

The present method for accomplishing component overhaul is to utilize indefinite quantity contracts, which are the result of the negotiation of competitive quotations submitted by bidders covering labor, certain mandatory work, and services. Parts and materials supplied by the contractor are reimbursed at actual net cost.

In addition to the normal component overhaul contracts we have some "closed circuit" overhaul contracts which are usually with a prime manufacturer in support of the Army's test program on new items of equipment. The purpose of this type of contract is to—

- Provide for analytical overhaul with attendant investigations and determination of the cause of unsatisfactory conditions;

- Render engineering reports and recommendations for extending the life of the component;

- Accomplish engineering evaluation for the development, manufacture, and testing of prototype kits for the modification;

- To determine the time between overhaul of major time change components; and

- To determine the range and quantities of line items to be procured and stocked for repair and overhaul.

A review of the award of contracts discloses that 25 percent of the total dollars or 44 percent of contracts awarded for contract maintenance were placed with small-business concerns.

I know that most of you are aware of our recent reactivation of the air repair facility at Corpus Christi which I would like to discuss:

IV. ARMY AVIATION DEPOT MAINTENANCE FACILITY

As stated previously, in December 1959, the restrictive provisions on establishment of an Army aircraft depot maintenance facility and an inhouse capability were rescinded by the Secretary of Defense. Factors affecting this decision were steadily increasing inventory of more complex aircraft and the increased importance of Army aviation to the Army's mobility objectives. Based on a request of the Department of the Army, the Secretary of Defense authorized the establishment of an aeronautical depot maintenance facility in order to permit the Army to gain and maintain technical competence essential to the successful management of its aeronautical maintenance program.

The basic objectives of this program encompassed the establishment of a facility capable of the overhaul and repair of the full range but not the full quantity of mission-essential aeronautical materiel. The projections of this plan over the next 5 years have been based on an ultimate goal of approximately 40 percent of the total fifth-echelon maintenance program. Due to the growth of the aeronautical program in terms of inventory quantities and increased equipment complexity, the establishment of the fifth-echelon capability within the Army should not have an appreciable effect on the dollar level of overhaul repair programs accomplished by contract.

The Corpus Christi facility was designed and built by the Navy Department for the overhaul and repair of aircraft, engines, and all related components, and is valued at approximately \$23 million for the complete facility. An estimated \$700,000 for rehabilitation of this facility is considered to be a good investment for the activation of a complete depot maintenance activity.