

Advantages of the ARMS PROGRAM from the Contractor Perspective

Presented by

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5/14/03

What is ARMS?

The **ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS)** Program enacted in 1993 is designed to re-utilize ARMY facilities with commercial businesses.

Bases Include:

Holston AAP	Kingsport, TN	Milan AAP	Milan, TN
Iowa AAP	Middletown, IA	Mississippi AAP	Stennis Space Center, MS
Lake City AAP	Independence, MO	Radford AAP	Radford, VA
Lone Star AAP	Texarkana, TX	Riverbank Industrial Complex	Riverbank, CA
Louisiana AAP	Shreveport, LA	Scranton AAP	Scranton, PA

Current ARMS Stats:

185-210 Tenants

2000 to 2500 jobs

\$250 million government Investment

\$175 million Private investment

ARMS incentives:

- Interest free loan for site improvements wrapped into lease
 - Custom building infrastructure
 - Low lease rates
- Government equipment can be included with lease

MAST Reasons for Choosing LCAAP

- Desired hazardous operation capable buildings and magazines to store and use 1.1 rated propellant
- Testing services available at reasonable rates
- Mentor like relationship with ATK available to assist on-site
- Increased exposure to government and industrial community
- Facilities for incremental growth of business and scope of work
- Ideal facilities for additional ammunition contract to include potential ammunition equipment
- Funding available through ARMS to reduce start-up capital requirements

MAST's ARMS Story

Convert Building 139, formerly a 20mm fuse line, to a production line for the 40mm M781. The complex consists of over 34 separate structures. In 2001 building 139 was partially used as a temporary primer/chemical lab.

Building Requirements:

- Strip and Paint	-Install overhead doors
- Install access ramp	-Air compressor
- General Cleaning	- Removal of old equipment

