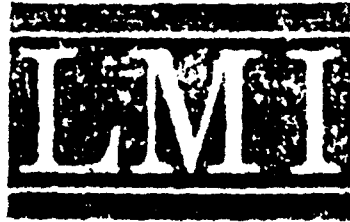


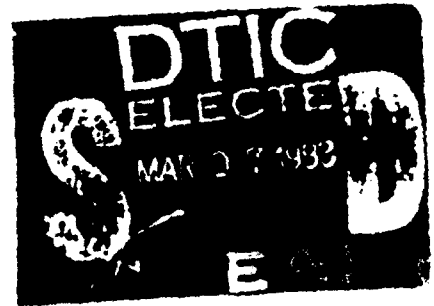
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CONSOLIDATION OF BASE OPERATIONS
SUPPORT (BOS) IN PANAMA



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CONSOLIDATION OF BASE OPERATIONS
SUPPORT (BOS) IN PANAMA

December 1982

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EXECUTIVE SUMMARY

All three Military Departments maintain bases in Panama. Nineteen bases are clustered in two small geographical areas, one at each end of the canal. Studies over the past five years have revealed opportunities for substantially reducing the cost of base operations support (BOS) by consolidating the management of some base support functions across the Military Departments. However, very few of the studies' recommendations have been implemented. On 19 July 1982, the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) directed consolidation of family housing management and real property maintenance activities in Panama. He tasked LMI to determine whether still other BOS functions there should be consolidated.

We examined eight BOS functions: civilian personnel operations; transportation; vehicle maintenance; food services; morale, welfare and recreation; Class VI beverage stores; purchasing and contracting; and law enforcement.

Civilian personnel operations, transportation, and food service consolidations should be directed immediately, with allowance for a six-month period for implementation planning by the component commands. Centralized ordering in Class VI beverage stores, as well as in purchasing and contracting, can be accomplished immediately; some actions in that direction have already been initiated. Large savings opportunities exist in morale, welfare, and recreation, but they are vigorously opposed by the Military Departments. Immediate opportunities exist for converting positions from Appropriated Fund to Non-Appropriated Fund support, with the latter support obtained from savings generated by centralization of Class VI procurements. Consolidation of the maintenance of administrative use vehicles could lead to significant

additional savings, but should be done only after the causes of currently low productivity are identified and corrected. Consolidation of law enforcement activities should be undertaken, but the implementation details must be worked out locally.

Adoption of our recommendations will eliminate at least 158 of 2400 personnel positions in Panama now devoted to the BOS functions we studied. Resultant savings should top \$4.7 million. An additional \$2.6 million annual savings could result from centralized procurement. The costs of implementing the recommendations will be a small fraction of the \$7.3 million per year total savings.



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1. INTRODUCTION

BACKGROUND

Base Operations Support (BOS) functions are defined as "...all overhead functions which do not directly contribute to the mission accomplishment of combat units and tenants on Department of Defense (DoD) installations, activities and facilities."¹ Family housing, real property maintenance activities (RPMA), civilian personnel, transportation, vehicle maintenance, food services, supply, procurement and contracting, law enforcement, recreational facilities, and community services are examples of BOS functions. Funded from nearly all appropriations categories, but largely from Operations and Maintenance, Military Personnel, and Family Housing accounts, as well as from Non-Appropriated Funds (NAF), BOS services were estimated by the General Accounting Office (GAO) to involve expenditures of some \$18 billion in FY 1983.²

Recognizing the possibility of obtaining significant cost savings by interservice sharing of BOS resources where installations are geographically close to each other, DoD established the Defense Retail Interservice Support (DRIS) program in 1972.³ Under that program, many studies of cost savings opportunities have been completed, and in many cases significant potential economies identified. However, few of the studies' recommendations have been implemented. This failure to implement led to hearings and a report by the

¹Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), "Base Structure Annex to Manpower Requirements Report for FY 1982," page 5, January 1981.

²U.S. General Accounting Office, "Consolidating Military Base Support Services Could Save Billions," LCD-80-92, September 1980.

³DoD Directive 4000.19, "Interservice, Interdepartmental, and Interagency Support," October 14, 1980.

House of Representatives Committee on Government Operations⁴ recommending more vigorous DoD action in bringing about desirable consolidations. Second-year goals of one to five percent of BOS costs were suggested by the Committee as reasonable targets.⁵

Three previous studies of consolidation opportunities in the Panama area have been made: family housing,⁶ real property maintenance activities,⁷ and civilian personnel.⁸ Neither of the first two studies has been implemented, but the third was scheduled for implementation in 1982. The family housing study concluded that annual savings of approximately \$125,000 and eight positions could be realized but would require a one-time cost of \$60,000. The RPMA study led to the conclusion that \$1.3 million might be saved annually, along with 94 positions. The civilian personnel study concluded that consolidation of the Air Force and Navy should be made immediately, with a re-study in 1984 after the large volume of personnel actions precipitated by the Panama Canal Treaty had been handled. That study estimated a future annual savings of \$225,000 and nine positions from total consolidation.

On 19 July 1982, the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) (OASD(MRA&L)) directed the consolidation of RPMA and family housing management in Panama and indicated that consolidation of other BOS activities in Panama would continue to be studied.

⁴U.S. House of Representatives, Committee on Government Operations, "DoD Wastes Hundreds of Millions of Dollars by Duplicating Base Support Services," House Report No. 97-729, August 12, 1982.

⁵Ibid., page 12.

⁶193d Infantry Brigade, Canal Zone, Directorate of Industrial Operations, "Family Housing Management Consolidation Study," September 1977.

⁷U.S. Army Engineer Studies Center, "U.S. Army, Air Force, and Navy RPMA Consolidation in Panama -- A Cost-Benefit Analysis," July 1979.

⁸DoD Management Study Group, "Consolidating Civilian Personnel Functions in Panama (A Feasibility Study)," August 1981.

The Logistics Management Institute (LMI) was tasked to provide technical advice to the U.S. Southern Command (USSOUTHCOM) in the consolidation of family housing and RPMA, and to analyze other BOS consolidation opportunities in the Isthmus. This report summarizes the findings of the LMI Study Team in its analysis of eight selected other BOS functions.

THE PANAMA SITUATION

The USSOUTHCOM Quarterly Strength Report identifies 9101 authorized military positions and 7949 assigned civilians in Panama.⁹ SOUTHCOM is a unified command, reporting to the Joint Chiefs of Staff. The component commands in Panama include the 193d Infantry Brigade (Panama), with missions assigned by its parent organization, Forces Command (FORSCOM); the Air Force's 24th Composite Wing of the Southern Air Division with the Tactical Air Command as its parent command; and the U.S. Naval Station Panama, reporting to Commander, Naval Air Forces, Atlantic Fleet (COMNAVAIRLANT). Forty-two additional tenant and supported activities also are serviced by the three commands. Thus, each component command has two reporting channels -- the Service administrative command and chain, and the SOUTHCOM operational control chain.

Base operations support is performed by both military and civilian personnel in Panama. Some functions, such as the dependent schools, structural fire protection, and refuse collection, are already consolidated under a single manager. In addition to these consolidations, there are some inter-service agreements (ISA) in force under the DRIS program, whereby one Service provides support to another, as well as other agreements with the Panama Canal Commission (PCC). Most BOS functions, however, are performed separately by each of the Services.

⁹USSOUTHCOM Quarterly Strength Report for the period ending 30 June 1982.

Assigned civilian strengths in Panama include 6008 Appropriated Fund (ApF) civilians, 1030 NAF civilians, and 911 employees of the Exchange System.¹⁰ Nearly all the civilian population can be regarded as performing BOS functions.

In addition to the Service populations, BOS services are also provided to the 12,947 dependents of Service and civilian personnel and to the 1500 students in military schools. Some BOS support will be provided to the 9,358 employees of the PCC and their 22,239 dependents until October 1984, by the terms of the 1977 Panama Canal Treaty.

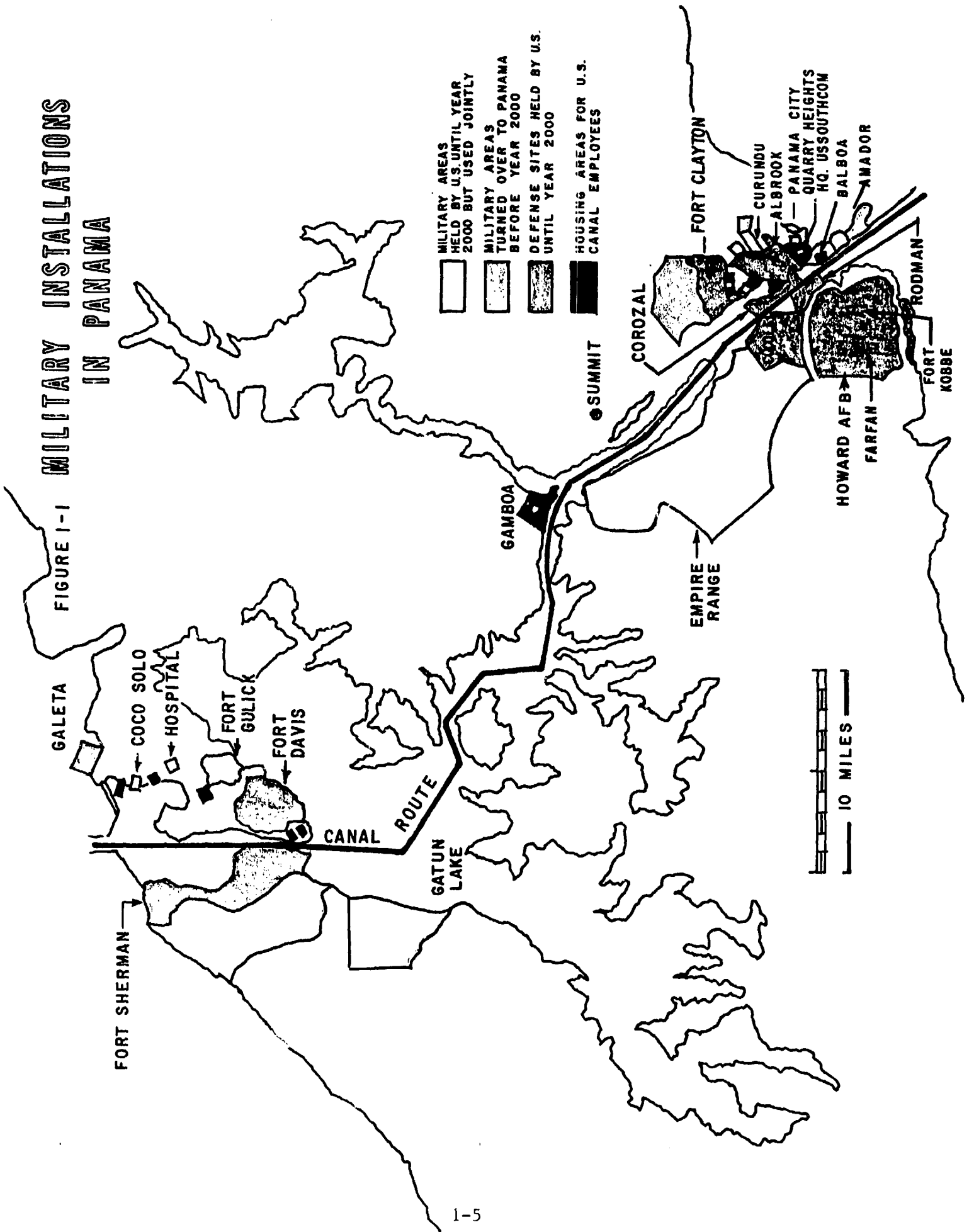
Military installations in the Panama area are shown in Figure 1-1. They are clustered into a five-by-ten mile rectangular-shaped Pacific group, and into a somewhat smaller Atlantic group. The Atlantic community is separated from the Pacific headquarters and its units by approximately 50 road miles -- one-and-a-half hours by a two-lane mountain highway. Because of this separation, consolidation of services in Panama tends to focus on opportunities in the Pacific community. Within that community, there is a heavy concentration of Army facilities on the east bank of the Canal. Air Force and Navy facilities dominate the west bank of the Canal. These two Pacific groupings are connected by a two-lane highway crossing the Bridge of the Americas and a swing bridge near Fort Clayton that is available only with special arrangements. Travel from the Army's Fort Clayton, at one extremity, to the Air Force's Howard AFB, at the other extremity, is typically a 30-minute trip.

THE PANAMA CANAL TREATY

The Panama Canal Treaty of 1977 has had, and will continue to have, a major effect on BOS activities in the Isthmus. The treaty recognizes the

¹⁰USSOUTHCOM Quarterly Strength Report for the period ending 30 June 1982.

FIGURE I-1 MILITARY INSTALLATIONS IN PANAMA



territorial sovereignty of the Republic of Panama and arranges for the time-phased transition of facilities and activities from the U.S. and its PCC to Panama, with full assumption of responsibility by the host country at treaty expiration on December 31, 1999. The treaty identifies U.S. military installations that are to be turned over to Panama at varying interim times. Implementing agreements provide for several categories of installations: (1) U.S. defense installations to be retained by the U.S. until the end of the treaty period, such as Howard AFB and Fort Clayton; (2) military areas of coordination to be jointly used by the Armed Forces of both countries, such as Quarry Heights (SOUTHCOM Headquarters location), Fort Amador, and Fort Gulick; and (3) housing areas and other facilities.

The treaty allows no significant increase in U.S. forces unless mutually agreed between Panama and the U.S. At the same time, the treaty recognizes the primacy of the United States in the protection and defense of the Canal, while reserving to both nations the right to take such actions as are permitted by their respective constitutional processes. The U.S. implementing legislation, PL96-70, restated the interest of the U.S. in assuring this primacy.¹¹

Many BOS functions previously performed by the former Canal Zone Government, such as dependents' schooling and the Gorgas Hospital, are prohibited to the new Commission. At the end of the first transition period, in October 1979, the U.S. Army accepted 2200 former Canal Zone employees, more than doubling its own previously serviced population. Army began providing dependent schooling and the operation of Gorgas Hospital, and Air Force assumed responsibility for postal services. October 1984 represents another

¹¹The Panama Canal Act of 1979, PL96-70, September 27, 1979, Section 1108.

transition date important to BCS, in that after that date Canal Commission employees will no longer have commissary and exchange privileges.

The Treaty requires the creation of a reimbursement system for employees that has led to 50 or more separate pay scales. The Treaty also requires a "best efforts" attempt by the DoD to achieve an employment ratio of Panamanians to U.S. nationals comparable to that required by existing Panamanian law, i.e., at least 90 percent Panamanian. It calls for a preferential rating of host country applicants, which takes the form of an 11-point scoring advantage. Fewer appointments of candidates from outside the Isthmus can be made: a maximum of 90 nonsensitive appointments in FY 1980, tapering down to a maximum of 50 by FY 1984.

Finally, the U.S. forces are required for the first time to bargain with labor unions, which are traditionally stronger in Panama than in the United States. The Treaty requires preferential purchasing of supplies and services from Panamanian vendors.

Thus, the analysis of BOS consolidation opportunities in Panama is one of assessing cost reduction possibilities, but adhering to the framework of the Treaty. There is a widespread feeling that there will be a gradual reduction in U.S. presence in the Isthmus in the next decade, perhaps disappearing completely by the year 2000, and this realization conditions the planning assumptions.

2. ANALYSIS OF BASE OPERATIONS SUPPORT

FUNCTIONS STUDIED

The DRIS program identifies 51 separate administrative and logistical support services and 50 maintenance and supply services¹ which are candidates for consideration in BOS consolidation analyses. Of these 101 functions, the LMI team selected eight for analysis in Panama:

- Civilian Personnel
- Transportation
- Vehicle Maintenance
- Food Services
- Morale, Welfare, and Recreation
- Class VI - Beverage Stores
- Purchasing and Contracting
- Law Enforcement

Medical, legal, and religious functions were briefly considered as candidates for study but later removed from the list. The U.S. Army Health Services Command has initiated a study of possible further consolidation of medical services, and there was no reason to duplicate that effort. Legal services and chaplain activities appeared to offer little cost savings from consolidation, and were not examined after the initial team visit to Panama.

EXISTING CONSOLIDATIONS

Consolidation of the management of some BOS functions already has been accomplished in Panama, as summarized in Table 2-1. A summary of the status of consolidation of all 101 BOS functions is presented in Appendix A, along with the LMI team's assessment of the needs for further study of consolidation possibilities for each function.

¹DoD 4000.19R, "Defense Retail Interservice Support (DRIS) Regulation (DRAFT)," undated.

**TABLE 2-1. BOS FUNCTIONS ALREADY CONSOLIDATED
OR HAVING A SINGLE MANAGER**

<u>MANAGER</u>	<u>FUNCTION</u>
Army	Custodial Services Laundry Mortuary Services Stevedoring Educational Services Property Disposal Refuse Collection Communications Retail Commissaries Wholesale Subsistence Expendable and General Supplies Printing and Reproduction Ship and Vessel Repairs
Navy	Sea Terminal Operations School Bus Operations
Air Force	Postal Service Air Terminal Operations Search and Rescue Weather Services Airfield Operations
Defense Mapping Agency	Geodetic Support
Panama Canal Commission	Structural Fire Protection Utilities

Other functions are partially consolidated, e.g., the Air Force and Navy Civilian Personnel Offices (CPOs) were combined in August 1982. Each of the Services has DRIS interservice agreements with each of the other Services for various functions.

The component command listings of DRIS agreements among the Brigade, the Composite Wing, the Naval Station, the tenant activities, the PCC, and other agencies of the U.S. Government reflect many of the above consolidations, as well as other support. Service documents available to the LMI team indicated an aggregate value of DRIS agreements in force of approximately \$25 million,

with the largest dollar value being for fuel and subsistence.² In addition to those agreements, Panama Canal Commission (PCC) information showed approximately \$23 million in support to the Military Services for the first nine months of FY82, largely for electrical service and fire protection.³ PCC also acknowledges receipt of \$6 million from Department of Defense Dependent Schools (DoDDS) for school services.

Significant progress toward achieving economies from interservicing already has been made in Panama, a fact that is not widely known. Current work toward consolidating family housing and RPMA involves a major fraction of all BOS activity, and there could be mutually reinforcing benefits from those and the LMI-recommended actions.

Various ad hoc study groups from the Services in Panama have considered still other consolidation possibilities over the past several years, but they have recommended against consolidation and in favor of the status quo.

METHODS OF ANALYSIS

Standardized methods for the analysis of consolidation options are still in the developmental stage. In the interest of assuring improved quality of studies performed by the regional Joint Interservice Resource Study Groups (JIRSG), guidance on how to conduct such studies was issued by OASD(MRA&L) in June 1982.⁴ That guidance adopted the cost-benefit analysis of alternatives

²193d Infantry Brigade (Panama), Logistics Support Command, "Register of Support Agreements, Period ending 31 March 1982," with supplemental entries. 14 Composite Wing (LGX), "Register of Support Agreements," Period ending August 1982. U.S. Naval Station Panama, "Register of Support Agreements, Period ending 1 March 1982."

³material provided to the LMI team by PCC Budget Office, August 1982.

⁴Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), "Defense Retail Interservice Support (DRIS) Program Study Procedures and Formats -- ACTION MEMORANDUM," 3 June 1982, with Attachment, "Guidance for Conducting Consolidation Studies."

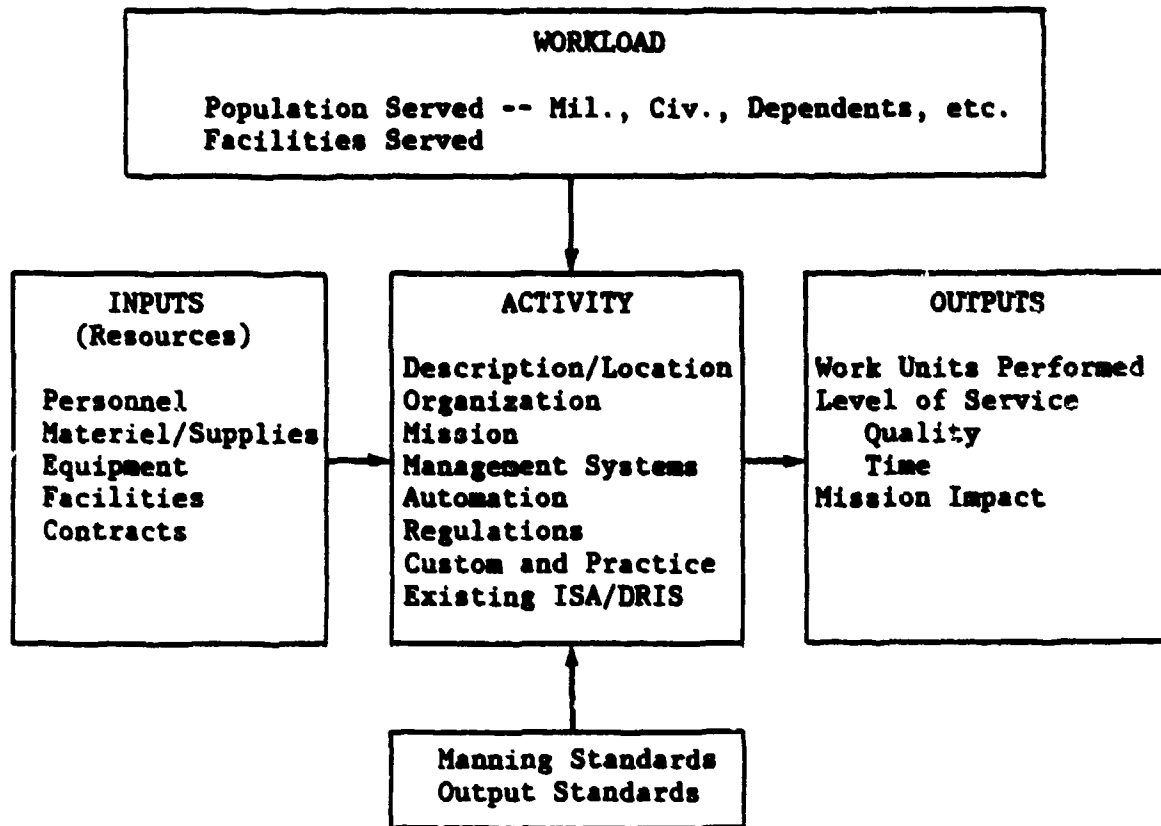
promulgated for economic analysis of defense programs in DoD Instruction 7041.3.⁵ The guidance also called for a "risk analysis" -- an evaluation to show what effects on mission performance could be expected from the consolidation alternatives.

The analysis phase of the LMI study was completed in a ten-week period. The team was requested to use as much of the June 1982 guidance as possible in the analysis, given the short time frame. Where manning or productivity standards were available, their use was urged.

Figure 2-1 provides a schematic diagram of the logic of the LMI analysis. A full description was prepared of each BOS function and of each activity within that function. Resource inputs were tabulated, and outputs were counted. Workloads on the functional activities were obtained. Manning standards and productivity measures were available for some, but not all, BOS functions. In some cases, such as law enforcement, there was difficulty in comparing standards to local conditions. Many "additives" (special allowances for performing activities not provided for in the standards) are judgmentally estimated by major commands in their manpower surveys, thereby reducing the ability of the formulas to identify some possible efficiencies through consolidation. Productivity measures were used in evaluating BOS consolidation options and were especially important in the food service and vehicle maintenance analyses.

⁵DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972.

FIGURE 2-1. ANALYSIS CONCEPT



Manpower savings through consolidation can be obtained from the use of manning standards in one of three ways:

- (1) in most formulas, there is a constant term -- "the cost to open an office." If there is but one office instead of three, that "door-opening cost" can be eliminated twice.
- (2) In some formulas, there are terms involving a nonlinear expression, reflecting economies of scale.
- (3) In some formulas, there are "step-functions," reflecting a range of workload that can be serviced by a given number of employees. Similar to this is the "round-off rule," which sometimes permits additional work to be performed by the same number of staff members.

Manning standards for both Army and Air Force were used in this study, since consolidation options nearly always favored one or the other of the two Services. Occasionally, the manpower required by one Service to perform a

given function was noticeably lower than that of the other Service, which either added to the weight of the argument in favor of preferring one Service over another as the proposed single manager or indicated differences in the way the job is done.

When numerical computations were completed, the team additionally considered the many special requirements and qualitative factors that might require modifications of the theoretical results. Among the factors included were the separation of Atlantic from Pacific side installations, the condition of existing buildings, ease of client access to consolidated installations, the requirement for face-to-face contacts in some operations, and the availability of computer support. Whenever a staffing formula suggested a reduction, that reduction was tested to see how much it might affect a tactical mission.

