DRMS ENVIRONMENTAL PROGRAM AND INITIATIVES

Presented at

DoD Environmental & Energy Symposium

April 8th, 2003
MISSION/VISION

REDISTRIBUTE EXCESS PROPERTY
- REUTILIZATION
- TRANSFER
- DONATION
- HUMANITARIAN ASSISTANCE
- FOREIGN MILITARY GRANT-IN-AID
- DISASTER RELIEF

PROTECT THE PUBLIC
- DEMILITARIZATION
- ENVIRONMENTAL
  - HAZARDOUS PROPERTY DISPOSAL
  - HAZARDOUS PROPERTY REUSE
- AMMUNITION/EXPLOSIVES AND OTHER DANGEROUS ARTICLES (AEDA)

MAXIMIZE SALES REVENUE
- WHOLESALE BUYERS
- PRIVATE CITIZENS
- MILITARY UNITS
  - SCRAP
  - EXCHANGE AND/OR SALE
- FOREIGN MILITARY SALES

“DOD’s PROVIDER OF CHOICE FOR WORLDWIDE REUSE, RECYCLING AND DISPOSAL SOLUTIONS”
WORLDWIDE ORGANIZATION

WORLD HEADQUARTERS - BATTLE CREEK, MICHIGAN

NATIONAL

- 6 ZONES
- 69 DRMOS
- FOCUS ATTENTION ON MISSION PERFORMANCE
- CUSTOMER SUPPORT/INTERFACE
- TAILORED SUPPORT/SERVICE

INTERNATIONAL

- ONE DISPOSAL FACE TO CINC
- STANDARDIZED SERVICES
- CONTINGENCY SUPPORT

- 6 ZONES
- 26 DRMOS

6 DRTs
180 END STRENGTH
COMPLEXITY OF A WORLDWIDE ORGANIZATION

FY01 TOTALS

- 280,000 CUSTOMERS
- 95 DRMOs
- 39 STATES
- 14 COUNTRIES

$299M OPERATING COSTS

- HAZARDOUS WASTE DISPOSAL $56M
- CONTINGENCY OPERATIONS

- REUTILIZATION $1.36B
- TRANSFER $314M
- DONATION $264M
- PRECIOUS METALS $2.4M
- HAZARDOUS WASTE DISPOSAL $56M
- CONTINGENCY OPERATIONS

- SALES/ MARKETING
  - GROSS $68M
  - DWCF $54M

- DISASTER RELIEF: FLOODS EARTHQUAKE HURRICANES

- FORWARD DEPLOYMENT: BOSNIA HUNGARY KOSOVO MACEDONIA CASPIAN

Right Service, Right Time, Right Place, Right Price Every Time... Best Value Solutions for America’s Warfighters
DRMS Environmental Mission

- PROVIDE OR ARRANGE ENVIRONMENTAL SERVICES FOR DOD ACTIVITIES THAT ARE
  - IN REGULATORY COMPLIANCE
  - MEET THE CUSTOMERS NEEDS
  - COMPETITIVELY PRICED
  - MINIMIZE RISK OF:
    - FINES
    - FUTURE LIABILITY
    - ADVERSE PUBLICITY

DOD PROVIDER OF CHOICE FOR ENVIRONMENTAL SERVICES
- COST
- QUALITY
- ACCOUNTABILITY
1972 – Defense Property Disposal Service formed
1981 – Assigned DoD HW disposal Mission
1981-1988 TSDF site visits with EPA NEIC.
1994 ISO 9002 Certified
1993-2002 HW Manifest EDI/XML Partner with LMI and EPA
Member DoD RCRA Subcommittee
Environmental Strategy

- Transform DRMS environmental processes
  - Reduce the risk to DOD
  - Improve customer satisfaction
  - Use resources more effectively

- This will be accomplished through
  - Increased automation
  - Establishing procedures which emphasize pollution prevention (P2)
  - Finding smart commodity-based business solutions
  - Offering an enhanced menu of management services to our customers
Minimizing Risk

