



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20515

Dear Mr. President:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the Speaker of the House, and Chairmen Inouye, Levin, Lewis and Stump. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

Enclosure



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. *The Department's estimated cost to study each full-time* equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the President of the Senate, and Chairmen Inouye, Levin, Lewis and Stump. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

Enclosure



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable Bob Stump
Chairman, Committee on Armed Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function

studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the President of the Senate, the Speaker of the House and Chairmen Levin, Lewis and Inouye. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

cc: The Honorable Ike Skelton, Ranking Member

Enclosure



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable Jerry Lewis
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function

studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the President of the Senate, the Speaker of the House and Chairmen Levin, Inouye and Stump. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

cc: The Honorable John P. Murtha, Ranking Member

Enclosure



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function

studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the President of the Senate, the Speaker of the House and Chairmen Inouye, Lewis and Stump. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

cc: The Honorable John W. Warner, Ranking Member

Enclosure



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

4 December 2002

The Honorable Daniel K. Inouye
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below the 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The A-76 cost comparison in each case will *determine whether the function will be contracted out or* performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is \$2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function

studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the President of the Senate, the Speaker of the House and Chairmen Levin, Lewis and Stump. If I can be of further assistance, please let me know.

Sincerely,



H. T. Johnson
Assistant Secretary of the Navy
(Installations and Environment)

cc: The Honorable Ted Stevens, Ranking Member

Enclosure

DoN Commerical Activity Study Candidates FY2003 First Announcement

Name	Location	City	State	CD	Civilians	Military	Function Description
FEDERAL FIRE DISPATCHER STUDY	NAVAL BASE VENTURA CA	Ventura	CA	23	6	0	Other Installation Services
FEDERAL FIRE DISPATCHER STUDY	NAVWPNSTA SEAL BEACH	Seal Beach	CA	45	10	0	Other Installation Services
FEDERAL FIRE DISPATCHER STUDY	NAVWPNSTA FALLBROOK DET	Fallbrook	CA	48	10	0	Other Installation Services
FEDERAL FIRE DISPATCHER STUDY	NAVY REGION SOUTHWEST	San Diego	CA	49	0	0	Other Installation Services
FEDERAL FIRE DISPATCHER STUDY	NAF EL CENTRO	San Diego	CA	52	5	0	Other Installation Services
PWC SAN DIEGO FACILITIES ENGINEERING	PWC SAN DIEGO	San Diego	CA	52	6	0	Installation Operation (multifunction) Contracts
PWC SAN DIEGO FACILITIES ENGINEERING	PWC SAN DIEGO	San Diego	CA	52	1	0	Supply Operations
PWC SAN DIEGO FACILITIES ENGINEERING	PWC SAN DIEGO	San Diego	CA	52	60	0	Contracting:
PWC SAN DIEGO FACILITIES ENGINEERING	PWC SAN DIEGO	San Diego	CA	52	14	0	Buildings and Structures—Other Than Family Housing
		Total			112	0	
PWC WASHINGTON QUALITY ASSURANCE	PWC WASHINGTON	Washington	DC	99	17	0	Other Functions:
		Total			17	0	
PWC PEARL HARBOR MOTOR VEHICLE OPERATIONS	PWC PEARL HARBOR	Pearl Harbor	HI	1	13	0	Special Equipment
PWC PEARL HARBOR MOTOR VEHICLE OPERATIONS	PWC PEARL HARBOR	Pearl Harbor	HI	1	29	0	Motor Vehicle Operation
PWC PEARL HARBOR MOTOR VEHICLE OPERATIONS	PWC PEARL HARBOR	Pearl Harbor	HI	1	19	0	Other Vehicle Operations (light truck/auto)
PWC PEARL HARBOR MOTOR VEHICLE OPERATIONS	PWC PEARL HARBOR	Pearl Harbor	HI	1	14	0	Grounds and Surfaced Areas
		Total			75	0	
FEDERAL FIRE DISPATCHER STUDY	NAS FALLON NV	Fallon	NV	2	5	0	Other Installation Services
		Total			5	0	
		Grand Total			209	0	