

Defense Logistics Agency

Summary of Selection Process

Defense Logistics Agency (DLA) Selection Process

The Director, DLA established a DLA Base Realignment and Closure Executive Group comprised of appropriate Heads of Headquarters Principal Staff Elements. The Executive Group included both executive level civilian and military personnel. The Deputy Director, DLA served as Chairman of the Executive Group. The Executive Group acted as senior advisors to direct the effort and recommend DLA activity realignments and closures for the Director's consideration.

A Working Group was established under the direction of the Executive Group. The Working Group was comprised of a core of full-time members and support staff from all pertinent DLA technical areas. The Working Group collected and analyzed certified data, developed and evaluated recommendations for the Executive Group's consideration, conducted sensitivity analyses, and compiled documentation to support the final DLA recommendations.

In an effort to evaluate DLA activities in a fair and consistent manner the Executive Group merged similar activities together for the purposes of analysis. Categories were derived from the general mission functions of DLA. As a result, DLA defined their five categories as Regional Headquarters, Defense Distribution Depots, Inventory Control Points, Service Support Centers and one-of-a-kind activities such as the Defense Clothing Factory.

After organizing DLA activities into general categories, studies were undertaken to determine the data requirements for conducting a comprehensive activity analysis within each category. Comprehensive data calls were designed to support the excess capacity; military value; and economic, environmental, and community analyses required by DoD guidance in accordance with the selection criteria and corresponding DLA Measures of Merit. The data was requested from Primary Field Level Activities (PFLA), Principal Staff Elements (PSE) within DLA Headquarters, and other governmental and commercial agencies.

The DLA Internal Control Plan for the collection and analysis of data was developed specifically for this effort. The plan provided overall policy guidance and procedures to ensure that data was: consistent and standardized, accurate and

complete, certifiable as required by law, verifiable by HQ DLA PSE and PLFA functional managers, auditable by DLA internal review offices and external audit and inspection agencies, and replicable using documentation developed during data collection.

An Internal Control Checklist was developed and distributed as a working document to achieve the objectives of the Internal Control Plan, including the requirement for field commanders to certify the accuracy of their data. To further ensure the validity of field data, functional experts on the Working Group traveled to selected activities and performed on-site reviews to confirm that accurate, quantifiable, and certifiable data was provided in response to data calls.

In developing the capacity analysis for each category, DLA considered projections for Military Service drawdowns as reflected in the DoD Force Structure Plan, discussed changes in basing and operations with the Military Services, and considered initiatives to improve DLA operational efficiencies and effectiveness.

DLA developed a series of objective questions for each DLA activity in order to determine the amount of physical space and throughput capacity currently available at each location. The data was used to quantify the extent to which an existing DLA facility may have been constrained by physical space, throughput, span of control, or production capability.

DLA analyzed military value to determine the relative ranking of an activity with respect to other installations in the same category, rather than to serve as a performance measure. Military value criteria (the first four DoD selection criteria) were given priority consideration in the assessment of DLA installations for realignment or closure. Since DLA provides support to the Military Services, the Agency is indirectly affected by Service projected force structure changes. Given this added complexity, the Executive Group agreed that more distinctive measures should be identified to assess the military value of DLA activities. Accordingly, DLA developed Measures of Merit to fully address the military value of its activities. DLA's four measures of merit included Mission Essentiality, Mission Suitability, Operational Efficiencies, and Expandability.

The next step in the process was to identify activities with the potential to be realigned or closed and eliminate the remaining activities from further consideration. The results of the excess capacity analysis and the military value review served as the

basis for Executive Group decisions. Based on the analyses presented and the accumulated experience of the Executive Group, each DLA activity was reviewed, with further analysis as necessary, to identify potential prospects and eliminate other activities from further review.

Following the screening of DLA activities for excess capacity, military value, and elimination of certain activities from further consideration, scenarios were developed for closure and realignment. During the consideration of potential receiver sites for realignment and closure actions, opportunities for inter-Service/Defense Agency sharing were analyzed. Coordination with the Military Services and other Defense Agencies was vital in gathering data and developing realignment and closure alternatives.

The Working Group evaluated potential realignment scenarios using the COBRA model. The model assessed the relative economic value of realignment and closure alternatives in terms of costs, savings and return on investment. The Executive Group considered community, infrastructure, and environmental impact in accordance with DoD policy guidance, and the DoD selection criteria for impacts.

The Director DLA reviewed the recommendations of the DLA Executive Group and forwarded his recommendations to the Assistant Secretary of Defense for Production & Logistics on February 22, 1993.

