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## Inside The Ring

By Bill Gertz

### Exquisite spy satellite

Director of National Intelligence Dennis Blair met with key senators Tuesday to discuss funding plans for an expensive new satellite system that will provide high resolution spy photographs and images, according to administration and congressional officials.

No details were immediately available on the meeting between Mr. Blair and Sens. Daniel Inouye and Thad Cochran, chairman and ranking member respectively of the Senate Appropriations Committee. The two, according to Senate aides, were expected to question the Obama administration's decision to move ahead with production of a multi-billion dollar intelligence satellite dubbed the Next Generation Electro-Optical System.

The new system was announced in April and was not bid competitively, according to defense sources. Instead, they said, the contract was sole-sourced to Lockheed Martin, which has a long history of producing spy satellites.

But Wendy Morigi, spokeswoman for the DNI, said the selection of the final contract "wasn't quite a sole-source process."

Instead, a "market survey" of eight companies was conducted in 2008 and in the end a "justification analysis" was done for picking the final contractor, which she declined to confirm was Lockheed Martin.

"Every effort was made to ensure that all companies could compete," she said. However, in the end the contractor chosen was picked because of its satellite capabilities, she noted.

The contract for the new intelligence satellites will cost taxpayers about \$20 billion, making it one of the most expensive systems produced for both the Pentagon and U.S. intelligence community, according to the sources who spoke on condition of anonymity because of the sensitivity of the subject.

The new satellite was approved personally by President Obama last spring, and the single contractor has raised questions among some defense officials because of the president's criticism of the procurement process.

Mr. Obama in a speech March 4 criticized what he called the "broken" system of defense contracting during the eight years of the George W. Bush administration, including cost

overruns, fraud and an absence of oversight and accountability. "In some cases, contracts are awarded without competition," he said.

The White House was not immediately available for comment.

In April, when Mr. Blair's office announced the system, a senior intelligence official who briefed reporters declined to say if the contract would be let to a single U.S. contractor.

"Our decision is essentially to continue to provide the level of support that we have counted upon from these assets over several years in the past," the official said. "We are not moving to another plateau of performance."

Asked about opposition within Congress to the system, the intelligence official said, "We and the secretary of defense intend to support this program whole-heartedly, and with the support of the White House we expect that we'll be able to get it through."

The official said the new satellite would be used for both wide area coverage as well as smaller "point collection" capabilities. U.S. spy satellites are the "workhorses" for both the military and intelligence agencies, the official said. Missions range from tracking terrorists and their training camps for the military to following missile deployments in China and other countries for intelligence agencies.

Spokesmen for the Director of National Intelligence (DNI) and the National Reconnaissance Office, which builds and operates classified satellites, referred questions to the DNI statement of April 7. The statement said the new satellite plan will "modernize the nation's aging satellite-imagery architecture by prudently evolving government-owned satellite designs and enhancing use of U.S. commercial providers."

The satellite program will start after Congress approves funds for it and initial deployment is scheduled for the next several years with full completion by 2029, the statement said.

Agencies involved in the plan include the National Reconnaissance Office, the Defense Department, U.S. intelligence agencies and the National Geospatial Intelligence Agency, the statement said.

A spokesman for Lockheed Martin declined to comment.

Sen. Christopher "Kit" Bond, Missouri Republican and vice chairman of the Senate Intelligence Committee, has made no secret of his opposition to the new system. "For years billions upon billions of taxpayer dollars have been wasted on programs that haven't worked," Mr. Bond said in an e-mail to Inside the Ring. "It's better for our national security and our national debt to invest in more capable and affordable overhead programs."

A Bond aide, who spoke on condition of anonymity, said the senator favors building cheaper and more versatile satellites and the Senate committee agreed in calling for more capable and affordable spy satellites in its intelligence authorization bill.

The aide cited Defense Secretary Robert M. Gates' advice: seek "greater quantities of systems that represent the '75 percent' solution instead of smaller quantities of '99 percent' exquisite systems." Mr. Gates made the comments in testimony earlier this year to the House and Senate arms services committees.

"The bottom line is that we can opt for very few, very expensive systems or more numerous less expensive systems," aide to Mr. Bond said.

Pentagon spokesman Geoff Morrell said that Mr. Gates fully supports the new satellite plan.

The Senate Intelligence Committee report on the intelligence budget identified two key shortcomings of current U.S. imagery systems. The report issued July 22 stated that the National Geospatial Intelligence Agency, known as NGA, relies too much on still images from space and is "slow to embrace other facets of 'geospatial intelligence,' including the processing, storage, and dissemination of full motion video (FMV) and ground-based photography." Instead, most imagery today is obtained from electro-optical photographs and images produced from radar, which can see through clouds and some structures.

The new classified satellite is one element of a two-part plan for future space spying, which is used for targeting and intelligence gathering. The second part includes increasing the Pentagon's use of commercial satellite imagery. The NGA announced Aug. 10 that it has begun a procurement process that will lead to new orders for commercial imagery from the two main suppliers, GeoEye Inc. and DigitalGlobe Inc.

The new satellite plan grew out of an earlier program known as the Future Imagery Architecture. That program was canceled three years ago as a result of major acquisition problems.

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