



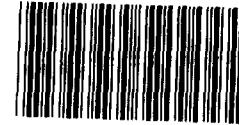
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

Handwritten: 118 792

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

JUNE 24, 1982

B-207912



118792

The Honorable John O. Marsh, Jr.
The Secretary of the Army

Dear Mr. Secretary:

Subject: The Army Should Evaluate the Need for Previously
Planned Military Facilities (GAO/PLRD-82-91)

As part of the Army's fiscal year 1982 military construction program, the Congress approved eight construction projects, valued at \$14.1 million, to support the joint deployment of the Stand-Off Target Acquisition System (SOTAS) and the QUICK FIX 1/ weapon system. In November 1981 the Congress terminated funds for further development and procurement of SOTAS hardware. The Army is proceeding with the planned construction of SOTAS/QUICK FIX facilities in West Germany even though the supporting justification, as originally presented to the Congress, is no longer valid. *Backlog*

We believe the Army should determine whether a valid need exists for the facilities associated with the SOTAS program before awarding any new construction contracts or proceeding with further construction. Individual projects may have to be canceled or redesigned. Construction contracts for six of the projects, which include barracks, hangars, and tactical equipment shops, were scheduled for award beginning May 21, 1982. Contracts have already been awarded for a \$2.3 million barracks project and a \$0.7 million project for helicopter pads. (See enc. I for a listing of projects and expected bid opening/contract award dates.)

This report was developed as part of an ongoing review initiated by GAO to determine if the services properly identify and justify the need for new construction of unaccompanied personnel housing. We are reporting on the SOTAS/QUICK FIX projects because we believe the Army should evaluate the need for facilities originally intended to meet SOTAS requirements before proceeding with construction.

We based our findings on a review of documents and discussions with U.S. Army officials at Headquarters, U.S. Army, Europe; V Corps Headquarters; Engineering Division, Europe; and the Giessen military

1/QUICK FIX is a helicopter-mounted communications and jamming system.

(945816)

Handwritten: 022530

community in Germany. Our work was performed in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

SOTAS TERMINATED: REPLACEMENT
SYSTEM UNCERTAIN

SOTAS is a surveillance system with a helicopter borne radar to detect and locate moving targets beyond the forward edge of the battle area and a ground station that provides a realtime display of the enemy's movement. Although recognizing a need for a SOTAS-like system, the Congress terminated the development and procurement of hardware because of concern about the extreme cost growth. Even though the number of systems decreased from 24 to 16, total costs increased from less than \$1 billion to more than \$2.4 billion. The Congress did agree, however, to provide \$5 million to the Army to study lower cost alternatives to meet its battlefield surveillance requirements. So far, no existing or planned system has been designated to replace SOTAS in fulfilling these requirements.

With the termination of the SOTAS program, only a portion of the original requirement for facilities to support SOTAS and QUICK FIX hardware and personnel remains. Before the SOTAS terminated, the Army had planned to deploy all 16 production systems in West Germany--4 to each combat electronic warfare intelligence battalion. All that remains of this program is four advanced development helicopters currently deployed in West Germany. A valid need still exists, however, for the smaller portion of each project intended to support the QUICK FIX system, consisting of three helicopters and related personnel support at each location.

EVALUATION OF PLANNED FACILITIES
NEEDED TO PREVENT UNNECESSARY COSTS

Army regulations require that completed construction projects meet the operational requirements or mission of the using unit. If at any time it becomes apparent that the mission for which a facility is being designed or constructed has been significantly changed, various requirements exist for notifying headquarters and for changing, deferring, or canceling the project. The termination of the SOTAS program may mean that some of the SOTAS facilities, if constructed as currently planned, either will be underutilized or will have to support substantially different units with different mission requirements. Until the Army decides how the facilities are to be used, it cannot be assured that the new facilities will satisfy valid requirements, that the facilities will not require modification, or that the new requirements are of high enough priority to warrant construction in view of limited construction dollars.

U.S. Army officials in Europe acknowledged the need to ensure that the planned facilities are still required and will be fully

utilized. Aside from the two contracts already awarded, the Army has taken action to delay further bid opening and contract award on the remaining projects. Final decisions, however, have not been made and approved as to which units, besides QUICK FIX and the limited SOTAS components, will utilize the new facilities.

To reduce unnecessary costs caused by design changes or cancellation after bid opening or contract award, the Army should identify the intended use of the facilities as soon as possible. Otherwise, the U.S. Government faces increasing unrecoverable costs. For example, according to officials in the Engineering Division, Europe, the U.S. Government is obligated to pay at least one-half of 1 percent of the estimated contract amount after bid opening. Also, if cancellation occurs after award, the United States may incur significant costs related to the contract termination. Project milestones, such as bid opening or contract award dates, have already been passed or will occur soon.