Defense Logistics Agency

Recommendations and Justifications

Defense Electronics Supply Center (Gentile AFS, Ohio)

Recommendation: Close the Defense Electronics Supply Center (DESC) (Gentile AFS), Dayton, Ohio, and relocate its mission to the Defense Construction Supply Center (DCSC), Columbus, Ohio.

Justification: DESC is one of four hardware Inventory Control Points (ICP). It is currently the host at Gentile Air Force Station in Dayton, Ohio. The only other tenant at Gentile AFS is the Defense Switching Network (DSN). The base has a large number of warehouses (vacant since the depot closed in the mid-seventies) which require extensive renovation before they could be used as administrative office space. The Agency has no plans to re-open the Depot at this location.

The hardware ICPs are all similar in missions, organizations, personnel skills and common automated management systems. The ICP Concept of Operations which takes into account the DoD Force Structure Plan, indicates that consolidation of ICPs can reduce the cost of operations by eliminating redundant overhead operations. The Consumable Item Transfer will be completed in FY 94 and consolidation can begin after that transfer has been completed.

Consolidating DESC and DCSC at both Columbus and Dayton was considered. The Columbus location provided the best overall payback and could allow for the complete closure of Gentile Air Force Station, Dayton, Ohio. DCSC currently has approval for construction of a 700,000 square foot office building which should be completed in FY 96. This building will provide adequate space for expansion of the ICP. As a result of the closure of DESC, Gentile Air Force Station will be excess to Air Force needs. The Air Force will dispose of it in accordance with existing policy and procedure. It is the intent of the Air Force that the only other activity, a Defense Switching Network terminal, phase out within the time frame of the DESC closure. If the terminal is not phased out during this period, it will remain as a stand alone facility.

Return on Investment: Total estimated one time cost for this action is \$108 million. Annual steady state savings are \$36.8 million with a return on investment in one year.

Impacts: Closing DESC will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 1.3 percent of the employment base in the Dayton-Springfield Metropolitan Statistical Area, assuming no economic recovery. **Note:** Other 1993 closure and/or realignment recommendations bring the total impact on the Dayton-Springfield Metropolitan Statistical Area to 1.2 percent. Potential environmental and community infrastructure impacts of consolidation of DESC with DCSC are minimal.

**Defense Personnel Support Center and Defense Clothing Factory,
Philadelphia, Pennsylvania**

Recommendation: Close the Defense Personnel Support Center (DPSC), Philadelphia, Pennsylvania, and relocate its mission to the Defense Distribution Region East, New Cumberland, Pennsylvania. Close the Defense Clothing Factory, relocate the personnel supporting the flag mission, and use existing commercial sources to procure the clothing factory products.

Justification: DPSC is the host of this Army-permitted activity in Philadelphia, Pennsylvania. The installation also houses the Clothing Factory, the Defense Contract Management District Midatlantic, and other tenants with approximately 800 personnel. The decision to close the Clothing Factory is based on the premise that clothing requirements for the armed forces can be fulfilled cost effectively by commercial manufacturers, without compromising quality or delivery lead time. DPSC was not reviewed as part of the ICP category since it manages a much smaller number of items which have a significantly higher dollar value than the hardware ICPs. The activity has no administrative space available, but does have a small number of buildable acres. Environmental problems at DPSC would make building or extensive renovations impossible for some time in the future.

With the movement of DCMD Midatlantic and the Clothing Factory out of DPSC, the Working Group examined options to either utilize the base as a receiver or move DPSC to another location. Scenarios were built so that activities moved to locations where excess space had been identified. DISC, currently a tenant at ASO which is recommended for closure by the Navy, was considered for possible realignment to DPSC. A scenario which realigned DPSC to ASO where DLA would assume responsibility for the base was analyzed. Another, which split the three commodities at DPSC between DGSC and DCSC was also examined.

The distribution depot at New Cumberland has available buildable acres. Additionally, another recommendation moves DISC, a hardware ICP from Philadelphia to New Cumberland. This allows several activities to be consolidated. The presence of three ICPs and major DLA facilities in the area will create significant opportunities for savings and efficiencies in the future. As a result of the closure of DPSC, the property will be excess to Army needs. The Army will dispose of it in accordance with existing policy and procedure.

Return on Investment: Total estimated one time cost for these closures is \$173.0 million. Annual steady state savings are \$90.6 million with an immediate return on investment.

Impacts: Closing DPSC and the Clothing Factory will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.4 percent of the employment base in the Philadelphia Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Philadelphia Metropolitan Statistical Area to 0.8 percent.

