NAVAL INVENTORY CONTROL POINT

Maritime PBL Deskguide

Ready. Resourceful. Responsive!

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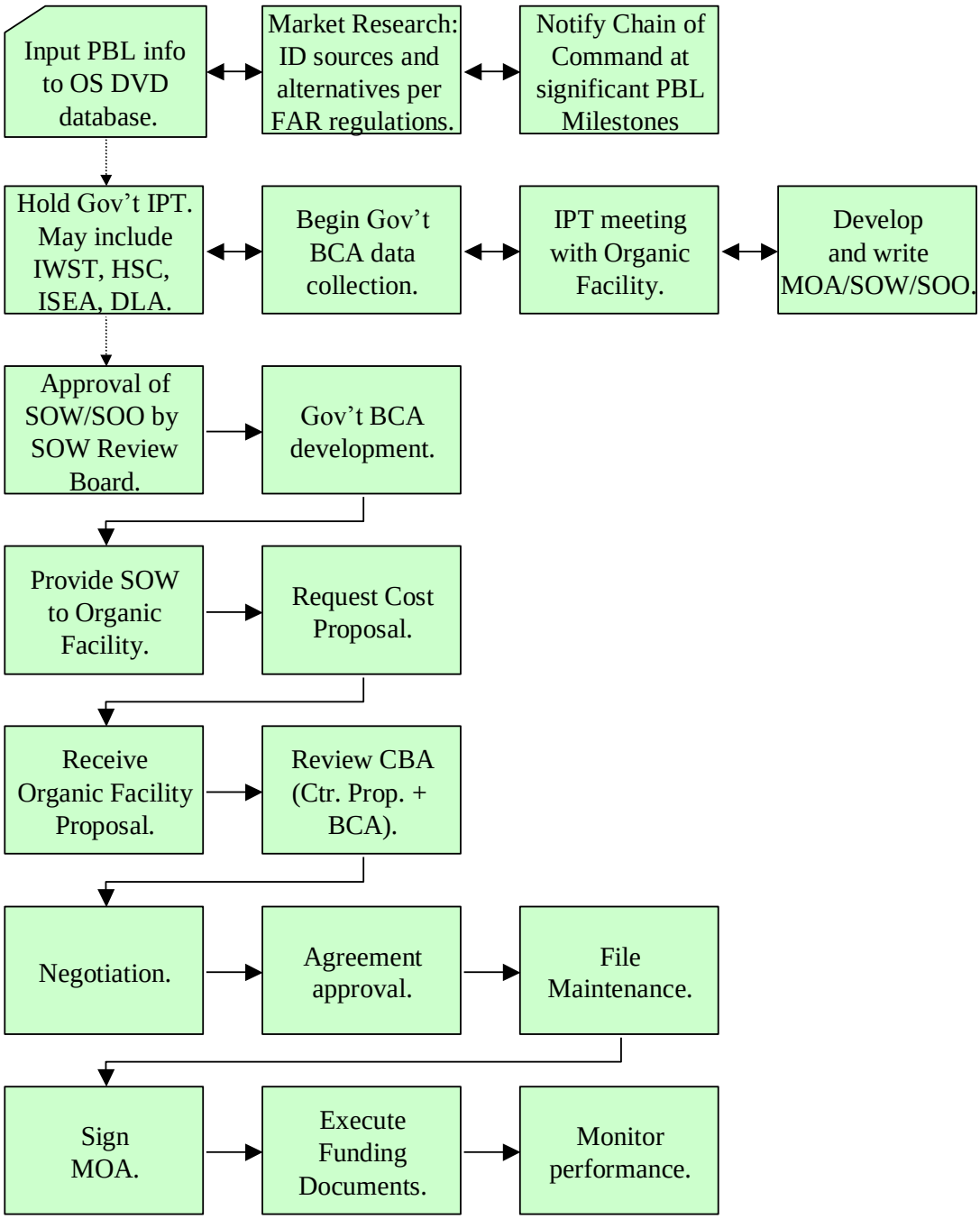

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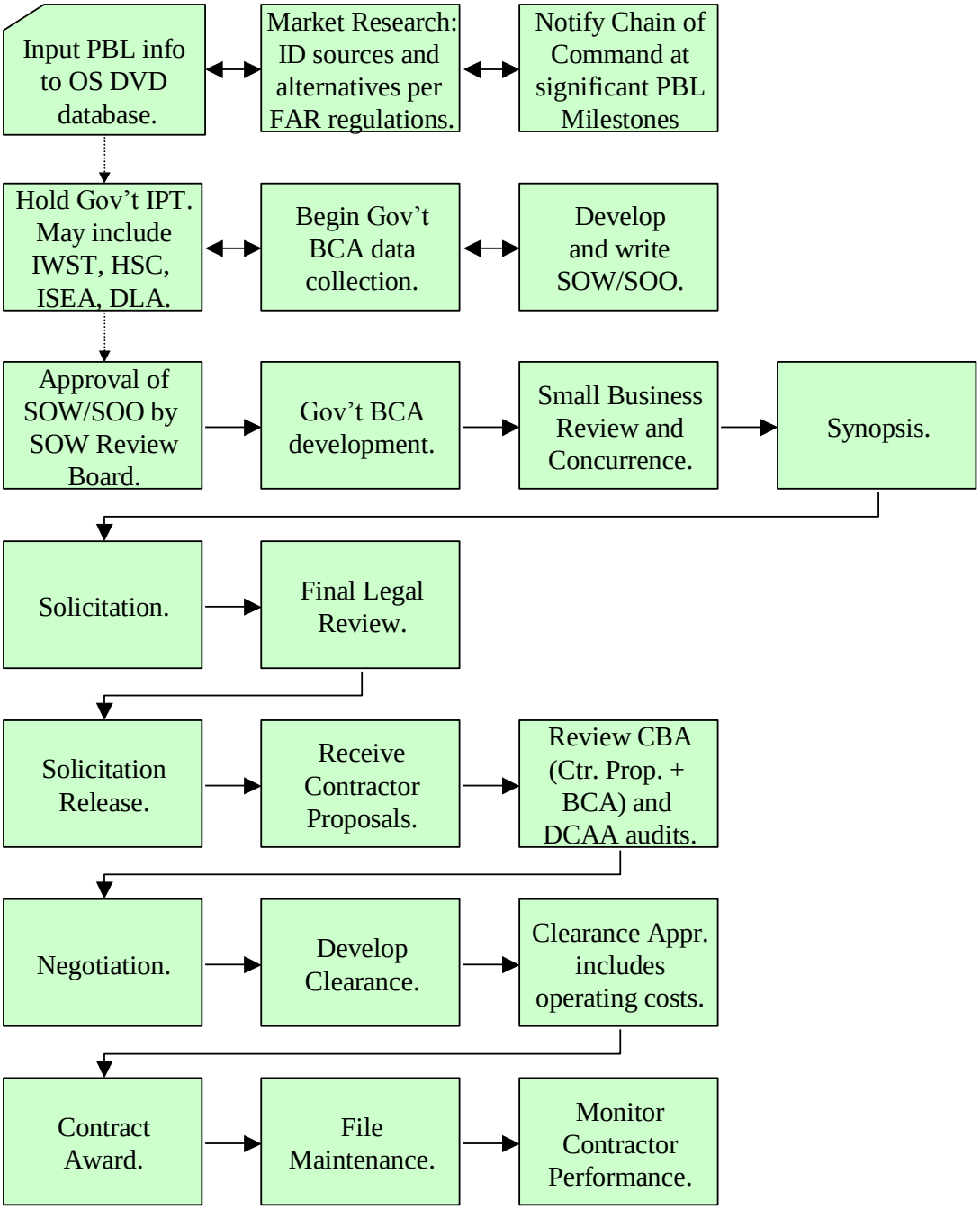

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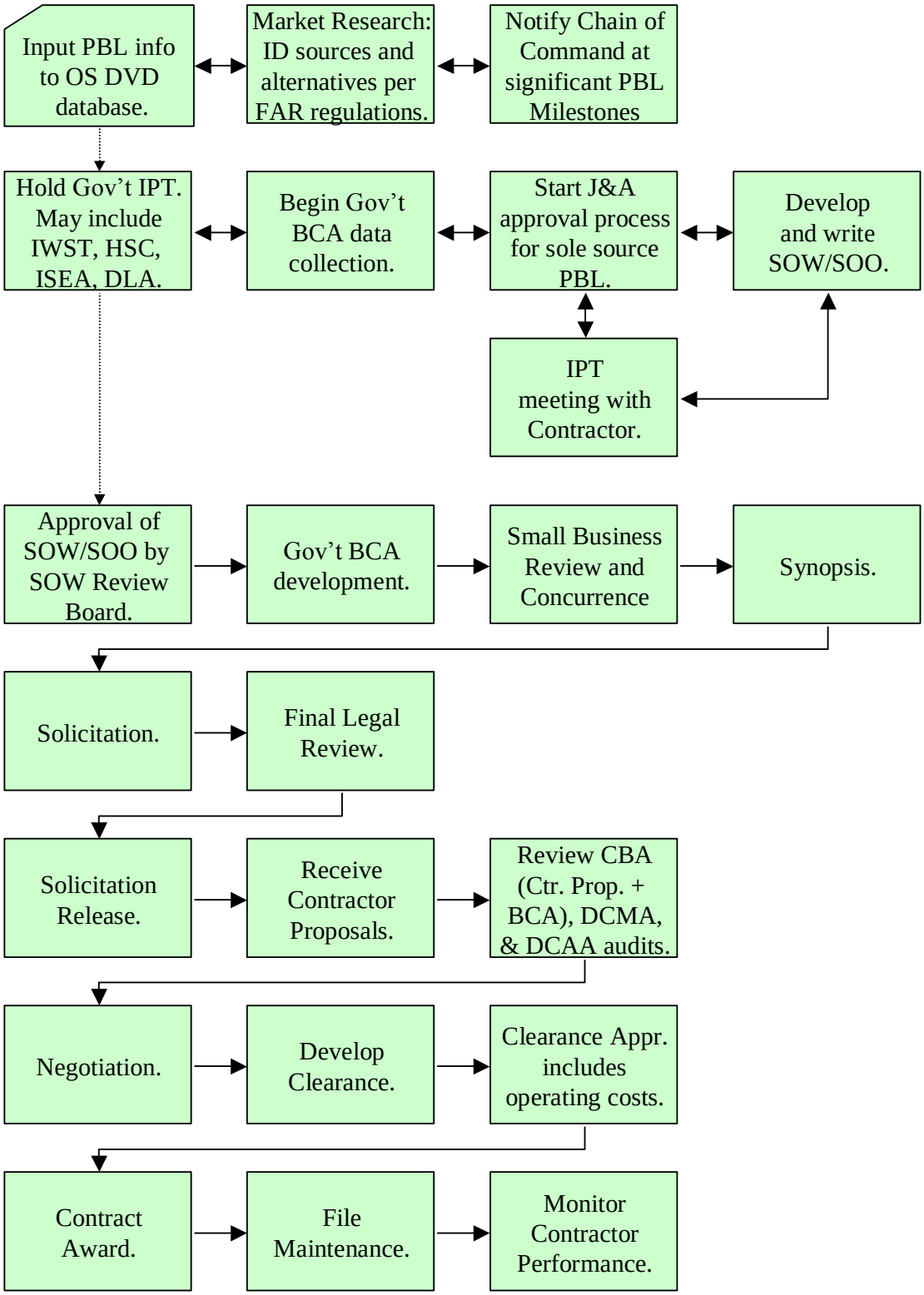


I. BACKGROUND

NAVICP is traveling down the path of Performance Based Logistics (PBL). In the course of this journey, it has become apparent that many processes and procedures will be affected by our efforts to transform the manner in which we do business. This guide attempts to address major areas of concern related to PBL initiatives, including — but by no means limited to — the different types of PBL agreements, issues to be addressed, suggested language for a PBL statement of work/objectives, the Business Case Analysis process, and files maintenance actions likely to be required.

> **NOTE: This is a living document, one that will benefit from your experience as you push the boundaries in your own PBL efforts. Please ensure that you pose your questions, or add your own insights, so that this document can continue to be improved.**

The Naval Inventory Control Point (NAVICP) is committed to transforming the Navy's logistics infrastructure to a lean, process-driven system wherein a single action by the customer activates a global network of resources that delivers best-value products and services. Improved customer support and total life cycle cost management (reliability, maintainability, availability, and affordability) are basic business tenets playing important roles in accomplishing the challenge of the transformation we are attempting. NAVICP's Performance Based Logistics (PBL) program is one of the critical focal points in our effort to improve support, as well as reduce infrastructure and the cost of ownership, for Naval weapon systems.

The PBL program has great potential to reduce costs as well as improve the reliability and availability of the components NAVICP provides to its customers. In addition, PBL initiatives will allow NAVICP to live within current resource reductions while continuing to provide the outstanding support that our customers expect.

For each PBL initiative, NAVICP will conduct a Business Case Analysis (BCA). This BCA is designed to quantify any cost benefits the Navy will realize through the initiation of a PBL contract. These cost benefits may take the form of cost savings or cost avoidance. The savings goal is to break even or better in both the Navy Working Capital Fund (NWCF) and in total cost to the Navy. The purpose of breaking even or better in the NWCF is to protect our fleet customers' financial interests. Once spare parts are purchased by and issued to the fleet customer, the NWCF is used to replenish those stocks (within the wholesale system) under a revolving fund arrangement. Since PBL arrangements are funded with NWCF, any overall cost increases to that fund are subsequently passed on to the fleet customer. Some cost areas considered in the BCA are:

Fleet maintenance labor	Spare parts procurement	Warehousing
Transportation	Sustaining engineering	Fleet consumables
Other government labor	Other supply system costs	Depot repair

II. OVERVIEW

Under the PBL program, NAVICP awards a contract or work request to a single supplier. This supplier provides material directly to our customers in time to meet the customer's requirements. This is achieved without the intervention of, or need for, government inventory managers or intervening storage and material handling systems while providing increased product reliability and reducing total cost to the Fleet Customer and the Navy.

Each PBL contract is hand crafted and will vary from other PBL contracts. PBL suppliers may take on a number of functions normally performed by various Department of Defense (DoD) services or agencies. These functions may include spare parts requirements determination, physical distribution, warehousing of material, depot level maintenance, and some engineering functions.

A PBL arrangement may take many forms. Arrangements may be made with industry partners supporting commercially available equipment, with industry partners supporting military unique equipment, government activities supporting military unique equipment or industry partners who have government activities functioning as their sub-vendors. Section IV contains a listing of the various types of PBL arrangements.

The information discussed is not inclusive. PBLs for some systems will have problems or issues not covered below. If you have suggestions or ideas that will benefit others developing PBLs, please contact Program Management Policy, Code 058112, Code 021, or Code 013 for 058 initiatives. For Code 84 initiatives, contact Code 8421 or Code 024.

III. WHEN DO I CONSIDER PERFORMANCE BASED LOGISTICS?

A successful Performance Based Logistics (PBL) program starts with identifying sound candidates for PBL arrangements. Recommendations to pursue a specific weapon system may come from a variety of sources. These sources include NAVICP, Hardware Systems Commands (HSC), fleet customers, government engineering activities, government repair activities, or industry partners. In general, NAVICP feels there are certain characteristics that identify the best potential candidates for a PBL arrangement. Potential candidates can be broken down into two categories. Category I items are those we should automatically pursue as PBL candidates. Category II items are those we should consider as PBL candidates.

Category I items (automatic PBL candidates):

a. Commercial Items: These are items/systems that are manufactured and repaired by industry sources that are sold in quantity to commercial customers.
b. Commercial for Life Repair Items: These are items/systems determined to remain repaired commercially for the remainder of their useful life. The reasons for being deemed commercial for life are varied, including technological, workload, and system age.
c. New Items/Systems: These are items/systems being introduced into the Navy/Marine Corps. These systems are very early in their life cycle and are at a point where maximum financial benefit can be derived from a PBL. An early PBL decision can avoid costly investment in test equipment, training, Logistics Support Analysis (LSA) development, wholesale spares investment, etc.

Category II items (possible PBL candidates):

Items/systems not covered under Category I where we are currently experiencing difficulty providing adequate support to our fleet customers are possible PBL candidates. These include:

a. High customer cost items
b. Items with high customer backorders
c. Items with low supply material availability
d. Items experiencing low or degrading reliability
e. Items with parts obsolescence issues
f. High sales volume
g. Loss of commercial repair DOP or Vendor

IV. DETAILS OF PBL INITIATIVES

A. Definitions

From the following definitions you should be able to choose the PBL initiative that best suits what you are trying to accomplish. The following categories are used by NAVICP to describe the various types of PBL arrangements:

PBL-Mini Stock Point (PBL-MSP): A Contractor/Organic activity provides the storage & requisition processing of Navy owned material. Some common traits of this effort are: the Navy owns the inventory, requires full inventory accountability, and retains requirements determination and execution; the Contractor receives requisitions, stores and issues material, and may also repair the material; traditional pricing and billing apply.

PBL-Mini Stock Point Plus (PBL-MSP+): MSP+ is the same as MSP above except its efforts are expanded by giving the Contractor or Organic facility authority to execute procurement/repairs within a ceiling. The requirements determination is negotiated (MIN/MAX), and there may be a management fee.

PBL-Organic (PBL-O): An arrangement is made with an organic activity (normally via Memorandum of Agreement) to procure, repair, stock and issue Government owned material. The Navy retains requirements determination and execution, and requires accountability for government assets and full range requisition processing. The ISEA handles configuration control, normal provisioning channels for update, and performs no fault testing and limited repair. Warranty management and tracking is included, and traditional pricing and billing apply.

PBL-Commercial (PBL-C) – (Formerly JITS & CaNDI items): An arrangement where the contractor supplies commercially available items directly to the end users. Customer requisitions are automatically routed through NAVICP's procurement system (ITIMP) directly to the contractor as a delivery order. The Contractor owns the inventory, determines stockage levels, has configuration control of the items, and must meet performance requirements. NAVICP pays the Contractor for performance, usually per order, and bills customer traditionally. Reliability improvements, technology insertion and reduced obsolescence are some of the inherent benefits of a PBL-C.

Full PBL: A contractor provides most of the supply support functions traditionally provided by NAVICP personnel and infrastructure. The Full PBL or the Organic PBL, are the initiatives that the NAVICP should strive to accomplish. Although you may have to start out as an MSP or MSP+, this is where we should try and end up. Traits of a Full PBL include: a contractual arrangement where the Contractor manages (and may also own) the inventory. The Contractor determines stockage levels, typically repairs Not Ready For Issue (NRFI) material, and is required to meet specific performance metrics. Requisitions still flow through NAVICP, and NAVICP pays the contractor for performance and bills customers traditionally. In some cases, items may be priced in the Tier I category. Inventory accountability is required only for government assets. Reliability improvements, technology insertion and reduced obsolescence may be some of the inherent benefits of a Full PBL. The contractor usually is given Class II Engineering Change Proposal authority and in some cases may also have configuration control. Additionally, Logistics Engineering Change Proposal (LECP) arrangements will be considered a subset of this category if they contain supply support clauses that fall under the definition noted above.

PBL-Partnership (PBL-P): An arrangement between a contractor and Navy such that the Navy performs a portion of support required by and for the contractor. For example, the contractor may sub-contract the Navy to perform maintenance support at an organic depot. This can be highly beneficial when addressing Core maintenance issues, in that the Navy is able to retain Core capability while acting as a "sub" to the contractor.

Contractor Logistics Support (CLS): A most robust form of PBL (typically referred to as Total Logistics Support (TLS)) where the contractor manages and meets specific performance requirements for most or all facets of logistic support (i.e. all ALS elements) for the initiative. Included are inventory levels, maintenance philosophy, training manuals, PHS&T, full configuration control, support equipment, etc. The Contractor is paid for performance, and potential exists for multiple activities to share the cost.

B. PBL Checklist

Below is a list to help you decide what type of PBL to use, as well as issues you may need to address.

1. Warehousing

   Who will be responsible for warehousing? (The contractor or the government?)

2. Transportation

   Who will be responsible for transportation? The contractor or the government? Is the use of premium transportation envisioned? In the case of a repairable item, who is responsible for retrograde transportation? Is there a requirement for retrograde to arrive at the contractor in a specified number of days? Will transportation be FOB Origin or FOB Destination? Will the SMART Transportation Solution be used?

3. Asset Reporting

   What system will be used to report assets? Will asset visibility be fully maintained in NAVICP files? Will all condition code changes be reported?

4. Requisition Processing

   Will all requisitions pass through the NAVICP for referral to the contractor? Will the ICP maintain the backorders? Who will be responsible to provide status to the customer? Who replies to follow-ups? If specific requisition exchange times are indicated, when does the clock start and stop?

5. Demand/Sales

   Will all demand and sales be recorded by the ICP for both consumables and repairables?

6. Wholesale Replenishment

   Who makes the decision to procure additional inventory? Who makes the decision on the quantity to be procured? Who funds the replenishment? Are repairables and consumables handled differently, i.e. delegate full authority to the contractor for consumables, yet retain decision making for repairables?

7. Retail Requirements

   Will the ICP retain full responsibility for allowance development?

8. Contractor Pools

Will a wholesale spares pool be required by the contractor to permit satisfaction of customer requisitions within the agreed to timeframes? Does the ICP initiate the pool through the redistribution of wholesale assets? Does augmentation to the pool become the sole responsibility of the contractor?

9. Asset Ownership

   Who owns the wholesale inventory, the Navy or the contractor?

10. Stratification

    Is this function still performed by the ICP for the items managed by the contractor?

11. Survey/Disposal Authority

    Does the Navy retain responsibility for survey/disposal decisions?

12. Maintenance Plans

    Will the current maintenance plan and designated levels of maintenance be retained? For example, if the maintenance plan is changed to eliminate the I Level, will the retail requirements remain unchanged? If the maintenance plan changes, who is responsible for update of the technical data and manuals?

13. Configuration Management

    Who will have Configuration Management authority?

14. Specifications and Standards

    Will the contract permit utilization of commercial specifications and standards for assets replenishment or repair? Will performance standards vice "build to print" be authorized?

15. Reliability/Warranty

    Assess current system performance. How does actual MTBF compare to planned MTBF? Will the contract proposal include a requirement to improve system?

16. Repair

    Will a repair or overhaul concept be specified in the contract? Is there an impact on organic "core" workload? Are there licensing issues with the OEM/repair contractor?

17. Residual Navy Inventory

    What provisions will be included to require contractor drawdown of existing government inventory, including DLA managed items?

18. Data Base Access

    What access will the contractor have to ICP files?

19. Contractor Performance

    What is the basis for the contract? For consumables, do we expect all customer requisitions to be satisfied within a specified timeframe? For repairables, do we want a guaranteed RTAT or satisfaction of customer requisitions within a specified timeframe, or both? As alternative, should "Power by the Hour" or overall aircraft or system availability be considered as the more effective contractor performance option?

20. Incentives/Negative Incentives

Will the contract carry provisions for incentives and/or negative incentives based upon performance to the stated terms and conditions?

21. Performance Monitoring

    What is the plan to monitor contractor performance once the contract is in place? Do we have the data or will the ACO be tasked?

22. EC/EDI (Electronic Commerce/Electronic Data Exchange)

    Will the contract capitalize on expanded use of EC/EDI to do business?

23. Cost/ Benefit Analysis

    How are all costs captured, i.e. DLA warehousing, receipt and issues, transportation, ICP support, etc.? This information is essential to judging the cost effectiveness of the contractor's proposal. Does the contractor's proposal reduce Navy inventory? Does it reduce infrastructure costs? Does it save ICP resources?

24. Termination

    What process is specified to require a minimum time frame to divert responsibility back to the Navy, if the arrangement becomes non-effective for either party? What data will the Navy need to re-establish organic capability?

25. FMS (Foreign Military Sales)

    Has the potential for partnering with FMS been considered in all decisions?

26. Response Time

    What are the specified parameters that the contractor must meet? Are these parameters definitive so that performance can be measured?

27. Surge Provisions

    How does the contract address support requirements in the event that the Navy's operational requirements accelerate?

28. Packaging, Preservation and Marking

    Will commercial standards replace military packaging? How are plastics and hazardous material addressed?

29. Contract Type

    Is a contract type other than firm fixed price being contemplated? Was higher level contracting officer review and approval obtained prior to proceeding?

30. Waivers Required

    Are waivers necessary? Who has approval authority?

31. Asset Type (Piece Parts/Repairables)

    Does the contract address both types? Are there different guidelines for handling each type?

32. Pricing Structure

    Is the establishment of traditional unit prices the best way to approach alternate support contracts? If not, what alternatives are available and which are most advantageous in this particular instance?

33. Payment Structure

    If unit prices are not the basis for payment, has there been an analysis of the effects a periodical payment structure will have on budget execution plans? Has the use of commercial-type payment systems been examined for applicability?

34. Data Rights

    How does the contract address this when technology insertion is authorized? What happens under the "Escape" provision?

35. Competition

    Is there sufficient supporting data available to obtain the appropriate Justification and Approval (J&A) for other than full and open competition?

36. Transition Planning

    How are Navy assets passed to the contractor? If assets have been passed, how does the "Escape clause" handle their return?

37. Over and Above Costs

    How are over and above repair or warranty scenarios going to be defined, addressed and administered? Are there going to be any other types of contract price adjustments?

38. SBA (Small Business Administration) Participation

    Has the SBA and/or the activity Small and Disadvantaged Business Specialist (SADBUS) been participating with the team during the acquisition planning phase of contract development? Can Small Business Subcontracting Plans be adequately developed, negotiated and approved?

39. DLA Involvement – Repair Parts

    Does the contract allow access to DLA inventory?

40. PICA/SICA Issues

    Are other services participating?

V. INTEGRATED PROCESS TEAMS (IPTS)

Over the next several pages, an attempt will be made to provide you with the details required to proceed with the appropriate PBL initiative you have selected from previous pages. In most cases, details will be provided about the following phases: Planning, Development, Implementation, Execution, and Monitoring. Different responsibility codes/activities and the duties required to get started and flow through your PBL initiative will be included.

BEFORE PROCEEDING WITH ANY OF THESE INITIATIVES YOU NEED TO HAVE A BUY-IN FROM ALL THE DISCIPLINES INVOLVED WITH YOUR WEAPONS SYSTEM OR EQUIPMENT PROGRAM OFFICE AND THE IN SERVICE ENGINEERING ACTIVITY.

The first step is to form some version of a PBL Integrated Process Team (IPT). IPTs are formed to handle the complexities of a PBL initiative. The members of the IPT may fluctuate depending on the type of PBL being worked. Members should include (but are not limited to):

From NAVICP:	**Outside NAVICP:**
Inventory Manager	HSC rep(s)
Program Manager	ISEA rep(s)
Provisioner	OEM
Reprocurement Tech	Vendor (government or commercial)
Buyer (Code 02)	Customer
Repair Specialist	
Financial Analyst (Code 01)	

A successful PBL requires open and honest communication between all members of the IPT. Many issues will be raised during the course of the PBL effort, some of which will be controversial and divisive. However, an understanding of, and respect for, the concerns of all parties involved will make for a more harmonious working relationship. Remember that awarding the PBL is only the first step in the PBL process — monitoring the PBL will still require time and effort, patience and understanding, for all concerned.

VI. DETERMINE TYPE OF AGREEMENT

FAR 16.104 – Factors in Selecting Contract Types provides the following guidance for determining the type of contract. The type of contract used may depend on the type used by the HSC if it is a joint effort. If the HSC type of contract does not fit your situation, work to get it changed or investigate writing your own contract.

There are many factors that the contracting officer should consider in selecting and negotiating the contract type. They include the following:

(a) Price competition. Normally, effective price competition results in realistic pricing, and a fixed-price contract is ordinarily in the Government's interest.
(b) Price analysis. Price analysis, with or without competition, may provide a basis for selecting the contract type. The degree to which price analysis can provide a realistic pricing standard should be carefully considered. (See 15.404-1(b))
(c) Cost analysis. In the absence of effective price competition and if price analysis is not sufficient, the cost estimates of the offeror and the Government provide the bases for negotiating contract pricing arrangements. It is essential that the uncertainties involved in performance and their possible impact upon costs be identified and evaluated, so that a contract type that places a reasonable degree of cost responsibility upon the contractor can be negotiated.
(d) Type and complexity of the requirement. Complex requirements, particularly those unique to the Government, usually result in greater risk assumption by the Government. This is especially true for complex research and development contracts, when performance uncertainties or the likelihood of changes makes it difficult to estimate performance costs in advance. As a requirement recurs or as quantity production begins, the cost risk should shift to the contractor, and a fixed-price contract should be considered.
(e) Urgency of the requirement. If urgency is a primary factor, the Government may choose to assume a greater proportion of risk or it may offer incentives to ensure timely contract performance.
(f) Period of performance or length of production run. In times of economic uncertainty, contracts extending over a relatively long period may require economic price adjustment terms.
(g) Contractor's technical capability and financial responsibility.

(h) Adequacy of the contractor's accounting system. Before agreeing on a contract type other than firm-fixed-price, the contracting officer shall ensure that the contractor's accounting system will permit timely development of all necessary cost data in the form required by the proposed contract type. This factor may be critical when the contract type requires price revision while performance is in progress, or when a cost-reimbursement contract is being considered and all current or past experience with the contractor has been on a fixed-price basis.
(i) Concurrent contracts. If performance under the proposed contract involves concurrent operations under other contracts, the impact of those contracts, including their pricing arrangements, should be considered.
(j) Extent and nature of proposed subcontracting. If the contractor proposes extensive subcontracting, a contract type reflecting the actual risks to the prime contractor should be selected.
(k) Acquisition history. Contractor risk usually decreases as the requirement is repetitively acquired. Also, product descriptions or descriptions of services to be performed can be defined more clearly.

A. Organic Agreements

Unlike a commercial contract, funding for an organic PBL is handled via a WX (Work Request) document. The PM will generate the WX document, in cooperation with Code 014. This document must be signed by both the NAVICP and the organic facility before funding can be transferred.

B. Commercial Agreements

The following general information covers the various PBL efforts that may apply with commercial contractors and is not intended to be an exhaustive, all-inclusive document. It is noted that throughout this document numerous other documents are mentioned and these are available in the established PBL Library in Code 021. With the PBL system there are some questions that must be addressed early in the program because they will effect the process followed in establishing the PBL agreement.

These questions are:

- Is the system sole source or competitive?
- Is the system commercial in nature?
- Will the PBL be part of the HSC contract or a separate NAVICP contract?

A commercial type PBL has six major phases. These major phases are Candidate Selection, Exploration, Decision Making, Contracting Negotiation, Implementation, and Performance Monitoring. Each of these major phases has specific steps and their resolution will effect the process flow.

1. Candidate Selection

NAVICP has a specific goal to generate PBL support agreements. In order to meet the NAVSUP assigned goal, NAVICP has determined that all new systems will be reviewed for PBL support. Existing (Legacy) systems will also be considered when support can be improved and support costs can be reduced. In addition, NAVICP has developed a method to rank naval systems from most to least attractive candidates for PBL arrangements. In general, potential candidates can be broken down into two categories (see Section III. When Do I Consider Performance Based Logistics? For Category I and II descriptions).

Systems that have been selected will be input to the PBL Database (commonly referred to as the PBL Project Tracker) for monitoring purposes. General information required includes system nomenclature, IWST members, universe of items and proposed type of PBL agreement. To get access to the PBL Project Tracker, contact 058112.

2. Exploration

This is the most lengthy and labor intensive phase of a PBL process. During this phase most of the required documentation is developed. The following are steps within this phase, which must be completed before proceeding to the next phase.

a. Establish the Government Team. This team will include the NAVICP Code 05 IWST representatives, NAVICP Code 02 Contracting Specialist, HSC Program Manager, and engineering support (ISEA) representative. Partial support will be required of NAVICP Code 01 for financial support, Code 008 for legal issues, Code 04 for ADP and EDI support, Code 058112 for Business Case Analysis (BCA) assistance, Code 006 SBA for review/consultation and Code 05/OS for policy and approval. If ALPHA contracting is to be pursued, the Contract Specialist shall prepare a Memorandum of Agreement for all core team members to sign in order to establish the ALPHA procedures to expedite the entire PBL process.

b. Market Research. This is necessary to justify source selection and commerciality, if applicable. The HSC may have accomplished market research prior to NAVICP involvement and could provide the results. If the PBL is part of the HSC procurement contract, additional market research may not be necessary. An update to the PBL Project Tracker is accomplished to incorporate results of market research.

c. Notify Chain of Command. This requires the team to give a short brief to 05 on the plans for the PBL initiative on the specific system. At this point the Contract Specialist would be developing/submitting an Acquisition Strategy to the Contract Review Board. An update to the PBL Project Tracker is accomplished to include the brief and direction received.

d. Government Team Meetings. The team will have to schedule meetings for the purpose of developing such items as the Statement Of Objective (SOO) or Statement Of Work (SOW), Justification & Authorization (J&A), Solicitation input, and BCA data collection. When the PBL is included as an option on an HSC contract, it may be necessary for members of the team to be members of the HSC source selection and evaluation group. An update to the PBL Project Tracker should be accomplished as various documents are completed and approved.

(1) SOO/SOW Development/Approval. The team will generate a SOO/SOW that addresses the unique requirement for support of the system/item. There is a generic SOO that could be used, or numerous SOWs which can be guides to generating the system/item specific document. The IWST will develop a SOO/SOW unique to its system/items. A SOO is the preferred document for competitive solicitation and when included in an HSC contract. A SOW can be used for sole source systems/items when the contractor has worked with the team in its development. The SOW should cite any contractor requested administrative issues/concerns to be considered for potential regulatory deviations**.** Once a SOO or SOW has been developed it must be approved by the SOW Review Board that consists of an 0581 representative, the applicable Division Director, the corresponding Code 02 Contracting Division Director and others as required. See Appendix 12 for further information.