REALISM

The team believed it important to identify consolidation alternatives and position reductions that were realistic, not simply theoretically achievable. Application of manning standards and productivity ratios alone suggested economies of between 10 and 20 percent for most functions and, in some cases, more. The team presented its suggested reductions once formally, and several times informally, to the BOS manager in Panama to identify errors and implementation problems and ways to avoid them. This process almost always raised doubts about some of the reductions computed by formula. The revised recommendations would result in eliminating 6.5 percent of the workforce under study. The study team believes this to be realistic and achievable. A formal information briefing to USSOUTHCOM was given on 5 November 1982.

The local component commands disagree on some of our recommendations.

The objections fall into five categories:

- (1) Mission requirements. Savings that appear to be possible for BOS economies occasionally conflict with the commander's interpretation

of resources necessary to carry out a mission. Food service personnel who are excess to BOS operations, for example, may be Table of Organization and Equipment (TOSE) requirements should a particular unit be assigned a remote mission. Requirements associated with an Air Force Base exceed those for a Station. The LMI team has generally eliminated suggested reductions whenever a component command has given "mission" as an objection to reductions. The primary exception to this concession has been in food service, where the team believes that sufficient Tables of Distribution and Allowances (TDA) positions exist to cover proposed reductions without adverse effect on mission requirements.

- (2) **Command integrity.** Commanders, in accomplishing their missions, insist on the ability to command the resources to carry out those missions. Some BOS consolidations are regarded as sacrificing that integrity, especially in morale, welfare, and recreation activities.
- (3) **Regulations.** While conceding some consolidations to be desirable and otherwise achievable, some commanders cite regulations as being an obstacle. The LMI team has typically taken the position that, if a change is otherwise desirable, regulations can be changed or waived.
- (4) **Local realities.** A host of different facts and attitudes can attenuate the ability to achieve economies. For example, consolidation of drivers can be achieved, but more radio sets would be required. Staff reductions in food service would affect the San Blas Indians, who enjoy a special arrangement that would require time to resolve. The LMI team has attempted to incorporate these factors into its recommendations.
- (5) **Service uniqueness.** Each Service wants to carry out BOS functions in its own traditions and doubts the ability of a sister Service to provide the same level of service, especially under conditions of competing priorities. The LMI team suggests that a DRIS agreement should be written stating what the requisite levels of service must be, the manner of measuring compliance, and the means for resolving disagreements, in much the same way that a contract for services would be drawn.

3. SUMMARY OF RESULTS BY FUNCTION

This chapter presents a summary of an analysis of each of the BOS functions studied by LMI, and our conclusions and recommendations. The reader wanting further details should refer to the Appendix supporting each individual functional analysis.

CIVILIAN PERSONNEL

A 1977 study recommended full consolidation of all three Service CPOs, but implementation was deferred until the effects of the Treaty could be assessed. As noted before, under the Treaty transition period, Army doubled its workload in 1979 when it absorbed various BOS activities previously handled by the Canal Zone Government. The 1981 DoD study of consolidation recommended the Air Force-Navy consolidation, with Air Force as the lead Service. Air Force and Navy CPOs began consolidating in August 1982, and that transition is now underway. The DoD study team suggested waiting until 1984 to consider additional consolidation to allow the workload perturbations to settle down.

The Central Examining Office (CEO) of the PCC examines and refers applicants to DoD, as well as to the Commission. DoD reimburses the CEO for its share of that effort, approximately 50 percent of the total costs.

Functions of the CPOs differ between Army and Air Force, primarily with respect to Equal Employment Opportunity (EEO) activities, which report separately to the Brigade Commander in Army but are part of the CPO in Air Force. Each Service allows additional NAF personnel when NAF funds pay for them.

Army staffing levels are those authorized by the Functional Army Manpower Evaluation (FAME) standards, with additives allowed by FORSCOM in July 1982.

Air Force and Navy are staffed by Air Force Manning Standards 1680 through 1689. The total presently authorized strength for all civilian personnel functions is 116 persons, as shown in Table 3-1. Under full consolidation, using Army FAME standards and assuming that FORSCOM-approved additives for Army would still apply under consolidation, the strength of the CPO function could be expected to drop to 111 positions after the transition period is complete. Air Force Manning Standards would permit a higher manning level.

Army is preferred as the single manager for CPO for four reasons: (1) it currently serves the majority of civilian personnel in Panama (five-sixths); (2) it has absorbed a doubled workload, while Air Force's ability to absorb a five-fold increase in work has not been demonstrated; (3) its larger CPO staff allows more specialization; and (4) under consolidation, the total CPO strength would be less than under Air Force standards.

Army should use the Air Force automated Personnel Data System for civilian (PDS-C) personnel. Navy has begun using the system, and Army software is being tested in the Continental United States (CONUS). Six-to-nine person-years of work might be required to place all Army personnel records on the new system (5000 persons at two to three hours each), thereby offsetting the economies for at least a year. However, use of the PDS-C system after preliminary adjustment should further reduce the manpower required now to handle DoDDS and other records manually; that reduction might amount to an additional 12 positions.

The CEO provides recruiting and placement (R&P) services to the PCC, but the Services deny receiving such benefits, and regard CEO as the equivalent of the testing and referrals of a CONUS Office of Personnel Management (O&M) Regional Office. Should R&P support to the Military Departments be possible, a further reduction of positions might be effected in the CPO recruiting and

TABLE 3-1. CIVILIAN PERSONNEL ACTIVITIES

CPO ACTIVITY	ARMY AUTH (ARMY FAME STD)	AIR FORCE NAVY AUTH (AFMS STD)	CONSOLIDATED (ARMY FAME STD)	SAVED
Office of Chief	3	2	4	1
Technical Services/Data Mgmt	22	3	26	-1
Recruitment & Placement/Staffing	31	7	33	5
Management-Employee Relations & Labor Relations	9	3	11	1
Position & Pay Management/ Classification	15	3	18	0
Training & Development	<u>4</u>	Incl in Clsf	5	-1
Total, Army CPO	84			
Non-Appropriated Fund Staff	4	5	9	0
EEO (CPO in USAF, Separate in Army)	<u>4</u>	<u>1</u>	<u>5</u>	<u>0</u>
Totals, Personnel Functions	<u>92</u>	<u>24</u>		
Total Auth, 2 CPO's	<u>116</u>		<u>111</u>	<u>5</u>

placement function. The Services uniformly complain about the unreliability of referrals now made by the CEO, for which the contract price to the Services reaches between \$200,000 and \$300,000 annually.

LMI therefore recommends consolidation of all CPO operations under Army. Sufficient time, probably six months, should be allowed to develop the implementation plan, including preparation for use of the Air Force PDS-C computer software. The initial savings of five positions should be achieved after the hardware and software are operational, and additional savings should be realized within the following year. The recommendation is acceptable to Army, but disputed by the Air Force in Panama.

Further details are provided in Appendix B.

TRANSPORTATION

Seven separate activities in the BOS transportation function were analyzed. Each Service has a different organizational structure to deliver the various activities, as illustrated in Table 3-2.

TABLE 3-2. TRANSPORTATION ORGANIZATIONS

<u>ACTIVITY</u>	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>
Packing and Crating	S	S	T
Personal Property Shipment	T	(Consolidated Under Army)	
Freight Processing	S&T	S	T
Passenger Travel	T	PS	T
Vehicle Operators	T	PW	T
Vehicle Dispatch/Fleet Mgt.	T	PW	T
Driver Licensing	T	PW	T
Authorized Positions (Pacific)	106	82	68

KEY: Army - S - Supply & Services
 T - Transportation Division
 Navy - S - Supply and Fiscal
 PS - Personnel Support
 FW - Public Works
 Air Force - T - Transportation Squadron

All personal property shipments are consolidated under Army's Joint Personal Property Shipping Office (JPPSO) as of October 1982. Surface freight shipments are handled by the Military Traffic Management Command (MTMC). Navy provides school bus services for everyone, and Army handles all refrigerated food transport.

The LMI team decided that consolidation options in transportation should be limited to the Pacific side of the Isthmus.

Consolidation of packing and crating, using Air Force manning standards, would lead to a saving of one position, but would require facility relocation. Increased handling and road distances would increase the risk of damage. Accordingly, the LMI team found no reason to recommend consolidation of these activities.

Although JPPSO represents a consolidation of personal property shipment activities, customs is still handled by each Service separately. LMI recommends consolidating that function as well, to save one personnel position and to improve scheduling of customs inspections.

Freight processing is closely linked with each Service's supply and accounting systems. Furthermore, application of the manning standards produced no consolidation alternatives that could be expected to lead to savings. LMI recommends no consolidation of this activity.

Consolidation of passenger travel might be accomplished in one of three configurations: (1) consolidation of Air Force and Navy, with a saving of one position; (2) tri-Service consolidation, with a single travel office at Howard AFB, saving five of the present 10 positions, but requiring travel of passengers from Fort Clayton to Howard AFB; or (3) tri-Service consolidation with a main office at Howard AFB and a branch office at Fort Clayton, saving two positions. In all cases, Air Force is the preferred manager. Alternative

(2) provides the greatest economies and may be the best long-term solution. LMI suggests that an initial decision be made to use alternative (3) until it can be determined whether the additional travel requirements from Fort Clayton to Howard AFB would be offset by complete consolidation using alternative (2).

In vehicle operations, all three Services are presently understaffed compared to allowances. Army and Air Force manning standards for combined dispatch and operations show significant economies of scale, and a tri-Service consolidation could lead to large reductions. However, additional radios would be required to make such an operation possible. Associated with this consolidation would be a rescheduling and rerouting of bus operations to eliminate 14 drivers and their vehicles, leading to an altered vehicle replacement schedule, with additional savings. Finally, when surge requirements so dictate, vehicle rentals would still be required. LMI recommends consolidation of taxi and scheduled bus services under Army immediately. Dispatch desks and driver pools also should be consolidated under Army management. Because of the many minor local implementation problems, a local study and implementation plan should precede consolidation to answer questions concerning the location of people and vehicles and to respond to local problems, especially flight line responsiveness for the Air Force.

The LMI analysis of consolidation of driver licensing suggested only modest savings of a part of one person, and therefore no such consolidation is recommended.

The Services in Panama have expressed concerns that some of these consolidations might lead to reduced levels of service, especially in meeting the requirement to provide transportation for Air Force flight line crews from downtown hotels to Howard AFB. They had no major concerns about the proposed consolidation of passenger travel and customs, except to note that there would

be a requirement for additional customs inspector travel and to doubt that the full savings computed by LMI would be realized.

Further details are provided in Appendix C.

VEHICLE MAINTENANCE

Administrative use vehicle (AUV) maintenance, general purpose vehicle repair, and special purpose (construction) equipment repair are handled in somewhat different manners and by different suborganizations in each of the Services. In all three Services, driver maintenance (first echelon) is performed by the vehicle operator. But Army's maintenance philosophy requires several separate organizations to provide the remaining direct and general support. Navy and Air Force, on the other hand, provide the equivalent of Army's second, third, and fourth echelon maintenance in a single organization. Some depot maintenance (fifth echelon) is performed locally and some in CONUS.

The LMI team analysis was directed only at AUVs, construction equipment, and general purpose vehicles; tactical vehicles were excluded. This separation, however, requires judgment in allocation of overhead positions, as well as in some direct "wrench-turning" labor activities. The team is satisfied that, if errors in those separations have occurred, benefits of the doubt have gone to the tactical side, so that the estimated consolidation savings are on the modest side.

Table 3-3 shows the vehicular workloads in the Isthmus. Since each different type of vehicle represents a different level of maintenance support, the Air Force concept of "vehicle-equivalent" is also introduced.¹

¹Department of the Air Force, AFM 77-310, Volume II, "Vehicle Management: Vehicle Maintenance Management," 29 September 1980.

TABLE 3-3. VEHICLE MAINTENANCE WORKLOAD

Number of Vehicles Assigned:	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
ARMY	797	325	1122
NAVY	186	0	186
AIR FORCE	421	0	421
TOTAL	<u>1404</u>	<u>325</u>	<u>1729</u>
Number of Vehicle Equivalents Assigned:	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
ARMY	1209	542	1751
NAVY	291	0	291
AIR FORCE	852	0	852
TOTAL	<u>2352</u>	<u>542</u>	<u>2894</u>

Manpower assigned to (non-tactical) vehicle maintenance is shown in Table 3-4 for each of the Services.

TABLE 3-4. CURRENT VEHICLE MAINTENANCE STAFFING

<u>ORGANIZATION</u>	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
ARMY-193d Infantry Brigade Transportation Division/ Organizational Maint. Section	29	14	43
Dir. of Facilities Eng/Organizational Maint. Section	34	13	47
Maintenance Division (Gen'l. Purpose and Construction Vehicle Maint.)	<u>27</u>	<u>0</u>	<u>27</u>
ARMY TOTAL	<u>90</u>	<u>27</u>	<u>117</u>
NAVY-Public Works Dept./Transport. Maint.	<u>12</u>	<u>0</u>	<u>12</u>
AIR FORCE-24th Transportation Sq/ Vehicle Maintenance	<u>41</u>	<u>0</u>	<u>41</u>
TOTAL	143	27	170

The current level of consolidation of vehicle maintenance is low. The Air Force Contractor-Operated Parts Store (COPARS) is used by the other two Services but with diminished volume compared to previous years, reflecting their dissatisfaction with the level of service. The Army Maintenance Division does a limited amount of reimbursable work for Air Force. Army handles tire recapping contracts for itself and the Air Force.

The LMI team considered three alternatives for consolidation, none of which was judged to be a fully satisfactory present solution.

The first alternative, and the simplest, is consolidation of Air Force and Navy maintenance facilities on the west bank of the Canal. This consolidation at Howard AFB could be expected to reduce personnel requirements by five positions. Currently authorized personnel, however, are five fewer than current requirements, so the staff reduction would be only on paper. Furthermore, some construction would be required to allow an expansion of the Howard facility.

The second alternative is consolidation of all three Service maintenance activities under the Air Force at Howard AFB, with a small subcomplex at Corozal to assure some local access by Army vehicles on the east bank. Use of Air Force manning standards for the two-facility solution would lead to savings of 18 positions. Two major considerations led the LMI team to reject this possibility: (a) a 20,000 square foot facility costing about \$2.6 million would need to be built at Howard, and (b) consolidation under Air Force would split the Army's Pacific management away from the Atlantic facilities and would lead to the creation of additional Army positions on the Atlantic side.

The third alternative is to designate the Army as single manager on the Pacific side. There are three drawbacks to this option: (a) by nearly any measure of productivity, as shown in Table 3-5, the Army cost to repair is significantly higher than that of either of the other two Services; (b) construction of an additional 8500 square feet of maintenance facility costing about \$1.1 million would be required, and (c) Air Force and Navy would both need to provide some second echelon maintenance capability or add that to the Army workload. However, if Army productivity could be brought in line with that of the Air Force, consolidation could result in a 31-position saving.

The reason for low Army productivity is not clear. Army personnel in Panama believe that it is largely a function of the echelonment philosophy; the LMI team believes that there are also some local causes.

TABLE 3-5. VEHICLE MAINTENANCE PRODUCTIVITY

	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>
Present Staffing (Pacific)	90	12	41
Vehicle Equivalents Maintained	1209	291	852
Gross Manhours/Veh. Equiv./year	154.8	85.8	100.1
Contract Maint./Veh.Equiv./year	\$112	\$98	\$57
Avg. Age of General Purp.Veh.(Yrs)	6.64	6.93	7.50
Avg. Mileage on General Purp.Veh.	51,914	N/A	37,420
General Purpose Veh. Deadline Rate	17.5%	<5%	<10%

The concept of consolidating vehicle maintenance is very attractive, but the LMI team recommends isolating and correcting the causes of low Army productivity before making the consolidation decision. To some extent, the current JMA consolidation may involve changes that will achieve some, if not all, of the consolidation opportunities in vehicle maintenance. Relocation funds can probably be used to cover the construction costs under consolidation.

Further details are given in Appendix D.

FOOD SERVICES

This analysis included both food service operations and troop issue subsistence. The food services studied included 22 military kitchens and dining halls, but not the 25 Service clubs, Exchange System cafeterias, and snack bars. The inventory of military kitchens and dining halls, their staffs, meals served, and productivity measures are shown in Table 3-6.

Nearly all of the civilian personnel involved in food services are Cuna Indians from the San Blas Islands, operating under informal agreements with the U.S. authorities.

TABLE 3-6. MILITARY KITCHENS AND DINING HALLS

<u>CATEGORY OF INFORMATION</u>	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>	<u>TOTAL</u>
Military Kitchens/Dining Halls				
Pacific Side	8	2	3	13
Atlantic Side	8	1	0	9
Totals	<u>16</u>	<u>3</u>	<u>3</u>	<u>22</u>
Food Service Personnel				
Food Production				
Military Personnel	204	16	27	247
Civilian (Cuna Indians)	207	36	52	295
Totals	<u>411</u>	<u>52</u>	<u>79</u>	<u>542</u>
Admin and Warehousing				
Military	19	0	4	23
Civilian	24	0	1	5
Totals	<u>43</u>	<u>0</u>	<u>5</u>	<u>28</u>
Totals	454	52	84	590
Productivity				
Meals Served per Day	5241	298	1410	6949
Meals Producer per Labor Hour	3.1	1.4	8.0	4.2

Each Service manages and operates its own food service units. The Troop Issue Subsistence Activity (TISA) is consolidated under Army, which delivers subsistence to all three Services. The Army-Air Force Exchange System (AAFES) bakery provides some baked goods to all Services on a reimbursable basis.

Each Service has special food service requirements. The Army provides a kitchen/dining hall (but no personnel) for transient units at the Tropic Training Center and facilities and personnel for two Inter-American Training Units (USARSA) at Fort Gulick. Navy provides resupply for transient vessels and for Small Craft Instruction and Technical Training School (SCIATT), an Inter-American Naval Training facility at Rodman Naval Station. The Air Force provides 24-hour in-flight kitchen service for the Military Airlift Command (MAC) and other transient aircraft, and also services IAFA at Albrook AFB.

The Basic Daily Allowance (BDA) of funds for purchase of rations is nearly the same for all three Services -- \$3.87 for Army, \$3.89 for Navy, and \$3.84 for Air Force. Each kitchen develops its own menu from a Service master menu. Generally, there is a need to upgrade food production equipment, and to add modern items, such as convection and microwave ovens, as well as fast food facilities.

Productivity of food services is low, except for the Air Force. Comparable levels of productivity in government and private sector operations are between six and ten meals per labor hour for circumstances comparable to those in Panama. Some kitchens have extremely low use rates, and Navy has an extremely limited menu choice. Consolidation of food service operations is now limited to the TISA activity. DRIS studies in 1980 and 1981 recommended against other consolidations. No studies have been made concerning sharing of military food service activities with either the Exchange or the club systems.

The LMI team identified a number of specific consolidation actions, which are summarized in Table 3-7.

TABLE 3-7. FOOD SERVICE CONSOLIDATIONS

<u>ACTION</u>	<u>MILITARY SAVINGS</u>	<u>CIVILIAN SAVINGS</u>	<u>TOTAL SAVINGS</u>	<u>SERVICE REACTIONS</u>
Close Low-Volume Units				
601 Med - Fort Clayton	10 TO&E	14	24	Agree, but must retain TO&E positions
1097 T. C. - Fort Davis	9 TO&E	10	19	
Set up Satellite Dining Halls				Reject satellite concept
Hq Repl Det - Fort Clayton	3 TO&E	4	7	
USARSA #2 - Fort Gulick	4 TDA	7	11	
Rodman Naval Sta/Howard AFB	3 TO&E	8	11	
Staff Reductions				
JOTC - Fort Sherman	4 TDA	8	12	Agree
Use Howard AFB to Produce Meals for Fort Kobbe	<u>0</u>	<u>9</u>	<u>9</u>	Non-concur
Totals	25 TO&E 8 TDA	60	93	

The Army, independent of our study, decided to close the two low-volume units and has reassigned the TO&E personnel elsewhere; they doubt that the civilian savings of 24 positions will be realized, although there will be some personnel reduction. The satellite concept is regarded as objectionable by the 193d Infantry Brigade, although they admit that the theory is attractive. Closing of USARSA #2 at Fort Gulick depends on whether future training groups increase in size. If there is an increase, no closing would be made; if there is a continuation of current student levels or lower, agreement on its closing will need to be sought from the Republic of Panama. Despite these Service objections, the LMI team believes that its recommendations for consolidation should be pursued. It is the team's understanding that there are sufficient TDA positions in food services to permit the 25 TO&E positions to substitute for what are now TDA positions, which would then be eliminated.

Food service is a function in which command integrity and the ability to move units is especially important to the component commanders. The LMI team believes that savings at least as large in numbers as those identified here are possible and desirable. It is therefore recommended that a tri-Service committee be established in Panama to identify how to bring about consolidation, while still supporting the mission and command requirements.

Although subsistence orders are combined at TISA, other items of food service supply are obtained through individual Service channels. Opportunities for cost savings through pooled orders for those supplies could lead to price reductions for larger quantity orders.

Each of the Services maintains a technical food service engineering capability in CONUS. The Services in Panama should invite those teams to provide technical advice on upgrading that equipment.

Army directives prohibit more than three-day's supply of food in a kitchen. The LMI team believes that this limits the flexibility of kitchens in menu design and meal production and requires frequent resupply. The Brigade does not agree.

Existing regulations prevent consolidation of military food service activities with AAFES, but the potential savings from such sharing are enough to warrant an examination of whether some pooling of orders or facility consolidation can be tested in Panama.

Further details are provided in Appendix E.

MORALE, WELFARE, AND RECREATION

The LMI team identified 100 activities in Panama that could be regarded as providing morale, welfare, and recreation (MWR) and community services. Staffed with 498 full-time and part-time positions, MWR expenditures of ApF and NAF approximate \$9 million annually. Large economies are possible through consolidation of MWR activities. However, the command responsibility to provide for the morale and well being of its personnel is interpreted by the component commanders as preventing any reduction in current offerings. Local commanders point to an assurance by former President Carter that these activities would not deteriorate under the Treaty as a reinforcement for their position. They also believe that MWR activities serve as a deterrent to widespread drug abuse.

The data on MWR activities in Panama are presented in Table 3-8.

Some MWR activities are already consolidated and, in theory, access of all facilities is open to members of all Services. However, usage priority systems are in effect and sometimes result in denial of access during peak use periods. Air Force operates an auto crafts shop at Albrook AFB for the use of Army and Air Force personnel. Air Force supplies religious and community

services to Army personnel at Fort Kobbe, for which Army provides six positions. The Brigade provides 13 persons to DoDDS for recreational and physical education programs.

TABLE 3-8. MWR ACTIVITIES

<u>CATEGORY OF INFORMATION</u>	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>	<u>TOTAL</u>
Type of Funds				
Appropriated	\$3,500,000	\$250,000	\$ 600,000	\$4,350,000
Non-appropriated	1,900,000	300,000	2,500,000	4,700,000
Ratio, ApF/NAF	65%/35%	44%/56%	20%/80%	48%/52%
Per Capita Funding				
Appropriated	\$ 123	\$ 143	\$ 108	\$ 120
Non-appropriated	66	181	433	130
Staff Positions				
Military	23	2	17	42
ApF Civilian	144	2	9	155
NAF Civilian	171	26	108	305
TOTALS	338	30	134	502
Club System	283	76	164	523

We identified the following opportunities for consolidation of MWR activities:

- (1) Close the Fort Amador golf course, or operate it under contract in the same way that Air Force operates Moroko Golf Course, with a potential saving of two military and 11 civilian positions.
- (2) Close the Albrook AFB bowling facility, or transfer it to IAFA. Place the remaining bowling alleys under contract operations, for a total saving of 10 ApF and 32 NAF positions.
- (3) Close the Farfan Station and Albrook AFB swimming pools, or place them under contract operations, for a saving of nine ApF and 10 NAF positions.
- (4) Consolidate overhead management, administration, and financial operations under a single manager. Instead of the present 87 persons in those activities, Air Force manning standards would allow 48, for a savings of 39 positions.
- (5) Initiate common pooling of orders for items of recreational supply to achieve price reductions through quantity purchasing.

Army and Air Force both strenuously objected to these proposed consolidations. Navy felt that it would have to rely on the other two Services for many of its MWR programs because of its own limited staff.

The LMI team believes that the opportunities for savings are sufficiently large that some consolidation should take place despite the Service objections. However, if no immediate consolidations are made, an effective alternative strategy would be to provide for the conversion of some positions now funded from ApF to NAF positions. The team suggests that a first-year target of 20 such conversions be established, with the expectation that still more avoidance of ApF requirements would be possible in the future. In the analysis of Class VI operations, the team has identified ways to reduce the requirements for ApF by means of economies in the operation of Class VI Beverage stores and their warehousing. The amount saved would be more than sufficient to support conversion from ApF to NAF support.

A tri-Service MWR Committee should be established to determine how to achieve the conversion, to identify opportunities for common procurement and to centralize the administration of MWR in Panama. The committee should examine ways to achieve the consolidation options identified by LMI, as well as other opportunities not specifically identified in this study.

Further details appear in Appendix F.

