3	4	5	6	7	8
9 JCSG IEC	10	11	12	13 ISG 1030-1200 3D1019	14	15
16	17	18	19	20 ISG 1030-1200 3D1019	21	22
23	24	25	26	27 ISG 1030-1200 3D1019	28	29
30	31					



Back Up

Back Up

BRAC 2005 Commission Membership



President Bush: 3 Nominations



GEN (USA-Ret)
James T. Hill
of Florida



Fmr. Sec of Veterans Affairs
Anthony Principi
BRAC Commission Chairman



Brig Gen (USAF-Ret)
Sue Ellen Turner
of Texas

Senate Majority Leader Senator Frist (R-TN): 2 Nominations



ADM (USN-Ret)
Harold W. Gehman, Jr.
of Virginia

Senate Minority Leader Senator Reid (D-NV): 1 Nomination



Hon. James H. Bilbray
Fmr. Congressman (D-NV)
of Nevada

Commission has 9 members nominated by the
President, the Majority and Minority Leaders of Congress

Membership as of 15 March, 2005 Pending Senate Confirmation

Speaker of the House Rep Hastert (R-IL): 2 Nominations



Fmr. Sec of Transportation
Samuel Knox Skinner
of Illinois



Hon. James V. Hansen
Fmr. Congressman (R-Utah)
of Utah

House Minority Leader Rep Pelosi (D-CA): 1 Nomination



Fmr. DOT&E
Philip Coyle of California



Gen (USAF-Ret)
Lloyd W. "Fig" Newton
of South Carolina



S&S-0035R ERP Recap

- Jan RFC specifically requested ERP termination costs
 - Army cited \$1.3B
 - Other Services did not cite specific numbers
- ERP cost/savings briefed to Principals 14 Feb but no specifics available
- Principals requested ERP cancellation cost specifics at 8 March Principals meeting (COBRA and Services)
 - Services chose not to list Business Process savings or costs
- Mr Wynne directed removal of all ERP investment costs and savings from scenarios (RADM Lippert statement at 21 Mar Principals meeting)



BRAC Information Flow May 13th & After

- SECDEF Press Conference - May 13
 - Execute public affairs strategy – May 12
 - Reports to Congress, Commission, Website & Federal Register
 - Supporting Documentation - May 16
- May-Sept - Proponents in continuous dialogue with Commission staff, impacted Congressional delegations & communities.
 - Detailed briefings to Commission staff.