(2) J&A Development. The J&A must clearly define why the requirement is sole source – especially in those cases where the prime is to manage items manufactured/repaired by other sources. This is a joint process between the NAVICP system Program Manager (PM) and the Contract Specialist. The PM initiates the J&A and includes budgetary data, specific user population to include FMS (CLSSA and non-CLSSA, if appropriate) and system description information for applicable paragraphs. The J&A must also address the applicability of 10 USC 2462 as to whether the proposed contract will affect 10 or less full time NAVICP employees**.** The Specialist provides contractual terminology and together they complete the J&A. The J&A is then routed for the applicable signatures and necessary briefings. Once the J&A has been approved, the Contract Specialist will insure that the requirement is synopsized prior to release of solicitation. If a commercial item determination is made and the acquisition value is <$5M, FAR 13.501(a)(ii) dictates the use of the authority of Section 4202 of the Clinger-Cohen Act of 1996 in the J&A vice 10USC 2304(c)(1), since acquisitions using simplified procedures are exempt from FAR Part 6 requirements.

(3) Core Issue. Early in the PBL process, the team has to determine whether a congressional notification would be required regarding the "core" issue. This requires a determination by the HSC Program Office as to whether the system has been identified as necessary to enable the armed forces to fulfill strategic and contingency plans. This is a very complex issue and requires familiarity with Section 2464 of 10 USC (United States Code).

(4) Contract Bundling. When consolidating requirements or working on a Performance Based Logistics acquisition that were previously awarded to small business or requirements for which a small business could have competed, it is essential that the Contracting Officer contact the on-site NAVICP Small Business Office and the Small Business Administration (SBA) Procurement Center Representative (PCR) to assess the impact of bundling on small businesses.

(5) Acquisition Strategy. The contracting officer must provide a copy of the proposed acquisition strategy to the NAVICP Small Business Specialist and SBA PCR for the small business review at least 30 days prior to issuing a solicitation. This will allow time for evaluation of the various items and will expedite the procurement process. The acquisition strategy will include statement of work or technical package with a list of National Stock Numbers (NSN) and Acquisition Method Code (AMC) assignments.

(6) Solicitation Input. The Contract Specialist has the lead in drafting the solicitation with inputs from the team members. The team will provide the approved SOO or SOW; the IM/PM will generate a listing of items, and; the PM will generate CDRL (Contract Data Requirements List) input for any deliverables in the SOO or SOW, provide system description, and support details for the CLIN (Contract Line Item Number) development. The Contract Specialist shall use the policies and procedures for solicitation, evaluation and award prescribed in FAR Part 15 (Contracting by Negotiation), Part 13 (Simplified Acquisition Procedures) or Part 12 (Acquisition of Commercial Items) depending on the determination and circumstance.

(7) BCA Data Collection. The IM and/or PM will have the lead in generating the required data for the BCA that is developed by Price Fighters in Norfolk. The PM will initiate the BCA request by contacting Code 058112 who is the interface with Price Fighters. Section

XXII, Business Case Analysis (BCA) Process of the PBL Deskguide identifies the data required.

(8) Contract Administration Plan. The contract specialist will develop and distribute a contract administration plan within thirty days after award.

e. Meeting With Contractor. When the PBL system/item is identified as sole source, there will normally be a meeting between the Government team and the Contractor. During this meeting the Government PBL team and the Contractor will resolve any concerns regarding the SOO/SOW requirements, system/items to be supported under the agreement and level of PBL support planned. While changes will be made to the SOO/SOW documentation prior to solicitation, it is probable that additional changes could be incorporated up to actual award of contract. Keep in mind that a SOW developed between the government and the contractor must still be approved by the SOW Review Board.

For a competitive situation or when the PBL is part of the HSC contract, there could be a meeting with all prospective contractors to address the PBL requirements. This could happen after the solicitation has been released and is done so that all parties have a clear understanding of what the PBL SOO/SOW requires. Also, the PM and Contract Specialist could be requested to participate in the HSC source selection team, industry conference and pre-proposal conference.

f. Solicitation. Upon completion of the development of the solicitation it is sent to Legal for review. In addition, an internal review is undertaken within the Contracting Department. After approval is received, the solicitation is released to the contractor(s).

3. Decision Making & Contract Negotiation.

These phases work in parallel and are ongoing until actual award is accomplished. Early in these phases the focus of contract negotiation is on solicitation issues, SOO/SOW changes and cost proposal issues. Specific steps for each phase are provided below.

This is the most critical phase of a PBL process. During this phase the contractor submits the cost proposal and the BCA is completed. There are several steps that must be completed before proceeding to the next phase. Updates to the PBL Project Tracker should be accomplished as various documents are received and approved.

a. Receipt of Contractor SOW. When an SOO has been utilized, the contractor will be required to submit a SOW. This document is submitted to the Contracting Specialist who provides it to the Government Team for evaluation. The team should review the contractors SOW to insure it addresses all aspects of the SOO. Any questions or concerns with the SOW should be forwarded to the contractor via the Contracting Specialist.

b. Contractor Cost Proposal Development. This proposal should ideally result from the pursuit of ALPHA contracting whereby the DCM Analyst, DCAA Auditor, Contract Specialist and Contractor review/analyze/agree on the various cost elements as they are developed. This avoids the typical sequential and time-consuming negotiation process. The team should review the cost proposal to insure that it addresses all requirements of the SOO/SOW and no misinterpretations exist**.**

c. Complete BCA Development. Once the Government Team has approved the contractor's SOW and accepted the Cost Proposal, these documents should be provided to Code 058112 who will forward them to Price Fighters in Norfolk. This group will perform a Cost Benefit Analysis (CBA) of the contractor's cost proposal. Upon completion of the PBL analysis, the results are compared with the traditional support costs to complete the BCA process.

d. Review of Contractor's Proposal. When the BCA does not reflect savings by implementing PBL, it may be necessary to re-address the proposal and SOW with the contractor and DCM/DCAA to ensure a complete understanding of all areas. Once these areas have been revisited, the contractor would provide a revised cost proposal that would be incorporated into an updated BCA.

e. PBL Review Board. Upon completion of the CBA, the Government Team must make a decision to proceed with PBL or terminate the process. This decision, along with back up data, is presented to the PBL Review Board for approval. The decision of the team will be updated on the PBL Project Tracker upon receiving concurrence of the PBL Review Board. Prior to submission of the business case by the contract specialist to award a PBL, a percentage of the line items must be reviewed and the pricing with PBL compared to the pre-PBL pricing (DENs B055A and B053). This analysis should include all pass-thrus and all high dollar value items and also some of the non-pass-thrus. Once the contract award is authorized, the next phase is ready to begin in full accordance with the post-award administration plan developed by the Contract Specialist.

4. PBL Implementation

This phase begins with the contract award. Each party will initiate required actions to establish PBL support for the system(s)/item(s) covered by the contract. The contractor team and the Government team will merge to produce a team responsible for PBL support.

a. Government Actions:

(1) PM coordination with the Equipment Specialist to initiate the required file maintenance actions to identify all items in the system as PBL supported items.
(2) Provide key points of contact (POCs) and phone/fax/email for specific areas of responsibility.
(3) PM coordination with Code 04 and the contractor for the establishment of required software interfaces.
(4) PM coordination with the Item Manager to move government owned inventory to the PBL contractor (if applicable).
(5) PM action to establish the contractor on the Transaction Item Reporting (TIR) 'wheel' for the movement of carcasses from the Advanced Traceability and Control (ATAC) hub to the contractor.
(6) PM action to ensure the contractor has access to NAVTRANS secure, automated website (CRIM) for up-to-date shipping information. Also, ensure contractor has required access to website, if SMART Transportation Solution is used.
(7) PM will send to the following information to 042 to load the Performance Metrics Database:

Contract Number/ WX Document Number, with Contract Start Date and Contract End Date
List of NIINs

LRC (if unique to PBL)
Performance Metrics:
CASREP Days
Priority Group 1
Priority Group 2
Priority Group 3
Fill Rate

As the Performance Metrics Database acquires greater capabilities, 042 will require other information. Contact 042 to ensure they have all the pertinent information needed for proper tracking of your PBL initiative.

b. Contractor Actions:

(1) Establish work site to support PBL agreement. Provide key POCs and phone/fax/email for specific areas of responsibility.

(2) Coordinate with the government the establishment of required software interfaces.

(3) Perform the initial review upon receipt of the government owned inventory in accordance with the SOW (if applicable).

5. Performance Monitoring

The goal of this phase is to insure a continuous process flow of material to the customers and reporting data to the government databases, in accordance with the developed administration plan that cites the responsibilities of the PCO, PM, DCM/DCAA and DFAS plus a complete listing of all potential monetary adjustments and review schedules associated with the performance metrics. Periodic meetings will be held to address contractual performance and related supportability issues.

VII. PERFORMANCE METRICS

PBL contracts are different from other contracts in that the vendor is held to performance specifications rather than delivery of assets. For these types of contracts, a set of metrics must be developed. The two main areas where we can measure supplier performance are customer response time and reliability improvements. However, individual contracts may have additional performance metrics because of specific requirements of the system.

Another factor, which must be addressed, involves the actual measurement, monitoring and the evaluation of performance. The metrics that operationalize the performance objectives must be easily and readily measured. Linking metrics to existing warfighter measures of performance and reporting systems is preferable. In structuring the metrics and evaluation of performance, it is important to clearly delineate any potential factors, which could impact the performance outcome that are outside the control of the PBL providers.

It is necessary to account for handling CASREPs/IPG1 material, routine requisitions and backorder age. Any or all of the following categories should be used to address a reduction in Logistic Response Time (LRT) over the life of the contract.

A. Response Time

There are no set response metrics for PBL contracts. The timeframes are normally based on the systems mission criticality, the degree the supplier is responsible for material outbound transportation and the

requisition IPG. Customer response time may be measured in number of hours or days that the supplier has to respond to an incoming customer requisition.

1. Average Customer Wait Time

The response time metric is derived from Average Customer Wait Time (ACWT) – As used in this instance, means the time the customer has to wait for the requisition. Since the vendor normally cannot deliver directly to the requisitioner because it may be a deployed ship with the material often routed to the Defense Distribution Depot for storage, the metric used to measure the vendor needs to be defined in each contract. Normally, Average Contract Response Time (ACRT) can be used to define the time between when the contractor gets the requisition to fill and when it is delivered to the CONUS point as defined by the ships Cargo Routing Message or the CONUS POE for OCONUS shipments. ACRT should not be used for contracts citing delivery terms as "FOB Origin" (SMART Transportation Solution). An alternate metric could be used such as "Issue Response Time", which measures the time between when the contractor receives the requisition and when material is made available for shipment.

2. Issue Response Time

Average Issue Response Time (AIRT) is a measurement of time taken to ship parts in response to requisitions received. Both immediate shipments and delayed shipments are included. Measurement time begins when the requisition is received and ends when a positive supply action is posted. AIRT is calculated by dividing the sum of the number of days required to deliver parts for all requisitions received in a given period of time by the number of requisitions received. AIRT is calculated as a rolling average, updated monthly. Once 12 months of history is achieved, AIRT calculations will be based on a 12-month rolling average.

3. Average CASREP Response Time

Average CASREP Response Time (ACasRT) for Stock Numbered Items:
Average ACasRT is a measurement of the time taken to ship parts for all CASREP requisitions. Measurement time begins when the requisition is received and ends when a positive supply action is posted. ACasRT is calculated by dividing the sum of the number of days required to deliver parts for all CASREP requisitions received in a given period of time by the number of CASREP requisitions received. ACasRT is calculated as a rolling average, updated monthly. Once 12 months of history is achieved, ACasRT calculations will be based on a 12-month rolling average.

The following is an example of FOB Origin issue response time metrics:

Casualty Report (CASREP) and Priority 1 requisitions	24 hours
Priority 2 and 3 requisitions	48 hours
Priority 4 through 8 requisitions	72 hours
Priority 9 through 15 requisitions	8 days

CASREP requisitions shall be processed **seven days a week** (or as negotiated). All other requisitions shall be processed as negotiated.

Delayed requisitions outside the 85% fill rate that could not be filled immediately, will not exceed the following time frames:

Casualty Report (CASREP) and Priority 1 requisitions	7 days
Priority 2 and 3 requisitions	30 days
Priority 4 through 15 requisitions	90 days

B. Fill Rate

NAVICP is funded by NAVSUP to meet a requisition fill rate of 85% but some systems may have a requirement for a higher fill rate. The fill rate is a measure of the volume of requisitions satisfied within the initial response time. PBL contracts should require the contractor to report any requisition that will not be satisfied within the initial response time and to provide an estimated shipping date.

The following are examples of fill rate metrics:

For Issue Priority Group I and CASREPs the delivery goal is to fill all requirements within the specified delivery days 100% of the time. IPG II-III delivery goal is to fill all requirements within the specified delivery days at whatever rate is applicable to reach a combined 85% fill rate for all requirements.

Average Fill Rate (AFR) for Stock Numbered Items:
Average Fill Rate (AFR) is defined as a measure (%) of the number of times a part is shipped to the CONUS customer or POE for OCONUS customer within the time frames identified in system specific addendum(s). AFR is calculated as a rolling average, updated monthly. Once 12 months of history is achieved, AFR calculations will be based on a 12-month rolling average.

C. Unfilled Customer Orders

Unfilled Customer Orders (UCOs) -- If the contractor does not fill 100% of the requisitions off the shelf it will have unfilled customer orders. A maximum age and/or maximum average age needs to be agreed upon. If the UCO for any given NIIN reaches a certain level, the contractor should provide a "get well" plan and provide a report at a mutually agreed upon interval.

D. Inventory Accuracy

Percent Accurate Inventory Data:
Percent Accurate Inventory Data is the number of National Stock Numbers (NSNs) having accurate inventory data to total number NSNs managed. WEBCAV SOW requires that an activity shall be responsible for maintaining an Accurate Inventory Data of 98%.

E. Reliability Improvement

Reliability performance should be a part of the past performance evaluation when entering a PBL contract. The Request for Proposal (RFP) should make clear from the outset that reliability improvements are critical for the proposed system. The contractor's reliability program should identify how they intend to monitor the proposed system's reliability performance, identify potential fleet impact, and identify the processes that will be used to make necessary improvements, resulting in improved MTBF, MTTR, A_o, etc.

The basis for reliability improvements is the level of confidence in the system's reliability predictions. The reliability prediction is dependent on the accuracy and completeness of the information used to

perform the prediction and on the methodology used to conduct the prediction. Several reliability prediction methodologies are:

Test of Field Date – Reliability demonstration tests or operational data are used to estimate reliability of the product based on failures and operating times.

Similar Item Data – Based on empirical reliability field failure rate data on similar products operating in similar environments.

F. Performance Review Boards

A Performance Review Board is to be chaired by the NAVICP IWST and also includes representatives from HSCs (NAVAIR/ NAVSEA/SPAWAR), Navy field engineering activities, fleet customers, contractor representatives and contracting personnel. The Performance Review Board should meet on a periodic basis to analyze data to determine if the supplier is performing as required.

G. Incentives

This is the appropriate place to define any incentives associated with the contractor's performance. The contract may include both positive and negative incentives for performance. Citing incentives in a SOW/SOO often determines the type of contract that must be used.

VIII. DETERMINE LENGTH OF AGREEMENT

Length of contract/agreement is determined by NAVICP's ability to forecast requirements into the future as the latter is what is used to compare to the contractor's performance, risk the contractor is willing to accept, and life of the system. Contract length should be the longest term achievable by utilizing as many option years as necessary.

IX. REQUISITION REQUIREMENTS AND PROCEDURES

After the BCA has been given final approval by code 013, the following files shall be loaded:

- AAC (Acquisition Advice Code) of "H" shall be loaded for Full PBL, MSP+, PBL-O, PBL-C, PBL- P and CLS - Unless it is terminal item (AAC = V, Y, or T). [Mini Stock Points (MSPs) do NOT get AAC of H]
- The 4th and 5th positions of LRC must be changed to one the following for PBL items:
  - ZA = Full PBL (Requisitions passed (BM) to contractor acting as a Stock Point)
  - ZM = MSP (Mini Stock Point)
  - ZN = MSP+ (Mini Stock Point Plus)
  - ZG = PBL-O (Organic PBL)
  - ZZ = PBL-C (Commercial and NDI PBL, Requisitions (BV) processed as purchases)
  - ZP = PBL-P (Partnership PBL)
  - ZC = CLS (Contractor Logistics Support)
- NIINs that have a 4th and 5th Position LRC of ZA, ZN, ZG, ZP, or ZC must be loaded into the MIFRQN (see paragraph C of this section and/or page 14 of MIFRQN DATABASE FOCUS MAINTENANCE DESK GUIDE located in KMS).

A. Determine Requisition Transmission Option

If the goal of your PBL is to use EDI, then refer to http://www.navicp.navy.mil/business/offices.htm. Select the EC/EDI program office hot link, and you will see a wealth of information on this subject including a section called A Guide to Using Logistics EC/EDI With the NAVICP. If you plan to use CAV, which will have the ability to handle requisitions with release of WEBCAV, please contact the Repair Systems Section, code 058121 for assistance. CAV is only required if you have government owned assets. All options are acceptable and the decision will depend on the capabilities and desires of the contractor you are dealing with. Also, see Appendix 1, Web-Based Commercial Asset Visibility Statement of Work.

If you plan to use some other system to transmit requisitions and status, please consult with the NAVICP PM and others as appropriate to determine the ramifications of using that system.

B. Before Contract/Agreement Award

1. RICS

Routing Identifier Codes (RICs) serve multiple purposes in that they are SOS codes, intersystem routing codes, intrasystem routing codes, and consignor (shipper) codes.

To qualify for assignment of a RIC, the facility or activity must be an integral and predetermined element of an established logistical system and must perform a general logistical, control, distribution, and/or storage mission.

The use of a RIC on any one document does not infer, imply, or intend that resultant follow-on documentation must perpetuate the RIC or any other element. RICs serve only one of the following purposes:

- An address to indicate the intended recipient of the document for logistical actions.
- An address to identify the actual consignor (shipper) on supply type release/receipt documents originated within the distribution system(s).

In order to get a RIC, the facility must have a DoDAAC address. The following websites are helpful:

The **DAAS** URL in order to cross reference (1) a DoDAAC (UIC) to an address and (2) a RIC to DoDAAC and address: http://daynt6.daas.dla.mil/dodaac/dodaac.htm

The **NAVSUP** URL in order to cross reference a DoDAAC to a RIC:
http://www.nll.navsup.navy.mil

Then click on...Commercial...NAVSUP Digital Documents... key word search for 485….485 Vol. II Part One (App 7).

2. Defense Automatic Addressing System Center (DAASC) Data Exchange

Below is some information on several DAAS communication networks that PBL contractors can connect to so they can transmit and receive MILs transactions (e.g., process and issue requisitions). DAAS is going to stop mailing hard copies soon, so it's important to apply for one of the following:

The DAAS URL to get more information on these networks and to apply for and download **DAMES** etc. is http://daynt6.daas.dla.mil/daashome/daasc_systems.htm

DAASC Integrated E-Mail Logistics (DIELOG)
Provides the capability to send and receive MILs transactions via your established electronic mail (e-mail) system. DIELOG is recommended for low data volume customers who do not have dial-up (modem) or NIPRNET (Internet) access capability.

DAASC Automated Message Exchange System (DAMES)
DAMES is a user-friendly PC based application that provides the capability to send and receive MILs transactions and narrative text via either dial-up (modem) or NIPRNET (Internet) access.

WEB Requisitioning (WEBREQ)
Web Requisitioning (WEBREQ) is a World Wide Web (WWW) application that provides the capability to send and receive MILs transactions. As a browser we recommend Netscape Navigator Version 3.0 or higher.

Defense Data Network (DDN)
Provides the capability to send and receive MILs transactions (and associated message formats) or user defined variable length message data via the NIPRNET using the File Transfer Protocol (FTP). We recommend DDN for large data volume customers.

For More Information
Contact the DAASC Information Center at DSN 986-3247, commercial (937) 656-3247, E-mail: infocenter@daas.dla.mil

3. Navy Data Exchange – SALTS

a. Streamlined Automated Logistics Transmission Systems (SALTS)

SALTS is available to all Department of Defense activities and commercial contractors, with a valid government DODACC (UIC) for the low initial set up fee of $1000.00 and an annual user fee of $250.00. Some activities do not pay directly for SALTS, provided their TYCOM or community has purchased a Site License with SALTS. New Ships, new MAGS, and new MALS are centrally funded through NAVSUP and do not require separate funding. For more information, investigate at www.salts.navy.mil or e-mail: director@salts.navy.mil

For any questions concerning RICs, contact the Planning and Management Division, Code 0411.

b. Administrative Lead Time (ALT)

A one day administrative lead time (ALT) will be assigned for PBLs except for Mini Stock Points which will either use 20 days for Indefinite Delivery contract or NAVICP aggregate for traditional contracts.

c. Recoding NIINs

(1) For all PBL items, change the Acquisition Advice Code (AAC) to "H" if it is not already so shown, unless there is a **very good** reason not to (since by definition "H" is a "PBL" item), such as AEGIS terminal items. Terminal items will have AACs of T, V, or Y. **NOTE**: For MSP, DO NOT change the AAC to "H"; code as required. DO NOT recode the AAC or

the last two digits of the LRC until the BCA for the PBL has been approved by 013 and then as directed by division director.

(2) For all PBL items, change the 4th and 5th positions of the Local Routing Code (LRC-TECH-COMP) to the following if they are not already so:

ZA = Full PBL
ZC = CLS (Contractor Logistics Support)
ZG = PBL-O (Organic PBL)
ZM = MSP
ZN = MSP+
ZP = PBL-P (Partnership PBL)
ZZ = PBL-C (CaNDI PBL, Requisitions (BV) processed as purchases)

C. Loading MIFRQN

The MIFRQN is a database (where PBL and Vulnerable NIINs are records) that stores the PBL contractor by NIIN. The **MIFRQN Deskguide** can be found in the KMS Library under NAVICP Desk Guides. It is the responsibility of the Program Manager either via the FOCUS application (B9F) from the main menu *or* if it's an initial load (x25 NIINs or more) to get NIINs loaded by Code 0425.

All PBL NIINs with the exception of PBL-Cs (ZZ) and Mini Stock Point (ZM) are batch loaded (x25 or more NIINs) to the MIFRQN database by Code 0425. PBL NIINs must be loaded to the MIFRQN database in order to obtain visibility and automate the requisition processing/change notice process of all PBL NIINs. In order to do this, Code 0425 requires the following information:

1. List of NIINs formatted in a text file (.txt) or LRC (if unique to this PBL) to pull the NIINs.
2. Contractor RIC
3. Is the contractor a TIR reporter?
4. Is the contractor on the TIRWHEEL? (If the contractor is a reporter, it must be loaded to the TIRWHEEL, if it's not already on.) To add to TIRWHEEL, contact the Program Support System Division, Code 0421, for a TIR Request Form.
5. Doc ID A4 or A5 information.*
6. Will the contract have modifications?

*A4 Definition: We send status to the customer that the requisition was passed to the contractor who will be doing the customer support function.

A5 Definition: We send status to the customer that the requisition is being prepared to be shipped from N35 (i.e. Mechanicsburg) and NAVICP will be doing the customer support function.

POCs for assistance are Code 0425 , Hal Ostrum (x1467) or Dori Golden (x2914).

D. Requisition/Ordering Procedures

1. Ordering

This process is much simpler than the requisition process, as this deals only with PBL-Cs.

When a MILSTRIP is received that is for a NIIN coded "ZZ", which identifies the NIIN as a PBL-C item, the computer program reacts to the "ZZ" coding and conducts a search to see if we have assets (e.g. FISC). If we have an asset on hand, the requisition is filled from that source. If we do not have an asset on hand, then the requisition will reject out into a manual review status with a Reject Action Code of 05 charged to ITEMP LRC, which will be processed into ITIMP as part of a batch file. The batch file is run overnight on Sunday through Thursday and at noontime, Monday through Thursday. After the batch file is run, the requisition goes into ITIMP for processing where it is placed into a BV status. ITIMP then sends out an order to the vendor who then fills it and sends the item out to the customer. However, you may or may not receive a transaction back informing you that the item has been shipped. This will depend upon how you set up your reporting requirements in your contract.

2. Requisitions

This process is far more complicated than that described above and handles items covered under PBL-Os and Full PBLs. Requisitions for Mini Stock Points are treated like a requisition going to a regular Stock Point (FISC). They are on the TIRWHEEL and will show assets and allow automatic referrals.

a. Requisition Fill Process - When a requisition for a contractor NIIN is received into the requisition processing programs, the requisition will go through the fill formula and fill the requisition at other TIR activities if assets are available. If no other assets are available then the program will check if the NIIN has a contractor RIC loaded and will send the requisition to the contractor, even if they show no on hand. Remember if the contractor and other activities are showing an on-hand balance, the contractor may not necessarily be the one chosen to fill the requisition. An A5 or A4 (depending upon which Document ID was chosen). Document Identifier will be sent to the contractor and an A4- Due Out will be established, but the on hand will not be decremented until the D7- is received. The vulnerable NIIN option works well with this process, if you want to restrict what requisitions are being sent to the contractor by authorized activities, i.e., if you don't want FMS requisitions to go to the contractor.

b. Status Generated - A status of 'BA at N35' will be sent to the customer, but an Estimated Ship Date (ESD) will not be provided at that time. When the contractor receives the A5- and cannot fill the requisition in the time frames indicated in the contract or after 3 days, they are requested to send us a Document Identifier AE6 with a BA status and an updated ESD. This will update the DSF and status to the customer will be generated. On DOC ID A4, a status of BM to the contractor RIC will be generated to the customer. A DOC ID of AE6 will the work the same for an A4 as for an A5. See the example below, the updated ESD is shown in red.

A0A-N35-S\5998012683342 \EA*00001*N00244<7283<DL03< -N00181-A
BB- 7H-652(06) -5D-287-A H- - Y9
5-D -97287-97325-00000- ( ) $0000000.000
S$003480.00- -N-E-N-0-00000-
BM*00001*EA-A-QDM-97325-M-00000- - -00000-0-Y- -0- - -D- - -A-X-
AE6-ESD 99263

c. Bouncebacks - If the contractor can't fill a CASREP in 24 hours or for some reason does not have the NSN in the requisition, they are required to call the Item Manager (this will be stated in some contracts). The Item Manager may have stock available elsewhere. The contractor then

sends a Document Identifier A6-. This will create a RAC (Reject Action Code) 96 charged to the Item Manager.

d. Cancellations - If the Item Manager or customer decides to cancel a requisition that has been sent to a contractor, a Document Identifier AC6 will be forwarded to the contractor. Item Managers can send a cancellation by inputting a Doc ID AC1. A 'B9' status will be sent to the customer. If the contractor can cancel, he will send a Doc ID AE6 with a 'CB' status. This will change the status to BQ and status will be sent to the customer. If the contractor can't cancel, he will send an Doc ID AE6 with a 'B8' status. This will set the action packet 'Unable To Cancel Indicator', DEN K038B, to A and generate a 'B8' status to the customer. See example below, DEN K038B, is in red.

A0A-N35-S\5998012148156 \EA*00001*N00244<7283<DL07< -N00181-A
BB- 7H-652(06) -5D-287-A H- - Y9
0-D -97287-97325-00000- ( ) $0000000.000
S$002240.00- -N-E-N-0-00000-
BM*00001*EA-A-QE3-97287-M-97324- - -97324-0-Y- -0-F- -4- -A-A- -
X

e. Follow-ups - If the customer sends us a follow up, Doc ID AF or AT, the contractor is a daily TIR reporter and A5- is being sent to the contractor, status 'BA at N35' will be generated. If the contractor is a daily TIR reporter with an A4- being sent to the contractor, status 'BM at contractor' will be generated to the customer along with a AT- follow up.

f. Posting to a Contractor - If you don't know the contractor RIC for a particular NIIN, the posting program has been changed for the IM to post BM YVV (YVV is used in place of the RIC). The posting program will put the correct contractor RIC on the DSF and the outgoing A5 or A4. An automatic 52/X (Asset Override) will be done by the program. You can also post the contractor RIC, if known, and the program will do an automatic 52/X Override.

Please note that if using the Vulnerable NIIN option, then an AO/X override is needed on the RAC Ms.

There is a new RAC 08 for the posting program. If the MIFRQN database record is loaded with a NIIN for a daily reporting contractor but the TIRWHEEL is not updated with the contractor info, this RAC will occur. Call Dori Golden if this happens.

g. FLASHPOINT - has been changed to show the PBL contractor by NIIN. There also has been a change to the PTBA Option S retrieval to view the PBL contractor by NIIN (if one is loaded).

h. Requisition Modifiers - Modifiers can only be sent to the contractors loaded on the MIFRQN database record. You will need to send a request to Code 0425to have this modifier indicator turned on for your items. You will be able to view the indicator in the DVD (PBL) Focus file but we are not giving update capability via FOCUS for the modifier indicator. We want to monitor who is using the indicator and that it is working correctly.

If the modifier is only changing the Media and Status Code, Fund Code, Distribution Code, Project Code, and /or Advice Code, a modifier transaction will not be sent to the contractor, but the DSF will be updated with the changes.

If the modifier is changing the Priority, Signal Code, RDD and/ or Supplementary Address, then a modifier transaction will be sent to contractor and the changes will not be applied to the DSF until a response is received back from the contractor. The changes are held in a suspense record until a response is received. The response we are expecting back are on Doc ID AE6 with either a 'B2' status - the contractor will not be making the requested changes or 'BK' status - the contractor made the requested changes to the requisition. After the program receives the BK status on the AE6, the changes will be applied to the DSF and 'BK' status will be sent to the customer. On the 'B2' status, the changes will not be applied to the DSF and 'B2' status will be sent to the customer.

i. Sample SOW Language for Requisition Processing: (NOTE: If vendor is using CAV, then there is no requirement to use DAMES; non-CAV reporters should use DAMES.)

NAVICP will transmit requisitions to the Contractor electronically using a Material Release Order, MILSTRIP Document Identifier Code (DIC) A5_ or A4_via DAMES or CAV. The Contractor will check the DAMES terminal daily by 1000 EST for new requisitions. If an asset is available, the Contractor will process the requisition in the time frames specified in Table 1 and submit a D7A TIR to NAVICP via DAMES or CAV. When the shipper picks up the material, a Material Release Confirmation (DIC AR0) will be submitted to NAVICP via DAMES or CAV. Shipping destinations may ***be obtained via the government provided Web site (if available) or by contacting the NAVICP Transportation Officer. If no asset is available to fill the requisition in the requisition response time frame as specified in Table 1, the Contractor shall, within 3 days of receipt of the requisition, submit a Supply Status (DIC AE6) with status code 'BA' and Estimated Shipping Date (ESD). If the Contractor later determines that the original ESD can not be met, an updated Supply Status (DIC AE6) will be sent to NAVICP citing a new ESD. If the Contractor determines that the requisition is not valid (not a PBL item, not a valid user, rqmt previously supported, etc.), after contacting the NAVICP Inventory Manager, a Material Release Denial (DIC A6__) will be submitted to NAVICP. Material Release Denials can also be used to reject 'partial quantities' if the Contractor determines that the ship has requisitioned too many. Customer Cancellations: NAVICP will transmit a Supply Source Cancellation (DIC AC6) to the Contractor to request cancellation of a previously submitted requisition. If an asset has not been shipped, the Contractor will respond with a Supply Status (DIC AE6) citing status code 'CB', advising that the requisition has been canceled. If an asset has already been shipped, the Contractor will respond with a Supply Status (DIC AE6) citing status code 'B8', advising that the requisition will not be canceled.***

At time of award, the contractor will provide a toll free pager phone number for the government to notify the contractor of CASREP requisitions being transmitted during non-working hours (after 1700 Monday – Friday and on weekends). The contractor will process all requisitions in accordance with Table 1. The period for processing requisitions begins when the contractor receives of the requisition and ends when the material has been delivered to the destination designated by the Transportation Officer.

E. Files Maintenance After Award

A NIIN may be lost from the MIFRQN database when 1) a NICN converts to a NIIN, 2) a NIIN migrates from the Master Data File (MDF) to the Old NIIN File (ONF), the NIIN History File (NHF), Tech Reference File (TRF) or the Program Support Interest (PSI) File. When a PBL NIIN is lost from MIFRQN, vendor information is lost as well. As a result, requisitions could be put into a backorder status without the IM's knowledge.

In order to provide better visibility of NIINs dropping from the MDF, a FOCUS file of NIIN Change Notices covering the previous eight weeks was added to the PBL application menu. This provides the IM a tool to search for any changes against a particular NIIN or of all NIINs of a given LRC. However, PMs/IMs should subscribe to the "NIIN Change Notices" by e-mail; they may do so by sending their complete ICPMECH e-mail address and the LRCs of interest to Hal Ostrum, Code 0425.

The following procedures should ensure PMs/IMs have visibility of Vulnerable (if used) and PBL NIINs:

Code 0425 does batch updates (50 or more, usually). There is a FOCUS application for Item Managers to enter or modify their NIINs and authorized activities. Go to B9F from Main Menu. For Vulnerable NIIN action, it's option 2 or for PBL NIINs, it's option 1. Since you want to add NIINs and their activities to the Vulnerable NIIN file, choose option 2 then, from the Vulnerable NIIN menu, select 2 again for NIIN/Activity Maintenance and a field pops up for your LRC to be included. The NIIN entry screen will come up; enter your first NIIN and whether you want to manually review the requisitions or reject them with a 'D8' status if the activity requisitioning is not authorized. When you enter the NIIN, the "Activities" screen will come up. It allows you to enter up to 50 authorized activities at a time. You can make on-screen changes or from the options at the bottom, delete or cancel a delete by entering it's position number. Notice that you must hit the enter key or page forward to commit your changes; PF3 exits without changes. When you're through entering activities, PF3 will return you to the NIIN screen where you can add another NIIN or blank out the old NIIN and hit enter to exit.

This application passes your data to an overnight job which updates the MIFRQN, so be sure to change the critical indicator (B008A) for each NIIN before it runs or it will error out. You can set this by submitting PTSP under RTS and setting first position of B008A to 'Y'. Code 058111, x1609, is a POC for 05 Vulnerable NIIN process, if you need assistance.

X. INVENTORY ACCOUNTABILITY

A. General

All government assets must be accounted for. There are several options to report assets, which include using contractor's records if your PBL program is an approved prototype. If not a prototype, then a form of CAV needs to be used. For arrangements to establish the contractor as a CAV user, please contact the Repair Systems Section, code 058121.

B. Inventory Close-out

At the conclusion of the contract, the vendor shall provide to the Government enough 'A' condition assets to satisfy, at a minimum, quarterly demand (at contract award) for one leadtime (quarterly demand x RTAT or PLT). The Government also reserves the right to utilize the Transition CLIN to repair/procure additional material as needed.

