

DAAE20-01-C-0027  
Attachment 01



## SECTION I INTRODUCTION TO GENERAL DYNAMICS LAND SYSTEMS DIVISION (GDLs)

### A. CORPORATE HISTORY

## GENERAL DYNAMICS LAND SYSTEMS

Land Systems is a subsidiary of General Dynamics Corporation, a supplier of sophisticated defense systems to the United States and its allies. The corporation is headquartered in Falls Church, Virginia, employs approximately 38,000 people, and has annualized sales of approximately \$8.2 billion. Land Systems, headquartered in Sterling Heights, Michigan, designs and builds armored vehicles and subsystems for the U.S. Army, Marine Corps, and international customers.

Since the early days of World War II, Land Systems and its predecessor company, Chrysler Defense, have produced more than 56,000 tanks and combat vehicles. General Dynamics Land Systems was formed in 1982 when General Dynamics acquired the Chrysler Corporation's defense operations. It produced more than 8,500 "Abrams" main battle tanks for America and its allies. Land Systems employs 3,500 people in seven states; Alabama, California, Florida, Michigan, Ohio, Pennsylvania, and Virginia; and has annual sales of \$1 billion. Engineering, research, and technological innovation keep us in the forefront of the U.S. Army's armored force modernization programs.

Several programs included in the U.S. Army's modernization plan are **Abrams**, **Crusader**, **Future Scout & Cavalry System**, and **Wolverine**. We are America's sole source for main battle tanks and responsible for the M1A2 Abrams upgrade program in which 1,150 early model M1 tanks are upgraded to the latest M1A2 configuration. The upgrade work is done in conjunction with the U.S. Army at Anniston Army Depot, and at the Lima [Ohio] Army Tank Plant with multi-year funding into 2003. In addition, the Army is planning to applique 1,535 M1A1 tanks with a digital command and control system now in engineering development. Land Systems has started working on the Abrams' successor. This Future Combat Vehicle will have improvements in armor, electronics, and propulsion providing a significant reduction in weight and crew.

Land Systems is part of a two-company team that will design and build **Crusader**, the U.S. Army's advanced field artillery system. We are developing the vehicle hull, electronics, and suspension components for the team. The Army will dedicate approximately \$3 billion to Crusader's development and pilot production. Full-scale production could be worth up to \$13 billion.

An international team including Land Systems is designing a **Future Scout & Cavalry System** for ground reconnaissance in the 21<sup>st</sup> Century. The system could be a tracked or wheeled sensor-based platform designed to operate deep in hostile territory. It will incorporate stealth characteristics and defensive aids for improved battlefield survivability. The United States and United Kingdom have dedicated \$309 million for two 42-month project definition contracts and the construction of demonstrators by 2002. Low-rate initial production of about 1,400 vehicles could start in 2005.

A derivative of the M1A2 Abrams tank, the **Wolverine** heavy assault bridge, is in engineering development. The vehicle carries a bridge that allows tanks and other armored vehicles to cross 24-meter gaps on the battlefield. Low rate production deliveries begin in August 1999. The U.S. Army may buy up to 460 of these vehicles during full-scale production in the next century.

The U.S. Marine Corps' highest priority modernization program reflects their fundamental mission of conducting amphibious operations. We will design and build a new Advanced Amphibious Assault Vehicle (AAAV) for the Marine Corps in the 21<sup>st</sup> Century. A \$218 million demonstration/validation contract was awarded in June 1996 for design, virtual prototyping, systems integration, fabrication, and testing of up to three prototype vehicles between 1996 to 2001. Delivery of more than 1,000 production vehicles will begin in 2005. With the potential for additional sales overseas, the total program value is expected to exceed \$5 billion. The AAAV established an important new business segment for General Dynamics in the medium combat vehicle market.

The acquisition of AV Technology in Chesterfield Township, Michigan, provides us a low cost modern production facility for wheeled combat vehicles and turrets. Their products include the Pandur armored personnel carrier and Dragoon armored car. These vehicles are produced for Army, paramilitary, and police forces worldwide.

