

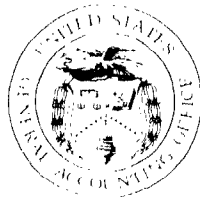
GAO

Report to the Chairman, Subcommittee  
on Readiness, Committee on Armed  
Services, House of Representatives

August 1990

# ARMY DEPOTS

## Plans Abandoned for the New Distribution Center at the Red River Depot



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National Security and  
International Affairs Division

B-221107

August 20, 1990

The Honorable Earl Hutto  
Chairman, Subcommittee on Readiness  
Committee on Armed Services  
House of Representatives

Dear Mr. Chairman:

In September 1989, you asked us to review the Army's efforts to build new, highly mechanized distribution centers at three of its depots: the Sharpe Army Depot, in Lathrop, California; the New Cumberland Depot, in New Cumberland, Pennsylvania; and the Red River Depot, in Texarkana, Texas. You were concerned that the recently completed center at Sharpe might be underutilized and that the center at Red River, now in the early stages of construction, might therefore be unnecessary. Among other things, you asked that we (1) compare the present work load at Sharpe to the Army's early projections; (2) determine the actual cost of the Sharpe project; (3) report the status of work at the three depots; and (4) evaluate the rationale for completing the Red River project, given the potential excess capacity at Sharpe and New Cumberland.

In March 1990, we briefed your office on the preliminary results of our work. We also informed your office that, according to officials at the Army's Depot System Command, the Army no longer planned to construct the distribution center at Red River. This report summarizes and updates that briefing.

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## Results in Brief

The work load at the three depots has not increased at the rate predicted by the Army. In 1986, the Army projected that the total of materiel issues and receipts handled annually by the three depots would increase by 26 to 53 percent over a 4-year period. The Army used this projection as the primary basis for the construction of new distribution centers at the three depots. However, the total work load at the three depots has increased little since 1985. Depot System Command officials have not analyzed why the expected work load did not materialize.

The estimated cost of the three distribution centers has increased 35 percent since 1984, from \$488 million to \$658 million. Construction of two of the centers (New Cumberland and Sharpe) has been completed, and the center at Sharpe is partially operational. However, according to Army Depot System Command officials, neither center will be able to

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operate as planned until the completion of delivery, integration, and testing of key software, now expected by March 1991. These officials also informed us that the third center (Red River) is no longer needed. Canceling this project reduces the \$658 million estimate by at least \$146.9 million.

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## Background

In 1976, the Army designated three depots to receive, store, and ship secondary items (primarily repair parts and other support items) to specific geographic areas in the United States and overseas. The Sharpe Army Depot serves the western United States, Alaska, and the Pacific; the New Cumberland Depot serves the eastern United States, Europe, Central America, the Middle East, the Caribbean, and Puerto Rico; and the Red River Depot serves the central United States. In 1980, the Army stated that new distribution centers were needed at the three depots to meet increases in the work load expected to result from force modernization efforts.

The objective of the depot modernization program is to streamline supply operations by constructing state-of-the-art automated distribution centers. Automated centers are to integrate computers, materiel-handling systems, and bar coding to enable the centers to more efficiently receive, store, and ship supplies.

In a report to the Secretary of Defense, Army Depots: Planned Distribution Centers Are Not Adequately Justified (GAO/NSIAD-86-84, June 6, 1986) we concluded that the Army's work load projections at that time had been based on questionable assumptions and computation procedures and appeared to be overstated.

We also concluded that there could be viable and less costly options to the construction program to satisfy any work load increases. We recommended that the Army (1) analyze options for improving the efficiency and effectiveness of existing facilities and (2) identify potential savings to be gained by further consolidation or realignment of the depot system.