All Government inventory provided at time of award and throughout the contract, less the items which were requisitioned, designated scrap and determined BER, shall be returned at contract completion. The returned totals of the various condition codes for each NSN shall not necessarily be the same totals originally provided. This Government inventory in the vendor's possession should be accurate, accountable and reflect all the inventory adjustments or changes in configuration of parts that occurred throughout the contract. Any difference between Government-provided inventory and the ending balance will require an adjustment at contract completion. The cost to package and transport this inventory from the Contractor shall be borne by the Government.

XI. CARCASS TRACKING

This process should not change under PBL with retrograde returning through the ATAC system. Code 014 is responsible for forming a team to write a requirements statement to allow carcass tracking on contractor owned material without adding to NAVICP inventory.

XII. CHANGES TO CUSTOMER BASE (POPULATION) NOTIFICATION

Since the contract or MOA is entered based on certain assumptions (e.g. the system population), when these assumptions change the contract needs to be adjusted. There are several methods for handling these changes including:

- pricing potential change out in advance,
- all potential changes are included in the original price
- an equitable adjustment.

Whatever mechanism is used it is important to keep the contractor informed of changes as early as possible so it has as much time as possible to respond. This does not apply to Mini-Stock Points because the contractor is only reacting to our directions to fill requisitions.

XIII. INCENTIVES AND NEGATIVE INCENTIVES OR ADJUSTMENTS

The contract does not have to offer incentives because the contractor is being paid to meet certain performance requirements. If the system needs a higher performance, put that requirement into the performance criteria, not in an incentive. If you decide to include an incentive, then it must be identified and budgeted. This means the whole amount, base contract plus full incentive amount, must be approved through normal budgeting procedures.

Every contract should contain negative incentives or negative adjustments that reflect the impact of the contractor not meeting the performance metrics. Obviously, if the contractor does not meet the performance requirements the contract can be terminated but that is not always in the best interest of the government. Using a negative adjustment to compensate the government for the lack of performance may be just the vehicle to get the contractor's attention. Also, look at incorporating the award term provision rather than options because it better incentivizes the contractor's current performance and ties future awards to meeting the award term provisions.

For more details, see specific PBL type in this guide.

XIV. RETENTION OF CONSUMABLE ITEMS

NAVSUP is exploring a waiver with Deputy Under Secretary of Defense to use IMC "B" for PBL items. In the meantime, NAVSUP has stated that the use of IMC "J" is appropriate to retain new items on the basis of the contractor managing configuration which enables it to make reliability improvements/technology insertions as needed to achieve contractual performance goals. NAVSUP believes DLA will likely approve back transfer of unique existing items if contractor is controlling the configuration and obsolescence and DLA stocks will be depleted. NAVSUP letter Serial 4B2C/095 of 17 SEP 99 applies. NAVICP POC for backtransfer of DLA items is in Program Management Policy Section, code 058112.

XV. MATERIAL TURN-IN FROM FLEET/MATERIAL TURN-IN FROM STORES

Appendix 2 offers a detailed recommended solution to handle material turn-ins from the fleet for PBL initiatives. Contact the Inventory Management Section, code 058111, for further assistance.

XVI. HANDLING CLASSIFIED ITEMS

SSDINST 4440.10, DATED 6 June 2000, states that classified items are to be DRIPR coded "K". Under the PBL scenario, DRIPR coding is discouraged. However, since classified items should be routed to the IM for an issuing decision, items that are classified "Confidential", "Secret", or "Top Secret", should be DRIPR coded "K".

If in doubt about whether or what to code an item, the PM/IM should take the matter up with his/her supervisor.

XVII. PICA/SICA ISSUES

When a PBL is being considered, thought needs to be given to the DOD Non-consumable Item Program (NIP). Under multi-Service instruction, NAVSUPINST 4790.7/AMC-R 700-99/AFLCR 400-21/MCOP 4410.22C, any repairable NIIN used by more than one Service must have support collaborated among them. By cataloging rules, there must be a Primary Inventory Control Activity (PICA), who is the lead Service...all other users are Secondary Inventory Control Activities (SICAs). The Federal Logistics Information System (FLIS), formerly DLSC, is the official record.

NIP rules apply at the NIIN level, so you may be required to look at individual items for unique circumstances.

Generally, if NAVICP is PICA, we should have no problem establishing PBL support...just collaborate any change required...PICA has the final say.

If NAVICP is SICA on any NIINs in the range of PBL candidates, you must consider today's support method and what is desired in the future:

If the NIIN(s) is under Phase II support (Non-consumable Item Material Support Code (NIMSC), DEN D125N = 5), you cannot ignore the PICA...one easy solution would be to request a change to NAVICP as PICA, meaning you now would support other Services on your PBL contract...another solution is to not include the item in your PBL contract...yet another would be to negotiate permanent local procurement authority from the PICA so that the PBL can be executed and PICA requirements excluded.

If the NIIN is under Phase I support (NIMSC = 2/3/4/8/9), you could execute a PBL for Navy customers only, but you would need permanent local purchase authority from the PICA...another option would be to request a change to NAVICP as PICA, meaning you would support all other Services...yet another option would be to exclude the NIIN from PBL consideration.

For further information, contact the Program and Inventory Management Branch, code 05811.

XVIII. MULTIPLE PURPOSE NIINS IN PBLS

Per DoDINST 4100.39, part numbers should be assigned only ONE National Stock Number. Although most PBL contract are for sole source, Navy system unique parts, situations may develop where other Navy systems may require the same part, and subsequently increased demand/support must be considered as a deviation from the negotiated PBL contract. Every effort should be made to support multiple applications that may develop after contract award – if a significant demand increase is anticipated, the contract may require modification to provide the required support.

There are exceptions to the single NSN – single part number rule. Some parts may be software or hardware incompatible in other systems, or may require more stringent testing or manufacturing standards (i.e. – some nuclear items requiring special testing; Level I Subsafe; etc.) than the average part. In these rare cases, multiple NSNs can be assigned to the same part number. Items catalogued under multiple NSNs require a "clear text" entry be made on the record of the "new" NSN justifying the duplication, and setting the Reference Number Verification Code (DEN D006) and NSN Justification Code (DEN C001D) be set to "1". Contact Code M05621 for more information.

PMs of both systems should coordinate carefully to ensure no duplication of effort, multiple LRC assignment or budget replication occurs. If consensus on NSN support concept cannot be achieved, contact Code M058112 for assistance.

XIX. CASREP BEEPER NUMBER

If the contractor must provide 24 hour CASREP support, language must be included in the Statement of Work to reflect this requirement. Below is sample SOW language (you may need to tailor it for your specific program).

"KTR will provide, at time of award, a pager-phone number for NAVICP to notify KTR of CASREP requisitions or other requirements during non-working hours. Working hours are defined as Monday through Friday 0800-1700 EST with the exception of federal holidays. NAVICP will provide a similar phone number/pager point-of-contact to coordinate KTR efforts with NAVICP's efforts."

A central listing of PBL Beeper numbers and 1-800 numbers will be maintained by Code 056 and by the NAVICP Command Duty Officer, x4444. (Contact the CDO only after normal working hours.) Upon award of PBL or change of number, PMs must forward such information to Code 056.

XX. FUNDING ISSUES

PBL Budgeting Guidance

PBL - Includes both commercial and government efforts (Mini Stock Point, Mini Stock Point +, PBL-O, PBL-C, Full PBL, and CLS).

Material Support Date (MSD) - Should normally be established using traditional support timeframes, **unless** PM has a high degree of confidence that PBL will actually occur. If so, use the planned contractual Production Lead Time (PLT).

Budgeting – Since PBL contracts normally cover a five year period of time, budget accordingly.

1. ICP Production Lead Time (PLT) - (Budget based on the PLT that was used to establish MSD). PARTS initially defaults ICP PLT to 25% reduction from End Item PLT. The Program Manager can override the default and insert actual known values.

2. Review Cycle - Set initial PARTS review cycle to commence on PMSD.

3. Obligation Dates - Set date for FSS year to ICP PLT in advance of PMSD.

4. Retail (OBRPs) - Budget for all installs with MRDs requiring ICP support that fall within the FY Review Cycle.

5. Wholesale (System Stock) -

(a) Budget using actual figures (if known) or contractor's proposal or by using traditional standard percentages. Actual or computed dollar value will be displayed in System Stock Initial (if FSS) or System Stock FOSS (if FOO). If applicable, insert system stock offset (residual material provided by HSC at MSD transition).

(b) Budget in FSS year and first FOO year only (demand development period). Strat will budget for subsequent years with IM/PM validating demand and reduced PLTs. PM Budget for both FSS and first FOO year will include demand to support entire TWAMP in each FY. Thus if standard percentages are used, program WILL NOT deduct previous year (FSS) budget requirements from FOO budget requirements.

(c) Legacy systems may already be budgeted by Strat. If so, they will not require budgeting by PM.

(d) PM should budget FOSS for third and subsequent FYs per current FOSS policy (SPCCINTINST 4400.40A CH-2).

6. DLA Allowance Cost Each - (for NSNs managed by DLA). Budget same as traditional support.

7. Other Allowance Cost Each - (for NSNs managed by activities other than NAVICP-M or DLA). Budget same as traditional support.

8. PBL Management Cost and PBL Repair Cost –

a. COMMERCIAL If known, actual costs should be inserted using the fixed price contract or contractors estimate if cost plus incentive contract. If actuals are not known, compute by taking the following PBL Standard % multiplied by End Item Cost multiplied by TWAMP and insert into this block. The PSD 1391 screen contains separate fields for these values. The 1391 screen also has a new button labeled "PBL EST" that will perform these calculations for you using the following percentages:

	Management	Repair
HM&E	.008	.021
Electronics	.003	.007
Ordnance	.008	.021
Code 84 HM&E	.005	.013
Code 84 Electronics	.003	.007

ICP code 013, Material Budget Department, should be consulted on the general setup of the CLIN structure of the contract to ensure facilitation of commitment and obligation of funds.

On an annual basis the prices of the NIINs in the PBL need to be reviewed. The exact time of the pricing review can change from year to year but February is a good rule of thumb. Based on the

forecasted demand, the sales or other payments (HSC contribution, etc.) for the PBL need to cover the obligations made for the PBL. Obligations made for the PBL include material, company/ISEA management fees (not always separately priced), ICP OPS and other costs, and DLA costs. If management fees are separately priced, they need to be allocated over the material costs per NIIN. Code 013 can assist in this allocation. ICP OPS and Other costs are covered under the Cost Recovery Rate. Some material prices can be reduced based on justifiable savings, such as a PBL-O facility returning a large percentage of a NIIN to stock due to no fault evident. These price reductions can offset the costs added to the items for management fees.

The following language is provided for inclusion in an MOA or SOW:

> The contractor shall prepare and submit an annual listing of burdened and unburdened replacement/repair costs for each NIIN to NAVICP not later than 1 February of each year. Burdened unit cost should include all costs associated with the repair or manufacture of a unit, including but not limited to material, labor, overhead and profit. The information is to be provided in a mutually agreed upon format.

Note: On commercial PBLs, management costs are normally incorporated into the material costs and thus should be included in material budget requirements and explained in the comments section.

b. ORGANIC. On organic PBLs, management costs are normally broken out separately and should be budgeted separately. Accounting for Direct Cite and Reimbursable Funding on WX Documents:

The amount of funding in each of the Direct Cite and Reimbursable categories of this line of accounting has been discussed and agreed upon by NAVICP and the Administering Activity:

> *Reimbursable* funding is used to cover management costs as well as procurement or repair work accomplished by the Administering Activity, and is obligated up front with acceptance of the WX document. The amount of reimbursable funding may be obligated throughout the fiscal year (i.e. quarterly) in order to reduce any up front budget impact.
>
> *Direct Cite* funding is for procurement or repair work that is subcontracted outside the Administering Activity, and is held in commitment status until contracts are written. The funds will be moved from committed to obligated when the contract/purchase order/etc. is received by Code 014 at NAVICP.

The agreement sent to the NAVICP by the Administering Activity for obligation of Direct Citation funds must cite the WX Document or RCP number and the line of accounting against which the funds will be obligated.

NAVICP asks that the Administering Activity return the signed acceptance copy within 10 days of receipt, since funds cannot be expended until the signed copy of the WX document is on file.

XXI. PACKAGING AND PRESERVATION SUPPORT

Assets shall be packaged in accordance with MIL-STD-2073 or the contractor's approved commercial practices as determined by contractual requirements. MIL-STD-129 requirements apply for marking of packages/containers.

Commercial packaging is appropriate for material being shipped via premium transportation and for CONUS shipments of items, which will be used immediately. ASTM-D3951-98, "Standard Practice for Commercial Packaging" provides basic guidance for commercial packaging. Packaging that provides the best protection for the lowest cost should be used when required for No Failure Evident (NFE) equipment and "Quick Fix" (requiring minor repair) items.

Material shipped Outside Continental United States (OCONUS) and material shipped directly to ships at sea should be packaged using the guidelines for military packaging in MIL-STD-2073.

Foreign Military Sales (FMS) material should receive military packaging and Level A packaging per MIL-STD-2073. Minimum packing applies to shipments to Canada. (Level B for parcel post shipments).

Spares and repair parts should be preserved and packed in accordance with MIL-STD-2073.

All packaging and packing methods will adhere to military requirements for plastic reduction, hazardous material, prohibited cushioning, (i.e. loose-fill peanuts), and protection from electrostatic discharge (ESD) damage.

Additional questions regarding packaging and preservation should be directed to the Pollution Prevention and PHS&T Division, Code M0772, (717) 605-2243.

XXII. TRANSPORTATION ISSUES

A. Types

Following is language for SOW/MOA regarding shipment of material. For organic facilities, delete references to the FAR and change "contractor" to "organic facility".

1. SMART Transportation Solution

CONUS and OCONUS SHIPMENTS:

In response to Navy requisitions, the contractor shall arrange delivery of RFI assets to the required destination in accordance with timeframes specified in the statement of work. Delivery terms for shipment to CONUS/OCONUS consignees shall be FOB origin (FAR 52.247-29 applies). The contractor shall use NAVTRANS Smart Transportation Solutions (STS) to arrange material for shipment.

The SMART Transportation Solution receives electronic requisition data from the Defense Automated Addressing System (DAAS) and uses this information to populate a web-based order fulfillment module (Networks Procurement) that enables contractors to update requisitions "on-line" with package-specific information. Once the contractor has provided weight and cube information,

the shipment is automatically optimized, and the shipping documentation is automatically generated for the contractor.

The contractor will have the ability to electronically retrieve the Cargo Routing Indicator File (CRIF) from the Financial Air Clearance Transportation System (FACTS) and will be provided an automatic update from the "Ship To" address file.

The contractor shall electronically populate the Small Package Express (SPE) module of the Global Freight Management (GFM) system for both CONUS and OCONUS small package shipments (up to 150 lbs) as well as CONUS over-the-road shipments, when available.

Contractors shall access GFM via the Networks Procurement Link in STS and retrieve small package and Military shipping labels for their requisitions.

The contractor shall arrange for complete shipments, partial shipments, and provide backorder status via a Supplier comments field.

Contractors shall enter requisition information via the Internet as an additional method of populating Networks Procurement with requisition information for requisitions under this contract received via phone or fax.

Contractors shall contact the NAVTRANS STS programmer desk, for any operational questions at (757) 443-5317 and the NAVICP-M Transportation Office by sending an Email to: NICPM_TransOff@icpmech.navy.mil with requisition number, weight and dimensions of shipment and phone number.

RETROGRADE SHIPMENTS:

The government will be responsible for shipment of NRFI material for repair.

See Appendix 15 for further information on STS and the Business Rules.

2. Traditional Transportation

CONUS/ HAWAII/PUERTO RICO SHIPMENTS:

Contractor will be responsible for arranging delivery of RFI assets to the required destination, in response to Navy requisitions and in accordance with timeframes specified in the statement of work. Delivery terms for shipment to CONUS consignees shall be FOB. origin (FAR 52.247-29 applies). Contractor shall be responsible for using the DOD GSA Small Package Express program for shipments up to 150 lbs. When available, Contractor shall use NAVTRANS Smart Transportation Solutions (STS) to arrange shipment. Navy will provide information on the use of STS. Contractor shall use the DAAS DODAAD web page to obtain CONUS activity shipping addresses if the consignee's address is not specified on the requisition/order. The DAAS DODAAD web page address is as follows: https://daynt6.daas.dla.mil/dodaac/dodaac.htm. This system allows users to access shipping addresses using the activity's DODAAC. The "TAC2" (freight) shipping address from this database shall be used to make shipments. Use the TAC 1 address only if a TAC 2 address is missing from the database. (Use of TAC 3 addresses from this database could result in misdirected shipments).

OCONUS SHIPMENTS:

For shipments to OCONUS consignees up to 150 lbs, delivery terms shall be FOB. origin (FAR 52-247-29 applies). Contractor shall be responsible for using the DOD Worldwide Express program to ship material where a commercial street shipping address is available. Contractor shall prepay and add freight charges. When available-Contractor shall use NAVTRANS Smart Transportation Solutions (STS) to arrange shipment. Otherwise, contractor shall contact the NAVTRANS "Fleet Locator" desk as needed to obtain overseas commercial air shipping address information for OCONUS activities at (757) 443-5434.or contact the NAVICP-M Transportation Office by sending an Email to: NICPM_TransOff@icpmech.navy.mil with requisition number, weight and dimensions of shipment and phone number.

For shipments of greater than 150 lbs to OCONUS consignees, and any shipments not covered by the Worldwide Express contract or otherwise required to be shipped by military airlift, delivery terms shall be FOB origin (FAR 52.247-29 and FAR 52.247-52 apply). Shipment will be made to the CONUS military aerial port specified by the Navy, for ultimate delivery to OCONUS customer sites. When available-Contractor shall use NAVTRANS Smart Transportation Solutions (STS) to arrange shipment. Otherwise, contact the NAVTRANS "Fleet Locator" desk as needed to obtain military airlift shipping information for OCONUS activities at (757) 443-5434 or contact the NAVICP-M Transportation Office by sending an Email to: NICPM_TransOff@icpmech.navy.mil with requisition number, weight and dimensions of shipment and phone number.

Contractor shall address the shipment to the military aerial port and mark the shipment for the OCONUS activity as specified by NAVTRANS. Specify “TAC N901 for consumables and “TAC N928” for repairables on shipping documentation and as part of the “Mark for” instructions. Contractor shall comply with all applicable labeling, marking and documentation requirements specified by MIL-STD-129N, Standard Practice for Military Marking and DOD 4500.32-R,and Military Standard Transportation and Movement (MILSTAMP). Transportation Control and Movement Documents (TCMDs) and bills of lading shall cite Transportation Account Code (TAC) “TAC N901 for consumables and “TAC N928” for repairables.

NOTE: “TAC N928” and “TAC901” are used by commercial vendors only. TACs for all services can be found at https://www.daas.dla.mil/tac_inq/tac_menu.html.

RETROGRADE SHIPMENTS:

The government will be responsible for shipment of NRFI material for repair.

B. Title And Control For F.O.B. Origin Shipments:

The contractor shall retain title and control of the full inventory of wholesale system assets. The title transfers to the government upon delivery of the material to the transportation consignee. Delivery terms for shipments will be FOB Origin. Title of Not Ready for Issue assets will transfer to contractor upon shipment of the material from the government Advanced Traceability and Control (ATAC) facilities.

C. OFF-Hours Delivery

When the carrier cannot deliver the item to the designated delivery point due to facility closure, the item is not to be returned to the originating facility. The following language applies:

"If the address given is closed due to after hours or holiday delivery, call 1-877-41TOUCH for a valid delivery address. Do not return part to originator."

XXIII. SERIAL NUMBER TRACKING

Most repairable components currently have serial numbers assigned as part of the manufacturing process, which are visible with existing nameplate data. In order to support the Navy's commitment to Serial Number Tracking (SNT) the contractor shall enter the National Stock Number, Part Number, and Serial Number of the retrograde ('F' Condition) component into the field provided via WEB-Commercial Asset Visibility (CAV) and upon issuance of material ('A' Condition) to the Smart Transportation Solution (STS). If the part number is changed due to modifications (such as the implementation of a service bulletins), that information shall be recorded into the Web CAV System as well.

The following is a draft clause for use of Contact Memory Buttons and/or Bar Coding.

Contractor shall be responsible for implementation of the Serial Number Tracking / Automated Identification Technology (SNT/AIT) Program. AIT consists of either Bar Codes or Contact Memory Buttons (CMB). Contractor shall procure, program and install AIT (Bar Codes and CMB) onto components as authorized by the Hardware Systems Commands [or the NAVICP]. Type of AIT and placement location on the component will also be determined by the Hardware Systems Command [or NAVICP]. This Contract Line Item shall be exercised upon notification by a (NAVAIR TD, NAVSEA ECP, or SPAWAR ECP). The CMB Reader/Writers can be purchased from the GSA (#GS-35F-0216J) (See note at end of clause) or the PN AIT II Contract depending on additional required capabilities such as 2D Barcode or wireless connectivity. The existing nameplate shall not be removed. Following is contractual language for the installation of AIT.

1. Contractor shall purchase a sufficient number of contact memory buttons or Bar Code Material to mark all subject items.

   For Contact Memory Buttons

   The dimensions are as follows:

   Flange Diameter = 14.3 mm, Flange thickness = 0.2 mm, Button diameter = 10.7 mm, and Button height = 3 mm

2. Contractor shall purchase supporting contact memory reader hardware to read the CMB and the associated ANSI MH10 standard Syntac/Semanitcs. The contractor shall determine the quantity of hardware necessary to meet the requirements of this contract. Minimum hardware requirements are:

- One Mini-Button ButtonLaser with 1mb of memory.
- One Downloading Station.
- One Serial cable and power supply.

3. The contractor shall be provided the following Government Furnished Equipment:

- ButtonLaser/ButtonReader Software

- CMB Implementation Software
- CMB Interface Software Specifications Implementation Manual
    - Software Load Procedures
    - Data Element Dictionary
    - Data Format Instructions
    - Data Load Instructions
    - CMB Application Procedures

4. Contractor shall adhere contact memory button in accordance with published CMB Application Procedures included with Government Furnished Equipment (GFE) Implementation Manual. Contractor shall affix contact memory buttons in the location as determined by Hardware Systems Commands and referenced in this contract.
5. In accordance with the Software Load Procedures within the GFE Implementation Manual, contractor shall load GFE ButtonReader/ButtonLaser software into MacSema hardware for purposes of serial number tracking as it applies to this contract.
6. The contractor may increase capabilities of the CMB at no additional cost to the Government of the CMB (i.e. tracking, maintenance, sub-component installations) by developing interfaces to other information systems and storing other data. Contractor may utilize 2k of CMB memory for this purpose.
7. Contractor shall prepare two data files on a personal computer to be loaded onto contact memory buttons. Data files will be prepared in accordance with the Data Format Instructions included with GFE Implementation Manual. Name Plate information will be contained in a file named *.ID_ and Warranty data will be contained in a file named *.SUP.
8. The contractor shall store the following data in the *.ID_ file: Nomenclature, Part Number, Serial Number, Lot Number, Date of Manufacturer, NSN, Cage, and Model number. Data shall be stored in this listed order and shall be stored as ASCII, tab-delimited text. This data shall meet the specifications listed in the GFE Data Element Dictionary found in the Implementation Manual.
9. The contractor shall store the following data in the *.SUP file: Contractor Name, CAGE, RIC, Contract Number, Award Date, Contracting Officer, Expiration Date, NSN, Part Number, Serial Number, Nomenclature, Date Delivered, Warranty Start Date, Warranty Stop Date, Guaranteed MTBR (as required), Actual MTBR (as required), Guaranteed NFF (as required), Actual NFF (as required), NFF (as required), and LRC (Y/N Data shall be stored in this listed order and shall be stored as ASCII, tab-delimited text. This data shall meet the specifications listed in the GFE Data Element Dictionary found in the Implementation Manual.
10. The contractor shall load data onto the contact memory buttons using GFE Data Load Instructions found in the Implementation Manual.
11. Include on the contract to include PDF-417 and 3 of 9 bar-code marking of shipping container at location specified by DOD. The Bar code shall include, as a minimum: Nomenclature, Unit of Issue, Quantity, Part Number, CAGE, National Stock Number, Serial Number, Contract Number with eye-readable format.
12. Contractor shall provide to the Government an annual SNT Implementation Progress Report. (DI-MGMT-80555).
13. If the contract is written FOB Origin and the contractor is shipping material via the Smart Transportation Tool, the contractor shall load serial numbers into the S/N entry section in the Procurement module interface for shipment tracking purposes.

14. The contractor shall ensure drawings are changed and updated to be consistent with the addition of CMB or bar coding, as required. For legacy systems, NAVAIR or NAVSEA must approve the design/drawing changes through the TD/ECP process for CMB or bar code installation on components.

Data Name	Type	Size	Format	Justification	Sample Data
Contractor Name	A/N	25		left	Marconi
CAGE	A/N	5	XXXXX	left	78286
RIC	A/N	3		left	Q9Q
Contract Number	A/N	15		left	N00383-98Y-8063
Award Date	N	8	YYYYMMDD	left	19990930
Contracting Officer	A/N	10		left	NAVICP-P 0235
Expiration Date	N	8	YYYYMMDD	left	20030131
NSN	A/N	13	xxxx-xx-xxx-xxxx	left	6605-00-356-4253
Part Number	A/N	32		left	50-085-02
Serial Number	A/N	15		left	169
Nomenclature	A/N	24		left	CPU-175
Date Delivered	N	8	YYYYMMDD	left	20000103
Warranty Start Date	N	8	YYYYMMDD	left	20000103
Warranty Stop Date	N	8	YYYYMMDD	left	20030131
Guaranteed MTBR	N	4	999	left	431
Actual MTBR	N	4	999	left	232
Guaranteed NFF	N	4	9.99	left	.45
Actual NFF	N	4	9.99	left	.10
NFF(Y/N).	A	1	Y or N	left	Y
Local Routing Code	A/N	5	NC7NT	left	NC7NT

Data Types: A – alphabetic, N – numeric, A/N – alphanumeric

END OF CLAUSE

NOTE TO CONTRACTING OFFICERS:
Reference made to use GSA contract in paragraph 1 of example clause. This must be in compliance with Federal Acquisition Regulation 51.101.

XXIV. E-BUSINESS CLAUSE

The following clause has been developed by the NAVICP e-Business Office for use in Sole-source solicitations (RFPs) and, on a case-by-case basis, Competitive solicitations (RFPs) using Best-Value evaluation criteria. The clause was initiated for use in Performance Based Logistics (PBL) arrangements, but can be used in solicitations for Sole-source traditional/legacy requirements as well. **The clause shall be listed in Section L of the solicitation.**

This clause is not meant to be specific or limiting in any way. The purpose of it is to simply open communications with the contractor concerning any innovative e-Business type ideas or procedures already in place.

In conjunction with this contracting effort, the Naval Inventory Control Point (NAVICP) is seeking information regarding e-Business initiatives that the offeror is currently utilizing. These initiatives may include, but are not limited to, requisition processing tools, collaborative work environments, unique web-based applications, repair asset management, or other innovative e-Business practices. NAVICP is seeking this information in order to enhance service to the fleet by maximizing the use of e-Business technology.

This e-Business clause has been reviewed by requirements and contracting personnel at both NAVICP sites and has been approved by legal counsel.

XXV. FOREIGN MILITARY SALES (FMS)

FMS sales are an important part of NAVICP's business. The placing of these contracts is not intended to be a vehicle for a contractor to increase its direct foreign sales. Provisions for handling non-COOP LOG (non-CLSSA) countries must be addressed. It is recommended that the buys continue to be spot–buys for items not in long supply and the contractor should understand that filling an FMS requisition will not be an excuse not to meet established performance metrics.

If the contractor presents an opportunity to NAVICP to sell excess assets directly, the matter needs to be addressed by 01, 02 and the responsible PM's chain-of-command.

A. Foreign Military Sales (FMS) Support

FMS, one of the programs within Security Assistance, encompasses several specific programs executed by the U.S. government with another nation or international organization. Through FMS support, eligible customers purchase defense articles and services from the United States Navy (USN). The purchasing customer pays for all costs associated with the sale, including the cost of administering the sale, in accordance with a contractual document known as a Letter of Offer and Acceptance (LOA). The LOA is signed by authorized representatives of both governments. The sale may be on either a cash or credit basis. A LOA is generally referred to an FMS case.

B. Points of Contact

The FMS Aviation Department point of contact is P751A, DSN: -442-3530. The FMS Surface/Submarine Department point of contact is International Programs Division, code M0585, DSN: 430-1799.

The USN inventory manager should contact the FMS point of contact when a weapon system is being considered for Performance Based Logistics (PBL) support. The FMS aviation or surface /submarine department will determine the number of countries, if any, using the weapon system and assign a person to work with the USN inventory manager on any FMS issues.

C. Assets

Normally, under a PBL contract, the USN transfers assets to a contractor to store at the contractor's facility in a rotable pool. The Government will retain ownership. The contractor will provide availability and reliability calculations for these assets based on a peacetime scenario and average annual operating hours.

The FMS customers will probably not send their assets to the contractor to manage in the rotable pool. This is important to understand for requisitioning and repair considerations, which will be covered separately.

NAVICP operates a FMS Reserve Program to support FMS weapon systems that are out of production/out of inventory. USN assets that are transferred to a PBL contractor may be part of this FMS Reserve Program. These assets are not to be used by the PBL contractor in support of any direct commercial sales.

D. Requisitioning Process

The FMS customers submit their spares requisitions to the USN in MILSTRIP format. Unlike domestic Navy requisitions, the first six characters of an FMS requisition number (cc 30 –35of the MILSTRIP) and the six position supplementary address code contain specific information that identifies the FMS customer country, in country mark for address, Delivery Term Code, Type of Assistance, Offer/Release Code, Freight Forwarded, and FMS Case Designator. FMS requisitions undergo a series of validations by the Management Information System for International Logistics (MISIL) at NAVICP before they are entered into the supply system. Throughout the supply process, activities involved in processing a requisition provide NAVICP with status information indicating the progress of supply action. As this status information is received by MISIL, NAVICP sends it (in MILSTRIP format) to the FMS customer. Therefore, the PBL contractor must have the capability to accept demand requisitions and provide status reports electronically by electronic data interchange (EDI). EDI is the preferred method.

E. Spares Requisitioning

The following outlines the alternative FMS spares requisitioning procedures and their potential PBL implications. Note that the construction of the FMS MILSTRIP documents not only readily identifies FMS requirements, but also contains information on the type of FMS case to which the requirement applies. In the current supply system, this data is used to establish requisition fill level criteria.

1. Initial Spares Support - The FMS customers buy spares from the USN as part of an initial supply support package for a weapon system or for follow-on support. The initial supply items and quantities are normally determined by the FMS Aviation/Surface department, based on the number of aircraft/ships that the country buys and their operating scenario and maintenance levels. The FMS Aviation/Surface will input these requisitions into the supply system. Initial support requisitions are recorded as non- recurring demand by the supply system. Material will be issued from on hand system stock down to the reorder level. Material not available above reorder level is procured for direct delivery to the customer citing the FMS case funds. Initial support requisitions for repairable (7COG) material are usually provided from new procurement under the terms of the FMS case. If initial support repairables are provided from stock, there is no associated carcass turn in. 7-cog material supplied from stock is billed at standard versus net price.

2. Follow on Spares Support - The FMS customers submit follow-on spares requisitions to NAVICP under two types of cases. A Direct Requisitioning Procedures (DRP) case does not list any specific items to be delivered under the case and the FMS customers can requisition up to the dollar value of the FMS case. A Cooperative Logistics Supply Support Arrangement (CLSSA) case requires the FMS customer to invest in augmentation of items in the U.S. supply system so their requisitions receive similar access to supply system assets as a USN requisitions.

3. DRP Requisitions – Like Initial support requisitions, DRP requirements are recorded as non-recurring demand by the supply system. Material is issued from on hand system stock down to the reorder level. Material not available above reorder level is procured for direct delivery to the customer, citing the FMS case funds. DRP requisitions for repairable (7COG) material, supplied from stock, do not involve a carcass turn in and are billed at standard vs. net price.

4. CLSSA Requisitions – After the Navy stock augmentation period, CLSSA requisitions are recorded as recurring demand and are supplied from available system stock down to safety level. If material is not available above the safety level, the requisition will be backordered pending receipt of new procurement assets or repairable material returned to ready for issue (RFI) condition. Standard CLSSA requisitions for repairable (7COG) material do not involve a carcass turn in and are billed at standard vs. net price. A recent CLSSA program option for the FMS customer called the Repairable Item Replacement Option (RIRO) allows the FMS customer to turn in their not ready for issue (NRFI) repairable item to Navy stock and receive an RFI Navy asset from stock at net price. RIRO CLSSA requisitions are identified with a specific project code and advice code. Items must be approved for RIRO by the NAVICP weapons manager and, for 7RCOG material, by Naval Air Systems Command.

5. NMCS/CASREP Requisitions - FMS customers can also submit Casualty Report (CASREP) and Not Mission Capable Supply (NMCS) requisitions. A CASREP requisition can be identified by a "W" in the first position of the serial number portion of the requisition and a NMCS requisition can be identified by a "G" in first position of the serial number portion of the requisition. Special procedures should be established to ensure that this critical material is issued to the FMS customer.

F. PBL Spares Requisitioning Implications

1. Initial Spares - Any existing or pending PBL systems or sub-systems must be considered in developing the customer's initial support plan so that it parallels Navy to the maximum extent possible. If the customer requires an alternate maintenance concept (i.e. "I" level vs. "O" to "D"), life cycle support/availability for "I" level equipment and spares must be addressed during development of initial spares requirements, because such items will not be managed/stocked by DoD.

2. Issue Criteria – It is unlikely that the current reorder and safety level issue criteria will be used by the PBL contractor. CLSSA requisitions should be treated as Navy requisitions and issued in accordance with Uniform Material Movement ad Issue Procedures (UMMIPS) or within whatever timeframes established in the contract for Navy. Because DRP and Initial Support requirements were not preceded by supply system augmentation, the customer should be prepared to wait procurement leadtime for the material if it is not readily available for issue. The PBL contractor should fill DRP and Initial Support requisitions in UMMIPS sequence within the procurement leadtime, only after Navy and CLSSA requisitions requirements are met.