In partnership with Anniston [Alabama] Army Depot, Land Systems is planning a refurbishment program for more than 1,000 M1A1 Abrams tanks. The unique partnering agreement called Abrams Integrated Management for the 21<sup>st</sup> Century (AIM XXI) seeks to refresh the oldest M1A1s to a like-new condition using the skills of both private and public defense industries. The Army is funding the program over the next ten years at a rate of 90 tanks per year. In another opportunity, Land Systems is working with the U.S. Army Chemical Corps to upgrade 113 Fox NBCRS vehicles with a new capability over the next few years at the Anniston Army Depot. The Fox M93A1 Nuclear, Biological, and Chemical Reconnaissance System is a vehicle that protects a crew as they survey the battlefield for contamination.

Land Systems' main production plant in Lima, Ohio, is a government-owned contractor operated facility that fabricates and assembles armored combat vehicles. At a leased facility in Eynon, Pennsylvania, employees machine subassemblies and other components for armored vehicles. In Tallahassee, Florida, employees build and assemble electronic units for the M1A2 Abrams tank and M2 Bradley infantry-fighting vehicle. At Imperial Valley, California, we lease a building to assemble harnesses for our combat vehicles and purchase material for our plants and production programs.

Land Systems' Sterling Heights [Michigan] Complex headquarters houses the research and engineering, customer services and support company, systems integration laboratories, and staff support functions. The Sterling Logistics Center provides training and logistics support to customers around the world. In Muskegon, Michigan, our plant machines components for the Abrams tank and Bradley Fighting Vehicle. Here our propulsion systems center designs and builds the AVDS-1790 diesel engines for the U.S. Army's Hercules recovery vehicle, Israel's Merkava III tank and other international countries. In a recent agreement with MTU of Germany it obtained a license to assemble the MT883 diesel engine for main battle tanks at Muskegon. Muskegon also manufactures/assembles the HMPT-500 transmission for the Bradley Fighting Vehicle.

Over the past several years the defense industry has changed dramatically, as has Land Systems. Expanding beyond the heavy combat vehicle niche and into the medium and wheeled combat vehicle markets, we created new business opportunities overseas and domestically. Today General Dynamics Land Systems is poised for expansion and growth in the 21<sup>st</sup> Century.

**SECTION I INTRODUCTION TO GENERAL DYNAMICS LAND SYSTEMS  
DIVISION (GDLS)**

**B. POLICY STATEMENT**

It is the policy of General Dynamics Land Systems, Inc. to actively pursue and use small, small disadvantaged, and women-owned business to the full extent possible. This is evidenced by a statement of policy in our Material Department Instruction (MDI) 80-17, Competition in Procurement, in which we require that for all competitive procurements, at least one small disadvantaged business be included in every solicitation in excess of \$25,000. The individual subcontracting plan is prepared and submitted according to FAR Regulation 52.219-8 and 52.219.9, DoD FAR Supplements, and associated Public Laws. This document addresses GDLS' plan to achieve small, small disadvantaged, HUBZone, and women-owned goals and objectives.

The GDLS small, small disadvantaged, and women-owned business utilization plan has been effective in increasing participation of small, small disadvantaged, and women-owned businesses as suppliers. Every effort will be made to locate and utilize small businesses within designated HUBZones. We intend to achieve further increases by continuing to provide the maximum opportunity for suppliers to participate. GDLS is dedicated to this concept and program to provide equal opportunity to small, small disadvantaged, and women-owned businesses.

**C. CORPORATE STRUCTURE**

The following chart illustrates the organization structure in effect at General Dynamics Land System, Inc.

## SECTION II SUBCONTRACT GOALS

- A. In support of the government policy of placing a fair proportion of its acquisition with small disadvantaged businesses, GDLS will strive to exceed the goals agreed to in our subcontracting plans and endeavor to achieve an overall goal of 5% of our total commitment dollars to small disadvantaged businesses, historically black colleges, and minority institutions; and 5% of our total commitment dollars to woman-owned small businesses.
- B. Subcontracting Goals are contained in the individual subcontracting plan. These goals reflect:
1. Total dollars planned to be subcontracted
  2. Total planned dollars and percentage to be subcontracted to small business
  3. Total planned dollars and percentage to be subcontracted to small disadvantaged business (SDB) including Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs)
  4. Total planned dollars and percentage to be subcontracted to woman-owned small business (WOSB)
  5. Total planned dollars and percentage to be subcontracted to HUBZone small business.
- C. Indirect and overhead material is not bought under specific contracts. Cost effective practice dictates that such products are procured through inventory accounts and charged out on an "as issued basis." Procurements from small business concerns will be credited with estimated share when applicable. The method used to determine the proportionate share of indirect and overhead costs to be allocated as subcontracts to small business and small disadvantaged business concerns will be identified on each individual subcontract plan/goal as applicable.