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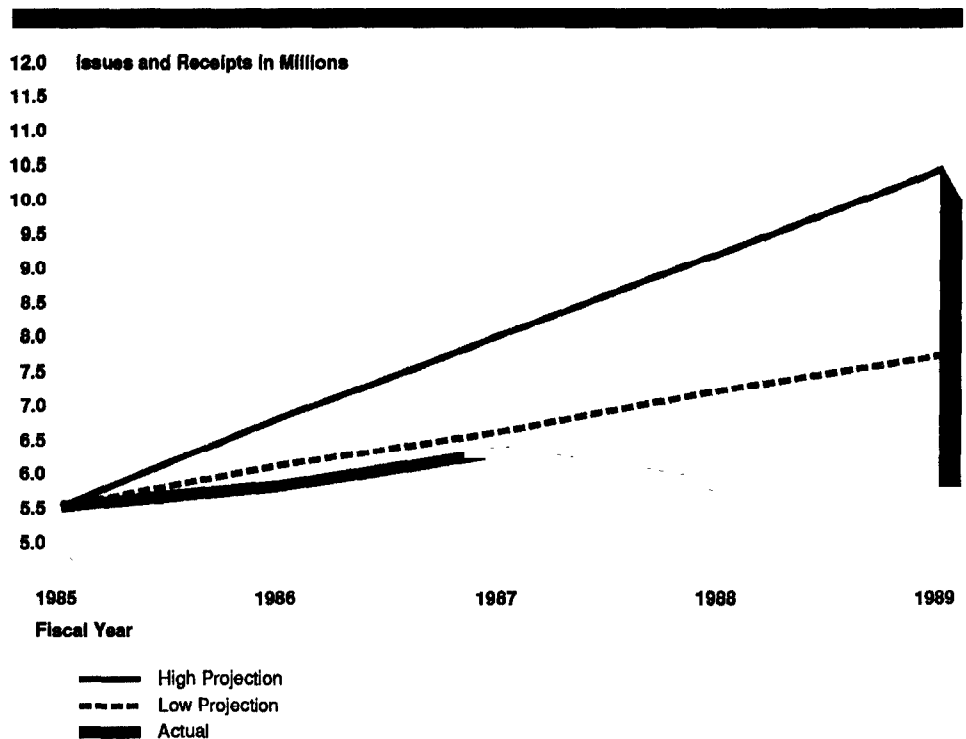
## Projected Work Load Did Not Materialize

The projected work load increases used by the Army as the primary justification for construction of the new distribution centers have not materialized. Although the total work load was estimated to increase by 26 to 53 percent over a 4-year period, it has remained at about its 1985 level.

Work load for the three depots is measured by the total number of issues and receipts, that is, the number of shipments entering or leaving the depot each year. We analyzed Army projections that were prepared in response to our 1986 report. For each depot, two projections were made through 1990, a high and a low projection. The Army expected that the actual work loads would fall somewhere between the high and low projections.

We compared the projected and actual work loads for each depot for fiscal years 1986 through 1989, the latest year for which actual data were available. Actual work load was below the Army's projections for each depot; for example, the actual work load at Sharpe was 69 percent of the low and 47 percent of the high work loads projected for 1989. Figure 1 compares the total actual work loads at the three depots to the Army's projections, and appendix 1 contains a detailed comparison for each center.

**Figure 1: Projected and Actual Work Loads at the Three Depots**



Source: GAO analysis of Department of Defense and Depot System Command data.

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Depot System Command officials informed us that they had not formally analyzed the reasons for the discrepancy between projected and actual work loads. However, they offered the following observations:

- Budget cuts might have reduced the number of orders from customer units.
- Budget cuts might also have slowed the Army's force modernization effort, delaying the introduction of new systems. Such a slowdown would reduce both depot receipts and issues.
- New systems that have been introduced are better constructed and more trouble-free than expected. Fewer repairs would result in fewer orders of repair parts from the depots.