CLASS VI - BEVERAGE STORES

Each Service operates its own Class VI beverage stores. The operations include procurement, warehousing, and retail distribution of beer, wines, liquor, and a limited line of snacks. In the Army, operations are a branch of Club Operations; in the Navy and Air Force, they are supervised by the Morale, Welfare, and Recreation Office.

Sales volumes reach \$7,689,000 annually. The profits from these NAF activities return to the individual Services according to the regulations governing each. An annually determined percentage of Army profits are returned to Department of the Army Headquarters; the remainder is divided locally between the local MWR fund and the clubs. Fifty percent of Navy profits are sent to the Navy Recreation Service in Washington, and the remainder is divided among local recreational programs. In the Air Force, 4 percent of total sales is sent to the USAF Welfare Board, 2 percent of sales to the Tactical Air Command Welfare Board, and 8 percent to the Central Base Fund; remaining profits are distributed locally at the discretion of the Commander.

Army has 17 persons full time and averages 17 part-time employees in its Class VI operation. Navy has 3 full-time and 4 part-time employees. The Air Force has 9 full-time and an average of 11 part-time employees. The total annual payroll is \$638,900.

The aggregate volume of purchases from CONUS and the distributors in the Free Zone in Colon is 5000 cases of distilled spirits and 50,000 cases of beer monthly. Since each Service has its own ordering cycle, the substantial benefits that could be achieved by quantity purchasing and shipping by 20-foot Milvan containers are not often realized. Major cost reductions could be achieved by pooling orders of the three Services in a single ordering cycle and shipping by Milvan containers rather than by separate case lots. Examples based on recent sales in Panama show savings for a Milvan load of approximately 850 cases of mixed products range from \$6000 to \$20,000 per Milvan. Depending on the mix of products, this pooling of orders could result in annual savings of at least \$400,000 and probably closer to \$650,000.

Similarly, if warehousing, receipt, and delivery operations were to be consolidated at one location, approximately five positions could be eliminated. Along with reduced building occupancy and other benefits, an additional \$180,000 might be saved annually. The LMI team did not consider the possibility of consolidating retail outlets, but this could be the subject of local consideration.

Inasmuch as profits from this NAF activity support the MWR activities, the savings described above need not be applied to price reductions. Instead, the LMI team suggests that they be regarded as additional revenue for MWR activities. Some regulations may need to be changed to permit NAF funds to be used instead of ApF, but the possibility of avoiding appropriations when NAF revenues could provide MWR service is sufficiently appealing to warrant the attempt to do so.

The Services in Panama agree with these recommendations. They have started identifying how orders shall be pooled and have begun steps toward the other suggested actions.

Further details concerning Class VI operations are provided in Appendix G.

PURCHASING AND CONTRACTING

Each of the Services does its own purchasing and contracting (P&C). In addition to providing this function for local commands, the Navy also provides service to ships stopping at the docks at Rodman Naval Station, usually with no more than 48 hours advance notice of resupply requirements to be met during a one-day dockside stay.

The volume of transactions, the dollar values, and the assigned strengths of the P&C offices are indicated in Table 3-9. Only the Air Force has an automated system, and each of the Services is staffed below authorized

strength. Backlogs are increasing, and temporary assistance is being used to reduce the backlog problem. None of the offices is large enough to accommodate the additional people in a physical consolidation, so such a decision would be accompanied by the cost of space renovation. Although there could be future savings from such a consolidation, it is not recommended until automation of all three Services has been accomplished.

TABLE 3-9. PURCHASING AND CONTRACTING

<u>SERVICE</u>	<u>NUMBER OF CONTRACTS</u>	<u>PURCHASE ACTIONS</u>	<u>VALUE (\$ MILLIONS)</u>	<u>P&C BUDGET (\$ THOUSANDS)</u>	<u>STAFF</u>	<u>AUTOMATION</u>
Army	286	9155	\$44	\$623	31	None
Navy	800	4234	\$ 6	\$212	9	None
					+4 Temp	
Air Force	70	2000	\$17	\$377	18	Extensive

The primary opportunity for cost savings in the P&C function arises from having one Service ordering goods and services. This is now being done for many common items, e.g., furniture repairs, school bus service, and the purchase of crushed rock for roadways. Quantity discounts for other items and services can be expected if orders can be packaged together. Estimating dollar savings from pooling of orders is difficult, but for a total annual dollar procurement of nearly \$70 million, the LMI team believes that an anticipated saving of \$2 million is conservative. The Service reactions to this recommendation are favorable; the managers are now initiating a search for all the items that offer the opportunities for highest dollar savings.

A second, and perhaps larger, opportunity lies in advertising open-ended ordering agreements for provision of many services, in which a private contractor can bid competitively for work for all three Services. Examples, especially in the RPMA function, include roofing, road repair, painting, grounds maintenance, masonry, plumbing, electrical work, carpentry, air

conditioning, and appliance repairs. Current work in the SOUTHCOM planning for RPMA consolidation is evaluating the possibility of including the RPMA portion of the P&C function as a part of the fully consolidated RPMA-family housing organization. The LMI team has not evaluated the effects of such a decision on the remaining P&C actions.

Additional details are provided in Appendix H.

LAW ENFORCEMENT

Law enforcement functions in Panama are carried out by each of the Services individually, although with cooperation in some activities. The same personnel perform both military and BOS functions, and a separation of the workforce into the two distinct areas of work was attempted in this study.

Law enforcement personnel currently in Panama are shown in Table 3-10. For convenience of reporting the team's analysis of consolidation opportunities, the activities are grouped and identified by Roman numerals.

Current consolidation of law enforcement efforts in the Isthmus include vehicle registration, contraband control, and the operation of a detention facility. There is a Command Provost Marshal and a Deputy, but the staff is drawn from personnel in the component law enforcement activities.

Traffic, access, and gate control are conducted by each of the Services in a relatively comparable way, but not consolidated.

A study of possible consolidation of law enforcement activities into a SOUTHCOM-managed operation, was completed by the JIRSG in September 1980. The study considered the possibility of creating a nine-person Command Provost Marshal office. Air Force and Navy objected on the grounds that component commanders must retain command and control of their own Service personnel, and no further action was taken.

TABLE 3.10. LAW ENFORCEMENT ACTIVITIES

ACTIVITY	AUTHORIZED PERSONNEL					TOTAL
	ARMY	NAVY	MARINE CORPS	AIR FORCE		
I { MANAGEMENT/ADMINISTRATION	51	3	28	30		112
OPERATIONS CONTROL	39	-	23	19		81
II { ACCESS CONTROL	56	-	18	40		114
INSTALLATIONS PATROL (INCL WORKING DOGS)	85	[15]	-	[64]		[176]
TRAFFIC SUPERVISION	12					
III { VEHICLE REGISTRATION	3	-	-	-		3
CONTRABAND CONTROL	22*	-	-	-		22
LIAISON WITH PNG	19	-	-	2		21
DETENTION FACILITY	13	-	-	-		13
IV { INVESTIGATION	19	1	-	3		23
SECURITY - SPECIAL FACILITIES	21	-	60	54		135
TOTAL	340	19	129	212		700

Plus 534th & 549th MP companies and other personnel excluded for mission-related reasons.

Bracketed quantities in Group II indicate that both activities are performed by one organization.

*Includes 2 NAVY & 5 USAF Personnel.

The two activities in Category I of Table 3-10, management/administration and control of operations, showed theoretical savings from consolidation. The LMI study team used Air Force manning standards to estimate the probable position savings that might be effected by a three-Service consolidation of what the team identified as the BOS portion of the law enforcement activities. This would result in a possible saving of 18 management/administration positions and 11 positions from closing two operations desks. Review of these estimates by the Services, however, precipitated severe objections that their mission readiness was not satisfactorily accommodated, and any estimate of position reductions would require examination of emergency requirements. In aggregate, all that could be said was that there was the potential for 29 position savings, if the positions in Category I could be regarded as law enforcement activities unencumbered by military missions.

In his initial briefing to the LMI team, the Command Provost Marshal offered the opinion that consolidation of some activities would be feasible, including convoy and money escorts, vehicle registration, working dogs, crime information reporting, drug suppression, access control, patrol operations, and traffic control. He cited some effectiveness advantages from such consolidations.²

Application of manning standards to Category II activities -- access control, installations patrol, and traffic supervision including vehicle escorts -- showed no staff reductions from possible consolidation.

Category III activities are those that are already consolidated or nearly so. Category IV activities, the Military Police (MP) Companies, and other troops were regarded as being non-BOS and no attempt was made to identify possible consolidation gains in those activities.

²Fact sheet and briefing charts, July 1982.

LMI believes that there are coordination and effectiveness benefits to be gained from consolidation, as well as some reduction in number of positions, but we have been unable to develop a satisfactory "proof" of this conclusion. Clearly no single Service manager is acceptable to all Services, and it would appear that SOUTHCOM is the only existing candidate for managing a consolidated operation. The recommendation, therefore, is that an in-depth study of detailed consolidation opportunities be undertaken at SOUTHCOM. Representatives of all Services should participate to assure correct interpretation of mission essentiality. Several experts external to the Command should be included as team members -- persons expert in BOS-type law enforcement operations, as well as an analyst from the operations research or similar profession.

Additional details are provided in Appendix I.

SUPPLY SERVICES

In the analysis of the BOS functions, especially in vehicle maintenance, food services, P&C, MWR, and Class VI, the opportunities for dollar savings by pooling of requisitions surfaced repeatedly. At the conclusion of the analysis, the team felt that there were significant possibilities for large savings through some form of consolidation in supply services generally.

On a DoD-wide basis, half the line items and 64 percent of the transactions are managed by Defense Logistics Agency (DLA). Four percent of the DoD transactions are for General Services Administration (GSA) items. Preliminary data for FY 1982 from Panama showed that 77 percent of the requisitions originating from DoD components in the Isthmus were for DLA items, and 11 percent were for GSA items.

The Services send requisitions through their own channels; these are then serviced by the relevant supply points. Shipment of the goods is made to each Service requisitioner.

The team believes that an analysis should be made of the possibility of tri-Service pooling of requisitions of DLA and GSA-managed items, identifying both the costs and gains of doing so. In particular, the largest gains might be from packaging shipments from DLA and GSA warehouses being shipped to a common receiving point in Panama for distribution to the original requisitioner.

DATA PROCESSING

The team repeatedly found the lack of automation to be a deterrent to consolidation and an excuse for larger staffs. Furthermore, there has been no consideration of the possibility of networking existing automation hardware, of the opportunities of a single, larger computer operation, or of a network of micro- and mini-processors. The team believes that a professional study of data-processing systems should be made in the Isthmus.

4. TOTAL SAVINGS, BENEFITS, AND COSTS

SUMMARY OF SAVINGS AND COSTS

A summary of the estimated savings and costs associated with the recommendations of this report is provided in Table 4-1. Some 158 positions are shown as being unnecessary under various consolidations. The great concern shown by the Services over the MWR consolidations prompted the team to lower that reduction goal to 20, although the team is firmly convinced that a serious attempt to consolidate could save at least 30 positions in addition to those shown. Additional unlisted savings could be obtained from consideration of vehicle maintenance and law enforcement.

In addition to the personnel savings, the reduced costs of Class VI and P&C should show eventual annual dollar savings of at least \$2,600,000.

The LMI study team has presented the conclusions and recommendations to the Panama BOS managers and obtained written responses from the Brigade and verbal responses from Navy, Air Force, and SOUTHCOM. Comments were sometimes conflicting; sometimes they carried implicit, rather than explicit, messages. The team attempted to accommodate to what the Service reactions are believed to be, and should be considered in conjunction with any official Service comments prepared in response to this study report. The entries of Table 4-2 represent the LMI team's summary of the responses of the component commands to the proposed consolidations.

The commands note that any position savings should be associated with a long-term reduction, after the consolidation transition period has ended. The component commands also believe that the dollar savings may be reasonable long-run targets, but not immediately achievable.

TABLE 4-1. SUMMARY OF CONSOLIDATION CONSEQUENCES

BOS FUNCTION	SAVINGS			COSTS	COMMENTS
	CURRENT STAFF	STAFF	OTHER		
Civilian Personnel	116	17	-	Computer	USAF Rejects
Transportation	256	23	Fleet	Radios	Objections
Vehicle Maintenance	170	-	-	-	Efficiency?
Food Services	590	93	Purchases	Equipment	Objections
Morale, Welfare, Recr.	502	20+	NAF for APF	-	Objections
Class VI - Beverage	29 + P.T.	5	\$ 600,000	-	Acceptable
Purchasing and Contract	56	0	\$ 2,000,000	-	Acceptable
Law Enforcement	700+	-	-	New Staff	Local Study; Mission
TOTALS	2419+	158+	\$ 2,600,000		

TABLE 4-2. REACTIONS OF COMPONENT COMMANDS

<u>REDUCTIONS RECOMMENDED</u>	<u>POSITION REDUCTIONS</u>
Reductions Agreeable to Component Staffs	
Close 2 Kitchens	8
Reduce JOTC Kitchen Staff	4
Drivers and Dispatch (But Some Reservations)	10
Class VI Warehouse	5
Passenger Travel	1
Customs Inspection	1
TOTAL	<u>29</u>
Reduction Actions Acceptable, But Savings Were Overestimated	35
Non-Concurrences	
Positions are TO&E (Army Food Service)	25
Regulations Inhibit; Morale (MWR)	20
Consolidation of CPO Under Army (USAF Objects)	17
Satelliting of messes unacceptable to Brigade	21
May be Diplomatic Problem (USARSA #2)	11
TOTAL	<u>94</u>
TOTAL RECOMMENDED REDUCTIONS	<u>158</u>

The timing and mode of consolidation are extremely important. In the team's opinion, the decision to consolidate six of the eight functions should be made now. It is assumed that time will be allowed for Service and command comments on these recommendations.

Implementation planning should be done in Panama with full participation by the Services and in consultation with their parent commands. Planning for some of the consolidations is already informally underway, e.g., in Class VI and P&C. Formalizing of those two consolidations should be accomplished at an early date. Other consolidations, e.g., civilian personnel, transportation, and food services will take some time, possibly six to nine months in implementation planning. In MWR, the tri-Service Council should be established and charged with finding how best to consolidate, with a given initial target

reduction figure. A further detailed study should be made of the proposed law enforcement consolidation. The planners should establish a realistic implementation date. Failure to spend the time in implementation planning would result in spending many man-days in solving coordination problems after implementation.

Special attention should be given to coordinating these consolidation efforts with those now underway in RPMA and family housing, since there is a close interaction with those functions.

With implementation, there will be some transition costs. In civilian personnel, for example, there will be the cost of converting Army records to the Air Force PDS-C system and the installation of suitable hardware. In consolidating transportation, there will be the requirement for upgrade of some communications. Some new food processing equipment will be required in food services. In aggregate, the costs are small compared to the expected savings.

Although the results shown in Table 4-1 suggest a steady-state saving of 158 persons, plus the additional probables in MWR, vehicle maintenance, and law enforcement, the team believes that this is a minimum reduction arising from the proposed consolidation. Despite Service objections in Panama to many of the consolidations and their doubt that the full 158 positions can be saved, the team is convinced that the number will be larger than is claimed here. The original, theoretical computation suggested a total saving of 300 positions; those were reduced to accommodate to the mission and command incompatibilities noted by the BOS managers, and with which the team had no basis to dispute.

Total cost savings from the consolidation are difficult to estimate. A recent DoD comptroller cost figure for salaries, benefits, overheads, and government-wide obligations show a FY 1983 cost of approximately \$30,000 for

an average DoD position.¹ No really correct multiplier has been found, and the one used here is for gross estimation only.

Using that multiplier, a saving of 158 positions would imply a cost reduction of \$4,740,000. Adding the cost savings of \$2,600,000 from procurement efficiencies would provide a total savings estimate of \$7,340,000 annually. These figures include all overheads, but because of their aggregated assumptions, they must not be regarded as budget or position reduction targets in the budgetary process.

Reduction of personnel under consolidation has a secondary effect. A staff reduction has the ripple effect that the workload on other BOS functions is reduced, and that, in turn, induces a later secondary reduction. This has not been included in the benefit calculations, but the estimate will increase because of the ripple effect.

Finally, there is a special issue related to consolidation in Panama. Under Treaty terms, a target of 90 percent Panamanian employment is a goal that is the subject of constant pressure from the host country. Employment in the DoD activity is already heavily weighted toward the Panamanians, as Table 4-3 shows.

TABLE 4-3. EMPLOYMENT RATIOS

<u>CATEGORY</u>	<u>U.S. CITIZENS</u>	<u>NON-U.S.</u>
Appropriated Fund Civilians	32%	68%
Non-Appropriated Fund Civilians	22%	78%
Exchange System Civilians	20%	80%
Panama Canal Commission Civilians	25%	75%

Source: SOUTHCOM Quarterly Strength Report, June 1982.

¹Office of the Assistant Secretary of Defense (Comptroller), "Average Cost of Military and Civilian Manpower in the Department of Defense," August 1980, Exhibit F, modified by "Department of Defense Deflators (Outlays)," 2 February 1982.

As actual reductions are carried out, the effect will probably be that 95 percent of the separated individuals will be Panamanian citizens, or possibly more, according to the estimates of the civilian personnel officers in the Isthmus. DoD must prepare to meet that issue directly. This effect would probably modify the implicit dollar value of personnel cost savings downward.

BASE OPERATIONS

The BOS functions studied by the LMI team suggest further areas of consolidation beyond the consolidation of family housing and RPMA which is in the planning stages and for which actual implementation has been directed. Although not explicitly studied, the team believes that there is merit in considering the possibility of creating a separate BOS organization to handle all BOS functions in Panama. In addition to the possible benefits, two other factors suggest that a total consolidation may be attractive. Military unit commanders now have a tactical mission and a BOS mission. The attention demanded by BOS matters competes with tactical affairs for the commanders' time. Separation of BOS functions from tactical matters should permit more concentrated attention to each activity.

The second factor is Treaty-related. Since the current estimate is that fewer Americans will be on official duty in Panama over the coming years, further reductions in personnel are increasingly likely. Such reductions will strain BOS operations even further, and lead to inevitable consolidations, possibly on a piecemeal basis. Planning now for total consolidation could make meeting those reductions easier.

5. SUMMARY OF RECOMMENDATIONS

CONSOLIDATION ACTIONS RECOMMENDED

1. Consolidate all civilian personnel operations under Army single management. Begin use of the Air Force PDS-C, with any necessary modifications. Allow sufficient time to develop the implementation plan, including preparation of computer hardware and software.
2. In transportation activities:
 - a. Consolidate taxi and scheduled bus service under Army management now.
 - b. Consolidate passenger travel under Air Force at Howard AFB, leaving a branch office at Fort Clayton. Determine whether subsequent full consolidation at Howard AFB would produce savings that would offset passenger travel requirements from Fort Clayton to Howard AFB. If so, fully consolidate passenger travel for all three Services at Howard AFB.
 - c. Consolidate dispatch desk and driver pools under Army management after a JIRSG study and implementation plan to determine the details of locating vehicles and people and addressing the local implementation problems.
 - d. Consolidate customs inspections.
 - e. Do not consolidate packing and crating.
 - f. Do not consolidate freight processing.
 - g. Do not consolidate driver licensing; it probably is not worth the effort to bring it about.
3. Identify and correct the causes of lower vehicle maintenance productivity in the Army in Panama. If Army productivity can be improved to compare with that of Navy or Air Force, direct consolidation of vehicle maintenance under Army. Request relocation funds to cover additional construction requirements.
4. In food service activities:
 - a. Close two low-volume units, the 601 Med at Fort Clayton and the 1097 T. C. at Fort Davis.
 - b. Set up satellite dining halls at Hq Repl Det at Fort Clayton, USARSA #2 at Fort Gulick, and at Rodman Naval Station (satelliting on Howard AFB).

- c. Use Howard AFB to produce meals for Fort Kobbe.
 - d. Introduce modern food service equipment, including convection ovens and microwave equipment.
 - e. Add fast food preparation capabilities where not currently available.
 - f. Reduce staff by 4 TDA and 8 civilian positions at the Jungle Operations Training Center.
 - g. Establish a tri-Service committee to determine how best to bring about the above savings.
 - h. Invite food service engineers from CONUS to advise local food service managers on improving their operations.
 - i. Request waiver of the Army regulation permitting a maximum of three days' supply in a kitchen.
 - j. Analyze the possibility of combining orders of military kitchens with those of AAFES, and of possible additional consolidations of military food service facilities with those of AAFES.
5. In morale, welfare, and recreation:
- a. Establish a target of 20 MWR positions currently supported by ApF for conversion within one year to positions to be supported by NAF.
 - b. Establish a tri-Service committee to identify specifically which positions are to be converted and further consolidation options. Among the options to be specifically considered are:
 - 1) Closing the Fort Amador golf course or converting it to contract operations.
 - 2) Closing the Albrook AFB bowling alleys, or transferring the facility to IAFA.
 - 3) Placing all remaining bowling alleys under contractor operations.
 - 4) Closing the Farfan Station and Albrook AFB swimming pools, or place them under contractor operations.
 - 5) Consolidating all overhead, management, administration, and financial operations under a single manager.
 - 6) Identifying further consolidation opportunities, targeting on at least a 10 percent reduction in positions by the end of the second year.

- c. Establish a single ordering point for MWR supplies now obtained separately by the Services.
6. In Class VI operations, centralize orders, thereby enabling achievement of quantity price reductions and the benefits of shipment by Milvan containers. Consolidate the warehousing of Class VI items into a single location under a single manager.
7. Pool orders for common supply items in order to obtain the benefits of quantity discounts. P&C managers should seek out items that would lead to such discounts and pool those orders for single Service action on a common ordering cycle. Make more use of open-ended ordering agreements.
8. Undertake an in-depth study of consolidation specifics in law enforcement in the Isthmus; include on the study team representatives of the Command Provost Marshal, each of the Services, an external expert in BOS law enforcement, and a civilian analyst. The expectation is that consolidation of BOS law enforcement would yield positive benefits and some position reductions, but the LMI team is unable to detail the specific opportunities beyond the summary level.
9. Make a study of opportunities for common ordering of GSA and DLA supply items, including the possibility of a single point of receipt and warehousing of those items.
10. Study the feasibility of using common data processing hardware and software to support multiple claimants and Services in the Isthmus.

SPECIAL OBSERVATIONS

1. Major consolidation decisions can be made quickly. Implementation should follow a suitable period of local planning, involving the affected Services, with inputs from representatives of major commands.
2. Consolidations proposed here will affect, and be affected by, the RPMA and family housing consolidation actions now underway in Panama. The findings of this study should be considered in the ongoing studies at SOUTHCOM.
3. Special attention must be given to possible implications of treaty affairs position reductions.
4. For purposes of identifying actual savings and costs of consolidation, baseline measures of the operations before, during, and after consolidation should be made. This information should be made available to OASD(MRA&L) for general use in preparing handbooks on consolidation actions.
5. Total consolidation of all base operations activities into a single command could lead to savings beyond those studied for separate functions. The possibility of such consolidation should be studied.

APPENDIX A

BOS CONSOLIDATION STATUS

The Defense Retail Interservices Support (DRIS) program describes 51 categories of administrative and logistics services, as well as supply and maintenance services for 25 classes of equipment (50 categories).

SOUTHCOM has already consolidated some of these functions or placed them under a single Service manager and has been directed to consolidate family housing and RPMA. Still other functions might be consolidated, while others are not reasonable candidates for consolidation.

The following tables reflect the LMI team's initial classification of these functions into five consolidation categories.

- I 24 functions believed to be already consolidated, and hence not needing further study;
- II 19 functions that fall under the directive for consolidating family housing and RPMA, and for which LMI is to provide technical assistance;
- III 12 functions on which LMI concentrated its attention with a view to see whether consolidation might be cost effective;
- IV 28 functions that may offer potential for consolidation, but which were not subjects of the initial LMI study; and
- V 31 functions that were not studied because of their mission essentiality, impracticality of study, or nonapplicability in this theater.

Disposal services, community services, and petroleum, oil, and lubricants (POL) appear on each of two of the above lists, so the total tabulation here is greater than 101.

CATEGORY I

Functions Already Consolidated, Single Service-Oriented,
or the Services Already Rely on Only One Source

<u>DRIS CODE</u>	<u>FUNCTION</u>
AE	Mail Pickup - USAF.

