

RECORD VERSION

STATEMENT BY

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INTRODUCTION

Chairman Thibault, Chairman Green, Members of the Commission, thank you for this opportunity to discuss the US Army Logistics Civil Augmentation Program (LOGCAP). It is my privilege to be here representing the US Army Materiel Command as well as the Soldiers, Sailors, Airmen and Marines supported by LOGCAP. I thank you for your interest in LOGCAP and for the attention you are paying to the services we provide.

Let me offer you a brief history of LOGCAP and the role it has played over the last decade and a half, especially since September 11th.

Throughout US history, civilian contractors have supported the Army on the battlefield and have become a critical part of its warfighting and peacekeeping efforts. In 1985, the Logistics Civil Augmentation Program (LOGCAP) was established primarily to preplan for contingencies and to leverage existing civilian resources. Its creation was necessitated by earlier reductions in the active duty combat service support forces.

The first LOGCAP umbrella contract was awarded by the Army Corps of Engineers in 1992 to the firm now known as Kellogg, Brown and Root (KBR). The contract was used to support forces in Bosnia, Kosovo, Macedonia, Hungary, Saudi Arabia and Rwanda.

The Army Materiel Command (AMC) assumed executive agent responsibilities for LOGCAP II which was used until 2001 in support of US Forces in the Philippines, Columbia, Ecuador, Haiti, East Timor and Panama. When the first LOGCAP contract expired, a successor contract (LOGCAP II) was competed and awarded on April 16, 1997 to DynCorp. LOGCAP III, the third generation

contract, was awarded in 2001 to KBR after a competitive, best value source selection. LOGCAP III has been primarily used in support of Overseas Contingency Operations in Iraq, Afghanistan, Kuwait, Djibouti, Jordan, Kenya, Uzbekistan and Georgia. LOGCAP III was to support the troops for ten years and is still active today.

In 2004, the Army reassessed how it was providing support to the Warfighter to address the Army's concern about the difficulties of relying on the performance of a single contractor for execution and requirements development. First, the Army realized that it needed support to the program office that would provide the expertise to develop clearly defined requirements. The Army also recognized the advantages posed by having multiple contractors who would compete for the requirements. After receiving Congressional concurrence and DOD approval, the Army instituted the LOGCAP IV acquisition strategy that called for the award of a contract to one contractor for program management support and three, best value performance task order contracts. Serco-North America, received the award of a government program management support services contract on February 16, 2007. Serco does not perform any oversight function affecting the three performance contractors.

DynCorp International, Fluor Intercontinental and KBR received contracts for the performance contracts on June 27, 2007. LOGCAP IV requirements are competed as task orders among the three performance contractors under the fair opportunity provisions of the Federal Acquisition Regulations.

Following announcement of these awards, two unsuccessful offerors filed protests with the Government Accountability Office (GAO) against the award of the performance contracts. GAO subsequently sustained the protests and directed

the Army to take specific corrective actions. These actions were subsequently taken with confirmation of the original performance awards announced on April 17, 2008. Several protests were subsequently lodged against LOGCAP IV task orders. In each of these subsequent instances, the GAO has fully and unequivocally upheld the actions of the Army.

It is important to stress that LOGCAP is much more than a set of task orders. It is a critical Army program. The program has grown rapidly over the years from 2001 to the present, from a peacetime value of \$55 million dollars, to an annual value of \$5.7 billion during Fiscal Year 2008. Its mission is to provide critical logistics and life support services to our fighting forces, freeing them to focus on their core mission--combat. LOGCAP is designed to rapidly expand during contingency operations and then draw down when those operations are concluded.

Over the years, the program has grown but its organizational support structure has not kept pace with the increasing demands of its mission. When I assumed this position in April of 2007, LOGCAP was considered to be a contract, not a program. Developing the LOGCAP program has required a plus-up of both military and civilian personnel to work in theater with the Warfighter.