- **EVALUATION OF HM BUYERS SINCE 1990**
  - PRE AWARD - 1 IN 5 REJECTED
  - POST AWARD - ASSURE THROUGHPUT AT LARGE BUYERS
  - 96% OF CERCLA COSTS: PRE-1990 SALES
    - ONLY 5 INCIDENTS SINCE 1990
    - LESS THAN $200K IN LIABILITY
- **TSDF (SUBCONTRACTOR) SURVEILLANCE**
  - PRE-APPROVAL CHECKS
    - PERMIT
    - CLOSURE FUNDING
    - COMPLIANCE
  - POST-APPROVAL CHECKS
    - COMPLIANCE
    - MANIFEST IRREGULARITIES
    - ON-SITE AUDITS

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**COST OF MISTAKES**
(Since 1981)

**ENFORCEMENT FINES**
- $100,000

**CERCLA CLEANUP COSTS ($M)**

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<th>DERA</th>
<th>DOJ</th>
<th>TOTAL</th>
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<tr>
<td>HM SALES</td>
<td>$47.7</td>
<td>$222.6</td>
<td>$270.3</td>
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<td>HW CONTRACTOR</td>
<td>$5.0</td>
<td>$5.9</td>
<td>$10.9</td>
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<td>TOTAL</td>
<td>$52.7</td>
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FY 02 Hazardous Property Disposal

- 1,328 HW PICKUP POINTS
  - 181 IN EUROPE AND PACIFIC
  - OVER 80% OF ALL OFF-SITE HW DISPOSAL FOR DOD

DRMS HW CUSTOMERS BY WEIGHT

DRMS RTDS COST SAVINGS

MILLIONS
FY 02 - 212M Lbs and $56M
DoD HW Reduction
Efforts are Working!

The hazardous pharmacy concept, direct vendor delivery, and just-in-time ordering have reduced DLA 2001 HW generations to just fractions of 1992 numbers.

From DoD Measures of Merit Reports 1992-2001
• STREAMLINE/IMPROVE PROCESSES
  – COR INITIATIVE
  – CSF INITIATIVE
  – AUTOMATION
  – HM PROCESS REDESIGN
  – DFAS PAYMENT PLAN
• MEET / EXCEED CUSTOMER EXPECTATIONS
  – TEAM WITH DLA AND PLFAs FOR ONE FACE TO DOD CUSTOMER
  – TARGET CHANGE TO SPECIFIC CUSTOMER GROUPS
• Automation of Environmental Processes
  – GenComm (Automated Turn-In)
    • Status:
      – 40% of hazardous receipts via GenComm
      – Approximately 75 generators @ 40 DRMOs using GenComm
      – Resources no longer support manual / paper process
    ❖ Goal: Paperless Turn-In of HM/HW
      – % availability / capability goal: 100%
      – % of total receipts goal: 70%
        » Lower costs
        » Become more independent of volume surges
    • Plan:
      – ETID HM/HW requirements defined (February 03)
      – GenComm fully available (FY03)
      – ETID HM/HW Implemented FY 04
Automated Manifest Tracking

- Automated Manifest Tracking
  - Status:
    - System in place
    - Broke down firewalls
    - In negotiations with contractors
  - Goal:
    - 100% of contractors using automated tracking – no hard copy
  - Plan:
    - Testing phase / 2 contractors (May 02)
    - Bring top 5 contractors on line (60% of business) (Sep 02)
    - Evaluate progress (Sep 02 – Apr 03)
    - All contractors on line (Sep 03)
DRMS Env. in the Future

- COR – Incorporated into DRMS Service Delivery Model (SDM)
- CSF - Reduce CSFs (closures) / Limited DRMS Operated CSFs – (also part of SDM)
- AUTOMATION
  - Turn-ins of HM/HW completely automated
- HM DISPOSAL PROCESS REDESIGN
  - Efficiency / Changes in HM sales implemented
- CUSTOMERS
  - Right service mix to right customers
• 31 RCRA permitted CSFs operated by DRMS
  – Includes Anchorage, Guam, Hawaii, Roosevelt Roads

• Current Closure Actions
  – Hill AFB to assume operation of CSF

• Reality Check
  – In 1990, DRMS operated 81 CSFs
• Move Information, not Property
  – Reduce handling and storage of HW.
  – DRMS has proven we can move HW within 90 days at majority of these sites.

