

On March 4, 2005, Chairman Tom Davis and Ranking Member Henry A. Waxman jointly requested documents regarding federal contracts with Alaska Native Corporations (ANCs) from the Departments of Defense, Homeland Security, and State. In response, these federal agencies provided thousands of pages of documents. The documents obtained by the Committee highlight significant problems with no-bid contracts with ANCs, including political interference with the contracting process and serious performance deficiencies.

The discussion below summarizes some of the documents relating to two of the ANC contracts: (1) a Transportation Security Administration Contract for maintenance of airport screening equipment, and (2) a National Imagery and Mapping Agency contract for information technology services.

TSA Contract for Screening Equipment Maintenance

In late 2004, the Transportation Security Administration (TSA) planned to hold a competition for a contract for maintenance of airport screening equipment. The plan was for companies to submit informal “white paper” proposals before a formal “Request for Proposal” was sent to a smaller number of select contractors. An ANC named Chenega was among the contractors who made it to the second round.

Documents obtained from the Department of Homeland Security show that this ongoing competition was halted in response to political pressure. According to a November 1, 2004, email from Lee Kair, the Acting Assistant Secretary for Acquisition at DHS, the entire Alaska congressional delegation was pushing for Chenega to receive the work under an existing no-bid contract it had with the DHS Customs and Border Patrol Office. The email states: After the receipt of these white papers, we received inquiries by Senators Murkowski and Stevens and Chairman Young concerning an Alaska Native Corporation named Chenega. Staff from these offices have been adamant that we evaluate an option using a [Customs and Border Patrol] contract with Chenega for similar services. A letter from Assistant Secretary of Homeland Security for TSA David M. Stone to Senator Stevens confirms that “on October 19, 2004, members of [Admiral Stone’s] staff met with a member of Senator Murkowski’s staff and Ms. Kate Williams from [Sen. Stevens’] office regarding the Airport Security Equipment Maintenance procurement.”

Following this meeting, Senator Murkowski’s chief counsel and TSA officials discussed the outcome of the meeting in a series of emails. Senator Murkowski’s staff clearly believed that they had successfully influenced TSA. According to an October 22, 2004, email from the chief

counsel to the TSA congressional liaison:

Senator Murkowski greatly appreciates the time and effort of TSA to come to our offices to meet. Mr. Lee Kair was very understanding our the Alaska Delegations' concerns. | As a result of that meeting our specific understanding is that TSA will not release the RFP until after Chenega has had a chance to make a presentation of capabilities using the procurement options including the use of the Customs mechanism. The cost savings in time and money are quite significant. If the agencies decided to consider fair and open competition, please let me know what analysis has been done to address the increased cost and time for the bid process. The congressional liaison replied, "In order to guarantee equal and fair opportunity for all companies competing for work on this project, TSA articulated in Monday's meeting that we would be unable to individually meet with Chenega."

Senator Murkowski's staff was not satisfied with this response. A reply email from the chief counsel states:

We strangely have very different recollection of the discussions. We were under the distinct understanding that TSA was going to confirm there were no impediments to meetings with Chenega but there was going to be an opportunity for Chenega to present what cost savings and technologies exist prior to the release of the RFP. | It would appear TSA had a different agenda or conclusion from our meeting. When Lee Kair, the Acting Assistant Secretary for Acquisition, saw this email, he wrote: "The only commitment I made was to ensure that there were no impediments in the language of the RFP around alternative proposals such that Chenega's alternative proposal would be evaluated fairly." He also stated: "I'm not sure how we got to this point."

Nevertheless, TSA appeared to succumb to this political pressure and gave Chenega special access to present its no-bid plan to TSA. A November 29, 2004, letter from Mr. Kair to Chenega thanked the ANC for its "presentation to the joint DHS panel convened on November 19th 2004 to evaluate your alternative approach to TSA's solicitation for logistics support for security equipment at the nation's airports."

Ultimately, Mr. Kair and TSA opted to proceed with the competition.

National Imagery and Mapping Agency IT Contract

In 2001, the National Imagery and Mapping Agency (NIMA), now the National Geospatial-Intelligence Agency, decided to transition its information technology and services functions to an Alaska Native Corporation. The company, NJVC, is a joint venture formed by two ANCs, Chenega and Arctic Slope Regional Corporation. It received a no-bid, 15-year contract worth up to \$2.2 billion that began on January 1, 2002. By March 15, 2005, the

contract was worth \$550 million. Under this cost-plus contract, NJVC can receive a fee of up to 9%.

Documents obtained from the Department of Defense reveal that NJVC's performance has been seriously deficient with respect to security issues. In a March 2003 award fee evaluation, the ANC received a "poor" rating for its security performance. Security incidents involved the misuse of computer resources, the improper securing of vault areas, and the lack of necessary security clearances. Despite these lapses, NJVC received 81% of the maximum award fee for the one-year period.

A September 2003 award fee evaluation resulted in a security score of 0 and a security rating of "poor." In one case, a NJVC employee "traveled with un-marked, classified documents" and "took clearly marked, classified documents off base and to the motel with him."

An August 2004 award fee evaluation gave NJVC a "marginal" security rating. The government found improper handling of bomb threats, improper handling of classified data, and improper securing of secure areas. However, NJVC received 87% of the maximum award fee.

A February 2005 award fee evaluation was the latest evaluation provided to the Committee. NJVC received another "poor" security rating due to a host of incidents involving failures to properly secure classified vaults, failures to properly handle classified information, and the misuse of computers to access "pornographic material." Yet the ANC received 77% of the maximum award fee for this period.

The documents also reveal that over three years into the contract, NJVC employees were doing only a small portion of the work. This contract involved shifting approximately 600 NIMA employees from federal employment to jobs with NJVC. The same employees would do the same work, but would be employed by the ANC instead of the federal government. But by March 15, 2005, NJVC was only doing 36% of the work. The rest was being done by subcontractors and agency employees. In addition, the government evaluators found that "[t]here were government people who were under the impression that NJVC was directing what is to be outsourced rather than the Government."

Documents and Links

- [Statement by Rep. Henry Waxman on Alaska Native Corporations](#)

- [Documents Cited by the ANC Document Analysis](#)