



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

**JUN 01 2010**

IN REPLY  
REFER TO

J-7

**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 for the Defense Distribution Depot Kuwait-Southwest Asia 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 extend the contract for a period of six months, pursuant to the Option to Extend Services clause, at an estimated cost of \$33,740,834.

For the reasons specified by the contracting officer, I find compelling reasons for DDC to exercise the option to extend services on contract SP3100-05-C-0020 to allow continued performance of the contract for up to six months and increase funding by \$33,740,834.

[REDACTED]  
A. S. TH [REDACTED]  
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 extend the contract for a period of six months, from September 1, 2010 through February 28, 2011. The estimated cost of a six-month extension of the contract is \$33,740,834.00. A Justification and Approval (J&A) document has been approved (copy attached) and will be used as the authority to execute this extension.
3. The six-month extension under the current contract is required to ensure sufficient time for a quality transition and movement of material from the current PWC-owned site to a different site resulting from award of a follow-on contract. DDC is currently conducting a competitive best value acquisition as a follow-on to the current contract. The new contract is expected to be awarded on or about August 31, 2010. DDC requires a six month transition period following award of the new contract to provide for preparation of the new contractor's facility, to include installation of storage aids, outdoor storage preparation, force protection requirements, and movement of material from the current PWC DDKS location to the new DDKS location. The six-month timeframe is based on the minimum time required to accomplish critical transition and phase-out tasks. After award of the new contract, the successful offeror will require approximately two months to prepare its warehouse and storage compound for receipt and storage of the stock to be transferred from the PWC location in Mina Abdullah, Kuwait, as well as to install all IT equipment necessary to accommodate Distribution Standard System installation and implementation. After the initial two month start-up period, stock will be transported from the Mina Abdullah, Kuwait location to the new location within a three month timeframe. One additional month is required for clean up, disposition of government furnished property, and closing down of the PWC DDKS compound. DDC J7 must notify PWC of the proposed six month extension as soon as possible in order to meet required notice requirements established by the FAR. Additionally, a recent revision to Kuwaiti labor laws requires an employer to provide three months notice to its employees prior to termination. If PWC is not notified of the extension to the contract prior to June 2010, PWC will be required to notify its employees that they will be terminated by 31 August 2010. This may trigger a mass exodus of PWC employees from DDKS that would severely impact operational productivity until a new contract is awarded and through transition.
4. If the funding is not added and the current contract is not extended, movement of material and disposition of all government property 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. Until the new contractor is prepared to meet full operational capability, it is vital to mitigation of risk that these services be performed at the current DDKS site under the existing contract with PWC.
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.

29 Apr 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.

3 May 2010  
Date



Deputy Commander