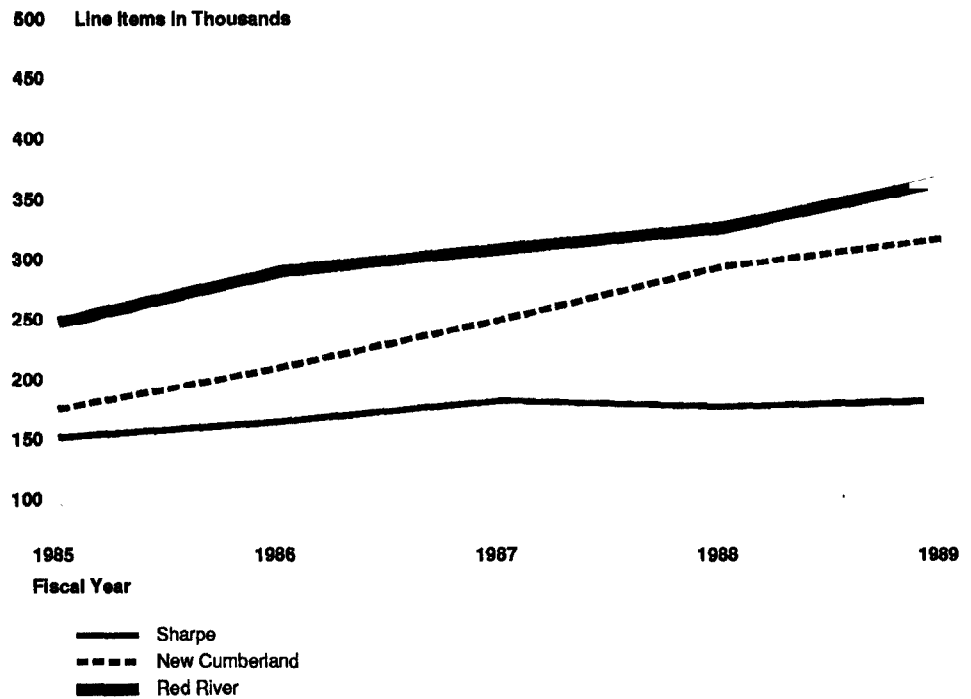
Further, Army officials said work load for New Cumberland was below projections because (1) some of the work load was shifted from New Cumberland to Europe, after the establishment of three European redistribution facilities beginning in 1986, and (2) in anticipation of construction, some work load was shifted to other depots.

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### **Most Stored Items Are Not Being Ordered**

Although the work load has not grown as projected, the number of items in storage has. The number of line items stocked at the three depots steadily increased from 1985 to 1989, as shown in figure 2.

**Figure 2: Number of Line Items Stocked at the Three Depots**



Note: Depot officials said that, for single line items stored at more than one location in a depot, each location is counted as a separate line item when the location contains different condition coded materiel.

Source: GAO analysis of Depot System Command data.

Most of the items stocked at the three depots are largely inactive. Data on line-item activity as of December 23, 1989, show that more than half of the items stocked at the three depots had not been issued during the previous 12 months, as shown in table 1. For example, 61.7 percent of the items stocked at Sharpe experienced no activity during the 12-month period ending December 23, 1989. In fact, only 9.1 percent of the items stocked at Sharpe had an issue rate of 10 or more during this period.

**Table 1: Line-Item Activity at the Three Depots** (For the 12-Month Period Ending December 23, 1989)

<b>Number of Issues</b>	<b>New Cumberland</b>	<b>Sharpe</b>	<b>Red River</b>
High (20 or more)	25,848	7,674	21,734
Medium (10 to 19)	21,579	8,607	17,819
Low (1 to 9)	91,559	52,315	100,737
No issues	154,077	110,664	152,891
<b>Total</b>	<b>293,063</b>	<b>179,260</b>	<b>293,181</b>
<b>Percentage with no activity</b>	<b>52.6</b>	<b>61.7</b>	<b>52.1</b>

### Depot Productivity Is Increasing Without Modernization

The depots have continued to accomplish their supply mission despite a decline in work hours. In effect, productivity is increasing without the benefit of the new automated capabilities. From 1985 to 1989, work hours at Sharpe and New Cumberland declined, while work loads remained constant or increased slightly. Depot System Command officials said that productivity improved in response to budget constraints and at the expense of other necessary depot management functions, such as managing inventory and packaging.

