

RECORD VERSION

STATEMENT BY

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US ARMY SUSTAINMENT COMMAND
UNITED STATES ARMY

BEFORE THE

COMMISSION ON WARTIME CONTRACTING
IN IRAQ AND AFGHANISTAN

“COUNTING CONTRACTORS:
WHERE ARE THEY AND WHAT ARE THEY DOING”

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Thank you for the opportunity to provide the Commission on Wartime Contracting with an update on the status of the Logistics Civil Augmentation Program – better known as LOGCAP - and on the continuing transition from the LOGCAP III (LCIII) contract, which relies on one company, to the LOGCAP IV (LCIV) contract, which uses three different companies. Both of these contingency contracts enable the Army to provide critical support to deployed troops serving on the front lines in Iraq and Afghanistan.

As the executive director for the LOGCAP program, I am responsible for seeing that the operational force receives all the services we have contracted for under LOGCAP. This highly complex and challenging mission is accomplished by a team made up of the forward – deployed and rear echelon DA civilian employees, Army reserve officers, and Non-Commissioned Officers (NCOs) in the LOGCAP support unit; the Officers, NCOs, and civilian employees of the Defense Contract Management Agency, or DCMA; and the support contractors from DynCorp, Fluor and Kellogg-Brown-Root (KBR) who are assigned to the program by their companies. These hard-working, highly skilled people make up team LOGCAP forward, and are further supported by the men and women serving here in the United States for the US Army Materiel Command – or AMC – and its subordinate commands, the US Army Contracting Command and the US Army Sustainment Command – ACC and ASC.

LOGCAP III has successfully transitioned to LOGCAP IV in Kuwait and is in process of transitioning in Afghanistan. We have now refocused our efforts on Iraq.

A LOGCAP team was sent forward to work with the supported unit, the 3rd Expeditionary Sustainment Command (ESC), to clean-up the current performance work statement (PWS) and to capture requirements for the Corps Logistics Support Services (CLSS); Theater Transportation Mission (TTM) and Postal (CTP) task order. Originally we had planned on the award of up to 5 task orders, a CTP and 4 Base Life Support (BLS) task orders, but because of the uncertainty unfolding as to base realignment, we held in abeyance the number of BLS task orders and focused on the CTP. The coordination between the supported unit and the LOGCAP team was effective and resulted in a standardized PWS for competition. The strategy called for an award announcement in November 2009, but because of the Defense Procurement and Acquisition Policy (DPAP), Office of the Secretary of Defense (OSD) directed peer reviews and the introduction of Defense Contract Audit Agency (DCAA) into the process, the award date is projected for December 2009, barring any protests or schedule slips resulting from DCAA's audit. The transition will then begin in January 2010.

The transition timeline for CTP in Iraq is based on several conditions, with much of our planning depending on the acquisition timeline, the ability of the Incoming Performance

Contractor (IPC) to mobilize, DCMA staffing, operational conditions on the base and preparation to transition the service.

Multi-National Corps - Iraq (MNC-I) has requested that postal transition not occur during high volume mail services (November 09 – February 10); and theater transportation mission transition not take place until after the responsible drawdown period ending in August 2010.

The BLS strategy is to award two task orders with a Contract Line Item Number (CLIN) for the Department of State (DOS). The award is estimated for March 2010, barring a protest or scheduled slip as a result of the DCAA audit. If on schedule, we will transition only those bases identified as remaining after August 2010. The incumbent contractor will close those bases designated to close between now and August 2010.

As a planning tool, we have asked the U.S. Army Central Command (ARCENT) C8 to provide us with a cost-benefit analysis model to ascertain the cost benefit of not transitioning to a new contractor if a base is scheduled to close sometime after August 2010. This has recently been designed to provide a break-even point table, which depicts the number of months required to recoup the cost of transition. Using this model provides us with the economic value of transition. Where it is not economical, we will not transition. This model, however, cannot be applied without knowing the expected closure dates for the bases remaining past August 2010.

The LOGCAP contractor is contractually obligated to reutilize LOGCAP property to fill existing LOGCAP requirements both in Iraq and Afghanistan. For LOGCAP serviced bases we have identified critical "Contractor Acquired Property" (CAP) - referred to as white equipment - needed by the Afghanistan task orders and are directing disposition of this equipment to Afghanistan as a cost savings. For the remaining equipment, we are following the process directed in Iraq by the Multi-National Corps-Iraq (MNC-I). Close coordination is taking place with all agencies, to include the Department of State (DOS). The Department of the Army retrograde policy is in effect and being executed. Theater execution plans are built around the following: consume, redistribute, transfer, donate and dispose.

ARCENT, the Army component of Central Command is the Title 10 responsible agent in declaring any of this property excess to the Army. CAP disposition goes hand-in-hand with base closures or de-scoping of services.

