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**U.S. House of Representatives**

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August 15, 2005

BRAC Commission

The Honorable Anthony I. Principi  
Chairman  
Defense Base Closure and Realignment Commission  
2521 South Clark Street  
Arlington, VA 22202

**AUG 18 2005**

Received

Dear Mr. Chairman:

Recently, I reviewed a copy of the DOD/Industrial Joint Cross Service Group's responses of July 28, 2005 to the BRAC Commission's questions July 25, 2005 relating to three Army Ammunition Plants, including Riverbank.

My analysis of the DOD's responses indicate that there continues to be serious deficiencies in the information provided by DOD regarding the proposed relocation of the deep drawn large caliber cartridge case line to Rock Island Arsenal, together with the closure of Riverbank AAP. What is inexplicable about DOD's responses is its failure to provide the Commission with complete and exact information on Riverbank AAP. In the spirit of ensuring that the Commission has a full and accurate record on which to base its recommendations, I have attached our responses to several key questions raised by the Commission that deal with costs, utilization, savings, and the required capacity and know-how to manufacture deep drawn large caliber cartridge cases. (Questions 1-7; 9; and 11).

You will see, for example, in response to Question 9, DOD's \$15 million estimate on moving the equipment to Rock Island is seriously deficient:

-DOD's estimate only represents the cost to skid, ship and install only some of the equipment.

-DOD ignores the relocation or replacement of other required equipment that must be installed in order to prove out and operate the production line. Based on vendor-documented estimates, we estimate, as provided in Riverbank's testimony, that the one time-cost to locate the line at Rock Island is likely to exceed \$57 million.

-DOD provides no estimate of the cost of establishing the infrastructure and ancillary systems to support the line nor the cost of conducting prove-out of the re-established line.

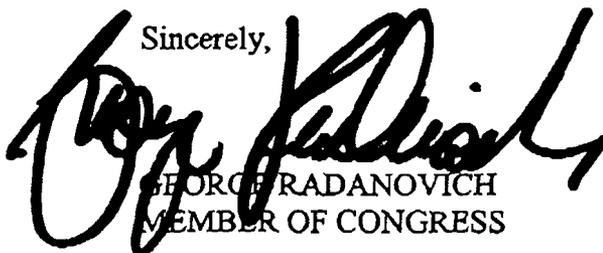
I believe there are also significant issues with DOD's responses on utilization and savings. (Questions 11 and 7). Additionally, despite the Commission's questions, as well as my own earlier questions on intellectual property and know-how, DOD continues to provide us only with very narrow and literal responses. It needs to be stressed, that since the only manufacturing process that successfully meets the technical requirements for producing large caliber cartridge cases is deep drawn and since NI Industries, as Riverbank's COGO, is the only manufacturer with that process, DOD should have addressed how it would secure that manufacturing IP and know-how to ensure successful ongoing production at Rock Island; and at what cost (Questions 1-6).

Finally, I do not understand DOD's response on public nurturing either, especially since Riverbank AAP is the only successful manufacturer of the large caliber cartridge case.

I hope that the attached responses will prove helpful to the Commission's deliberations. As we discussed by phone earlier, Riverbank AAP remains a valued military asset with its unique deep drawn large caliber cartridge case capabilities and should not be closed on the basis of seriously flawed cost, utilization, and capacity data as currently provided by DOD. The fact is that DOD has not done its homework; there is no in-depth analysis nor cost justification to merit a change in relocating this vitally needed cartridge case capability.

I greatly appreciate the Commission's continuing attentiveness to this critical matter.

Sincerely,



GEORGE RADANOVICH  
MEMBER OF CONGRESS

August 12, 2005

The following is in response to DoD Memorandum of July 28, 2005 for R. Gary Dinsick, Army Team Leader, regarding OSD BRAC Clearinghouse Tasker C0682. While this Tasker covers Kansas (KS), Lone Star (LS), Mississippi (MS), and Riverbank (RB) Army Ammunition Plants, the following response is restricted to only Riverbank.

- 1. There has been mention of proprietary processes at each plant. With a general description of the process and avoiding any proprietary restrictions, list each process at each installation, specifically noting whether the government or the operating contractor owns the process.*

*DoD Response: There are no proprietary processes at these sites. Some operating contractors may state that they have proprietary processes, but this is not true. At Government Owned and Government Operated facilities, the Government owns the land, buildings, requirements, Technical Data Package (TDP) and equipment. The operating contractor produces munitions to meet requirements as stated in the TDP (product requirements and drawings). To produce the requirements identified by the Government, the operating contractor establishes their own processes. The Government may have two contractors producing the same munitions and they may have two different processes. The DoD does not dictate processes. The requirement of the operating contractor is take the TDP provided by the government and develop the processes needed to successfully manufacture the end item.*

Our Response: While it is correct to say that the Government owns the land, buildings, equipment and TDP, it is only half the story. Even DoD acknowledges that the operating contractor establishes their own processes to meet the TDP supplied by the government for an end item performance and acceptance requirements. It is not the TDP that determines the success of the manufacturing operation for the product, but the Manufacturing Data Process (MDP), which contains the Process Control Document and Standard Operating Procedures. The MDP, which is considered proprietary information, culminates the intellectual knowledge and capabilities of a company to successfully meet requirements of the TDP. Each contractor owns their own MDP, representing their technical know-how in the manufacturing process documentation. The MDP is critical in the manufacture of any products to meet customer's specification.