G. Repair of Repairables

In the spares requisitioning section, RIRO was explained in the following manner. An FMS customer requisitions a repairable item and subsequently returns a failed item to the contractor. This option is the exception to the way that the majority of FMS repairs are handled. Most FMS customers prefer to have

their own item tracked by serial number, repaired, and then shipped back to them. There are two different return, repair, and reshipment procedures used in FMS.

- **Single Transaction** (ST) procedures are normally used when the number of items to be repaired is small. ST procedures consist of a FMS customer submitting a separate Letter of Request for a cost estimate for each item to be repaired. Upon receiving authorization, the FMS customer will ship the unserviceable unit to the repair facility.

- **Tailored Repairable Item List** (TRIL) procedures are used to support a major weapon system when there are a large number of items to be repaired and sufficient data exists to prepare a TRIL. For each item listed, a TRIL shows the National Stock Number (NSN), the Commercial and Government Entity (CAGE), the manufacturer's part number and the repair facility's address.

Based on the above procedures, there is a need to have a repair clause in the PBL contract that will enable the FMS customer to get the specific serial number unit repaired and returned to him.

H. Configuration Management

FMS customers must be advised of all configuration changes. Any Engineering Change Proposal (ECP) for Class I or Class II changes shall be prepared and submitted in accordance with MIL-STD-973.

Normally, the FMS customer has technical cases established with the Hardware Systems Command to process ECP's and buy the spares that are required.

I. Maintenance Levels

FMS customers have maintenance levels that sometimes differ from the USN. If the PBL contract results in a maintenance philosophy change which eliminates the "I" level of maintenance and results in an "O" to "D" level scenario, the FMS customer needs to be notified of this change. The FMS customer may have substantial investment in "I" level support equipment and may wish to continue "I" level maintenance. The FMS customer must be able to receive spares to support this level of maintenance.

J. Packaging and Transportation

FMS shipments are governed by the DOD policy requirement that material shipped by, or to, any DOD activity must be preserved, packaged and packed at a level of protection sufficient to ensure safe delivery to the consignee. For FMS material, shipping activities must select items from stock that are preserved and packaged to Level A of the appropriate commodity specification, Inventory Control Point (ICP) packaging requirements, or Level A of MIL-STD-794. Exceptions are material shipped to Canada which shall be Level C, and parcel post shipments which shall be Level B of MIL-STD-794.

FMS shipments will be marked as prescribed by MIL-STD-129 and MILSTAMP, Chapter 5, with the following minimum information:

FMS case designator (for FMS only: shown in the "mark for" block of the shipping label or tag)
Requisition number
Transportation priority
Project name and number (if applicable)
Shipped from address

Ship to address
Ultimate consignee overseas address
Mark for (if applicable)

K. Military Assistance Program Address Directory

The MAPAD, DOD 5105.38-D is the directory of clear text addresses and shipping instructions used in the movement of material and distribution of documents for FMS shipments. The MAPAD is used by DOD services, the General Services Administration (GSA) and commercial firms under DOD contracts for the shipment of FMS material.

As a DOD publication, MAPAD is authoritative. Shipping activities must conform to its directions regarding FMS shipments. Similarly, exceptions found in the MAPAD authorize deviation from normal service procedures. Directions for use of the MAPAD are contained in the directory, itself. The web site for the MAPAD is: http:daynt6.daas.dla.mil/dodaac/dodaac.htm

XXVI. INDIVIDUAL PBL INITIATIVES

The following contains detailed information regarding the six different types of PBLs. The information discussed is not inclusive. PBLs for some systems will have problems or issues not covered below. If you have suggestions or ideas that will benefit others developing PBLs, please contact Program Management Policy, Code 058112, Code 021, and Code 013 for 05 initiatives. For Code 84 initiatives Code 8421, and Code 024.

Acquisition reform directs that the government, where possible, should emphasize the *what*, not the *how*, in contracts. SOWs have been the traditional vehicle for communicating to the contractor the government's requirements. However, the emphasis is now on using Statements of Objective (SOOs) vice SOWs.

A SOO is a generic version of the SOW, stating what it is the government wants accomplished. It is sent out as part of the RFP in place of the SOW. The vendor generates a SOW in response to the SOO. The IWST must ensure that the SOW responds to the requirements outlined in the SOO. Appendix 3 has samples of SOOs.

A. Mini Stock Points (MSP/MSP+)

Mini-Stock Points (+) may be either established with a commercial contractor or an organic facility. The general requirements are the same for both, although a contract is established with the commercial vendor whereas an MOA is used with the organic facility.

Appendix 4 is a sample of a Mini-Stock Point with an organic facility.

1. Mini Stock Point

Will material flow through or be stored at the Defense Distribution Depot (DD)? Under current procedures "F" and "A" condition material is typically stored at DDs. The decision must be made on the use of the DD to warehouse retrograde. If the DD is used to warehouse retrograde, DLA issue and receipt charges will apply. The potential savings would then only come from the contractor warehousing and issuing the "A" condition material, instead of savings from the DD not warehousing and issuing the "A" condition material.

Who pays transportation costs? If the contractor uses Government Bills of Lading (GBLs) there are no transportation savings. If the contractor assumes responsibility for shipping, i.e. incurs the cost and/or be accountable for delivery, the BCA will have to take into account government costs versus contractor costs for transportation. A decision also has to be made on who is responsible for overseas shipping; this could be broken into IPG categories. For instance, the contractor could be responsible for IPG1 overseas shipments while IPG2/3 shipments are made CONUS.

Performance metrics for issue - Since the contractor does not determine what is stocked, performance metrics must be based on issuing items in stock. Depending on who is responsible for transportation the metric can change to include issuing, shipping, and even delivery. Desired end-state is to have the contractor responsible, when economically feasible, for issuing, shipping, and delivery of material. Priorities or IPGs are logical categories for requisition metrics if the contractor is responsible for issuing and shipping/delivery. If the government is responsible for shipping the material, the performance metric should be time to issue, i.e. time to get the item to the shipping dock.

2. Mini Stock Point +

Same as MSP except for MIN/MAX level setting and could include management fee.

MIN/MAX level is set for determining repair induction (and procurements if involved). Since the contractor is responsible for keeping a certain quantity of "A" condition material available, another performance metric needs to be added to the MSP performance metrics. The additional metric needs to address the contractor's performance of keeping the required "A" condition material available, factoring in relief for spikes in demand, as well as a complete technical review to ensure that properly configured parts are issued.

B. Organic PBL (PBL-O)

The desired goals and end states are the same as Full PBL, improving response while reducing inventory and costs. This is often a last resort type of support for a system.

Memorandum of Agreement (MOA) - In establishing a PBL-O, an MOA and SOW, or combined MOA/SOW, must be executed with the PBL-O activity. NAVICP 01 and the responsible GDO must approve the MOA. The MOA and SOW need to address the items as listed in Full PBL.

Appendix 5 contains a sample MOA/SOW.

1. PBL-O Execution Phases

A PBL-O initiative can best be established by using a five (5) phase approach. Each phase will require actions to be accomplished by Integrated Weapon Systems Team (IWST) and the potential PBL-O facility. These actions may be modified as the PBL-O initiative proceeds through the various phases towards completion. The five phases are: planning, development, implementation, execution and monitoring.

2. Planning Phase

The goal of this phase is to insure that the universe of items is defined and that all parties understand what is required by the Statement of Work (SOW).

a. IWST Efforts

(1) The team should begin the work of identifying the universe of items to be supported under PBL-O. The universe should be placed in a specific local routing code (LRC) to expedite future maintenance and processing efforts. Once defined, this universe of items should be made available to the PBL-O facility.

(2) The team should identify the functions that they expect the PBL-O facility to perform. Some specific functions are: issuing material, receiving material, screening/testing not-ready-for-issue (NRFI), warranty management, technical support, packaging shipments, transportation flow, reporting requirements, buy or repair decisions, compatibility testing, calibration, configuration changes, repair processing and procurement actions. These functions should be tailored to the unique supportability issues of the system/equipment. The results of this tailoring of the functions should be a draft SOW.

b. PBL-O Facility Efforts

(1) Using configuration information, develop a universe of items that make up the system/ equipment being considered for PBL-O. This universe should include part numbers and NSNs if available. Also an inventory of any sponsor owned material (SOM) that can be used for PBL-O support should be initiated.

(2) Determine the existing capabilities of PBL-O facility to support the PBL-O initiative. Specific factors could be manpower, facilities, access to procurement or repair support, packaging, transportation and material handling.

(3) Identify any known areas of the support process that have existing deficiencies. Also, provide information on special capabilities that could enhance the PBL-O initiative. An example would be in-house repair capability or existing warranty management process.

c. IWST & PBL-O Facility Efforts.

(1) Merge the universe of items to insure that all part numbers have NSNs and take action to provision any part numbers without NSNs. Other maintenance actions could also be undertaken to identify replacement items for obsolete items and suitable substitutes that are known to exist.

(2) Review the draft SOW to insure all parties' issues and concerns are addressed. Resolution of all issues and concerns regarding the functions called out in the draft SOW must be accomplished. With all parties understanding the process flow and agreeing on the process requirements, an official SOW should be developed.

3. Development Phase

The goal of this phase is to generate the necessary data to accomplish a Business Case Analysis (BCA). This BCA will identify the cost effectiveness of the PBL-O initiative.

a. IWST Efforts

(1) Identify the potential software needs to support inventory reporting and requisition processing. The latest version of Commercial Asset Visability (CAV) is used for inventory reporting transactions and Defense Automated Message Exchange System (DAMES) is used for requisition processing. Support is available from the NAVICP Code 058 Repairable Management Branch.

(2) Generate a budgetary requirement to cover the PBL-O management fee portion of the cost proposal when received from the PBL-O facility.

(3) Upon agreement between both facilities of the SOW, the NAVICP PM should refer the SOW to the SOW Review Board for approval. Contact Code 058112 to coordinate board review.

(4) Submit a Memorandum Of Agreement (MOA) if the command of the PBL-O facility considers it necessary. This MOA should at a minimum address each process flow/requirement of the SOW.

(5) Contact the NAVICP Code 058112 (Program Management Section) for the latest data requirements to have a BCA developed.

(6) Insure the complete universe of items has been identified and agreed upon by all parties.

b. PBL-O Facility Efforts

(1) Generate a cost proposal that prices each specific process step of the official SOW, including management fees, and actual repair and new procurement costs. These prices should be associated to the handling of a single requisition. A total PBL-O cost would be determined based on the projected volume of requisitions for a fiscal year (FY).

(2) During data gathering to support the BCA development it should be anticipated that special data requests could occur. Examples are cost savings related to in-house repair and volume data on warranty processing.

(3) Insure the complete universe of items has been identified and agreed upon by both parties.

c. BCA Flow

(1) Submit all data requirements to NAVICP Code 058112 (Program Management Section) for development of the BCA. This section can assist in gathering some of the required data. This data should be in electronic format, if possible. (However, DEN data must be in electronic format, preferably EXCEL spreadsheets.)

(2) Address questions that arise during the BCA development. These could relate to the uniqueness of the system/equipment that were incorporated within the SOW.

(3) Review the completed BCA before submission for approval. Focus on the Summary Sheet to insure that a projected cost savings is identified. When cost savings are not

identified, it is necessary to review the BCA in depth and possibly submit revised or additional data to support a revision to the BCA. The BCA is then forwarded to Code 013 for final approval. A PBL WILL NOT BE APPROVED UNTIL CODE 013 HAS APPROVED THE BCA.

(4) Prepare a short brief that outlines your system/equipment for 05 with your recommendation based on the BCA. Approval at this level is your authorization to proceed to the next phase.

4. Implementation Phase.

The goal of this phase is to establish all the necessary financial, data updating, software and inventory processing requirements. When the parties have completed all actions, the system/equipment is ready to move to the execution phase.

a. IWST Efforts

(1) Contact the NAVICP Code 058 Repair Systems Section to initiate a request for a Routing Identifier Code (RIC) and an Unit Identification Code (UIC) for the PBL-O facility. In addition, this section will perform the initial inventory and upload these records to CAV when PBL-O implementation date has been established.

(2) Take action to update the universe of items to reflect that these are PBL-O supported items. Specifically, the Acquisition Advice Code (AAC) should normally be "H" and the last two positions of the LRC changed to "ZG" for PBL-O.

(3) PM will send to the following information to 042 to load the Performance Metrics Database:

WX Document Number, with Start Date and End Date
List of NIINs
LRC (if unique to PBL)
Performance Metrics:
CASREP Days
Priority Group 1
Priority Group 2
Priority Group 3
Fill Rate

As the Performance Metrics Database acquires greater capabilities, 042 will require other information. Contact 042 to ensure they have all the pertinent information needed for your PBL initiative.

(4) Provide the PBL-O facility with the necessary information on required hardware and the web link for DAMES. This will allow the PBL-O facility to establish the DAMES connection using the assigned RIC.

(5) Generate the funding document by preparing the WX work request document using NAVCOMPT Form 2276A. The applicable document number is available at the division level. This document will normally require three funding lines. These funding lines are to

cover the management fee determined from the cost proposal and procurement/repair dollars determined either by a STRAT projection or the BCA estimates. Reference should be made on the document to the SOW or MOA that has been approved. The funding document is submitted to the applicable individual in NAVICP Code 014 based on the last two numbers of the document number. This individual will have the funding document approved and will return it to the Code 058 Program Manager for forwarding to the PBL-O facility financial point of contact.

(6) Submit the MOA via the chain of command for signature if it wasn't available for signature when approval was received from 05.

(7) Coordinate the update to the Master Repairable Items List (MRIL) to identify the UIC and shipping address of the PBL-O facility. Have the movement priority designator set so carcasses are direct shipped by the Advanced Traceability and Control (ATAC) to the PBL-O facility. (SEE APPENDIX 16 for MRIL Coding Guidance).

(8) Merge the existing inventories at the PBL-O facility by supply directing NRFI assets from the Fleet Industrial Support Center (FISC)/DDs to the PBL-O facility. Ready-for-issue (RFI) may remain at the FISC and be used to satisfy requisitions until exhausted. Any SOM inventory that exists should become part of the merged inventory.

(9) Develop the high and low limits for each item in the universe of items to be supported under PBL-O initiative. These limits should be provided to the PBL-O facility.

b. PBL-O Facility Efforts

(1) Initiate actions to cover deficiencies that exist in areas such as manpower, facilities, etc., required to set up the PBL-O facility.

(2). Identify the financial POC for the funding document and establish a financial accountability interface for the funding requirements.

(3) Obtain the required hardware and establish the necessary DAMES connection using the RIC that has been assigned.

(4) Coordinate the establishment of the CAV training, the initial inventory audit, and the loading of the inventory records on CAV. The loading of inventory records should be completed in anticipation of beginning the PBL-O execution phase.

(5) Based on high and low limits received on each item, it may be necessary to initiate repair or procurement actions. Insure coordination of the merging of existing inventories has been completed before actually executing any repair or procurement actions.

5. Execution Phase

The goal of this phase is to insure that all functions are working and maintaining an interface to resolve problems.

a. IWST Efforts

(1) Submit to NAVICP Code 0425 the universe of items and the RIC that applies. These records are loaded to a PBL NIIN file (MIFRQN) that acts as the trap at the front end of the requisition processing program.

(2) Monitor the requisition process and carcass flow to make sure functions are occurring as planned.

(3) Supply direct residual inventory that should not be at the FISCs/DDs. Instances can occur were NRFI assets are held until ATAC has updated current MRIL data.

(4) Resolve any processing problems that appear or are identified by the PBL-O facility.

b. PBL-O Facility Efforts

(1) Inquire using DAMES the RIC mailbox at NAVICP for any requisitions. Normally, the SOW or MOA states this should be done a minimum of twice daily.

(2) Report inventory transactions as material is issued to fill requisitions and carcasses are received. These transactions are submitted via the CAV data link.

(3) Report requisition status via the DAMES data link. This would be "AR0" for a material release confirmation or an "AE6" for a supply status when the requisition cannot be filled in accordance with the SOW/MOA timeframes.

(4) Perform other functions when necessary as defined by the SOW/MOA.

(5) Notify NAVICP of any problems that appear during the initial execution phase and assist in the problem resolution effort.

6. Monitoring Phase

The goal of this phase is to insure a continuous process flow and to provide appropriate data to update the various NAVICP files.

a. IWST Efforts

(1) Generate new FY funding document prior to the beginning of the FY. This document will reflect management fee cost request received from the PBL-O facility and procurement/repair dollars determined via STRAT or using the PBL-O historical costs.

(2) Coordinate with the PBL-O facility to obtain repair and procurement pricing data for the annual pricing update. The data is submitted to NAVICP, Code 013 for processing and must be provided during the specified timeframe.

(3) Catalog replacement or new items upon receipt of technical data. The provisioning effort should be accomplished to reflect the required coding of a PBL-O supported item.

(4) Coordinate with the PBL-O facility to adjust the high and low inventory levels as necessary. An annual review is recommended because demand levels could change for various reasons and maintaining minimal inventory is a cost savings objective of PBL-O.

(5) Periodic performance reviews should be scheduled to evaluate the PBL-O support process. Metrics are available that can assess various performance parameters.

(6) Reporting requirements for funding will vary based upon the needs of the program. Following is sample language for MOA:

> **Funding.** Provide [organic facility] with annual funding management costs to provide PBL-O supply support. The periodicity of funding of procurement/repair is based on the obligation. NAVICP will obligate procurement/repair funding as material orders are received by NAVICP Code 0143 from [organic facility]. If the initial order is a Rough Order of Magnitude (ROM), then, when the order is definitized, the order needs to be resubmitted to Code 01. NAVCOMPT Form 2267A will be provided to the [organic facility] 30 days prior to the new fiscal year. This document is to be signed and returned to the NAVICP within fifteen (15) days. Past performance review will be used as the instrument for the new fiscal year award. At mid-year, NAVICP/[organic facility] will have the opportunity to discuss NAVICP recoupment of funds or additional funding requirements by [organic facility] based upon experienced demand. Quarterly meetings will also be held to review [organic facility] performance and inventory levels.

b. PBL-O Facility Efforts

(1) Submit next FY management fee cost request so the NAVICP IWST can generate a new FY funding document.

(2) Submit repair and procurement cost data upon request to support the annual pricing update.

(3) Identify replacement and new items that should be included under the existing PBL-O support concept.

(4) Coordinate with the NAVICP IWST to adjust the high and low inventory levels as required.

7. Funding Section for PBL-Os

Code 014 recommends that the PBL-O funding section read as follows:

> "PBL-O activity" will forward a copy of any contractual agreement that utilizes Navy Working Capital Funds (provided for support of the PBL-O effort) for costs associated with procurement and repair of parts to NAVICP Code 014 at the time of the obligation of such funds."

This process will enable 014 to monitor obligation of the funding line on the document and will allow them to move that portion of the funds from committed to obligated. The way the process works is that 014 immediately obligates the portions that are for management costs at the time of acceptance of the document, but only put the procurement/repair funding that the activity will use for their vendors, etc. into committed. The purchase order, BPA or other type of contractual agreement from the PBL-O activity will become the obligation document. A list of 014 personnel is contained in Appendix 6. Routing the original document to the correct 014 personnel and having the PBL-O activity route the documents for that specific PBL to the same person will improve the execution of the funding for the PBL-O.

8. Performance Metrics

Sample Language for MOA/SOW:

> **Issue Material**. [organic facility] will fill at least 85% of requisitions received within three (3) days for CASREP or IPG 1 requisitions within seven (7) days for IPG 2 and **fourteen** (14) days for IPG 3 requisitions. The prescribed period for filling requisitions begins with the receipt of the requisition at [organic facility] and ends when material is received by the requisitioner. The aforementioned Logistics Response Time (LRT) is dependent upon receipt of NAVICP funding to the mutually agreed upon high and low inventory levels.

C. Commercial Items PBL (PBL-C)

It is important to remember that a PBL-C refers to commercial ***items***, not to a commercial ***contractor***. Just because the contractor is commercial, does not mean that a PBL-C is the appropriate PBL type to use. Also, if your system includes commercial items but is not a commercial end item, then a PBL-C is not appropriate.

Item description vs SOW. Since a commercial item is being procured, the SOW is very basic, including item description, requisition handling, shipping/delivery responsibilities and performance metrics. FAR Part 12 may apply. Efforts should be made to reduce deviations from best commercial practices, as special requirements directly translate into increased costs.

Performance Metrics. Since a commercial item is being procured, the Program Manager must balance response time with cost based on the criticality of the item. Also, just because the item is commercial does not mean the commercial market keeps the item in stock at all times. Taking all factors into account, the performance metric needs to define delivery time frames for CASREPs/IPGs1, "routine" requisitions, quantity implications and backorder days.

The LRC needs to have a ZZ in the fourth and fifth position and no DRIPR codes so the requisition will flow automatically into ITIMP. With the implementation of PX02 the SMIC codes of AG/BG are no longer needed for this process. Note: under special circumstances, some items may need to be DRIPR coded. This decision is made on a case-by-case basis.

See Appendix 7 for a sample PBL-C Statement of Work. See Appendix 8 for a sample SOO with Contractor Owned Inventory.

D. Partnership PBL (PBL-P)

Partnership PBLs:

The contract is between the Navy and a commercial vendor. However, repairs of components are made by government personnel in government depot(s); the government depot(s) is a subcontractor to the commercial vendor. See Appendix 9 for OSD Policy Guidance for Depot Partnerships.

NAVICP-P has done several of these type initiatives; NAVICP-M has not. However, NAVCIP-M is not precluded from engaging in a PBL-P. If this type of initiative is the best fit for your system, then don't hesitate to pursue it.

E. Full PBL

Appendix 9 contains an example of a Full PBL SOW.

1. Definition

Full PBL: A contractor provides most of the supply support functions traditionally provided by NAVICP personnel and infrastructure. The Full PBL or the Organic PBL, are the initiatives that the NAVICP should strive to accomplish. Although you may have to start out as a MSP or MSP+, this is where we should try and end up. Traits of a Full PBL include: a contractual arrangement where the Contractor manages (and may also own) the inventory. The Contractor determines stockage levels, typically repairs NRFI material, and is required to meet specific performance metrics. Requisitions still flow through NAVICP, and NAVICP pays the contractor for performance and bills customers traditionally. In some cases, items may be priced in the Tier I category. Inventory accountability is required only for government assets. Reliability improvements, technology insertion and reduced obsolescence may be some of the inherent benefits of a Full PBL. The contractor usually is given Class II ECP authority and in some cases may also have configuration control. Additionally, Logistics Engineering Change Proposal (LECP) arrangements will be considered a subset of this category if they contain supply support clauses that fall under the definition noted above.

2. Scope

The scope paragraph defines the breadth and limitations of the work to be done. In some cases, the use of an introduction, background, or both, is preferred. Separate indentures under this Section are used in SOWs to accommodate complex acquisitions requiring lengthy background information. However, background information should be limited to only that information needed to acquaint the proposer with the basic acquisition requirement.

3. Contractor's Responsibilities

a. Inventory

(1) Assets Ownership. DOD is working to drive down its inventory and logistic footprint whenever practical. To help accomplish this goal, NAVICP is focusing on reducing inventory investment. In areas that are shown to be feasible and cost advantageous, the preference is that the contractor should own the inventory. Contractor ownership is not always economically feasible due to multiple reasons, such as existing Government owned inventory, or a contractor unwilling to take on the cost or risks that may be associated with ownership of the inventory. When this is the case, the government can retain title and allow the contractor to manage that inventory.

Challenges arise in situations where there is a mixture of government and contractor owned material. In these cases, it is important that "where" the title passes between the government and contractor is explicitly laid out, including ownership of carcasses. In a pure commercially owned asset situation, ownership of carcasses is also important and must be clearly delineated in the SOW. To keep government inventory to a minimum in a pure commercial-owned asset situation, carcass title would normally pass back to the contractor

on a one-for-one basis; for example, when a contractor ships an item to fill a requisition, it would either get a carcass or additional compensation.

When government assets are involved, strict accounting must be used. Current efforts are underway to allow reliance on contractor's records for asset accounting through a waiver/deviation process. When relying on contractor's records, include a provision in the contract for government access to view the contractor's records and for standard reports that may be needed by the government. Until the current efforts are approved, government owned assets must be reported by the contractor using the CAV system. The Government Furnished Property clause does apply until a deviation to the FAR is obtained. Contract completion must also address the return of government property and work in progress.

Examples of SOW language for moving inventory to the contractor's facility follows:

> Government expense from the various supply centers to the identified Contractor facility(s) for contractor custody. The government will complete delivery of these inventories within 120 days after contract award. Contractor will perform a physical inventory of all inventory and report any discrepancies to NAVICP for resolution within 60 days of receipt of delivery. Title to all inventory shall remain in the government. However, once Contractor assumes custody of the inventory, Contractor is responsible for any losses due to fire and theft as well as damage from causes other than acts of God.

Or

> ***The Government shall, at it's own expense, ship all assets currently stored at a CONUS FISC to the Contractor's facility. Attachment (tbd) identifies the projected range and depth of the inventory and will be used by the Contractor in developing the cost proposal. The Government shall also provide the contractor with "due-in" assets. The Contractor shall be responsible for inventory control and will provide the Government access to the Contractor's Inventory Management database upon request.***

(2) Inventory Reporting. All Government Furnished Material must be accounted for by the contractor. Current regulations require reporting of assets through CAV for inventory valuation purposes and maintenance of government property records as prescribed by FAR Part 45. Until relief is granted to the regulations and a deviation secured to the FAR, contracts must include these inventory reporting requirements.

b. Configuration Control

In pursuit of having the contractor responsible for supply support to the maximum extent possible – which includes handling DMS, obsolescence, reliability improvements, etc. - Configuration Control authority for the contractor is pivotal. At a minimum, Class II ECP authority should be considered for delegation to the contractor. In systems that are largely commercial, configuration control authority is even more important. The commercial sector will not wait for DOD before moving on to the next generation of technology. There is still reluctance to give up any authority and care must be taken that the contractor is held responsible for updating technical manuals, drawings, etc. just as would be done if the government still had full configuration control. Another factor to consider in the contract completion section is that the government may have to support the system organically again in the future.

HSC controls configuration management so it is important to involve them early in the process to get their buy-in. If they do not authorize the Contractor Class I ECP authority, then a commitment to streamline ECP processing for approval is desirable.

c. Requirements Determination

(1) Repair/Replace/Overhaul. By requiring the contractor to determine when to repair, replace or overhaul, the burden of meeting the performance requirements is placed upon the contractor. NAVICP must provide the maximum amount of data available, as well as access to our files regarding historical demands, current and future installs; however, requirements determination must be left to the contractor.

The end-state desired is that the contractor determines the requirements for the contract and schedules the use of its resources as efficiently as possible, driving costs to the government down in the short and long run. If the inventory is contractor owned, requirements determination is addressed by the metrics established since repair or replace decisions are at the sole discretion of the contractor.

(2) Scrap/Demil. In situations where the inventory is government owned, utilization of scrap and BER carcasses by the contractor is normally authorized to most efficiently support the government. Contractor must follow established procedures for demil or provide a demil plan. Where assets are contractor owned, decisions are purely its responsibility.

(3) DMS/Obsolescence. By holding the contractor responsible for requirements determination and meeting performance metrics it must manage DMS and obsolescence. Since HSCs normally have DMS and obsolescence programs as part of the ISEA functions, that effort can be rolled into NAVICP's contract with the applicable transfer of money or the contractor can rely on other efforts as well as its own to manage the DMS/Obsolescence issues. Whatever approach is taken, DMS/Obsolescence issues should not be a justification for not meeting performance metrics. If the contractor refuses to accept DMS/obsolescence, there is little merit to pursuing or awarding a PBL contract.

Care must be taken with DMS issues, especially when the system is still in production because the HSC should have an active and viable DMS program. The NWCF is prohibited by law from funding engineering services – these include DMS and obsolescence. If the end result of an engineering service is the identification of a replacement part, NAVCIP can fund the procurement of that item.

d. Pricing Policy

Code 013 needs average pricing by NIIN until such time as PBLs become direct funded. By February of each year the contractor needs to submit the pricing for repair and spares and any additional management fee not included in the prices so 013 can prepare its pricing plan. The Program Manager will need to work with 013 to calculate expected revenue based on the prices multiplied by forecasted demand. If the cost of the contract exceeds expected revenue, adjustments to the cost of the items will be necessary to ensure the cost of the contract can be recovered.

The following language is to be used in the SOW:

The contractor shall prepare and submit an annual listing of replacement/repair costs for each NIIN to NAVICP not later than 1 February of each year. Unit costs should include all costs associated with the repair or manufacture of a unit, including but not limited to material, labor, overhead and profit. If the replacement/repair costs do not include all the costs associated with the repair/manufacture of a unit, these costs need to be provided separately. The information is to be provided in a mutually agreed upon format.

e. Order Fulfillment

(1) Wholesale and retail. What requisitions the contractor is responsible for filling and what metrics is he is held to is vital to the contractor providing a valid price. The desired end-state is that at time of contract award the contractor is responsible for filling all wholesale and any known retail requirements. If additional retail requirements are required, an equitable adjustment may be in order. Additional retail requirements may also impact the contractor on his ability to meet performance requirements for certain NIINs. Additional retail requirements may be handled under a separate contract, which would not affect the performance requirements of the PBL contract.

To limit the liability of the contractor and the government, a variation in quantity clause was developed. It gives a range over which changes in demand will provide an opportunity for the parties to negotiate an equitable adjustment.

CLAUSE:

> At the end of each contract period, the contract price may be equitably adjusted in the event that the number of requisitions for NIINs identified on Attachment A is less than 80% or more the 120% of the total annual requisition forecast identified on Attachment B. Furthermore, at the beginning of each contract period after the first year, even though [name of system] are not deliverables under this contract, an equitable adjustment to the contract price for that contract period will be negotiated, in the event that, at that point in time, the number of [name of system] is less than 90% or more than 110% of the total number of [name of system] identified on Attachment B. Adjustments to payments will be limited to +/- 20% of the projected contract price for the contract period affected.

(2) Customer response. The Contractor needs to provide a level of service to meet the needs of the fleet for satisfying CASREPS and other IPG1 requisitions and routine requisitions. The service level for CASREPs is higher than routine due to the nature of our mission and needs of the fleet. The contractor must have the ability to satisfy both levels of service, normal business and priority requirements. Some ways to satisfy priority requisitions outside of normal business hours include on-call contractor personnel (beeper duty) or a staffed call center.

(3) Status reporting requirements. The requisitioner must be informed of the status of his/her requisition, just as he/she is today.

The desired end state is a form of EDI or CAV to refer requisitions and receive status from the contractor. The NAVICP website describes the current issues with EDI (for the site address refer to EDI web page as described under determine requisition transmission option).

f. Inspection and Acceptance

Q/A: NAVICP needs to incorporate an inspection system that satisfies our requirements. A survey of a contractor operation that is ISO 9000/9001 qualified is probably adequate. Inspection requirements depend on the system requirements. Placing extra inspection requirements onto a contractor providing a quality product will drive up costs. Using the QDR as a supplement to the survey is a good check of the system. Each Inspection/Acceptance system that a contractor has in place must be evaluated for basic compliance with Government needs. A determination will have to be made whether a deviation or waiver is required.

g. PHS&T

See Sections XXII and XXIII.

h. Special Tooling and Test Equipment

Use of special tooling and test equipment is handled as it is under current contracts, stating whether or not the contractor is authorized to use it. Make sure applicable approvals are gained for use of other commands' special tooling and test equipment.

4. Government Responsibilities

a. Retail Allowances

Unless otherwise specified, it is the government's responsibility to compute retail allowances and the contractor's responsibility to provide retail assets per the contract and its metrics. If the contract covers retail allowances, a mechanism to adjust for any new additions that were unplanned at the time of contract award must be instituted. If using an FFP contract, the equitable adjustment clause is designed to deal with such an issue, or there may be an agreement of what the cost is per NIIN and how each will be handled if it impacts performance metrics. The desired end state is for the contractor to be responsible for all known retail allowances, but the PM may elect to satisfy retail allowances separately from the PBL effort.

b. Carcass Returns

The government has the responsibility to deliver carcasses to the contractor in a timely manner. The faster the carcasses are returned, the lower the contractor investment in inventory, which should drive down the cost to the government. PMs need to obtain from 041 the carcass return rate and average number of days for inclusion in the SOW/SOO. If it is a new system, then carcass return rates and average number of days to return the carcass can be obtained from a similar system or from command averages. A general rule of thumb for carcass returns is 90% for established systems and 95% for new systems.

5. Performance Metrics Sample Language

The following sample language is extensive and comprehensive. Keep in mind that not all will apply to your particular situation. Modify the language to suit your needs.

The Contractor will be paid based on the following performance metrics and associated performance scale. Measurement of performance metrics will not cease at completion of option period(s). An award fee that exceeds the standard performance range will be addressed in the Award Fee section. The contractor could realize a decrement of up to 3% of the projected monthly payments when the

performance falls below the standard. Adjustments to the monthly payments will be made on a quarterly basis. Parts included in the unforecasted CLIN will not be included in the calculation of the metrics until the item(s) have arrived at a mutually agreed to support date.

Metric I – AVERAGE FILL RATE (AFR) FOR STOCK NUMBERED ITEMS

a. Average Fill Rate is defined as a measure (%) of the number of times a part is delivered to the CONUS customer or POE for OCONUS customer within the time frames identified in Table 1. AFR is calculated as a rolling average, updated monthly. Once twelve months of history is achieved, AFR calculations will be based on a 12- month rolling average.

Table 1

ON TIME DELIVERY (DAYS)

PD/RDD	CONUS/POE
PD 01-08/	2
999, N_,E_	2
PD01-08/777	4
PD01-15/	4
444,555	4
PD01-15/	8
OTHER	8

b. The Contractor shall maintain an AFR of 88 - 92%. Payment adjustments will be made in accordance with Table 1a.

