

MILAN ARMY AMMUNITION PLANT, TENNESSEE (JOINT CROSS SERVICE GROUP – INDUSTRIAL; KANSAS ARMY AMMUNITION PLANT, KANSAS)

SECRETARY OF DEFENSE RECOMMENDATION

Close Kansas Army Ammunition Plant (AAP), KS. Relocate Sensor Fuzed Weapon/Cluster Bomb function and Missile warhead production to McAlester AAP, OK; **155MM ICM Artillery and 60MM, 81MM, and 120MM Mortar functions to Milan AAP, TN**; 105MM HE, 155MM HE, and Missile Warhead functions to Iowa AAP, IA; and Detonators/relays/delays to Crane Army Ammunition Activity, IN.

SECRETARY OF DEFENSE JUSTIFICATION

Capacity and capability for Artillery, Mortars, Missiles, and Pyro/Demo exists at numerous munitions sites. There are 8 sites producing Artillery, 5 producing Mortars, 9 producing Pyro/Demo, and 13 performing Demilitarization. To reduce redundancy and remove excess from the Industrial Base, the closure allows DoD to create centers of excellence, avoid single point failure, and generate efficiencies.

COMMUNITY CONCERNS

Labette County and the city of Parsons supported the closure of the Kansas Army Ammunition Plant (KSAAP) but had concerns about their ability to redevelop the site's facilities and property. They explained that the plant is located in a rural area with limited transportation access and that the loss of 267 jobs would exacerbate the county's economic hardships. The Community wanted to accelerate the development of uncontaminated portions of the site through the use of leases prior to conveyance of the property. During the transition phase, the community proposed a \$1 per annum lease between the US Government and the Local Reuse Authority (LRA). At the conclusion of the clean-up and transition phase, the community proposed the Government transfer all equipment, facilities and, property to the LRA at no cost. The Community expressed an interest in keeping the existing operating contractor in place as a tenant to compete for future DoD work, thereby retaining jobs in the community. The operating contractor noted potential issues with proprietary processes and recommended privatization in place for the KSAAP.

COMMISSION FINDINGS

The Commission found no reason to disagree with the recommendation of the Secretary of Defense. The Commission examined the community's proposals regarding conveyance, and decided to refer them to the Department for consideration during implementation of the recommendation. The Commission carefully considered the operating contractor's recommendation of privatization-in-place, but rejected it due to the low utilization of the plant and the need to rationalize munitions production capacity in the US industrial base.

COMMISSION RECOMMENDATIONS

The Commission found the Secretary's recommendation consistent with the final selection criteria and the Force Structure Plan. Therefore, the Commission approves the recommendation of the Secretary.

MILAN ARMY AMMUNITION PLANT, TENNESSEE (JOINT CROSS SERVICE GROUP – INDUSTRIAL; LONE STAR ARMY AMMUNITION PLANT, TEXAS)

SECRETARY OF DEFENSE RECOMMENDATION

Close Lone Star Army Ammunition Plant (AAP), TX. Relocate the Storage and Demilitarization functions to McAlester AAP, OK. Relocate the 105MM and 155MM ICM Artillery, MLRS Artillery, Hand Grenades, 60MM and 81MM Mortars functions to Milan AAP, TN. Relocate Mines and Detonators/Relays/Delays functions to Iowa AAP, IA. Relocate Demolition Charges functions to Crane Army Ammunition Activity (AAA), IN.

SECRETARY OF DEFENSE JUSTIFICATION

Capacity and capability for Artillery, Mortars, Missiles, Pyro/Demo, and Storage exists at numerous munitions sites. There are 8 sites producing Artillery, 5 producing Mortars, 9 producing Pyro-Demo, 15 performing storage, and 13 performing Demilitarization. To reduce redundancy and remove excess from the Industrial Base, the closure allows DoD to create centers of excellence, avoid single point failure, and generate efficiencies. Goal is to establish multi-functional sites performing Demilitarization, Production, Maintenance, and Storage. Lone Star primarily performs only one of the 4 functions.

COMMUNITY CONCERNS

The community noted that DoD gave the Lone Star Army Ammunition Plant (LSAAP) credit for only one of the functional areas making up a center of excellence and countered that the plant is a multifunctional site performing the full scope of functions—demilitarization, production, maintenance and, storage. The community asserted that DoD understated the number of personnel by 242, misreported current and maximum capacity as equal, and improperly excluded one-time relocation costs of \$14 million from savings calculations. In addition, the community noted that some production lines were not accounted for in the data call, and that no credit was given for the complexity of producing ammunition. LSAAP also performs open burn and open detonation demilitarization and has 1.23M square feet of storage. The community asserted that directing LSAAP work to other Army ammunition activities would be contrary to DoD's strategy to increase competitive contracting for ammunition production. They suggested that, if LSAAP is closed, its work could migrate to non-US producers. The operating contractor noted potential issues with proprietary processes and recommended privatization in place for the LSAAP.

The Texarkana community proposed a public-private partnership as an alternative reuse of the installation and proposed the transfer of workload, equipment and, facilities to the private sector or local jurisdiction as appropriate since the private sector can accommodate the workload onsite.

COMMISSION FINDINGS

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