Not all manufacturing processes meet the TDP requirements for the manufacture of cartridge cases. NI's deep drawn manufacturing process is the only process that successfully meets the requirements of the TDP for high quality steel cartridge cases. In the past, the Government had attempted unsuccessfully to set up multiple sites with other contractors using their own MDPs. For example, during the Korean Conflict, the government attempted to set up other sources to manufacture cartridge cases and, again, during the

late 1960s to early 1970s the government tried unsuccessfully to establish another source, Bayfield Industries, to manufacture 105mm M148A1B1 cartridge cases.

NI, the operating contractor at Riverbank, with its own unique MDP remains the only US producer of large caliber steel cartridge cases that has the proven manufacturing process to repeatedly produce consistent quality cartridge cases in quantities that meet the requirements of the Joint Armed Forces.

2. *For each line where the process is owned by the operating contractor, how was it determined that the line could be moved to and incorporated with production at another GOCO facility with a different operating contractor or a GOGO?*

**DoD Response:** *Every operating contractor is given a TDP and develops his own processes, but they do not own the TDP. The TDP, requirements, land, buildings, and equipment belong to the Government. Contracts are awarded through a competitive process. A contractor may get the bid for a contract and remain at a site for 15 or 20 years. This does not give him proprietary right to any of the requirements. If he loses the bid and another contractor wins, the operating contractor leaves and another comes on board. The Government has the authority to close down a site and has no obligations to take that contractor with the workload. At the time of closure, if there is an open contract between the government and the operating contractor, the government will pay termination cost. The IJCSG reviewed the contract expiration dates and captured contract termination cost in the COBRA run when appropriate.*

**Our Response:** Currently, there is not another GOCO or GOGO that is capable of manufacturing large caliber deep drawn steel cartridge cases for the Armed Forces, particularly the Navy and the Army. Further, key NI personnel who are highly trained and skilled may not make the transition to another contractor and a new location. The Government would assume significant risk and cost in ensuring continuous supply of high quality steel cases used in the ammunition for the Stryker and the Navy programs if it chooses to try to relocate this capability at Rock Island.

In addition, DoD, in seeking to move the line, fails to address the cost impacts of the cartridge case at the new location as well as potential disruptions in the just-in-time requirements for the cartridge cases. In its response of July 11, 2005, DoD provides no supporting documents to justify the assumption that the cost of the product to the customer will be reduced at the new location.

3. *Will workload from each plant closure be directed to the gaining installation? Is there any DUD, Army, or PEO directive to competitively award workload? If so, what is it? Do these recommendations violate any of those directives? How, or why not?*

**DoD Response:** *The BRAC recommendations do direct workload to specific installations:*

- *Contracts do not automatically go to the same or incumbent contractor. Each new requirement, including the facility use contracts that govern use of our GOCOs, must meet the Competition in Contracting Act Requirements, (CICA is a Public Law, 10 USC 2304 and 41 USC 253, execution of this PL is defined in the Federal Acquisition Regulation (FAR) Part 6.) whereby the standard is to compete the requirement unless we are able to meet the preordained exceptions to competition. All of these requirements/determinations are met during the acquisition planning phase.*
  
- *For GOCOs:*
  - The operating contractor does not automatically follow the workload*
  - When requirements go away at a site, the contractor goes away*
  - In the remaining industrial base, if you have more than one capable producer, the FAR directs competitive awarding of workload*
  - The Iowa and Milan recommendations do not violate this FAR directives.*
  
- *For GOGOs: Site may get the work performed by:*
  - Opting to perform the work themselves or*
  - Perform a portion of the workload and contract out a piece or*
  - Totally contract the workload out or*
  - Join with a contractor through Public Private Partnering*
  - There is no violation of any directive with any of these choices.*
  - The win/win decision for the GOGOs is Public Private Partnering.*

**Our Response:** Since, as stated above, NI is the only contractor in the industrial base with proven experience in the manufacture of large caliber deep drawn cases and mass production of M42/M46/M77 grenade bodies, it would seem prudent to engage NI's services to manufacture these products. NI has been the sole operating contractor at Riverbank Army Ammunition Plant since 1951. After the Korean War, NI was the operating contractor maintaining the facility with a cadre of personnel ready to support the US Government when the Vietnam Conflict broke out, and the production resumed. When the facility became inactive after the Vietnam Conflict, NI continued to run production and remained the only successful manufacturer of the large caliber steel cartridge case when the facility was again changed to active installation in September 2002.