<u>DRIS CODE</u>	<u>FUNCTION</u>
AF	Custodial - Army contracts.
AH	Structural Fire Protection - PCC.
AK	Laundry - Army.
AQ	Mortuary Services - Army.
AR	Stevedoring - MTMC.
AT	Terminal Operations - Direct - USAF/MAC; Sea-Navy; MTMC.
AX	Disposal Services (Except Real Property Disposal Office (RPDO)) - See Category IV entry. Army contracts for garbage disposal.
BC	Communications Services - U.S. Army Communications Command (USACC).
BD	Retail Commissary (See Category III for remainder of BD function).
BH	Search and Rescue - USAF.
BJ	Weather Service - USAF.
BL	Geodetic Support - Defense Mapping Agency.
BP	Airfield Operations - USAF.
BQ	Micrographic Services - Army, but USAF also has a capability.
BS	Troop Issue Subsistence - Army does wholesaling.
BU	Expendable and General Supplies - Army has self-service store. Engineering supplies (lumber and allied products) under Army Directorate of Facilities Engineering (DFE) single manager. Chloride and soda ash - three Services.
BV	Printing and Reproduction - Army.
SK, MK	Fire Fighting Equipment and Components - PCC owns and repairs fire trucks. Fire fighting equipment for aircraft fires is USAF.
ST, MT	Petroleum, Oils, Lubricants, and Chemicals - bulk orders consolidated under Defense Fuel Supply System. Packaged goods still through Services.
SV, MV	Ship and Vessel Repairs - Army Boat Company.

CATEGORY II

Functions Directed to be Consolidated by OASD,
19 July 1982

<u>DRIS CODE</u>	<u>FUNCTION</u>
AJ	Housing/Lodging.
AP	Utilities - Procurement of electricity, potable water, chilled water, and provision of sewage services are consolidated under PCC; distribution is by each of the Services; billing is made by PCC to each of the three Services, and Army retransmits sub-bill to DODDS.
AW	Real Property Maintenance - all three Services.
BM	Entomology Services - all three Services. In order to realize savings in travel across the bridge, as well as in billeting, an agreement was made that Army would fog and mist Pacific east and Atlantic; Air Force would fog and mist Pacific west.
BO	Environmental Quality Control - all three Services.
BT	Real Property Rentals - each Service decides who receives rentals or easements, using its own priority system. Each Service decides whether the rental is reimbursable or not. Panama Area Engineer determines reimbursable rates, based on local economy costs. He implements the decisions for Air Force and Army; Navy does its own.
SN, MN	Housing and Office Appliances, Equipment, and Furniture - See above notes on BT. Office machine services are consolidated under Army.
SZ, MZ	Industrial Plant Equipment - RPMA in Panama.

NOTE: The above functions are grouped in Category II to reflect the team's understanding of which functions would be consolidated under the DoD directive. It is possible that other functions may be added as the Panama study group finishes its work.

CATEGORY III

Functions Studied by the LMI Team for This Report

<u>DRIS CODE</u>	<u>FUNCTION</u>
AC	Civilian Personnel - USAF and Navy consolidated 1 August 1982.
AG	Purchasing and Contracting - all three Services.
AI	Police Services - Army, Navy, and USAF each has own activity. Mission-related physical security, e.g., airfield, bases, etc., was excluded from the LMI study.

<u>DRIS CODE</u>	<u>FUNCTION</u>
AM	Food Services - three Services.
AO	Transportation - All three Services, although Army moves food for all three Services.
BD	Community Services - handled in Panama as part of MWR by each Service. Retail commissary already consolidated. Navy has no youth programs.
3G, MG	Commercial vehicles - three Services.
SH, MH	Vehicular equipment and components - three Services.
SI, MI	Construction equipment and components - three Services.

CATEGORY IV

Functions for Possible Future Consolidation Analysis

<u>DRIS CODE</u>	<u>FUNCTION</u>
AA	Computer and Data Processing - should be studied.
AB	Finance & Accounting - three Services.
AD	Legal - some modest consolidation may be possible.
AL	Health Services - mostly consolidated under Army, under separate study by Army Health Services Command. USAF on-base clinic, some Navy.
AN	Storage and Warehousing.
AX	Property Disposal Services - still may be some unconsolidated subfunctions.
AZ	Information Office Services.
BA	Chaplain/Religious Services - some modest consolidation possible; no in-depth study planned now.
BB	Safety.
BG	Drug Abuse Training, Equal Employment, and Human Relations.
BW	Disaster Preparedness - In addition to SOUTHCOM and Service plans, U.S. Agency for International Development (USAID) has blankets and cots. The Disaster Relief Officer is assigned to USSOUTHCOM.

<u>DRIS CODE</u>	<u>FUNCTION</u>
BY	Occupational/Industrial Health Services - MEDDAC, USAF, Navy.
SE, ME	Clothing and Textiles.
SF, MF	Communication Equipment and Components.
SJ, MJ	Materials Handling Equipment and Components - three Services.
SL, ML	Electrical Equipment and components - three Services.
SO, MO	Medical/Dental Supplies.
SS, MS	Photographic Equipment and Components.
ST, MT	Petroleum, Oils, Lubricants, and Chemicals - bulk orders consolidated through Defense Fuel Supply System. Packaged oil, lubricants, and chemicals handled by each of the three Services at retail level.
SY, MY	Audiovisual Services.

CATEGORY V

Functions Not To Be Studied for BOS Consolidation Because of Mission Requirement, Impracticality, or Not Relevant in This Theater

<u>DRIS CODE</u>	<u>FUNCTION</u>
AS	Calibration of Precision Equipment - USAF has Precision Measuring Equipment (PME) lab; Army Missile Command does some.
AU	Administrative Office Space.
AV	Education Services (Official Duty).
AY	Administrative Services.
BE	Logistic Air Support.
BF	Military Personnel Services.
BI	Test and Evaluation.
BY	Aerial Photography.
BN	Ice & Snow Removal.
BR	Training (Official Duty).
BX	Specialized Information/Services Acquisition.
SA, MA	Aircraft.

<u>DRIS CODE</u>	<u>FUNCTION</u>
SB, MB	Aircraft Engines.
SC, MC	Ammunition.
SD, MD	Ordnance Equipment & Components.
SM, MM	Electronic Equipment and Components.
SP, MP	Missiles.
SQ, MQ	Missile Equipment & Components.
SR, MR	Parachutes.
SU, MU	Railway Equipment and Components.
SX, MX	Life Support Equipment.

APPENDIX B
CIVILIAN PERSONNEL

PRESENT MODE OF OPERATION

Background

Civilian personnel functions supporting the Military Departments in Panama are primarily provided by two major organizations. The larger of these is the Army's Civilian Personnel Office (CPO), an organizational part of the 193d Infantry Brigade (Panama). The other is the Air Force and Navy Consolidated Civilian Personnel Office (CCPO), combined from the two separate Service CPOs in August 1982.

A two-person Navy liaison office remains with Naval Station Panama to provide face-to-face contact with their constituents and to provide guidance and assistance to the Commanding Officer of the Naval Station.

Examining, rating, and referral of U.S., Panamanian, and third-country applicants for work with the Panama Canal Commission (PCC) and the Military Departments are provided by the Central Examining Office (CEO).¹ The Panama Area Personnel Board (PAPB) coordinates the development of uniform personnel policies for U.S. Government agencies participating in the Panama Canal Employment System (PCES), including the Military Departments.²

There are some specialized exceptions within the Services. For example, the Army's EEO Office reports to the Brigade Commander separately from the CPO. The Navy Commander is that Service's EEO officer. The CCPO has an assigned EEO function, and the USAF Vice Wing Commander is the EEO officer.

¹35 CFR 253.5.

²35 CFR 251.3 and 251.4.

The Commander-in-Chief, U.S. Southern Command (CINCSOUTH) has a separate Personnel Advisor (J-1).

The Air Force automated Personnel Data System-Civilian (PDS-C) provides on-line personnel management information as a portion of their Service-wide personnel data system. Automation of Navy's personnel records was handled by transmitting hard copy back to CONUS, but Navy is now starting to use PDS-C. Army has two personnel data systems: SCIPMIS (Standard Civilian Personnel Management Information System) and CIVPERSINS (Civilian Personnel Information System).

At the time of the Treaty transition in October 1979, some 2300 former Canal organization employees were transferred to the Military Departments. All but 75 of those employees moved to the Army, thereby more than doubling its prior civilian personnel workload. A small additional surge of personnel activity is expected in October 1984, another Treaty milestone. Except for possible, but unpredictable, Treaty events and Reductions in Force (RIFs) there are no major changes in prospect.

For the first time in its history in Panama, each of the Services must bargain with labor unions, which are traditionally powerful political forces in that country. Pressures to increase Panamanian participation in, and management of, Treaty functions are constantly transmitted to the Services.

Each of the CPOs adheres to the regulations of its parent Service and handles a multitude of special tasks. Despite the many Service-unique characteristics of each CPO, there is a commonality of functions among them.

Consolidation of Civilian Personnel functions in Panama has been studied at least twice recently -- once in 1977, at which time consolidation was recommended but halted in view of the Treaty workload, and a second time

in 1981, at which time the Air Force-Navy consolidation was recommended, but total consolidation that would include Army CPO was rejected. By that time, the Service attitudes had become negative toward consolidating civilian personnel functions. The second study recommended a restudy of consolidation in 1984, so that experience with the merging of Air Force and Navy CPOs could be considered.³

Missions

The Army CPO provides personnel management, staff guidance, and assistance to the Brigade Commander, 20 tenant activity commanders, and other top managers and line officials pertaining to the overall administration of civilian employees. It provides leadership and direction in the development of a comprehensive local civilian personnel management policy for a workforce composed of U.S., Panamanian, and third-country citizens, including U.S. citizen employees of Military Groups (MILGPs) in Central/South American countries. It administers legal, regulatory, and procedural controls established within the Federal Personnel System. It administers the NAF Activities Employment Program. It develops many nonstandard personnel practices to comply with the Panama Canal Treaties.⁴

The consolidated Air Force/Navy CCPO directs and administers their Civilian Personnel Programs. It establishes operating procedures and base civilian personnel directives and evaluates civilian personnel activities. It provides Air Force/Navy coordination for civilian personnel matters in the Panama area, formulates or approves regulations and procedures, qualification and job evaluation standards, recruitment and examining programs, wage data

³ DoD Management Study Group, OASD(MRA&L), "Consolidating Civilian Personnel Functions in Panama (A Feasibility Study)," August 1981.

⁴ 193d Infantry Brigade (Panama), Regulation 10-2, "Organization and Functions," 5 January 1982.

and the development and publication of salary and wage schedules. It advises the Commander, staff, and operating officials in the following civilian personnel areas of specialization: labor/employee management relations, staffing, classification, data management, equal opportunity, training and development, technical services, and NAF personnel services.⁵

Functions

The various civilian personnel functions in support of the Military Departments are performed by the various organizations as illustrated in Table B-1.

TABLE B-1. ORGANIZATIONS AND PERSONNEL FUNCTIONS

<u>FUNCTION</u>	<u>ARMY CPO</u>	<u>ARMY EEO</u>	<u>AIR FORCE/NAVY CCPO</u>	<u>NAVY CMDR.</u>	<u>PAPB & CEO</u>
Management of CPO	+		+		
Labor Union Negot.	+		+		
Planning & Eval.	+		+		
Mgt/Employee Relat.	+		+		
Position & Pay Mgt.	+		+		
Recruit & Placemt.	+		+		+
Trng & Developm't	+		+		
Technical Services	+		+		
NAF Personnel	+		+		
EEO Management		+	+	+	
Incentive & Suggest.	+		+	+	

Some exceptions to the above entries must be noted. Although the CPOs are involved in labor union negotiations, the final labor contracts are expected to be handled by the three Services individually. The PCC offers training courses and training aids and invites Military Department use of those courses, and the Services reciprocate. PCC has an apprenticeship program in which Army participated several years ago, but not recently.

⁵ Information provided by the USAF/Navy CCPO to the LMI team.

All U.S. organizations, including the Military Departments, participate in, and use the policies and pay rates established by the PAPB, although the legislation implementing the Panama Canal Treaty (PL 96-70) permits participation of any U.S. Department or agency in the PCES system. In theory, any one Service could withdraw while the others remained.

Organization

The two major Personnel Offices are organized along conventional lines. The organization charts and staffing are shown in Figures B-1 and B-2.

The grade levels listed in the organization charts are the authorized grades. A number of the incumbents are in developmental status; i.e., at a lower level working upward. Immediately following the Treaty, nearly one-third of the personnel specialists were in that category. At present, approximately 15 of the Army's personnel specialists are in a developmental status.

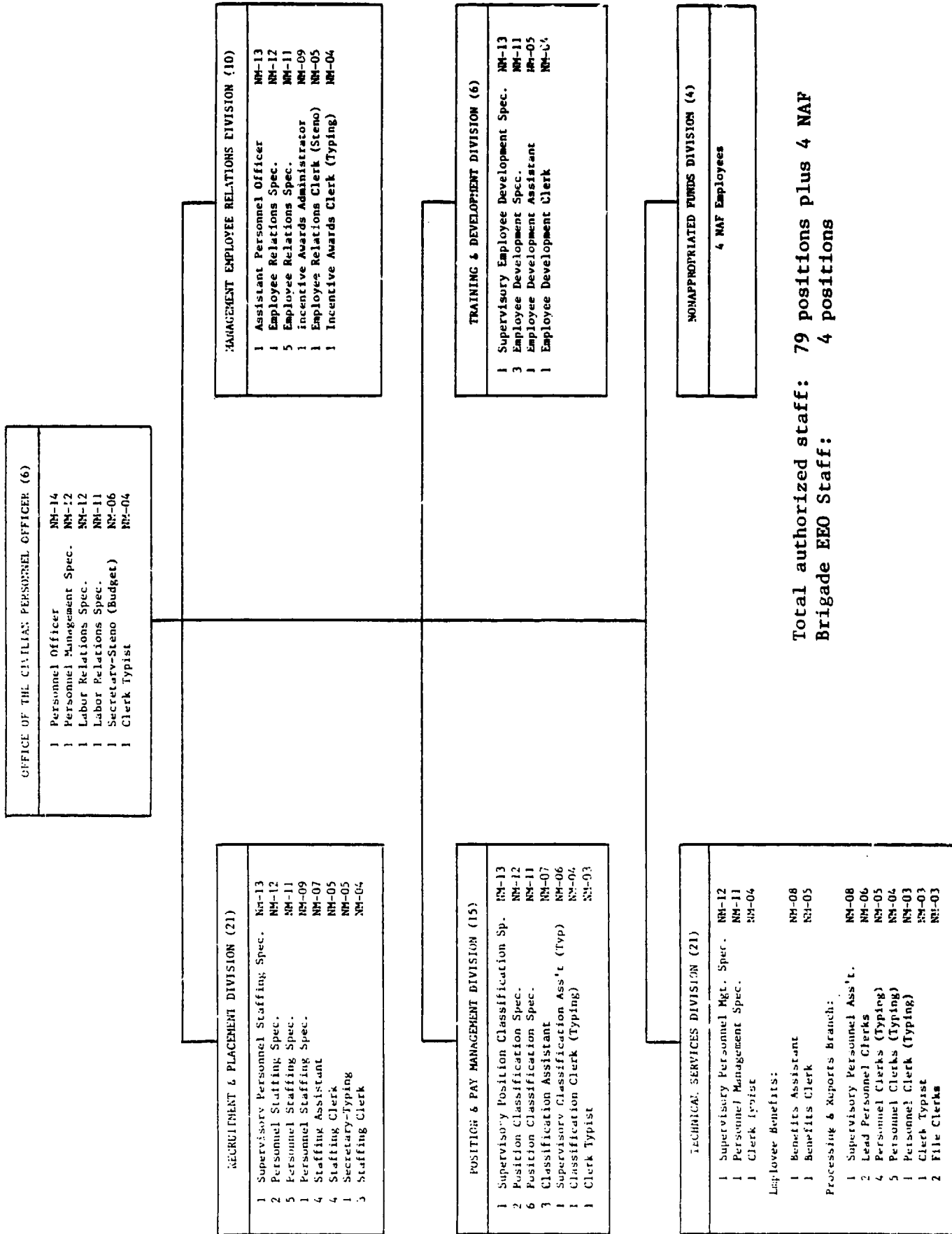
Actual staffing of these offices is subject to variation. For example, a reduction in force in 1982 caused a reduction of three positions in the Army CPO, but none in the Air Force. Navy, anticipating the consolidation of its CPO with that of Air Force and a net reduction of three positions, elected to absorb the loss of one of those positions in its RIF.

Application of the Army's new staffing standards, FAME⁶ led to an increase of seven positions in their Recruitment and Placement Division⁷ and possible small reductions elsewhere. Some positions that are required have not been authorized. Periodic audits by higher headquarters can lead to both positive and negative variances. Hiring freezes were in effect in all the Services at the time of the study to allow RIF actions to take their course

⁶Department of the Army, "FAME: Functional Army Manpower Evaluation: Measurement Plan for Civilian Personnel Administration," May 1980.

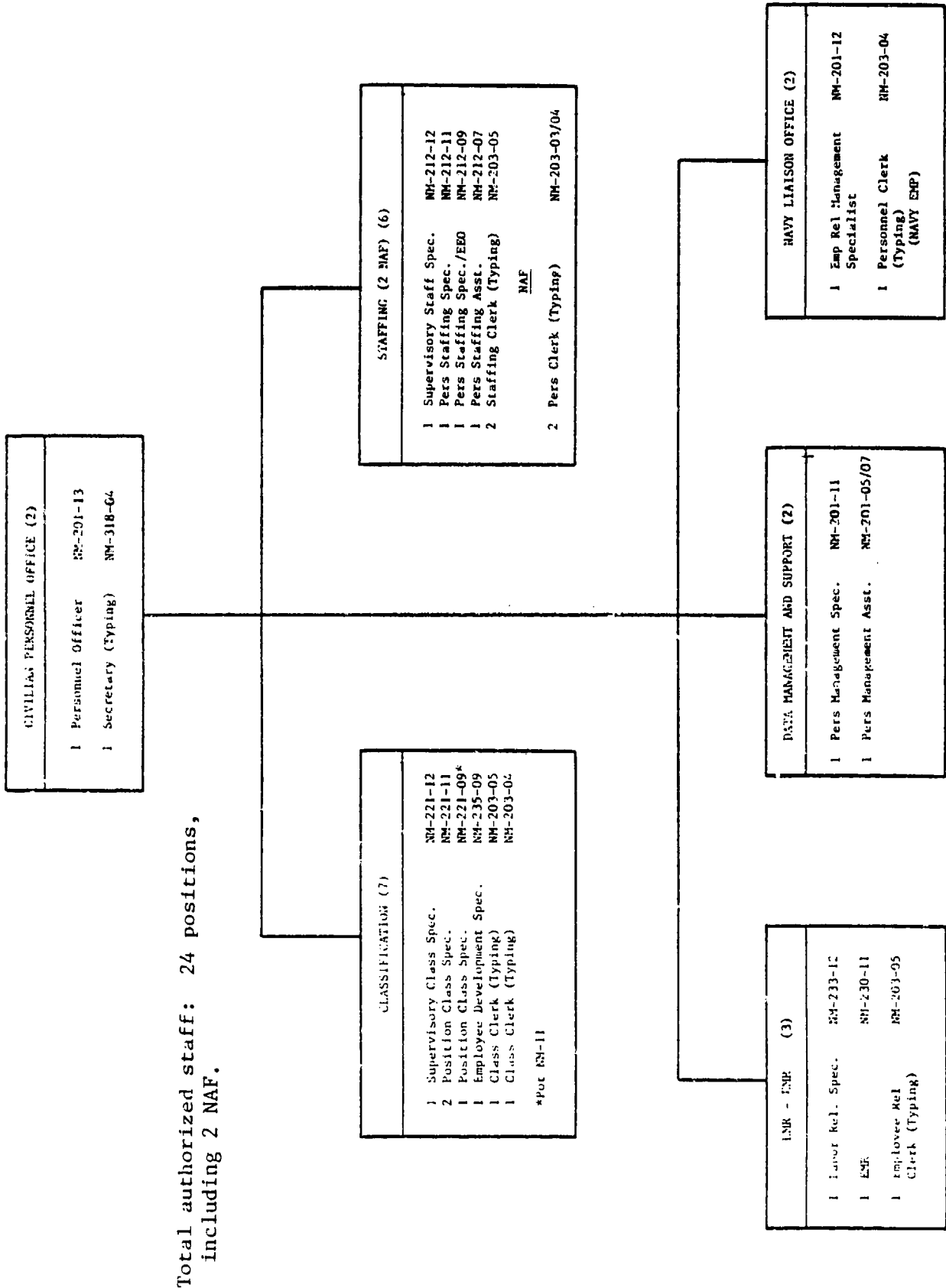
⁷Information provided to the LMI team.

FIGURE B-1. ARMY CPO



Total authorized staff: 79 positions plus 4 NAF
 Brigade EEO Staff: 4 positions

FIGURE B-2. USAF/NAVY CGPO



Total authorized staff: 24 positions,
including 2 NAF.

and because of budget shortages. Both CPOs are staffed slightly below required levels at present. Thus, an analysis of potential savings through consolidation is based on a "moving target."

Minimal use is made of temporary, summer student, and part-time help. For example, Army CPO employed four summer students this year, and currently has one part-time work-study student for two days per week or less. Air Force/Navy had two summer students on six-week appointments this year.

The CEO has 23 employees. Reimbursement for the costs of that office are billed on a monthly basis to the Commission and to each of the Military Departments in proportion to the population serviced by each of the organizations. Although actual monthly billings vary, the Military Departments were billed for 49.8 percent of the CEO costs in FY 1981. Actual billings for June 1982 were 41.1 percent of the costs. Thus, the Military Departments are paying for the services of from 9 to 11 CEO employees.

The PAPB costs absorbed by SOUTHCOM totaled \$55,000 in FY 1981, covering half of the costs of the 3-person PAPB staff, but not the appointed Board members, nor members of the Board of Appeals.⁸

Workload

The primary measure of workload is the population serviced by the Civilian Personnel functions. The size of this workforce is presented in Table B-2. Some of the variations are due to differences in definitions of "strength." SOUTHCOM, for instance, did not include 271 summer hires, but the Army CPO did. Air Force and Navy did not include temporary appointments, but SOUTHCOM and Army did. All data included the effects of RIFs, insofar as they had reduced authorized and assigned strength to that date. They do not include any residual effects of "bumping" yet to be experienced from earlier

⁸Information provided by PCC Personnel Office.

RIFs, nor do they reflect reductions of 85 spaces just recently RIFed. In aggregate, these variations suggest that use of the SOUTHCOM strength report, plus or minus 10 percent, may adequately bracket the probable workload on the CPOs.

TABLE B-2. SERVICED POPULATIONS

<u>CATEGORY OF CIVILIANS</u>	<u>SOUTHCOM STRENGTH REPORT 30 JUNE 82</u>	<u>CPO WORKLOAD DATA</u>	<u>VARIATION</u>
Appropriated Fund			
Army	5070	5288	4%
Navy/Marine Corps	273	279	2%
Air Force	665	698	5%
Total, ApF	6008	6265	4%
Adjustments for Temporaries and Summer Students	271	142	
Adjusted Totals	6279	6407	2%
Nonappropriated Fund			
Army	630	518	18%
Navy/Marine Corps	60	60	0%
Air Force	340	331	3%
Total, NAF	1030	909	12%
Adjustments for Temporaries	0	47	
Adjusted Totals	1030	956	7%

Each of the CPOs is obliged to make special studies related to the Treaty, and they are absorbed within the existing staff.

Personnel support for the 911 employees of the Exchange System is not provided by the Service CPOs.

The Army has not negotiated a labor union agreement to date but expects to negotiate either three or four contracts, depending on the outcome of a Federal Labor Relations Authority (FLRA) decision. An Air Force ApF employee election won by the National Maritime Union was objected to by the Panama Coalition (AFL-CIO). FLRA scheduled a hearing for early October and supervised an election by NAF employees at the end of September. In the Navy,

the Panama Coalition represents the ApF employees. As mentioned earlier, collective bargaining is an entirely new dimension to the workloads of CPOs in Panama.

Typically, the CPOs receive no personnel assistance from other units except for the recruiting and referral actions of the CEO, the policy assistance from PAPB, training opportunities from PCC, and some support from CONUS. They are occasionally tasked to provide clerical assistance for short periods, such as inventorying abandoned personal property or counting money in the Finance and Accounting Office.

In aggregate, the CPOs identified at least two person-years of overtime and known compensatory overtime in the nine months immediately preceding LMI's study.

The increasing proportion of Panamanian and third-country nationals in the civilian workforce has resulted in the dependence on the CEO for testing and referral of Panamanian nationals and a somewhat larger set of bilingual paperwork than would otherwise have been necessary. There is reduced dependence on recruitment from CONUS and an increased pressure for stronger justification of the several hundred sensitive positions that require appointment of U.S. nationals, who are exempted from the proportional hiring targets.

As previously noted, future changes in personnel workload are not expected to be of the size experienced in the transition period. There will be some additional reductions, such as the closing of the Balboa Commissary in 1984, which will release about 70-80 employees.

Budget

Operating budgets of the personnel offices provided to the study team are summarized in Table B-3. There are no military personnel in the CPOs except for the Commander's EEO function, hence no significant MILPERS funds.

