

DISC had the lowest military value of the three hardware ICPs. The Columbus and Richmond centers are host activities of compounds which house a number of DLA and non-DLA activities, conforming to the DLA decision rules concerning maximizing the use of shared overhead and making optimum use of retained DLA-operated facilities. Both the Richmond and Columbus sites have high installation military value, and take advantage of the synergy of a Collocated Depot. Both also have considerable expansion capability. The facilities at Columbus are the best maintained of any in DLA, and Richmond has several new buildings completed or in progress. DISC is a tenant on a Navy compound. Disestablishing DISC allows the Agency to achieve a substantial cost avoidance by back-filling the space already occupied by DISC and substantially reducing the amount of conversion required to existing warehouse space. Based on the above, military judgment concluded that disestablishing DISC is in the best interest of DLA and DoD.

Community Concerns

The Philadelphia community contends disestablishing the Defense Industrial Supply Center (DISC) and moving its weapon system coded items to the Defense General Supply Center (DGSC) would have a negative impact on military readiness. They reasoned that moving 1.4 million items over a relatively short period of time would substantially degrade performance for customers. They cited past experience where moving fewer items caused mission degradation. The community asserted that during the 1993 round of base closures, DLA determined that a mass movement of items would be risky. The community believes nothing has happened since BRAC 93 to minimize this risk. The community further contended that DISC, and not DGSC, should be the weapons system Inventory Control Point because DISC has a higher percentage of weapon system items than DGSC, and is better able to perform the complex work involved.

The community also argued that the cost savings were understated because the actual costs to move the items and the cost to keep Defense Personnel Support Center (DPSC) at its current location for an additional two years, while awaiting movement of personnel and items to DGSC, were not included in the COBRA costs. In addition, they believe that the synergy between the Navy's Aviation Supply Office and DISC, which

was recognized by the Navy during BRAC 95, was ignored by DLA. Finally, the community was concerned because disestablishment of DISC did not preserve job retention rights even though DLA assured employees in writing that maximum efforts would be exerted to ensure placements in the Philadelphia area.

Commission Findings

The Commission found DLA's Concept of Operations to consolidate management of weapon system and troop and general support items was a rational approach to increase management efficiencies and achieve significant annual savings. Moreover, the Commission found that disestablishing DISC allowed DLA to distribute item management responsibility among three geographically separated Inventory Control Points, two dedicated to weapon system management and one to troop and general support management. Pursuing this option also allowed DLA to achieve a substantial cost avoidance by back-filling space presently occupied by DISC with the new Troop and General Support Inventory Control Point without substantial building modification. In addition, the Commission believes DLA should ameliorate job losses at DISC by offering displaced employees positions at the new Troop and General Support Inventory Control Point.

Commission Recommendation

The Commission finds the Secretary of Defense did not deviate substantially from the force-structure plan and final criteria. Therefore, the Commission recommends the following: the Defense Industrial Supply Center is disestablished. Distribute the management of Federal Supply Classes (FSC) within the remaining DLA Inventory Control Points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC) in Philadelphia, PA. Create two ICPs for the management of weapon system-related FSCs at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Defense Distribution Depot Memphis (DDMT), Memphis, Tennessee

Category: Distribution Depots - Stand-Alone
Mission: Receive, store, and issue wholesale and retail material in support of the military services

One-time Cost: \$85.7 million
Savings: 1996-2001: \$14.8 million
Annual: \$23.8 million
Return on Investment: 2001 (3 years)
FINAL ACTION: *Close*

Secretary of Defense Recommendation

Close Defense Distribution Depot Memphis, Tennessee. Material remaining at DDMT at the time of closure will be relocated to optimum storage space within the DoD Distribution System. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

Secretary of Defense Justification

Defense Distribution Depot Memphis, is a Stand-Alone Depot that supports the two large east and west coast depots and is used primarily for storage capability and local area demand. It is also the host for the Memphis complex. The decision to close the Memphis depot was based on declining storage requirements and capacity estimates for FY 01 and on the need to reduce infrastructure within the Agency.

Memphis tied for third place out of the six Stand-Alone Depots in the military value analysis. The higher scores for the Susquehanna and San Joaquin distribution depots in this analysis removed them from further consideration for closure. The variance of only 37 points out of a possible 1,000 between the third and sixth place depots in the military value analysis for this category reinforced the importance of military judgment and compliance with the DLA BRAC 95 Decision Rules in the decision-making process.

A further consideration was the Agency's desire to minimize distribution infrastructure costs. Closure of an entire installation will allow DLA to reduce infrastructure significantly more than disestablishment of a tenant depot (DDCO at Columbus, Ohio, and DDRV at Richmond, Virginia). Memphis was rated six out of six in the Installation Military Value analysis. The Columbus installation ranked the highest. The facilities at Richmond are the best maintained of any in DLA. Both Columbus and Richmond take advantage of the synergy of a collocated Inventory Control Point. This closure action conforms to the Decision Rules to maximize the use of shared overhead and make optimum use of retained DLA-operated facilities, while closing an installation.