4. *If the workload will not be directed to the gaining installations and the work will be competitively awarded, how can the recommendations be evaluated on the merits of the proposed relocations of capabilities to other Army GOCOs or GOGOs?*

**DoD Response:** BRAC language does relocate workload to a specific site, but how the work is performed becomes the issue.

- *Example: When we say that the 105MM and 155MM HE Artillery round is going to Iowa from Kansas, both Iowa and Kansas have the capability and Iowa won the last competition and is currently producing. At the time that we collected certified capacity data: For the 105MM HE, Kansas lines were laid away and Iowa's were active. For the 155MM HE, Kansas' lines were active, but not producing (since then Kansas has been producing the M795) and Iowa's are active and producing.*
- *In the future ,if there are two sites with the capability to produce the 105/155MM HE, both places will bid on the contract and the next time, the other site may be the producer if they win the bid*
- *When the recommendation relocated a function to another site, generally, the site is already producing the item and is likely to win the bid. This is why privatization is not a good idea unless you have sufficient workload to support both the government base and the private sector. With these recommendations competition should remain within the government industrial base among the producers with capability.*

**Our Response:** DoD's rationale applies to situations with two or more GOCOs with multiple contractors producing the same end item. DoD stated above that "When the recommendation relocated a function to another site, generally, the site is already producing the item and is likely to win the bid." This rationale does not apply to Riverbank since Riverbank is the only source capable of producing large caliber steel cartridge cases, and Rock Island Arsenal currently does not have this manufacturing capability.

Furthermore, as reported in the GOCO/GOGO Plant Capacity and Utilization Study for Riverbank AAP dated 27 April 2005, NI is the only contractor within the industrial base that has the technological capabilities to mass produce the M42/M46/M77 grenade bodies in a reasonable amount of time.

5. *The justifications for MSMP and RBAAP reference the DoD ability to "nurture partnership with multiple sources in the private sector". Please define and interpret the intent of this statement.*

**DoD Response:**

- *The phrase "nurture partnership with multiple sources in the private sector" means that at places like Rock Island and McAlester, the government has an opportunity to do something very smart and leverage the advantages of the public and private sectors. They have an opportunity to take the workload directed to them via the BRAC and go into Public Private Partnering with "capable" operating contractors and have a "win, win" situation for both the contractor and the GOGO.*

- *This situation lends itself to increasing future workload and capacity for Rock Island and the contractor that wins the bid.*

Our Response: While Rock Island Arsenal may have a multitude of capabilities in forgings, castings, weldments, and fabrication, the facility does not possess the capability to manufacture deep drawn steel cartridge cases. Should the recommendation be sustained, however, given NI's unique deep drawn capabilities, it would be best to mitigate the supply chain risks and utilize NI as the "turn-key" contractor to relocate the capability as well as operate the facility. The public/private partnership would have to be structured in a way that protects the contractor's intellectual property developed by internal corporate funding and does not increase product unit costs.

6. *Is the intent to close each installation, but retain the same operating contractor at the gaining installation? How will this be implemented with the GOGO or one operating contractor at the GOCO now owning the line operated by a different operating contractor or the government?*

**DoD Response:**

- *There is no assumption that the operating contractor of the closing site will automatically go to the gaining installation.*
- *For GOGOs:*
  - *Site may get the work performed by:*
    - *Opting to perform the work themselves OR*
    - *Perform a portion of the workload and contract out a piece OR*
    - *Totally contract the workload out OR*
    - *Join with a contractor through Public Private Partnering*
- *For GOCOs:*
  - *The operating contractor does not automatically follow the workload*
  - *When requirements go away at a site, the contractor goes away*
  - *An example of what will happen following BRAC: 105/155MM HE Artillery workload at Kansas relocates to Iowa. The contractor at Iowa is in charge of producing 105/155MM HE Artillery. The contractor at Kansas is no longer involved in the process.*
  - *This example does not forgo the fact that this is still a competitive process and Iowa would have to win the competition.)*

Our Response: NI's Manufacturing Data Package for deep drawn steel cartridge cases is unique. Moving the Riverbank cartridge case line to Rock Island Arsenal still does not change the fact that NI is the only contractor possessing the capability to manufacture deep drawn cartridge cases.