Total Cost

@ \$300,000

Office #1 Before



Office #1 After



Front of Building Before



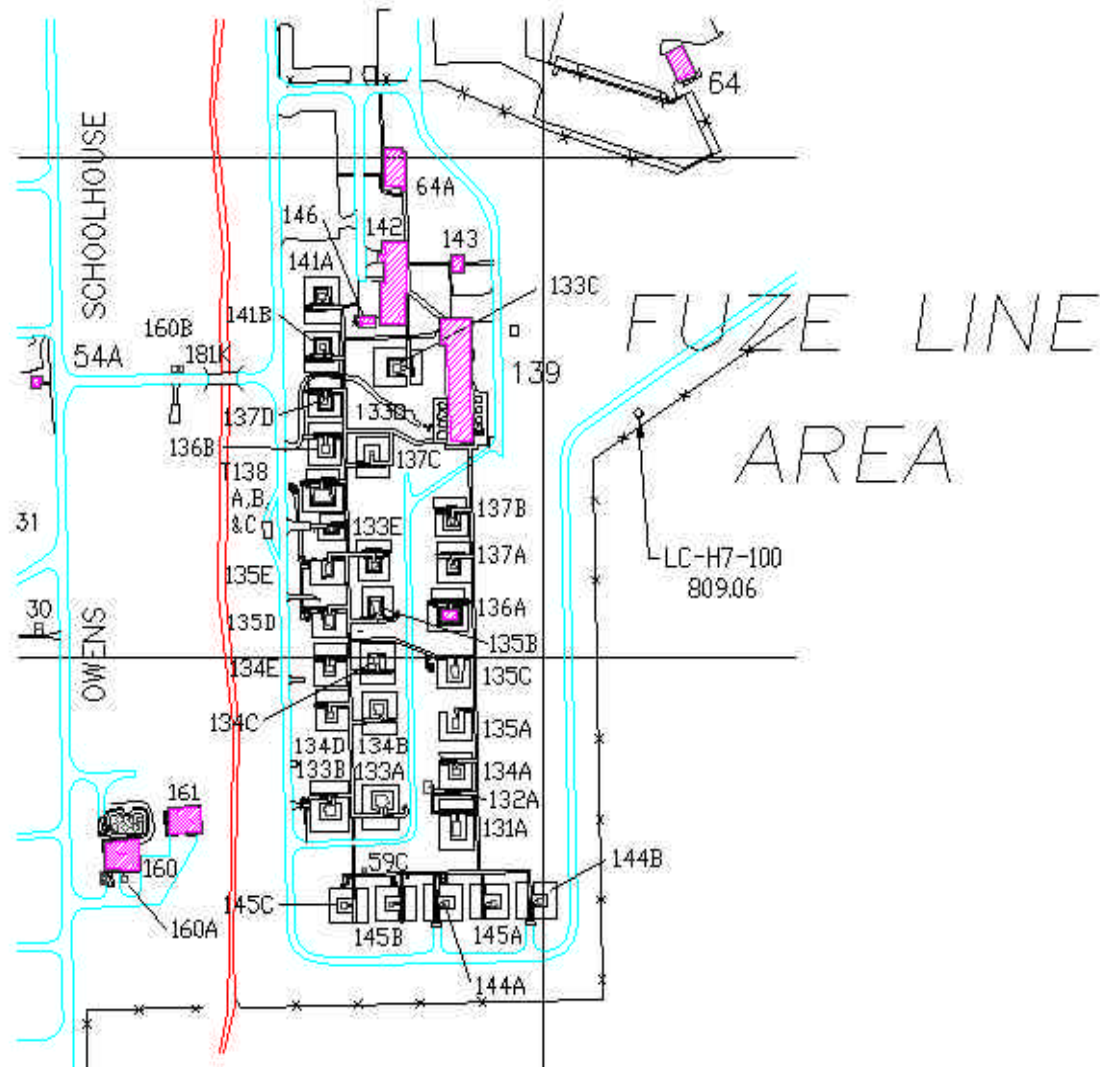
Front of Building After



Current Production Area

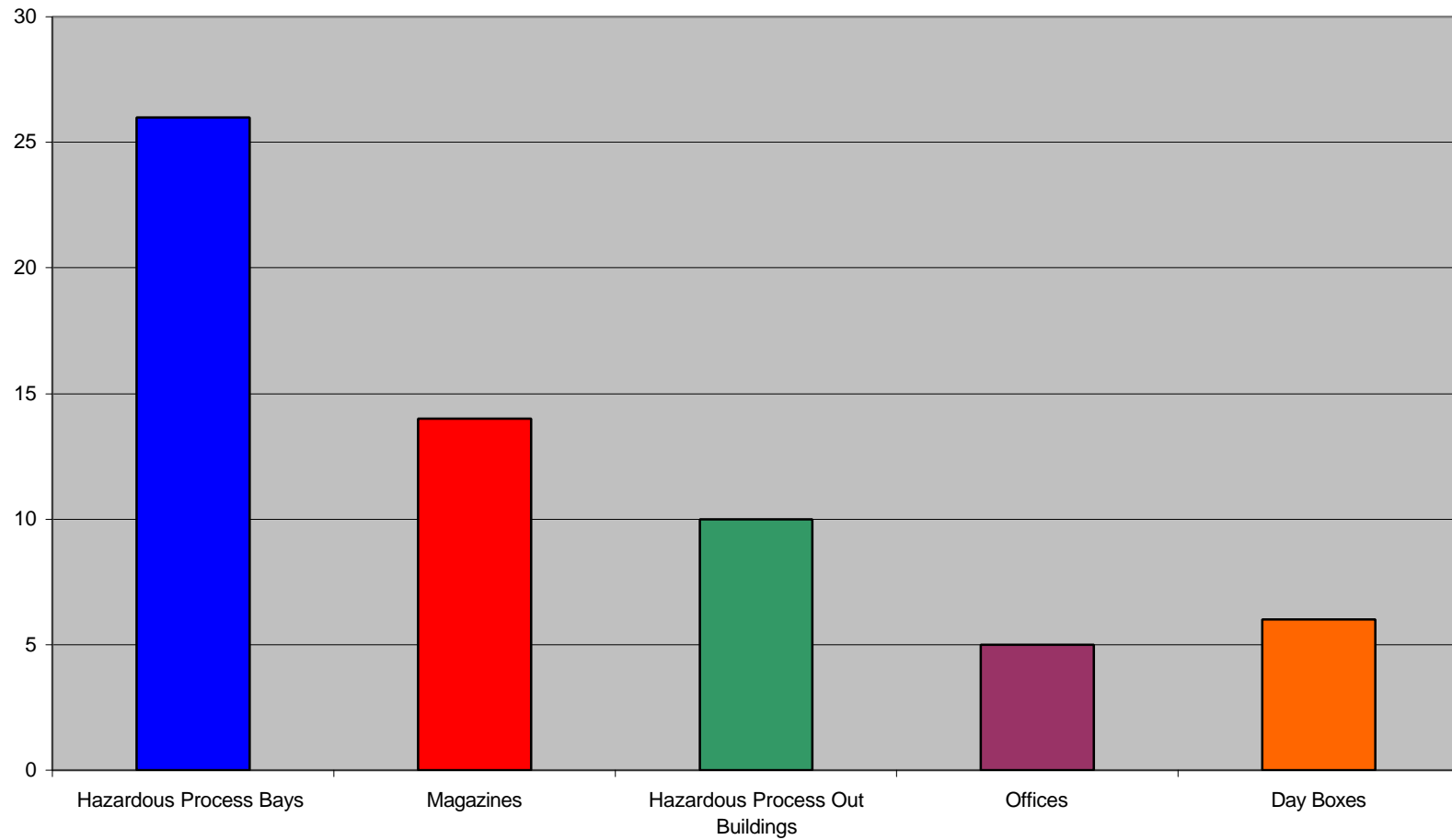


Building 139 Complex

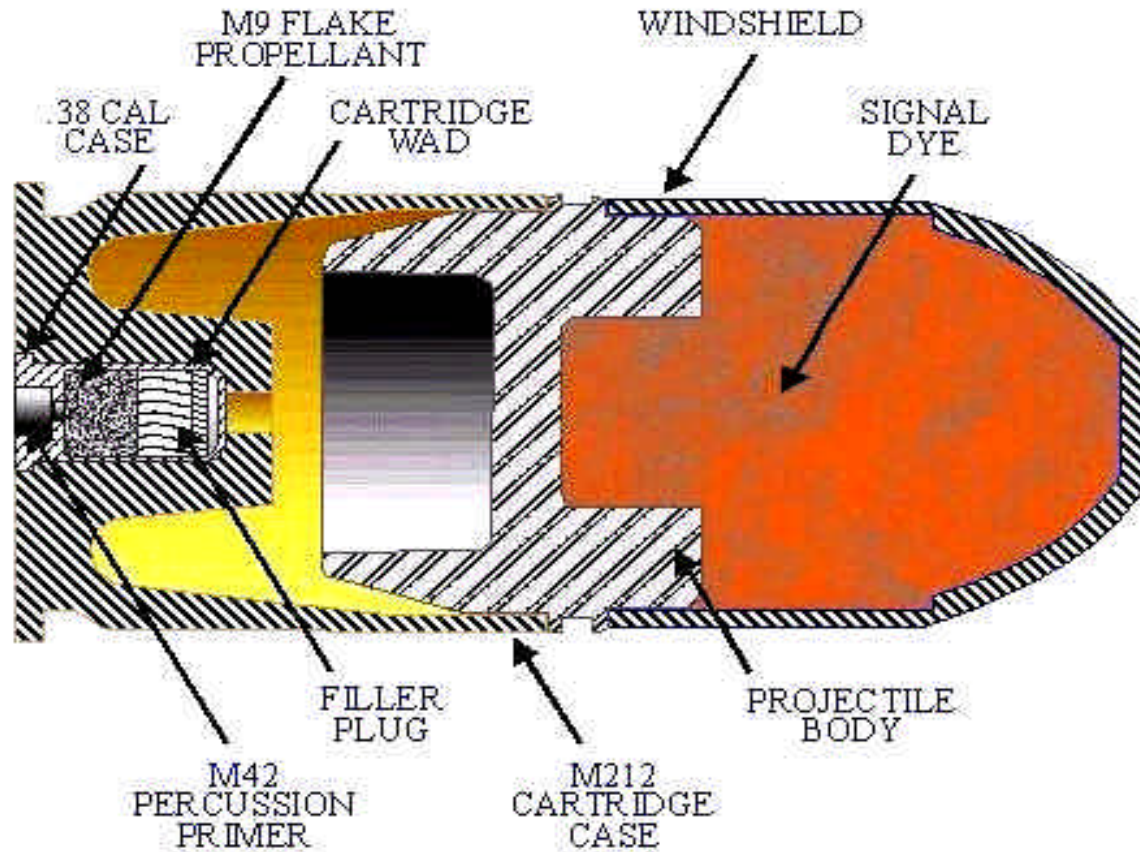


Building 139 Complex Facilities

139 Complex Structures



Product 40mm M781 Training Practice



Problems Encountered

- Safety Site approval took considerably longer than anticipated, effecting ramp up time frame
- ARMS money requires use of Davis-Bacon wages, substantially decreasing the value of the loaned dollar
 - Increased security requirements made many simple thing difficult
- Steam usage had to be discontinued due to excessively high rates of \$4000 per month of use

Suggested Improvements to ARMS from the Tenant/Contractor Perspective

- 1) Better defined SOW's for the facility contractor and the tenant – currently there is not a clearly defined guidebook or system
- 2) Clearly established overhead rates for services. The prime contractors charge tenants varying rates at different facilities. The known range is 6-20% added to a facility improvement Purchase Order.
- 3) Tenants to manage proven sub-contractors on facility work with system of checks and balances
- 4) Allowance of additional no-payback funds to get buildings in basic 'rent-able' condition to eliminate fixing major problems (roof leaks, etc.). As the building age and more desirable space is utilized bring in new tenants will become more difficult.
- 5) Allowance of special rules for commercial operations rules to avoid excessive paperwork.