



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

IN REPLY
REFER TO J-37

04 FEB 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 logistics functions at the Defense Distribution Depot, Oklahoma City, Oklahoma (DDOO). This study will be conducted in accordance with the guidelines set forth in the Office of Management and Budget (OMB) Circular A-76. The DDOO competition will be announced in the second quarter of FY 2005, will affect 576 employees, and is anticipated to be of approximately 18 months duration.

As you are aware, OMB revised the rules for conducting A-76 competitions in May 2003. Three of the DLA competitions, begun in 2001, were in the data collection process at the time of the revision, i.e., had not issued solicitations. As a result, these competitions had to be canceled and re-announced under the rules of the new OMB Circular A-76. In July 2004, the Office of the Secretary of Defense approved the cancellation of those three competitions. The DDOO competition was among those three and was officially canceled on August 23, 2004.

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. Vickie O'Toole of the DLA Legislative Affairs staff at (703) 767-5341.

Sincerely,



FREDERICK N. BAILLIE
Executive Director
Distribution and Reutilization Policy

cc:
The Honorable Ike Skelton, Ranking Member



NEWS RELEASE
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DLA 05-18

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DLA Announces Public-Private Competition of Defense Distribution Depot Functions at Oklahoma City, Okla.

Ft Belvoir, Va. -- The Defense Logistics Agency announced today that it would conduct a public-private competition, using the revised Office of Management and Budget Circular A-76, for selected logistics functions at the Defense Distribution Depot Oklahoma City (DDOO). The depot was originally announced for A-76 competition on October 10, 2001 using the then-current OMB guidance. That competition was cancelled late in 2004 .

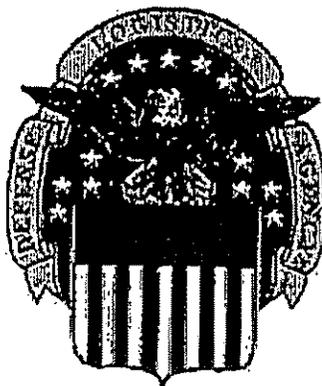
Competitive sourcing includes the public-private competition process required by OMB for all "commercial-like" functions currently being performed by federal work forces. In May 2003, OMB issued a revised Circular A-76 making significant changes to the government's public-private competition process. The changes were effective immediately and are mandatory for all future DLA activities announced for public-private competitions.

The process follows the guidelines described in the revised OMB Circular and examines the financial impact of providing distribution services at the depot in-house, by the current government work force, or under contract by a private-sector firm. The study is expected to last 18 months.

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 Defense Logistics Agency 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.



**DEFENSE LOGISTICS AGENCY
OFFICE OF CONGRESSIONAL AFFAIRS**

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NOTES/COMMENTS:

Enclosed is a letter to Chairman Hunter announcing the Defense Logistics Agency's (DLA) plan to conduct an A-76 public-private competition for selected logistics functions at the Defense Distribution Depot Oklahoma City, Oklahoma (DDOO). Also enclosed is an advance copy of the press release announcing the study, which will be released today, February 4, 2005, at 1:00 EST.

V/R
Vickie O'Toole
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