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U.S. House of Representatives

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March 28, 2019

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The Honorable Heather Wilson
Secretary of the Air Force
1060 Air Force Pentagon
Washington, DC 22202

Dear Ms. Wilson:

I would like to convey my concern that the Air Force is rapidly pressing ahead with its Launch Services Procurement (LSP) plan, including issuing a Request for Proposal (RFP) in a way that risks undermining the Air Force's goal of maximizing and sustaining fair and open competition, and without sufficient information to properly evaluate next generation launch systems.

I whole heartedly support the Air Force's priority of maintaining and improving assured access to space, but there seems to be a rush to move ahead in the Air Force procurement strategy, even after the Launch Service Agreement (LSA) development effort was delayed by almost a year. The Air Force plans to issue a final Phase 2 LSP RFP by the end of this month and an award to two providers in 2020 for launches in FY22-FY26. The first test launch of the new vehicles under development for category A and B would not occur until FY 2021 and national security launches would not occur until FY2022. If the Air Force does not procure additional Delta Heavy vehicles, the first category C heavy vehicles are not needed until 2025. Further, the Air Force seems to have acknowledged that delays in development are likely, as language recently added to the Phase 2 Draft RFP allows Offerors to use "Alternative Launch Vehicle Solutions" for launches through 2023 if the new launch vehicles that are being developed are not ready at time of need. Understanding it is important to make the right decision on such a monumental step in our space program, I encourage the Air Force to take more time to obtain additional information before moving forward.

The Air Force's approach to the overall National Security Launch Program has been concerning to this point. For instance, the plan limits the procurement to only two providers over a five-year period and terminates the LSA for the remaining launch providers, even though other launch providers might be able to successfully compete within that time-frame.

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I encourage the Air Force to independently review and reconsider the Air Force's approach on LSA, including the impact of the down-selection to three providers in phase 1 of the LSA, in order to ensure continuous operational capability and competitive fairness. Companies who are able to compete for phase 2 should be on an equal playing field with regard to taxpayer investments to meet national security-specific requirements.

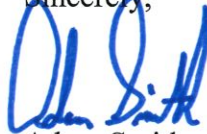
I am also concerned the Air Force is not adequately factoring costs to the taxpayer in its evaluation criteria. To provide a fair and balanced competition, the Air Force should at a minimum include the Government's LSA investments in the Phase 2 total evaluated price, and ideally also include the Rocket Propulsion System investments that preceded LSA. These significant Air Force investments represent a cost to the Air Force that is fundamentally part of the Phase 2 procurement and should be considered. As a corollary, mission price should also be considered in order to maximize competition and value to the taxpayer.

Changes in the RFP evaluation criteria have also led to lack of clarity with regard to what should be objective source selection criteria. For example, in its second draft RFP, the Air Force added language that allows it to select the second launch provider based on how best it supports the first provider in a "portfolio." Without knowing who the first provider will be, the criteria is unknown. The Federal Acquisition Regulations require specific source selection criteria, and the Government must evaluate proposals based on that criteria. The Phase 2 proposal seems to deviate from this requirement, replacing it with more subjective criteria.

Given these concerns about maximizing fair and open competition, I urge you to delay the upcoming RFP until these concerns are resolved and until there is further clarity on a path forward that maximizes fair and open competition.

I look forward to working with you to resolve these issues as Congress writes the FY2020 National Defense Authorization. Assured access to space remains a critical component of the nation's security strategy.

Sincerely,



Adam Smith
Chairman
House Armed Services Committee

AS:lt

Copy: Ellen Lord, Undersecretary for Acquisition and Sustainment