

Written Statement of

Colonel Wilfred T. Cassidy

Deputy Director, Air Force Center for Engineering and the Environment

Before the Commission on Wartime Contracting

January 24, 2011

Chairman Thibault, Chairman Shays, and members of the Commission, thank you for the opportunity to appear before you. The role of the Air Force Center for Engineering and the Environment (AFCEE) has evolved over the past twenty years from a center for environmental excellence to providing engineering and environmental services enabling sustainable Air Force and Joint installations globally. In December of 2003 the Chairman of the Joint Chiefs of Staff through the Chief of Staff of the Air Force asked AFCEE to provide a bridge for construction services in Central Command's area of responsibility. In January of 2004, AFCEE was approved to support the Coalition Provisional Authority in Iraq. In April of 2006, AFCEE started work in Afghanistan. To date, AFCEE has awarded over six billion dollars in construction and support task orders required by Central Command, of which approximately one billion dollars is in Afghanistan. We continue to enjoy a cooperative partnership with the United States Army Corps of Engineers (USACE) to accomplish mission critical work in the AOR.

AFCEE plans, executes, and delivers construction services for the following customers in war fighting areas: United States Central Command, Air Forces Central, Army Central and Combined Security Transitions Command – Afghanistan.

AFCEE utilizes competitive Indefinite Delivery/Indefinite Quantity (IDIQ) contract vehicles and then competes individual task orders within the IDIQs for construction and services. These IDIQ contractors subcontract portions of the task orders to local national and third country national companies and individuals.

AFCEE's primary IDIQ contracting vehicles include:

- The Heavy Engineer, Repair and Construction (HERC) contract that provides a full range of heavy construction and engineering activities provided by 20 firms.
- The Worldwide Planning, Program and Design (4PAE) contract that provides Title I design services and Title II quality assurance services provided by 29 firms; and
- The Global Engineering, Integration and Technical Assistance (GEITA) contract that provides a wide range of technical assistance for planning, programming and on-site project management provided by four active firms.

The majority of construction work since 2004 has been provided under the HERC contract vehicle and the majority of our Title II services have been provided under the 4PAE contract.

AFCEE uses a criteria decision matrix to determine the method of design and construction tailored to the type of contract: firm-fixed-price or cost-plus-fixed-fee. The AFCEE project management model embodies a philosophy of teamwork, leveraging our government civilian and military personnel whose primary responsibility is to execute inherently governmental functions. These personnel include contracting officers (COs), buyers, contracting officer representatives (CORs), and project managers. AFCEE forward deploys a contingent of technical personnel to the AOR on a rotational basis to serve as liaisons to the customer and provide direct project management of AFCEE contracts. The deployed personnel

serve as in-country contracting officer representatives and provide oversight of the Title II representatives' daily quality assurance.

AFCEE uses the 4PAE contractors for Title II services to perform Quality Assurance of the construction projects to ensure the construction contractor is properly implementing the quality control plan and properly performing submittal reviews by both on-site visual reviews and off-site comprehensive assessments. Additionally, the AFCEE GEITA contracted personnel provide management support for program management, project-level technical and administrative support, both in-country and in San Antonio.

The AFCEE model utilizes contractors only in situations that are not inherently governmental. This model minimizes our civilian and military footprint while leveraging contractor expertise. We utilize a combination of expatriates, third country nationals and local nationals. This combination provides diversity and ease of movement by local nationals where security conditions may be such that only local nationals can pass safely. This model provides cost-effective flexibility and accessibility to ensure daily quality assurance oversight.

While our in-country military, civilian and contract employees provide the daily construction oversight, the San Antonio team provides reach back technical, contracting, financial and administrative support, along with continuity for the AOR construction program. In response to lessons learned, the office in San Antonio has adapted to provide additional technical reviews of requirements, schedules and invoices to better assure compliance with contracts and to effectively achieve desired results. Additionally, AFCEE hosts semi-annual program management reviews with our customers and our contractors to obtain three-hundred-sixty-degree feedback. Internally, AFCEE conducts rapid

improvement events to identify ways to improve our acquisition delivery system. Both forums have netted worthy initiatives that include reducing AFCEE's requirements for proposal submissions and working with the customer to improve the quality of the requirements documents, thereby improving the acquisition process as well as the end product to the user.

Our current contract performance in Afghanistan has maintained reasonable schedule and cost growth controls considering the contingency environment and modifications we have had to process due to changing requirements or site conditions. To date, none of our Afghanistan task orders have been terminated for default.

We understand the committee is interested in the following areas:

Proper Site Preparation

Site preparation in advance of award of a construction project most significantly entails real estate approval/verification, as well as potential negotiation to relocate the local population and mine clearance before the construction contractor can access the site. We work closely with the regional authorities and with USACE to coordinate these actions and have reduced the potential impacts accordingly.

Additionally, we are planning to add the ability to contract for mine clearance if the regional team cannot meet the contract schedules due to demand and capacity.

As with any large contract, there may also be instances when constructability issues arise due to unforeseen site conditions that require resolution during performance. As is common in certain areas of Afghanistan, there have been instances when local nationals have inhabited territory that they do not own, but contractors are not permitted to relocate them. In these cases the Regional Command provides the dialogue and assistance necessary for the leased land to be

cleared of unauthorized population. There have been instances where accessibility to the site has caused delays to the contractor, but our efforts to closely coordinate with the Regional Command, coupled with inclusion of an AFCEE mine-clearance contract capability, should further improve our ability to leverage site accessibility to allow AFCEE's Prime HERC contractors to proceed with project execution.

