

Getting "the Extra Mile"

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REUTILIZATION, REVITALIZATION AND DISPOSAL OF DOD MATERIEL TAKES MANY HANDS, MANY FORMS.

"Pssst! Hey, buddy! Wanna buy an aircraft carrier?"

How about two tons of scrap aluminum that used to be an airplane? OK, how about a desk and swivel chair?" The Department of Defense wants to save taxpayers' money, so it has many avenues by which obsolete, leftover, out-of-date, damaged or un-needed equipment is either re-utilized by moving it around the DoD from where it is not needed to where it is needed. This equipment can also be repaired, revitalized and reused, or sold off to contractors who then auction off items—from ships to shoes—to the highest bidder.

The bottom line is about "the bottom line" when the revitalization and reutilization processes end up saving millions—potentially billions—in taxpayer dollars.

DRMS

It just might be the world's biggest and best-organized recycling program, the ultimate garage sale, the largest save-the-taxpayer- money flea market ever. The Defense Reutilization and Marketing Service (DRMS) is at work the globe over disposing of, de-manufacturing, de-militarizing, transferring or selling discarded equipment owned by DoD. The good news is that, thanks to DRMS, in 2006 \$1.9 billion in excess found reuse within DoD, \$125 million in excess goods was transferred to other federal agencies, and \$225 million in leftover equipment was donated, with \$80 million of that figure going to schools—most of it in the form of computer equipment.

Environmental stewardship through reutilization is the backbone of DRMS, says MacNevin. "Environmental stewardship and service to the warfighter are our primary responsibilities," he said. "We serve the warfighters as a source of supply right where they are serving now, whether at Fort Benning or in Iraq, and getting the longest feasible life from things that taxpayers have paid for."

MacNevin points out that there is also what he calls a "green tinge" to the operation. More reuse leads to lower environmental impacts.

"DLA is extending its reach forward, what's called the forward defense of freedom. "For DRMS that includes helping the services and individual units use us as day to day and long range supply source," MacNevin said.

While repair for reuse and sales are a big part of the picture, the focus, says MacNevin, is on the bottom line, on costs, on stewardship and supporting the warfighters by providing the equipment they need, when they need it. While as the war in Iraq shows signs of winding down, the Afghanistan theater is heating up and reusable and revitalized DoD equipment will likely be shuffled to where it is needed.

NO JOB TOO BIG OR SMALL

From pencil sharpeners to fire trucks, desk chairs to warships, no piece of equipment is too small or too large for DRMS to tackle. Take the decommissioned aircraft carrier USS Kitty Hawk. Please. Take it piece by piece.

The Kitty Hawk, the last nonnuclear aircraft carrier in service, was also the nation's oldest active warship, spanning five decades in service. In August 2008, the 47-year-old Kitty Hawk was decommissioned and dismantled from the inside out in preparation for decommissioning as DRMS took over the huge job of recycling, transferring or selling off everything not physically a part of the Kitty Hawk.

"It was a massive job," said Kenneth MacNevin, DRMS spokesperson at DRMS HQ in Battle Creek, Mich. "The entire contents of the ship had to be disposed of. Normally we would have several months to do the job, but we got it done in three weeks." Step one: the ship's supply officers developed a "one stop," centralized turn-in operation on the Kitty Hawk's hanger deck with advice from DRMS property disposal specialists. Crew members set to work lining up pallets for things like filing cabinets and TV sets, and endless rows of cardboard boxes to handle the thousands of small items such as memo pads, wrenches and clipboards turned in by the Kitty Hawk's 5,000-member crew. "Not all the projects we tackle are so large or dramatic," confessed MacNevin. "At DRMS sites all over the world, in 14 countries—from Germany to Afghanistan—in 39 states and Guam and Puerto Rico, there is a steady process of daily, weekly and monthly routine turn-ins that DRMS handles with the same level of detailed attention."

Working under the Defense Logistics Agency (DLA), the DRMS mission, "to provide the DoD's best value services and deliver great performance to customers for reuse, transfer, donation sale or disposal," is simple and straightforward, but fulfilling the mission is not as easy as it may sound.