**SECTION III IDENTIFICATION AND RESPONSIBILITY OF SMALL BUSINESS  
LIAISON OFFICER (SBLO.)**

- A. The General Dynamic's Small Business Liaison Officer for Land Systems Division is Mr. Raymond E. Lafferty.
- B. Mr. Lafferty administers the small, small disadvantaged, and women-owned small business subcontracting programs and will perform the following duties:
1. Establish realistic percentage goals from the best available information at the time of contract award using the following methods:
    - a. Referencing previous buys and maintaining frequent contact with Procurement personnel for the possible utilization of small business concerns.
    - b. Consideration of various small business directories and written representation submitted by contractors.
    - c. Screening a product's bills of material to identify materials and/or services potentially obtainable from small business concerns.
  2. Locate small, small disadvantaged, and women-owned concerns and make recommendations to Procurement management regarding their capabilities.
  3. Prepare and consolidate small, small disadvantaged, and women-owned business reports required by FAR for submission to the Government.
  4. Ensure that small, small disadvantaged, and women-owned business concerns have an equal opportunity to compete for GDLS contracts.
  5. Counsel and discuss subcontracting opportunities with representatives of small, small disadvantaged, and women-owned business concerns.
  6. Demonstrate continuing management interest and involvement in support of overall divisional objectives, goals, and commitments to small, small disadvantaged, and women-owned business concerns.
  7. Participate and represent GDLS at small/small disadvantaged business trade fairs, conferences, seminars and educational programs.

**SECTION IV EFFORTS TO ASSURE SMALL AND SMALL DISADVANTAGED  
BUSINESS HAVE EQUITABLE OPPORTUNITIES TO COMPETE  
FOR SUBCONTRACTS**

- A. Each procurement package in excess of \$25,000 contains a requirement that any solicitation that does not include one small disadvantaged business concern must have the approval of the buyer's section manager prior to sending out the solicitation, and indicate the reasons why they were not solicited. Packages exceeding the buyer's authority must be approved by the appropriate procurement chief who must assure themselves that SDB's were given an equitable opportunity to compete for the award prior to approving the purchase. The package is reviewed for compliance to government regulations, including solicitation of small/small disadvantaged businesses, as well as adherence to internal policies and procedures.
- B. All purchasing personnel are aware of the need to provide technical assistance to SB/SDB/WOSB/HUBZone Small Businesses to maximize their ability to compete for contractual awards. Technical assistance will be provided whenever requested by an SB/SDB/WOSB/HUBZone Small Businesses, or when determined necessary by the buyer through discussions with a source of supply providing this assistance does not:
1. Violate laws or regulations
  2. Violate good business practice, integrity or ethics
  3. Give one source of supply such a decided advantage as to eliminate competition.
- C. General Dynamics has an extensive outreach program. We participate in ten to twelve procurement fairs targeted at small and small disadvantaged businesses annually. We also sponsor, from time to time, a small disadvantaged outreach program which invites SDB's to visit the GDLS facility and look over commodities for potential, while additionally providing the opportunity to better understand the procurement process at GDLS.
- D. At the present time, GDLS has not been authorized by any contracting function of the U.S. Government to participate in any SDB Set Asides as part of its Government approved purchasing system for competitive procurements. The contractor is not aware of any impending change with respect to this position, therefore, the subcontracting plan does not address possible future participation.

**SECTION V UTILIZATION CLAUSE ADHERENCE**

- A. General Dynamics will ensure inclusion of the Clause 52.219-8 entitled "Utilization of Small Business Concerns" and Clause 52.219-9 entitled "Small Business Subcontracting Program" in subcontracts in excess of the small purchase threshold. These clauses are included in the Purchase Order Terms and Conditions.
- B. The following policy is followed for all purchase orders in excess of \$500,000:

General Dynamics will require all subcontractors (except small business concerns) who receive subcontracts of \$500,000 or more (\$1,000,000 for construction of any public facility) to adopt a plan similar to the plan agreed to by our corporation. This subcontracting plan must include goals for small and small disadvantaged business opportunities for the contract specified in the purchase order. The Purchase Order Terms and Conditions contain this flow-down requirement.

