



# ARMY ACQUISITION REFORM



Issue 74

27 February 1998

## *IOC Reducing GFP at Commercial Sites*

Personnel from Headquarters, Industrial Operations Command (IOC) responded admirably to a formidable challenge to streamline the equipment disposal method in the ammunition industrial base at commercial sites. IOC's efforts are directly attributable to rightsizing production capacity from long war mobilization to replenishment after major regional conflict. Sixty-four percent of the government furnished property (GFP) in the Contractor-Owned Contractor-Operated (COCO) Industrial Base was disposed by the end of FY97. IOC personnel worked diligently to achieve desired cost and schedule goals at 46 COCO sites, resulting in a one time cost avoidance of \$51.8M and reduced annual retention costs from \$10.5M to less than one-half million dollars (\$.487M). IOC employed a number of acquisition reform techniques such as *Teaming, Partnering, Alpha Contracting and Best Value* in meeting this formidable challenge.

## *Steam Outsourcing at Detroit Arsenal*

The Public Works Division of the TACOM Resource Management Center implemented Steam Outsourcing at Detroit Arsenal. On 31 Dec 97, a commercial vendor commenced at full load the generation and delivery of steam for heating facilities at Detroit Arsenal. No investment funds were required from TACOM. This eliminates the necessity to operate the Central Heating Plant. Based on the validated government cost/benefit analysis, the anticipated cost avoidance of outsourcing the steam is \$35M over a ten year period.

## *ANAD Saves from Electric Rate Change*

Anniston Army Depot (ANAD) saved \$2.2 million since April 1994 by switching to a new electric rate. This rate, called *Real Time Pricing*, is a time of use rate. Cost for electricity changes hourly depending on the demand placed on the utility's system. The average annual bill before the rate change was \$3.2 million. It is now \$2.5 million.