"Our first task is to create an environment to encourage innovative thinking, then ensure that our work force is enabled to deliver and sustain our goals of world-class service and performance," explained DRMS director Twila Gonzales, a member of the Senior Executive Service who took over the agency's reins in March 2008. "We are also committed to effective monitoring and continual improvement of our environmental stewardship performance."

TRANSFER, REPAIR, MAINTAIN

Last year, Taos Industries, a wholly owned subsidiary of Agility, Defense & Government Services Inc., won a contract from DLA to take over DRMS operations in Kuwait, Iraq and Afghanistan to operate six Defense Reutilization and Marketing Offices (DRMOs) in those theaters. The five-year contract has a potential value of over \$97 million.

Operations are conducted under the oversight of DRMS civilian employees or mobilized reservists, especially in the area of demilitarization of sensitive equipment.

According to Taos president and CEO, retired U.S. Army Lieutenant General Joseph M. Cosumano Jr., who took over Taos under a company restructuring in September 2008, their objective is to help accomplish the government's reutilization initiatives by "accounting for, categorizing and assessing" equipment turned into them and disposing of it or putting into their inventory lists marked as available for return to service. Job one is also to "support the customer on the ground."

If equipment cannot be reused, disposal and demilitarization takes place in an environmentally sound manner, using best practices, says Cosumano, and, he adds, in keeping with local environmental laws and regulations.

"We use state-of-the-art demilitarization equipment, such as shredders that can shred tires or metal," said Cosumano. "We also bring best practices to identifying and managing local buyers."

Cosumano emphasizes that in operating the regional DRMOs they are supporting the government's initiative to return usable property to the DLA by sharing information about what is serviceable. He also emphasized that the regional DRMOs are not just "drop-off points" and that in support of the customer they will go to the customer's site, essentially making a "house call," to categorize reusables. Customers may also come to them seeking parts that have been salvaged from damaged equipment.

"Our objective is to support the customer on the ground in the area of operation and return equipment to inventory," said Cosumano. "That's what customer support means." In addition to DoD customers, Taos also serves local entities that can also make use of reusables.

"We provide a resource for the local economy," noted Cosumano, "including jobs."

CONTRACT FIELD TEAMS

DynCorp International has a long history, going back to 1951, of providing a rapid-response, mobile work force of skilled aircraft and other major weapons systems technicians to the U.S. Air Force under the Contract Field Teams (CFT) contract in more than 50 locations globally.

"Under CFT, we provide maintenance, modification, repair and logistics support for aircraft, weapons systems and support equipment for all branches of the military and other agencies," said Douglas Ebner, spokesperson for DynCorp International. "The work includes modification, organizational, intermediate and limited depot-level maintenance, as well as overhaul of airframes, engines, transmissions, avionics, radio, electrical and hydraulic components on all types of military aircraft and equipment."

Most recently, in December DynCorp was awarded a CFT contract to provide maintenance and repair services for HMMWVs, mine-resistant, ambush-protected (MRAP) vehicles, power generators and aviation ground power units at Letterkenny Army Depot in Chambersburg, Pa. The CFT will employ more than 400 people.

DynCorp already has contracts with the U.S. military to provide services to the U.S. Army in Europe, Korea, Okinawa, El Salvador, Japan, Germany, Southwest Asia, Kuwait, Oman and the United Arab Emirates. At home, DynCorp has contracts at major sites including at the Patuxent Naval Air Station, Fort Hood, Fort Campbell and Andrews Air Force Base.

Another major player in DoD sustainment is Raytheon Co. In August 2008, Raytheon Technical Services Co. received a seven-year U.S. Air Force sustainment contract to support all U.S. Air Force-operated weapons systems, support systems, subsystems, components and related services with a ceiling value of an estimated \$6.9 billion.

