

RECORD VERSION

STATEMENT BY

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BEFORE THE

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ON

THE LOGISTICS CIVIL AUGMENTATION PROGRAM (LOGCAP)

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Thank you for this opportunity to report to you on the United States Army's Logistics Civil Augmentation Program (LOGCAP). I am pleased to represent U.S. Army leadership as well as the military and civilian men and women who are, along with our contractors, supporting our fighting forces and working to reconstruct Iraq. Our success would be impossible without the tremendous support the Army receives from you, the Members of the Senate Armed Services Committee. We thank you for your wisdom, advice, and strong support.

The U.S. Army acquisition workforce has two very important missions in Iraq: to support reconstruction contracting and to provide support for the troops. Contracting to support reconstruction is carried out by the Joint Contracting Command – Iraq/Afghanistan (JCC-I/A) under the acquisition authority of the U.S. Army. JCC-I/A also provides support to the Multi-National Security Transition Command – Iraq (MNSTC-I) in training and equipping Iraqi Forces and to the U.S. Government's mission in Afghanistan. Support to U.S. and Coalition forces is provided under the LOGCAP-III contract under the auspices of the U.S. Army Material Command (AMC).

The Army has worked with contractors to provide supplies and services during both peacetime and contingency operations dating back to the Revolutionary War. On December 6, 1985, LOGCAP was established with the publication of Army Regulation 700-137. The newly established program was used in 1988 when the Third United States Army requested that the U.S. Army Corps of Engineers (USACE) contract out a management plan to construct and maintain two petroleum pipeline systems in Southwest Asia in support of contingency operations.

The first comprehensive multifunctional LOGCAP Support (LOGCAP-I) contract was competitively awarded by the USACE in August 1992 and this effort supported most U.S. military operations from 1992-1996.

LOGCAP was not envisioned to remain in place for years and the original intent of the LOGCAP contract was only to provide basic life and facilities support such as base camps, dining facilities, food service, supply point operations, local and line haul motor transport, and sea and aerial points until other support capabilities arrived or could be arranged. However, external world events have shown that LOGCAP is often the only option that could provide complex, rapid and diversified area support requirements.

In 1996, AMC assumed the contract administration, management, and execution responsibilities for the LOGCAP Umbrella Support Contract. AMC re-competed the contract in 1997 (LOGCAP-II) and again in 2001 (LOGCAP-III). With the sudden and tragic events of September 11, 2001, the dynamics of logistics civil augmentation support significantly changed from anything we've seen in history. LOGCAP proved again to be rapid, responsive, and flexible. There is no other organic support (active, reserve or guard) that allows us to meet these type of needs and thus LOGCAP is, and will remain, a vital avenue to prosecute the Global War on Terrorism. LOGCAP supports multiple countries, services, and agencies, most under harsh and hostile conditions. The LOGCAP-III contract is approximately \$23 billion, with an OCONUS force structure of 55,715 men and women of which approximately 29,200 are subcontractors. Under the LOGCAP contract, the Army has delivered to our forces: 36.2 million bags of mail; 200 million tons of ice; 7.6 billion gallons of potable water; 533 million meals; and 26.7 million bundles of laundry. The services provided to our uniformed men and women have been of the highest quality. Still, with these services come associated challenges.

The exponential growth in the existing LOGCAP contract over a relatively short period of time has stressed both government and contractor resources, as well as business systems and processes. We have made and will continue to

make improvements to our processes, systems, and contract. For example, to improve management of our processes and refine requirements we have established three program offices in Iraq, Kuwait, and Afghanistan. The offices are staffed with a cadre of logistics analysts, contract specialists, and cost analysts. Workforce members are in daily contact with senior commanders and logisticians and participate in all aspects of operational planning and execution. We continue to work closely with the Defense Contract Management Agency (DCMA) on contractor systems issues. DCMA has deployed Administrative Contracting Officers and Quality Assurance Representatives throughout the region to provide oversight. In addition, we have appointed more than 450 Contracting Officer Representatives to provide daily oversight of contractor performance. Under my direction AMC, DCMA and the Defense Contract Audit Agency have worked hard to resolve the backlog of undefinitized contract actions (UCAs) – with success. There currently are no outstanding UCAs. The LOGCAP program office, with support from other Department of Defense agencies, is aggressively managing and monitoring the contractor's cost performance; the Joint Acquisition Review Board adds another measure of cost control through the management and approval of requirements, thus ensuring expenditures are for bona fide needs.

The mission in Iraq is one of constant change. Support to Iraqi Forces has increased as we have worked to hand over the fight for freedom and the battle against the insurgency to the Iraqi Government. The LOGCAP contract is also changing as we move away from a one contractor configuration as currently exists under LOGCAP-III to multiple contractors under LOGCAP-IV. We are confident that the additional execution capability – providing for competition at the individual task order level – will provide us with more robust capacity and effectiveness.

Regardless of the contract vehicle, however, one thing has and will remain constant over time: our commitment to ensuring that all contractors who support our courageous military men and women and reconstruction efforts in Iraq comply with the terms and conditions of their contracts.

On January 30, 2007, the Army learned that Kellogg, Brown and Root Services (KBRS) may have inappropriately charged the Army for security costs under LOGCAP-III. In light of this information and on the basis that privately acquired security should not have been charged or paid under the contract, the contracting officer took action to adjust over \$19 million in payments to KBRS.

The U.S. Army is committed to providing full disclosure of the results of any investigations. If KBRS violated the terms and conditions of the LOGCAP-III contract and knowingly or unknowingly incurred costs under the contract, the U.S. Army will take appropriate steps under the terms of the contract to recoup any funds paid for those services.

LOGCAP capitalizes on the synergistic effect of integrating the combined capabilities of the military members of the U.S. Army, as well as Army Civilians and the Commercial Civil Sector. The program's strength, however, lies in the dedication, innovation, and perseverance of LOGCAP personnel – military, civilian and contractor. We are proud of the dedication, commitment, and hard work displayed by LOGCAP personnel in supporting our troops and rebuilding Iraq.