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HR70-14

Department State

TELEGRAM

APPROVED FOR
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PAGE 01 VIENTI 09107 171626Z

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SUBJECT: AUTHORIZATION CONTRACT WITH AIR AMERICA

1. GROUND SUPPORT SERVICES FOR ALL U.S. GOVERNMENT CONTRACT AIRCRAFT AT WATTAY AIRPORT VIENTIANE ARE PRESENTLY PERFORMED BY AIR AMERICA UNDER BASIC FLYING SERVICES CONTRACT AID-439-342. THESE SERVICES, DESIGNATED AIR TRANSPORT OPERATIONS GROUP SERVICES (ATOG), INCLUDE WAREHOUSE, RAMP, PASSENGER, AIRCRAFT CABIN, PARACHUTE RIGGING, FIRE PROTECTION, CONTROL TOWER ADVISORY, MAINTENANCE, SECURITY, ADMINISTRATIVE AND FLIGHT OPERATIONS SERVICES. CONTRACTOR COMPENSATED THROUGH MANDAY PRICES FOR PERSONNEL WITH STAFFING PATTERN SUBJECT USAID APPROVAL.

2. TO INTRODUCE INCENTIVES MORE EFFICIENT USE PERSONNEL, MINIMIZE CONTRACT COSTS AND ENCOURAGE RELACEMENT HIGH-PRICED THIRD-COUNTRY PERSONNEL WITH LAO, USAID DECIDED TO SCRAP THIS ARRANGEMENT AND OBTAIN NEW CONTRACT, SEPARATE FROM FLYING CONTRACT, THROUGH COMPETITION. PROPOSALS FOR FIXED-PRICE CONTRACT WERE SOLICITED FROM 6 U.S. FIRMS INCLUDING AA, FOR ALL ELEMENTS ATOG FUNCTION EXCEPT FLIGHT OPERATIONS AND FLIGHT WATCH, WHICH INTIMATELY RELATED TO FLYING SERVICES AND NOT PRACTICAL TO SEPARATE.

3. OF 4 RESPONSES, AA'S PROPOSAL LOWEST BY WIDE MARGIN AND WE PROPOSE NEGOTIATE NEW CONTRACT WITH AA. WE CONTEMPLATE CONTRACTING FOR RATES BASED ON WEIGHT OF CARGO

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Department of State

TELEGRAM

26

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PAGE 02 VIENTI 09107 171626Z

PROCESSED IN ORDER AVOID DIFFICULTIES IN FIXED-PRICE ARRANGMENT, E.G., NECESSITY NEGOTIATE EQUITABLE ADJUSTMENTS SHOULD VOLUME CARGO EXCEED REASONABLE CEILING. WHILE FINALIZATION OF RATES AWAITS RECEIPT AND ANALYSIS

AA'S COST BREAKDOWN, IT IS CERTAIN COST 12-MONTH CONTRACT WILL NOT EXCEED \$480,000. ANNUAL COST SAME SERVICES UNDER PRESENT CONTRACT BASED ON AA'S MONTHLY INVOICES ABOUT \$570,000. NEW CONTRACT WOULD START OCT. 1, CONCURRENTLY WITH EXPIRATION PRESENT TERM CONTRACT 342.

4. WE REQUEST AUTHORITY, PURSUANT TO AIDTCR 7-1.45 1-4, TO EXECUTE NEW ATOG SERVICES CONTRACT WITH AIR AMERICA AT RATES REQUIRING 12-MONTH OBLIGATION NOT IN EXCESS OF \$480,000.

5. AS AIR AMERICA CONTRACT AIRAREOERW EXPIRING SEPTEMBER 30, WE REQUEST AUTHORITY CONTRACT FOR EXTENSION EXISTING SERVICES AT SUBSTANTIALLY PRESENT LEVEL AND WAIVER REQUIREMENT FOR SOLICITATION COMPARABLE PROPOSALS PURSUANT TO AID PR 7-3.101 - 508.

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