## SECTION VI POTENTIAL SOURCE IDENTIFICATION METHOD

- A. General Dynamics has an open-door policy and all inquiries and referrals are highly encouraged. Minority business enterprises contacting GDLS for the first time are directed to the SBLO for referral to appropriate buying personnel. These initial contacts are normally made by personal visits, telephone, letter communication (both postal and electronic) and trade shows. The contacts are carefully documented for future follow-through so that business concerns are afforded every opportunity to participate in purchase order awards.
  
- B. Currently, the methods used by GDLS to identify potential sources are SBA Pro-Net, publications such as "Try Us," national and local minority business publications and directories, lists from other local and national organizations, and outreach programs. GDLS is an active participant in local, regional and national trade fairs, conferences and other small and small disadvantaged business events. These events are used by GDLS to gather data from small, small disadvantaged, and women-owned small businesses with one on one discussion and consultation sessions.

**SECTION VII REPORTS AND RECORDS TO DEMONSTRATE COMPLIANCE**

- A. The SBLO is responsible for the computerized (MRP) procurement vendor master file data used to identify small and small disadvantaged businesses. The coding within our computerized system is used to generate quarterly small/small disadvantaged business information reports.
- B. As required by FAR and Public Laws, GDLS will submit such periodic reports and cooperate in any studies or surveys as may be required by the Small Business Administration or the contracting agency to determine the extent of compliance by the offeror with the subcontracting plan within such reasonable constraints as may be necessary to protect proprietary information.
- C. The Contractor maintains the following records:
  - 1. Procedures which have been adopted to comply with the policies set forth in the small, small disadvantaged, and women-owned small business subcontracting program clause.
  - 2. Source listing of small, small disadvantaged, and women-owned small business concerns.
  - 3. Awards to small, small disadvantaged, and women-owned small business concerns.
  - 4. Subcontracting Report for Individual Contracts - Standard Form 294.
    - a) Form OF-312 submitted with final SF 294.
  - 5. Procurement Quarterly Activities Report.
  - 6. Summary Subcontract Report - Standard Form 295.
  - 7. Records on each subcontract solicitation resulting in an award of more than \$100,000 indicating (a) whether small business concerns were solicited and if not, why not, (b) whether small disadvantaged business concerns were solicited and if not, why not, and (c) if applicable, the reason the award was not made to a small or small disadvantaged business concern.

**GENERAL DYNAMICS**

**LAND SYSTEMS**

P.O. BOX 2071

WARREN, MICHIGAN 48090-2071

**SMALL BUSINESS AND SMALL DISADVANTAGED**

**BUSINESS SUBCONTRACTING PLAN**

Submitted in accordance with Applicable Public Laws,  
& FAR 52.219.8, 52.219.9, 19.704(a)(1) and (2).

Approved Master Subcontracting Plan dated 1 October 1999.

1. Government Contract <b>DAAE20-00-R-0081</b>	2. GDLS Number <b>J-1089-R1</b>	3. Program Description <b>555 M1A1 PJS Egypt Kits</b>
4. Date Prepared <b>9-Jan-00</b>	5a. Preparer's Name <b>D. R. Bomemeier</b>	5b. Title <b>Estimating Mgr., Material Cost</b>
6. PROCUREMENT APPROVED a. <b>R. E. Lafferty</b> <i>R. E. Lafferty</i>	6a. Title <b>Small Business Liaison Officer</b>	6c. Date <b>9-Jan-01</b>

**7. The following applies to plans with subcontract goals less than 5%:**

In support of the government policy of placing a fair proportion of its acquisitions with small disadvantaged businesses, GDLS will strive to exceed the goals agreed to in our subcontracting plans and endeavor to achieve an overall goal of 5% of our total commitment dollars to small disadvantaged businesses, historically black colleges, and minority institutions; and 5% of our total commitment dollars to woman-owned small businesses; 3% of our total commitment dollars to HUBZone businesses, and 3% of our total commitment dollars to Veteran Small Businesses.

