

DSCR awards first BRAC privatization contract

Contract expected to be worth \$2 billion over 10 years

By Amy Clement, DSCR Public Affairs

Defense Supply Center Richmond awarded [Haas TCM](#) of West Chester, Pa., a five-year base contract (with an additional five-year option) April 30 for the privatization of compressed gases and cylinders. The firm-fixed (100 percent small business set aside) contract is the first awarded by the center for commodities privatization mandated by the 2005 Base Realignment and Closure Commission decision. The contract has a maximum value of \$2 billion.

“As a result of the 2005 BRAC decision, the Defense Logistics Agency is transforming the way it orders, receives and distributes chemicals, packaged petroleum, oils and lubricants, and compressed gases and cylinders,” said Charles Bates, BRAC program analyst, DSCR BRAC Office.

All requisitions for compressed gases and cylinders are currently being handled by an integrated supply team within DSCR’s Aviation Supplier Operations Directorate.

“We have worked closely with industry and our (Department of Defense) counterparts to develop an acquisition strategy focused on the continued and improved support to the war fighters,” said Dale Sherman, lead acquisition specialist, Strategic Material Sourcing Group, Aviation Supplier Operations. “Through privatization, DSCR will be managing suppliers instead of managing supplies.”

The significance of this contract being awarded is that DSCR and DLA will no longer have to buy and store compressed gases or empty cylinders for its customers, said Bates. “That job will be taken over by Haas TCM. They will buy, store, fill, distribute, and transport all of the compressed gases and cylinders to our customers with the exception of ozone depleting substances. The BRAC decision specifically excludes ODS.”

Prime storage of all DLA compressed gases and cylinders is currently at Defense Distribution Depot Richmond, Va., with smaller quantities being housed at other defense distribution depots. With the privatization, depot inventory will be reduced because they will no longer be storing these commodities.

The first key objective to privatization is maintaining a healthy supply pipeline throughout the transition. DSCR has taken a proactive role to ensure the transition is a joint venture with Haas TCM. During the next 90 days DSCR will work closely with Haas TCM to establish a transition plan. “The transition team’s job will be to determine with national stock numbers to turn over, which ones to keep and which ones to transition later on,” said Army Lt. Col. Johnny Broughton, program manager, Strategic Material Sourcing Group Division of DSCR’s Aviation Supplier Operations.

“The first year will be a partnership with the contractor, where we are focused on working closely with them,” said Broughton. “They won’t automatically take over the contract right away. As far as delivery and supporting the customer, it will be a joint team effort to fulfill requisitions.”

The second key objective to privatization is to make the transition seamless and transparent to DLA’s customers. “Right now there will be no impact on the customer,” said Broughton. “There will be no change. We left the current requisition process intact for that purpose.”

There will be no changes to the way DSCR services its overseas customers. “Because of the number of customers, the number of (national stock numbers), and a limited supply on some of these commodities, there will be no changes with the way we deliver to OCONUS,” Broughton said. “As we progress to three years down the road we will look at a more customized OCONUS support package and more regionalized support.”

The third key objective in the privatization process is that the requirements document portion of the contract was written broadly enough and flexible enough to allow for adapting to changing requirements, Broughton said.

The final objective in privatization is that it allows DLA to take advantage of the latest technologies, expertise and best business practices within the industry that will provide improved support to its customers at a lower cost. “Our customers will see equal or better service,” Broughton said. “We know there is a learning curve with this, but we’ve got the best in industry and these folks come with tons of experience.”

“Over time, we will see the global service getting better. We have key performance metrics in line to keep delivery performance up,” said Broughton. “There are incentives for exceptional delivery performance (fill rate) up to 3.5 percent and disincentives down to five percent. Haas TCM can accumulate a 25 percent disincentive if backorders remain unfilled over 90 days.”

“Within DLA, Richmond is playing a key role in the BRAC privatization effort as (Defense Supply Center Columbus) awarded its tire contract in December 2006,” said Bates. “The next phase, transition, planning and inventory attrition has been ongoing for all the BRAC commodities but will expand significantly with the contract being awarded.” said Bates.

“The compressed gas and cylinders contract was awarded through the hard work of many across the enterprise, truly a team effort across the board,” Broughton said.

“Key DSCR professionals included Cynthia Lantz (contracting officer), Dale Sherman, Lenny Rogers (counsel), Virginia Wilcox (procurement analyst) and privatization team members Kelly Thompson, Phyllis Watson and Michael Wisk,” Broughton said. “All were pivotal to the success of this effort.”

“I really believe that DSCR’s part in implementing the provisions for BRAC is absolutely critical to the Defense Logistics Agency,” said Army Lt. Gen. Robert Dail, DLA director, during his visit to DSCR in March. “We will execute BRAC being led

by the tremendous professionals of DSCR. I have great confidence in them to execute the mission to the very highest standards that we have become accustomed to when we look at this organization.”

“It will go a long way to building the trust and confidence in the other services that will ensure a successful BRAC implementation across DoD,” Dail said. “I’m excited about the fact that Richmond is going to lead the agency as we implement BRAC.”