

HOUSE OF REPRESENTATIVES

Under clause 8 of Rule XII, executive communications were taken from the Speaker's table as follows:

COMMUNICATION 00201 from the

Deputy Commandant for Installations and Logistics, USMC, Department of Defense

transmitting

Notice of decision to convert the Real Property Management and Grounds Maintenance functions at Marine Corps Base, Camp Lejune, North Carolina to contractor performance, pursuant to 10 U.S.C. 2461.

Referred to the Committee on Armed Services. January 25, 2005.



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
2 NAVY ANNEX
WASHINGTON, DC 20380-1775

RECEIVED

JAN 12 PM 3:21

SPEAKER'S ROOMS
U.S. HOUSE OF REPS.

The Honorable J. Dennis Hastert
Speaker of the House of
Representatives
Washington, DC 20515-6501

IN REPLY REFER TO:

4200

LR

JAN 07 2005

AS

R00899

T00261

Dear Mr. Speaker:

Pursuant to Title 10, U.S. Code, Section 2461, I am notifying you of the Marine Corps' decision to convert the Real Property Management and Grounds Maintenance functions at Marine Corps Base, Camp Lejeune, North Carolina to contractor performance. We anticipate that contract award will occur in January 2005 and that conversion to contract performance will occur in June 2005.

This decision was based upon a cost comparison that began on January 3, 2003 in accordance with the procedures in Office of Management and Budget (OMB) Circular A-76. The comparison evaluated the cost of performance of the functions by DoD civilian employees in a Most Efficient Organization with offers for the same work solicited from the private sector. The following data summarizes the results of the comparison over the projected 5 year life of the contract:

Historical cost to perform by DoD civilian employees:
\$114,140,259
Proposed cost to perform by DoD civilian employees:
\$79,316,581
Amount of private contractor's accepted offer:
\$65,145,934
Estimated Government costs to administer this contract decision:
\$2,468,585
Total projected savings over the 5 year life of the contract:
\$46,580,837

The original number of DoD civilians performing the functions when the cost comparison was initiated was 265. Currently, there are only 170 civilians on-board due to attrition from a hiring freeze initiated at the start of the study. Of these remaining employees, 15 are expected to transfer, 110 to retire, and 45 to be separated. It is estimated that the contractor will hire 100 DoD civilian employees.

Civil servants affected by this conversion to commercial contract will be given assistance in continuing their Federal careers through priority placement programs and reassignment in DoD or other agencies. Civil servants also have the right of first refusal to accept contractor positions for which they are qualified under the terms of the pending contract. In addition, the Department of the Navy works in cooperation with the Department of Labor and State Employment

Services to assist affected employees in locating positions in private industry or to provide these personnel opportunities to take retraining programs qualifying them for jobs available in local labor markets.

I certify that the cost comparison of the functions included the estimated cost of Government performance by a Most Efficient Organization, estimated cost of private sector performance, any advantages provided by health care costs, and the additional administrative costs incurred by implementing a contract award. I certify that the cost comparison did not include any predetermined personnel constraint or limitation in terms of man-years, end strength, full-time equivalent positions, or maximum number of employees. Further, I certify that the entire analysis is available for examination and demonstrates that the performance of the functions by the private sector will result in savings to the Government over the life of the contract.

The anticipated savings over Government performance equates to a \$2,351,432 annual reduction of gross salaries and other purchased services from the local economy. This reduction equates to less than 0.2% of the local economy's total annual sales of over \$1,190,400,000. Thus, this decision should not have a significant impact on the local economy.

The performance of these functions by the private sector will have no adverse effect on the military missions associated with the performance of these functions.

A similar letter has been sent to the President of the Senate, and copies have been sent to Chairmen of the Senate Armed Services Committee, House Armed Services Committee, Senate Appropriations Subcommittee on Defense, and House Appropriations Subcommittee on Defense. Please let me know if I can be of further assistance.

Sincerely,



RICHARD L. KELLY
Lieutenant General, U.S. Marine Corps
Deputy Commandant for
Installations and Logistics