The closure will ultimately result in a reduction in air emissions, wastewater discharges, and solid waste.

Defense Distribution Depot Oakland, California

Recommendation: Disestablish Defense Distribution Depot Oakland, CA (DDOC), and relocate the primary mission to Defense Distribution Depot Tracy, CA (DDTC), Defense Distribution Depot Sharpe, CA (DDSC), and Defense Distribution Depot San Diego, CA (DDDC). Slow moving or inactive materiel remaining at DDOC at the time of closure will be relocated to other available storage space within the DoD Distribution System.

Justification: The decision to realign DDOC was driven by the Navy's decision to close Oakland Navy Base and Naval Air Station Alameda. The closure of the Navy Supply Center at Oakland (fleet support) and the Naval Aviation Depot at Alameda removed the customer base from Oakland. This closure along with substandard facilities contributed to the decision to realign the distribution mission out of Oakland. DDOC rated 14 out of 29 in the military value matrix. Except for two depots, all depots rated lower than DDOC are collocated with a maintenance depot. The other two depots exceed Oakland's throughput capacity and storage space.

Return on Investment: This disestablishment is in combination with the recommended disestablishment of the Tooele, McClellan, Charleston, Pensacola, and Letterkenny distribution depots. Combined estimated one-time costs for these disestablishments is \$137.0 million. Annual steady-state savings are \$31.2 million with a return on investment in two years.

Impacts: The disestablishment of Defense Distribution Depot Oakland will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.1 percent of the employment base in the Oakland Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Oakland Metropolitan Statistical Area to 4.9 percent. There will be no significant environmental or community infrastructure impacts.

Defense Distribution Depot Pensacola, Florida

Recommendation: Disestablish Defense Distribution Depot Pensacola, FL (DDPF), and relocate the mission to Defense Distribution Depot Jacksonville, FL (DDJF). Slow moving and/or inactive materiel remaining at DDPF at the time of the disestablishment will be relocated to available storage space within the DoD Distribution System.

Justification: The decision to disestablish DDPF was driven by the Navy's decision to close the Naval Supply Center and Naval Aviation Depot, Pensacola, eliminating DDPF's customer base. The loss of customer base along with sufficient storage space in the DoD distribution system drove the disestablishment. DDPF rated 10 out of 29 in the military value matrix. All depots rated lower than DDPF are collocated with their primary customer, a maintenance depot.

Return on Investment: This disestablishment is in combination with the recommended disestablishment of the Tooele, McClellan, Charleston, Oakland, and Letterkenny distribution depots. Combined estimated one-time costs for these disestablishments is \$137.0 million. Annual steady-state savings are \$31.2 million with a return on investment in two years.

Impacts: The disestablishment of Defense Distribution Depot Pensacola will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.2 percent of the employment base in the Pensacola Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations increase the employment base in the Pensacola Metropolitan Statistical Area by 4.2 percent. There will be no significant environmental or community infrastructure impacts.

**Defense Contract Management District Midatlantic, Philadelphia, Pennsylvania,
and Defense Contract Management District
Northcentral, Chicago, Illinois**

Recommendation: Disestablish Defense Contract Management District Midatlantic (DCMDM) and Defense Contract Management District Northcentral (DCMDN), and relocate the missions to DCMD Northeast, DCMD South and DCMD West.

Justification: The Defense Contract Management Districts perform operational support and management oversight of 105 Defense Contract Management Area Operations (DCMAOs) and Defense Plant Representative Offices (DPROs). Since the establishment of the DCMDs a number of DCMAOs and DPROs have been disestablished thereby reducing the span of control responsibility of the five DCMDs. Based on the assumptions derived from the DoD Force Structure Plan it is anticipated that the DCMD span of control will not increase in future years. This allows for the reconfiguration of the DCMDs by realigning responsibility for the operational activities, thereby reducing the number of headquarters facilities which perform operational support and management oversight. All plant and area operations would continue to be under geographically aligned Districts. The Military Value analysis resulted in the recommendation to disestablish the midatlantic and northcentral activities and relocate their missions to the three remaining districts.

Return on Investment: Total estimated one time costs for this closure are \$18.7 million. Annual steady state savings are \$20.1 million with an immediate return on investment.

Impacts: Disestablishment of DCMD Midatlantic will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.0002 percent of the employment base in the Philadelphia Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Philadelphia Metropolitan Statistical Area to 0.8 percent

The disestablishment of DCMD Northcentral will have a similar negligible impact on the local economy in the Chicago Metropolitan Statistical Area. The projected potential employment loss, both direct and indirect, is 0.0002 percent of the employment base in the Chicago Metropolitan Statistical Area, assuming no economic recovery.

