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The Honorable William Proxmire
United States Senate

Dear Senator Proxmire:

In your letter of May 7, 1973, you asked us to determine the accuracy of seven allegations and to answer three questions concerning the refurbishing of a C-135 aircraft (tail number 60-0376).

We reviewed the project justification, examined technical orders and regulations, observed the aircraft interior and exterior, and discussed the project with representatives of Headquarters, U.S. Air Force, and Oklahoma City Air Materiel Area.

The information we obtained concerning the seven allegations and three questions is summarized in enclosure I.

As you requested, we did not obtain formal comments from the Department of Defense on this report, but we did discuss it with Air Force officials. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Please advise us if additional information is needed or if we can be of further assistance.

Sincerely yours,

Comptroller General
of the United States

Enclosures - 2

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INFORMATION ON ALLEGATIONS AND QUESTIONS
CONCERNING REFURBISHING OF A C-135 AIRCRAFT

ALLEGATION 1

"That there will be a complete redesign of the interior. Please list furnishings and their cost."

When the C-135--configured to carry 126 passengers--was delivered to the Air Force in 1961, it was assigned to the Military Airlift Command. In 1963 the aircraft was transferred to the Air Force Systems Command and was modified as a missile-tracking aircraft. Eighty-seven observation windows were installed along the aircraft fuselage, and most of the passenger-carrying capability was removed.

In November 1972 the aircraft was assigned to the Air Force Logistics Command (AFLC). According to the Air Force, the interior was reconfigured to restore the passenger-carrying capability and to provide AFLC with a vehicle capable of supporting its global requirements. The electrical, oxygen, heating, and air-conditioning systems were changed. Also hardware mounts were required for seat attachments and equipment transportation and for a work platform for en route staff teams.

The Oklahoma City Air Materiel Area (OCAMA) personnel

- designed and installed a galley, which included a range, freezer, and trash compactor, to provide feeding accommodations on long flights;
- constructed and installed two divans to provide seats as well as sleeping accommodations;
- reconditioned used airline and available Air Force seats and installed them, giving the aircraft a seating capacity of 52 (46 intalled seats and 6 seats provided by the 2 divans); and
- used standard aircraft-type (antistatic and flame resistant) carpet.

OCAMA's maintenance cost accounting system is a standard cost system that does not accumulate the actual costs of a project. The final cost (standard cost) of this project was \$670,000. OCAMA's accounting system did not allow us to readily segregate the cost of installing individual items of equipment and material; however, we were able to identify some of the major items, as follows.

<u>Equipment and equipment item</u>	<u>Quantity</u>	<u>Total purchase cost</u>
Range	1	\$ 436.45
Trash compactor	1	197.95
Lead vinyl	256 yds.	1,674.24
Carpet	200 sq. yds.	1,436.00
3-man seat	3	300.00
2-man seat	2	200.00
Toilet, chemical flush	3	2,460.75
Freezer	1	169.95
Sink and cabinet	2	4,986.00
Heater	2	582.00
Cabinet	1	555.00

ALLEGATION 2

"That new engines have been installed though listed as used."

The aircraft was originally equipped with J-57-59 engines. After the Systems Command assigned the aircraft to Kirtland Air Force Base, the J-57-59 engines were replaced with J-57-43 engines because Kirtland did not have logistic support capability for the J-57-59 engines.

During the latest modification, J-57-59 engines were reinstalled, again for logistic support reasons. The engines installed were not new but were recently overhauled. The cost to overhaul the engines is included in the total project cost shown above. Air Force records show that the engines installed had been in the Air Force inventory for more than 10 years.

(4)

ALLEGATION 3

"That General Catton's wife assisted in the decorating and selected certain colors and designs."

According to an OCAMA representative, interior sketches were prepared and shown to General Catton for his approval. One sketch had brown fabrics and carpets and one had multi-colored--green, gold, and blue--fabrics and carpets. General Catton rejected the colors used in the sketches and chose blue. The OCAMA representative said that the choice of colors had no affect on the project cost and that Mrs. Catton was present but did not take an active role in the color selection.

ALLEGATION 4

"That several bathrooms have been added."