Once the contractor has identified the property as excess to LOGCAP requirements, it is screened by MNC-I, to ensure proper redistribution prior to any harvesting of the equipment. After MNC-I satisfies their requirements, the property then transitions to the ARCENT Support Element – Iraq (ASE-I) where it is screened against the Headquarters Department of the Army (HQDA) retain list and any Department of State and CENTCOM requirements. If the equipment is not needed by the Army, the Department of State or CENTCOM, this list is returned to MNC-I. An order is published, or in the case of a base transfer, MNF-I will sign a memorandum requesting ARCENT declare the property excess to the Army, enabling the transfer of the property to a base. Unserviceable property will be disposed of through Plant Clearance Automated Reutilization Screening System (PCARSS).

In late January 2009, the Commander (CDR), MNF-I, challenged his commands in Iraq to reduce contract costs and reliance on third country national contractors to provide base support. He specifically directed subordinate commands to attain a goal of 5% reduction of contractors per quarter, with a secondary goal of increasing the hiring of Iraqi nationals. In early February 09, I wrote a similar memorandum directing that team LOGCAP forward fully comply with the theater commander's guidance. Also, in coordination with team LOGCAP forward Iraq, on the 26th of February 2009, the Procurement Contracting Officer (PCO) issued a letter to the incumbent contractor directing a freeze be placed on future hiring of its contractor personnel. The LOGCAP IV performance work statement contains a paragraph directing the LOGCAP IV performance contractor to seek to hire local nationals as much as practicable.

After the directives had time to take hold, our analysis shows that in the 3rd quarter of fiscal year 2009, we achieved the goal and saw a 7% drop in overall LOGCAP III contractors. In the final quarter of fiscal year 2009, we again attained the goal, reducing contractors by 9% overall. By the end of the fiscal year we reduced to just fewer than 52,000 contractors.

Through initiatives introduced by the theater, contractor personnel were reduced. One initiative included a drawing back of US forces which caused a de-scoping of LOGCAP services at bases being closed. Additionally, the US Air Force (USAF) elected to assume base life support and other services from LOGCAP at Joint Base Balad (JBB). In addition, Joint Contracting Command Iraq (JCC-I) began a study of services currently under the LOGCAP to determine which services JCC-I could contract locally, shifting from a contingency to a sustaining theater support contract managed and overseen by JCC-I. JCC-I determined that they could not assume major LOGCAP services, such as Dining Facilities (DFACS), power generation, facilities management, construction and engineering, electrical distribution or fire protection services.

Team LOGCAP -Iraq identified the required resources for drawdown and transition oversight. LOGCAP support resources are available to provide oversight during the drawdown and transition periods. Today, DCMA reports there are three teams with 27 personnel to execute the transition. Based on the complexity and projected support to "operation responsible drawdown," there is a challenge determining the right mix for the drawdown while executing the transition of the north and south Iraq task orders.

The current LOGCAP III contractor supports the responsible drawdown in Iraq through base closure and de-scoping of LOGCAP services which began in May 2009 and continues through August 2010. We anticipate the LOGCAP III contractor will provide logistics services in support of the drawdown with theater transportation assets, augmentation of maintenance services and support for the supply support activities in the retrograde of supplies and equipment from theater. The LOGCAP III contractor also possesses other capabilities in support of the responsible drawdown of forces, such as packaging, blocking, bracing, and crating of equipment for shipment; wash rack operations; and cleaning of equipment for agriculture and customs. These services are available to the supported unit upon request. We expect the LOGCAP IV contractor to provide the same level of services in support of the responsible drawdown but only for those bases that will remain after August 2010.

At the request of MNF-I/MNC-I, we awarded a task order to our supporting contractor to assemble a team of subject matter experts, referred to as a Base Closure Assistance Team (BCAT) to move throughout theater assessing closure compliance. This team will be answerable to LOGCAP and is to provide an independent assessment of the base closure efforts to MNC-I. In the event that an accelerated closure schedule occurs, these BCAT teams will be invaluable to LOGCAP. If closure augmentation is needed to assist in the rapid withdrawal of forces and base closures, it is assumed that bases designated to remain will continue and be transitioned. If all bases are to close, then additional personnel will be needed, and consideration will be given to awarding closure task orders to all LOGCAP performance contractors.

Our LOGCAP personnel are in contact with their customers at MNF-I and MNC-I on a daily basis. They monitor the planning of the responsible drawdown with their focus on identified LOGCAP requirements. Our LOGCAP forward representatives coordinate projected lead times for contract augmentation with the timeline of the supported activity at the operational and tactical levels of war. We have identified key drawdown responsibilities to facilitate any unanticipated changes in the drawdown timeline. The impact of a change will be affected by the response time available to meet the new date and where LOGCAP is on the drawdown timeline.

In closing, we have positioned ourselves to provide oversight of requirements and to execute transition.

As always the LOGCAP team stands ready to support our soldiers, sailors, airmen, and marines overseas. Again, thank you for inviting me to speak with you today.