In determining the continued need for the SOTAS/QUICK FIX projects, the Army is required to ensure that the most cost-effective approach to obtaining new facilities has been chosen. This is not necessarily being done with the SOTAS/QUICK FIX barracks projects. These barracks were designed and are to be constructed for as few as 67 persons, although other barracks will be built on some of the same installations during the same time frame. The Department of Defense's construction criteria indicate that, in the interest of economy, barracks should be large enough to house 300 persons or more and that incremental construction of small capacity facilities should not be undertaken when larger facilities can be built to accommodate small numbers of personnel.

CONCLUSIONS

With the termination of the SOTAS program, valid requirements may no longer exist for some of the SOTAS/QUICK FIX facilities. If the facilities, as originally approved, do not satisfy valid requirements of sufficient priority, then cancellation, redesign, or future modification projects may be necessary. Also, any determination of the need for the facilities should be consistent with the Defense construction criteria of ensuring that the most cost-effective approach to obtaining new facilities has been chosen. } correct

RECOMMENDATION

We recommend that you determine and substantiate whether valid requirements exist for the SOTAS/QUICK FIX facilities before awarding construction contracts or proceeding with further construction. If valid requirements of sufficient priority do not exist, we recommend that you cancel or redesign each project, as necessary, in accordance with Defense construction criteria.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on a draft of this report, the Army agreed that, in view of the SOTAS termination, the requirements should be reviewed. The Army said that the proponents of the projects, Deputy Chiefs of Staff for Logistics (DCSLOG), Operations (DCSOP), and Personnel (DCSPER), are reviewing the requirements of the six projects for which contracts have not been awarded.

The Army said that the two projects awarded in 1981 for barracks at Giebelstadt and helicopter pads at Feucht will be allowed to continue. According to the Army, if the barracks are not completed, the QUICK FIX element will have to occupy already overcrowded barracks, further degrading living conditions.

The Feucht project consists of seven helicopter parking pads. Three of the pads are needed for the QUICK FIX program; the remaining four pads will partially solve a shortfall for helicopter support facilities at Feucht. In addition, if work is halted on the contract for helicopter pads, the Government will incur about \$7,000 a day in penalties as compared to \$7,900 being spent daily if construction continues.

For the remaining six projects, the Assistant Director of Military Programs (Europe), Office of Engineers, said the Army has deferred the bid opening date for the tactical equipment shop and the contract award dates for the barracks at Giessen and at Finthen/Mainz. For the other three, the Army is deferring advertising the projects until after a decision is made by DCSLOG, DCSOP, and DCSPER.

We believe the Army's action to defer further procurement actions until the requirements have been reviewed will minimize the risk of awarding contracts for projects that are not needed or that can be satisfied in a more cost-effective manner.

- - - -

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report. A written statement must also be sent to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving a copy of these statements.

We are sending copies of this report to the Secretary of Defense and to the Chairmen, House Committee on Government

B-207912

Operations, Senate Committee on Governmental Affairs, and House
and Senate Committees on Appropriations and on Armed Services.

Sincerely yours,

Donald J. Horan
Donald J. Horan
Director

Enclosure

THE ARMY'S FY 1982 MILITARY CONSTRUCTION PROGRAM

(SOTAS/QUICK FIX PROJECTS IN WEST GERMANY)

<u>Project number</u>	<u>Project title</u>	<u>Location</u>	<u>Project amount</u>	<u>Project milestones</u>	
				<u>Bid opening</u>	<u>Contract award</u>
			(000 omitted)		
0019000	Tactical equipment shop	Giessen	\$ 925	5/1/82	5/28/82
0020000	Maintenance hangar'	Giessen	2,211	6/18/82	a/7/30/82
0021000	Barracks	Finthen/Mainz	2,090	3/12/82	5/28/82
0022000	Tactical equipment shop	Finthen/Mainz	1,166	5/28/82	a/7/9/82
0048000	Barracks	Giebelstadt	2,332	11/24/81	1/29/82
0943000	Helicopter pads	Feucht	748	12/11/81	2/18/82
0945000	Barracks	Giessen	2,211	3/4/82	5/21/82
0946000	Maintenance hanger	Finthen/Mainz	<u>2,372</u>	6/14/82	a/7/11/82
			<u>\$14,055</u>		

a/Held in abeyance by the Engineering Division, Europe, as of Mar. 23, 1982. However, the indicated dates still appear on the Division's records updated as of Mar. 26, 1982.