Construction Management

With regard to construction management, AFCEE's model relies heavily on the prime HERC contractor to manage and control quality of the project in much the same fashion as our MILCON projects in the United States are managed. AFCEE provides oversight and quality assurance through Title II services, who generally reside on-site, and government Contracting Officer Representatives, who visit the site periodically. During the proposal development and acquisition process AFCEE CORs and COs ensure that the request for proposals and subsequent contractor proposals incorporate adequate construction planning, schedules, logistics plans and security plans to optimize success for project completion. Areas of particular interest that are critical to mission success include having the technical abilities and labor pools to execute the project, as well as having dependable and secure logistics supply lines and site security at locations outside a secure perimeter. AFCEE's technical reviews of the contractor proposals provide the up-front management necessary for a successful construction project.

Security Challenges

Security in Afghanistan has been and remains a vital component to infrastructure success. Due to the different security environments in which we must award projects, AFCEE has developed a security standard required by all our contractors and also provides a security team on the ground to inspect the contractor sites, both

inside and outside the wire. The security challenge that is of utmost concern to us today is the future impact of Presidential Decree #62 (President Karzai's decree that private security companies would no longer be allowed to operate in Afghanistan) and the effect it will have on our construction contractors, our CORs and the Title II contractors' ability to move to sites as necessary. Our contractors have been able to negotiate the decree's impacts with no major impact to date. But, we are approaching an impasse that will affect our ability to continue to work in certain regions of the country where approved Private Security Companies (PSCs) needed to provide site and logistics security are being hindered from taking on additional task orders per the decree. Furthermore, the Afghan government's policy not to renew visas for members of the PSCs is further straining the capacity of the PSCs to provide adequate security. Contractors are looking at options for providing acceptable and adequate security for both contractors and government employees who also rely on this security as they travel to visit the construction sites. This is not an AFCEE specific problem and we know senior level discussions are being held to negotiate an agreement.

Host Nation Involvement in Project Selection

AFCEE does not participate in the process in which Host Nations are involved in project selection..

Cost, Schedule, Quality

We constantly work to improve cost, schedule and quality issues on AFCEE construction projects. Construction standards that have evolved over the past few years to a more stringent level have allowed us to incorporate more durable and acceptable materials that fit the intended use for the customers. Through shared lessons learned between contractors and other execution agents, the type of

construction, comfort features, fixtures and hardware are now more durable and sustainable for the local economy. There has been more than one standard of construction since AFCEE began operations in Afghanistan. As such, we have adapted to the changes but have also utilized common construction practices familiar to the indigenous Afghans to improve constructability and quality. AFCEE brought many lessons learned to Afghanistan from Iraq and found that they were not applicable to Afghanistan. For instance, structural problems and concrete skills lacking in Iraq were relatively well-developed in Afghanistan. However, one aspect not present in Iraq that appeared in Afghanistan was the proliferation of counterfeit materials and understanding of sustainability. As a result of these observations and findings, AFCEE changed our quality assurance focus to mitigate the risks identified in our early presence in Afghanistan. Some of the ways we have done this include providing supplementary subject matter experts and supplementary training to our quality assurance contractors to enable them to identify non-compliant materials and practices immediately so they can be identified to CORs for corrective actions. We have also developed a project manager's handbook for all incoming CORs to minimize the need to re-learn lessons learned and provide CORs with the tools to effectively accomplish their mission while minimizing continuity issues and reducing the learning curve.

Culturally Appropriate Construction and Sustainability

Some of the lessons learned involved cultural appropriateness and sustainability. These are built into future designs for similar facilities, or changed when the earlier designs did not provide the best solution to the cultural utilization or failed to ensure the facility was sustainable in the long term. Some specific examples from our early Afghanistan construction include the design of latrines, type of fixtures, and environmental controls that we installed. With the cultural issues of washing

clothing in sinks or showers along with the foot washing requirement prior to evening prayer in mind, we recognized which fixtures and wash basin configurations best suited those needs and incorporated them into future construction. Additionally, when heating, ventilation, and air conditioning units were installed, the standard for Afghan construction became the split unit systems due to their availability in the AOR.

Past Performance

AFCEE tracks past performance of our Prime HERC contractors and our Title II contractors in the AOR through the ACASS and CCASS rating system used by DoD. Our CORs and COs review and rate our contractors on their performance to objectively give them the most appropriate ratings. Past performance of our prime contractors is one of the factors considered in future contract awards.

Quality Assurance Issues

AFCEE accomplishes quality assurance with a two-tiered approach using Title II contractors and COR oversight. Title II requires quality assurance to ensure the HERC contractor is following a quality control plan, as well as ensuring compliance with material submissions, contract documents and requirements. The Title II representatives observe and report while decisions of compliance and contractual issues remain the responsibility of the appointed government COR. This methodology provides a full-time daily presence by the Title II contractor(s) on site observing the HERC contractors, with periodic visits by the COR. This model provides AFCEE a frequency of quality assurance that cannot be accomplished with our CORs alone.

AFCEE strives to continually improve our ability to provide quality and timely construction support to the warfighter and we welcome recommendations to perform our mission better.