Table 1a

Fill Rate	Adjustment
> 92%	subject to Award Fee
88 – 92%(standard)	None
85 – 87.9%	-1%
82 – 84.9%	-2%
79 – 81.9%(minimum)	-3%

(All percentages are rounded to one decimal place)

Metric II – AVERAGE CONTRACTOR RESPONSE TIME (ACRT) FOR STOCK NUMBERED ITEMS
[NOTE: Do not use this metric for F.O.B. Origin contracts.]

a. Average Contractor Response Time is a measurement of the time the contractor takes to deliver parts in response to requisitions received. Both immediate deliveries and delayed deliveries are included. Measurement of time begins when the contractor receives the requisition and ends when an RFI part is delivered to the CONUS customer or POE for OCONUS customer. ACRT is calculated by dividing the sum of the number of days required to deliver parts for all requisitions received in a given period of time by the number of requisitions received. ACRT is calculated as a rolling average, updated monthly. Once twelve months of history is achieved, ACRT calculations will be based on a 12-month rolling average.

b. The Contractor shall be responsible for maintaining an ACRT of no more than 24 days. Payment adjustments will be paid in accordance with Table 2. At no time shall a requisition go undelivered more than 365 days. Each requisition that remains undelivered for more than 365 days is subject to a $100 adjustment per day, applied to the monthly payments and adjusted quarterly, until delivery occurs.

Table 2

Days	**Adjustment**
< 24	subject to Award Fee
24 (standard)	None
25 – 26	-1%
27 – 29	-2%
30 – 32(minimum)	-3%

Metric III – AVERAGE CASREP RESPONSE TIME (ACasRT) FOR STOCK NUMBERED ITEMS

a. Average Casrep Response Time is a measurement of the time the Contractor takes to deliver parts for all CASREPs/NORs/ANORs requisitions. Measurement of time begins when the contractor receives the requisition and ends when an RFI part is delivered to the CONUS customer or POE for OCONUS customer. ACasRT is calculated by dividing the sum of the number of days required to deliver parts for all CASREP/NORs/ANORs requisitions received in a given period of time by the number of CASREP/NORs/ANORs requisitions received. At no time will delivery of parts for CASREP/NORs/ANORs requisitions exceed 9 days. ACasRT is calculated as a rolling average, updated monthly. Once twelve months of history is achieved, ACasRT calculations will be based on a 12-month rolling average.

b. The Contractor shall maintain an ACasRT of no more than 2 days. Payment adjustments shall be made in accordance with Table 3. Each CASREP/NORs/ANORs requisition that remains undelivered more than 9 days is subject to a $100 adjustment per day applied to the monthly payments and adjusted quarterly, until delivery occurs.

Table 3

Days	**Adjustment**
< 2	subject to Award Fee
2 (standard)	None

If the Contractor fails to meet Table 1a, 2, 3 minimums for more than three consecutive months, the payment conditions/contract terms shall be reevaluated. The fourth consecutive month that the Contractor's performance fails to meet any one of the Tables, a one-time –10% adjustment to the next month's payment will be made. The Contractor must provide a plan of action at that time detailing steps taken to restore performance to the applicable Table standards.

6. Performance Reviews

a. Meetings. Program reviews should be frequent enough to resolve or head off problems but not too frequently to burden the contractor or the government. More frequent meetings may be needed soon after the contract is awarded.

b. Reports. CDRL should list all reports required. If organic capability does not exist for NAVICP to monitor the contractor's performance, then the contractor should be required to report, at a minimum, on its performance based on the periodicity of the performance metric evaluation. Organic capability exists to track requisitions and status changes by using the Requisition Tracker Database. If the program is passing delivery orders to the contractor, ensure that the contractor is required to submit shipping data via the Commercial Web Page, so the Requisition Tracker Database is updated.

c. QDRs. QDRs will be a good supplement to the inspection program established for the contract.

7. Contract Completion

a. Inventory

(1) Provision must be made for support of the fleet during the transition of Government material back into the Government's warehousing system.

(2) All inventory returned must be reconciled to ensure that original inventory, plus additions and minus authorized reductions, is accounted for. Following sample language applies:

> All parts provided as GFM and/or procured for this contract that exist at contract completion (i.e., contract is ended and all parts/requisitions delivered) will become Government property. The parts inventory ending balance should be accurate and accountable and reflect all the parts inventory adjustments (i.e., deliveries, scrap, BR/BERs, excess parts inventory decrements and other coordinated stock adjustments)

and reporting that occurred throughout the contract. Any difference between the reconciled Government furnished parts inventory shown on Attachments A and C, the piece-parts inventory, Attachment F, and the parts ending balance will require an adjustment at contract completion. An ending physical parts/piece parts inventory less than the initial inventory would require the Contractor to pay the difference to the Government at the applicable replacement prices exclusive of the surcharge (den B055). The cost to package and transport this inventory from the Contractor will be borne by the Government.

(3) Provisions should be made for acquiring contractor owned inventory, if needed to support the weapon system.

b. Configuration

(1) Completion of in-process work. Need to ensure the government has the ability to fill the pipeline if the contract is terminated. This in-process work should be addressed by the contractor plan of how to complete the contract.

(2) Return of Test Equipment. Test equipment must be returned as it is under other contracts or transferred to another contract for continued use.

8. CDRLS - See 02 SME.

9. Other Considerations

Transition Plan—in the event that NAVICP must assume supply support, the SOW should address requirements to enable NAVICP to assume support. Concerns to be addressed: TDPs, configuration management, inventory, GFE, and other critical issues.

F. Contractor Logistics Support (CLS)

CLS is a PBL initiative in which the contractor assumes responsibility for all or some of the acquisition logistics support (ALS) (formerly ILS) elements. CLS can be initiated by the HSC, the contractor, or NAVICP. However, CLS requires close coordination and communication with all parties.

Regardless of who initiates the CLS, it is incumbent upon the NAVICP PM to ensure that supply support is adequately covered by the contractor, whether the contractor is assuming supply support at award or later if an option is to be exercised.

Funding for CLS is usually from multiple sources; an understanding of who is responsible for what and when is critical for the smooth functioning of logistics support. This also makes doing the BCA very difficult. Legacy systems are easier to put through cost analysis, but it has to be decided whether to do a hardware systems command analysis or a NAVICP analysis for supply support alone. Non-legacy systems are much more difficult as we generally do not have any history on the items that make up the system. START EARLY in deciding how to go about doing the BCA.

XXVII. BUSINESS CASE ANALYSIS (BCA) PROCESS

A. General BCA Information

The Business Case Analysis is a tool that provides a snapshot of the costs of managing a given program. The two analyses that make up the BCA allow the government to determine whether it is in the government's best interest to proceed with a PBL vehicle. Data are collected and sent to Price Fighters at FOSSAC Norfolk, who then populate a NAVSUP-approved template. The template generates costing values that allow for a comparison between the costs associated with the government's management of the program, and those associated with the vendor's management of the program (plus any residual government costs). For a detailed look at the template, see the KMS Homepage website under Supply Chain Solutions or http://extra.navicp.navy.mil/scs/index.htm

After a program has been identified as a potential candidate for PBL, the program must be evaluated in terms of economic feasibility. Data must be collected in order for Price Fighters at FOSSAC Norfolk to conduct a Business Case Analysis (BCA). There are two parts to the BCA: the first is an analysis of the costs associated with traditional logistics support, and the second is an analysis of the costs associated with non-traditional (i.e. PBL) support. After the two parts are completed, a cognizant authority will make the go/no-go decision for PBL based upon whether the analyses meet the Business Rules. The Business Rules are defined such that a go decision will generally be made if the analyses show that cost-wise the government breaks even or it is less expensive to allow the contractor to assume logistics support. If the analyses show that the government will lose money by going with a PBL, then the no-go decision can be expected.

Every PBL initiative is unique because every system is unique. No specific guidelines exist but rather, the PBL is designed to meet the specific needs of your program. In practice, this means that issues will be encountered that may have not been dealt with before. For BCA purposes, even though standard information is provided to Price Fighters, expect questions to be asked by Price Fighters regarding specifics of the program (Price Fighters has been told to direct program specific questions to the PM). See below for some commonly encountered questions/problems. Especially expect questions from Price Fighters when they start the CBA process; they will try to ensure that we are comparing apples to apples in the analyses.

The ability of Price Fighters to generate a usable BCA will be only as good as the data they are given to conduct their analyses. Hence, it is incumbent upon NAVICP personnel involved in the process to ensure that the most correct and complete set of data needed for the BCA is collected. This guide outlines the BCA process, including the types of data needed, points of contact and a general timeline.

B. Initiating the Process

1. PMs or other authority will identify program to be considered for PBL. The BCA should not be initiated until roughly six months before NAVICP would normally assume support. Hence, if MSD is not until two years after award date (or an option is not to be exercised until later in the contract), then do not do the BCA until near the time the PBL is to be put into place. For non-legacy systems, this provides some time to collect data that can give a more reliable BCA.

2. After a program is selected, whether it is a legacy or non-legacy system makes a difference in the data required for the BCA. A legacy system is much easier to analyze because NAVICP has a

wealth of historical information, which gives us better costing figures. If the program being considered for PBL is a non-legacy system, there are two ways to collect data for the BCA, both of which are problematic (see sections below).

3. A BCA must be conducted by Price Fighters to determine whether a PBL is cost effective. There are actually two parts to the BCA: a BCA and a CBA (this is can be confusing). The BCA is an analysis of the cost of the program under the traditional logistics support concept. The CBA is used to compute the cost of the program under the PBL concept. The CBA uses the vendor's cost proposal (and any residual government costs) to compute these costs. After both sets of analyses are complete, a comparison can be made between the two and an initial determination made to "go/no-go" on the program.

4. Generally, if the analyses show that the vendor cannot meet the business rules (cost-wise, the program neither breaks even nor the government saves money), the program is a "no-go". However, this is not written in stone – further in-depth review of the numbers generated by the overall BCA may indicate data input errors that indicates a revision of data is needed. A new overall BCA can be generated by Price Fighters.

C. Required Data for BCA Analyses

1. DENs

In order for Price Fighters to conduct their analyses, the PM is required to pull data from the following DENs. (NOTE: Not all data are required for every BCA – if a data element listed below is not applicable to your system, simply note that fact). PM should provide above data electronically (preferably in EXCEL format) to POC in the Program Management Policy Section, code 058112, except for COM – code 058112 will acquire this information.

	DENs	Description
	A011	Backorders
	A008B	Due-In Inventory
	A012	A, F, M Condition Material
	B002B	LRC
	B022B	System Carcass Return Average
*	B023C	Gross System Demand During Lead Time
*	B023E	System Ready for Issue Regenerations During Lead-Time
*	B023G	System Ready for Issue Regenerations at Procurement Problem TAT
	B019	Re-Order Levels
	B055	Item Unit Replacement Price
	B055A	Item Unit Repair Price
	B074	Quarterly Demand Forecast
	C003	COG
**	C130C	Unit Package cubed
	D046D	NSN
	F009	Survival Rate
***	B280B	Preliminary Operational Capability Date/Year

* DENS are used to compute Safety Level for Non-legacy Systems

** If individual packaging information is unavailable, an overall storage requirement will suffice (e.g. items will require 3500 sq. ft of storage space).

*** Used only when items are to be back-transferred from DLA.

NOTE: PF may need DEN B021 (EOQ) for a PBL-C on legacy systems in order to determine savings due to attrition of government inventory that will not be reprocured.

2. In addition, Price Fighters needs:

a. Type of contract (PBL-C, PBL-O, etc)
b. Legacy or Non-legacy system
c. SOO/SOW/MOA*
d. cost proposal (eventually will be needed for CBA)
e. identification of items that will be back-transferred from DLA
f. expected date of award
g. demand projections for out-years of contract (ensure to include FMS and installations; demand levels may increase, decrease or stay the same – note which of the three is appropriate)
h. any pending or planned LECPs during course of contract
i. non-recurring costs (only if part of PBL contract)
j. any cost incentives that are part of the contract

* MOA is for PBL-Os only.

D. BCA Refresh

In order to determine whether savings to the Navy Working Capital Fund identified in the original BCA are obtained, a BCA refresh needs to be computed. The BCA Refresh should be done on or about the first anniversary of the contract award or, if an MOA, the date funds were transferred to the organic facility.

The following minimal information is required:

1) Type of contract & contract award date for each system.
2) Actual demand received/processed under PBL for each completed FY.
3) Actual FFP paid to vendor during FY. When providing cost, show time frame as well (i.e., all costs for FY00).
4) Actual costs above and beyond contract price (i.e., transition of assets to vendor site from Government storage in first year).
5) All planned and unplanned costs to NWCF during the FY.

E. General Timeline (See also Appendix 12)

1. After MSD or PBL implementation date has been identified, begin data collection. (See previous list for required information). However, if date is well into the future, the PM should wait until approximately six months prior to that date. Otherwise, a residual BCA may be completed that is useless because it's too out-of-date.

2. Pass required data to NAVICP-M 058112 BCA Coordinator, who ensures that all data are complete and forwards the data to Price Fighters.

3. If no issues arise with data, Price Fighters requires approximately one month to complete BCA. If Cost Proposal has not yet been received, PF will have to wait to conduct the CBA. After the Cost Proposal is received by PF and there are no issues, the analyses can be completed in less than two weeks.

4. Price Fighters will send completed BCA to NAVICP; NAVICP personnel will review. If the BCA cuts, IWST presents to 05 for approval. At this time, if initiative is PBL-O, the MOA should be ready for 05's signature.

5. If BCA does not cut, NAVICP personnel will analyze BCA to determine if, and where, problem areas exist that may have created errors in the BCA. (See below.)

6. Appendix 10 shows representative BCA time requirements. Appendix 11 provides a flow diagram for the BCA process.

F. Problem Areas

1. Data

Ensure your data are as accurate and complete as possible. Some issues to address:

a. Are the ***demand levels*** correct? Do they match with what the vendor is providing? Do our estimated demand levels for out-years of the contract match the vendor's?

Demand history: This changes weekly and should be constant since it represents historical data. The IM needs to verify the demand data as well as pricing data. **Demand History conclusion:** The only proper way to project out-year demand is to use reliability data from the Program Office since the PBL contract incorporates reliability improvements.

b. Are the ***file prices*** correct?

Snapshot Database: Snapshot B055 & B055A is not a true reflection of what the contractor is charging. Snapshot does an average using procurement history when there are holes in the data. The question to be answered is: what would the contractor charge today to calculate out-year projections?

c. Are there any ***hidden costs*** that PF needs to know about? (e.g. Are we currently paying for CAV reporting? This cost needs to be reflected in the BCA.)

d. Are there ***costs that have not been accounted for*** that should be? (e.g. If we are transferring inventory to the vendor, have we properly accounted for the costs? If the vendor is getting GFE inventory, then this should be reflected in lower material costs for the vendor as he will draw down GFE. But, it will also have to be reflected in the "w/o PBL" costs.)

e. Do the figures include ***costs associated with modifications to system or PPRs*****?** The NAVICP's figures and the vendor's cost proposal should reflect the same types of data. This includes whether inflation rates used are the same for both NAVICP and the vendor.

2. SOW

Price Fighters must have the SOW to conduct their analyses. The SOW is a "road map" for PF to follow. It tells Price Fighters who is responsible for what, and allows PF to determine what figures to use and where in the BCA.

The SOW can be a huge time delayer. This is why, after a system has been identified as a PBL candidate, the SOW should be worked immediately. Because many vendors (both commercial and organic) are new to the PBL process, they do not always understand the requirements or implications of the SOW. Several PBL initiatives have taken six months to work the bugs out of the SOW. To assist in the process, use the SOW section of this guide, actual SOWs that can be found on the PBL Project Tracker, and the experience of others who have generated successful SOWs. ALWAYS be aware that there is no "boilerplate" SOW that will be perfect for your program – since each system is unique, your SOW will also be unique. DO NOT be afraid to tailor the SOW to suit your program needs.

3. Other

a. On Board Repair Parts (OBRP): Have the OBRP's been procured? What funds filled during the contract period? Will the contractor handle the OBRP's for NAVICP during the contract period? Required delivery dates and quantities are required for each item.

b. Warranty: Since NAVICP does not manage warranty items, and NAVICP requests warranty management from the contractor, warranty data should be provided for each NIIN so any cost avoidance associated with warranty can be calculated into the BCA.

c. Existing Inventory: If the contractor has existing inventory that will be provided free of charge under a PBL contract, a list of inventory or a statement saying such, needs to be provided in order to be considered as a factor in the BCA.

d. Mini Strats: If Navy Working Capital Funds are paying for Inventory for "With & Without PBL", a Mini Strat calculation is required for "With & Without PBL" scenario (i.e., Organic PBL where the government would pay for A012 under "Without PBL" and also pay for the same Inventory (rotable pool) under "With PBL").

G. POINTS OF CONTACT

General PBL, PM/IM/Prov, and BCA Issues:
Program Management Policy, Code 058112
PBL Issues for code 84:
Program Management Division, Code 8421
Pricing:
Material Pricing/Program Budget Division, Code 013

XXVIII. STATEMENT OF WORK REVIEW BOARD

For every weapon system being developed for a PBL, a Statement of Work Review Board is required. This is true whether the vendor is commercial or organic (in the case of the latter, the review may be of an

MOA). Appendix 13 is the NAVICP Instruction that delineates requirements and responsibilities for conducting the Review Board.

XXVIV. APPENDICES

APPENDIX 1

WEB-BASED COMMERCIAL ASSET VISIBILITY
STATEMENT OF WORK
3/5/02

1.0 BACKGROUND.

The Commercial Asset Visibility (CAV) application provides an automated method of tracking Government owned repairable assets as they flow through the repair cycle at the contractor's repair facility. The main purpose of CAV is to provide an inventory management system for repairable assets while at repair vendors. However, CAV also provides the Navy Item Managers (IMs) with visibility of their repairable items throughout the various stages of the repair cycle, and provides the Navy with the current status of the parts being repaired. In the past, a monthly status report was sufficient, but in a time of declining resources and the advent of enhanced technology it has become possible and essential to track each asset undergoing repair in near real-time. CAV is a Web-based system that allows the contractor to report transactions as they occur. These transactions automatically update the CAV database at the Naval Inventory Control Point (NAVICP). However, the incorporation of Web-based technology and a Windows based operating environment allows the Naval Inventory Control Point-Mechanicsburg (NAVICP-M) and the repair vendor immediate access to the repair data. An integrated Oracle relational database allows the repair vendors to access their repair data to produce all of the required NAVICP-M status and activity reports.

2.0 OBJECTIVE.

The objective of this SOW is to identify specific actions or tasks that are required to fulfill the CAV contractual reporting requirements. CAV has been designed to support a wide range of transaction reporting to achieve timely resolutions of financial or inventory imbalances, and to provide specific asset tracking and accountability while material is at the Designated Overhaul Point (DOP). CAV also provides the means to track material in transit to and from the DOP and allows daily transaction reporting while minimizing workload impacts on the DOP. IMs who are directly responsible for maintaining adequate repairable stock levels, depend on timely and accurate information. The CAV input that the contractor provides, permits the IM to make sound decisions, such as: to induct assets for repair, purchase new repairables, or reallocate repairables to satisfy priorities. Contractors must report transactions accurately and promptly for CAV to be effective.

3.0 SCOPE.

The following actions shall be performed and reported by the DOP Contractor:

A. Receipt of Asset
   1) On Contract
   2) Not on Contract
   3) Procurement
   4) "A" Condition
   5) Rotable Pool
   6) Loaned Asset

B. Inductions
C. Items Awaiting Parts
D. Reinductions
E. Completions
F. Shipments
G. Bulk Shipments
H. Proof of Shipment
I. Items that are Beyond Economic Repair (BER)
J. Survey/Scrap Items
K. Reversals
L. Print DD Form1348's
M. Print Material Movement Documents
N. Print CAV Inventory Labels
O. Print Repair History Reports
P. Print Awaiting Parts Report
Q. Print Proof of Shipment Reports
R. Perform Item Maintenance
S. Print Report of Discrepancies (RODs)
T. Add and Delete Carriers

4.0 METHOD OF REPORTING.

The contractor's reporting shall conform to the following procedures. The key to effective CAV reporting is the document number. The Repair Cycle Document Number (RCDN) is a unique tracking number that is assigned to the asset when it is received and logged into the CAV system. The RCDN remains with that component throughout the repair process. (NOTE: There is an option on the receipt screen to allow entry of a cross reference/internal tracking number for each unit. This option allows up to 25 characters and is automatically associated to a particular RCDN). The RCDN consists of 14 characters. Characters 1 through 6 are the DOP's Unit Identification Code, characters 7 through 10 are the Julian date of the transaction, and characters 11 through 14 are a sequential serial number (example: N9712330010001). The receipt will be entered into CAV using the document number identified on the packing slip, the National Item Identification Number (NIIN) **actually** received, the routing identifier of the activity from which the item was received, and the quantity **actually** received. For example, upon receipt of three assets on the same paperwork the DOP will enter a receipt transaction for a quantity of three and the computer will create three RCDNs. Each one of these RCDNs will be printed on a separate Material Movement Document (MMD), see Attachment 1. **CAV requires that the DOP maintain the RCDN identity of all assets on hand**. There are a number of alternative methods to satisfy the requirements and the MMD is provided as an option. More specific guidance is contained in subparagraph 4.a.(1). With the exception of the receipt processing frame, all CAV transactions require that this unique document number be entered first to process updates. (NOTE: If you enter a cross reference/internal tracking number into CAV, this number can be used vice the RCDN). The following actions are to be reported by the DOP.

A. Receipt of Assets

1) Receipt--Material on contract (except Rotable Pool/Loaned Assets). The following are examples:

(a) Any material received on a Document Number beginning with N00104 regardless of what contract number it is marked for.
(b) Material received from the Navy Fleet Industrial Supply Center (FISC), or directly from the fleet, which is listed as a repair candidate on the Repair Basic Ordering Agreement (BOA).
(c) NAVICP-M managed items that are funded for repair/upgrade/modification under a Naval Sea Systems Command (NAVSEA) or other Command contract and/or Order in which the material was sent to you under a NAVICP-M generated N00104 Document. These inputs will normally be input to CAV after notification from NAVICP-M.
(d) When a repair order is issued by NAVICP-M to repair a NAVICP-M managed item Part Number (P/N) or National Stock Number (NSN) that is not on the Repair BOA.
(e) One Time Repair Contracts issued from the NAVICP-M for NAVICP-M managed items in which the material was sent to you under an N00104 Document.
(f) When notified from NAVICP- M to input unique Receipts. These instances should be minimal.

NOTE: NAVICP will send an email to the CAV contractor if they have not reported a receipt in CAV within five (5) days of the material being shipped to them. Should you have any questions regarding any CAV receipt inputs, please contact your NAVICP Point of Contact (POC) for assistance.

2) Receipt--Material Not on Contract.
Using the CAV system, report all material received from a FISC, or directly from the fleet user, marked for a NAVICP-M contract at your facility. However, if you receive material that is not listed as a repair candidate on an existing contract, receive it in CAV as material not on contract and follow the directions contained in the basic ordering agreement for shipping instructions. Enter the following data:

- Source Document Number,
- NIIN/PN,
- Routing Identifier for where the material was shipped from,
- Unit of issue (defaults to "EA"),
- Quantity (defaults to "1") and,
- Date material was received (defaults to current date).

B. Receipt of Rotable Pool/Loaned Assets. Rotable Pool assets are laid-in by the government to a repair facility to be used in support of the repair of an end item or next higher assembly. Rotable Pools do not apply to all DOPs, therefore, reporting of this type may not be necessary. Loaned assets are Government Furnished Property (GFP), may be either special tools and/or special test equipment provided by the government to a repair facility to assist during the repair process. Information required by the DOP for the receipt of rotable pool/loaned assets include:

- Source Document Number,
- NIIN,
- Routing Identifier of where material was shipped from,
- Unit of issue (defaults to EA),
- Total quantity (defaults to"1"),
- BOA, receipt type (rotable or loaned), and
- Date material was received (defaults to computer date).

C. Report of Discrepancy (ROD) Notification. RODs are used to reconcile NAVICP's files for NIIN and quantity discrepancies. A skeletonized ROD must be entered when there is a discrepancy between the paperwork accompanying the units and the units themselves (quantity or NIIN mismatch). **This transaction does not eliminate the requirement to complete the Form SF364 and sending it to NAVICP Code M10112 when there is a discrepancy**.

D. Induction. An induction transaction is reported at the time the unit actually goes into repair. Information that must be entered by the DOP during the induction process includes:

- RCDN (or cross reference/internal tracking number),
- Date inducted (defaults to computer date),
- Delivery order number,
- Delivery order date, Contract Line Item Number (CLIN) and,
- New NIIN (if required).

The Repair Turnaround Time (RTAT) clock starts with the induction transaction. However, if the NIIN changes as a result of repair, the new NIIN will be identified when reporting the induction. Appropriate internal records should be annotated with the new NIIN to avoid confusion when reporting later transactions. Most of the information entered at the time of receipt will be carried forward to the induction transaction. Therefore, inputs will be minimal.

E. Awaiting Parts. The Awaiting Parts (AWP) transaction is to be entered when the DOP is awaiting parts necessary to perform repair of a unit. When entering this transaction, the DOP enters the parts required to accomplish the repairs if the parts required are Government Furnished Material (GFM), or Contractor Furnished Material (CFM). Information from the receipt and induction transaction screens is carried forward and to the awaiting piece parts transaction screen and only minimal data inputs are required. Information required to be entered by the DOP during the awaiting piece parts transaction includes:

- RCDN (or cross reference/internal tracking number),
- Date determined for awaiting parts (defaults to computer date) and,
- How parts are being supplied (GFM, CFM or both).

The Total Cycle Time (TCT) includes AWP time, however the Repair Cycle Time (RCT) is computed without incorporating AWP days.

F. Re-induction of Asset for Repair. Following the receipt of the necessary piece parts, the asset is re-inducted into maintenance and the appropriate CAV data transactions are entered into the CAV system. Again, the previously entered information from the receipt, induction and awaiting parts screens is carried forward to the re-induction screen, therefore, data inputs are minimal. Information to be entered by the DOP during the re-induction into repair transaction includes:

- RCDN (or cross reference/internal tracking number), and
- Date unit is re-inducted into repair (defaults to computer date).

The RTAT clock continues from the induction transaction.

G. Beyond Economic Repair Request. If after an item has been reported as received, and the contractor determines that it is Beyond Repair, or Beyond Economic Repair, (BR or BER) the transaction is to be entered into CAV. This is strictly an informational transaction that allows the appropriate ICP personnel to review the transaction, and to direct an appropriate action. Because it is informational, it is not processed to the NAVICP's inventory and financial files. But this notification transaction must be entered prior to the Survey/Scrap Material transaction being made. BR/BER determination date is required (defaults to current date). **This transaction does not eliminate the requirement to notify Defense Contract Management Command (DCMC) or NAVICP for assets to be BR or BER.**

H. Survey/Scrap Material. The Survey/Scrap transaction should be entered for **units authorized by DCMC or NAVICP to become BR or BER.** This transaction can be entered prior to or after induction into repair, but only if BR or BER has been authorized by DCMC or NAVICP-M. Information required by the DOP is:

- RCDN (or cross reference/internal tracking number) and
- Date BR or BER was authorized (defaults to computer date).

I. Completion of Repair. Once an asset has completed the repair process and is in "ready for issue" condition, a completion transaction will be processed. Information from previous screens is carried forward to the completion transaction and only minimal data inputs are required. Information required by the DOP is:

- RCDN (or cross reference/internal tracking number),
- Completion date (defaults to computer date),
- DD-250 date (if known at this time) and DD-250 number (if known at this time).

If rotable pool assets apply to your BOA, a determination must be made on the completion screen of whether the asset is, or is not, being returned to the rotable pool for future installation into the next higher assembly. The RTAT clock is turned off with the completion transaction. A DD Form 1348-1A shipping document must be prepared on the CAV system for each unit being shipped from the DOP's facility, regardless of destination. A sample DD Form 1348-1A is provided as Attachment 2. The entire form, complete with bar coding, will be printed on the laser printer. Information to be entered by the DOP for the DD Form 1348-1A shipping document includes:

- Unit Identification Code (UIC) of the activity you will be shipping the unit to (NAVICP embeds the Navy Stock Point that is contained in your BOA; will need to be overridden in the event of a reconsignment),
- Shipment document number (defaults to the RCDN; will need to be overridden in the event of a reconsignment),
- Mark for, and
- Item nomenclature.

The DD Form 1348-1A replaces the DD-250 as a shipping document only; the DD-250 is still required to be prepared and distributed as required for payment purposes. The DD-250 is NOT to accompany shipment of material. Distribution of 1348-1A is as follows:

- If shipping a single unit -- Copy of DD Form 1348-1A inside package with the unit and a copy of DD Form 1348-1A affixed to outside of shipping container.

- If shipping a multipack -- one copy of the DD Form 1348-1A must be placed inside each individual unit container. A second copy of the DD Form 1348-1A must be attached to outside of the individual unit container within the multipack. A third copy of the DD Form 1348-1A, for each unit being shipped, must be attached to outside of the multipack container. Multi packs must be clearly labeled as such on the outside of the shipping container.

NOTE: In the event of the CAV printer being inoperable, DD Form 1348-1As will be typed manually. Formats for DD Form 1348-1As are provided in Attachment 3. The request to print a DD Form 1348-1A must still be activated with CAV in order for a Pre-positioned Material Receipt Card (PMRC) to be generated to the Navy Supply System for advanced notification of shipment. Also, within CAV, sequence logic makes it mandatory for a DD Form 1348-1A to be activated prior to a shipment transaction being entered.

J. Material Shipment. The shipment processing screen provides the capability to report a variety of different shipping transactions:

- Shipment of repaired material to the Navy Supply System, or directly to a fleet user,
- Shipment of beyond repair or beyond economic repair material.
- Shipment of misdirected/misidentified material to the Navy Supply System or another DOP.
- Shipment of GFM (material shipped in place for contractor's use). This type of shipment will be directed by NAVICP.
- Shipment of rotable pool assets.
- Shipment of loaned asset.

Information from the receipt, induction, awaiting parts, re-induction into repair, DD Form 1348-1A shipping document, and completion transactions, are carried forward to the shipment screen, therefore, only the new data will have to be entered. Information required by the DOP is:

- RCDN (or cross reference/internal tracking number),
- DD-250 date (if not entered at time of the completion transaction),
- DD-250 number (if not entered at time of the completion transaction), and
- Shipment date (defaults to computer date).

K. **Proof of Shipment (POS**). POS is used to reconcile NAVICP's files for Stock in Transit (SIT) issues made by the DOP when there is no matching receipt from the Navy Supply System. POS is an optional entry; however, NAVICP has the option to mandate this entry either by telephone or letter when experiencing problems with shipments made by the DOP. POS entries by the contractor can be a time saving step for the vendor and the Navy if an asset is lost in transit, or must be traced.

L. **Reverse a Previously Reported Transaction**. This transaction returns the asset to the previous condition code. To accomplish a reversal the asset must be receipted in CAV.

M. **Print/Reprint a DD Form 1348 Shipment Document.** A DD Form 1348-1A shipping document must be prepared on the CAV system for each unit being shipped from the DOP's facility, regardless of destination. A sample DD Form 1348-1A is provided as attachment 2. The entire form, complete with bar coding, will be printed on the laser printer. Information required to be entered by the DOP for DD Form 1348-1A shipping document includes:

- UIC of the activity you will be shipping to. NAVICP embeds the Navy Stock Point that is contained in your BOA. (This will need to be overridden in the event of a reconsignment or diversion),
- Shipment document number (defaults to the RCDN -- will need to be overridden in the event of a reconsignment or diversion),
- Mark for, and
- Item nomenclature.

The DD Form 1348-1A replaces the DD Form 250 as a shipping document only. The DD-250 is still required to be prepared and distributed for payment purposes. The DD-250 is NOT to accompany shipment of material. Distribution of 1348-1A is as follows:

- When shipping a single unit -- Copy of DD Form 1348-1A inside the package with the unit and a copy of DD Form 1348-1A affixed to outside of shipping container.
- When shipping a multipack -- A Copy of the DD Form 1348-1A inside each individual container with unit, a copy of the DD Form 1348-1A attached to outside of the individual unit container within the multipack. And a copy of DD Form 1348-1A for each unit being shipped attached to outside of the multipack container. Multipacks must be clearly labeled as such on the outside of the shipping container.

NOTE: In the event of the CAV printer being inoperable, DD Form 1348-1A's will be typed manually until the printer is fixed or replaced. Formats for DD Form 1348-1A's are provided as attachment 3. The request to print a DD Form 1348-1A must still be activated with CAV in order for a PMRC to be generated to the Navy Supply System for advanced notification of shipment. Also, within CAV, sequence logic makes it mandatory for a DD Form 1348-1A to be activated prior to a shipment transaction being entered into CAV.

5.0 REQUISITION PROCESSING**

If you, the Contractor, have a ministock point or PBL contract in place, you will need to access the Requisition Menu within CAV several times a day to view requisitions that are passed through the CAV Program. The requisition file will be updated/revised every fifteen minutes. You are required to follow the response times cited in your contract.

**** This paragraph does not apply to all contractors.**

6.0 HARDWARE.

Following the transition to Web-based CAV NAVICP-M will not provide hardware to the repair contractors. Existing CAV contractors who currently have GFE hardware can continue to use this equipment as long as it is operational. However, the Navy will not provide any additional hardware support for the contractors GFE . Contact the NAVICP-M POC for hardware disposition instructions. CAV is designed to be accessible using Netscape Navigator on a Windows 95 or Windows NT platform. Netscape Navigator was selected because of its 128 bit encryption capability, and DoD certification. The following hardware is required to support CAV reporting:

Minimum System Requirements using Windows 95:

- IBM compatible PC (486-DX66 or higher)
- 16 MB RAM
- 540 MB hard drive
- VGA Monitor
- 28.8 K BPS or faster data transmission modem, or connection to LAN
- Mouse
- Laser Printer, 4 PPM or faster, 300 DPI resolution
- Surge suppressor or UPS with built in surge protection

For Windows NT:

- IBM compatible PC (66 MHz Pentium)
- 32 MB RAM
- 540 MB hard drive
- VGA monitor
- 28. K BPS or faster data transmission modem, or connection to LAN
- Mouse
- Laser Printer, 4 PPM or faster, 300 DPI resolution
- Surge suppressor or UPS with built in surge protection

Restrictions: NAVICP-M furnished hardware is to be solely dedicated to CAV reporting. Only software provided as GFE by NAVICP is authorized to reside on NAVICP owned hardware and changes to hardware are not permitted.