### Cost of New Distribution Centers Has Increased

The estimated cost of the three distribution centers has increased 35 percent since 1984, from about \$488 million to about \$658 million. According to the Defense Department (DOD), the costs exceeded the original projections primarily due to the underestimation of the complexity of the software and its developmental costs.

As of October 1984, the Army indicated that about \$488 million would be required to modernize the three depots. This figure included about \$404 million in construction and procurement costs and about \$84 million in facility design and systems software development costs that would be transferred from other Army accounts.

Table 2 breaks down the \$404 million capital costs needed to build the centers and to procure equipment, according to the Army's 1984 estimate. These costs, of which about \$385 million has been appropriated, are now estimated to total about \$459 million.



**Table 2: Estimated Funding Requirements to Modernize the Three Depots** (As of October 1984)

Dollars in millions			
	Military construction	Army procurement	Total
Sharpe	\$49.0	\$41.4	\$90.4
New Cumberland	93.8	79.1	172.9
Red River	87.7	52.7	140.4
<b>Total</b>	<b>\$230.5</b>	<b>\$173.2</b>	<b>\$403.7</b>

The \$84 million estimate for design and software costs has grown to \$199 million. These costs have thus far been funded primarily with operation and maintenance and Army industrial funds transferred from other requirements. Budget submissions to the Congress have not associated these costs with depot modernization.

Table 3 shows funds expended or obligated and funds needed for completing each distribution center. This table includes the military construction and procurement funds appropriated by the Congress and the funds transferred by the Army from other accounts. Appendix II presents detailed cost information for each center.

**Table 3: Total Funding Requirements** (As of October 31, 1989)

Dollars in millions			
Distribution center	Expended or obligated	Estimated cost to complete	Total
Sharpe	\$158.2	\$25.5	\$183.7
New Cumberland	219.4	43.2	262.6
Red River	39.7	172.0	211.7
<b>Total</b>	<b>\$417.3</b>	<b>\$240.7</b>	<b>\$658.0</b>

## One Project Canceled; Two Continue

The construction contract for the distribution center at Red River was canceled in April 1990. Depot System Command officials informed us that they do not plan to complete the proposed center. They determined that Sharpe and New Cumberland have the capacity to handle the Red River supply work load based on proposed reductions in troop strengths as announced by the Secretary of Defense in January 1990.

Construction has been completed at the other two distribution centers, and one is partially operational. However, the software needed to achieve full automation at the two centers is in the testing stage.

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## Red River Distribution Center Canceled

The site of the Red River center had been prepared, and utilities and roads had been relocated in anticipation of the construction. Two buildings had also been relocated from the site. The construction contract was initially awarded in August 1989. However, a Depot System Command official informed us in November 1989 that, because several bid protests were received, the order to start construction was delayed.

In January 1990, the Depot System Command official informed us the Army no longer plans to build the new center, and in April 1990, the Army terminated the contract. In addition, officials said that they were considering transferring Red River's area-oriented depot supply mission to New Cumberland and Sharpe. An official said that, based on a work load assessment conducted during January 1990, Sharpe and New Cumberland had sufficient capacity to handle the work load. Red River would continue to fulfill other missions.

According to Army records, DOD allocated about \$90 million in appropriated funds for the Red River center—\$55.5 million in military construction funds and \$34.5 million in procurement funds. Of the \$39.7 million expended or obligated for the center as of October 31, 1989, only about \$8.7 million was from the military construction funds allocated for the center. The remaining \$31 million was primarily operation and maintenance funds that were not specifically allocated for the Red River center. No procurement funds have yet been obligated for the center.

