



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

IN REPLY I-37
REFER TO

JUL 15 2004

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6025

Dear Mr. Chairman:

On May 7, 2004, we informed you that the Defense Logistics Agency's subordinate activity, the Defense Distribution Center, had completed the public-private competition to operate the Defense Distribution Depot Puget Sound, Washington (DDPW). The apparent winning entity was determined to be the Government's Most Efficient Organization (MEO). We informed you that directly affected parties had 30 days to appeal the decision and upon expiration of the appeal process, we would provide final notification as required by 10 U.S.C. 2461. The appeal period closed on June 16, 2004, with no appeals forwarded to the Administrative Appeal Authority. As a result, the tentative decision became final on June 18, 2004, and a copy of the press release was faxed to your office on that day. Consequently, operations at the depot are expected to convert to MEO performance with 26 permanent employees at the end of November 2004. DDPW will undergo a Reduction-in-Force (RIF) which will affect approximately 63 permanent employees, to be effective on or about November 30, 2004. The official RIF letters are to be issued on July 19, 2004.

Department of Defense (DoD) Priority Placement Program registration and counseling began May 10, 2004. This program provides referrals to equivalent positions at other DoD activities. Voluntary Separation Incentive Pay (VSIP) and Voluntary Early Retirement Authority (VERA) have been offered and 16 employees have signed up for VSIP/VERA.

If you need additional information on this action, please call Ms. Vickie O'Toole of the DLA Legislative Affairs staff at (703) 767-5341.

Sincerely,

FREDERICK N. BAILLIE
Executive Director
Distribution and Reutilization Policy
Logistics Operations

cc:
The Honorable Ike Skelton, Ranking Member