The two self-contained toilets in the aircraft were removed and replaced by three standard airline combination toilets/washrooms. According to Air Force personnel, the number is not excessive for an aircraft of this size capable of carrying up to 84 passengers, plus crew. As mentioned above, however, the current aircraft reconfiguration provides a seating capacity for only 52 passengers.

Restrooms are located forward for the crew, and center and aft for the passengers.

ALLEGATION 5

"That a bar and stereo system were planned for inclusion in the plane."

The only apparent "bar" aboard the aircraft was a locally fabricated galley cabinet which will serve as a partial compartment bulkhead. This cabinet has five separate compartments and a small table worktop.

A stereo system, purchased in 1967 by the late General Thomas P. Gerrity with personal funds and donated to AFLC, was installed in the C-135 aircraft. When the aircraft arrived at AFLC, the stereo system was removed and it is not to be reinstalled.

ALLEGATION 6

"That special imported furniture will be used."

An OCAMA official said that OCAMA had not purchased any items of foreign origin for installation on the aircraft. He added that to the best of his knowledge the stereo system was the only item of foreign origin installed on the aircraft.

ALLEGATION 7

"That there will be a freezer and oven."

A self-cleaning range with oven, bought from Sears Roebuck for \$436.45, was installed to prepare meals during flight.

A 10-cubic-foot freezer, bought from Montgomery Ward for \$169.95, was installed to store perishable food during flights. A timer which cycles the on-off application of current allows it to be used as either a refrigerator or a freezer.

QUESTION 1

"Could you obtain a full detailed justification from the Air Force and OMB for this project including an outline of the proposed usage rate for the aircraft and an analysis of under what circumstances General Jack Catton will have access to it?"

Justification

In October 1972, in a letter to Headquarters, U.S. Air Force, AFLC requested that a C-135 aircraft be assigned to the command. The complete justification as given in this letter is presented in enclosure II.

The Air Force did not justify this project to the Office of Management and Budget.

Use of aircraft

Headquarters, U.S. Air Force, has authorized this aircraft to fly 125 hours a quarter. The aircraft is intended for the transportation of AFLC maintenance, logistics, inspection, and staff teams. The use of the aircraft is to be

determined by the priority of the mission. General Catton's use of the aircraft will also be determined by mission priority and other commitments of the aircraft.

During the aircraft's first month at AFLC, General Catton participated in two flights. The schedule below shows the purpose for which the aircraft was used from May 17--the date it arrived at AFLC--to June 17, 1973.

<u>Date</u>	<u>Destination</u>	<u>Passengers</u>	<u>Cargo</u>	<u>Purpose</u>
May 17	Tinker AFB to Wright-Patterson AFB (WPAFB)	-	-	Deliver aircraft to WPAFB
May 18	Local	-	-	Crew training
May 19	Local	-	-	Crew training
May 21	WPAFB, McClellan AFB, WPAFB	32	Baggage	AFLC Inspector General Team
May 23	WPAFB, Hill AFB, McClellan AFB	5	Baggage	Staff Assistance Team
May 25	McClellan AFB, Hill AFB, Tinker AFB, WPAFB	30	Baggage	Staff Assistance Team
May 31	WPAFB local	-	-	Crew training
June 4 to 12	Far East	11	Tool kits and baggage	Staff Assistance and Rapid Area Maintenance Team for B-52 fuel leaks at Guam
June 14	WPAFB, March AFB, WPAFB	5	Baggage	Staff visit to Northrop, Space and Missile Systems organization, plus crew training (General Catton aboard)
June 17	WPAFB, March AFB, WPAFB	5	Baggage	Staff visit pickup plus crew training (General Catton aboard)

QUESTION 2

"Could you also furnish any relevant laws or regulations that govern the use of such aircraft and the authority to modify them?"

The procedures for acquiring, and policies for using, indirect support aircraft are set forth in Air Force Regulation (AFR) 27-15 and AFLC Supplement 1 to AFR 27-15. In essence, the regulation provides that Headquarters, U.S. Air Force, is responsible for approving the assignment and distribution of aircraft. The Air Force policy set forth in the regulation authorizes assignment of special activity aircraft (code ZA) to meet peculiar support requirements; however, such aircraft will not normally be authorized solely to meet transportation requirements unless no other means of transportation is available.