7.0 SOFTWARE.

The following software is required to accomplish CAV Web-based reporting :

- Operating System: Windows 95 or Windows NT
- Netscape Web Browser

There are three CAV reporting connection options. They are as follows:

1. Connect to the CAV server via internet access
2. Connect to the CAV server via a local internet service provider
3. Connect to the CAV server via an 800 phone access

Restrictions: CAV Web-based software will reside on the NAVICP-M mid-tier server. CAV software changes will be made at the Mid-tier server and they will be available to the repair vendor upon log-on to the CAV system. Changes to CAV software by the commercial repair vendors are not authorized.

8.0 INTERNET SERVICE PROVIDER ACCOUNT FOR CAV REPORTING.

The contractor shall have, or shall obtain, an ISP account for CAV reporting. CAV status reporting will be made to NAVICP-M via the internet using the CAV software. A telephone line must be within reach of the CAV operator to allow verbal instructions during computer inputs. This line does not have to be a dedicated direct phone line.

9.0 CAV SECURITY REQUIREMENTS.

DOP's utilizing CAV must comply with the following security guidelines:

A Designate a Terminal Area Security Officer (TASO). The TASO will be responsible for ensuring that the DOP complies with all security requirements as listed in this section.

B Maintain a copy of TASO designation and List of Authorized Users to be presented upon request.

C Challenge any unauthorized personnel attempting to alter CAV in any way.

D Ensure that the terminals are utilized to process only data authorized to the user.

E Report all unsolicited output.

F Report all accidental unauthorized access to systems/files/data to your NAVICP POC.

G Notify your NAVICP Point of Contact (POC) of any changes in your CAV input personnel.

10.0 RECONCILIATION REQUIREMENTS.

NAVICP will be actively resolving CAV Observed Differences (CODs) and tracking Stock-in-Transit (SIT) discrepancies. If NAVICP does not possess the data required to resolve CODs and/or SIT discrepancies, NAVICP Code 0142 (Financial Accounting Division) personnel will contact DOP personnel for assistance. The DOP will be contacted as a last resort and full cooperation is expected. Six months after CAV implementation at your facility you may submit a request for a waiver to the Monthly Repair Status Report. Your request for waiver to the Monthly Repair Status Report is to be submitted to your NAVICP PCO. The NAVICP Financial Inventory Accounting Division (Code 01425) will review this request. COD rates must be less than 2%; a pattern of consistent, timely and accurate reporting is required; and open SIT must be at a minimum in order for your waiver to be considered. Failure to maintain performance will result in a re-establishment to provide Monthly Repair Status Reports.

11.0 CAV DAWN-OF-TIME (DOT) IMPLEMENTATION PROCEDURES.

The contractor will provide an accurate accountable record at least 1 week prior to scheduled implementation to Code 05812.

A. The quantity of a DOT receipt transaction will equal the total quantity of assets on-hand for a particular NSN, i.e., "F", "M", "G", "H", "A", and "J", Rotable Pool "A", and Loaned "A", condition code quantities added together for a summed total. This total quantity will be obtained from the accountable inventory records.

B. DOT receipt transactions for assets in "F", "M", "G", "H", and "A", condition codes will be input to the CAV system utilizing the "RECEIPT OF MATERIAL ON CONTRACT" transaction.

C. DOT receipt transactions for assets in "J" code, misidentified/misdirected assets, will be input to the CAV system utilizing the "RECEIPT OF MATERIAL NOT ON CONTRACT" transaction.

D. DOT receipt transactions for Rotable Pool/Loaned assets will be input to the CAV system utilizing the "Receipt of Rotable Pool/Loaned Assets" transaction.

E. DOT receipt transaction document numbers will equal N00ABC-3001-0001, N00ABC-3001-0002, N00ABC-3001-0003, etc. What this means is that there will be one DOT receipt transaction document number assigned to each NSN for the total quantity on-hand for that NSN.

F. The date field within the CAV system will be set to the current date of the current year for processing DOT receipt transactions. This date indicates opening inventory in NAVICP's files.

G. The received from field will be filled in with "BLK" on all DOT receipts, indicating opening inventory in NAVICP's files.

H. To aid in the DOT process, MMDs with the unique RCDN will be generated within the CAV system as the DOT receipt transactions are input. An MMD will be generated for every unit receipted. The MMD will physically be attached to each unit for tracking purposes during the implementation process. Results of this "tagging" process will be reviewed by the DCMC Property Account Officer (PAO). Differences will be resolved to the satisfaction of the PAO and NAVICP. If the inventory records need to be adjusted to bring them into agreement with the results of the "tagging" process, this will be accomplished by the DOP and PAO with no effect on CAV. If changes to the DOT receipt transaction are required, increases will be processed as new DOT receipts and decreases will be processed as adjustments to the original receipt transaction. Neither of these adjustments to the DOT transactions are authorized unless directed by NAVICP. NAVICP will be notified of all inventory discrepancies and corrective action taken. CAV detailed records will allow NAVICP to monitor adjustments to DOP transactions.

I. When the MMD is attached to the units, verify the actual condition code of the units for input to the CAV system.

J. Once the MMDs have been attached and the actual condition codes verified, the necessary transactions will be input to the CAV system for each unit, i.e., induction, completion.

K. The transaction date will be current day/month/year for inductions, completions etc.

L. Once the CAV database has been updated to reflect actual status of each unit, the Inventory Count by NIIN by Condition Code and the General Active File reports will be printed. These reports will be utilized by DCMC to ensure all transactions have been input and processed accurately during the opening inventory. DCMC will send NAVICP a certification letter in regards to the inventory.

12.0 PROBLEM RESOLUTION.

Although the CAV system is designed to provide fault-free operations, there may be times when problems do occur. The types of problems incurred are too varied to list in this SOW. When you experience a problem with CAV, do the following:

A. Note the window at which the failure occurred

B. Check to ensure all equipment is powered on.

C. Check all wires and hookups to see if they are connected properly (e.g., are they plugged properly and are they snug)

D. If there are still problems contact your CAV point of contact as designated in your contract.

13.0 DELIVERABLES.

Deliverable reports shall be submitted via the Web as status changes occur.

14.0 DELIVERABLE SCHEDULE.

Deliverable reports shall be submitted as described earlier in this SOW.

15.0 PLACE OF PERFORMANCE.

The work shall be performed at the contractor's facility.

16.0 TRAVEL.

Travel by contractor employees is not required.

17.0 PERIOD OF PERFORMANCE.

The period of performance is from the Dawn of Time implementation and will extend for a period of one year, unless otherwise negotiated.

CAV SOW GLOSSARY

The following acronyms are contained in this Statement of Work. If you have additional acronyms to research you can access this web page: http://www.AcronymFinder.com.

ADP	Automated Data Processing
AWP	Awaiting Parts
BER	Beyond Economical Repair
BOA	Basic Ordering Agreement
BR	Beyond Repair
CAV	Commercial Asset Visibility
CDRL	Contract data Requirements List
CFM	Contractor Furnished Material
CLIN	Contract Line Item Number
CODS	CAV Observed Differences
DCMC	Defense Contract Management Command
DOP	Designated Overhaul Point
DOT	Dawn Of Time
DVD	Direct Vendor Delivery
EA	Each
FISC	Fleet Industrial Supply Center
GFE	Government Furnished Equipment
GFM	Government Furnished Material
GFP	Government Furnished Property
HUB	The Government stock point for repairable/repaired material (i.e., Norfolk, San Diego unless otherwise noted)
IMs	Item Managers
ISP	Internet Service Provider
MMD	Material Movement Document
MRSR	Monthly Repair Status Report
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NAVICP	Naval Inventory Control Point
NAVICP-M	Naval Inventory Control Point – Mechanicsburg
NIIN	National Item Identification Number
NSN	National Stock Number
PAO	Property Account Officer (DCMC)
PCO	Procuring Contracting Officer
PBL	Performance Based Logistics
PMRC	Pre-positioned Material Receipt Card
P/N	Part Number
POC	Point of Contact
POS	Proof of Shipment
RCDN	Repair Cycle Document Number
RCT	Repair Cycle Time
ROD	Report of Discrepancy
Rotable Pool	Government assets at the contractor's repair facility used to support repair of end item; rotable pool assets are repaired and used for the next asset repair

RTAT	Repair Turnaround Time
SIT	Stock In Transit
SOW	Statement of Work
TASO	Terminal Area Security Officer
TCT	Total Cycle Time
UIC	Unit Identification Code
UICP	Uniform Inventory Control Point

Condition Codes:

A Serviceable (Ready for Issue)
F Unserviceable (Economically repairable material)
G Unserviceable (Awaiting parts)
H Unserviceable (Condemned)
J Suspended (Material suspended from issue pending condition classification when the true condition is not known)
M Suspended (In repair at DOP)

APPENDIX 2

PROJECT/PTR SUBMITTAL FORM

1. PTR/PROJECT FORM
2. From: Bob Tress, M058111.10, X1609
3. Project Category: New project
4. Brief Title of Project/PTR: PBL Material Returns
5. Supporting Documentation Attached: None
6. Site Deficient Program, Application, Version and System: A/O B15
7. Detailed Description/Definition of Project/PTR:

   PBL (Performance Based Logistics) represents a new, innovative way of providing supply support to Navy customers. Much of the still formulating PBL policy and practice is outside the bounds of normal UICP operations so exemptions or adaptations are required to link existing programs with emerging non-traditional modes of support. One of those necessary links involves the turn in of material (MTIS) from fleet units.

8. Recommended Solution:

   PROCESS STARTS:

   "FTE" doc received at Mech, routed to A/O B15.
   B15 sorts on AAC, is AAC = "H"?
   if no, process through normal B15 operation to determine asset desirability
   if yes, queue for 042 to build dataset

   Code 042 builds dataset (periodicity to be determined, i.e. daily, weekly, monthly, etc)
   Code 042 runs dataset against a table with possible exclusions (exclusions can be by cog, CAGE, contract, NIIN);
   are there general exclusions that would end further consideration for material returns?
   if yes, route back to normal B15 with "TC" status...i.e., material is not required...transmit status to customer
   if no, continue processing

   Code 042 runs dataset against MDF; are all assets/requirements visible?
   if yes, route back to normal B15...standard B15 logic can determine asset desirability.
   if no, continue processing; complete dataset for manual review by PM/contractor

   Code 042 transmits dataset to PM/contractor for manual decision on credit and turn-in location.
   Table constructed to establish parameters based on CAGE, contract, NIIN, etc.
   File design to be determined, i.e., dataset, EXCEL-type electronic file, FLASHPOINT mod, etc.

   Decision required by PM/contractor; should the system grant the customer credit for this turn-in?
   Where to turn-in?

PM/contractor returns dataset to Code 042 with credit/no credit decisions recorded
if yes, continue processing with "TA" status
if no, continue to second decision step: will system take material without credit?
if yes, continue processing with "TB" status
if no, route back to normal B15 with "TC" status...material not required, no credit given

PM/contractor returns dataset to Code 042 with turn-in point identified; does this go to normal stockpoint?
if yes, continue processing with "TA" or "TB" status via B15 with status back to customer on FTR
if no, identify to Q CAGE for RDO (redistribution order for off-line disposition/action)
identify appropriate DAAS address
prepare RDO for customer to use for direct turn in to Q CAGE
manually post shipping (after material has moved) to initiate customer credit

PROCESS ENDS.

This same decision matrix could be used for any PBL MTIS that physically was turned into the stock system without the benefit of the B15 FTE process to determine suitability in the PBL programs.

Similarly, any PBL material screened in disposal recall could use this basic format as well.

9. Explanation of Benefits/Improved information for Management/Improved Customer Service Expected:

This modification to A/O B15 will enable PBL MTIS requests to be manually reviewed for credit/stocking decisions and also will be able to use the existing features of the A/O to communicate with fleet customers and provide files tracking capability at NAVICP Mech.

10. Summarization of Cost Benefits: Unknown at present.

11. Activity Point of Contact:

Name	**Code**	**DSN**
Bob Tress	M058111.10	430-1609

APPENDIX 3: SAMPLE STATEMENTS OF OBJECTIVES

Sample 1. ASPARCS SOO

Statement of Objectives
for the
Air Surveillance and Precision Approach Radar Control System Program (ASPARCS)

September 20, 1999

1.0 Overview

The purpose of this Statement of Objectives (SOO) is to provide the basic top level objectives of the Air Surveillance and Precision Approach Radar Control System (ASPARCS) acquisition in lieu of a Government written Statement of Work. This approach provides the potential offerors the flexibility to develop cost-effective and innovative solutions in meeting the objectives. This SOO is to be used by potential offerors to develop an appropriate Technical Solution, Statement of Work, Contract Data Requirements Lists (CDRLs) and other documents that support and define the proposed two-phase effort as defined below. Section 5.0 of this document contains a list of recommended CDRLs and reports to be developed by the contractor.

1.1 Contract Objectives

The ASPARCS will consist of a highly mobile, Air Surveillance Radar (ASR), Precision Approach Radar (PAR) and the Operations Subsystem/Communications Subsystem (OS/CS). The contractor will initially deliver one, fully tested, first article unit to the Government to demonstrate compliance with the System Requirement Document (SRD), ser #XXXX., Exhibit A. The ASPARCS is being acquired in two phases. The first phase includes all core air traffic control (ATC) components and will be a non-developmental item (NDI) with modifications. The second phase incorporates interoperability with aviation command and control agencies and enhanced ATC functions to the Phase I systems. The successful offeror will clearly outline the Pre-Planned Product Improvement capability to incorporate the Phase II enhancements to the Phase I solution.

2.0 Systems Objectives

2.1 Design

The contractor shall provide an ASR, PAR, and software, which conform to all of the requirements of the ASPARCS SRD. The contractor shall conduct design analyses and functional testing to reduce risk and to verify that the product meets the performance requirements.

2.2 Operation and Maintenance

Provisions shall be made to monitor the equipment continually for any degradation of performance exceeding the allowable systems tolerance through Built-in test (BIT). The offeror shall propose the resources required to maintain the ASPARCS, and the skill level required to maintain and operate the ASPARCS. The skill level required to maintain ASPARCS shall not exceed qualification of Military Occupational Specialties (MOS)s 5953 or 5954 which are current MOSs required by the MATCALS.

2.3 Test and Evaluation

The offeror shall propose qualification testing to be performed by the contractor to ensure that the system will meet all environmental, shock, vibration and performance thresholds as defined in the SRD. The first

article and production tests and plans and procedures shall be developed by the contractor. The contractor shall conduct or direct testing necessary to establish the reliability and maintainability levels for the system. In lieu of actual first article testing, test data from the NDI subsystems previously tested by DoD agencies may be accepted.

2.4 Management Information

The objective is to allow the contractor and subcontractors maximum flexibility to manage program schedules, performance, and risks to deliver a safe, efficient, easily maintained and reliable system. The Government will partner with the contractor and attend regularly scheduled meetings to assist in addressing and solving problems. Within 90 days after beginning of Phase I and also 90 days after beginning of Phase II, the contractor shall participate in an Integrated Baseline Review to assist the Government in determining the adequacy of the contractor's performance measurement baseline, which includes cost and schedule performance. The contractor shall conduct periodic program reviews prior to initial First Article delivery in order to mitigate risk. In addition, the contractor shall conduct a Preliminary Design Review (PDR) and Critical Design Review (CDR) prior to First Article delivery for both phases. After initial First Article delivery, the contractor shall conduct bi-annual program reviews. The contractor shall provide program status and metrics in monthly progress reports and Cost/Schedule Status reports.

3.0 Logistics

It is the intent of the Government to have Direct Vendor Delivery (DVD) and depot Contractor Logistics Support (CLS) for the 20 year life cycle of the ASPARCS. The contractor shall provide and manage the effort necessary to establish and satisfy the Logistics element requirements to support the ASPARCS. The contractor shall use Logistics Management Information (LMI) data, including preliminary maintenance plan reports and related resource requirements, for each of the logistics elements using as guidance the MIL-PRF-49506 and MIL-HDBK-502.

3.1 Configuration Management

The offeror will develop a Configuration Management Plan (CMP) to be submitted as part of their proposal using MIL-STD-973 as guidance. The Government will require the contractor to maintain the form, fit and functional equivalency of all lowest replaceable units (LRUs) and modules throughout the 20-year life cycle. The configuration management of software and execution of contractor's CMP will include the Software Support Activity (SSA) responsibility.

3.2 Supply Support

The contractor shall establish and administer a Direct Vendor Delivery (DVD) program, using Exhibit B as guidance.

3.3 Software Support

The offeror shall provide a plan describing the processes to be implemented and outputs to be provided in performance of software maintenance as the SSA. The offeror should reference IEEE/EIA 12207 Software Life Cycle Processes for guidance on activities and processes associated with software maintenance process. The contractor shall perform the SSA function, with government oversight, utilizing the offeror supplied maintenance plan as approved by the government.

3.4 Training

The contractor shall establish a training program and conduct operational and maintenance training prior to first article delivery and prior to the delivery of the first production unit. These training programs shall be conducted at the contractor's facility, or at such other place as may be approved by the Government. These

programs will ensure the transfer of required knowledge and skills to Government maintenance personnel, training instructors, and Developmental Test/Operational Test and Evaluation Force personnel.

3.5 Reliability and Maintainability
The offeror shall provide a plan for demonstrating the reliability and maintainability attributes of ASPARCS during first article testing and a Maintainability Demonstration (M-Demo) as stated in the SRD.

3.6 Technical Manuals, (TMs)
The offeror shall provide and update as required TMs for ASPARCS per the Technical Manual Contract Requirements for Commercial Off-the-Shelf (COTS) (TMCR 99-020), Technical Manual Contract Requirements for Non-Developmental Items (NDI) (TMCR 99-023), and the Technical Manual Contract Requirements for Military Specifications (TMCR 99-019).

3.7 Logistics Management Information (LMI) Data Products and Data Organization.
The data definitions, edits, and formats described in MIL-PRF-49506 ensures compatibility with standard Government data systems which require data in specific format(s). The contractor may propose alternatives which may have program/cost advantages, but the contractor must, if required, be able to adhere to the above performance specification in delivering the date, and the proposal must address whether alternative systems are or are not proposed.

3.7.1 Supportability Analysis Summaries (SAS)
The SAS and Data Product Deliverables (Appendix B) will provide information for planning, assessing program status, and decision making by the government in support of acquisition planning. The contractor shall comply with best aviation commercial practices for performing these analyses.

3.7.2 Current Design Configuration.
The contractor shall provide data, which reflects the current design configuration.

3.7.3 Products (Reports)
Table 2 of Section 5.0 includes reports that shall provide information required for the Government to conduct logistics planning and analysis, influence program decisions, assess design status, and verify contractor performance. Content of the summaries should be specified on the Supportability Analysis Summaries worksheet. MIL-PRF-49506 is to be used for guidance.

3.8 Quality Assurance
The contractor shall provide, implement, and maintain an ASPARCS quality assurance program that will be applicable throughout the life cycle of ASPARCS. Offerors are required to submit their quality assurance plan with proposal submission.

3.9 Affordability
The objective is to obtain a system that demonstrates that the contractor has consistently applied life cycle cost reduction analysis to provide the most reliable cost-effective system to the Navy.

4.0 Joint Government/Industry's Role

Joint Government and Industry's role in the ASPARCS Operations Subsystem (OS)/Communications Subsystem (CS) for Phase I is as follows:

Industry shall be responsible for the following:

a. specification and selection of the OS hardware (H/W)
b. the design of the OS electronic interconnections (e.g. network)
c. the procurement of a selected sub-set of OS H/W
d. the development/loading/test and support of the functional OS software
e. the design and procurement of the ASR to OS and the PAR to OS interfaces

The Naval Air Warfare Center – Aircraft Division (NAWCAD) shall be responsible for the following:
a. the physical design, integration and packaging of the combined OS/CS subsystem
b. the procurement of selected OS H/W

The physical design for the OS/CS is in the very early stages and is open to industry comment. The current NAWCAD combined design calls for a single HMMWV with a mounted rigid shelter, and a DRASH 5 tent serviced by a trailer with GENSET and Environmental Control Unit (ECU), refer to Appendix C, drawing 9911001. The drawing of the tent interior shows expansion to the objective of eight MD positions and two supervisor positions. Equipment procurements and size/weight/power budgets are only based on the threshold values of half as many positions. The majority of the CS equipment will be located (mounted) within the shelter and the majority of the OS equipment will be mounted in transit cases, refer to Appendix C, drawing 9911400. These drawings are notional at this stage and other mounting/storage approaches may be considered. During normal operation, the transit-cased equipment will be set-up and operated within the tent. During transport, the transit cases will be stowed within the shelter or on the OS/CS trailer.

The configuration shown in drawing 9911001, Appendix C, is the normal deployment configuration. At other times the OS and CS may be separated by up to 1000 meters. In this scenario, the OS and CS will be linked together with a separate communication link. It is envisioned that the communication technology used to connect the ASR/PAR to the OS may also be used (and procured by NAWCAD) to connect the OS to the CS. In addition, for the intercom circuits from the CS to the ASR and PAR, NAWC-AD would prefer to piggyback onto the communication link(s) provided by the ASR/PAR contractor.

The design of the CS requires a Global Positioning System Time of Day (GPS TOD) distribution subsystem for the radios and audio recorder. The OS/CS design will also include a GPS TOD distribution capability inside the OS tent. This GPS data source will be available to industry inside the OS tent. (Or industry can elect to use the TOD signal from their GPS systems located in the ASR and/or PAR.)

It is expected that Industry will work closely with NAWCAD during the design/integration of the OS suite. This may include, but not be limited to:

Formal participation on a government led ASPARCS Systems Integration IPT
Active participation in government sponsored In Progress Reviews (IPRs) at NAWCAD
Hosting of IPRs with NAWCAD participation at industry facilities
Development/review of interface control documentation
Notification to NAWCAD of final OS H/W selections in the time period between industries scheduled PDR and CDR.
Delivery of equipment, software, and technical personnel (as required) to NAWC-AD to assist with the integration of the OS prior to FA delivery.
Industry shall also work closely with NAWCAD during the DT/OT test phases.

With these considerations in mind, space/weight/power within the OS/CS for vendor selected equipment will be limited to the nominal values shown in Table 1:

NOTE: Unless otherwise annotated, the equipment is specified by industry, procured and physically integrated by NAWCAD

TABLE 1

Weight, Space, and Power

The following is a draft summary of the space, weight, and electrical power allocated for industry specified equipment located within the combined OS/CS.

Item	Qty	Weight	Space*	Amps**	Notes
MD workstation	4	40 lbs ea.	7”h x 18”d	5.0 ea.	1
Flat Panel Display	4	21 lbs ea.	3.5”h x 18” d	1.0 ea.	2
Mount for FPD	4	3 lbs ea.	1.75”h x 18”d	N/A	
Server (as REQ.)	1	40 lbs	7”h x 18”d	5.0	3
UPS	2	58 lbs ea.	5.25”h x 18” d	0.5	4
Data link equipment (ASR/PAR to OS)	1	65 lbs	12.25”h x 18”d	6.0	5, 6
LAN router/hub	1	8 lbs	5.25”h x 18”d	1.5	
Laser printer	2	40 lbs ea.	7”h x 18” d	8 ea.	
Scanner	1	20 lbs	5.25”h x 18” d	3	
Flight data recorder	1	50 lbs	10.5”h x 18” d	8	6
Weather display	1	10 lbs	5.25”h x 18” d	2	6
MIDS TADIL J	1	65 lbs	10.5”h x 18” d	10	7

*All items are to mounted inside 19 1/16” rack unless noted otherwise.
** All electrical power is assumed to be 120VAC, 60 Hz

Notes:

1. The multi-functional display includes the central processor, keyboard, mouse, track-ball, etc. without flat panel display
2. The flat panel displays (e.g. LCD) are dismantled and stored inside a 19” transit case for transport. This may limits the size of the screen to 17 ¾” (to fit inside the mounting rails).
3. Current OS design assumes that the server, if any, is located TBD
4 . Assumes ASR/PAR contractor will require a small UPS (APC SU1400 or equivalent) to protect the MD workstations.
5. The data link equipment consists of all equipment necessary for communication between the OS and ASR and between the OS and PAR. (Note – other data link equipment shown is for communication links between the OS and CS.) NAWC-AD assumes this data link equipment has sufficient bandwidth to provide an intercom audio circuit from the OS to the ASR and PAR.
6. Equipment is specified and PROCURED by industry and delivered to NAWCAD for integration into the OS/CS.
7. Deferred until PHASE II.

5.0 Recommended Contract Data Requirements Lists (CDRLs):

TABLE 2

Audits/Meeting Minutes

Configuration Management/ECPs Documents
Contractor Cost Data Report
Contractor Proposed Software CDRLs from IEEE/EIA 12207
Cost Accounting Documents
Cost Data Summary Report
Cost/Schedule Status Report
Design Review Reports
Failure Mode Effects and Criticality Analysis (FMECA)
First Article Test Documents
Functional Cost Hour Report
Functional Requirements Identification
Health/Safety/Environmental Documents
Human Engineering Documents
Interface Control Documents
Level of Repair Analysis (LORA)
Logistics Integration Plan
Maintainability Demonstration Documentation
Maintenance Planning Summary
Maintenance Repair Analysis Summary
Operator's Manual
Potential Repairables List
Production Test Documents
Progress and Status Report
Quality Assurance Documents
Reliability Centered Maintenance Analysis (RCM)
Support and Test Equipment Summary
Support System Alternatives and Trade-Off Analysis
System Operator's Documents
Technical Manuals
Training Documents

Sample 2: DVD SOO

Statement of Objectives
for the
Direct Vendor Delivery Program

1.0 Overview

The purpose of this document is to provide the basic objectives of the Direct Vendor Delivery (DVD) concept. This approach provides the potential offerors the flexibility to propose cost effective and innovative solutions in meeting the objectives. This SOO is to be used by potential offerors to develop an appropriate Statement of Work, and Contract Data Requirements List (CDRLs), and other documents that support and define the offeror's proposed DVD effort.

1.l Contract Objectives

The DVD program is a commercial depot concept that is intended to be the supply support of ASPARCS. The goal of the DVD program is to provide incentive to maintain and improve supply availability and system reliability and lower Navy cost of ownership. Under the envisioned DVD concept, the Contractor's role in supply support is greatly expanded.

2.0 Program Objective

2.1 Operation and Maintenance

The contractor shall provide a DVD program wherein it functions as the Government commercial stocking point. The contractor shall be responsible for the repair or replacement of all failed Replaceable Units (RU) that are provisioned and will be requisitioned by the fleet. The contractor shall support any of the consumable RU that are unique to the system or require some specialized quality control to be maintained. Consumable RU's are items needed for operational maintenance but which are not repairable by the contractor for resale/reuse. The program will be applicable to the ASPARCS and shall conform to the maintenance philosophy of the system. The contractor shall develop and deliver a Provisioning Parts List (PPL). This will be used for assignment of the National Stock Numbers (NSN).

2.1 Fill Rate

The contractor shall be responsible for maintaining at least an 85% fill rate. Fill rate is defined as a measure of the number of times an asset is delivered to the customer on time. The applicable time frames for receipt and processing are:

Casualty Report (CASREP) and Priority I requisitions	24 hrs
Priority 2 and 3 requisitions	48 hrs
Priority 4 through 8 requisitions	72 hrs
Priority 9 through 15 requisitions	8 days

The prescribed period for measurement begins with the receipt of the requisition and ends with the shipment of the part to the customer. CASREP and Priority I requisitions shall be processed Monday through Saturday. All other requisitions shall be processed Monday through Friday. The contractor shall receive requisitions via an electronic data interchange " EDI". The contractor shall establish EDI with the Navy Weapons Systems Files. EDI reporting shall be utilized to advise the Government when a shipment of a RU has been made.

The transportation requirement for CASREP and Priority 1 requisitions is twenty-four (24) hours for CONUS destinations and seventy-two (72) hours for OCONUS. For all other requisitions, the transportation requirement is three (3) days.

Shipments outside CONUS may be required for CASREP and Priority 1 requisitions. For all other requisitions the government may require delivery to any commercial or government entity, ship or facility in CONUS, Alaska and Hawaii, and to Point of Embarkation (POE) for OCONUS final destinations. For shipments to POE for OCONUS final destinations, the contractor's responsibility ends at the point the shipment is received at POE.

2.3 Availability Levels

The contractor shall stock, warehouse, manage and deliver inventory that assures sufficient resources to meet all demands from the operation of the system. The contractor shall be able to respond to all spikes or surges. Additional funding will by identified to preposition spares in the time of war.
The contractor shall have an availability monitoring system that provides for auditing performance. This shall include provisions for transit transportation visibility and customer access to transit visibility. The contractor shall be able to trace the delivery of an individual RU in the event location and retrieval become necessary.

2.4 Quality Assurance

The contractor shall ensure inventory meets Original Equipment Manufacturer (OEM) quality standards, or can be repaired to meet these standards. This also includes the consumable RU being manufactured or procured. The contractor's quality assurance program shall incorporate a method of interfacing with and responding to Government generated Quality Deficiency Reports (QDR).

2.5 Title and Control

The contractor shall retain title and control of the full inventory of wholesale system assets. The title transfers to the government upon receipt of the material shipped Freight On Board (FOB) Destination. Title to Not Ready For Issue (NRFI) assets received from the Government activities will transfer to contractor upon contractor acknowledging receipt on DD 1149.

2.6 Configuration Management

The contractor shall include provisions for configuration management of the assets under this plan in its system configuration management plan. Configuration changes stemming from technology improvements shall be incorporated into the DVD program. In each year of performance under DVD, the contractor shall support all configuration/versions of the installed/operational system. The contractor shall ensure that firmware does not impact system or part operation for the specified part or the software interface reliability. The contractor shall obtain approval from the Navy for class I design changes that effects the form, fit, or function. The contractor must advise the Navy of class II design changes that prevent obsolescence, improve reliability or lower the cost of ownership, but can independently incorporate these changes. All costs associated with contractor initiated design changes shall be borne by the contractor. In the event the contractor directs a change in O and/or D level maintenance that necessitates new piece parts, the contractor shall provide parts support. The government shall provision these items utilizing the technical data package provided by the contractor.

3.0 Government Oversight

The contractor shall include coverage of the DVD in their program PMR's. Once all systems have been delivered, DVD reviews shall be continued through life-cycle support. In addition, the government

(NAVICP) will be developing quantitative performance metrics that would be utilized to determine support effectiveness.

3.1 Program Transition

The contractor shall develop a supply transition plan to be implemented in the event the DVD program is terminated for any reason in accordance with CDRL XXXX. The plan should address at a minimum advanced notification timeframes, work in progress, inventory ownership, technical data transfer, alternate source criteria, and other options deemed appropriate by the contractor. This plan shall provide a seamless transition without a negative impact on fleet readiness.

Sample 3: Chesterton Pumps SOO

Statement of Objectives
For
Chesterton Pump Parts PBL

1.0 INTRODUCTION AND SCOPE

This document sets forth the Statement of Objectives (SOO) for a Performance Based Logistics (PBL) program to be negotiated between a Contractor and the Naval Inventory Control Point (NAVICP). This performance concept anticipates both logistics performance enhancements and cost of ownership benefits from leveraging proven commercial support concepts, reducing inventory investment, and avoiding infrastructure costs.
The SOO applies to the pump related components (hereafter referred to as Equipment) installed on U.S. Navy ships, and used in DOD and NON-DOD government applications.
PBL includes the process where the Contractor will provision, stock, repair, store, and ship serviceable Equipment directly to the user upon demand. This just-in-time performance strategy seeks a low risk yet streamlined operation, which not only reduces the Government's inventory investment but also has the capabilities to provide an integrated product life cycle approach to lowering the cost of ownership over time. This PBL also will acquire commercial data, data access and support for additional logistic related products.

1.1 CONTRACTOR RESPONSIBILITIES

The Contractor shall provide total support and management services for the Equipment including:
Web access
1-800 phone access
Repair/Replace/Overhaul
Manufacture to system qualification standards or better
Guaranteed availability and response times
Reliability improvements
Reliability and response time tracking
Material management
Program management reviews
Packaging and shipping
Technical data and manuals
Engineering and logistics services
Configuration management
Maintenance of source data package reflecting technical changes
Modifications and upgrades
Training

1.2 GOVERNMENT RESPONSIBILITIES

The Government shall be responsible for the following:
Provide portal access for E commerce
Provide material management interface data to the Contractor
Provide a vehicle for (CONUS/OCONUS) transportation as required
Provide for shore to ship transportation when vessels are at sea

2.0 CONTRACT APPLICATION

The Contract shall be made available to Navy, DOD, and Government activities. It shall also be made available for use by FMS, DOE, DOT, and specified Government Contractor entities.

3.0 INVENTORY

The Contractor shall be responsible for managing, stocking, storing, issuing inventory, and shipping serviceable Equipment directly to the user upon demand.

4.0 PROGRAM MANAGEMENT

The Contractor shall maintain a single-point of contact for this Program to ensure timely resolution of business and technical problems and implementation of corrective action.

5.0 ENGINEERING EFFORT

The Contractor shall provide necessary engineering effort to meet the performance metrics of this contract. Including but not limited to the following:
Factory liaison
Technical support
Program management

6.0 TECHNICAL SUPPORT

The Contractor shall provide technical support directly to Navy, DOD, and Government activities in response to requests for assistance. Assistance shall encompass technical analysis, background research, on-site investigations, in-service engineering, maintainability, reliability, maintenance planning, determination of shipboard or intermediate service repair limits, and maintenance processes on a fee for service basis.

7.0 REPAIR, REPLACE, AND OVERHAUL

The Contractor shall provide intermediate repair, replace, and overhaul services on a fee-for-service basis as required by the user. To perform such services, which support the pumps, the Contractor shall provide a list of labor categories along with position descriptions and fully burdened hourly rates based upon the Contractor's commercial pricing.

8.0 QUALITY ASSURANCE

The Contractor shall insure all inventories meet OEM quality standards, or can be repaired to meet these standards. The Contractor quality assurance program shall incorporate a method of interfacing with and responding to Government generated Quality Deficiency Reports (QDR).

9.0 TECHNICAL TRAINING AND PUBLICATIONS

The Contractor shall provide technical publications upon request. The publications will be standard commercial products. The preferred media for publication delivery is electronic (PDF format). Standard, commercially available technical training and training publications shall be offered. The training and publications will be made available on a fixed-fee basis.

