



DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD  
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY  
REFER TO

J-7

APR 22 2010

MEMORANDUM FOR COMMANDER, DEFENSE DISTRIBUTION CENTER (DDC)

SUBJECT: Compelling Reasons Determination, Contract SP3100-05-C-0020

Public Warehousing Company, Inc. (PWC) is the contractor for distribution support services and facilities within the CENTCOM Area of Responsibility under contract SP3100-05-C-0020. On November 16, 2009, PWC was suspended from Government contracting and placed on the Excluded Parties List System. Pursuant to Federal Acquisition Regulation 9.405-1(b)(3), the DDC contracting officer requests permission to modify the existing contract to increase the estimated cost to sustain distribution support services through the end of the current contract period, August 31, 2010.

For the reasons specified by the contracting officer, I find compelling reasons for DDC to modify contract SP3100-05-C-0020 to increase funding by \$5,756,000.



A. S.  
Vice Admiral, SC, USN  
Director

Request for Determination that Compelling Reasons Exist to Modify  
Contract SP3100-05-C-0020 to Increase the Contract Amount for Continued Operation of  
Defense Distribution Center, Southwest Asia (DDKS)

1. The Defense Logistics Agency (DLA), Defense Distribution Center (DDC), Acquisition Operations is the contracting activity. The contract is for operation of DDKS. The contractor is Public Warehousing Company (PWC). DLA's Suspension and Debarment Official suspended PWC pursuant to FAR Subpart 9.407 on November 16, 2009, and that suspension remains in effect.
2. The Contracting Officer hereby requests, pursuant to FAR 9.405-1(b)(3), that the Agency Head make a determination that compelling reasons exist to execute a modification to contract SP3100-05-C-0020 to approve adding funding to allow contract performance through the end of the current contract period, 31 August 2010. The estimated cost to continue contract performance through the end of the current contract period is \$5,756,000.
3. Because this is a cost reimbursement contract, the contract must be funded to cover the contractor's costs in performing the contract. PWC has notified the Contracting Officer in writing, in accordance with FAR 52.232-20, that it anticipates reaching 75% of the current estimated cost of the contract by mid April 2010, and will reach 100% of the estimated costs by mid June 2010. Based on the current expenditure of funds rate, the Contracting Officer concurs with this estimate. The cost to complete the period of performance, (June 2010 through 31 Aug 2010), is estimated by the DDC to be in the amount of \$5,756,000.00. This cost growth is due to unexpected increases in the level of effort required to support this mission that could not have been anticipated at time of award. In addition, as part of this increased level of effort, DDKS will begin to process approximately 29,000 lines of stock transfer orders to other distribution centers in the DDC network, in preparation for relocating to the new DDKS facility. The requirement for the new facility, which has been solicited competitively, is projected for award on or about 31 August 2010. DDC J3 has confirmed that the current projected workload for the remainder of the current period of performance will exceed the initial estimated workload.
4. If the funding is not added for the current increased level of effort, movement of material will be jeopardized. Failure to take these actions places high risk on continued support in the CENTCOM AOR. DDKS provides a strategic receive, storage, and issue mission in addition to operating the Theater Consolidation and Shipping Point that supports all US units in the CENTCOM AOR, primarily Iraq, Afghanistan, Kuwait, Bahrain, and Qatar. Since 2005, DDKS has grown to become a key national security asset because of its support of CENTCOM's Theater Distribution system. DDKS currently supports Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) operational units with ALOC, dedicated truck, and surface container shipments. Additionally, Army drawdown in Iraq requires a fully functioning operation to ensure that serviceable returns continue to be efficiently processed in the AOR for reissue to the warfighter.

5. Uninterrupted distribution and warehouse services are critical to preventing military mission failure. DDKS is the only distribution center within the CENTCOM AOR, and the only distribution facility with the capability and capacity to provide the required support for Operation Iraqi Freedom and Operation Enduring Freedom. There are no realistic alternatives to continuing this critical support other than modifying the current PWC DDKS contract in support of these requirements. DDC has insufficient personnel and no facilities available to provide support organically within the required timeframe. The relatively short time period between the present date and anticipated award of a new contract, along with the massive scale of the DDKS operation make it impossible to use an alternate commercial source to provide the service needed during the period June – 31 August 2010.
6. The Commander, DDC, has been briefed and endorses this request and it has been reviewed and concurred in by the DDC Office of Counsel.
7. As the Contracting Officer, I hereby certify that the facts supporting this request are accurate and complete to the best of my knowledge and belief.

*April 5, 2010*  
DATE

  
Contracting Officer

I hereby certify that the requirements which form the basis of this request are accurate, that these supplies meet the Government's minimum needs in accordance with applicable specifications, and this request is accurate and complete to the best of my knowledge and belief.

*6 Apr 10*  
Date

  
Deputy Commander