

## United States Senate

WASHINGTON, DC 20510-4305

November 24, 2009

The Honorable Ashton B. Carter  
Under Secretary of Defense for Acquisition, Technology & Logistics  
3300 Defense Pentagon  
Room 3E819  
Washington, DC 20301-3030

Dear Secretary Carter:

I write to express serious disappointment with the Army's recent Family of Medium Tactical Vehicles (FMTV) contract award and the misguided decision to abandon its longtime provider of FMTVs. As you may know, Sealy, Texas, has been the manufacturing home of the FMTV truck for the past seventeen years. During that time, thousands of proud Texans have produced world-class tactical vehicles for the American warfighter at the state-of-the-art BAE Systems production facility, which has consistently met and exceeded Army expectations in efficiency and quality.

The Army, in its equipment acquisition efforts, has an unmistakable duty to serve as a responsible steward of the American taxpayers' hard-earned dollars, seeking not merely the lowest possible price, but the very best value. I do not believe the Army met that obligation in its recent award of the FMTV contract. This erroneous decision by the Army must be reconsidered and, to that end, I request your personal engagement. The hundreds of thousands of men and women in uniform deployed into harm's way overseas, many of who need FMTVs to accomplish their missions, deserve to know that their FMTVs will continue to be the very same proven, dependable, Texas-made trucks that they have come to rely on. Note that this FMTV fleet currently enjoys an operational readiness rate of well over 90%. In addition, the many Texans who have dedicated countless hours to FMTV production, and who now stand to lose their jobs in a very difficult economic environment, deserve a full explanation for the Army's decision and the factual basis on which it was presumably made.

The Army's FMTV source selection process was fundamentally flawed in two ways. First, the winning bid by Oshkosh lacks cost realism, failing to reasonably reflect the actual cost of building these vehicles. In fact, as I understand it, an independent cost analysis was never completed. I am concerned that the winning bid may represent a disingenuous "bait and switch" tactic, in which the actual costs to the Army will be substantially higher than those reflected in the bid itself. A recent *New York Times* article ("A Pentagon Contract Revives Jobs at Oshkosh," November 4, 2009) suggests this may very well be the case, quoting unnamed Oshkosh officials as saying they "were willing to accept a low profit initially in hopes of increasing it though enhancements to the trucks later." This is disconcerting on a number of levels, especially when the Army has a tried-and-true supplier of the most modern and capable FMTV trucks in Sealy, Texas, standing at the ready to continue building top-notch vehicles at little risk to the Army and at a substantial value to the American taxpayer.

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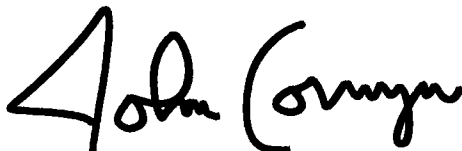
Second, but equally disturbing, the Army failed to accurately assess the level of risk inherent in the Oshkosh bid, mistakenly concluding that it was no greater in risk than the BAE bid. This conclusion does not pass muster, especially in light of the fact that Oshkosh's finances have reportedly been stretched to the breaking point recently. More troubling is the fact that Oshkosh is apparently now asking taxpayers to pay for a 150,000-square-foot electro-coating (E-Coat) facility, which it would need for FMTV production. The fact that Oshkosh presently lacks the necessary facilities to execute this contract is troubling, and it represents an added risk that was not accounted for by the Army in the source selection process. Note that the incumbent manufacturer already has two such E-Coat stations in Sealy, Texas, but was given no credit for that. In fact, the Army's FMTV re-buy solicitation provided that an "offeror that currently has existing facilities that can be utilized, or modified to build FMTV vehicles may be determined to be less risky than an offeror that has to acquire facilities to produce vehicles on the contract." Yet, the Army, in its risk assessment, failed to take this glaring fact into account.

If the Army shuts down FMTV production at Sealy, which would be the result of its shortsighted decision, it will be throwing away a valuable and reliable partner in equipping today's warfighter. More alarming, the decision would likely place production of the entire medium and heavy tactical wheeled vehicle fleet into the hands of a single manufacturer, which will have a damaging impact on our defense industrial base in this area. I believe this would pose long-term risks to our national security. Given the tremendous concern that you have personally and publicly voiced about the deterioration of our defense industrial base, this move by the Army should be cause for concern.

Separately, I find it odd that the FMTV is the only wheeled vehicle in the inventory to have been re-competed in recent years. If the Army's intent was to secure better pricing terms on these vehicles, then it would be fully appropriate for all of its truck programs to be competed. On February 12 of last year, the Army awarded a sole source contract on the following vehicles: Heavy Expanded Mobility Tractor Trailers (HEMETTs); Heavy Equipment Transporters (HETs); and Common Bridge Transporters (CBTs). Yet, not one of these vehicles was re-competed, and the Light Tactical Wheeled vehicle fleet has not been re-competed in decades.

It is my understanding that, in a few weeks, the Government Accountability Office (GAO) will announce its decision on BAE's protest of the FMTV contract award. Once that has taken place, I request your personal attention to ensure that the Army rectifies this situation and properly executes those courses of action recommended by the GAO. Thank you for your attention to this matter.

Sincerely,



JOHN CORNYN  
United States Senator