The request for assignment of the aircraft was submitted to, and ultimately approved by, the Chief of Staff, U.S. Air Force.

The procedures for obtaining approval to retrofit an aircraft are set forth in AFR 57-4. The modification of the aircraft structure was approved in accordance with the requirements of the regulation. The regulation stated that modifications "to insure safety of personnel, systems, or equipment by eliminating operational, nuclear, or physical hazard" could be authorized by AFLC without Headquarters, U.S. Air Force, approval if the cost did not exceed \$5 million. Since the cost of the project was not expected to approach \$5 million, AFLC authorized the modification. But, a review of circumstances associated with the modification and funds expenditure for the C-135 has resulted in changes to AFR 57-4. In effect, future modifications and reconfigurations of all aircraft used for command support will have to be approved and authorized by Headquarters, U.S. Air Force, before any work can be accomplished or funds obligated.

QUESTION 3

"Finally, could you make a judgment about the proper or improper use of federal funds on this project?"

Two categories of fiscal year 1973 funds were used for this project--P-1100 funds of the aircraft modification program, Aircraft Procurement Appropriation, and operation and maintenance funds.

P-1100 funds

In hearings before a subcommittee of the House Committee on Appropriations, the Air Force asked for \$465.6 million for modification of in-service aircraft. These funds were to provide:

"* * * for modification and modernization of in-service aircraft necessary for safety-of-flight, extension of service life, and to incorporate operational improvements after an aircraft has entered service life."

The Air Force identified \$40 million of the \$465.6 million as necessary operational funds, but only \$20 million was appropriated. These funds were "to correct unforeseen safety-of-flight modifications." Some of these funds were used to modify the subject aircraft.

Operation and maintenance funds

Operation and maintenance funds are:

"For expenses, not otherwise provided for, necessary for the operation, maintenance, and administration of the Air Force, including the Air Force Reserve and the Air Reserve Officers' Training Corps; operation, maintenance, and modification of aircraft and missiles* * *."

The total cost of this project was \$670,000. All cost, except for about \$54,000 of P-1100 funds, was funded from operation and maintenance funds.

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In May 1973 in response to questions concerning the C-135 aircraft, the Chief of Staff of the Air Force told the House Appropriations Committee that "* * * we should

not have modified the aircraft to begin with." The Secretary of the Air Force told the Committee that "I am not certain in my own mind * * * that it was a mistake to convert this aircraft. I would like to wait until we get the report on it." The Secretary went on to say that "I think with the tightness of funds right now, it was a questionable decision."

We agree with the Air Force statement that, in view of the fund shortages, the expenditures for this project were not the most prudent use of available funds.

THE COMPLETE JUSTIFICATION FOR THE C-135 AIRCRAFTAS PRESENTED BY THE AIR FORCE LOGISTICS COMMANDTO HEADQUARTERS, U.S. AIR FORCEIN OCTOBER 1972

The aircraft would be used to facilitate AFLC mission accomplishment in three broad areas: command, control, and supervisory responsibilities inherent in operation of a world-wide major air command; direct support of American fighting forces throughout the world; and assistance to foreign allies.

a. The primary mission of AFLC is to provide world-wide logistics support to Air Force weapons systems. This includes procurement, storage, distribution, transportation, and repair of thousands of items which our Air Force must have in order to maintain a state of combat readiness. Accomplishing this high priority mission entails global responsibilities which continuously grow in both scope and complexity. It is essential that AFLC members in command, supervisory, and other executive positions have a quick reaction capability to accomplish on-site observation and to render timely staff assistance. The present executive airlift available within AFLC is either too slow, too short ranged, or too limited in passenger carrying capability to adequately meet AFLC responsibilities scattered over Europe, Asia, Africa, both Americas, and the Pacific. Assignment of a C-135 would reduce one of the problems now associated with AFLC command, control, and supervision, and enhance accomplishment of our critical mission.