Current billing rates for CEO suggest that the DoD total will more nearly approximate \$300,000 than the \$197,673 of Table B-3. Thus, \$2,750,000 may be closer to the total direct costs of CPO activities in Panama expected for FY 1983.

TABLE B-3. CPO BUDGETS

	<u>ARMY (FY83)</u>	<u>AIR FORCE/NAVY (FY83)</u>
Labor	\$1,811,000	\$430,142
Overtime	34,294 (FY82)	(Limited)
PCS, Travel, Per Diem	14,478	36,000 (PCS)
Supplies and Equipment	40,300	7,000
CEO	175,000	22,673
Administrative TDY	4,720	4,000
Training TDY	23,100	3,969
Local and CONUS Training Support	<u>89,400</u>	<u>0</u>
TOTAL BUDGET	<u>\$2,192,292</u>	<u>\$503,784</u>
TOTAL, All Services	\$2,696,076	
PAPB Costs	<u>55,000</u>	
Total Costs of Service	<u>\$2,751,076</u>	

CURRENT STATUS OF CONSOLIDATION

On 1 August 1982 the Air Force CCPO assumed the responsibility for providing Navy civilian personnel with most of their support functions. These services are provided under Interservice Agreement No. FB4810-82182-440, with the 24th Composite Wing supplying U.S. Naval Station Panama with the designated services of five civilian person-years for \$110,100.

In the consolidation process, a former 8-person Navy CPO has become a 5-person activity, yielding an expected 3-position saving. Some current feeling in the CCPO indicates a possible need to reopen one more position to accommodate the volume of work required in the transition. At the time of this study, consolidation had just been accomplished, and paperwork was not yet complete. The Navy was beginning to enter its data into the Air Force

PDS-C system, while maintaining the personnel activities required as part of the normal workload. A transition/learning period of three to six months was anticipated before the system would settle into a steady-state condition.

A two-person Navy liaison office was established to maintain direct support to the Naval Station Commander and to provide face-to-face contact with Navy civilian personnel. Otherwise, the former Navy employees were transferred to Air Force rolls.

The DRIS agreement covers the six-year period until July 1988. Reimbursement of civilian labor is at 129 percent of actual pay, plus a 9 percent charge. Material and supplies are to be billed at actual cost.

The agreement calls for administration of personnel practices in accordance with the Howard AFB application of Air Force policies, regulations, and procedures, except that (1) Navy employees will be included in Navy career programs, (2) training courses for Navy employees will be conducted according to Navy regulations, (3) Navy activities will be included in the Merit Promotion Program for Navy employees, (4) Navy employees will be in a separate group in RIF actions (5) Navy will continue to administer the Suggestion Program, (6) reports covering Navy employees will be prepared in accordance with Navy directives, (7) Navy grievance and appeals procedures will be followed, (8) Air Force will use its directives in conducting labor-management relations, except in cases where higher level Navy regulations and directives apply, (9) SECNAVINST 5300.22 will be used in administering NAF employee actions, (10) Navy awards will follow Navy procedures and certificates will be signed by the Navy Commander, (11) matters requiring higher Navy Headquarters actions will be forwarded to the appropriate Navy Headquarters, (12) one civilian personnel billet will be retained on Navy rolls, (13) the Navy commander will be the EEO officer for Navy employees, and (14) Navy negotiators

will be used to develop the Negotiated Agreement with the Union having exclusive recognition. The agreement may be terminated upon 180 days' written notice.

The Army's Register of Support Agreements for the period ending 31 March 1982 shows DRIS Agreements with five organizations: (1) the American Battle Monuments Commission (Common Service -- no charge), (2) MTMC (Common Service -- no charge), (3) DoDDS, involving 6.5 civilian person-years and reimbursement of \$136,000 to the Brigade, (4) Defense Mapping Agency (Common Service -- no charge), and (5) Defense Supply Agency Property Disposal Office, 0.3 person-years, with reimbursement of \$5,100 to the Brigade.

Prior to consolidation, Navy showed one DRIS agreement with the Navy Communication Station for common service at no charge. Air Force showed no DRIS agreements for personnel services prior to the consolidation.

PCC records show an interservicing agreement with DoD for the joint personnel program, with a cumulative nine-month dollar value of \$198,000 through June 1982, matching the Service figures in Table B-3.

POTENTIAL FOR CONSOLIDATION

Consolidation alternatives considered in this study include those of the previous studies and introduced one major new option.

Alternatives considered in the 1981 DoD study were:

- (1) Retain the Status Quo.
- (2) Establish a DoD CPO.
- (3) Consolidate into One CPO Under Army or Air Force.
- (4) Have the PCC Provide Civilian Personnel Servicing to DoD Activities.
- (5) Consolidate Only Certain Specific Functions; e.g., Training, Recruitment, Labor Relations, etc., under One or More Lead CPOs.

The sixth alternative analyzed by the DoD Study Group -- consolidate Air Force and Navy CPOs -- has now been implemented.

The LMI team did, however, add its own sixth substitute alternative:

- (6) Consolidate all BOS functions, including Civilian Personnel, under a single BOS command.

Furthermore, the team felt that it was important to consider the timing dimension separately. For example, a decision not to consolidate further might, as in the earlier DoD study, be accompanied by a recommendation to reconsider at some future time. Similarly, a decision to bring about further consolidation might be made now, with implementation to occur at some later date following a period of implementation planning and preparation.

ESTIMATED SAVINGS FROM CONSOLIDATION

The primary motivation for consolidation of civilian personnel organizations or functions is that of cost saving, largely through staff reductions. Additional motivations are those of improving productivity (efficiency) and obtaining economies of scale, including those associated with use of a common computer system. Other benefits derive from obtaining a common standard of definitions, practices, and procedures, and from presenting a single point of contact or voice for civilian personnel matters.

The requirement placed on any consolidation option is that it not detract from, or interfere with, the accomplishment of the tactical missions assigned to the Commands or the ability of the CPO to provide professional advice to line managers. A target for the consolidation option is that it provide, on balance, a level of service at least as good as that currently being experienced, with the possibility that some improved service might be obtained in some functional subactivities.

In the earlier DoD Personnel Consolidation Study, full consolidation under either Army or Air Force was judged to lead to a potential savings of 9 ApF personnel spaces.⁹ Using a cost multiplier of \$25,000 per space,

⁹DoD Management Study Team, op. cit., p. IV-7.

including salary, fringe benefits, allowances, and differentials, an annual cost saving of \$225,000 was implied. The DoD team offered the opinion that some floor space savings might follow the initial shakedown period.

In the study being reported here, the LMI team adopted both a quantitative and a qualitative approach to estimating costs and benefits of the consolidation alternatives.

Staffing Standards

Each of the Services has developed its own set of manning standards to determine the proper staffing of a CPO. In this study we used both the Army and Air Force manning equations. Both standards are developed from regression analyses of current staffing practice at several hundred installations. The Army reference is the Army Manpower Staffing Standards developed and tested in Project FAME, as amended and approved by HQDA in July 1981. Army's letter DAPE-MBU dated 2 December 1981 forwarded the Standards for mandatory implementation in all but specifically exempted Commands. The Army installation manpower requirements were to be documented in the TDA no later than the end of FY 1982. Prior to these new standards, Army used a "Garrison Guide": Pamphlet 570-551, Code Series 551-270. The Air Force reference is the set of Air Force Manpower Standards (AFMS) 1680 through 1689, bearing publication dates between 30 August and 20 September 1979. Also included are additive and subtractive equations dated 6 and 13 April 1981.

For both Services, each manning equation typically contains a constant term and one or more variable terms reflecting workload. One equation, and possibly an additive or subtractive one, is developed for each of the personnel activities -- recruitment, training, classification, etc. Thus, six Army formulas and eight Air Force formulas provide the building blocks for determining the total authorized strength of the organization(s) providing the civilian personnel functions.

Table B-4 summarizes present CPO staffing, along with the computed value of staffing in the various CPO-related activities under consolidation. All figures include the results of application of the manning standards, and, in Army's case, the additives allowed so far by FORSCOM. The Air Force computations have only one additive -- that for training new supervisors. The figures for the consolidated CPO uses the Army FAME standards and assumes that FORSCOM would allow additives for increased work for Air Force and Navy civilians in proportion to the increased workload. The resulting saving is five positions below the current level of 116 persons. Note that the formula for Army Technical Services provides a larger staffing allowance than does the Air Force Data Management formula, reflecting the higher Air Force reliance on their advanced PDS-C. If the fully consolidated CPO used the PDS-C for all personnel records, an ultimate staffing of the technical services activity would more nearly approximate the Air Force staffing formula, for an additional possible saving of perhaps 12 positions. Staffing of NAF and EEO positions was assumed to be the same as at present, since the team had no basis for estimating otherwise.

Air Force Manning Standards, applied to a consolidated activity, would result in a slightly higher staffing level than use of the Army standards. Army has demonstrated an ability to expand its workload through absorbing the doubled workload under the Treaty transition period. Although Air Force has an extremely able staff, there is no basis for assuming it would successfully absorb the implied five-fold increase in workload should it be the lead Service in a fully consolidated CPO. Finally, the great majority of serviced personnel are in the Army, and its larger staff permits a higher degree of specialization than does the Air Force's Panama CCPO.

TABLE B-4. CIVILIAN PERSONNEL ACTIVITIES

CPO	ARMY AUTH (ARMY FAME STD)	AIR FORCE NAVY AUTH (AFMS STD)	CONSOLIDATED (ARMY FAME STD)	SAVED
Office of Chief	3	2	4	1
Technical Services/Data Management	22	3	26	-1
Recruitment & Placement Staffing	31	7	33	5
Management/Employee Relations & Labor Relations	9	3	11	1
Position & Pay Management Classification	15	3	18	0
Training & Development	<u>4</u>	Incl in Clsf	5	-1
Total, Army CPO	84			
Non-Appropriated Fund	4	5	9	0
EEO (CPO USAF, Separate Army)	<u>4</u>	<u>1</u>	<u>5</u>	<u>0</u>
Totals, Personnel Functions	<u>92</u>	<u>24</u>	<u>111</u>	<u>5</u>
Total Auth, 2 CPOs	<u>116</u>		<u>111</u>	<u>5</u>

Consolidated totals using FORSCOM logic, July 1982.

The consolidation decision can be made now. However, complete conversion of Army records to the PDS-C could require up to two to three hours per employee record for conversion, implying some five to nine person years for full conversion. This would delay realization of the five-position saving under consolidation for a year. Because of the conversion effort and the anticipated lead time in delivering the required modest addition of computer hardware, the actual consolidation should follow an implementation planning period, estimated by the LMI team to require six to nine months.

The dependence of the Services on the testing and referral services of the CEO was examined in the study with no definitive results. All the Services complained that the referral lists provided to them by CEO were inadequate in that only a limited number of persons on the referral lists could be located, and sometimes two or three rounds of referrals were required before a position could be filled. CEO is unable to provide file maintenance on the applicants to the extent desirable because of its staffing shortages. The Services might provide their own testing and referral service, but only after renegotiation of the existing Treaty terms and at a higher cost. CEO provides recruitment and placement services to the PCC, but the Military Departments do not perceive receiving assistance from CEO beyond what would be expected in CONUS from a regional office of the Office of OPM. The LMI team suggests that a deeper evaluation of present and possible future interactions between CEO and the Service CPOs might be fruitful.

APPENDIX C
TRANSPORTATION

PRESENT MODE OF OPERATION

The BOS transportation function provides movement of personnel and cargo to, from, and within Panama. Transportation activities include packaging and crating of cargo for shipment, completion of shipping documents, air travel ticketing, vehicle fleet management (excluding vehicle maintenance, which is discussed in Appendix D), issuance of Government driver permits, and the scheduling and provision of bus, taxi and other vehicular support.

The three Military Departments have different types of organizational units to provide transportation. The Army uses the 193d Infantry Brigade's Transportation Division for most activities, but does packing and crating and some freight processing in its Supply and Services Division. The Navy's Public Works Department provides vehicular transportation services, but packing and crating and freight processing are managed by the Supply and Fiscal Department. Passenger travel is arranged by the Navy Personnel Support Activity Detachment. The Air Force has a single manager for the entire transportation function in its 24th Transportation Squadron. Table C-1 summarizes the various activities of the transportation function and the responsible activity in each Service.

The Army is the only Service with a transportation function on the Atlantic side of the Canal area. Its activities have been consolidated on an intraservice basis under single managership at the 193d Infantry Brigade. The consolidation alternatives considered in this study will not alter this relationship and would affect operations only on the Pacific side of the Canal.

TABLE C-1. TRANSPORTATION FUNCTION ORGANIZATIONAL RESPONSIBILITIES

ACTIVITY	ARMY	NAVY	AIR FORCE
Packing and Crating	Supply & Services	Supply & Fiscal	Trans. Sq.
Personal Property Shipment	Trans. Division	Consolidated Under Army	
Freight Processing	Supply/Trans.	Supply & Fiscal	Trans. Sq.
Passenger Travel	Trans. Division	Personnel Supt. Act.	Trans. Sq.
Vehicle Operators	Trans. Division	Public Works	Trans. Sq.
Vehicle Dispatch/Fleet Management	Trans. Division	Public Works	Trans. Sq.
Driver Licensing	Trans. Division	Public Works	Trans. Sq.

Workload measurement for the transportation function was accomplished separately for each activity and consisted of measuring the variables that Service staffing guides employ to determine required staffing levels. Staffing guides, particularly Air Force Manning Standards, were used to quantify economies of a single large-scale operation over three separate ones.

Current authorized staffing by Service for transportation responsibilities at Pacific installations is given in Table C-2.

TABLE C-2. TRANSPORTATION STAFF

Army	106
Navy	82
Air Force	68
TOTAL	<u>260</u>

CURRENT STATUS OF CONSOLIDATION

Many transportation responsibilities, particularly cargo activities, have already been consolidated:

1. Personal Property Shipment. Shipping of household goods of military and DoD civilians was consolidated under the 193d Brigade's Transportation Division on October 1, 1982. The JPPSO is located at Fort Clayton and customers are required to deal directly with that office. Since moving services are procured locally by contract, the JPPSO concerns itself primarily with scheduling of pickups and deliveries, as well as contract inspection and supervision. The only aspect of personal property shipping that has not been fully consolidated is customs inspection of outgoing shipments. The Air Force retained authorized positions for that task.
2. Freight Processing. Surface freight is shipped by all Services through the MTMC facility at Balboa. MTMC provides shipment planning and stevedoring services (to include packing and unpacking of Seavan containers) as well as actual shipment on a reimbursable basis for all three Services. Navy and Army air freight shipments are also processed through MTMC.
3. Vehicle Operators. School bus services have been consolidated under the Navy Public Works Department. The buses themselves are leased, but drivers are Navy employees who operate out of three separate pools: Pacific East, Pacific West and Atlantic. A total of 68 employees are assigned to the operation. Refrigerated food transport is provided by the Army from the central refrigerated warehouse at Corozal. The Navy provides its own refrigerated transport to Galeta Island when the Army is unable to do so.

4. Informal Agreements. There are only a few informal agreements. There is an occasional loan of vehicles between Services, although most fleet managers resort to local rentals when additional administrative vehicles are needed. An agreement on night wrecker service calls for each Service to cover a specific geographic area.

POTENTIAL FOR CONSOLIDATION

Each activity within the transportation function was examined separately to determine if further interservice consolidation was feasible. The breakdown shown in Figure C-1 results in the following:

Packing and Crating

A total of 9 authorized positions (4 Army, 4 Air Force, 1 Navy) are devoted to preparation of outgoing cargo, primarily aircraft and automotive subassembly returns. The Army normally assigns such responsibility to the Facilities Engineer, but in Panama, where all personal property is crated by contract, it has been transferred to the Supply and Services Division, which is the exclusive user of such services.

Packing and crating workload is measured differently by each Service (as weight, volume, or number of pieces shipped), and it was necessary to ask each manager to estimate current year workload in a standardized format.

Two consolidation alternatives were considered:

1. Consolidation of Air Force and Navy on the West Side of the Canal. Present staffing is 5; Air Force manpower standards application resulted in 5 allowances, so no personnel savings could be projected.
2. Consolidation of all Pacific packing and crating activities under a single manager. Present staffing is 9; Air Force manpower standards application resulted in 8 allowances, so the potential savings would be 1 position.

Three detrimental effects of consolidation could very well offset that small savings:

1. Unprotected equipment being transported a greater distance before packaging would increase the risk of damage.

2. Increased handling of outgoing cargo could result in shipping delays. An item to be air transported from Howard AFB might be trucked to Corozal for packaging, then back to Howard AFB for shipment.
3. Technical orders detailing packaging techniques and standards are quite sophisticated for high-value equipment such as aircraft engines. Individual Services have established such technical orders independently and frequently package similar items differently. Some confusion and reduced productivity could result from consolidation unless standardization is also achieved.

In consideration of these negative effects, true savings from consolidation are considered to be far less than the payroll savings resulting from the reduction of one position.

Personal Property

As discussed previously, a JPPSO began operations at the beginning of FY 1983. The only aspect which has not been consolidated is customs inspection of outgoing personal property. Such a consolidation should permit closer coordination between JPPSO schedulers and customs inspectors, thus reducing the possibility of delayed moves. It could also allow at least one position to be eliminated. Customs officials in Panama agreed that this additional consolidation was desirable, but it would require a shift to Army of six civilians, four vehicles, and office space.

Freight Processing

With shipment planning and stevedoring consolidated under MTMC, those freight functions that have been retained by each Service consist primarily of the preparation of shipping documents, cost accounting, and cargo handling. Both Air Force and Army freight processing managers work very closely with their Service's supply function; Navy has placed freight processing directly under their supply department. No feasible alternatives to the present operating mode were developed that did not also depend on having a consolidated supply function.

Passenger Travel

Preparation of travel authorizations for official travel, airline ticketing, and reservations are accomplished at Fort Clayton, Howard AFB, and Rodman Naval Station for respective Service members and employees. Present staffing is six Army persons, one Navy, and three Air Force, for a total of 10 positions.

The average number of monthly passenger movements processed by all three passenger travel offices is 1360. When either Army or Air Force staffing guides are used, the result is the same: five positions are required.

Three consolidation alternatives were considered:

1. Consolidation of Air Force and Navy on the west side of the Canal would reduce required positions by one and would minimize impact on all but Navy personnel who would have to travel 3 miles farther to visit the travel office. This inconvenience could be eliminated by a part-time operation at Rodman Naval Station under the Air Force operation, if necessary.
2. Consolidation under a single manager at one location could save the full 5 positions, but would require customers to travel up to 12 miles between Howard AFB and Fort Clayton. It should be noted, however, that the JPPSO is a one-location office requiring similar travel.
3. Consolidation under a single manager with separate full-time offices at both Howard AFB and Fort Clayton (and a potential part-time operation at Rodman Naval Station) would require a staff of 8, thus saving two positions. Although more costly than alternative 2, this configuration would have minimal impact on users of the passenger travel function and should require less nonproductive time on their part when making travel arrangements.

If a single-manager concept is adopted, the Air Force transportation management office expressed a strong desire to manage it because of their familiarity with, and proximity to, the MAC operation at Howard AFB. The Army's transportation management agreed that Air Force was generally more successful in obtaining timely information on flight schedules and had no substantive argument against Air Force single managership. They did, however,

disagree that two positions could be saved, arguing that seasonal fluctuations in workload require curtailments of leave for the existing workforce for nearly half of each year. The complexity of the job precludes the use of seasonal overhires, they maintain, and supervisors of the sections are "working supervisors," not just overhead.

Vehicle Operators

Driver pools at Corozal, Howard AFB and Rodman Naval Station provide both scheduled and unscheduled ground transportation of passengers and cargo in general purpose vehicles. Excluded from this analysis are construction equipment operators, whose consolidation is being evaluated by the RPMA committee in Panama, and Army organizational maintenance, which is considered separately in Appendix D, the maintenance section of this report. As noted previously, school bus operations are already consolidated, so neither workload nor staffing for this operation will be discussed.

Present driver staffing for the Pacific side is given in Table C-3.

TABLE C-3. VEHICLE DRIVERS

Army	49
Navy	8
Air Force	<u>25</u>
TOTAL	82

The Air Force manning standard for passenger and cargo movements (AFMS 4210B) measures workload as the size of the base population served (authorized military and civilians plus student population). The Army measures workload as the average number of miles driven monthly by regularly assigned motor pool drivers. Although mileage figures were not available for Navy and Air Force, base population figures were, and it was found that all three Services now have approximately 15 percent fewer authorizations in Panama than would be allowed by the Air Force standard.

Both Army and Air Force standards are based on nonlinear equations that show significant economies of scale. As the cumulative workload increases, proportionately fewer additional positions are required. As a result, the Air Force standard allows only 68 positions for the consolidated workload (Pacific-side DoD population of 15,023) and the Army standard allows the same number if the assumption is made that present staffing meets their standard. Potential savings from a consolidated driver pool, then, could be as high as 14 positions.

Two alternatives were considered:

1. Consolidation of Navy and Air Force driver pools on the west side of the Canal. Present staffing is 33 positions. Air Force standards allow 34 positions for the consolidated workload. No savings would result.
2. Tri-service consolidation under a single manager. As previously shown, up to 14 positions could be saved.

Vehicle Dispatch/Fleet Management

Vehicle dispatch and fleet management activities are located at the same installations as driver pools. In addition to dispatch and control of drivers, these activities manage the fleet assets by assigning vehicles to users, rotating vehicles among users to stabilize mileage accumulation and projecting replacement vehicle needs for budgetary purposes. They also establish bus routes and schedules, manage bus, taxi and "U-Drive" vehicles, and schedule on-request transportation requirements. They manage wrecker service and, in the case of Army and Air Force, operate 24-hour dispatch desks.

There are many small differences in the way each Service manages its vehicle fleet. The Army and Navy tend to centralize fleet management more than Air Force, which permanently assigns more vehicles to using agencies and requires each agency to appoint a "Vehicle Control Officer" to perform many fleet management duties on a part-time basis. The result of this policy can

be seen in Air Force manning standards which allow for fewer positions than do Army standards for similar workloads. Fleet management data are handled quite differently also, with a largely manual recordkeeping system in the Navy and automated systems for Army (Integrated Administrative Vehicle Management System (IAVMS)) and Air Force (Vehicle Integrated Management System (VIMS)).

Present staffing for Vehicle Dispatch/Fleet Management is 12 Army, one Navy, and six Air Force positions, for a total of 19. Workload is measured by the Services as either the number of drivers authorized in the driver pool or the number of AUVs on hand. The consolidated workload for the Pacific side of the Canal area results in allowed staffing of eight positions by Air Force standards or 16 positions by Army standards.

Three alternatives were considered:

1. Navy and Air Force consolidation on the West side of the Canal. Present combined staffing is seven positions; both Army and Air Force staffing standards allow seven positions for the consolidated workload. No savings could be achieved with this consolidation.
2. Tri-Service consolidation of all Vehicle Dispatch/Fleet Management activities. Such consolidation would be extremely difficult without transferring ownership of all general purpose vehicles to the single-manager's Service because of different data systems and replacement criteria in each Service. Savings as high as 11 positions could result in theory, but only if the vehicles themselves actually change hands.
3. Tri-Service consolidation of that portion of the vehicle dispatch activity that dispatches and controls drivers and operates 24-hour dispatch desks. This would allow vehicle ownership to remain with each Service, while consolidating the driver pool as considered earlier. The result would be a continuation of present fleet management practices with a savings of approximately six positions for consolidation of dispatch responsibilities.

Transportation managers did not agree that dispatch functions could be consolidated without transfer of vehicles to a single location and ruled out alternative 3 for that reason. They admitted that savings were possible if bus and taxi services were consolidated and agreed that if vehicles were

centralized, a single dispatch desk was feasible. They also agreed with the concept of a central dispatch with a sub-pool at a second location. Air Force pointed out that some portion of their vehicle operation function is mission support, such as movement of flight crews from downtown hotels. Such transportation requirements would necessitate assigning them a high priority under a consolidated system.

Driver Licensing

This operation tests Government drivers and issues Government drivers permits, a largely administrative function. Present staffing is two Army positions, one Air Force person, and part of a Navy employee's time. Consolidated workload, measured by the number of driver records on hand or the average number of tests given per month, allows three positions by Air Force standards or two positions by Army. Since it is not apparent that any savings would necessarily result from consolidation, other benefits and disadvantages of consolidation were considered. It was concluded that the transfer of testing facilities to a single location would significantly increase the amount of productive time lost, and consolidation of driver records would make the relatively simple task of keeping current records for a transient military population more difficult. It was determined that there were few, if any, reasons to consider consolidation as worthwhile.