In addition, the Depot System Command official estimated that up to \$18.6 million (\$13.8 million in procurement funds and \$4.8 million in military construction funds) would be needed to terminate existing commitments for the Red River center. Finally, \$6.5 million, the prorated cost to the Red River center for completion of the management and control system, will have to be reallocated to the Sharpe and New Cumberland centers. By canceling the Red River project, the \$658 million total funding requirement shown in table 3 could be reduced by as much as \$146.9 million.

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## Sharpe Distribution Center Built and Partially Operational

The Sharpe distribution center, currently stocked with about 47,000 of a planned 169,000 line items, is in partial operation using a modified standard depot system. The distribution center construction contract was awarded in December 1985. This contract included constructing the building and procuring the materiel-handling equipment, automatic data processing equipment, and the process control system. The contract completion date was April 1988. While the Army accepted the building

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in January 1989, a Depot System Command official said that it was not expected that the center would be in full operation until January 1993, when the necessary software has been integrated and tested and the center has been fully stocked.

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### **New Cumberland Distribution Center Built but Not Operational**

Currently, the New Cumberland distribution center is not in operation. The construction contract was awarded in September 1986. Like Sharpe, this contract includes constructing the building and procuring the equipment and process control system. The contract completion date was October 1989. While the Army accepted the building in January 1990, a Depot System Command official said it was not expected that the center would be in full operation until September 1991, when the necessary software has been integrated and tested and the center has been fully stocked.

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### **Software Development Has Been Delayed**

Development of the management and control system and the process control system software has been delayed. The management and control system, originally scheduled for completion in June 1988, is now expected to be fully integrated and tested by March 1991.

The process control system for New Cumberland, originally scheduled for completion in October 1989, is now scheduled for completion by August 1990. The process control system for Sharpe, originally part of the Sharpe construction contract, was scheduled for completion in April 1988. The Army terminated the contract in May 1988, and the Sharpe process control system is now to be adapted from the New Cumberland system.

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### **Scope and Methodology**

We visited the three Army depots, the Depot System Command, and the Corps of Engineers. At each location, we interviewed appropriate officials and examined pertinent contracts, cost records, and other documents.

We discussed our findings with officials from the Army's Depot System Command and the Corps of Engineers and incorporated their comments as appropriate. We performed our work from November 1989 through April 1990 in accordance with generally accepted government auditing standards.

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## Matter for Congressional Consideration

Because only about \$8.7 million of the \$90 million in military construction and procurement funds allocated for the now canceled Red River center have been expended and up to \$18.6 million may be needed to terminate existing commitments, the Congress may wish to rescind the remaining \$62.7 million (\$42 million in military construction funds and \$20.7 million in procurement funds).

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## Agency Comments and Our Evaluation

DOD concurred with our findings but disagreed with our suggestion that the Congress should consider rescinding \$62.7 million of military construction and procurement funds that were allocated for the Red River distribution center. DOD said that it had identified \$39 million that can be rescinded and would agree with a GAO recommendation to rescind that amount. DOD did not explain how it arrived at the \$39 million figure.

Our calculation of the amount we suggested for rescission (\$62.7 million) gave full consideration to the funds already expended, and to the maximum amount the Army estimates will be needed to terminate existing commitments for the Red River center. In the absence of any explanation as to how DOD determined the amount that it believed should be rescinded, we continue to believe that the appropriate amount for rescission is \$62.7 million.

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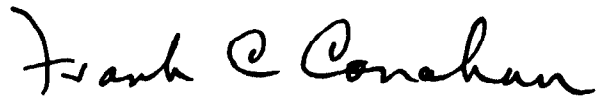
Appendix I provides a comparison of projected and actual workloads at the three depots. The construction costs for these depots are presented in appendix II. A copy of DOD's comments is included as appendix III.

We are sending copies of this report to concerned congressional committees, the Secretaries of Defense and Army, and the Director of the Office of Management and Budget. Copies will also be made available to other interested parties.

