



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY J-37
REFER TO

MAR 4 2005

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This letter is to inform you of the Defense Logistics Agency's (DLA) plans to conduct a public-private competition for selected installation services functions at the Strategic Distribution Platform Defense Distribution Depots, San Joaquin, California (DDJC) and Susquehanna, Pennsylvania (DDSP). These studies will be conducted in accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular A-76. The DDJC and DDSP competitions will be announced on March 4, 2005, will affect 67 and 138 employees respectively, and will take about 18 months to complete.

The A-76 process is intended to achieve efficiencies and economies in the performance of recurring commercial activities which could be performed by the private sector, with no degradation in national security or in the discretionary exercise of government authority. The process offers a fair and effective approach for achieving needed savings and efficiencies in our distribution mission, which is imperative if we are to provide the Military Services affordable, reliable logistics support.

We look forward to working with you and your staff as we prepare for the fiscal and operational challenges of the years ahead.

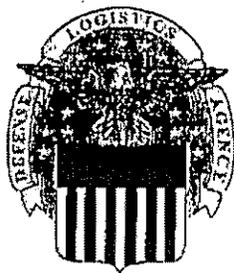
If you need additional information on this action, please contact Ms. Beth Unklesbay of the DLA Legislative Affairs staff at (703) 767-5070.

Sincerely,

FREDERICK N. BAILLIE
Executive Director
Distribution and Reutilization Policy

cc:
The Honorable Ike Skelton, Ranking Member





NEWS RELEASE
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DLA Announces Public-Private Competition of Defense Distribution Depot Functions at Susquehanna, Pa. and San Joaquin, Calif.

Fort Belvoir, Va. -- The Defense Logistics Agency announced today that it would conduct public-private competitions, using the revised Office of Management and Budget Circular A-76, for selected installation services support functions at the Defense Distribution Depots in Susquehanna, Pa.(DDSP) and San Joaquin, Calif. (DDJC). Both depots operate under the oversight of Defense Distribution Center, New Cumberland, Pa.

Competitive sourcing includes the public-private competition process required by OMB for all "commercial-like" functions currently being performed by federal work forces. The process follows the guidelines described in the OMB Circular and examines the financial impact of providing installation services support at the depots in-house, by the current government work force, or under contract by a private-sector firm. The two studies are expected to last 18 months.

DDSP is the eastern DLA Strategic Distribution Platform, with facilities at New Cumberland and Mechanicsburg. DDJC is the western DLA Strategic Distribution Platform, with facilities at Tracy and Sharpe. Both depots provide military repair parts, clothing and textiles, medical supplies and industrial and electronic components to military customers throughout the United States and the world.

The functions to be competed include: facilities and infrastructure operations, maintenance and repair, grounds, material handling equipment and vehicle maintenance and repair, refuse, locksmith services, special event support, pest control services, mail services, passenger services, major accident and natural disaster response, work request processing, and supply. The DDSP study will include all listed functions at the New Cumberland facility and only the equipment maintenance function at the Mechanicsburg facility. The DDJC study will include all listed installation services functions at Tracy and Sharpe.

The Defense Distribution Center, headquartered in New Cumberland, Pa., has oversight of 26 distribution depots worldwide. Its mission is to distribute, store and manage materiel and information, enabling a seamless, tailored worldwide DOD distribution network that provides effective and efficient support to the combatant commands, military services and other agencies - in theater and out -- during war and in peace.

The DLA provides supply support, and technical and logistics services to the military services and to several civilian agencies. Headquartered at Fort Belvoir, Va., DLA is the one source for nearly every consumable item, whether for combat readiness, emergency preparedness or day-to-day operations.