• 71% of CSFs DRMS operates did not store any off-site HW in FY01
  – Majority of CSFs are manned less than 40 hrs per week.
  – For majority of CSFs, waste is stored less than 90 days.
• **Advantages**
  - Store HW up to one year
  - Receive and store off-site HW

• **Disadvantages**
  - Permit conditions drive the operation
  - More stringent record keeping requirements
  - Inspection schedule and requirements
  - Annual inspection by regulator(s)
  - Potential for NOVs resulting for not adherence to permit
  - Permit modifications and renewals may be costly
    • Additionally, regulator may not act timely
  - Maintenance
• Obtain DLA and OUSD(E) concurrence
• Propose changes to the DoD 4160.21-M
• Inform the Major Commands of these changes so their installations can program funds for the staffing/operation
  – Recommended Options
    • Close the CSF
    • Host operation.
    • Contractor operation – Host pays once in POM
    • DRMS operation
      – Requires written approval for DRMS to store off-site HW.
      – MAJCOM signs service level agreement.
Timeline

- May 2002 – DRMS Command approved CSF Plan
- July 2002 – Plan forwarded to DLA for review, coordination, and concurrence.
- September 2003 – DRMS-BE will coordinate draft language for DoD 4160.21-M, with DLA (J33).
- January 2004 – DRMS-BE will submit memorandums to the Major Commands on the CSF Initiative.
- January 2004 – DRMS National Command will initiate discussions with the installations to determine which CSFs may be closed.
A Best-Value Approach to HW Disposal Contractor Oversight

Presented by:
Stan Fountain
DRMS-BE
Why Look for a New Approach?

• DRMS tasked to Review its Programs, possibly Reduce Service Level Billing so DoD can spend Budget $ more effectively on the WarFighter

• FY02 Service Level Billing for HW Management = $ 22,099,151
  – *Does not include actual disposal costs*
Cost Breakdown

- Technical Review Portion = $8,084,169 (37%)

- COR Physical Surveillance Portion = $5,588,785 (25%)

- Contract Administration/Other = $8,426,197 (38%)

- Environmental Program tasked to review its processes and look for inefficiencies contributing to current billing
A Look At The Current Two-Part Process

Technical Review

Customer

COR

Contractor

COR

Customer & COR

Contractor

Surveillance
Risk Analysis of Technical Review

RCRA/DoT Identification & Document Preparation

RCRA Inspections Since 1994 - 789
RCRA Violations Resulting - 65
Risk Analysis of COR
Physical Surveillance

Drum Identification & Packaging Verification
Monitor Contractor Performance

DoT Inspections Since 1994 - 0
DoT Violations Resulting - 0
• Based upon past inspection history, the “Technical Review” process provides much more value than the “Surveillance” process.

• However, Customers may have a different opinion, depending on various factors, such as:
  – *Perceived Contractor abilities*
  – *Past Contractor performance*
  – *Personal technical abilities*
  – *COR’s technical abilities*
Conclusion

• Much of DRMS’ Oversight effort is Duplicative effort.

• Not all Customers Want or Need all the Quality Assurance DRMS provides. Some just want what provides value to them.
Recommendation

• Offer Options under the Service Delivery Model Concept

• Customer chooses process which provides best value

• DRMS provides only those services and bills DoD accordingly.
Program Standards
Applicable to All Options

- Low Disposal Costs
- Cradle-to-Grave Tracking
- Automated records of all transactions
- Turn-key Contracts & Contracting Support
- Legal Support & Third-Party Program
- Quality Assurance Program
  - Technical & Past-Performance Evaluation of Contractors/Subs
  - Maintain Qualified TSDF/Transporter Database
  - Trained Environmental Staff
  - Contractor Oversight
Option 1

• **Status Quo**: DRMS performs 100% of:

  – Technical Review of all Documentation by DRMS Environmental Protection Specialist

  – Physical Oversight of every Pickup by COR
Option 2

• **Best Management Concept**: Status quo, *except*:
  
  – the COR has the option to *physically* monitor the contractor as the **COR** determines necessary to ensure performance.
  
  – Customers will be required to be present at the time of pickup and sign required shipping documentation.
  
  – Customers will *not* be required to become COTR’s, nor handle any contractual matters, other than communicating with the COR.
  