In addition, the Strategic Analysis of Integrated Logistics Systems (SAILS) model optimized system-wide costs for distribution when the Ogden and Memphis depots were the two Stand-Alone Depots chosen for closure. Sufficient throughput and storage capacity are available in the remaining depots to accommodate projected workload and storage requirements. Closing DDMT is consistent with the DLA BRAC 95 Decision Rules and the Distribution Concept of Operations. Therefore, military judgment determined that it is in the best interest of DLA and DoD to close DDMT.

Community Concerns

The community contends that DLA should retain the Distribution Depot at Memphis because of its excellent infrastructure. The Memphis area is known as "America's Distribution Center." The depot is located near major highways, rail, air, and shipping facilities, and has never been closed due to weather. The community was dismayed that weather factors were considered during DLA's BRAC 93 analysis, but not in BRAC 95. Because of these factors, the community argued that the depot is strategically sited to support any major regional conflict. This support would be especially vital if support for two simultaneous regional conflicts was required. The community contends that closure of both the Memphis and Ogden Depots was predetermined when DLA (1) combined the Tracy and Sharpe Depots into the San Joaquin, California Depot and the New Cumberland and Mechanicsburg Depots into the Susquehanna, Pennsylvania Depot, effectively removing them from further BRAC consideration; (2) determined it would maintain a distribution presence at service maintenance facilities; and (3) performed an installation military value analysis. The community argued that military value had not been properly assessed because DLA removed tenant missions, all depots were given equal credit for rail and surface capabilities, proper consideration was not given for consolidated containerization capabilities, and throughput capacity was underestimated. Finally, the community argued closure of the depot would impact the minority community disproportionately since approximately 80% of the Depot's employees are African-Americans.

Commission Findings

The Commission found that force-structure reductions had resulted in a corresponding decrease in DoD's storage requirements. Moreover, the Com-

mission found the distribution depots designated as primary distribution sites on the east and west coasts provide sufficient mobilization support. Therefore, the Commission found closing Defense Distribution Depot Memphis would reduce both overall excess capacity and infrastructure within the Defense Distribution Depot system and, at the same time, yield significant cost savings. The Commission recognizes the adverse economic impact on the Memphis African-American community. Although closure of the distribution depot increases the storage shortfall for the DLA, the Commission believes that DLA will be able to accommodate this shortfall via other public and private storage facilities. The Commission believes leasing space in the local area is a viable option for accommodating any short or long-term shortfall.

Commission Recommendation

The Commission finds the Secretary of Defense did not deviate substantially from the force-structure plan and final criteria. Therefore, the Commission recommends the following: close Defense Distribution Depot Memphis, Tennessee. Material remaining at DDMT at the time of closure will be relocated to optimum storage space within the DoD Distribution System. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

Defense Distribution Depot Red River (DDRT), Texarkana, Texas

Category: Distribution Depots - Collocated
Mission: Receive, store, and issue wholesale and retail material in support of the military services

One-time Cost: None

Savings: 1996-2001: None

Annual: None

Return on Investment: None

FINAL ACTION: Remain Open

Secretary of Defense Recommendation

Disestablish the Defense Distribution Depot Red River, Texas. Material remaining at DDRT at the time of disestablishment will be relocated to the Defense Distribution Depot Anniston, Alabama, (DDAA) and to optimum storage space within the DoD Distribution System.

Secretary of Defense Justification

The Defense Distribution Depot Red River is collocated with an Army maintenance depot, its larg-

est customer. While Collocated Depots may support other nearby customers and provide limited world-wide distribution support, Red River's primary function is to provide rapid response in support of the maintenance operation. The Distribution Concept of Operations states that DLA's distribution system will support the size and configuration of the Defense Depot Maintenance System. Thus, if depot maintenance activities are disestablished, Collocated Depots will also be disestablished.

The recommendation to disestablish the Red River depot was driven by the Army recommendation to realign its Red River Army Depot, Red River's primary customer, and the Agency's need to reduce infrastructure. DDRT was rated 5 of 17 in the Collocated Depot military value matrix. However, that military value ranking was based on support to the maintenance missions. With the realignment of the Army's maintenance mission to Anniston, Alabama, that value decreases significantly. Other customers within the DDRT area can be supported from nearby distribution depots. Production and physical space requirements can also be met by fully utilizing other depots in the distribution system.

Disestablishing DDRT is consistent with both the DLA BRAC 95 Decision Rules and the Distribution Concept of Operations. Military judgment determined that it is in the best interest of DLA and DoD to disestablish DDRT.

Community Concerns

The community contends that because 85% of the depot's mission is to provide support to bases in the central United States rather than the Army Depot, Defense Distribution Depot Red River should have been evaluated as a Stand-Alone Depot. The community argued that elimination of the depot would deprive DoD of storage facilities to accommodate surge requirements in times of national crisis. They further raised concerns over the efficiency and cost effectiveness of maintaining only two primary stand-alone distribution facilities in San Joaquin, California and Susquehanna, Pennsylvania. In addition, the community contended that DLA had overstated the savings and understated the costs for this action. The community asserted that the cost to relocate the vehicles and other material located at the depot was \$319 million, significantly above DLA's figure of \$58.9 million. The community's figure would make the return on investment for this action 22 years, not 2 years as calculated by DLA.