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This report was prepared under the direction of Richard Davis, Director, Army Issues, who may be reached on (202) 275-4141 if you or your staff have any questions. Other major contributors are listed in appendix IV.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank C. Conahan".

Frank C. Conahan  
Assistant Comptroller General

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## Abbreviations

DOD	Department of Defense
GAO	General Accounting Office



# Projected and Actual Work Loads at the Three Depots

Issues and receipts in millions					
Depot	Year				
	1985	1986	1987	1988	1989
<b>Red River</b>					
Projected					
Low	1.9	2.1	2.3	2.5	2.7
High	1.9	2.3	2.8	3.2	3.6
Actual	1.9	2.2	2.3	2.2	2.2
<b>Sharpe</b>					
Projected					
Low	0.9	1.0	1.1	1.2	1.3
High	0.9	1.1	1.4	1.6	1.9
Actual	0.9	1.0	1.0	0.9	0.9
<b>New Cumberland</b>					
Projected					
Low	2.7	3.0	3.2	3.5	3.7
High	2.7	3.3	3.8	4.4	4.9
Actual	2.7	2.6	3.0	2.6	2.7



# Costs of the Three Depots

Dollars in millions			
Depot	Expended or obligated as of October 31, 1989	Estimated cost to complete	Total cost
Sharpe			
Cost category			
Architect and engineering costs	\$11.6	\$0.0	\$11.6
Construction	50.0	0.4	50.4
Materiel-handling equipment	39.1	1.0	40.1
Computer hardware	10.4	5.2	15.6
Software design	23.6	12.4	36.0
Management and control system	20.6	6.5	27.1
Other	2.9	0.0	2.9
<b>Total</b>	<b>\$158.2</b>	<b>\$25.5</b>	<b>\$183.7</b>
New Cumberland			
Cost category			
Architect and engineering costs	\$12.4	\$0.0	\$2.4
Construction	93.0	9.0	102.0
Materiel-handling equipment	61.8	13.7	75.5
Computer hardware	16.8	1.9	18.7
Software design	8.4	8.7	17.1
Management and control system	20.6	6.5	27.1
Other	6.4	3.4	9.8
<b>Total</b>	<b>\$219.4</b>	<b>\$43.2</b>	<b>\$262.6</b>
Red River			
Cost category			
Architect and engineering costs	\$9.9	\$0.0	\$9.9
Construction	8.7	85.8	94.5
Materiel-handling equipment	0.0	53.0	53.0
Computer hardware	0.0	9.3	9.3
Software design	0.0	15.6	15.6
Management and control system	20.6	6.5	27.1
Other	0.5	1.8	2.3
<b>Total</b>	<b>\$39.7</b>	<b>\$172.0</b>	<b>\$211.7</b>

# Comments From the Department of Defense



PRODUCTION AND  
LOGISTICS  
(L/SD)

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301-8000

28 JUN 1990

Mr. Frank C. Conahan  
Assistant Comptroller General  
National Security and International  
Affairs Division  
U.S. General Accounting Office  
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "ARMY DEPOTS: Plans Abandoned for the New Distribution Center at the Red River Depot," dated May 14, 1990 (GAO Code 393367), OSD Case 8305.

The Department concurs with the draft report findings and is pleased that the GAO supports the DoD decision to cancel the Central Distribution Center contract at the Red River Army Depot and its plan to transfer the area-oriented depot distribution functions and workload to the New Cumberland and Sharpe Area-Oriented Depots. The Department, however, does not agree with the GAO suggestion that the Congress should rescind \$62.7 million of the \$90 million appropriated for the Red River Central Distribution Center. The Department has identified that \$39 million can be rescinded and would agree with a GAO suggestion to Congress for rescission of that amount.

The detailed DoD comments on the report findings and the GAO suggestion to the Congress are provided in the enclosure. The Department appreciates the opportunity to comment on the draft report.