There are no significant environmental or community infrastructure impacts resulting from these actions.

**Defense Logistics Service Center and Defense Reutilization and
Marketing Service, Battle Creek, Michigan**

Recommendation: Disestablish the Defense Logistics Services Center (DLSC) and collocate its mission with the Defense Construction Supply Center (DCSC), Columbus, Ohio.

Relocate the Defense Reutilization and Marketing Service, Battle Creek, Michigan, to the Defense Construction Supply Center (DCSC), Columbus, Ohio. DCSC will provide all necessary support services for the relocated personnel. Two separate functional areas, Logistics Information Management and Logistics Information Distribution, will be assigned to the DLA Inventory Control Point (ICP) to accommodate the operational mission areas now performed by DLSC.

Justification: With the implementation of DMRD 918, "Defense Information Infrastructure Resource Plan," the responsibility for Central Design Activity (CDA) and Information Processing Centers (IPC) were assigned to the Defense Information Technology Service Organization. As a result of the realignment the continued need of DLSC as a stand alone organization was evaluated. By consolidating functions at a DLA ICP, all support services can be performed by the receiving activity. Some of the functions currently being performed by DLSC NATO Codification personnel can be distributed among the remaining DLA hardware centers, thereby consolidating similar functions. This relocation also places HQ DRMS Battle Creek, Michigan, and Operations East, Columbus, Ohio, with a DLA Inventory Control Point to facilitate overall materiel management. Savings result from moving DLSC and DRMS from GSA-leased space.

Return on Investment: Total estimated one time cost for these actions is \$33.9 million. Annual steady state savings are \$55.6 million with an immediate return on investment.

Impacts: Disestablishing DLSC and relocating DRMS will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 2.2 percent of the employment base in the Battle Creek Metropolitan Statistical Area, assuming no economic recovery. Potential environmental and community infrastructure impacts of these actions are minimal.

Defense Distribution Depot Letterkenny, Pennsylvania

Recommendation: Disestablish Defense Distribution Depot Letterkenny, Pennsylvania (DDLDP) and relocate the depot's functions and materiel to Defense Distribution Depot Tobyhanna, PA (DDTP), Defense Distribution Depot Anniston, AL and Defense Distribution Depot Red River, TX (DDRT). Active consumable items will be moved to Defense Depot New Cumberland, PA, and Defense Depot Mechanicsburg, PA. Any remaining materiel will be placed in available storage space within the DoD Distribution System.

Justification: The decision to disestablish DDLDP was driven by the Army decision to realign the Letterkenny Army Depot and consolidate its depot maintenance functions with those existing at Tobyhanna Army Depot, PA, Anniston Army Depot, AL, and Red River Army Depot, TX. Realignment of DDLDP's primary customer and substandard facilities drive the decision to relocate the distribution mission to DDRT. DDLDP rated 25 out of 29 in the military value matrix. All depots rated lower than DDLDP are collocated with their primary customer, a maintenance depot.

Return on Investment: This disestablishment is in combination with the recommended disestablishment of the Tooele, Oakland, Charleston, Pensacola, and McClellan distribution depots. Combined estimated one-time costs for these disestablishments is \$137.0 million. Annual steady-state savings are \$31.2 million with a return on investment in two years.

Impacts: The disestablishment of Defense Distribution Depot Letterkenny will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 1.1 percent of the employment base in the Franklin County Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Franklin County Metropolitan Statistical Area to 8.9 percent. There will be no significant environmental or community infrastructure impacts.

Defense Distribution Depot Charleston, South Carolina

Recommendation: Disestablish Defense Distribution Depot Charleston, SC (DDCS), and relocate the mission to Defense Distribution Depot Jacksonville, FL (DDJF). Slow moving and/or inactive materiel remaining at DDCS at the time of the realignment will be relocated to available storage space within the DoD Distribution System.

Justification: The decision to realign DDCS was driven by the Navy's decision to close several naval activities in Charleston, SC, eliminating DDCS's customer base. The loss of customer base along with sufficient storage space in the DoD distribution system drove the disestablishment. DDCS rated 6 out of 29 in the military value matrix. All depots rated lower than DDCS are collocated with their primary customer, a maintenance depot.

Return on Investment: This disestablishment is in combination with the recommended disestablishment of the Tooele, McClellan, Pensacola, Oakland, and Letterkenny distribution depots. Combined estimated one-time costs for these disestablishments is \$137.0 million. Annual steady-state savings are \$31.2 million with a return on investment in two years.