HAZMAT

The increase in hazardous materials in equipment and hazardous wastes has meant that DRMS has another ongoing big job, says MacNevin. Any hazardous waste or materials that cannot be reused or sold is handled through DRMS according to federal, state, local and environmental laws. Storage facilities are located at several DRMS complexes, and hazardous materials handled in foreign countries are handled consistent with local standards. For all but trash, demilitarization, or De-Mil is required.

DEMILITARIZATION

Property designed for purely military purposes, such as weapons systems, are stored separately from other materials and "demilitarized" when key components are removed before they leave government hands. There is no guessing about what needs demilitarization, since these materials will have carried a code throughout their lifetimes to alert government agencies and personnel about the need for special handling and demilitarization. There is also an automated way to "challenge" the demilitarization code that works as a quality control measure to ensure the accuracy of the demilitarization code.

While coding, handling and demilitarization are just part of the complicated reuse, revitalization and disposal process, everything is made easier through formal training. A special two-day course on DLA and DRMS for customers who both generate and reutilize excess property covers topics such as supply condition codes, demilitarization codes, tools available for reutilization and procedures. The course is taught to all four services at a variety of locations.

WEB-BASED AUCTION

In August 2008, following a competitive bidding process, Liquidity Services Inc. (LSI) won a new contract with DRMS to manage the receipt, storage, marketing and disposition of virtually all usable surplus personal property generated by DoD in cases where DRMS does not find a reuse, transfer or donation recipient. The contract is for three years with two one-year renewal options. LSI pays DoD 3.26 percent of an item's original acquisition cost and then auctions the useable items, including vehicles, heavy equipment, apparel, electronics, building supplies and office equipment to the highest bidder.

"As an innovative solution provider, we provide the DoD with the most effective solution to dispose of DoD surplus property while protecting national security, reducing costs and providing a valuable stream of revenue to the U.S. Treasury," said Bill Angrick, chairman and CEO of LSI.

About the same time LSI got the new contract, they also registered their 1,000,000th online buyer since their creation seven years ago.

According to LSI President and COO Tom Burton, they receive 8,000–10,000 DoD items weekly that quickly get posted on their several auction Websites. It's not unusual, he says, for them to get in 5,000 sleeping bags, 800 pairs of shoes or 300 tents. They recently cut up the USS South Carolina and sold it for scrap. Like the familiar online eBay, they have digital images of what's for sale and take 1 million digital pictures annually. Automobiles, trucks, digital cameras, computers, canoes, construction materials and office equipment can be found there.

"Up to 99 percent of our bidders are small businesses," said Burton, who came from the traditional auction houses and can speak with the quick silver tongue of an old style auctioneer. "We also do business with a variety of shippers at our locations, and they are on our lists only by our good graces. Those who serve our customers with less-than-excellent service disappear."

Burton said he likes it that many people buying from their own line auction sites go into business for themselves reselling the useful items. "We are quite proud to do our share in maximizing the return for taxpayers on property they have paid for and make sure that the property stream is comprised of safe items," said Burton. His company works closely with the DRMS people to ensure that they only sell things that should be sold and that the items are safe.

REPAIR AND REDEPLOY

Repair and redeploy is also a mission that saves taxpayer money. In a recent reutilization move in July 2008, DLA took over depot-level reparable (DLR) procurement management and related support functions from the U.S. Army Materiel Command. By definition, a reparable is an item (usually complex and expensive) purchased with the intent to overhaul and repair it over time rather than dispose of it. DLRs are parts that can be repaired at or below the depot maintenance level. The transfer of function was designed to improve support to the nation's warfighters by leveraging all depot-level reparable acquisitions together and managing them with a single agency. The rest of the DLR sites will be stood up by the end of February.

The 2005 BRAC helped initiate the move and, specifically, the DLR procurement management consolidation decision. The decision makes DLA the aggregate, single agency location for DLR items and is expected to result in a DoD savings of \$1.9 billion over the next two decades when DLA can get better prices from suppliers and identify opportunities.

"By bringing all new DLR acquisitions under DLA, DoD has greater leverage with suppliers and can negotiate contracts and suppliers once, with a single face across all services," said Yvette Burke, DLA acquisitions executive. ♦