RELATED ISSUES

All three Services noted that their transportation capabilities are occasionally overcome by surges caused by such things as visiting teams, ships in port, schools, etc. They expressed concern that any reduction in the number of vehicles, operators, or other transportation assets might reduce their capability to respond, particularly if two Services experienced such surges at the same time. Any consolidation of transportation functions,

particularly vehicle operations, should be preceded by a clear definition of, and agreement on, priorities to keep such potential conflicts to a minimum. Vehicle rentals have been used to ease shortages in the past and should continue after consolidation. A centralized driver pool and dispatch will depend heavily on reliable communications with drivers. The communications systems presently used were not examined during this study, but it is almost certain that some upgrade would be necessary for a consolidated operation to run smoothly.

The true impact of consolidation can be measured only if baseline performance data are obtained, particularly on the responsiveness of present systems (such as waiting time for service). These data should be collected now in preparation for consolidation planning.

Services must recognize that they will lose the flexibility they now have to provide a service themselves if the single manager cannot respond adequately. For example, the Navy's present policy of carrying refrigerated goods to Galeta Island when the Army is unable to fulfill its obligation to do so would be much more difficult after consolidation than it is now.

CONCLUSIONS AND RECOMMENDATIONS

The following consolidation alternatives result in savings of personnel and appear feasible for adoption in Panama:

1. Transfer of all customs inspection responsibility for personal property shipments to the Army. A one-position reduction is possible.
2. Passenger travel consolidation under the Air Force Transportation Office at Howard AFB with a branch office at Fort Clayton and a part-time branch (if necessary) at Rodman Naval Station. Two positions could be reduced as a result of the consolidation.
3. Consolidation of bus and taxi service under a single manager (Army) has a potential savings of at least 10 positions. Full consolidation, with a savings of 20 positions is feasible, but may depend on the consolidation of administrative use vehicles under a single owner. Unless improvements can be made in vehicle maintenance productivity (see Appendix D), this option may not result in a net savings of manpower.

APPENDIX D
VEHICLE MAINTENANCE

DESCRIPTION - PRESENT MODE OF OPERATION

Organization

Army vehicle maintenance involves more than a single organization. Army vehicle maintenance involves more than a single organization. Operator maintenance, consisting of routine checks (oil, tire pressure, etc) is performed by the using organization, but all organizational maintenance for administrative and general purpose vehicles is the responsibility of the Transportation Division. Organizational maintenance can be defined as ordinary scheduled maintenance and necessary parts replacement that do not require extensive shop equipment. All construction and grounds maintenance equipment is similarly maintained by the Directorate of Facilities Engineering (DFE), which has its own organizational maintenance section. More extensive work (direct support and general support) is performed by the Maintenance Division at Corozal, which maintains not only vehicles and construction equipment but communications-electronics gear, chemical protective equipment, marine craft, etc. Organizational maintenance sections are also provided for the Atlantic installations at Fort Davis.

Both the Navy and Air Force maintain their vehicles and equipment centrally. Although operator maintenance remains an operator responsibility, all other maintenance and repairs are performed by mechanics assigned to a central organization. In the Navy's case, this is the Transportation Division of the Public Works Department, located at Rodman Naval Station, which maintains all Navy-owned vehicles in Panama including the ones at Galeta Island.

The Air Force Vehicle Maintenance section of the 24th Transportation Squadron is located at Howard AFB.

Table D-1 summarizes each Service's assignment of vehicle maintenance responsibilities.

TABLE D-1. MAINTENANCE RESPONSIBILITIES

<u>LEVEL OF MAINTENANCE</u>	<u>PERFORMED BY</u>		
	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>
Operator Support	Using Org.	Using Org.	Using Ov
Organizational Maint.	Using Org.	Veh. Maint.	Veh. Maint.
Direct Support	Veh. Maint.	Veh. Maint.	Veh. Maint.
General Support	Veh. Maint.	Veh. Maint.	Veh. Maint.
Depot Support	*	*	*

*Depends on specific circumstances. Some done locally, some at depots in CONUS.

Workload

The Military Departments have 1729 pieces of vehicular, materials handling, and construction equipment in Panama (excluding Army Tactical vehicles). Since each type of vehicle differs in maintenance complexity, a simple count is not a reliable measure of workload, a problem the Air Force has addressed by assigning weighted "vehicle equivalents" to each type of vehicle in its inventory (e.g., standard sedan = 1.0 vehicle equivalent, flatbed semitrailer = 0.4, 20-person bus = 2.5). Copies of the Air Force vehicle code lists (AFM 77-310, Vol. II) were provided to the Army and Navy fleet managers and, using their input, vehicle equivalents were assigned to their inventories. Results are shown in Table D-2.

Current Staffing

Since the Army presently manages all vehicle maintenance activities on the Atlantic side, consolidation alternatives considered in this study were limited to installations on the Pacific side of Panama. Present authorized staffing Panama-wide is shown in Table D-3.

TABLE D-2. VEHICLE MAINTENANCE WORKLOAD

Number of Vehicles Assigned:	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
ARMY	797	325	1122
NAVY	186	0	186
AIR FORCE	421	0	421
TOTAL	<u>1404</u>	<u>325</u>	<u>1729</u>
Number of Vehicle Equivalents Assigned:	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
ARMY	1209	542	1751
NAVY	291	0	291
AIR FORCE	852	0	852
TOTAL	<u>2352</u>	<u>542</u>	<u>2894</u>

NOTE: Navy vehicles at Galeta Island are maintained at Rodman Naval Station, and thus are counted on the Pacific side.

TABLE D-3. CURRENT VEHICLE MAINTENANCE STAFFING

	<u>PACIFIC</u>	<u>ATLANTIC</u>	<u>TOTAL</u>
Army-193d Infantry Brigade Transportation Division/ Organizational/Maint. Section*	29	14	43
Dir. of Facilities Eng/Organizational Maint. Section	34	13	47
Maintenance Division (Gen'l. Purpose and Construction Vehicle Maint.)**	<u>27</u>	<u>0</u>	<u>27</u>
ARMY TOTAL	<u>90</u>	<u>27</u>	<u>117</u>
Navy-Public Works Dept./Transport. Maint.	<u>12</u>	<u>0</u>	<u>12</u>
Air Force-24th Transportation Sq/ Vehicle Maintenance	<u>41</u>	<u>0</u>	<u>41</u>
TOTAL	143	27	170

*Excludes Transportation Division Supply Section (11 positions Pacific and 4 positions Atlantic).

**Maintenance Division staffing was computed from total Division authorized staffing of 155 using end strength reports provided by the 193d Brigade Force Development Office. Because the organization has a large proportion of overall staffing in overhead and allied trades sections, the correct proportion of these sections performing nontactical vehicle maintenance was not readily apparent.

CURRENT STATUS OF CONSOLIDATION

Vehicle maintenance has very little formal consolidation or interservice support. The Air Force COPARS contract is used by all three Services, but not exclusively. The Navy has complained of high prices and long delays for parts and has turned to a combination of local purchase and a "COPARS" supplier in the United States. Figures provided by the Navy's Supply and Services Division show COPARS purchases in FY 1982 down 50 percent from those in FY 1981. The Army has similar complaints and has used six Blanket Purchase Agreements (BPAs) with U.S. suppliers to improve response. A recent study by the 193d Brigade Comptroller recommends that other sources of parts supply be found or that the Army administer its own COPARS contract.

The only other formal interservice support arrangement for vehicle maintenance is the Army Maintenance Division support for the Air Force vehicle fleet. This consists of parts manufacture and services that require specialized equipment (during the LMI team's visit, an Air Force vehicle drive shaft was being balanced by Army Maintenance). Such work is done on a reimbursable basis and has amounted to a total of \$2170 in the first half of FY 1982. In past years, the Air Force has had two major overhauls of construction equipment performed by Army Maintenance. Tire recapping by contract is administered by the Army for itself and the Air Force; the Navy contracts for its own recaps.

Informal support appeared to be nonexistent and local contract repairs are made without checking other Services' capabilities or workloads.

POTENTIAL FOR CONSOLIDATION

Three consolidation alternatives were considered in this study.

Alternative #1 - Air Force and Navy Consolidation

Consolidation would occur on the west side of the Canal with Army's functions on the east side remaining as is. This would be the most easily

implemented alternative since both Navy and Air Force use the same centralized maintenance concept. A minor difference is that Navy maintains what it calls Category II and III weight handling equipment (hoists and overhead cranes) with Transportation Division mechanics, while the Air Force places such items under the Base Civil Engineer. This workload is small and will very probably be resolved in the RPMA consolidation. What is significant, however, is that the consolidated workload, when applied in the Air Force manning standards, would not result in any reduction of authorized positions. The comparison is given in Table D-4. Some expansion of vehicle maintenance facilities at Howard AFB would be required to accommodate the larger fleet, creating a situation where an initial investment would be necessary with no offsetting savings.

TABLE D-4. STAFFING FOR ALTERNATIVE #1

<u>SERVICE</u>	<u>PRESENT AUTHORIZED STAFFING</u>	<u>WORKLOAD (VEHICLE EQUIV.)</u>	<u>MANPOWER STANDARD ALLOWANCE*</u>
Navy	12	291	18
Air Force	41	852	40
TOTAL	53	1143	58
Consolidated		1143	53

Present Staffing = 53 positions
 Consolidated Allowance = 53 positions

*AFMS 4240-4241.

Alternative #2 - Single Manager for the Pacific Side/Air Force Management

Under Air Force management, all levels of maintenance (except operator maintenance) would be performed by the single manager, so existing Army organizational maintenance sections would no longer be necessary for administrative use vehicles. It is assumed that the primary maintenance complex would be located at Howard AFB with a subcomplex at Corozal to provide maximum responsiveness to Army customers. Application of Air Force manning

standards would result in a staffing level of 102 (see Table D-5), but this implies a single working location, which is not practical. A more realistic staffing level of 125 positions would allow a dual complex operation and would save 18 positions from the 143 now authorized on the Pacific side. Seven fewer positions would be necessary if the present level of contract maintenance (\$200,000 in the first nine months of FY 1982) were to be continued after consolidation.

TABLE D-5. STAFFING FOR ALTERNATIVE #2

<u>SERVICE</u>	<u>PRESENT AUTHORIZED STAFFING</u>	<u>WORKLOAD (VEHICLE EQUIV.)</u>	<u>MANPOWER STANDARD ALLOWANCE*</u>
Army (Pacific)	91	1209	58
Navy	12	291	18
Air Force	<u>41</u>	<u>852</u>	<u>40</u>
TOTAL	143	<u>2352</u>	<u>116</u>
Consolidated		2342	102

*AFMS 4240-4241.

Although personnel savings would be substantial under this alternative, consolidation under an Air Force single manager also has drawbacks. These are:

- Construction of at least 20,000 square feet or open-bay maintenance shops would be necessary to increase capacity at Howard AFB. At \$130/SF, this would amount to a \$2.6 million initial investment.
- This alternative ignores the Army's maintenance functions on the Atlantic side, which depend on their Pacific counterparts for support. The Army placed its Transportation, DFE, and Maintenance functions under single managers as an intraservice consolidation some time ago and presumably realized economies in doing so. By consolidating Pacific-side maintenance under the Air Force, the Atlantic-side functions would become independent and would necessarily have to reassume some of the administrative and support responsibilities now being performed for them.

Alternative #3 - Army as Single Manager for the Pacific Side

The initial capital investment necessary for Alternative #2 would be greatly reduced if the Army became single manager for vehicle maintenance. An

8500 SF addition to the maintenance facility at Corozal would require \$1.1 million of construction rather than the \$2.6 million for Alternative #2. Under the Army's procedures, existing organizational maintenance sections would be retained, and it would be necessary to establish organizational maintenance sections at Howard AFB and Rodman Naval Station. Direct and general support would be accomplished at Corozal for all vehicles on the Pacific side.

The main drawback with this alternative is that, given current Army productivity, no savings would be produced. Instead, more personnel would be required than for present operations. The Army's productivity lags seriously behind the other Services requiring almost 55 percent more effort for an equivalent workload than Air Force, and 81 percent more than Navy. Table D-6 summarizes productivity by Service at Pacific installations.

TABLE D-6. VEHICLE MAINTENANCE PRODUCTIVITY

	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>
Present Staffing (Pacific)	90	12	41
Vehicle Equivalents Maintained	1209	291	852
Gross Manhours/veh. Equiv./year	154.8	85.8	100.1
Contract Maint./Veh.Equiv./year	\$112	\$98	\$57
Avg. Age of General Purp.Veh.(Yrs)	6.64	6.93	7.50
Avg. Mileage on General Purp.Veh.	51,914	N/A	37,420
General Purpose Veh. Deadline Rate	17.5%	<5%	<10%

The Army's Maintenance Division Chief told of a 3500 job backlog during the LMI team's visit, and both DFE and Transportation said they were doing more than organizational maintenance on their vehicles to avoid increasing that backlog further.

Whether the difference in productivity is due to the Army's multi-organizational approach to vehicle maintenance or to conditions particular to

Panama was not determined in this analysis, but it is apparent that if the Army's present level of effort per vehicle equivalent were extrapolated for the consolidated fleet, 175 positions would be required as compared to the present 143 positions.

RELATED ISSUES

Before a decision to consolidate could be implemented, several issues would need to be resolved. Among these are:

- Ownership of vehicles. Should vehicles remain on the account of individual Services or be managed centrally? Centralized ownership would reduce the size of the Transportation Dispatch function (see Appendix C) and would standardize the level of maintenance provided, but individual ownership would allow Services to replace vehicles when they saw fit to do so.
- Funding for vehicle maintenance by a single manager could be on a simple reimbursable basis or could be industrially funded. The benefits and disutilities of each are presently being addressed by the RPMA consolidation committee.
- Customers may be required to use the single-manager's services or they could also be allowed the option of using local service contracts as they see fit. Under an industrial fund concept, this provides a supplier incentive to provide competitive service.
- Air Force flightline, aircraft cargo, crash/rescue and refueling vehicles are as directly mission-related as are Army tactical vehicles and maintenance of such vehicles could be argued to be other than BOS. Under the third alternative, Air Force would lose control over direct, general and depot support of such vehicles.

CONCLUSIONS AND RECOMMENDATIONS

Although the concept of a consolidated vehicle maintenance function appears attractive, none of the three alternatives considered showed immediate savings. Alternative #2 could amortize its initial investment of \$2.6 million in fewer than six years, but it is highly unlikely that such construction would be approved considering the questionable future of military installations in Panama. Use of relocation funds might be a solution. Immediate savings could be achieved by identifying and resolving the reasons for the large difference in productivity between the Army and the other two Services.

If the Army could achieve the same level of productivity that the Air Force is now demonstrating, 31 positions could be saved.

Our recommendation is that consolidation not be directed at present but that an effort first be made to identify reasons for the large productivity difference and to implement actions to reduce it.

APPENDIX E
FOOD SERVICE

PRESENT MODE OF OPERATION

Background

Food service in Panama is provided by 22 military dining halls and approximately 25 units operated by the Club and Exchange Systems. Food service was not on the original list of functions for study, but was added following the first team visit because of the economies that appeared to be achievable. There were significant differences in facility conditions, equipment, staffing, productivity, and quality of service, despite the fact that each Military Department had approximately the same Basic Daily Allowance (BDA) to spend.

Each food service unit was visited at least once in the company of a food service manager. Visits were made during meal preparation, serving, and clean-up periods on all days of the week. Each of the Club and Exchange System facilities was also visited at least once. Detailed data on each of the 22 military units were provided by the local managers and analyzed. The TISA is consolidated under Army management and was included in the study although it was not a candidate for further consolidation actions.

The Services differ in their methods of accumulating cost data, and they use different formats. Air Force data were based on their computerized management reports, with some manual additions. Both Army and Navy developed their data manually for this study.

The total cost to the DoD for food service amounts to at least \$25 million annually, not counting utilities, maintenance, equipment repair

and replacement, and kitchen supplies obtained outside the TISA channels, and is summarized in Table E-1.

TABLE E-1. ESTIMATED COST OF FOOD SERVICE

<u>COST CATEGORY</u>	<u>COMPUTATIONAL BASIS</u>	<u>TOTAL COST</u>
Military Personnel	\$39,000 per year	\$10,530,000
Civilian Personnel	\$25,000 per year	8,000,000
TISA Supplies	3 Qtrs Actual, 1 Est.	<u>6,968,000</u>
TOTAL		\$25,498,000

The cost basis for military personnel is taken from the DoD Cost Guide, updated by inflators for 1983 by the Comptroller. Civilians are mostly Panamanian. Figures given for the Panamanian do not include some of the overhead costs in the DoD Guide, but do include applicable local fringe benefits.

The BDA is computed by each Service, and is intended to represent the cost of food purchases for a one-day cycle of three meals. The BDA for the Army is \$3.87; for Navy, \$3.89; and for the Air Force, \$3.84.

The qualitative rating of food service, made according to conventional standards, depends on a variety of ratable items -- scope of menu choice, appearance and presentation of food, facilities, equipment, and personnel productivity. There are wide variations in the ratings for that service among the dining halls and the Service totals.

Present Mode of Operation

Each Service has a central unit responsible for food service. Each dining hall has an Officer or Noncommissioned Officer in charge, supported by varying numbers of kitchen personnel.

There is little interface among the food service organizations beyond a common dependence on TISA. Each Service specifies a monthly requirement.

During the team's meetings with each branch of Service management units and the Commissary, Exchange Services, and Service Clubs, no other interface was found. There is no area-wide unit or committee through which such interface could occur, even though there are many commonalities of operational problems and needs.

During the July-October period of this study, there were 22 military dining halls with kitchens. One of these was in process of rehabilitation, and another new facility (USAF) was in process of development, as shown in Table E-2.

TABLE E-2. MILITARY DINING HALLS

	<u>ARMY</u>	<u>NAVY</u>	<u>USAF</u>	<u>TOTAL</u>
Pacific Side	8	2	3	13
Atlantic Side	<u>8</u>	<u>1</u>	<u>0</u>	<u>9</u>
TOTAL	16	3	3	22

Most military dining halls are in "vintage buildings" with concrete walls that constrain easy modification. Yet, in the USAF and Navy units and some of the Army facilities, that constraint did not prevent development of efficient production kitchens and pleasant dining hall serving area environments. Nine of the Army kitchens are TO&E; the others are not.

State-of-the-art technology and management appears to have been effectively applied in the USAF facilities. While the Navy apparently worked hard to make the best of what they have available, the limited extent of Naval forces in Panama tends to create operational constraints that best efforts cannot overcome in the quality and variety of food service provided.

Army facilities were quite varied. Some were comparable to the USAF and Navy facilities, while the remainder were not on a par with the other Services. It appears that a primary reason for that situation is the manner

in which Army kitchens and dining halls are planned and the differences in their concept of operation.

As an example, when a new USAF facility is being planned, or a major modification is under consideration, a team of food service specialists will supplement the local organization, and they jointly develop the new program. Although Army also provides some assistance, most such activities are based on "standard packages" which generally prescribe sets of equipment. These are then fitted to the facility by the local unit and the Corps of Engineers. Also, the Army is primarily concerned with field, rather than domiciled, operations, so there are significant differences in concept and practice.

USAF food service management data is computerized and more readily available than either the Army or Navy, which keep records manually. The data requested by the team are shown in Table E-3.

TABLE E-3. FOOD SERVICE DATA REQUESTED

Staffing Levels at each facility (Mil, Civ, ApF, NAF, any other special appointments)

Number of meals served at each facility (breakfast, lunch, dinner, other)

Average number of weekday meals by facility, average number of weekend meals by facility

Costs of meals (food, labor, other)

BDA figures (daily allowances). Preferably, this data would be monthly for year-to-date. If that is not available, data for the most recent 90-day period would be a second-best substitute

Major items of food equipment by facility (by type and condition of equipment)
Any other equipment

Physical space in sq. ft.
Food preparation areas
Storage areas
 Dry
 Refrigerated
 Frozen
Dining area and seating capacity

Generally, when a sufficient volume of food service production exists, economies of scale in production more than compensate for the costs of re-engineering and equipment charges to convert inadequate kitchen-dining hall facilities into more modern and acceptable surroundings. This basic approach was used during this study to determine if economies achieved through consolidation efforts could be used to overcome deficiencies identified during the course of the study. It appeared that such results could be achieved.

Although 40 percent of the military kitchens and dining halls are located on the Atlantic side of the Isthmus, there is no sub-TISA or larger supply of food product on the Atlantic side. It is also a paradox that most dry goods and beverage products shipped from CONUS are shipped from Atlantic and Gulf ports in CONUS and transit through the Panama Canal from the Atlantic to the Pacific side for unloading. The Army states that insufficient storage and offloading capability exists on the Atlantic side with which to correct that problem.

In order to supply the kitchens on the Atlantic side, the Army uses motor transport via the single trans-Isthmus highway, which is occasionally closed for one reason or another. Since an existing Army directive prohibits kitchens from storing more than 1½ to 2 "cycles" of food at any one time, the kitchens on the Atlantic side must be resupplied at least every other day. A driver and TISA person must therefore spend the major part of the day at least three times each week delivering food supplied to the eight Army kitchens on the Atlantic side. One 40-foot tractor trailer is used each trip for the dry goods and an additional tractor with refrigerated trailer for refrigerated goods, using a total of four persons at least three times each week. When the highway is closed, resupply is effected by air transport.

The Navy also supplies its one Atlantic base by road, but since its authorized inventory level is up to 60 days supply, only minor problems are encountered. The Commissary and Exchange Service also resupply by road, but they maintain sufficient warehousing on the Atlantic side and do not encounter major problems with their inventory. There is no coordination between Army, Navy, Commissary, Exchange, and Service Clubs regarding resupply to Atlantic side activities.

Some of the food service facilities are geographically close, especially on the Pacific west side. The Army operates two dining halls at Fort Kobbe, each within a short walking distance of the other. These are close to Navy's Farfan Station dining hall and to the Air Force's Howard AFB dining hall. Navy's Rodman Naval Station dining hall is a short distance on the road from Howard AFB, which has what is believed to be the best and most efficient dining facility in the Isthmus.

Navy kitchens and most Army kitchens lack modern, efficient production equipment, and they do not have the fast food production capability that would be possible with quartz and other grills, steamers, and convection ovens. This is partly traceable to the Service menu requirements.

By contrast, the USAF menu allows for a-la-carte offerings which permit a wide variety of items at each meal. The Navy and Army require multiple choice and restrict the number of items offered. The Navy kitchens are even more restricted in their offerings due to the smaller size of population authorized to use military dining halls. Lack of appropriate food service production equipment precludes practical management practices such as "tighter" estimates of numbers of meals to be served, which reduce food waste when that number of meals are not served. With the availability of modern equipment, such as microwave ovens, it would be possible to pre-prepare and

store frozen or refrigerated items, then rapidly reconstitute those alternate meals when the major meal items are totally used.

There are 590 persons directly involved in food service in Panama, as shown in Table E-4.

TABLE E-4. FOOD SERVICE PERSONNEL

<u>CATEGORY OF PERSONNEL</u>	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>	<u>TOTAL</u>
Food Production and Service				
Military	204	16	27	247
Civilian	207	36	52	295
Support Functions				
Military	19	--	4	23
Civilian	24	--	1	25
TOTAL	454	52	84	590

Only 154 of the military positions are TO&E; the remainder are TDA, or some other variable kind of appointment, with the number determined by the workload. More than 90 percent of the civilians are Cuna Indians.

Some of the facilities support international schools. For example, Army provides the food service to USARSA at Fort Gulick with two kitchens. Navy supports SCIATT at Rodman Naval Station. The Air Force uses 23 of its food service personnel in support of IAFA at Albrook AFB. It is the team's understanding that, although the Latin American countries contribute to the support of the schools, they do not contribute to the food service portion of that support.

The productivity of the kitchens, measured by the number of meals served per employee hour, is indicated in Table E-5.

TABLE E-5. FOOD SERVICE PRODUCTIVITY

<u>SERVICE</u>	<u>MEALS SERVED PER LABOR HOUR</u>
Army	3.1
Navy	1.4
Air Force	8.0

In comparison to productivity rates of 25 to 30 meals per labor hour used in civilian, commercial and general institutional food service operations, the rates calculated for Panama are very low. However, when the civilian rates are adjusted to apply to a military environment, they would range from seven to 15 meals per labor hour. The only military food service in Panama within the acceptable range were the USAF operations, although it maintains a 24-hour in-flight kitchen, which produces to a highly flexible demand situation.

In comparing these productivity rates, it can be concluded that the USAF rate is substantially better than are those of the Army and Navy, but all operate under basically the same conditions. A major reason for such difference is the significantly higher use rate of the USAF dining halls though the potential population served is approximately the same as most Army units. The Navy population size is a major factor in its lower rate, although menu limitations are also significant. Table E-6 provides some indications of use rate differentials.

TABLE E-6. USE RATE COMPARISONS - MILITARY DINING HALLS

	<u>ARMY*</u>	<u>NAVY**</u>	<u>USAF***</u>	<u>AVERAGE</u>
Average # Meals Served/Day All Dining Halls/Branch	4241	298	1410	6949
Average # Meals Served/Day Average Dining Hall/Branch	341	298	705	386

NOTES:

* Does not include Fort Sherman Tropical Training Center where meals are provided by transient user units.