8. Total estimated cost of subcontracts relating to this plan:	Category Goals		\$ Amount	Percentage
		a.	Small Business Concerns (Includes SDB, WOSB, HBCU/MI. (Dollar Amount and Percent of \$d.)	\$5,831,742.20
	b.	HUBZone Small Business Concerns (Dollar Amount and Percent of \$d.)	\$437,380.67	1.50%
	c.	Large Business Concerns (Dollar Amount and Percent of \$c.)	\$22,889,588.14	78.50%
Base - \$14,550,546	d.	Total (Sum of \$a, \$b and \$c.)	\$29,158,711.00	100.0%
Option - \$14,608,165	e.	Small Disadvantaged (SDB) Concerns (Include HBCU/MI) (Dollar Amount and Percent of \$d.)	\$1,457,935.55	5.00%
	f.	Women-Owned Small Business (WOSB) Concerns (Dollar Amount and Percent of \$d.)	\$1,457,935.55	5.00%
<b>\$29,158,711.00</b>	g.	Veteran Small Business Concerns (Dollar Amount and Percent of \$d.)	\$874,761.33	3.00%

9. Indirect and overhead costs (check one)  have been  have not been included in the goals specified in item 8 above.

If "have been" is checked, explain the method used in determining the proportionate share of indirect and overhead cost to be allocated as subcontracts to small business concerns and small disadvantaged business concerns.

**10. The following comments/methods were used in developing the goals for this subcontract plan.**

This includes a description of principal products/service to be subcontracted. (Use extra sheet, if required.)

Acquisition of the bill of material line items estimated and proposed herewith is based on anticipated procurement of such items as castings, gears and gear assemblies, electronic controller modules from large businesses, and such items as electronic circuit card assemblies, gaskets, fittings and fasteners from small business concerns. The offeror anticipates procurement of such items as circuit card assemblies, machined small parts, brackets and fasteners from small disadvantaged businesses and circuit card assemblies, non-productive shop supplies and fasteners from women-owned businesses.

Procurement of these types of material acquisition from large, small, small disadvantaged and/or women-owned businesses reflects the offerors historical subcontract supplier sources as well as sources identified from current national and local small minority business publications, directories and trade fairs.

General Dynamics has a cumulative record of exceeding both the required and committed level of "SB & SDB" participation as periodically reported to the government through the formally required submission of Standard Forms 294 and 295. GDLS believes there are abundant procurement opportunities to achieve a more than satisfactory level of SB & SDB anticipation during this or subsequent contract performance periods.

DAAE20-01-C-0027  
Attachment 02



DEPARTMENT OF THE ARMY  
UNITED STATES ARMY TANK-AUTOMOTIVE AND ARMAMENTS COMMAND  
WARREN, MICHIGAN 48397-5000

REPLY TO  
ATTENTION OF

AMSTA-LC-CAE-B

25 September 2000

Mr. Donald J. Claye  
Contract Specialist  
General Dynamics Land Systems, Inc.  
38500 Mound Road  
Sterling Heights, MI 48310-3268

Dear Mr. Claye;

This letter is in reference your letter #MPA# 00-2317, dated September 19, 2000, regarding the Rent-Free Use of IPE/OPE located at your Scranton and Tallahassee operations for production of Egyptian M1A1 PJS Modification Kits under an award which may result from Rock Island RFP DAAE20-00-R-0081. It is my understanding that this IPE/OPE is accountable under the following contracts:

ABRAMS MUMS	DAAE07-00-E-0001
ABRAMS STS	DAAE07-96-C-X195
ABRAMS Production	DAAE07-95-C-0292

You may consider this letter your authority to use, Rent-Free, Government-owned equipment and property under these agreements provided that:

- a. There is no physical movement of any tooling,
- b. There is no interference with the M1 Series Tank Program nor any interference with any other authorized vehicle programs there, and
- c. No cost to maintain, repair or replace any or all of the tooling shall be charged against the above-mentioned contract except as provided in your disclosure statement.

This authorization expires upon final delivery or expiration of above-reference contract or closure/lay-away of the Tank Plant. The Procuring Contracting Officer shall further apply the provisions of FAR 45.202 to this effort.

Sincerely,

/S/  
John Regenhardt  
Contracting Officer

Copies Furnished:  
TACOM, SFAE-ASMM-AB-CO (Mr. L. Lypeckyj)  
DLA, DCMDN-GJQA (Mr. Harold Gerten)