10.0 CONFIGURATION MANAGEMENT

The Contractor shall document, maintain, and report any changes to the baseline configuration of the systems. Configuration data shall be made available to the individual user and tailor it to the specific installed ship Equipment. The Contractor shall incorporate design changes up to Class I to prevent

obsolescence and revise the technical data package (TDP) as necessary to reflect design changes. Any Class I changes proposed by the Contractor must be approved by the Navy. The Contractor shall propose a means to provide the Government with the ability to establish and maintain alternative continued support of any product or service commercially discontinued without replacement during the execution of this contract.

11.0 TRANSITION PLAN

The Contractor shall develop a supply transition plan to be implemented in the event the PBL Program is terminated for any reason. The plan should address at a minimum advanced notification timeframes, work in progress, inventory ownership, technical data transfer, alternate source criteria, and other options deemed appropriate by the Contractor. This plan shall provide a seamless transition without a negative impact on fleet readiness.

12. REPORTING

The Contractor shall provide Equipment reporting and reliability and response time tracking using mutually agreed upon software. The contractor shall achieve a 90% fill rate and backorders not to exceed 112 days. Metrics and back up information to audit and validate the metrics will be provided quarterly in Contractor's format to substantiate compensation in accordance with a plan proposed by the Contractor.

13.0 REQUISITION PROCESSING

In addition to the above web-access ordering capabilities, the Contractor shall also accept orders electronically (Electronic Data Interchange), in writing (facsimile), with EDI being the preferred method.

TRANSPORTATION

14.1 PACKAGING AND MARKING

Any National Stock Numbered (NSN) item (required for immediate use and/or direct installation) or part number item (authority granted to ship without NSN) shall be packaged and packed in accordance with Contractor's commercial packaging and packing procedures.
Under the U.S. Navy program for Plastics Reduction in Marine Environments (PRIME), the Contractor should reduce or eliminate plastics in packaging to the maximum extent. Packaging and packing methods and materials will be reusable/recyclable and designed to minimize the quantity of solid waste generated at the time of disposal.

14.2 ECOMMERCE SHIPMENT

The Contractor shall be responsible for providing the means of shipment. The Government shall be responsible for OCONUS shipments. Presently, GSA Express is the preferred provider for CONUS shipment and WWX for OCONUS shipment.

15.0 WEB ACCESS

The Contractor shall provide web access capabilities. The security for this web site shall be 128-bit encryption or better. Access shall require a PKI certificate and user unique password protection. The Contractor shall develop and execute a detailed marketing strategy designed to enhance the exposure and

utilization of this site to all potential Navy, DOD, and Government activities as well as commercial vendors fulfilling requirements under a Government Contract.
In addition, the Contractor shall provide a 1-800-customer service number as an alternate means of communication. This number will be accessible and in operation 24 hours a day, 7 days a week, and shall be included in the technical manual for this Equipment.

15.1 ECOMMERCE

The Contractor shall provide but is not limited to the following:
Modified pricing to include NAVICP surcharge
Inventory information
Price, availability, and delivery information
General information free to customer
Configuration management data
Design change information

Part number change notification
Fit, form, and function information
Timely notification of product changes
Product discontinuance notification
Transportation options and pricing
Credit card payment capabilities
Parts ordering capabilities
Other data and services available for a fee

16.0 WARRANTY

The proposal shall address warranty of products and services and or product or service-recall procedures including independent engineering analysis supporting recall decisions.

17.0 CONTRACTOR PERFORMANCE METRICS

The Contractor's performance shall be measured by response time and fill rate. Response time shall mean the timeframe between receipt of order to the time of shipment from the Contractor facility. Fill rate is defined as a measure of the number of times an asset is delivered to the customer.

17.1 ECOMMERCE

The Contractor shall be responsible for prompt delivery of shipments. Metrics will be based on receipt of order to Freight On Board (FOB) destination timeframes. The Contractor will be responsible for maintaining at least a 90% fill rate. The applicable time frames for receipt and processing are:

Casualty Report (CASREP) and Priority 1 requisitions	24 hrs
Priority 2 and 3 requisitions	48 hrs
Requisitions with RDD equal to 999 (N_, E_), 777, 444, 555	48 hrs
Priority 4 through 8 requisitions	8 weeks
Priority 9 through 15 requisitions	12 weeks

CASREP and Priority 1 requisitions shall be processed Monday through Sunday. All other requisitions shall be processed Monday through Friday.

Orders placed by FMS and all other non-Navy entities will be included in the metrics calculations and averages unless the Contractor proposes a separate metric for these customers.

18.0 GOVERNMENT OVERSIGHT

The Contractor shall include coverage of the PBL Program in system reviews as required. Annual reviews will be conducted to discuss overall performance, Government surcharge changes, and potential pricing matrix deviations.

APPPENDIX 4: SAMPLE MSP (ORGANIC) MOA

MEMORANDUM OF AGREEMENT
BETWEEN
COMMANDER, NAVAL INVENTORY CONTROL POINTF
MECHANICSBURG, PA
AND
FLEET TECHNICAL SUPPORT CENTER ATLANTIC,
NORFOLK, VA

CONCERNING
ORGANIC MINI STOCK POINT

1. Parties. This Memorandum of Agreement (MOA) is entered into by and between Commander, Naval Inventory Control Point, Mechanicsburg, PA, hereinafter called "NAVICP"', and Fleet Technical Support Center Atlantic, Norfolk, VA, hereinafter called "FTSCLANT".
2. Purpose. The purpose of this MOA is to establish an agreement between the parties concerning roles and responsibilities, lines of authority and support services between FTSCLANT and NAVICP, with respect to Organic Mini Stock Point.
3. Background. NAVICP in meeting the requirement of fleet support with the integration of COTS material, has initiated, with the help of PMS411 and FTSCLANT, a process whereby the fleet will be best supported. Since FTSCLANT installs the SQQ-89(V) systems upgrade, provides interim support and performs integration services, we have determined that the establishment of a mini stock point at FTSCLANT for selected items will best facilitate the incorporation of COTS and configuration control for the SQQ-89(V) Adjunct systems and 53D(V) systems.
4. Basic Agreement. The parties agree to provide support as set forth in this MOA. It is understood that NAVICP assets are under the sole operational authority of NAVICP and that any use of these assets by any command, including FTSCLANT Norfolk, VA, requires NAVICP approval.
5. General Provisions.

a. FTSCLANT, Norfolk, VA, shall provide support to the NAVICP, Mechanicsburg, PA, in the area of Supply Support management for the AN/SQQ-89(V) Combat System. The specific equipment covered by this agreement include AN/SQS-53D(V) and AN/SQQ-89(V)6 Adjunct Equipment.

(1) Establish Inventory Levels. NAVICP will determine inventory levels based on demand and other planned program requirements. Initial inventory will be provided from existing NAVICP and NAVSEA assets.
(2) Issue Material. Upon receipt of requisitions, FTSCLANT shall ship materials within the prescribed time frame as shown in enclosure (1). The prescribed time frame begins with the receipt of the order through the DAMES terminal and ends when the part is shipped by FTSCLANT via GBL or commercial carrier.
(3) SDPU Module Support. SDPU Modules listed on enclosure (2) will be supported by FTSCLANT assets. The configuration tracking, module repair and/or reburn-in will also be FTSCLANT responsibility.
(4) Warehousing Material. FTSCLANT shall provide storage facilities adequate to maintain the Ready For Issue (RFI) integrity of the AN/SQQ-89(V) inventory. Adequate storage areas for

material which may be classified or contain classified software shall be maintained. Security measures and procedures to safeguard classified items shall be maintained.
(5) Receiving Material. FTSCLANT shall maintain procedures to segregate RFI and Not Ready for Issue (NRFI) material. RFI assets received from repair or procurement shall be inspected for damage before being receipted into the Commercial Asset Visibility (CAVII) Inventory Management System.
If it is determined that damage has occurred, FTSCLANT shall submit a Report of Discrepancy (ROD) or Quality Deficiency Report (QDR) as applicable and shall pursue resolution with the supplier.
(6) NRFI Screening/Testing. Assets received as NRFI shall be tested to verify that the items have failed. Items found to exhibit a No Failure Evident (NFE) condition shall be processed for receipt to the RFI inventory. Items found to exhibit minor failures shall be corrected and processed for receipt to the RFI inventory. Remaining NRFI items shall be researched for warranty application and, if not applicable, reported and processed for potential depot level repair.
(7) Warranty Material. When FTSCLANT confirms the NRFI item is covered under the warranty period, action shall be taken to obtain warranty repair/replacement. Returned warranty items shall be processed for receipt to the CAVII RFI inventory.
(8) Technical Support. FTSCLANT shall verify each requisition to ensure properly configured material is provided.
(9) Packaging Support. Replenishment materials shall include significant quantities of Commercial Off The Shelf (COTS) Non-Developmental Items (NDI) and shall have commercial packaging. Normally, commercial packaging is adequate for military transportation requirements. FTSCLANT shall utilize adequate and cost efficient packaging when required for NFE and "Quick Fix" minor repaired items. Packaging and packing methods shall adhere to the military requirements for plastic reduction, hazardous material handling, prohibited cushioning and protection against electrostatic discharge (ESD) damage.
(10) Transportation Support. Material processed for shipment to deployed ships shall normally be via military transportation system. Special transportation may be utilized for emergency requirements. Non-deployed or shore facility shipments shall utilize cost efficient, traceable, commercial transportation.
(11) Reporting Procedures. Stock status and requisition processing status shall be handled by Commercial Asset Visibility.
(12) Points of Contact. FTSCLANT shall provide primary and secondary points of contact capable of obtaining and shipping material in response to IPGL requisitions during non-business

b. NAVICP agrees to:

(1) Funding. Provide funding for support functions in the agreed amount on an annual basis. Funds should arrive FTSCLANT at the beginning of the FY in sufficient time to perm
(2) Equipment. Provide any unique and necessary equipment and software required to process requisitions and for NAVICP reporting
(3) Project Status and Coordination. Consult with FTSCLANT personnel with respect to project status, program requirements, inventory levels and other issues related to Mini Stock Point support.

6. Scope. It is agreed and understood by both parties that that the signing of this MOA represents the entire agreement concerning Mini- Stock Point issues. The signed MOA represents the entire agreement, and any prior negotiations, understandings or verbal agreements that are not explicitly contained in this document are null and void.

7. Modification. The terms and conditions of this signed MOA may be changed or modified at any time by the mutual agreement of both parties of record. It is further agreed and understood that a mutual agreement changing or modifying any portion of the MOA shall be in writing and signed by both parties and shall nullify the previous existing document.
8. Effective Date. This MOA will be placed in effect on 1 May 1999 or as soon as reasonable after that date.
9. Termination. This MOA will remain in force unless terminated by either party by delivering to the other party a written notice of termination at lease 90 calendar days in advance.
10. Location of Original Document. This document has been signed in two originals, one held by NAVICP and the other by FTSCLANT, Norfolk, VA.

FTSCLANT REQUISITION PROCESSING RESPONSIBILITIES

FTSCLANT shall receive requisitions and transmit data concerning the requisitions in 80cc MILSTRIP format via DAMES.

Transactions received will be:
"A5" Material Release Order
"AC" Supply Source Cancellation

Transactions transmitted will be:
"ARO" Material Release Confirmation
"AE" Supply Status
"A6" Material Release Denial Card

(a) The DAMES terminal shall be scanned at least twice each business day; once at 0800 and once at 1300 (FTSCLANT time) for any incoming requisition receipts. Transaction data shall be transmitted to NAVICP-M once daily.
(b) NAVICP will use a toll free pager phone number to notify FTSCLANT of high priority requisitions being transmitted during the weekends.
(c) FTSCLANT will receive and process the above transactions as shown below. The prescribed period begins with the receipt of the order through the DAMES terminal and ends when the part is shipped by FTSCLANT via GBL or commercial carrier.

REOUISITION PRIORITY TIME FRAMES

IPG 1 - 1 DAY
IPG 2 - 3 DAYS
IPG 3 - 8 DAYS

CASREPs - Processed within 24 hours of receipt of notification by POCs.
(1) Transaction Type "'AS" (Material Release Order) - FTSCLANT shall receive the requisition via DAMES requesting material release as an "A5" transaction. FTSCLANT is to generate the Form DD 1348-1 in CAVII, match the DD 1348-1 with the unit, ship the unit per DD 1348-1 to the end user within time frames specified for appropriate priority requisitions in Paragraph 2.a. Sunday shall be included within the 24 hour required time frame.

a. Shipping information shall be obtained from FTSCLANT, Code 4335, (757)-444-3872 X1611, DSN 564-3872 X1611, Email: bonnie_graham@FTSCLANT.navy.mil.

b. FTSCLANT shall complete the shipment transaction to NAVICP via CAVII using the "D7" (Shipment) transaction.
c. Transaction type "ARO" (Material Release Confirmation)- FTSCLANT shall transmit (after shipment transaction (D7) via CAVII) through DAMES.

(2) Transaction Type "'AE6" (Supply Status) – FTSCLANT will submit an "AE6" transaction for all requisitions received that WILL NOT be filled within three (3) business days or if FTSCLANT cannot immediately fill a CASREP or a NORS requisition. The "AE6" transaction shall be transmitted via DAMES with a "BA" status in cc 65-66 and an estimated shipping data in cc 70-73. This only applies to SDPU Modules listed on enclosure (2).
(3) Transaction Type "AC" (Supply Source Cancellation) - This transaction "AC6" shall be transmitted via DAMES and is notification that the end user has cancelled the requirement.

a. If the unit HAS NOT been shipped, FTSCLANT shall not ship the unit and shall not enter a "D7A"' transaction code into CAVII.
b. Since the unit has not been shipped, FTSCLANT shall input a transaction "AE6" via DAMES with a "CB" status code in cc 65-66 and cc 70-73 (Estimated Shipping Data) left blank.
c. If cancellation is not possible, FTSCLANT will input a transaction "AE6" via DAMES with a "B8" status code in cc 65-66 and cc-70-73 (Estimated Shipping Date) left blank.

(4) Transaction Type "A6" (Material Release Denial Card) - If FTSCLANT receives an "A5" (Material Release Order) for an item/unit which cannot be identified, FTSCLANT is to transmit an "A6".

SDPU MODULES

KEYCODE	COG	FSC	NIIN	PART NUMBER
WBY	7H	5998	013166926	77D620060GO02
WBY	7H	5998	014187361	37246262
WBZ	7H	5998	013166925	77D620059GO02
WBZ	7H	5998	014187362	37246261
XGX	7H	5998	013166920	77D620064GO02
XGX	7H	5998	014187359	37246265
YHX	7H	5998	013166918	77D621007GO01
YHX	7H	5998	014187360	37246266
YHY	7H	5998	013166924	77D620061GO02
YHY	7H	5998	014187364	37246263
ZJW	7H	5998	013166923	77AlO4306GO02
ZJW	7H	5998	014187355	37245457
YNAS	7H	5998	013850811	77C731015GO01
YNAS	00	5998	LLH791154	37246260-009
YNAS	7H	5998	013166928	77D620065GO03
YNAS	7H	5998	013788734	77C731015GO06
YNAS	7H	5998	014220602	37246260-005
YNAS	7H	5998	013795747	77D620065GO07
YNAT	00	5998	LLH791155	37246260-010
YNAT	7H	5998	013166919	77D620065GO04
YNAT	7H	5998	013788757	77C731015GO07
YNAT	7H	5998	013850802	77C731015GO02
YNAT	7H	5998	013864056	77D620065GO08
YNAT	7H	5998	014220596	37246260-006
YNAX1	7H	5998	013186490	77Al 10722GO06
YNAX2	7H	5998	013688245	77AllO722GO08
YNAZ	00	5998	LLH791157	37246264-004
YNAZ	7H	5998	013166922	77D620063GO02
YNAZ	7H	5998	014187363	37246264-001
YNBT	00	5998	LLH791156	37246260-011
YNBT	7H	5998	013787754	77C731015GO10
YNBT	7H	5998	013850818	77C31015GO05
YNBT	7H	5998	014220601	37246260-008
YQAS	00	5998	013788031	77C731015GO08
YQAS	00	5998	013795613	77D620065GO09
ZNAS	7H	5998	013166921	77D620063GO03
ZNAS	7H	5998	013788113	77D620063GO04
ZNAS	7H	5998	014220605	37246264-003
ZNBY	7H	5998	013838657	77C731015GO09
ZNBY	7H	5998	013850805	77C31015GO04
ZNBY	7H	5998	014220598	37246260-007

ENCLOSURE (2)

APPENDIX 5: EXAMPLE OF PBL-O MOA

MEMORANDUM OF AGREEMENT
BETWEEN
COMMANDER, NAVAL INVENTORY CONTROL POINT,
MECHANICSBURG, PA
AND
COMMANDER, NSWC CRANE,
CRANE, IN
CONCERNING:
LIFE CYCLE SUPPORT FOR THE
AN/BQS-15 SYSTEM
ORGANIC PERFORMANCE BASED LOGISTICS (OPBL)

1. Parties. This Memorandum of Agreement, hereinafter referred to as MOA, is entered into between Naval Inventory Control Point, Mechanicsburg, PA, Code 84 hereinafter called NAVICP, and the Naval Surface Warfare Center Crane IN, hereafter called NSWC Crane.
2. Purpose. The purpose of this MOA is to establish lines of authority and support services between NSWC Crane and NAVICP, with respect to Performance Based Logistics - Organic (PBL-O), formerly called ODVD, hereinafter called PBL-O.
3. Background. NSWC Crane, as the AN/BQS-15 Designated Overhaul Point/Designated Stock Point is the best candidate to provide ongoing repair and replacement of failed parts (including CASREPS). This MOA provides services for operation of the PBL-O project.
4. Basic Agreement. NAVICP and NSWC Crane agree to provide support, as set forth in this MOA. NAVICP will fund, and NSWC Crane will provide all material for the length of this agreement. All material procured and maintained by this agreement is part of the Navy Working Capital Fund (NWCF). It is understood that material assets are under the sole operational authority of NAVICP, and that any use of these assets by any command, including NSWC Crane, requires NAVICP approval. This agreement will be renewed on the Fiscal Year cycle.
5. General Provisions.
   A. NSWC Crane agrees to:
      (1) With NAVICP assistance, establish and maintain pre-determined inventory levels, and provide supply support for the AN/BQS-15 system.
      (2) Receive Requisitions. Requisitions will be processed from the Defense Messaging System (DMS) into NSWC Crane's Integrated Logistics Support Management Information System (ILSMIS). NSWC Crane will provide MILSTRIP requisition status processing for incoming and outgoing fleet and shore requests via daily Transaction Item Reports (TIRs) to NAVICP's Uniform Inventory Control Point (UICP) computer system.
      (3) Issue Material. Upon receipt of requisitions, NSWC Crane will ship material within one working day for CASREP and IPG 1 (Priority 1–3) requirements. Parts to fill IPG 2 (Priority 4–8) requisitions will we shipped within three days. All other requisitions (Priorities 9–15) will be filled within eight days. The shipment of material is defined in this case as to physically deliver material (transfer physical custody) to the designated transporter, i.e., NAVTRANS, FedEx, UPS, etc, within the specified time to arrive within the required time to the requester. When available, the Advanced Planning System (APS) transportation tool will be the shipping method of choice. An immediate "D7A" TIR will be transmitted to NAVICP upon issue of the asset, along with the proper end use requisition number. NSWC Crane is responsible for maintaining a

fill rate of 90% based on the metrics cited in this paragraph. Fill rate shall be calculated monthly, as a rolling average.

(4) Unfilled Customer Orders (UCO's). Any requisition that can not be filled within the timeframes above will be considered an Unfilled Customer Order. UCOs will not exceed the following delayed days: CASREPS and Priority 1 — seven days; Priority 2 & 3 — 30 days; Priority 4 through 15 — 90 days.

(5) Receive Inventory. NSWC Crane shall provide storage facilities adequate to maintain the ready for issue (RFI) integrity of the AN/BQS-15 components. NSWC Crane will maintain a minimum 98% inventory accuracy. Funding for this effort will be covered in accordance with NSWC Crane's MOA with NAVSUP for Navy Stock Account (NSA) material only.

(a) RFI assets received from repair or procurement actions will be inspected for damage before being received into the inventory management database. If an item is damaged, corrective action will be taken. All items will be tested upon receipt to ensure proper working order and correct configuration.

(b) NON-RFI assets will be tested to verify failure occurrence. Items found to exhibit a No Failure Evident (NFE) rating will be processed for receipt into the RFI inventory. Items found to exhibit minor failures will be repaired and processed for receipt into the RFI inventory. NSWC Crane will repair remaining NRFI items. NSWC Crane shall be responsible for determining when an asset is Beyond Economical Repair (BER).

(6) Provide Configuration Control. NSWC Crane will track all AN/BQS-15 hardware identified in attachment (A) from procurement through distribution to fleet and shore activities. Data elements include Nomenclature, Reference Designator, CAGE Code, Part Number, Model Number, NSN, and Serial Number. License/Release Number, Warranty Period and ship or shore name, homeport/ location and UIC. Any configuration changes will be documented with follow-on Provisioning actions, when necessary, to document equipment baseline changes. NSWC Crane will verify requisitions to ensure that properly configured material is provided. Configuration will be verified through current available configuration information.

(7) COTS and Obsolescence Management. NSWC Crane will perform a health assessment of the electronic components and assemblies used in the AN/BQS-15 System. The health assessment will identify current and potential availability problems of the spares and components necessary to support the system.

(8) Package Material. The packaging and packing of all items shall comply with ASTM-D-3951-90 "Standard Practice for Commercial Packaging". NSWC Crane shall use as a guide the requirements of MIL STD 130 for exterior packaging identification and marking, and will utilize adequate and cost efficient packaging when required for NFE and Quick-Fix minor repaired items. The packaging and packing methods used will adhere to military requirements for plastic reduction, hazardous material handling, prohibited cushioning and protection against electrostatic discharge (ESD) damage. Funding for this effort will be covered in accordance with NSWC Crane's MOA with NAVSUP for Navy Stock Account (NSA) material only.

(9) Provide Transportation Support.

(a) CONUS/HAWAII/PUERTO RICO Shipments: NSWC Crane will be responsible for arranging delivery of RFI assets to the required destination, in response to Navy requisitions, in accordance with timeframes specified in the statement of work. Delivery terms for shipment to CONUS consignees shall be F.O.B Origin (FAR 52.247-29 applies). NSWC Crane shall be responsible for using the DOD GSA Small Package Express program for shipments up to 150 lbs. When available, NSWC Crane shall use the APS transportation tool to arrange shipment. NSWC Crane shall use the DAAS DODAAD web page (https://daynt6.daas.dla.mil/dodaac/dodaac.htm) to obtain CONUS activity shipping

addresses if the consignee's address is not specified on the requisition/order. This system allows users to access shipping addresses using the activity's DODAAC. The Transportation Account Code (TAC) TAC 2 (freight) shipping address from this database shall be used to make shipments. Use the TAC 1 address only if a TAC 2 address is missing from the database. (Use of TAC 3 addresses from this database could result in misdirected shipments).

(b) OCONUS Shipments: For shipments up to 150 lbs. to OCONUS consignees, delivery terms shall be F.O.B Origin (FAR 52.247-29 applies). NSWC Crane shall be responsible for using the DOD Worldwide Express program to ship material where a commercial street shipping address is available. Third party billing/payment option will be used. Account number will be provided by NAVICP. When available, NSWC Crane shall use the APS transportation tool to arrange shipment. Otherwise, NSWC Crane shall access the NAVTRANS CRIF or contact the NAVTRANS "Fleet Locator" desk as needed to obtain overseas commercial air shipping address information for OCONUS activities at (757) 443-5434.

(c) For shipments greater than 150 lbs. to OCONUS consignees, and any shipments not covered by the Worldwide Express contract or required to be shipped by military airlift, delivery terms shall be F.O.B. Origin (FAR 52.247-29 and FAR 52.247-52 apply). Shipment will be made to the CONUS military aerial port specified by the NAVY, for ultimate delivery to OCONUS customer sites. When available, NSWC Crane shall use the APS transportation tool to arrange shipment. Otherwise, NSWC Crane shall access the NAVTRANS CRIF or contact the NAVTRANS "Fleet Locator" desk as needed to obtain overseas commercial air shipping address information for OCONUS activities at (757) 443-5434.

(d) NSWC Crane shall address the shipment to the aerial port and mark the shipment for the OCONUS activity as specified by NAVTRANS. Specify "TAC NASO" on shipping documentation and as part of the "Mark For" instructions.

(e) NSWC Crane shall comply will all applicable labeling, marking, and documentation requirements specified by MIL-STD-129N, "Standard Practice for Military Marking" and DOD 4500.32-R, "Military Standard Transportation and Movement (MILSTAMP)". Transportation Control and Movement Documents (TCMDs) and bills of lading shall cite "TAC NASO".

(10) Reporting Requirements. The receipt of NRFI material, the induction of material (from any condition code, e.g., D, E, F, or G) into the repair cycle, the return of RFI material, material to be disposed of and material awaiting piece parts will be Transaction Item Reported (TIR'ed) daily to NAVICP. NSWC Crane will maintain inventory/financial accountability for assets. Funding for this effort will be covered in accordance with NSWC Crane's MOA with NAVSUP for Navy Stock Account (NSA) material only.

(11) Provide Quarterly Status Reports: Every three months, NSWC Crane shall report (1) # requisitions received (2) requisition number (3) NSN assigned (4) part number (5) date requisition received (6) date provided to shipper (7) estimated delivery date (for UCO's only) 8) date delivered to customer (9) percent delivered in required time (SMA) (10) delivery response time (11) date carcass received.

(12) NSWC Crane shall prepare and submit an annual listing of average repair and replacement costs for each NIIN to NAVICP not later than 1 February of each year. The listing shall contain the information specified for each item cited. Unit costs are to be as accurate as possible and should include all costs associated with the repair or manufacture of a unit, including but not limited to material, labor, overhead and profit. The information is to be provided in a mutually agreed upon electronic format.

(13) Quarterly program reviews will be held at alternating sites (NSWC Crane and NAVICP), or by video teleconference, to discuss progress of the PBL-O effort.

B. NAVICP agrees to:
   (1) Work with NSWC Crane to establish and maintain pre-determined inventory levels, derived from usage data, technical input and known or estimated repair/procurement lead-times.
   (2) Provide funding for initial startup and PBL-O operations in the agreed amount on an annual basis. Startup costs will include a "health assessment" to determine the current status of spares and to help predict future spares requirements including an evaluation of potential obsolescence issues, initial acquisition of material. Funds should arrive at NSWC Crane at the beginning of the initial award period, and again at the beginning of each fiscal year thereafter, to permit no break in service.
   (3) Project Status and Coordination. Consult with PBL-O personnel with respect to project status, new program requirements, inventory levels and other issues related to PBL-O support
   (4) Review requirements with NSWC Crane on a yearly basis before the beginning of the fiscal year.

6. Scope. It is agreed and understood by both parties that the signing of this MOA represents the entire agreement concerning PBL-O issues and any prior negotiations, understandings or verbal agreements that are not explicitly contained in this document are null and void.
7. The overall scope of this program is UNCLASSIFIED.
8. Modification. The terms and conditions of this signed MOA may be changed or modified at any time by mutual agreement of both parties of record. It is further agreed and understood that a mutual agreement changing or modifying any portion of this MOA shall be in writing and signed by both parties and shall nullify the previous existing document.
9. Effective Date. This MOA will be placed in effect on 1 October 2001, or as soon as reasonable after that date.
10. Termination. This MOA will remain in effect for a period of one year, unless terminated by either party prior to the end of that year. Notice of termination must be provided 90 days prior to termination. Upon termination, NAVICP will assume responsibility for processing all stock and inventory functions. NSWC Crane will forward all inventory to the stocking location specified by NAVICP.

Approval. The undersigned concur with this MOA.

DONALD P. SHULTE
CIVILIAN DIRECTOR, CODE 11A
SUPPLY DIRECTORATE
NSWC CRANE, IN

JEROME THOMAS
DEPUTY DIRECTOR, CODE 84
SUBMARINE SUPPORT DIRECTORATE
NAVICP MECHANICSBURG, PA

RICH JULIAN
DIRECTOR, CODE 60
ELECTRONIC DEVELOPMENT DIRECTORATE
NSWC CRANE, IN

APPENDIX 6: CODE M0143 INVENTORY INTEGRITY MANAGEMENT DIVISION

CODE 0143 INVENTORY INTEGRITY MANAGEMENT DIV. AS OF 08/09/99 (3)			
NUMBER DISTRIBUTION	NAME	PHONE	CODE EXTENSION
	RODRIGUES, KENNETH, Director	**6994**	**0143**
	DEITRICH, CURT A.	1076	0143.1
	ECKER, RANDY D.	3203	0143.2
CODE 01431 DATA MANAGEMENT BRANCH I AS OF 08/09/99 (18)			
NUMBER DISTRIBUTION	NAME	PHONE	CODE EXTENSION
	SCHWANGER, DONALD E., Supervisor	**3897**	**01431**
*	ANDERSON, SANDRA L.	3022	01431.5
02, 09	BANNING, JEFFREY W.	7006	01431.3
03, 11	BEAVER, KIMBERLY A.	1095	01431.4
61-64	CLARKE, H. LEE	8564	01431.12
45, 52-53	DAUB, MARY P.	8566	01431.13
00, 10	DUCK, MARILYN K.	3653	01431.6
15	GALLATIN, BEA U.	3987	01431.7
08, 14	HEBERLIG, CONSTANCE M.	8555	01431.2
75-77	HETRICK, ROBERT P.	8565	01431.14
*	HUMPHREY, BRENDA L.	3603	01431.9
54-55, 78-80	JONES, JANENE L.	8567	01431.15
05	KUNKLE, KAREN L.	8556	01431.1
12, 07	MCLAREN, LYNN M.	6408	01431.8
06	ROBERTS, JOHN H., JR.	8557	01431.10
88-93	ROBINSON, DEANNA E.	6901	01431.16
59-60, 65, 67-71	THOMPSON, CAROLYN L	1094	01431.17
04, 13	YAKUBICK, ALEXIS	2724	01431.11
CODE 01432 DATA MANAGEMENT BRANCH II AS OF 08/09/99 (16)			
NUMBER DISTRIBUTION	NAME	PHONE	CODE EXTENSION
	ALBRIGHT, EDWARD T., Supervisor	**7117**	**01432**
20, 42	AVERI, JAMES A.	8558	01432.4
30	BLAIR, WILHELMINA D.	8559	01432.1
25, 29, 43	BRANDEBURG, JULIA E.	3609	01432.2
01, 40, 44	FLAKE, BONNIE J.	3782	01432.3
57-58, 66, 94-99, MISC	GERMAN, LINDA A.	1096	01432.15
26, 27, 31, 33, 34	GETTLE, THOMAS W.	7886	01432.5
36, 37, 38	HOLTRY, C. JO	3664	01432.6
39, 41	HOOVER, PATRICIA M.	8561	01432.12
81-87	KNUDSEN, DEREK M.	1097	01432.16
32, 35	LYNCH, SHEILA	8562	01432.10
23, 24	PARSON, T. EARLENE	8563	01432.11
50-51, 72-74	REYNA, SUSAN G.	8568	01432.7
16, 19	SHIVELY, CHRISTINE D.	2263	01432.8
46-49, 56	STEWART, SUSAN E.	6346	01432.14
21, 22, 28	WILLIAMS, MADORA E.	2159	01432.9

FAX #s FOR 01431 AND /OR 01432 = X4325 or X6878
TWO EMPLOYEES TEMPORARILY DETAILED - WORK REASSIGNED WITHIN CODE
UPDATED 08/09/99

APPENDIX 7: PBL-C STATEMENT OF WORK

3/27/02

I. INTRODUCTION

A. This Statement of Work (SOW) is intended to acquire supply support for the K90-SS2000 Firefighters Thermal Imaging Camera (FTIC) using a methodology called Performance Based Logistics (PBL). This will be accomplished with a Blanket Purchase Agreement (BPA) being placed against General Services Administration (GSA) contract GS-07F-0106L

B. The Government will no longer be stocking this item in the Navy Supply System. The NAVICP will receive requisitions from fleet customers, which will then be forwarded to the contractor via a delivery order under this contract. The contractor will then ship the material directly to the requisitioner in accordance with the delivery requirements of this Solicitation.

C. The NAVICP intends to pass the Delivery Orders under this BPA via Electronic Data Interchange (EDI). The order shall be in the format of an ANSI X12 850. The 850 may be transmitted via EDI or as an email flat file.

D. The Navy will provide training and assistance to the contractor in processing requisitions and interpreting documentation and the reporting effort.

II. CONTRACTOR RESPONSIBILITY

A. The contractor shall have the capability to receive transactions from the NAVICP by mail, fax and electronically.

B. The contractor will provide customer service for order tracking and tracing at a minimum of during normal business hours.

C. The contractor will maintain records for the duration of the contract of all deliveries of FTICs made under this contract.. The records and detailed data will be subject to Government review. The contractor will accumulate statistical data and summaries validating that the issues have been made in accordance with the delivery requirements of this contract. The data will be submitted to the PCO on a monthly basis. This data may be considered as past performance data in any subsequent re-solicitation of this and/or similar item. The following elements shall be included in the Delivery and Issue Report:

1. Delivery Order Number
2. Date Delivery Order Issued
3. Quantity
4. Requisition Number
5. DD 250 Number
6. Destination
7. Date Shipped
8. Freight Carrier
9. Tracking Number

D. This information is to be in a format compatible with Microsoft Office.

E. The contractor will be required to provide the Navy with shipment information. This transaction shall be in the format of an ANSI X12 856 or the DLA Electronic DD 250.

F. The contractor shall register as a trading partner with the Navy Electronic Commerce On-Line website at the following address: http://www.neco.navy.mil/

G. The packaging and packing of all items shall comply with ASTM-D-3951-98 "Standard Practice for Commercial Packaging". Commercial products and processes may be used.

III. DELIVERY AND PERFORMANCE METRICS

A. The following Order Processing Metrics shall apply:

Priority	1 unit	2-5 units	6-20 units
IPG 1	24 hrs		
IPG 2	7 days	14 days	30 days
IPG 3	14 days	21 days	60 days

B. The prescribed period for processing orders begins with receipt of an order through NECO and ends when the part is made available for shipment utilizing STS.