Sincerely,

David J. Berteau  
Principal Deputy

Enclosure

GAO DRAFT REPORT - DATED MAY 14, 1990  
GAO CODE 393367 - OSD CASE 8305

"ARMY DEPOTS: PLANS ABANDONED FOR THE NEW DISTRIBUTION  
CENTER AT THE RED RIVER DEPOT"

DEPARTMENT OF DEFENSE COMMENTS

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FINDINGS

- **FINDING A: Background: Mechanized Distribution Centers at Three Army Depots.** The GAO explained that, in 1976, the Army designated three depots to receive, store, and ship secondary items (primarily repair parts and other support items) to specific geographic areas in the United States and overseas. According to the GAO, the Sharpe Army Depot was to serve the western United States, Alaska, and the Pacific states, Europe, Central America, the middle East, the Caribbean, and Puerto Rico; and the Red River Depot was to serve the central United States. The GAO observed that, in 1980, the Army claimed that the new distribution centers were needed at the three depots to meet increases in the workload expected to result from force modernization efforts.

The GAO described the objectives of the depot modernization program as streamlining the supply operations by constructing state-of-the-art automated distribution centers. The GAO observed that the automated centers were to integrate computers, materiel-handling systems, and bar coding--which would enable the centers to receive, store, and ship supplies more efficiently. (pp. 3-5/GAO Draft Report)

**DOD RESPONSE:** Concur. The Department agrees that the Army Area-oriented Depot concept, which evolved nearly fifteen years ago, and the subsequent plans for the physical plant/equipment and management system hardware/software modernizations were developed to meet forecasted workload increases and to gain efficiencies in distribution center operations.

- **FINDING B: Projected Workload Did Not Materialize.** The GAO found that the projected workload increases used by the Army as

Now on p. 2.

the primary justification for construction of new distribution centers did not materialize. The GAO observed that, although the total workload was expected to increase by about 26 to 53 percent over a 4-year period, the depot workload at the three sites has actually remained at about its 1985 level. (The GAO explained that the workload for the three depots was measured by the total number of issues and receipts--that is, the number of shipments entering or leaving the depot each year.)

The GAO referred to its June 1986 report, ARMY DEPOTS: Planned Distribution Centers Are Not Adequately Justified, (OSD Case 6876), which (at that time) concluded that the Army projections were based on questionable assumptions and computation procedures and appeared to be overstated.

The GAO compared the projected and actual workloads for each depot for the period FY 1986 through FY 1989--and found that the actual workload was below the Army projections for all three depot. According to the GAO, the Army had not looked into the reasons as to why the projected increases did not occur. The GAO reported Army officials guessed that (1) budget cuts might have reduced the number of orders from customer units, (2) budget cuts might have slowed the Army force modernization effort, thus delaying the introduction of the new systems, and/or (3) the new systems that have been introduced are better constructed and more trouble-free than expected.

The GAO also pointed out that the workload for the New Cumberland depot was below projections because (1) some of the workload was shifted from New Cumberland to Europe beginning in 1986--after the establishment of three European redistribution facilities --and (2) in anticipation of construction, some workload was shifted to other depots.

The GAO also emphasized that, in the referenced 1986 report, it had concluded there were other viable and less costly options than the proposed construction program to satisfy any workload increases. The GAO noted the prior report recommended that the Army (1) analyze options for improving (2) identify potential savings to be gained by further consolidation or realignment of the depot system. (pp. 5-9/GAO Draft Report)

DOD RESPONSE: Concur. The Department concurs that the receipt/issue workload increases were less than projected. The

DoD further agrees that the recent and rapidly changing world events and pressures for reduced Defense spending will reduce the receipt and issue workload during the 1990s.