LOGCAP is a complex program which affects national strategy and its execution. The scale and complexity of the LOGCAP Program requires a great deal of effort to execute its mission in a timely manner. Close coordination and integration of effort among a highly diverse set of military, civilian and contractor personnel is a daunting challenge but essential to program execution.

The program confronts many daunting and even contradictory challenges in the performance of its duties. In Kuwait, we must deal effectively with operations

in a desert kingdom located on the Persian Gulf.. Kuwait provides a stable environment for support operations.

Operations in Iraq pose a different, complicated, and complex set of challenges. Iraq is a relatively large country with a semi-modern transportation system. The environment remains dangerous with often unique support services required.

Simultaneous operations in Afghanistan present a very different challenge—perhaps the largest and most complex. Afghanistan is a remote, land-locked country with both harsh terrain and temperature extremes. The recently announced increase of US Forces moving into this active combat zone is occurring in the presence of an active and dangerous enemy. US troop movement is dependent on a primitive road network and is largely dependent on helicopters and military transport aircraft. Taken in their totality, these challenges are unprecedented—a heel-to-toe process in my view not undertaken on this scale since World War II.

LOGCAP III grew so rapidly that it nearly exceeded a single contractor's capacity to perform. The potential difficulties of relying on the performance of a single contractor, along with the likely advantages posed by competitive multiple awards subsequently resulted in the award of LOGCAP IV. The transition of support from LOGCAP III to IV was essential and is currently underway. The transition process is complex and requires planning, deliberate care and must be transparent to the Warfighter. It is not a turnkey operation.

In Iraq, for example, there are bases to be closed and others readied for a reduced but ongoing mission. Contractor acquired property must be carefully accounted for and—working with our DCMA partners--disposed of in accordance

with the Federal Acquisition Regulation. This requires careful management and oversight. LOGCAP is not the decision-maker regarding whether materiel, supplies or equipment is excess to US forces; however, LOGCAP can be used by the Theater Commander to perform some tasks associated with the responsible drawdown of forces, base transition and equipment redeployment or disposal.

Lessons learned from LOGCAP III are embedded into LOGCAP IV in the way we compete our task orders and how the Program is executed. Numerous positive actions are underway to improve internal practices. One such action was the development of a Prime Value Chain and a Programmatic strategy with the aim of improving readiness, quality, and efficiency in LOGCAP provided services. The strategic assessment defines program constraints and issues that limit program efficiency. Also developed was the strategic framework for key strategic and operational program design and finally an implementation plan, which describes critical implementation plans and tasks to start on this journey of improvement. The results of the study were presented to the senior Department of Army and the Army Materiel Command military and civilian leaders and other key stakeholders. A direct action resulting from the Stakeholders meeting was the establishment of a General Officer Steering Committee (GOSC) to review doctrine and resourcing. The first meeting of the GOSC was held on April 23, 2009, and was chaired by the Deputy Chief of Staff of the Army for Logistics. The GOSC established two working groups to 1) determine the most effective means of sustaining and empowering the LOGCAP Program, and 2) refining LOGCAP's scope, and future roles and responsibilities.

The Army sees LOGCAP as the future for its civil augmentation program, especially as it relates to Overseas Contingency Operations. For LOGCAP to support the Army and its Title 10 responsibilities, several actions are being taken.

These actions include re-structuring the program to ensure that we have the right numbers of people with the right skills.

As pointed out, this organization has had 19 Department of the Army Civilians authorized since its inception. The primary mission is to train units for pre-deployment, participate in deploying unit's exercises, provide reach back support to forward deployed offices, and stand ready to respond to events worldwide. The organization is augmented by our support contractor both stateside and overseas in our forward deployed sites in Kuwait, Iraq, and Afghanistan and with the Army Service Component Commands.

In conclusion, let me emphasize again that LOGCAP is a critical, complex Program dedicated to providing essential support services to our nation's sons and daughters who fight for our freedom. We stand ready to meet tomorrow's challenges to support America's warfighters wherever and whenever they need us.

Thank you for inviting me to speak with you today. This concludes my statement.