Impacts: The disestablishment of Defense Distribution Depot Charleston will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.2 percent of the employment base in the Charleston Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Charleston Metropolitan Statistical Area to 15 percent. There will be no significant environmental or community infrastructure impacts.

Defense Distribution Depot Tooele, Utah

Recommendation: Disestablish Defense Distribution Depot Tooele, Utah (DDTU). Relocate the depot's functions/materiel to Defense Distribution Depot Red River, TX (DDRT). Any remaining materiel will be placed in available space in the DoD Distribution System.

Justification: The decision to disestablish DDTU was driven by the Army decision to realign Tooele Army Depot and consolidate its depot maintenance functions with those existing at Red River Army Depot. The realignment of DDTU's primary customer and the substandard facilities drive the decision to disestablish DDTU and relocate its functions and materiel to DDRT. DDTU rated 18 out of 29 in the military value matrix. With the exception of one depot (Columbus, Ohio), lower rated depots are collocated with their primary customer, a maintenance depot. The Columbus depot has almost twice the storage capacity and four times the issue throughput capacity as DDTU.

Return on Investment: This disestablishment is in combination with the recommended disestablishment of the Letterkenny, Oakland, Charleston, Pensacola, and McClellan distribution depots. Combined estimated one-time costs for these disestablishments is \$137.0 million. Annual steady-state savings are \$31.2 million with a return on investment in two years.

Impacts: The disestablishment of Defense Distribution Depot Tooele will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 3.4 percent of the employment base in the Tooele County Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Tooele County Metropolitan Statistical Area to 34.1 percent. There will be no significant environmental or community infrastructure impacts.

Defense Contract Management District West, El Segundo, California

Recommendation: Relocate the Defense Contract Management District West (DCMD West), El Segundo, CA, to Long Beach Naval Shipyard, Los Angeles, CA.

Justification: The DCMD West is currently located in GSA-leased administrative space in El Segundo, CA. Significant savings will result by moving the organization from GSA space to a building on Government property at Long Beach Naval Shipyard, CA. A number of available DoD properties were considered as potential relocation sites. The Naval Shipyard was selected because it does not involve the payment of Personnel Change of Station (PCS) costs. This move may require new construction to provide a building to receive the DCMD West.

Return on Investment: Total estimated one time costs for this relocation are \$12.4 million. Annual steady state savings are \$6.0 million with an immediate return on investment. The estimated one time cost includes the potential cost of construction, should that be required.

Impacts: Relocating DCMD West will have no negative impact on the local economy since it is an intra-area move. However, DCMD West is receiving personnel as a result of the overall DCMC consolidation. There is no significant environmental or community infrastructure impact resulting from this relocation.

Defense Industrial Supply Center, Philadelphia, Pennsylvania

Recommendation: Relocate the Defense Industrial Supply Center (DISC), a hardware Inventory Control Point (ICP), located in Philadelphia, Pennsylvania, to New Cumberland, Pennsylvania.

Justification: DISC is a tenant of the Navy's Aviation Supply Office (ASO) located in Philadelphia. With the Navy decision to close ASO during BRAC 93, DISC must either be relocated or remain behind and assume responsibility for the base.

The Executive Group considered options where square footage or buildable acres existed. Also, only locations where ICPs currently exist were considered.

Collocation with DCSC, DESC and DGSC were also considered. DGSC has buildable acres but no space available. DESC has warehouse space and DCSC will have administrative space in 1997. However, with the recommended closures of DESC and realignment with DCSC, the additional move of DISC to DCSC was considered too risky. Scenarios were run splitting DISC among the remaining hardware centers and splitting DISC between DCSC and DGSC. Both options were considered too risky because proposed moves split managed items to multiple locations.

Locating DISC at Defense Distribution Region East, a DLA activity located at New Cumberland, Pennsylvania, and the presence of three ICPs and major DLA facilities in the area will create significant opportunities for savings and efficiencies in the future. The relocation of DISC to New Cumberland provides the best payback for DoD. The relocation allows the Navy to close and dispose of ASO.

Return on Investment: Total estimated one time cost for this relocation is \$95.6 million. Annual steady state savings are \$20.7 million with a return on investment in four years.

Impacts: Relocating DISC will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.2 percent of the employment base in the Philadelphia Metropolitan Statistical Area, assuming no economic recovery. Note: Other 1993 closure and/or realignment recommendations bring the total impact on the Philadelphia Metropolitan Statistical Area to 0.8 percent. The potential environmental impacts of relocating DISC to New Cumberland are minimal and there are no community infrastructure impediments.