

# DCMA Lockheed Martin Denver Saves Navy \$16 Million per Year

by Mr. Matt Jackson, DCMA Lockheed Martin Denver

The DCMA Divisional Administrative Contracting Officer (DACO) Team for Lockheed Martin Space Systems Company (LMSSC) is adamant that, “When someone is trying to give you the money, you find a way to make it happen.” By keeping this principle and the Agency’s goal to “deliver great customer care” in mind at all times, the DACO Team, comprised of Mr. Matt Jackson, Mr. Don Knott and Ms. Lisa Woodley from DCMA Lockheed Martin (LM) Denver and Mr. Mark Hellmer of DCMA LM Sunnyvale, is saving the Navy approximately \$16 million per year. The cost-saving measures went into effect in 2004 and could result in savings of at least \$400 million over the next 25 years.

The arrangements for the cost-saving plan began in August 2003, when the contractor proposed a reimbursement to the Fleet Ballistic Missile program due to an inequitable allocation of overhead costs to a government-owned facility. At the outset, various government entities from three different agencies told the DCMA DACO team that the reimbursement couldn’t be done, citing potential violations of fiscal law. However, the team was determined to “find a way to make [the reimbursements] happen.”

From September 2003 to February 2004, the team

worked to identify a legal accounting practice through which LMSSC could provide the Navy with its just compensation. Eventually, a special allocation methodology was proposed and adopted, passing legal muster along the way.

On March 8, 2004, DCMA and LMSSC signed the first of three advance agreements providing for these extraordinary savings. On March 12, 2004, Rear Adm. Charles B. Young, director of the Navy’s Strategic Systems Programs, praised DCMA LM Denver’s Mr. Knott by citing his “work in identifying a legal venue through which a specific contractor could provide the Navy with its rightful recompense ...” Maj. Gen. Darryl A. Scott, DCMA director, also extended his appreciation to Mr. Knott and the rest of the team for their “relentless hard work.”

On June 1, Mr. Jackson and the contractor signed the second advance agreement for insurance costs, and on July 22, Mr. Hellmer signed the agreement addressing the IR&D allocations. With the last agreement in place and the staggering scope of \$16 million in savings starting to sink in, Mr. Elliot Marcus, the Navy’s deputy head of Contracts for Strategic Systems Programs, stated, “The DCMA Lockheed Martin DACO Team’s recognition that inequitable costs were being charged to the Navy’s Fleet Ballistic Missile program, coupled with their use of innovative contracting techniques to remedy the situation, is greatly appreciated and deserving of special recognition.”

The fleet ballistic missile submarine *USS Georgia* arrives at Naval Station Norfolk, Va., for refueling and conversion to a guided missile submarine. (U.S. Navy photo by Journalist Seaman Andy Zask.)