  – Estimated cost savings to DoD = 25%
Option 3

- Surveillance Only Concept:
  - Customers work directly with the Contractor on:
    - Technical Review Process

  - DRMS provides COR surveillance at every pickup:
    - COR will monitor Contractor’s packaging and shipping performance
    - COR will resolve or elevate problems springing from differences of opinion between Customer & Contractor
    - COR will *not* Co-Sign shipping documents

Estimated cost savings to DoD = 25%
Option 4

- **Oversight Only Concept:**
  - Customer works directly with Contractor on Technical Review Process
  - Customer monitors all removals as COTR
  - DRMS provides random surveillance as it deems necessary, as well as scheduled evaluations to ensure Contractor performance
  - DRMS provides technical evaluation only in cases of disagreement between Customer and Contractor

Estimated cost savings to DoD = 50%
HAZARDOUS MATERIAL
PROCESS REDESIGN
Cradle to Grave Solutions

Presented at the
29th NDIA Environmental and Energy Symposium
April, 2003
• WHY THE NEED TO LOOK AT HM PROCESSES?

• HAZARDOUS MATERIAL REDESIGN INITIATIVE
  – OBJECTIVES / OPTIONS

• WHAT DOES IT MEAN TO YOU?
WHY THE NEED TO LOOK AT HM PROCESSES?
HM ISSUES at DRMS

• TRADITIONAL DRMS PROCESSING OF HM IS NO LONGER EFFECTIVE
  • Receiving less HM in marketable quantities and in good condition
  • Demand low due to more effective procurement practices (appropriate quantities) by the ICPs
  • When small quantities are wanted, customers can go to HM pharmacies now vs. us.
  • Cost per line item of HM RTDS going up
    – Went from $201 in FY01 to $262 in FY02 and rising…
  • Bulk of DLA/DRMS cleanup liability in HM sales
    – Over 200 million HM vs. 10 million HW in 20 years
HM SALES TO GENERAL PUBLIC

1 in 5 bidders is NOT Environmentally Responsible

Cost us 25 million

Cost us in excess of 400k and still rising…
SUPPORTING DATA

HM SCC "A" Qty Avg Per Transaction


- 1999: 400
- 2000: 100
- 2001: 80
- 2002: 70

Less Good Stuff!
• WE LEARNED …
  – We could improve our services by
    • Getting DLA staff more involved with program managers to determine needs and anticipate demands
    • Hazardous Material services
      – Need to address…
        » Issues about contractors
        » Receipt of materials
        » Costs
NEW APPROACH

• CRADLE TO GRAVE COMMODITY BASED SOLUTIONS

- DOD / DLA Solutions … not just DRMS … but every part of the supply chain
- Number of ways HM commodities could be handled
- Often largely dependant on what the commodity is.

  - EX: some conducive to recycling, some sell very well, some are perfect candidates for RTM, etc.
NEW APPROACH

- EXPLORE ALTERNATIVES
  - Increase Direct Vendor Delivery (DVD) – manufacturer stores necessary inventory and sends directly to customer
  - Increase RTM – set it up through original procurement
    - Discuss w/industry while benchmarking
  - Consignment (one-for-one) programs
    - Example: lead acid batteries
  - Sales
    - Eliminate one-time sales / want term sales only
    - Identify traditional money makers / losers
    - Research patterns in 3rd party clean-ups
    - Outsourcing possibilities (HV)
    - Eliminate HM sales completely?
NEW APPROACH

• HM PROCESS REDESIGN TEAM
  – DLA Wide Perspective
  • Representation from DRMS HQ, DRMS field offices, DLA HQ, ICP, Depot

Whole Supply Chain
HM TEAM
MILESTONES

• Milestones:
  – Set up team consisting of HQ, SMs, DLA reps (HQ/ICP/Depot)
  – Environmental Workshop ½ day brainstorming session
  – Identify commodity groupings and determine right level of detail for disposal decisions
  – Identify alternatives for each commodity
  – Agree on plan for implementation
  – Final implementation complete

• Dates:
  – Completed 27 Jun 02
  – Completed 08 Aug 02
  – ECD 30 Jun 03
  – ECD 31 Aug 03
  – ECD 30 Sep 03
  – ECD 30 Sep 04
Reduce shelf-life inventories!

Even playing field for ‘green’ product pricing!

Lower HW Disposal Costs!
IN THE END...

• IMPLEMENTATION OF HM PROCESS REDESIGN WILL RESULT IN ...

  – Commodity based solutions
  – Standardized, succinct processes
  – Support of DOD wide efforts for Pollution Prevention (P2)