- **FINDING C: Cost of Constructing New Distribution Centers has Increased.** The GAO observed that, since 1984, the estimated cost of the three distribution centers has increased 35 percent--from about \$488 million to about \$658 million. The GAO again referred to its 1986 audit report, which stated that about \$404 million in construction and procurement funds and about \$84 million in facility design and systems development software development that would be transferred from other Army accounts.

The GAO found that the construction costs have now grown to an estimated \$459 million, of which about \$385 million has been appropriated. The GAO also noted that the estimated \$84 million for design and software costs has grown to about \$199 million. According to the GAO, those costs have thus far been funded primarily with operation and maintenance and Army industrial funds transferred from other requirements. The GAO reported, however, that the submissions to the Congress have not associated the costs from the Army operations and maintenance Army industrial funds with Army depot modernization. (pp. 10-11/GAO Draft Report)

**DOD RESPONSE:** Concur. The Department agrees that the modernization costs have exceeded the original projections. The development, design, and implementation of the state-of-the-art Central Distribution Centers was a monumental undertaking with a number of inherent uncertainties. The costs exceeded the original projections primarily due to the underestimation of the complexity of the software and its developmental costs.

- **FINDING D: One Project Canceled, Two Continue.** The GAO observed that the construction contract for the distribution center at Red River was canceled in April 1990. According to the GAO, the Army does not plan to complete that proposed center. The GAO observed the Army determined that the Sharpe and New Cumberland Depots have the capacity to handle the Red River supply workload--and the Red River depot could fulfill other missions. The GAO reported that construction was complete at the other two distribution centers, with Sharpe partially operational. The GAO found, however, that the software needed to achieve full automation at the two centers is still incomplete.

The GAO learned that the development of the management and control system and process control system software has been delayed. According to the GAO, that system, originally scheduled for completion in June 1988, is now expected to be fully integrated and tested at New Cumberland by March 1991. The GAO also learned that the Sharpe management and control system will be adapted from the New Cumberland system.

The GAO further noted that the process and control system for New Cumberland, originally scheduled for completion in October 1989, is now scheduled for completion in March 1991. The GAO pointed out that the process control system for Sharpe, originally part of the Sharpe construction contract, was scheduled for completion in April 1988. The GAO learned that the Army terminated the contract in May 1988 and the Sharpe process control system is now to be adapted from the New Cumberland system. (pp. 11-14/GAO Draft Report)

**DOD RESPONSE:** Concur. The Department has canceled the construction contract for the distribution center at Red River. The DoD has determined that the Sharpe and New Cumberland Area-oriented Depots have the capacity to handle the Red River Army Area-oriented Depot supply workload. Current plans call for the attrition of stocks and the transfer of the Red River supply distribution workload to Sharpe and New Cumberland over the next five years.

On April 12, 1990, the Deputy Secretary of Defense made a Defense Management Review Decision to consolidate supply depot distribution functions within the Department. The first step in the consolidation process is to conduct a prototype of the consolidation concept in the San Francisco Bay Area. The supply depot functions at the supply depots in the San Francisco/Sacramento areas (including Sharpe Army Area-oriented Depot) will be managed and operated by the Defense Logistics Agency. The plans and actions to consolidate the distribution functions at the supply depots in the San Francisco/Sacramento area are underway and the prototype will be operational by 1991.

Now on pp. 7-8.

\* \* \* \*

**MATTER FOR CONGRESSIONAL CONSIDERATION**

- **SUGGESTION TO THE CONGRESS:** The GAO suggested that the Congress may wish to rescind \$62.7 million of the \$90 million appropriated for the Red River center (\$42 million in military construction funds and \$20.7 million in procurement funds). (pp. 15-15/GAO Draft Report)
- **DOD RESPONSE:** Partially concur. The Department disagrees with the GAO suggestion that the Congress should rescind \$62.7 million of the \$90 million appropriated for the Red River Central Distribution Center. The Department has identified that \$39 million can be rescinded and would agree with a GAO suggestion to Congress for rescision of that amount.

Now on p. 9.

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# Major Contributors to This Report

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