b. AFLC, in fulfilling its responsibilities for world-wide logistics support for the Air Force and other DOD agencies, has a requirement for short notice, rapid transportation for intermediate size (25-50) groups of personnel. These personnel must be capable of responding to emergency situations wherein first line weapons systems are inoperative or impeded due to technical order compliances or supply deficiencies. Due to the extremely short notice of these emergency situations, other sources of military airlift are not responsive enough. MAC flights are normally booked full well in advance and, in addition, are not able to accommodate a team of technicians who must be accompanied by tool kits and

modification kits. Excessive delays have been encountered when technicians have traveled on one aircraft and required tools and material have been moved on a separate flight. Commercial flights are not suitable because the destinations of the teams are usually off airline routes and frequently at forward locations within a hostile area. An aircraft must be readily available to transport rapid area maintenance (RAM) and rapid area supply support (RASS) teams for re-work and modification of aircraft and upgrading logistics facilities. In addition, assignment of a C-135 aircraft would greatly improve the command capability to provide supply, transportation, and packaging assistance to other major commands, bases, or communities under the Rapid Area Distribution Support (RADS) program. Two recent examples of short notice, high priority travel requirements illustrate how a C-135 would contribute to AFLC's efforts in support of American fighting forces.

(1) A 44-man team was sent to Takhli AB, Thailand, to assist in the reopening of the base due to the North Vietnamese escalation of hostilities. Availability of a C-135 or similar aircraft would have expedited arrival of the team in the theater, and significantly contributed to completing this highly critical project.

(2) A 29-man RAM team was required to be immediately in place in Southeast Asia to support Project Enhance. Another urgent request for 31 additional people followed four days later. These teams were composed of members from the various AMAs, and priority transportation was an absolute necessity.

c. AFLC global logistics responsibilities to America's allies have increased significantly due to more foreign participation in free world defense. The Foreign Military Sales program has increased 50 percent over last year due to the sale of F-4, F-5, C-130, Boeing 707, and associated subsystems and spares to modernize the jet fighter and transport capability of country air forces such as Germany, Iran, Israel, United Kingdom, Australia, and Indonesia. Moreover, AFLC is directly involved in these countries, as well as Vietnam and Thailand, in further developing their logistics support capability to insure sustained operational support to modernization programs. In some cases, AFLC is assisting the countries to develop their own overhaul and modification capability. In other cases, AFLC is providing logistic support through contractor sources. These responsibilities

require rapid response in deploying technical assistance as well as materiel assistance to satisfy foreign commitments. In addition, the AFLC commitments to support the Vietnamese Air Force Improvement and Modernization Program are steadily increasing in assisting the Vietnamese to develop and operate their own depot maintenance operation, materiel management, and distribution system. Similar support is provided to Thailand, Laos, Cambodia, Taiwan, Indonesia, and Korea. These are but a few examples of the expanded responsibilities which create an AFLC requirement for rapid response capability to assist other countries in upgrading and modernizing their Air Force. There is also an inherent responsibility for AFLC to demonstrate and provide an example of the use of modern jet aircraft in managing these programs. Another consideration results from the geographical size of most of the customer countries; they are small, so distances are not great and pipeline times are measured in minutes and hours. By contrast, distances to the source of logistics support in the CONUS are substantially greater and must be progressively compressed by the most efficient and effective means available.

d. AFLC has a requirement to airlift the Command Inspector General teams composed of approximately 75-80 people to accomplish Annual Inspections IAW AFR 123-1. By regulation, all command activities world-wide must be inspected every 15 months with mandatory follow-on visits of approximately 25 people as required to insure corrective action has been completed for the initial findings. The current command aircraft inventory requires the use of at least two aircraft, and many delays have been encountered due to aircraft problems. In addition to the annual inspections, approximately 10 functional inspections per year are conducted at various command locations. Also, airlift support is required for the security and safety surveillance functions of the AFLC IG.

e. The AFLC 2762d Maintenance Squadron (Special) is involved in several high priority classified projects, such as "Compass Flag" and "Big Safari". The security classification and priority of these projects require rapid and frequent deployment of personnel to Southeast Asia. Southeast Asia Operational Requirements (SEAOR) projects average one trip per month to Southeast Asia. "Big Safari" operations require groups of up to 20 personnel to be positioned at various remote locations almost monthly. These trips are not preplanned and are generated on short notice by higher authority.