** Rodman Naval Station only. Does not include Farfan Station or Galeta Island.

*** Does not include meals served by in-flight kitchen.

When assessing the relative merits of the productivity and use rate differentials, one must remember that the BDA for each branch of Service is

almost identical with all other- and that all branches of Service requisition food supplies from the same source in Panama -- the Army TISA unit.

Much of the family housing is on-base and relatively close to work stations. Therefore, many potential customers elect to eat lunch at home rather than in a more convenient military dining hall or other food service facility such as clubs or exchanges.

Army's response to the initial recommendations of this study claimed an effort on identifying food waste (lack of consumption of prepared foods) in their facilities; no formal program existed in any of the branches. In nearly 40 visits to military dining halls, no observations were made of any effort on the part of food service personnel to observe such waste or to determine user satisfaction with food offered. Usually, the best indicators of user satisfaction and low food waste are the use rates of the facility concerned. With the wide variety of meal sources available on base in Panama, it is highly likely that only those facilities with acceptable or better than average quality and menu offerings will show high user rates.

Through experience in evaluating food service operations, a simplified formula was developed by which a general ad hoc assessment could be made of the overall operation. This technique has been successfully used on several hundred institutional, commercial, and government food service operations, including military facilities. It consists of assigning a numerical value to various factors in food service operations and combining those for an average number to provide an indicator level for the overall operation. This method was used to evaluate the military food service operations in Panama. The factors evaluated are:

- Scope - Variety of food offered; variety of menu. Hot, cold, fast foods.

- Appearance and presentation of food offered - Appetite appeal in manner of presentation; hot food "hot"; cold food "cold"; etc.
- Facilities -
 - Kitchen - Efficiency of layout and use of space/equipment.
 - Serving Area - Attractiveness, cleanliness, efficiency of service activities and volume throughput.
 - Dining Hall Environment - Attractiveness, cleanliness.
 - Storage - Dry and refrigerated storage capacity and utilization.
- Equipment - Variety, utilization, state-of-the-art, condition.
- Productivity - Meals produced per labor hour.

Using a scale of one to ten for each of the above factors, an assessment was made of each Service's food service operations in Panama. The scores are presented in Table E-7.

TABLE E-7. EVALUATION OF FOOD SERVICE ACTIVITIES

	<u>ARMY</u>	<u>NAVY</u>	<u>USAF</u>	<u>AVERAGE</u>
Scope	7	5	10	7.0
Appearance & Presentation	5	5	9	6.3
Facilities - Kitchen	6	5	9	6.6
Serving Area	5	4	9	6.0
Dining Halls	5	8	10	7.6
Storage	7	10	8	8.3
Equipment	6	5	9	6.6
Productivity	4	3	8	5.0
Average Rating	<u>5.6</u>	<u>4.5</u>	<u>9.0</u>	<u>6.675</u>

This method uses a rating level of six or seven as acceptable, with any lower rating below average. These ratings match the statistical factors identified in Table E-6 (use rate differentials) and the productivity rates of Table E-5.

SUMMARY OBSERVATIONS

1. The number of meals served in most military dining halls is low. The exceptions are the USAF dining halls and certain Army facilities.

2. The number of food service personnel assigned is higher than needed to provide acceptable, if not improved, quality meals which meet recommended daily allowance (RDA) requirements.
3. Dining hall environment is unnecessarily poor in some facilities.
4. Consolidation potential exists, including reduction of both military and civilian staff.
5. Utilization of available and relevant state-of-the-art techniques and equipment would significantly improve productivity and quality. The money derived from consolidation savings should be sufficient to pay for equipment and facility upgrading.
6. In addition to direct savings achievable through consolidation programs, it is believed that significant economies are achievable in management.
7. Production and meal service layout is a major constraint in efficient operation and is correctable by the application of food service technology engineering.
8. Major impediments to progress are the existence of various Service directives within each Service which prevent implementation of programs by which significant economies are achievable and improvement in the quality levels of results.
9. Dining hall environment is readily corrected with minor expense and would improve utilization of the facilities. These factors are also important in the development of troop morale and re-enlistment attitudes.
10. The Army operates a block ice plant on the Pacific side, and all units are equipped with crushed ice machines. Block ice for the Atlantic side is procured from a local Panamanian source which is six times more expensive and tends to be somewhat erratic. This occasionally creates problems for the supply of ice to the units operating in the Tropical Training Center at Fort Sherman.
11. All Services procure breadstuffs from the AAFES bakery on the Pacific side of the Isthmus. While that bakery also produces specialties and dessert items, most military kitchens continue to bake a portion of their baked goods requirements so as to maintain the proficiency of the Baker's Military Occupational Speciality ratings. However, if an appropriate quality control and production program were developed in the AAFES bakery, some reduction in the number of military bakers in Panama would be possible without sacrifice of military requirements.

CURRENT STATUS OF CONSOLIDATION

All Services receive subsistence items from TISA and some baked goods from AAFES. All Services on the Pacific obtain block ice from Army.

The Service attitudes toward consolidation vary. USAF managers have expressed acceptance of further consolidation, so long as their quality levels are not reduced. Navy objected, pointing to their special requirements for dockside subsistence provisioning. Army does not agree that their special TO&E requirements can be satisfied, although the team is convinced that acceptable solutions are possible.

Special attention must be given to the fact that reductions in civilian employment would fall almost exclusively on the universally acclaimed Cuna Indians. The team has been informed that personnel requirements are stated annually, and that adjustments that are forecast sufficiently in advance would be acceptable.

RECOMMENDED CONSOLIDATION ACTIONS

1. Establish a jointly-manned Food Services Committee with chairmanship rotating among the Services. This committee would:
 - (a) Determine the details of consolidation programs.
 - (b) Monitor progress.
 - (c) Determine how best to employ savings.
 - (d) Provide a professional forum for exchange of information on problems common to all Services.
 - (e) Explore ways to collaborate or consolidate with suitable portions of the Commissary, Exchange, and Service Club systems.
2. The following consolidation actions should be made, expecting an implementation planning period of about six months:
 - (a) Close two of the lowest volume units: 601 Med at Fort Clayton and 1097 T. C. at Fort Davis. It is understood that the Brigade has already decided to carry out these actions.
 - (b) Close the kitchens, but retain the dining halls at USARSA #2 (Fort Gulick), 210 Avn (Fort Kobbe) and/or #1 3/5 Inf (Fort Kobbe), and Rodman Station (Navy). Each facility should be provided with fast food preparation and heating equipment to make final preparation of food from Howard AFB. Each Service has objected to these recommendations.

- (c) Reduce the staff at JOTC #1 (Fort Sherman) to accommodate the low volume of service. It is understood that the Brigade accepts this recommendation.
- (d) Use a satelliting concept wherever possible. It is understood that the Brigade objects to this philosophy.
- (e) Where reductions involve TO&E personnel, reassign those personnel to other work stations and absorb the reductions in TDA positions.
- (f) Continue the search for better ways of resupplying the Atlantic side units. The team explored a number of alternatives, all of which appeared to have significant defects. Primary among the unexamined objections is the cost of rehabilitation of some Atlantic side buildings for warehouse use.
- (g) Request waiver of the Army stockage objective to permit one to two weeks supply at Army kitchens. The Brigade non-concurs, feeling that the constraint is not that severe.
- (h) Request assistance from Service technical experts to assist in design of optimal facilities.

The estimated savings resulting from consolidated food service operations are given in Table E-8.

TABLE E-8. ESTIMATED SAVINGS FROM CONSOLIDATION

<u>CONSOLIDATION ACTION</u>	<u>MILITARY PERSONNEL SAVED</u>	<u>CIVILIAN POSITIONS SAVED</u>	<u>TOTAL POSITIONS SAVED</u>
Close Low Volume Units			
601 Med (Clayton)	10 TO&E	14	24
1097 T.C. (Davis)	9 TO&E	10	19
Satellite Dining Halls			
Hq Repl Det (Clayton)	3 TO&E	4	7
USARSA #2 (Gulick)	4 TDA	7	11
Rodman/Howard	3 TO&E	8	11
Staff Reductions			
JOTC (Sherman)	4 TDA	8	12
Satellite or Consolidate			
Kobbe/Howard	0	9	9
TOTALS	25 TO&E 8 TDA	60	93

APPENDIX F

MORALE, WELFARE, AND RECREATION (MWR)

PRESENT MODE OF OPERATIONS

General

MWR programs are very important to personnel and their dependents, especially at an overseas post. The mere suggestion that MWR economies should be sought automatically prompts fears that tactical readiness, command integrity, and the ability to attract and retain individuals in the Service would be sacrificed.

MWR is a major base operations activity. In Panama some \$20 million annually is spent in MWR, and one-sixth of all BOS personnel is directly related to the delivery of MWR services. Each Service operates its own program, supplemented by activities of the AAFES and other organizations. The consolidation problem is, therefore, one of assuring that MWR quality is maintained at reduced cost.

If economy is the only guide, very large-scale reductions in MWR programs are possible. However, the LMI team sought economies that would continue to satisfy command integrity and deliver MWR services at least as good as those currently enjoyed.

The MWR Programs

More than 100 separate programs and activities constitute the MWR function in Panama, and they are constantly changing. Table F-1 is a partial list of MWR personnel and the activities supported. Theaters, schools, some community programs, and AAFES activities are not included.

TABLE F-1. MWR PERSONNEL

<u>FUNCTION</u>	<u>ARMY</u>			<u>NAVY</u>			<u>AIR FORCE</u>			<u>TOTAL</u>		
	<u>MIL</u>	<u>ApC</u>	<u>NAF</u>	<u>MIL</u>	<u>ApC</u>	<u>NAF</u>	<u>MIL</u>	<u>ApC</u>	<u>NAF</u>	<u>MIL</u>	<u>ApC</u>	<u>NAF</u>
Administration												
MWR	1	13	10	2	2	0	2	1	0	5	16	10
MSF	0	1	6	0	0	0	0	0	0	0	1	6
Phys Act Office	4	2	4	0	0	26	3	1	3	7	3	33
Arts & Crafts	0	1	1	0	0	0	0	0	0	0	1	1
Youth Activities	4	3	2	0	0	0	0	0	0	4	3	2
Finance & Acctg	Unknown			Unknown			1	2	15	1	2	15
Physical Activities												
Gymnasiums	0	5	3	Included			6	0	4	6	5	7
Swimming Pools	0	11	8	Included			0	0	3	0	11	11
Bowling	0	8	9	0	0	0	1	1	19	1	9	28
Bowl Snack Bar	0	0	0	0	0	0	0	0	12	0	0	12
Beach	0	2	2	0	0	0	0	0	0	0	2	2
Boat Shop/Sale	0	5	1	0	0	0	0	0	0	0	5	1
Golf Course	2	0	11	0	0	0	0	0	0	2	0	11
Recreation Ctrs	4	11	12	0	0	0	3	0	4	7	11	16
Aquatic Center	0	3	2	0	0	0	0	0	0	0	3	2
Outdoor Maint	0	10	0	0	0	0	0	0	0	0	10	0
Arts & Crafts												
A&C Center	3	11	2	0	0	0	0	0	0	3	11	2
Ceramics	0	1	1	Included			0	0	8	0	1	9
Auto Shop	0	6	0	0	0	0	1	0	0	1	6	0
Libraries												
Fixed Sites	0	10	4	0	0	0	0	2	5	0	12	9
Mobile	4	2	3	0	0	0	0	0	1	4	2	4
Youth Activities												
Centers	1	2	5	0	0	0	0	1	10	1	3	15
Sports	0	2	0	Included			0	0	0	0	2	0
Preschool	0	2	19	0	0	0	0	0	5	0	2	24
Child Care	0	2	31	0	0	0	0	1	19	0	3	50
Instructional	0	0	15	0	0	0	0	0	0	0	0	15
Summer Fun	0	1	20	0	0	0	0	0	0	0	1	20
Student Aid	0	26	0	0	0	0	0	0	0	0	26	0
Community Services	0	4	0	0	0	0	0	0	0	0	4	0
TOTALS	23	144	171	2	2	26	17	9	108	42	155	305
	338			30			134			502		

MWR records and reports differ among the three Services, as do the funding procedures. A fully accurate MWR budget summary covering all the Services is therefore difficult to assemble. The entries of Table F-2, however, are adequate for the analysis. The wide disparities in kinds of support and the final per capita fund availability among the Services are evident from the Table.

TABLE F-2. MWR, CLUBS, AND CLASS VI BUDGETS
FY1983

<u>SOURCE OF FUNDS</u>	<u>ARMY</u>	<u>NAVY</u>	<u>AIR FORCE</u>	<u>TOTAL</u>
Appropriated Funds				
Clubs	\$ 350,920	\$ 217,000	\$ 107,760	\$ 675,680
Class VI Stores	0	72,000	0	72,000
MWR	3,486,700	249,000	618,637	4,354,337
TOTAL ApF	\$ 3,837,620	\$ 538,000	\$ 726,397	\$ 5,102,017
Nonappropriated Funds				
Clubs	\$ 1,906,477	\$ 503,339	\$1,699,350	\$ 4,109,166
Class VI Stores (est.)	2,800,000	204,960	2,800,000	5,804,960
MWR	1,960,900	322,400	2,474,549	4,703,849
TOTAL NAF	\$ 6,613,377	\$1,030,699	\$6,973,899	\$14,616,576
Percent APF	65%	44%	20%	26%
Percent NAF	35%	56%	80%	74%
Per Capita Dollar Inputs				
ApF	\$123	\$143	\$108	\$124
NAF	\$ 67	\$181	\$433	\$227
TOTAL	\$189	\$324	\$541	\$351

Each Service has a different way of organizing its MWR programs. The Army separates its Child Care and Community (Family) programs from the remainder of MWR. All Air Force MWR programs are housed in the same organization, which also includes a finance and accounting unit. Navy's activities are more limited in that they serve a smaller population and are organizationally integrated. Neither Army nor Navy has a Finance Office in the MWR

program itself. The team found very little interfacing among the Service MWR managers; the LMI team meetings provided the first occasion for face-to-face meetings for them.

Army operates the Commissary system for all three Services. Exchange Services are operated by AAFES and by the Marine Exchange Service. Each Service operates its own club system according to the regulations, with a total of 15 club installations for all three Services. Each of these installations was visited, and summary information was obtained, but no in-depth analysis was made. The budget information, however, is included because Class VI sales are a major generator of NAF used for the MWR and club programs.

CURRENT STATUS OF CONSOLIDATION

Several interservice agreements are in effect in the MWR function. Army provides 13 person-years of support to DoDDS for their physical education and interscholastic sports programs. The Army operates the Auto Crafts Center at Albrook Air Station, with usage by Army, Air Force, and IAFA personnel. Howard AFB has opened its MWR facilities to Army personnel from Fort Kobbe. Army provides access to its MWR facilities and programs to employees and families of the PCC, and this is reciprocated by PCC. All post theaters are operated by AAFES.

CONSOLIDATION OPTIONS CONSIDERED

Some of the MWR facilities had little patronage, for example, the east bank installations on the Pacific side and some Navy facilities. One option, therefore, is to close low use facilities and possibly increase the patronage at others. Inasmuch as actual patronage figures are not maintained, amounts of usage are professional estimates and not readily documented. Furthermore, the Services insist that MWR facilities must remain available, even if under-utilized.

The Air Force contracts its Horoko golf club operation, but the Army operates its club with two uniformed persons and a staff of eleven NAF employees. One option for reducing staff would be to provide more MWR services as contractor-operated activities. The Services object to this option, but the concept would be an attractive one for Treaty affairs personnel. The facilities considered as prime candidates for such change are listed in Table F-3.

TABLE F-3. CANDIDATES FOR CONTRACT OPERATIONS

<u>ACTIVITY</u>	<u>POSITIONS SAVED</u>		<u>TOTAL</u>
	<u>APPROPRIATED FUND</u>	<u>NONAPPROPRIATED FUND</u>	
Fort Amador Golf Course	2 Mil	11 Civ	13
All Bowling Alleys	10 Civ	32 Civ	42
All Swimming Pools	<u>9 Civ</u>	<u>10 Civ</u>	<u>19</u>
TOTAL SAVINGS	21	53	74

Consolidation of facilities is also possible, with position savings approximately half those listed above. Again, the Services object, maintaining the need for availability of MWR facilities directly on base, rather than at nearby installations.

An option that met with less Service objection, although with some reservations for the need to plan carefully to assure compliance with regulations, is to search for the possibilities of converting some activities from the ApF category to NAF support. Given the possibility, discussed in Appendix G that efficient ordering of Class VI supplies and consolidation of warehousing could lead to about \$660,000 per year in additional NAF revenues, funds could be available to support this option. Because of Congressional concern about the growth of ApF requests for additional MWR programs, this option is the most appealing of the available choices.

RECOMMENDATIONS

The team makes the following recommendations concerning savings in MWR programs:

1. Establish a jointly manned MWR committee with rotating chair and frequent working meetings.
2. That committee should review alternatives for converting ApF MWR activities into NAF activities, and make a selection. A first-year target should be the conversion of 20 of the existing 197 military and civilian ApF personnel to NAF support. Higher targets should be established for subsequent years.
3. Advertise selected MWR facilities for contractor operations, beginning with the Amador golf course, the bowling alleys, and the swimming pools, after evaluating the benefits from personnel savings against possible loss of revenue under commercial operation.
4. The committee should study opportunities for common ordering of MWR supplies by a single Service. It should study possibilities for common ordering of supplies including the Clubs and the Exchange System.
5. Although MWR facilities have an "open door" policy, the de facto administration of existing regulations concerning priority of access sometimes frustrates the intent of the policy. The committee should develop ways to assure full access.

APPENDIX G

CLASS VI - BEVERAGE PACKAGE STORE OPERATIONS

PRESENT MODE OF OPERATION

Presently the Army, Navy, and Air Force conduct separate procurement, warehousing, and retail distribution of both alcoholic and nonalcoholic beverages within their installations. Each operation offers a wide choice of beer, wines, distilled liquors, liqueurs, soft drinks, and a limited line of snacks. In the case of Army, the Class VI operation is a branch of the Army's club operations, but in the Navy and Air Force operations are under the supervision and control of their MWR offices.

The total volume of sales of the three Services averages nearly \$8 million annually, as shown in Table G-1.

TABLE G-1. BEVERAGE STORES

<u>SERVICE</u>	<u>STORES</u>	<u>LOCATION</u>	<u>SALES</u> <u>(\$ Thous)</u>
Army	1	Ft. Clayton	\$1,344
	1	Ft. Amador	830
	1	Ft. Gulick	784
	1	Quarry Heights	397
	1	Ft. Davis	295
		TOTAL	\$3,650
Air Force	1	Albrook AFB	\$1,800
	1	Howard AFB	1,200
		TOTAL	\$3,000
Navy	<u>1</u>	Rodman Nav. Sta.	<u>\$1,039</u>
TOTALS	8		\$7,689

In addition to the military forces and their dependents, these activities service U.S. Navy and Allied ships in transit, PCC employees and their dependents, and diplomatic personnel with privileges. Total personnel served is estimated to be between 35,000 and 40,000.

The Army presently operates five stores and warehouses its stocks in three buildings at Fort Amador. The Navy operates one store at Rodman Naval Station with a warehouse facility in the same building. The Air Force operates two stores with warehousing at Albrook AFB.

Each Service conducts its own receipt, warehousing, distribution, and retail sales operations. The combined volume of Army, Navy, and Air Force purchases of both alcoholic and nonalcoholic beverages is indeed substantial. For beer it averages up to 50,000 cases monthly, liquors about 5000 cases, wines 1500, and nonalcoholic drinks and sodas about 16,000 cases monthly. It should be noted that AAFES also merchandises soft drinks and beer in substantial volume.

Currently each of the Services places orders on slightly different cycles, but these could easily be coordinated so as to maximize potential volume discount savings inherent in consolidated procurement. Army usually orders on a 30-day cycle (except for beer which is shipped as required against an annual purchase order). Navy orders approximately every 60 days and Air Force again on a monthly cycle.

The source of supply varies both as to product and the Service concerned. Generally they average about 50 percent from CONUS suppliers and 35 percent from the Free Zone, with the remainder from a variety of other sources.

Personnel costs of the Class VI operation are shown in Table G-2. After deducting all costs, the aggregate profits are estimated to be about \$1,600,000.

Distribution of accrued profits vary with each Service.

- Army establishes a percentage which is forwarded yearly to Headquarters, Department of the Army. The remainder of the profit is divided between the MWR Fund and the various Army clubs and their activities.

- Navy distributes 50 percent of the profit to Navy Recreation Services in Washington, and the remainder to local recreation and welfare programs.
- Air Force distributes 4 percent of sales to the USAF Welfare Board, 2 percent of sales to the TAC Welfare Board, and 8 percent of sales to the Central Base Fund. The remaining profit is distributed locally at the discretion of the Air Force Commander.

**TABLE G-2. BEVERAGE STORE OPERATIONS
STAFFING & PERSONNEL COSTS
(ANNUAL)**

<u>SERVICE</u>	<u>FUNCTION</u>	<u>ASSIGNED</u>	<u>COST</u>
Army	Admin.	7	\$165,440
	Warehouse	10	81,720
	Retail Sales	15	167,900
	Transport	2	40,800
	TOTAL	<u>34</u>	<u>\$453,860</u>
Air Force	Admin.	2	\$ 19,800
	Warehouse	7	52,800
	Retail Sales	11	98,400
	Transport	--	--
	TOTAL	<u>20</u>	<u>\$171,000</u>
Navy	Admin.	2	\$ 13,477
	Warehouse	2	15,836
	Retail Sales	2	22,373
	Transport	2	12,246
	TOTAL	<u>8</u>	<u>\$ 63,932</u>
Three Service Total		<u>63</u>	<u>\$688,792</u>

Organization and Staffing

The Services are organized along essentially parallel lines with their activities separated into administration and financial management, warehousing, receipt and distribution, and retail marketing through their total of eight package stores. The staffing for these functions of each Service is given in Table G-2. In all Services heavy use is made of part-time employees, primarily Panamanian nationals, in their warehousing operations. Depending on the cycles of receipt and distribution of stocks, these part-time employees can total as many as 40 in a given month. The personnel costs of Table G-2 reflect this variability.

CURRENT STATUS OF CONSOLIDATION

Presently there is no attempt at consolidation in any of the major sectors of Class VI operations; i.e., procurement, warehousing, distribution, or retail marketing.

POTENTIAL FOR CONSOLIDATION

There are definite and substantial potentials for savings in consolidating or centralizing two sectors of the Class VI activities of the three Services. These are centralized procurement and consolidated warehousing. The major savings potential exists in central procurement through price reductions due to higher purchase quantities and through consolidation of shipments, leading to lower shipping costs. Lesser savings potential, but by no means inconsequential, is inherent in a consolidation of receipt, warehousing and distribution operations for reducing personnel and transport costs.

ESTIMATED SAVINGS

The total volume of purchases for the three Services are substantial, although their present modes and avenues of procurement deny them the opportunities for realizing the potential savings. Each Service currently follows its own pattern of cyclical reorder and stocking. However, if they should centralize their orders on a common 30- to 60-day cycle, they would enjoy the major price reductions available for container volume orders in a wide range of products. Examples of such potential savings are indicated in Table G-3 where the potential for savings are estimated as low as \$6000 per standard 20-foot container to as much as \$28,000, depending on the product and bottle unit size. Unit costs reflect both lower CONUS prices, as well as quantity discounts. Considering the total volume of case purchases by the Services and the annual sales volume, it is estimated that such savings could conservatively total at least \$480,000 on an annual basis and could reach as much as \$600,000 or more.

TABLE G-3. EXAMPLE-POTENTIAL SAVINGS OF CENTRALIZED PROCUREMENT FROM CONUS
COST PER MILVAN CONTAINER (20 Ft.)

