



CITY OF MOBILE

SAMUEL L. JONES
MAYOR

January 21, 2010

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The Honorable Barack Obama
President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Obama:

I strongly urge your assistance to direct a final solution to the Air Force KC-X Tanker contract that meets both the needs of our military while also creating substantial new immediate jobs opportunities in the private sector. A competitive dual procurement solution will accomplish these objectives.

100,000 High-Paying Long-Term Jobs Created

The Air Force's KC-X contract is a 35 billion dollar expenditure to build 179 next generation tanker planes that will serve all branches of our Armed Services by replacing the 50 year old tanker fleet.

Both competing firms, Boeing and Northrop Grumman, are great American-owned companies that have publicly claimed new high-paying, high-skilled and long-lasting private sector job creation. Their numbers, utilizing a network of suppliers in all 50 states, are directly tied to the air tanker contract and they will exceed 100,000 jobs collectively, in some of the nation's most economically challenged areas.

Currently, the Pentagon's plan is to award the KC-X contract to only one of these companies. Boeing will base its tanker on its commercial 767 aircraft and Northrop Grumman's refueling tanker is built from a variation of the venerable A330 provided by its partner, EADS North America. Both tankers are sound quality aircraft manufactured by trusted companies of the highest caliber with proven records of performance. Both can perform segments of the military mission and together they can cover all defense scenarios.

Instead of only providing 50,000 jobs by awarding this contract to only one company, I believe it is smarter to enable both contractors to manufacture tankers. This will ensure the greatest possible impact for the American taxpayer – twice as many new jobs while retiring faster an aircraft fleet that is a half century old. With a competitive dual procurement solution, highly skilled job training for thousands of minority tradesmen will also be made available immediately

and new vendor opportunities for minority-owned businesses will be developed in the highly skilled aerospace industry.

Competitive Dual Procurement – The Smart Solution

The competitive dual procurement solution is also a smart Pentagon solution. It will cut, nearly in half, the replacement time for the entire existing fleet while deploying two different American tankers with even more tactical flexibility for military strategists.

A single vendor procurement decision would result in about 12 new tankers built each year. By purchasing tankers from both qualified companies, 24-36 tankers could be built per year which allows for the replacement of the entire tanker fleet significantly sooner than planned.

This solution was initially offered by Chairman John Murtha, Chairman of the House Subcommittee on Defense Appropriations, and frankly I find lots of merit in this simple and obvious solution. Chairman Murtha has developed extensive data to show that a dual award not only provides the warfighter with the needed tankers sooner and at twice the production rate, but it also has been demonstrated that this approach will save substantial taxpayer dollars over the life of the tanker program.

To achieve the best value, the Pentagon should order a set amount of tankers from each company. In each phase of the program, subsequent phases should be dictated by price, performance and features to ensure the best overall fleet benefit for the Air Force and create a permanent incentive for each manufacturing phase of the contract. This will produce the most efficient and economical tanker program possible while still ensuring a superior product under a fair, measurable and equitable competitive process. Under the Pentagon's current sole source plan, the only incentive is to provide less capable tankers to win the price competition thus missing important capability features.

Substantial Cost Savings Cannot Be Ignored

The Air Force is currently spending hundreds of millions of dollars annually just to keep the existing fleet of 50 year old KC-135 air tankers in service. A competitive dual procurement would allow the Air Force to retire the entire KC-135R service fleet by 2022, 7 years sooner than by the best case single vendor procurement strategy. By doing so, this would reduce tanker maintenance costs by \$9 Billion and operating costs by at least \$6 Billion. Additionally, it is estimated that for each new modern tanker that enters service, the Air Force's operating costs will be reduced by \$7 Million per year on average.

Estimates of a competitive dual procurement are expected to save the American taxpayer \$29 Billion which more than offset any projected cost increases of conducting two aircraft development phases as claimed by Secretary Gates. In fact, it has been proven in other major defense procurements that, historically, a competitive dual procurement reduces overall program costs by an average of 16% versus a single vendor procurement strategy. In total, with early retirement of the existing tanker fleet included, it is projected that overall combined savings of at least \$45 Billion will be realized over the life of the program.

With both companies immediately going to work building aircraft, we see the 100,000 plus jobs being created now and avoiding a long sole source, heavily litigated and politically messy procurement process that is sure to only produce additional controversy. Our American

workers cannot afford to wait for procurement indecision any longer. Our military needs the next generation tanker now.

Mr. President, the final decision on the KC-X Air Force contract is yours to make. It is my hope, as a mayor concerned with his community and what is best for our military, that your decision would be based on a solution that provides the most capability and flexibility for our military while also having the greatest impact on American job creation today and for years to come.

It is an historical fact that the jobs created to meet the needs for our Armed Forces in World War II propelled the United States out of the Great Depression once and for all. As America looks for a way out of its current economic distress, here is another military procurement opportunity for the nation. The KC-X air tanker contract will be one of the largest single military contracts ever to be awarded by the United States Department of Defense, and you can make it one of the department's largest jobs projects as well.

100,000 plus jobs. That is real job creation for struggling American families in states like Michigan (2,700 jobs), Ohio (2,300 jobs), Illinois (7,000 jobs), Kansas (6,600 jobs), California (11,500 jobs), Washington (12,700 jobs), Arizona (5,000 jobs), Tennessee (4,000 jobs), Connecticut (4,000 jobs), Florida (2,600 jobs), Alabama (5,000 jobs), Texas (3,000) as well as every other state in the Union. The jobs created will be directly attributable to your wise leadership and vision because you will have single-handedly redirected a procurement action.

I want to say again that these jobs are not fleeting but will last an entire professional career for many who seek them. These jobs will advance the cause of liberty for generations to come and change forever communities where the tanker and its components are built and assembled. It will be a new destiny for many of the communities which are now struggling with the effects of the current economic downturn.

Most respectfully yours,

A handwritten signature in dark ink, appearing to read "Samuel L. Jones". The signature is stylized with a large, sweeping initial "S" and a long horizontal stroke at the end.

Samuel L. Jones
Mayor

SLJ/jb