



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

June 17, 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 military billets listed in the enclosure have been identified for substitution by civilian workers. 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.

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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 Levin, Stump, Lewis and Inouye. If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink that reads "HT Johnson". The letters are cursive and somewhat stylized.

H. T. Johnson

Enclosure

DON COMMERCIAL ACTIVITY STUDY CANDIDATES NAVY FY 2002 SECOND ANNOUNCEMENT

Activity	City	State	CD	Civilians	Military	Function Description
NAVSCOLCECOFF PH	SAN DIEGO	CA	49	1	0	Training Development and Support
PWC SAN DIEGO	SAN DIEGO	CA	52	3	0	Installation Services Management
PWC SAN DIEGO	SAN DIEGO	CA	52	5	0	Installation Services Management Support
PWC SAN DIEGO	SAN DIEGO	CA	52	11	0	Installation Services Administrative Support
PWC SAN DIEGO	SAN DIEGO	CA	52	4	0	Refuse Collection and Disposal Services
PWC SAN DIEGO	SAN DIEGO	CA	52	6	0	Crane Operation (includes rigging and excludes those listed in T800G, J511Eand
PWC SAN DIEGO	SAN DIEGO	CA	52	10	0	Crane Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	7	0	Waterways and Waterfront Facilities
PWC SAN DIEGO	SAN DIEGO	CA	52	1	0	Noncombat Vehicles
PWC SAN DIEGO	SAN DIEGO	CA	52	6	0	Special Equipment
PWC SAN DIEGO	SAN DIEGO	CA	52	1	0	Multi Function Base Maintenance Administrative Support
PWC SAN DIEGO	SAN DIEGO	CA	52	2	0	Installation Operation (multifunction) Contracts
PWC SAN DIEGO	SAN DIEGO	CA	52	3	0	Bus Services
PWC SAN DIEGO	SAN DIEGO	CA	52	15	0	Electrical Plants and Systems Operations & Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	2	0	Heating Plants and Systems Operations & Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	1	0	Water Plants and Systems Operations & Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	2	0	Sewage and Waste Plants and Systems Operations & Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	1	0	Public Works and Real Property Maintenance Program Management:
PWC SAN DIEGO	SAN DIEGO	CA	52	1	0	Contracting:
PWC SAN DIEGO	SAN DIEGO	CA	52	693	0	Buildings and Structures—Other Than Family Housing
PWC SAN DIEGO	SAN DIEGO	CA	52	2	0	Multi Function Base Maintenance Management
PWC SAN DIEGO	SAN DIEGO	CA	52	17	0	Sewage and Waste Plants and Systems Operations & Maintenance
PWC SAN DIEGO	SAN DIEGO	CA	52	9	0	Architect-Engineering
PWC SAN DIEGO	SAN DIEGO	CA	52	15	0	Environmental
PWC SAN DIEGO	SAN DIEGO	CA	52	49	0	Hazardous Materials
PWC SAN DIEGO	SAN DIEGO	CA	52	11	0	Buildings and Structures—Other Than Family Housing
NSWC PORT HUENEME DIVISION	PORT HUENEME	CA	23	1	0	RDT&E Administrative Support
NSWC PORT HUENEME DIVISION	PORT HUENEME	CA	23	2	0	Centralized Administrative Support Services
NSWC PORT HUENEME DIVISION	PORT HUENEME	CA	23	1	0	ADP Administrative Support
NSWC PORT HUENEME DIVISION	PORT HUENEME	CA	23	5	0	Selected Functions Administrative Support:
NSWC PORT HUENEME DIVISION	PORT HUENEME	CA	23	1	0	Maintenance of Real Property Administrative Support
	TOTAL			888	0	
PWC WASHINGTON	WASHINGTON	DC	1	4	0	Water Plants and Systems
	TOTAL			4	0	
PWC JACKSONVILLE	JACKSONVILLE	FL	4	12	0	Environmental
	TOTAL			12	0	
ASIA PACIFIC CENTER	HONOLULU	HI	1	5	0	Audiovisual and Visual Information Services
	TOTAL			5	0	
NTC GREAT LAKES	GREAT LAKES	IL	10	1	0	Education and Training Management
PWC GREAT LAKES	GREAT LAKES	IL	10	2	0	Motor Vehicle Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	11	0	Electrical Plants and Systems Operations & Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	15	0	Heating Plants and Systems Operations & Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	4	0	Water Plants and Systems Operations & Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	1	0	Sewage and Waste Plants and Systems Operations & Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	3	0	Sewage and Waste Plants and Systems Operations & Maintenance
PWC GREAT LAKES	GREAT LAKES	IL	10	13	0	Supply Operations
	TOTAL			50	0	
PWC WASHINGTON	BETHESDA	MD	8	5	0	Electric Plants and Systems
	TOTAL			5	0	
NAVICP - PHIL	PHILIDELPHIA	PA	3	22	0	Maintenance and Logistics Program Management:
	TOTAL			22	0	
NSGA NW	NORFOLK	VA	2	8	0	Quality Control and Inspection
	TOTAL			8	0	
	GRAND TOTAL			994	0	



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June 17, 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.

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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.

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Sincerely,

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H. T. Johnson

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

Dear Mr. Chairman:

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

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June 17, 2002

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

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United States Senate
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