PRODUCT	SIZE	QUANTITY	UNIT PRICE		TOTAL	UNIT PRICE		TOTAL
			CONUS	FREE ZONE		FREE ZONE	TOTAL	
Seagram's 7 Crown	Liter	150 cs	23.45	48.00	\$ 3,517.50	48.00	\$ 7,200.00	
Seagram's VO	1/5	150 cs	29.00	55.00	4,350.00	55.00	8,250.00	
Seagram's VO	40 oz	150 cs	42.50	83.00	6,375.00	83.00	12,450.00	
Crown Royal	1/5	50 cs	57.90	105.00	2,895.00	105.00	5,250.00	
Crown Russe Vodka	1/5	100 cs	8.15	23.00	815.00	23.00	2,300.00	
Myers Rum	1/5	50 cs	24.90	66.00	1,245.00	66.00	3,300.00	
Kessler Bourbon	1/5	50 cs	11.60	31.00	580.00	31.00	1,550.00	
Chivas Regal Scotch	1/5	100 cs	75.00	118.00	7,500.00	118.00	11,800.00	
Chivas Regal Scotch	40 oz	50 cs	111.25	177.00	5,562.50	177.00	8,850.00	
		850 cs						
DIFFERENCE \$28,110.00					\$32,840.00		\$60,950.00	
Jim Beam 80 Proof	1.75 Lt	400 cs	19.80	40.00	7,920.00	40.00	16,000.00	
Jim Beam 80 Proof	Liter	800 cs	24.35	43.00	7,290.00	43.00	12,900.00	
Jim Beam 80 Proof	950 ml	100 cs	19.30	34.00	1,930.00	34.00	3,400.00	
		800 cs						
DIFFERENCE \$15,160.00					\$17,140.00		\$32,300.00	
Smirnoff 80 Proof	1.75 Lt	400 cs	12.30	20.00	4,920.00	20.00	8,000.00	
Smirnoff 80 Proof	Liter	300 cs	15.50	22.00	4,650.00	22.00	6,600.00	
Smirnoff 80 Proof	750 ml	175 cs	13.25	19.00	2,318.75	19.00	3,325.00	
		875 cs						
DIFFERENCE \$6,036.25					\$11,888.75		\$17,925.00	

Additional savings are inherent in a consolidated warehousing and receipt and delivery operation. Such savings depend on released storage space, delivery cost savings, and personnel reductions. The LMI team believes that five positions might be saved. Collectively, these savings could be about 20 to 25 percent of the present three separate operations -- \$180,000 annually.

It is not recommended that any attempt be made to consolidate the retail store operations at this time although this possibility might be re-examined at a later date after consolidation of procurement and warehousing has been effected.

RELATED ISSUES

In discussions with the officers in charge of Class VI operations concerning the consolidation of the package store operations, all indicated an agreement with the concept of substantial savings through the centralizing of procurement and warehousing. However, in those discussions they indicated some reservations in two areas: loss of control of their independence for ordering special products that were popular within their own clientele, and retention of their independence for determining their own pricing strategy. The LMI team believes that the proposed consolidation can be designed to satisfy both desires.

One of the recommendations here is to centralize procurement for the three Services in order to maximize volume discounts from CONUS suppliers and to assume full-load Milvan containers for minimal freight costs. This would reduce local purchases from the Free Zone and increase the amounts purchased from CONUS. Article VIII of the Treaty provides for preference for procurement of supplies and services obtainable in the Republic of Panama "...when such supplies and services are comparable in quality and price to those which may be obtained from other sources."

It is not known whether this article might pose a problem if the purchases within CONUS are substantially increased. However, the Free Zone prices are in no way comparable (refer to Table G-3), and in any event it is understood that, regardless of the order source, CONUS suppliers will credit their local distributors with the source of the order and reimburse them for his normal profit, less freight, port charges, handling and overhead costs, which are normally a part of his markup to local purchasers.

In view of this fact and the added factor that Free Zone costs are in the range of 100 percent to 150 percent higher than CONUS, this should not be a problem of any real significance.

CONCLUSIONS

The procurement, warehousing, and distribution of Class VI stocks should be centralized to include inventory and reorder records and controls. Centralizing these functions could effect annual savings of \$600,000 or more. The accruing of such substantial savings could increase the NAF funds for MWR activities and broaden the spectrum of such services.

RECOMMENDATIONS

- Combine procurement and warehousing activities of the three Services to maximize savings from volume discounts and full container shipments.
- Retain current independence of each Service to determine pricing strategy and special product ordering tailored to special customer needs.
- After consolidation of procurement and warehousing has shaken down, re-examine feasibility of consolidating retail sales.

APPENDIX H

PURCHASING & CONTRACTING (P&C)

PRESENT MODE OF OPERATIONS

The Army, Navy and Air Force perform their P&C functions as separate Services. They are primarily engaged in installation or retail-type procurement for current command requirements rather than wholesale procurement or production-type contracts. A few examples of interservice agreement, for example, are the procurement of crushed rock, contracting for furniture repair and the use of COPARS for automotive parts and supplies. Air Force handles all Navy construction contracts in excess of \$25,000, Navy's limit on construction contract authority. Navy contracts for school bus services for the three Commands.

Mission and Organization

The mission of each Service for contracting and procurement activities is essentially the same: to conduct purchase of the necessary commodities, services, and supplies for parent commands and their component and tenant units.

The volumes of procurement and contracting actions differ widely, as illustrated in Table H-1.

TABLE H-1. PURCHASING AND CONTRACTING

<u>SERVICE</u>	<u>NUMBER OF PURCHASE CONTRACTS</u>	<u>ACTIONS</u>	<u>VALUE (\$ MILLIONS)</u>	<u>P&C BUDGET (\$ THOUSANDS)</u>	<u>STAFF</u>	<u>AUTOMATION</u>
Army	286	9155	\$44	\$623	31	None
Navy	800	4234	\$ 6	\$212	9	None
Air Force	70	2000	\$17	\$377	+4 Temp 18	Extensive

Despite the differences in workload, the Services have organized their P&C activity along basically identical lines.

In the Army's case, the Contracting Division, located at Corozal, is structured with a Division Chief's Office, staffed with one military and two civilian positions: a Purchasing Branch, staffed with fifteen civilians; and a Contracts Branch with 13 civilians. The Division's annual budget is slightly over \$623,000.

The Air Force, although its organization is structured more to separate the buyers from the contract administrators, follows essentially the same organizational lines. It has elected to staff its activity with nine military and 12 civilians. The currently assigned personnel number is 18. The offices are located at Howard AFB and could not be expanded for additional activity. The Air Force Contracting activity is completely automated and uses WANG word processors for contract and purchase order preparation. Its annual budget, including the cost of military salaries, totals \$377,053.

The Navy's Contracting Division is located in the Office of the OICC/ROICC (Officer in Charge of Construction/Resident Officer in Charge of Construction) at Rodman Naval Station. The building is fully utilized and has no potential for expansion if consolidation of procurement and contracting at a central location should be envisaged. Despite the much smaller dollar volume of their P&C activities, as noted earlier, the Navy has unique mission requirements in this area involving resupply of U.S. Navy ships transiting the Panama Canal, as well as those of Allies and other designated nations. Their organization is headed by a supervisory management block consisting of the OICC and the ROICC, both military, and a supervisory civilian engineer. Below this management level the P&C activities are separated to include a construction contracts branch and a procurement/supply branch. The authorized manning

strength is currently one supervisor and eight contract procurement specialists. Presently, four additional temporary spaces are being used in an attempt to eliminate a backlog of procurement actions currently averaging 500 per month. Current annual operating budget is \$135,000, exclusive of military salaries.

Staffing

In the examination of the current and historical workloads of the Services' P&C activities, and comparison of this with present staffing, it became obvious that all three P&C offices are currently understaffed to varying degrees. In the cases of the Army and Navy, with the historical data on workloads, backlogs and area manning needs, each of the Services is at least three positions short of procurement specialists. According to the Air Force manning guide allowances, the 21 authorized positions would become 27, based on current and projected workloads. The only reason Air Force is able to function as well as it is currently operating is because of their high degree of data automation. Discussions with each of the contracting officers indicated that the current staff shortages have come about as a result of successive manning audits in recent years which have been primarily directed toward achieving predetermined reductions in force. In the case of Army, which, because of its workload volume and predominance, represents the major P&C activity, this staffing shortage, coupled with a complete absence of data automation assistance, has resulted in an average backlog of 900 actions per week and protracted delays in procuring needed goods and services, especially in RPMA.

CURRENT STATUS OF CONSOLIDATION

There is presently a very limited degree of P&C consolidation involving single Service procurement of a few classes of commonly used supplies and

services. However, this particular avenue of consolidation has been only lightly explored, and deserves a much more intensive effort toward discovering common supplies and services that can be more economically procured by a single Service.

POTENTIAL FOR CONSOLIDATION

The greatest potential for consolidation of P&C functions exists in a greatly emphasized investigation of those goods and services that may lend themselves to single Service procurement. Where each Service buys from a single vendor, the procurement actions and visits can be reduced from three sets to one. Quantity discount opportunities could be exploited more fully than is possible at present. Physical or operational consolidation of the P&C staffs in an integrated activity at a central location appears to be neither feasible nor cost effective at present. Some of the obstacles to full consolidation can be identified:

1. None of the existing P&C offices could be expanded for a central office. Thus, a new site would have to be selected and altered, but this is possible.
2. The consolidation at a new location would not improve the staffing deficiencies that now exist and could cause additional problems.
3. The three activities are all well located to service their respective customers and to conduct necessary liaison with them. A single location would diminish this advantage. Navy, for example, must be close to the piers in order to service ships in transit. Removal from that area would seriously damage the capability for service and response. Requirements are not received more than 24 to 48 hours prior to ship arrival, and the turnaround time in port is usually one to two days.
4. Currently, the Air Force P&C activity is almost completely automated to include computer data links and extensive use of word processing equipment for document and specification preparation. Army and Navy operations are almost completely manual with no immediate prospect for automating their procurement routines and procedures. Automation of all Services would be a prerequisite to consolidation. However, automation and consolidation would be a most promising medium-term solution.

In summary, although there are definite potentials for effecting savings in centralized procurement operations, they lie in emphasizing single Service procurement of common needs rather than a physical or operational consolidation of staffs and functions. The large dollar volume of common P&C actions required by the RPMA function is particularly well suited for consolidated ordering, and this is being examined by the RPMA planning team at SOUTHCOM.

ESTIMATED SAVINGS

An attempt to estimate savings that may result from maximizing single Service procurement is a subjective one. However, some historical experience is available to suggest what kinds of economies of scale can result from consolidated purchases of common needs. In the fields of plumbing supplies and fixtures, for instance, popular size common fittings are discounted as much as 35 percent when quantities exceed 100 to 200 items. Electrical supplies similarly enjoy discounts in excess of 40 percent plus 5 percent in large quantities.

More importantly, however, there are even more significant savings to be accrued in letting open-end contracts for repetitive services with stipulated unit prices for specified types and quantities of services to be provided. Some of these include:

- Roofing repairs and replacement to include gutters and drains.
- Repair and replacement of roads.
- Painting.
- Grounds maintenance, including drainage, flood control, weed control and tree disposal.
- Plumbing and electrical repair.
- Masonry and siding repairs and replacement.
- Air conditioning repair and maintenance.
- Interior carpentry and cabinet repair.

- Screening and glazing.
- Appliance repair.

In all of the foregoing, obvious savings are to be derived from centralized purchase of large quantities of service in these and similar areas where the potential contractor can be offered a steady large volume of work over a protracted period of time.

Considering the number and size of the real property and facilities occupied by the Military Departments, it would not be surprising to be able to effect savings in annual repair and maintenance costs totaling several million dollars yearly.

RELATED ISSUES

If a single Service procurement of common needs and services is emphasized, there should be no adverse impact on mission capabilities. There should be a greater degree of responsiveness when orders are placed with a contractor who is profit motivated.

CONCLUSIONS

1. No significant savings can be accrued from physical and operational integration of P&C activities at present, and there are strong reasons for avoiding such a course as impractical.
2. Substantial potential savings can be realized from greater emphasis on single Service procurement of goods, supplies and services that are a common need of all the Services, especially in the RPMA and Family Housing sectors.
3. Automation should be an early action item, and must be accomplished by temporary addition of personnel. Following automation, further consolidation may be desirable.

APPENDIX I
LAW ENFORCEMENT

PRESENT MODE OF OPERATION

Background

The mission of the law enforcement activity (LEA) in Panama is to protect the operational resources of DoD, to enforce the law and maintain order at DoD installations, to provide contingency forces in support of SOUTHCOM, and to provide military police liaison with the Panamanian Guardia Nacional.

Table I-1 identifies the LEA activities currently provided by the Military Departments. The FY 1982 authorized personnel figures do not include the 352 Army personnel of the 534th or 549th Military Police Companies nor 48 Air Force Wartime Skills Program (WARSKIL) and Military Police personnel that would be available during contingency operations.

Army LEA

The Army LEA provides the Provost Marshal and Military Police assets to the 193d Infantry Brigade and SOUTHCOM. Army LEA management and administration are located at Fort Clayton. Separate operations control desks are maintained at Fort Clayton on the Pacific side and at Fort Gulick on the Atlantic side. They are jointly manned by U.S. Military Police and the Guardia Nacional, as required by the Treaty.

Parentheses indicate number of gates at installation where Army LEA maintains access control. Installation patrol operations include 17 working dogs.

TABLE I-1. LAW ENFORCEMENT ACTIVITIES
(FY82 Authorized Personnel.)

ACTIVITY	ARMY	NAVY	MARINE CORPS	AIR FORCE	TOTAL
Management/Administration	51 ^a	3	28	30	112
Operations Control	39	-	23	19	81
Access Control	56	-	18	40	114
Installations Patrol	85 ^b	[15]	-	[64 ^b]	[176]
Traffic Supervision	12	[15]	-	[64 ^b]	[176]
Investigation	19	1	-	3	23
Vehicle Registration*	3	-	-	-	3
Contraband Control*	22 ^c	-	-	-	22
Liaison with PNG*	19	-	-	2	21
Detention Facility*	13	-	-	-	13
Security - Special Facilities	<u>21</u>	<u>-</u>	<u>60</u>	<u>54</u>	<u>135</u>
Totals	340 ^d	19	129	212 ^e	700

^aIncludes four treaty affairs personnel.

^bIncludes personnel for working dogs.

^cIncludes two Navy and five Air Force personnel.

^dDoes not include 534th and 549th Military Police Companies.

^eDoes not include WARSKIL or Military Police

*Already consolidated or nearly consolidated.

Traffic supervision responsibilities include providing escorts for all military convoys over five vehicles in accordance with the 1977 Treaty. Approximately 1000 convoy escorts were provided last year. Escorts also accompany cash movements between DoD retail outlets and commercial banks or Military Police safes. In FY 1982, Army LEA conducted approximately 13,000 money escorts for 39 of 57 eligible retail outlets; staffing limitations prevented servicing all 57.

The Army LEA is responsible for all Military Police investigations involving Army personnel. Army access control and patrol services are provided at 13 DoD installations:

Pacific Side

Fort Clayton (2)
Quarry Heights (1 + 1 partial)
Fort Amador (1)
Fort Kobbe (0)
Cocoli (0)
Curundu (0)
Corozal (1 partial)
Special Facilities

Atlantic Side

Fort Gulick (1)
Fort Sherman (1)
Fort Davis (1)
France Field (0)
Coco Solo (0)

Four activities are currently consolidated (or nearly consolidated) under Army LEA management: vehicle registration, contraband control, liaison with the Panamanian Guardia Nacional, and the installation detention facility. Army LEA is responsible for Military Police security at two DoD hospitals.

Navy/Marine Corps

Navy security and law enforcement responsibilities are shared by Navy and Marine Corps personnel. The Navy provides LEA management and administration, installation patrol, traffic supervision, and investigation

from Rodman Naval Station. Navy provides one money escort per day between Rodman Naval Station and Balboa. The Marine Corps provides LEA management and administration, operations control, and installation access control at three gates at Rodman Naval Station. The Marines also provide security forces in 6 special facility posts at Farfan Station on the Pacific side and at Galeta Island on the Atlantic side. Other LEA activities at Navy installations are provided by Army or Air Force security/LEA organizations.

Air Force

The 24th Security Police Squadron provides law enforcement and security protection at Howard AFB and Albrook AFB. LEA management and administration activities are at Howard AFB. Since Howard AFB and Albrook AFB are on opposite sides of the Canal, separate operations control are maintained at each location. Communication deficiencies between Howard AFB and Albrook AFB currently prevent consolidation of this LEA activity. The 24th Security Police Squadron maintains installation access control at seven posts at Howard AFB and Albrook AFB. In addition, it provides four installation patrols at Howard AFB, three patrols at Albrook AFB, and patrols at weapon storage areas. The 24th Security Police Squadron has 12 working dogs to support its patrol operations; they are used primarily for drug checks of all aircraft departures. Installation patrols are responsible for traffic supervision functions, including escorts. The Air Force has only one or two convoy escorts each year for munition movements. Money escorts are supported by assigning personnel from installation patrols and administrative duties. The 24th Security Police Squadron is responsible for the investigation of Air Force personnel. It also provides security police protection of all Air Force aircraft and aerospace equipment at Howard AFB and Albrook AFB.

CURRENT STATUS OF CONSOLIDATION

Four LEA activities are currently consolidated or nearly consolidated under Army LEA management: vehicle registration, contraband control, liaison with PNG, and the detention facility. A formal DRIS agreement exists for contraband control and the detention facility.

Vehicle Registration

Army LEA handles all vehicle registration during the two-month auto license plate reissue period in January and February. Army LEA sends three persons to the Corozal license issue point during this peak period. Initial vehicle registration is handled during the other months by each Service as part of its normal pass and registration procedures for new personnel. This vehicle registration rate is low throughout the other months when it is only a part-time responsibility. Vehicle stickers are procured centrally by Army LEA and issued locally by the Services. Further consolidation of vehicle registration activities offer only a limited potential for savings.

Contraband Control

Recent problems involving unauthorized use of retail sales facilities at DoD installations brought about the need for increased surveillance and control. As a result, an interservice agreement directed the commanders of the 193d Infantry Brigade, U.S. Naval Forces South, and USAF Southern Air Division to provide personnel and vehicle support to the SOUTHCOM Contraband Control Section. Administration of these resources remains with the Service components.

Liaison With Panamanian Guardia Nacional

For all practical purposes, this activity is already consolidated under Army LEA. The Navy has no staff for this function. The Air Force has one Spanish-speaking person, although two are authorized to assist Air Force

personnel in trouble with the Guardia Nacional. No savings would occur with further consolidation.

Detention Facility

A formal DRIS agreement was signed in 1981 giving the 193d Infantry Brigade responsibility for confinement of all DoD prisoners at the detention facility located at Fort Clayton. The agreement outlines procedures for reimbursement of funds to the 193rd Infantry Brigade. There appear to be no major problems from consolidation.

POTENTIAL FOR FURTHER CONSOLIDATION

Each security and LEA activity was examined to determine if further consolidation is possible and to estimate the potential savings from consolidation under a single manager. Air Force manning standards were used to estimate staffing requirements. Table I-2 summarizes the results. Using the Air Force manning standards for management and administrative activities (administration, reporting, analysis, pass registration, information, Security Police operations, training, and armory) suggests a possible savings of 18 positions with a single manager. The component commands, however, point out that these savings are not possible since management/administrative personnel have collateral mission responsibilities during wartime emergencies, and that not all of the listed activities are properly called administrative.

At the initial briefing, the SOUTHCOM Provost Marshal noted his belief that improved effectiveness and better coordination would accompany a consolidation of the law enforcement functions under SOUTHCOM. An earlier JIRSG study dealing with the consolidation possibilities resulted in a determination not to consolidate, although the General Counsel found no legal objections to doing so.

Consolidation of the operations control activity could eliminate desk operations at Albrook AFB on the east bank and at Rodman Naval Station on the west bank. Desk operations at Fort Clayton and Howard AFB on the Pacific side of the Isthmus and at Fort Gulick on the Atlantic side would remain. A potential savings of 11 positions is estimated for this consolidation. Radio equipment would be required to allow the Services to communicate from these consolidated desk operations.

TABLE I-2. POTENTIAL SAVINGS WITH CONSOLIDATION
(Number of Authorized Personnel)

ACTIVITY	CURRENT TOTAL	POTENTIAL REDUCTION
Management/Administration	112	18
Operations Control	81	11
Access Control	114	0
Installations Patrol	[176]	0
Traffic Supervision		0
Investigation	23	0
Vehicle Registration	3	0
Contraband Control	22	0
Liaison with Guardia Nacional	21	0
Detention Facility	13	0
Security - Special Facilities	<u>135</u>	<u>0</u>
TOTALS	700	29

Consolidation of existing access control, installation patrol, and traffic supervision functions offers little or no savings. Staffing for these activities is tied directly to requirements for number of gates, number of

patrols, number of escorts, etc. No significant economy of scale exists for these types of activities.

Military Police investigation is a service-unique activity and should not be consolidated.

Security of special facilities (e.g., aircraft, aerospace equipment, strategic petroleum tanks and communication sites) have direct mission impacts. Staffing for these positions ties directly into mission requirements, and consolidation under a single manager would offer no personnel savings.

RELATED ISSUES

The consolidation of security and LEA functions under a single manager presents advantages and disadvantages separate from potential cost savings. The advantages include the prospect for more uniform law enforcement and security throughout all DoD installations. Coordination among existing Service LEA organizations would improve, as would support to SOUTHCOM. Acceptance of uniform manning standards may eliminate some existing staffing imbalances. Finally, LEA operations under a single manager would facilitate coordination of Military Police matters with the Guardia Nacional and handling of Treaty affairs with the Republic of Panama.

Disadvantages of a consolidated LEA operation are Service insistence that Commanders retain both command and control of their law enforcement and security forces, and that Services "police their own people." The existence of both civilian and military assignments to individuals complicates the assessment of possible personnel savings.

CONCLUSIONS AND RECOMMENDATIONS

The most promising option for consolidation would be to combine existing management and administrative organizations into a single organization, probably under SOUTHCOM control. This would assure fair and equitable enforcement

of LEA activities throughout DoD installations in Panama, provide a more coordinated response to contingency operations, and would improve liaison with the Panamanian authorities.

Although consolidation of existing LEA management and administration functions and operation control functions offers potential savings, the extent of the savings cannot be determined without fully assessing the mission-related duties of these LEA personnel.

APPENDIX J

ACRONYMS

AAFES	Army-Air Force Exchange System
AFB	Air Force Base
AFMS	Air Force Manpower Standards
ApF	Appropriated Fund
AUV	Administrative Use Vehicle(s)
BDA	Basic Daily Allowance
BOS	Base Operations Support
BPA	Blanket Purchase Agreement
CCPO	Consolidated Civilian Personnel Office
CEO	Central Examining Office
CINCSOUTH	Commander in Chief, U.S. Southern Command
CIVPERSINS	Civilian Personnel Information System (Army)
COMNAVAIRLANT	Commander, Naval Air Forces, Atlantic Fleet
CONUS	Continental United States
COPARS	Contractor-Operated Parts Store
CPO	Civilian Personnel Office
DFE	Directorate of Facilities Engineering (Army)
DLA	Defense Logistics Agency
DoD	Department of Defense
DoDDS	Department of Defense Dependents Schools
DRIS	Defense Retail Interservice Support
EEO	Equal Employment Opportunity
FAME	Functional Army Manpower Evaluation

FLRA	Federal Labor Relations Authority
FORSCOM	Forces Command (Army)
GAO	General Accounting Office
GSA	General Services Administration
IAFA	Inter-American Air Force Academy
IAVMS	Installation Administrative Vehicle Management System
ISA	Interservice Agreement, formerly ISSA - Interservice Support Agreement
JIRSG	Joint Interservice Resource Study Groups
JOTC	Jungle Operations Training Center
JPPSO	Joint Personal Property Shipping Office
LEA	Law Enforcement Activity
LMI	Logistics Management Institute
MAC	Military Airlift Command
MEDDAC	Medical Activity
MILGPs	Military Groups
MILPERS	Military Personnel Appropriation
MP	Military Police
MTMC	Military Traffic Management Command
MWR	Morale, Welfare, and Recreation
NAF	Non-Appropriated Fund
OICC/ROICC	Officer in Charge of Construction/Resident Officer in Charge of Construction (Navy)
OPM	Office of Personnel Management
PAPB	Panama Area Personnel Board
P&C	Purchasing and Contracting
PCC	Panama Canal Commission
PCES	Panama Canal Employment System

PDS-C	Personnel Data System - Civilian (Air Force)
PME	Precision Measuring Equipment
POL	Petroleum, Oil, and Lubricants
R&P	Recruitment and Placement
RDA	Recommended Daily Allowance (Food Service)
RIF	Reduction in Force
RPDO	Real Property Disposal Office
RPMA	Real Property Maintenance Activities
SCIATT	Small Craft Instruction and Technical Training School
SCIPMIS	Standard Civilian Personnel Information System (Army)
SECNAVINST	Secretary of the Navy Instruction
SF	Square Foot (Feet)
TAC	Tactical Air Command
TDA	Table of Distribution and Allowances
TISA	Troop Issue Subsistence Activity
TO&E	Table of Organization and Equipment
USACC	U.S. Army Communications Command
USAID	U.S. Agency for International Development
USARSA	USA School of the Americas
USSOUTHCOM	U.S. Southern Command
VIMS	Vehicle Integrated Management System
WARSKIL	Wartime Skills Program

APPENDIX K

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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) The opportunities for cost reduction through interservice consolidation of base operations support in USSOUTHCOM (Panama) were studied by analyzing support functions (civilian personnel, transportation, vehicle maintenance, food service, morale, welfare and recreation, purchasing and contracting, Class VI beverage stores, and law enforcement). Reductions of at least 158 personnel positions and savings of \$2.7 million in cost reductions are possible from consolidation and other efficiency-related actions. Consolidation is recommended.		