7. *Is the intent for the new line to be operated by the current operating contractor as a tenant on the gaining installation? How is there a "savings" if we have only changed the location in which it's manufactured, and what have we truly accomplished?*

**DoD Response:**

- *GOCO: The contractor at the gaining site is responsible for the workload. The contractor at the losing site is no longer involved. The current contractor will not always follow the workloads. The DoD "saves" by closing a site.*
  
- *GOGO:*
  - *Site may get the work performed by:*
    - *Opting to perform the work themselves OR*
    - *Perform a portion of the workload and contract out a piece OR*
    - *Totally contract the workload out OR*
    - *Join with a contractor through Public Private Partnering*
    - *The DoD "saves" by closing a site.*

Our Response: In order to determine real savings by closing Riverbank and relocating the capability at Rock Island, DoD should have addressed the cost of establishing and operating the line at Rock Island. Otherwise, the aggressive payback projected by DoD is being based on incomplete and optimistic figures.

8. No Comment
9. *Without responding that this is an implementation determination, specifically what equipment from each installation will move to each of the gaining installations? For each move, what is the estimated cost to move that equipment?*

**DoD Response:**

*Riverbank: \$15M*

- *Drawing Presses*
- *Heat treat*
- *Plating equipment*

Our Response: First, this list fails to include all equipment required to produce cartridge cases. Second, according to the COBRA inputs, the \$15M represents the cost to "skid, ship, and install equipment." In our opinion, the \$15M would represent only the freight of transporting some of the equipment.

A move of this magnitude will require that all equipment when disassembled be properly tagged and documented to facilitate ease in re-establishing the line at the new location. This cost estimate is insufficient to cover the installation of equipment, pits, and foundations as well as establishment and hook up of the infrastructure, ancillary systems, and waste treatment facility necessary to support a cartridge case manufacturing facility. Also not included in the cost

to move the facility is the proveout effort to be considered for the new facility to ensure that the new line is capable of meeting the TDPs. Certain annealing furnaces on the cartridge case line may not survive the move because of their age. However, left in place, these furnaces can continue to support the cartridge case manufacture because of NI's internal personnel's familiarity with the maintenance of these equipment pieces.

Based on vendor-documented data submitted in our testimony, we estimate that the one-time cost to locate the cartridge case facility from Riverbank to Rock Island is likely to exceed \$57M when the project is complete.

10. No comment.

11. *Provide the current 2005 percentage of facility utilization for each installation.*

***DoD Response:***

*Riverbank: 5%*

Our Response: Maximum Capacity in the Capacity Report for munitions manufacturing as defined in Volume VIII of the BRAC Report is based on a total monthly output attainable running a 1-8-5 shift. Using DoD's actual and projected production quantity for FY 2001-2006, Riverbank's utilization of the cartridge case production line should be 30%, exceeding 5%.

Furthermore, the report assumed that a cartridge case unit is equivalent to a grenade unit where the monthly capacity of the laid away grenade line at Riverbank is rated at over one million units a month. It must be kept in mind that the utilization level at Riverbank is dictated by DoD's current large caliber steel cartridge case requirements. The Army received appropriated funds to move the manufacturing facilities and "know how" from the private sector to Riverbank and the line was sized to meet current military requirements. NI has supplied all the deep drawn steel cartridge cases to meet the government's requirements. Unless the cartridge case requirements significantly increase after the line is located to Rock Island Arsenal, the same level of utilization can be expected there.

Further, NI has the only technological capability to mass produce M42/M46/M77 grenade metal parts.

12. No comment.

13. No comment.

Send FAX to: 1.703.699.2735

To: BRAC Commissioner  
From: Paul Corbett

Date Aug 18, 2005

I'm deeply concerned about the Arms Control  
Disarmament Agreement. I'm concerned about  
Paris that not only could be closed in my home  
State of Utah, but also throughout the West -

I believe that to strengthen national security

by supposedly saving money is not a wise thing -

We must stop all BRAC closures, especially

when we know that our enemies of Communism

which depend China & Russia are building

up a new machine waiting to challenge it if not

dominate the last Nation of Freedom, the USA.

I believe our Constitution is at risk of being

Appointed into a Communist Account - you see it

to the American People to recommend to the BRAC

Closure & that it ~~has~~ Be Done immediately to

Save & Protect this Great Nation of USA -

Signed  
Paul F. Corbett

Send this copy to:



**Representative George Radanovich**  
**438 Cannon House Office Building**  
**Washington, DC 20515**  
**(202) 225-4540**  
**Fax (202) 225-3402**  
**radanovich.house.gov**

**To:** David Van Jaun      **From:** Rep. Radanovich

**Fax:** \_\_\_\_\_      **Pages:** \_\_\_\_\_

**Phone:** \_\_\_\_\_      **Date:** \_\_\_\_\_

**Re:** \_\_\_\_\_      **CC:** \_\_\_\_\_

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•Comments: