



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AUG 15 2008

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
PRINCIPAL DEPUTY DIRECTOR OF NATIONAL
INTELLIGENCE

SUBJECT: ODNI Tier 2 Memorandum Coordination

The Office of the Director for National Intelligence (DNI) issued a memorandum on the BASIC program for coordination. I non-concur with multiple aspects of the memorandum.

While the draft memorandum directs the National Geospatial-Intelligence Agency (NGA) to develop a Capability Development Document (CDD) defining the requirements for the BASIC Tasking, Processing, Exploitation, and Dissemination (TPED) effort, it does not provide similar direction for the BASIC space segment. An element of the DAWG decision surrounded the ambiguity in Intelligence Community (IC) and Department of Defense (DoD) requirements supporting the purchase of two satellites, considering the substantial contribution of current on-orbit systems and existing or planned near-term CDP capability. DoD and ODNI should clearly document the requirements associated with the government purchase and operation of two satellites. The space segment requirement should similarly consider and document data purchases from Commercial Data Providers (CDPs) satisfying Tier 2 requirements. A CDD containing all of these aspects will provide a firm foundation for this acquisition.

Under procurement law governing the Department of Defense (DoD), specifically the Bona-fide Needs Clause, the Department cannot procure two satellites on firm, fixed price contracts until the Fiscal Year 2010 budget is approved by the President and the Congress. The FY 2009 budget request does not adequately fund two satellites based on the independent Office of the Secretary of Defense (OSD) Cost Analysis Improvement Group (CAIG) estimate. While the Department is committed to the acquisition of two satellites and will ensure the acquisition has sufficient funding, the total budget request and phasing was one of the factors in the Deputy's Advisory Working Group (DAWG) decision to compete for the award of one satellite with an option to purchase a second satellite, anticipating that the second satellite would be awarded at the start of Fiscal Year 2010.

Key Decision Point B cannot be mandated and only may be accomplished if the program process and technical maturity supports such a milestone. Indeed, recent criticism of the acquisition process has stemmed from premature approval of program milestones.



Elements of the draft memo are covered by two Acquisition Decision Memoranda (ADMs) which are the proper method for directing acquisition decisions. These have been in coordination for over two months as the DoD staff sought to address the competing and inconsistent concerns of elements of various stakeholders. The BASIC program could be underway if every decision was not constantly being re-litigated and if key stakeholders would collaboratively work the issues. Indeed, the last month has been spent reconsidering a DAWG decision on BASIC which included full participation by senior DoD and ODNI representatives.

Not unlike other programs today, the DAWG decision left open the possibility of commercial operation of the government owned BASIC satellites. This is not reflected in the memorandum. Indeed, government ownership and operation of two commercial-class satellites is inconsistent with the Presidential Directive (NSPD-27) and will almost certainly compete with planned Tier 3 purchases.

The draft memo fails to make clear the need to ensure that Tier 3 imagery, being purchased consistent with Presidential Directive and at a cost of over \$1.5 billion over the FYDP, is fully integrated into the processing architecture. Indeed, there is a tremendous need for coordinated TPED between Tier 2 and Tier 3.

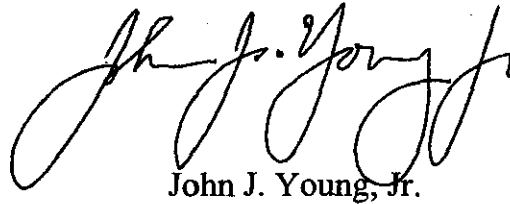
The BASIC space segment will be fully funded within the DoD budget, the Under Secretary of Defense for Acquisition, Technology and Logistics ((USD(ATL))) is fully accountable for the contract and expenditure of these funds. Consistent with the DoD/DNI MoA and DoD funding of the BASIC space segment, the BASIC space segment milestone decision authority should be exercised by USD(ATL). I non-concur on splitting the acquisition milestone decision authority.

The ODNI timeline for this draft provides woefully insufficient time to coordinate, allocating only one half business day on an issue which is complex, is interagency, and has been presented at separate times to the Deputies and Principals of the respective organizations to make decisions. Had this level of urgency been present two months ago, current ADMs would be completed and the acquisition in an execution phase.

The ground ADM currently in coordination discusses the cooperation between NGA and the Air Force through a program office structure. The ODNI memorandum does not address this cooperation and raises the concern about equitable DoD participation in the development of an integrated ground infrastructure that includes DoD's needs.

There are no unique elements of this \$1.7B, fixed priced acquisition of commercial-class satellites that would require or benefit from departure from the normal acquisition process, bypassing participation of both the DoD and Intelligence Communities' most senior acquisition executives and seeking instead signatures from the DNI and the SECDEF. To the contrary, I have outlined several reasons above why the acquisition community should ensure the integrity and quality of this process.

As noted, I non-concur with multiple elements of this draft memorandum. DoD and ODNI should complete coordination on the existing ADMs which have already been worked extensively to address the concerns of multiple stakeholders. These partially coordinated ADMs include appropriate acquisition program direction, represent the proper, collaborative way forward on BASIC and a Tier 2 capability, and ensure the continued growth and strength of DoD and IC processes and cooperation.



John J. Young, Jr.

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