IV. TRANSPORTATION

CONUS and OCONUS SHIPMENTS:

A. In response to Navy requisitions, the contractor shall arrange delivery of FTICs to the required destination in accordance with timeframes specified in the statement of work. Delivery terms for shipment to CONUS/OCONUS consignees shall be FOB origin (FAR 52.247-29 applies). The contractor shall use NAVTRANS Smart Transportation Solution (STS) to arrange material for shipment.

B. The Smart Transportation Solution receives electronic requisition data from the Defense Automated Addressing System (DAAS) and uses this information to populate a web-based order fulfillment module (Networks Procurement) that enables contractors to update requisitions "on-line" with package-specific information. Once the contractor has provided weight and cube information, the shipment is automatically optimized, and the shipping documentation is automatically generated for the contractor.

C. The contractor will have the ability to electronically retrieve the Cargo Routing Indicator File (CRIF) from the Financial Air Clearance Transportation System (FACTS) and will be provided an automatic update from the "Ship To" address file.

D. The contractor shall electronically populate the Small Package Express (SPE) module of the Global Freight Management (GFM) system for both CONUS and OCONUS small package shipments (up to 150 lbs) as well as CONUS over-the-road shipments, when available.

E. The contractors shall access GFM via the Networks Procurement Link in STS and retrieve small package and Military shipping labels for their requisitions.

F. The contractor shall arrange for complete shipments, partial shipments, and provide backorder status via a Supplier comments field.

G. Contractors shall enter requisition information via the Internet as an additional method of populating Networks Procurement with requisition information for requisitions under this contract received via phone or fax.

H. Contractors shall contact the NAVTRANS STS programmer desk, for any operational questions at (757) 443-5317 and the NAVICP-M Transportation Office by sending an Email to: NICPM_TransOff@icpmech.navy.mil with requisition number, weight and dimensions of shipment and phone number.

GLOSSARY OF TERMS

SOW	Statement of Work
FTIC	Firefighters Thermal Imaging Camera
GSA	General Services Administration
PBL	Performance Based Logistics
NAVICP	Naval Inventory Control Point
EDI	Electronic Data Interchange
PCO	Procuring Contracting Officer
DLA	Defense Logistics Agency
IPG	Issue Priority Group
CONUS	Continental United States
OCONUS	Outside Continental United States
POE	Port of Embarkation
FOB	Free-On-Board
NECO	Navy Electronic Commerce Online
STS	Smart Transportation Solutions
DAAS	Defense Automated Addressing System
CRIF	Cargo Routing Indicator File
FACTS	Financial Air Clearance Transportation System
SPE	Small Package Express
GFM	Global Freight Management
NAVICP-M	Naval Inventory Control Point Mechanicsburg

APPENDIX 8: SOO FOR A PBL W/ CONTRACTOR-OWNED INVENTORY

Statement of Objectives
for the
Performance Based Logistics Program
with
Contractor Owned Inventory

1.0 Overview

The purpose of this Statement of Objectives (SOO) is to set forth the basic objectives of the Performance Based Logistics (PBL) concept between the Contractor and Naval Inventory Control Point (NAVICP). The contractor is provided the flexibility to propose cost effective and innovative solutions in meeting the objectives. This SOO is to be used by potential offerors to develop an appropriate Statement of Work, and Contract Data Requirements List (CDRLs), and other documents that support and define the offeror's proposed effort.

2.0 Contract Objective

The PBL program is a commercial depot concept that is intended to be the supply support of the (name of system). Under the envisioned PBL concept, the Contractor's role in supply support is greatly expanded. The goal of the PBL program is to improve reliability and availability, prevent obsolescence through technology insertion, and lower Navy cost of ownership.

2.1 Operation and Maintenance

The contractor shall provide a program wherein it functions as the Government commercial stocking point. The contractor shall be responsible for the repair or replacement of all failed Replaceable Units (RU) as defined in the attachment(s) and which are requisitioned by the NAVICP customers. The program will be applicable to the (name of system) and shall conform to the maintenance philosophy of the system.

2.2 Fill Rate

The contractor shall be responsible for maintaining the fill rate at a minimum of 85%. The fill rate covers all requisitions passed by NAVICP and could include US Navy, other services and FMS CLSSA as applicable. This fill rate is measured from the point of receipt of requisition by contractor to shipment of unit. The applicable time frames for receipt and processing are:

Casualty Report (CASREP) and Priority 1 requisitions	24 hours
Priority 2 and 3 requisitions	48 hours
Priority 4 through 8 requisitions	72 hours
Priority 9 through 15 requisitions	8 days

CASREP requisitions shall be processed seven days a week (or as negotiated). All other requisitions shall be processed as negotiated. The contractor shall receive requisitions and report shipment transaction information either via DAASC Automated Message Exchange System (DAMES) or Electronic Data Interchange (EDI).

Delayed requisitions outside the 85% fill rate that could not be filled immediately, will not exceed the following time frames:

Casualty Report (CASREP) and Priority 1 requisitions	7 days

Priority 2 and 3 requisitions	30 days
Priority 4 through 15 requisitions	90 days

2.3 Performance Metrics

In accordance with the measurement of performance metrics, the contractor may realize a decrement in the annual firm fixed payment if the desired performance falls below the specified fill rate delivery schedule as stated above. This performance evaluation will be done on an annual basis and is subject to payment adjustments, if necessary, per the following:

REQUISITION FILL RATE
(Percentage of requisitions shipped upon initial receipt)

Fill Rate %	Adjustment (as negotiated)
85% or greater	None
84 – 80%	- %
79 – 75%	- %
74% or less	- %

BACKORDER RESPONSE TIME
(Percentage of delayed requisitions not shipped within the specified delay times)

% Delayed Requisitions	Adjustment (as negotiated)
0%	None
1 – 10%	- %
11 – 50%	- %
Greater than 50%	- %

2.4 Transportation

The transportation requirement for CASREP and Priority 1 requisitions is twenty-four (24) hours from contractor's facility to designated point of receipt. For all other requisitions, the transportation requirement is three (3) days. (See CDRL – for specific reporting requirements).

Shipments OCONUS may be required for CASREP and Priority 1 requisitions and the required shipment time would be 3 days. For all other requisitions the government may require delivery to any commercial or government entity, ship or facility in CONUS, Alaska and Hawaii, or to Point Of Embarkation (POE) for OCONUS final destinations. For shipments to POE for OCONUS final destinations, the contractor's shipping responsibility ends at the point the material is received at POE. The contractor shall be able to trace the delivery of an individual RU in the event location and retrieval become necessary.

Requests for destination addresses for CONUS requisitioners can be obtained from the Naval Transportation (NAVTRANS) Navy Fleet locator at 757-443-5425 or the Duty Officer at 757-443-5305/6.

2.5 Packaging and Marking

The contractor shall adhere to the Standard Practice for Commercial Packaging, ASTM D3951-95. All shipments shall be inspected for proper packing, shipping documentation, and labeling before being released for shipment.

The contractor will use the requirements of MIL-STD-130 for identification and marking. Commercial products and processes may be used provided they meet the intent of MIL-STD-130.

2.6 Availability Levels

The contractor shall stock, warehouse, manage and deliver inventory that assures sufficient resources to meet all material demands from the operation of the system. The contractor shall be able to respond to all material demand spikes or surges, except those resulting from conditions of war. An equitable adjustment may be necessary for significant fluctuations in demand (See Section H of Solicitation).

2.7 Quality Assurance

The contractor shall use an acceptable quality assurance system such as ISO 9000/9001. The contractor quality assurance program shall incorporate a method of interfacing with and responding to Government generated Quality Deficiency Reports.

2.8 Title and Control

The contractor shall retain title and control of the full inventory of wholesale system assets. The title transfers to the government upon receipt of the material shipped FOB Destination. Title of Not Ready for Issue assets received from the Government activities will transfer to contractor upon contractor acknowledging receipt.

2.9 Configuration Management

Technology insertion provides opportunities for improvements in reliability, performance and maintainability via configuration changes. In each year of performance under PBL, the contractor shall support all configuration/versions of the installed/operational system. The contractor shall ensure that firmware does not impact system or part operation for the specified part or the software interface reliability. For a class I design change that effects the form, fit, or function, the contractor shall coordinate with the Navy and obtain Navy approval prior to committing to the change. The contractor has the option of independently incorporating class II design changes that prevent obsolescence, improve reliability or lower the cost of ownership. All costs associated with contractor initiated design changes shall be borne by the contractor. In the event the contractor directs a change in Organizational and/or Intermediate level maintenance that necessitates new piece parts, the contractor shall agree to provide parts support. It will be the government's intention to provision these items utilizing the technical data package provided by the contractor.

2.10 Diminishing Manufacturing Sources/Material Suppliers (DMS/MS)

The contractor is responsible to monitor, identify and plan the resolution of DMS/MS and obsolescence issues. As the recognized leader in managing this equipment, the contractor shall plan as far in advance as possible to alleviate DMS/MS occurrences. The contractor needs to identify DMS/MS or obsolescence situations to NAVICP as early as possible. The contractor shall also provide a proposed resolution plan which may include life-of-type buys or re-design being taken to meet the requirements of the current contract and what is suggested for the post contractual period. DMS does not excuse the contractor from the performance metrics.

2.11 Foreign Military Sales (FMS)

FMS requirements shall be considered for the program if applicable. For FMS Cooperative Logistics Supply Support Arrangement (CLSSA) case the FMS customer requisition shall receive similar access to system assets as an USN requisition. The non-FMS CLSSA requirements NAVICP will evaluate each program on an individual basis to determine the support parameters.

2.12 Inspection And Acceptance

See Section E of solicitation.

2.13 Electronic Reporting Requirements

The contractor shall receive requisitions and report shipment transaction via either Defense Automated Message Exchange System (DAMES) or Electronic Data Interchange (EDI). This transactional reporting includes requisition receipts, issues, estimated shipping dates, material releases and deliveries.

2.14 Program Reviews

The contractor shall include coverage of the PBL program in system design and management reviews. Once all systems have been delivered, PBL reviews shall be continued until the program ends. PBL program reviews at a minimum shall be held *(specify a timeframe)*.

3.0 Government Responsibilities

3.1 Retail Allowances

Retail allowances will be computed by NAVICP in accordance with existing procedures and will factor in improvements to reliability where appropriate. The NAVICP Program Manager will provide the contractor a list identifying for each NSN the total amount of allowance and outfitting material needed by the Required Delivery Dates (RDDs) reflected in the NAVICP Planned Program Requirements file. As installation-planning data officially changes, NAVICP will inform the contractor of the required changes to the quantities and RDDs within 30 days. If NAVICP's failure to take this action results in the contractor's inability to meet performance metrics, this shall not be counted against the contractor during evaluation provided, the contractor can prove a direct causal relationship between NAVICP's failure to take this action and the contractor's failure to meet performance metrics. The contractor shall advise NAVICP in a timely manner of its ability to meet performance metrics with the changed circumstances.

3.2 Fleet Returns

An estimated 95% of the failed Lowest Replaceable Units (LRUs) are to be returned to the contractor. Of this 95%, approximately 60% shall be returned to the contractor's facility within 30 days, 20% within 60 days, and 15% within 90 days. For any item not received by the contractor within 120 days, or return of LRUs that have been physically damaged, cannibalized, or rendered non-serviceable as a result of non OEM repairs, the contractor may be entitled to equitable adjustment up to the carcass value for these items.

4.0 Program Transition

The contractor shall develop a supply transition plan to be implemented in the event the PBL program is terminated for any reason. The plan should address at a minimum advanced notification timeframes, work in progress, inventory ownership, technical data transfer, alternate source criteria, and other options deemed appropriate by the contractor. This plan shall provide a seamless transition without a negative impact on fleet readiness.

APPENDIX 9: OSD POLICY GUIDANCE FOR DEPOT PARTNERSHIPS

DEPUTY UNDER SECRETARY OF DEFENSE FOR
LOGISTICS AND MATERIEL READINESS
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

30 JAN 2002

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Public-Private Partnerships for Depot Maintenance

This memorandum establishes interim policy on depot maintenance public-private partnerships, providing definition, outlining policy, and directing the Military Departments to pursue such partnerships to strengthen the Department of Defense (DoD) depot maintenance operations. Public-private partnerships in their many forms shall be pursued to the extent that they are authorized by law or regulation and contribute to more effective and efficient DoD depot maintenance operations and ultimately translate into better support for the war fighter.

Depot maintenance operations in DoD can benefit from public-private partnerships that combine the best of commercial processes and practices with the Department's own extensive maintenance capabilities. It is in the mutual interests of both sectors to pursue the establishment and effective operation of partnerships across the widest possible segment of our workload requirements.

Attached is further specific policy on public-private partnerships for depot maintenance. The policy in this memorandum and its attachment is effective immediately; it will be incorporated into the DoD directives system within 180 days. My focal point in this regard is Mr. Hollis Hunter, OADUSD(L&MR)MPP&R, (703) 695-0037.

Diane K. Morales

Attachment
As stated

cc:
CDR, USAMC
CDR, AFMC
CDR, NAVAIR
CDR, NAVSEA
CDR, NAVSUP
CDR, MARCORMATCOM
DIR, DLA
JCS/J4

Policy for DoD Depot Maintenance Public-Private Partnerships

Policy

It is DoD policy to use public-private partnerships for depot maintenance. In particular, the Military Departments shall shape partnership agreements to support DoD and Defense-related workloads. Partnerships can improve the utilization of DoD facilities, equipment, and personnel. Partnerships can bring a wide variety of additional benefits to the parties involved in the agreement, and also foster improved support to the war fighter.

Each Military Department shall designate its depot maintenance activities as CITEs in the recognized core competencies of the respective activities. Depot maintenance public-private partnerships shall be formed principally around these identified core competencies. In establishing public-private partnerships involving DoD depot maintenance activities, the Military Departments shall ensure their partnerships comply with applicable statutory and regulatory requirements. Sales of goods or services, and/or leases of facilities or equipment must be based on specific statutory authority. Additionally:

- An organic depot maintenance activity will not compete with the commercial sector in the sale of articles and services that are not DoD or Defense-related unless specifically authorized by law.

- Organic depot maintenance resources (facilities, equipment, and workforce) may be made available to partnerships to the extent that the resources are not required for DoD production requirements and the arrangement will have no adverse impact on the organic activity. Resources may be made available on a variety of terms, including use on a non-interference basis or full-time lease.

- Organic depot maintenance capabilities (e.g., facilities, equipment, etc.) may be employed in all forms of partnerships. However, when a portion of the organic depot maintenance workforce is used to support a partnership, the organic workforce must be engaged in work that is DoD or Defense-related. Defense-related work includes sales under foreign military sales agreements; direct sales to friendly countries; manufacture or repair of components or subcomponents within a larger Defense contract; work to support other authorized customers of the DoD wholesale supply system; joint DoD/commercial requirements (to the extent that commercial requirements do not impact DoD production); competitively-awarded contracts in support of other Federal agencies as authorized by 10 U.S.C. 2470; and work that advances the objectives of a CITE in its core competencies as authorized by 10 U.S.C. 2474(b). This restriction on the type of work to be performed does not apply to leases of organic depot maintenance capabilities exclusive of labor (e.g., facilities, equipment, etc.).

- Organic depot maintenance activities entering into public-private partnerships will ensure, when authorized by law, and consistent with the DoD Financial Management Regulation (DoD 7000.14-R), that related reimbursements from the private sector accrue directly to the activity involved in the partnership or providing the support.

Activities participating in partnerships will separately track and report financial results by establishing and maintaining separate cost accounting job orders or cost/revenue pools, and operating results. Further, in entering into a partnership, the public sector partner shall ensure that the Government is properly indemnified against liability stemming from the partnership.

- In general, an organic depot may not increase its organic capacity solely to support a partnership. This limitation does not apply to increases that are necessary to support DoD requirements. However, organic facility construction and alterations may take partnership arrangements into consideration if the arrangements will provide best value or improve support to the war fighter. Where possible, partnerships should be structured in ways that encourage and justify private sector capital investment at the organic activity. In particular, this may involve multi-year arrangements.

Applicability

This policy applies to organic (DoD in-house) depot maintenance activities (see definition attached) of the Department of Defense.

Objectives

Public-private partnerships can contribute to more effective DoD maintenance operations, the introduction of innovative processes or technology, and the economical sustainment of organic capabilities. Where possible, partnerships should be structured in ways that encourage and justify private sector capital investments at CITE activities. The decision to enter into a partnership must be supported by a business case analysis demonstrating that it is in the best interest of the government. Objectives of depot maintenance public-private partnerships include:

- providing more responsive, timely, and reliable product support to the war fighter
- sustaining parts availability to maintain workflow, reduce repair cycle times, and enhance readiness
- sustaining core capability
- reducing the cost of DoD products and services
- reducing or eliminating the DoD cost of ownership in areas such as operations and maintenance, and environmental remediation
- improving the use of available organic capacity
- leveraging private sector investments, such as facilities and equipment, to contribute to re-capitalization of depot maintenance activities
- enhancing the industrial base to improve and sustain manufacturing and repair capabilities both organically and within the private sector
- introducing improved business processes and updated technology to DoD depot maintenance operations and products
- promoting suitable private sector ventures at selected DoD depot activities
- fostering cooperation between DoD and private industry

All of these objectives must have as a principal focus improved support to depot maintenance customers (the war fighters) and/or enhanced operation and readiness of DoD weapon systems and equipment.

Partnerships Defined

A public-private partnership for depot maintenance is an agreement between an organic depot maintenance activity and one or more private industry or other entities to perform work or utilize facilities and equipment. Program offices, inventory control points, and materiel/systems/logistics commands may also be parties to such agreements or be designated to act on behalf of organic depot maintenance activities.

In general, depot maintenance public-private partnering arrangements include (but are not restricted to) one or more of the following forms:

- Use of public sector facilities, equipment, and employees to perform work or produce goods for the private sector under certain defined circumstances;
- Private sector use of public sector equipment and facilities to perform work for the public sector; and
- Work-sharing agreements, using both public and private sector facilities and/or employees.

Basis for Partnerships

Partnership arrangements must identify the statutory or regulatory authority for the specific undertaking, e.g., if there is a sale or lease involved.

Among the various authorities, an important basis for establishing depot maintenance public-private partnerships is found in 10 U.S.C. 2474, which outlines provisions for designating DoD depot maintenance activities as Centers of Industrial and Technical Excellence (CITEs) in their core competencies. In designating CITEs, the Secretaries of the Military Departments shall also encourage each Center to enter into public-private partnerships comprising its own employees, private industry, or other entities to perform work within its core competencies, and allow private industry to lease or use under utilized or unutilized facilities and equipment at the CITE. Such public-private partnerships should contribute to the implementation of best business practices and improvement of operations in their core competencies.

Other sections of title 10, such as 10 U.S.C. 2563 and 10 U.S.C. 2208, and regulatory guidance, including the Federal Acquisition Regulation, are applicable to depot maintenance public-private partnerships. There are a number of forms such partnerships can take. In establishing depot maintenance public-private partnerships, whatever the form, the Military Departments shall ensure compliance with all applicable statutory provisions and regulatory guidance. A summary of statutory and regulatory provisions that are frequently cited to implement partnerships is attached.

The scope of work to be supported with a partnership can range from simple facility leases of DoD property to in-depth product support. The workforce can be totally separate, or

engaged in a more complex workshare with process-specific workload sharing, or fully integrated in a single production facility. Partnerships can range from joint public-private undertakings, to private sector participation in some aspect of DoD depot maintenance production, to direct sales of articles or services to the private sector, or to leasing of DoD facilities or equipment. Public-private partnerships have flexible characteristics; each partnership should reflect the unique objectives that are the basis of the partnership as well as the particular needs of the partners and the resources to be shared. The key element in each of these arrangements is the utilization of some aspect of organic depot maintenance capability to support the partnership.

Relationship to Other Logistics Considerations

Depot maintenance partnerships can be an effective tool to implement Performance-Based Logistics (PBL) arrangements. PBL implementation strategies will consider partnering with CITEs to satisfy the requirements of 10 U.S.C. 2464 and 10 U.S.C. 2466. Incorporation of detailed performance metrics, and financial and other incentives into such partnering agreements should be used to establish successful long-term PBL partnership arrangements.

Depot maintenance partnerships may be a component of broader partnering agreements between the private sector and the Government. This policy is intended to apply to the depot maintenance aspects of such partnerships.

Defense Logistics Agency (DLA) distribution depots co-located with depot maintenance activities and DLA/Military Department logistics activities managing materiel provided to depot maintenance activities may be impacted by a depot maintenance public-private partnership. These supporting elements need to be invited to participate in the planning for depot maintenance partnerships as appropriate.

Attachments:
1. Public-Private Partnering Definitions
2. Summary of Legal and Regulatory Authorities

Attachment 1

Public-private Partnering Definitions

Depot-level maintenance (also known as depot maintenance): The processes of materiel maintenance or repair involving the overhaul, upgrading, or rebuilding of end items, parts, assemblies, or subassemblies, and the testing and reclamation of such equipment as necessary (regardless of the source of funds for the maintenance or repair and irrespective of the location at which the maintenance is performed). Depot maintenance includes all aspects of software maintenance as well as interim contractor support or contractor logistics support (or any similar contract support), to the extent that such support is for the performance of the maintenance or repair outlined above. Depot maintenance includes the installation of parts for modifications; it does not include the procurement of major modifications or upgrades to improve weapon system performance or the parts for safety modifications. Depot maintenance also does not include nuclear aircraft carrier refueling.

Depot-level maintenance activity: A specific DoD-owned and -operated facility established, equipped, and staffed to carry out depot-level maintenance. DoD depot-level maintenance activities accomplish a wide range of depot-level maintenance processes including overhaul, conversion, activation, inactivation, renovation, analytical rework, repair, modifications and upgrades, inspection, manufacturing, reclamation, storage, software support, calibration, and technical assistance. Field-level maintenance sites authorized to accomplish a specific depot-level repair or a narrow range of such repairs or maintenance are not depot-level maintenance activities.

Core competencies: Those core logistics-related depot-level maintenance capabilities that serve as the Department's necessary ready and controlled source of technical ability, expertise, and resources. Core competencies are the set of depot-level maintenance capabilities necessary to enable the armed forces to fulfill the strategic and contingency plans prepared by the Joint Chiefs of Staff and for which the Military Departments believe the DoD should be a recognized leader in the national technology and industrial base. Core competencies ensure that DoD depot-level maintenance activities are prepared to and actually do execute depot-level maintenance in an effective, efficient, and timely manner.

Performance-Based Logistics (PBL): An integrated acquisition and logistics process for buying weapon system capability that delineates outcome performance goals of weapon systems, ensures that responsibilities are assigned, provides incentives for attaining these goals, and facilitates the overall life-cycle management of system reliability, supportability, and total ownership costs. Depot-level maintenance may be a part of life-cycle management requirements.

Public-Private Partnership: A public-private partnership for depot maintenance is an agreement between an organic depot maintenance activity (or its agent) and one or more private industry or other entities to perform work or utilize facilities and equipment. Program offices, inventory control points, and materiel/systems/logistics commands may also be parties to such agreements or be designated to act on behalf of organic depot maintenance activities.

Teaming: An arrangement whereby an organic activity and a commercial entity enter into a contractual relationship to accomplish one or more deliverables stipulated in a contract. The relationship between the participants is usually initially outlined in a teaming agreement during proposal preparation and then formalized as a contractor/subcontractor relationship subsequent to contract award.

Workshare: An arrangement whereby a combination of organic and commercial facilities and/or employees are used to execute the requiring activity's work package; the requiring activity issues a work order to the organic participant and a contract to the private sector participant. The relationship between the participants to accomplish the work package is usually coordinated with a Memorandum of Understanding or Memorandum of Agreement.

Attachment 2

Statutory and Regulatory Provisions Relevant to Depot Maintenance Partnerships

(Not an exhaustive list of such provisions, nor a complete summary of the content of each provision – descriptions focus only on primary aspects of each that apply or are relevant to depot maintenance)

Authority	Thumbnail Description – Not Exhaustive
10 U.S.C. 2208(j)	Permits depot financed through working capital funds to *sell articles and services* outside DoD if the purchaser is fulfilling a DoD contract and the contract is awarded pursuant to a public-private competition.
10 U.S.C. 2469a	Requires competitive contracting (and authorizes public-private competition and teaming) when outsourcing workloads formerly performed at depots that have been closed or realigned *(BRAC)*.
10 U.S.C. 2474	Requires the Military Departments to designate depot maintenance activities as Centers of Industrial and Technical Excellence*(CITEs)*, authorizes and encourages public-private partnerships, permits performance of work related to core competencies, permits use of facilities and equipment, and permits *sales proceeds* from public-private partnerships to be credited to depot accounts.
10 U.S.C. 2563 (formerly 10 U.S.C. 2553)	Authorizes *sale of articles or services* outside DoD (excluding those authorized under 10 U.S.C. 4543) under specified conditions.
10 U.S.C. 2667	Allows *leasing* of non-excess facilities and equipment.
10 U.S.C. 4543	Authorizes *Army* industrial facilities that manufacture cannons, gun mounts, etc., to *sell articles or services* outside DoD under specified conditions.
10 U.S.C. 7300	Authorizes *Naval* shipyard *sales of articles or services* to private shipyards for fulfillment of contracts for nuclear ships.
22 U.S.C. 2754	Allows *sales or lease of articles or services to friendly countries* under specified conditions.
22 U.S.C. 2770	Allows *sales of articles and services* to a U.S. company for incorporation into end items to be sold to a friendly foreign country or international organization under specific conditions.
FAR 45.3	Provision of *government-furnished material, facilities and equipment* to contractors.

APPENDIX 10: EXAMPLE OF FULL PBL SOW

Statement of Work
for
AN/SRS-1 (V) and AN/SRS-1A (V)

1.0 General

The purpose of this contract is to establish a Performance Based Logistics (PBL) contract between the contractor and Naval Inventory Control Point (NAVICP) for the AN/SRS-1 (V) and AN/SRS-1A (V) program. The goals of the contract are to establish and maintain an Average Fill Rate (AFR) of 85%, Average Contractor Response Time (ACRT) of 15 days, and Average CASREP Response Time (ACasRT) of 2 days. This performance concept anticipates both logistics performance enhancements and cost of ownership benefits from leveraging proven commercial support concepts. The requirements supported will be limited to the list of items identified in Attachment A.

2.0 Inventory Redistribution

The Government will, at its own expense within 90 days after contract award, deliver all Not Ready for Issue (NRFI) items stored at a Continental United States (CONUS) FISC to the contractor's facility(s) for contractor custody. Title to all inventory will remain with the Government. Fleet-returned assets will be returned to contractor within an average of 90 days of requisitioner's receipt of the "A" condition asset. The contractor shall inform the Government of carcass non-receipt 90 days after delivery and provide a second notification if carcass is not received within 120 days after delivery. The Government will return 95% of carcasses within 120 days. The contractor may be entitled to an equitable adjustment for the difference between the spare price and the repair price for requisitions which do not produce a carcass.
Existing Ready for Issue (RFI) will remain at government supply centers until it is agreed at a semi-annual program management review that the remaining "A" condition assets will be delivered to the contractor, at government expense.

3.0 Asset Reporting

The contractor shall report part status, via web-based Commercial Asset Visibility (CAV) reporting capability, in accordance with web-based CAV Statement of Work.
The contractor shall use the CAV system to provide parts status for the repairable parts received/inducted and processed ('F' to 'M' to 'A'), and also for parts held in other condition codes. This transactional reporting includes requisition receipts, issues, estimated shipping dates, and material releases, etc. All NAVICP parts received, stored, repaired, or shipped by the contractor, shall be reported electronically to NAVICP via an 80-column card "MILSTRIP" Transaction Item Report (TIR). TIRs shall be required anytime there are changes involving the quantity or condition code of a NAVICP part at the contractor's facility. The contractor shall use CAV methodology to receive and process NRFI parts. Upon induction and completion of repairs, the contractor shall store repaired parts until receipt of a requisition from NAVICP. Upon receipt of a requisition from NAVICP, the CAV operator shall process a D7A TIR to clear the part from the CAV database. Parts manufactured under this PBL contract shall be reported via CAV using a D4A TIR, prior to being used to fill a requisition. RFI parts transitioned from government storage sites will also be received by the contractor and reported via CAV using a D6A TIR. These transaction sets

are built into CAV. CAV is a web-based system that requires NETSCAPE 4.0 or higher and can be used on any PC capable of using NETSCAPE.

4.0 Requisition Processing

The contractor shall fill requisitions received via CAV or by fax from NAVICP only. The contractor shall make available for shipment to the CONUS customer or Port of Embarkation (POE) for outside continental United States (OCONUS) customer within the time frames identified in Table 1. The contractor shall check the CAV terminal daily by 1000 EST for new requisitions. If a part is available, the contractor shall fill the requisition in the time frames specified in Table 1 and submit a D7A TIR to NAVICP via CAV.

ON TIME SHIP	
Priority Designator	**CONUS/POE**
CASREP	2 days *
Priority 1-3	4 days *
All others	8 days * *Except as identified in 19.0

Table 1

When the shipper picks up the material, a Material Release Confirmation (DIC AR0) shall be submitted to NAVICP via CAV. Shipping destinations may be obtained in accordance with Paragraph 11.0. If no part is available to fill the requisition in the requisition response time-frame, as specified in Table 1, the contractor shall, within 3 days (1 day for CASREP) of receipt of the requisition, TIR a Supply Status (DIC AE6) with status code 'BA' and Estimated Shipping Date (ESD). If the contractor determines that the original ESD cannot be met, an updated Supply Status (DIC AE6) shall be TIR'd to NAVICP citing a new ESD. If the contractor determines that the requisition is not valid (not a PBL item, not a valid user, requirement previously supported, etc.), the contractor shall contact NAVICP and a Material Release Denial (DIC A6__) shall be TIR'd to NAVICP. Material Release Denials can also be used to reject partial quantities, if the contractor determines that the ship has requisitioned too many.
Customer Cancellations: NAVICP will transmit a Supply Source Cancellation (DIC AC6) to the contractor to request cancellation of a previously submitted requisition. If a part has not been shipped, the contractor will respond with a Supply Status (DIC AE6) citing status code 'CB', advising that the requisition has been cancelled. If a part has already been shipped, the contractor shall respond with a Supply Status (DIC AE6) citing status code 'B8', advising that the requisition shall not be cancelled.

5.0 Customer Response

The contractor shall provide, at time of award, a 24/7 pager phone number for NAVICP to notify the contractor of CASREP requisitions or other requisitions being transmitted during non-working hours which need to be filled on an emergent basis. All non-CASREP requisitions shall be processed during working hours. Working hours are defined as Monday through Friday 0730 – 1700 EST, excluding holidays.

6.0 DLA items

The contractor shall require a DODAAC to review asset information and to establish contracts via the DOD EMall. Consumable item ordering from DLA may be considered if price and delivery offer is the best value. Instructions for obtaining access to DOD EMall are provided on Attachment B.

7.0 Configuration Management/Control

The contractor may identify and incorporate configuration changes as part of the PBL program to improve the reliability, availability and maintainability of the covered equipment. All modifications must be in accordance with the approved Configuration Management Plan.
Class I changes causing Lowest Replaceable Unit (LRU) level items to be non-compliant with the baseline requirements of performance, electrical and mechanical interface characteristics shall not be incorporated without prior government approval. All data and parts necessary for the incorporation of a Class I change shall be furnished in accordance with the approved ECP for that change. In no event shall the Government's disapproval of a proposed Class I change entitle the contractor to any adjustment in the price or performance metric of this contract.
The contractor is authorized to incorporate Class II changes without the usual requirement for prior government concurrence on the change. However, the contractor shall maintain record of all such changes for government review at regularly scheduled Program Management Reviews. Any Class II changes incorporated by the contractor shall be accomplished at no additional cost to the Government, unless such changes are initiated by the Government. In the event the contractor directs a change in organizational and/or intermediate level maintenance that necessitates new piece parts, the contractor agrees to provide part support. It will be the Government's intention to provision these items utilizing the technical data package generated by the contractor.

8.0 Repair/Replace/Overhaul Decision

The responsibility and determination to repair, replace, or modify units resides with the contractor. The contractor shall determine the methods, procedures, and processes to effect repairs. If the contractor tests NRFI items and determines an item is No Failure Evident (NFE), then the item shall be packaged and identified as RFI asset. Repair shall consist of restoring the item to its "as built" and/or latest approved configuration condition, both electronically and mechanically. If the contractor determines an item is Beyond Economical Repair (BER), the failed unit shall be designated as scrap. Disposal of BER units by the contractor would occur upon approval by NAVICP.

9.0 Scrap/Demilitarization

The contractor shall be permitted to utilize those component parts of non-repairable units (scrap), which are still serviceable. The contractor shall retain, at his facility, such reusable material for later use under this contract. Disposition of component parts removed by the contractor during repair/modification shall be at the discretion of the contractor, and consultation with NAVICP.
Demilitarization (DEMIL) of Navy Excess Property/BER scrap shall be in accordance with the individual assigned demilitarization codes (DEN D017), found on Attachment A, and defined in DoD 4160.21-M-1 Defense Demilitarization Manual.

10.0 Packaging and Preservation Support

Assets shall be packaged in accordance with MIL-STD-2073 or the contractor's approved commercial practices as determined by contractual requirements. MIL-STD-129 requirements apply for marking of packages/containers.
Commercial packaging is appropriate for material being shipped via premium transportation, and for CONUS shipments of items, which will be used immediately. ASTM-D3951-98, "Standard Practice for Commercial Packaging" provides basic guidance for commercial packaging. Packaging that provides the best protection for the lowest cost should be used when required for NFE equipment and "Quick Fix" (requiring minor repair) items.

Foreign Military Sales (FMS) material should receive military packaging and Level A packing per MIL-STD-2073. Minimum packing applies to shipments to Canada (Level B for parcel post shipments).
All packaging and packing methods will adhere to military requirements for plastic reduction, hazardous material, prohibited cushioning, (i.e. loose-fill peanuts), and protection from electrostatic discharge damage.

Additional questions regarding packaging and preservation should be directed to the Pollution Prevention and PHS&T Division, Code M0772, (717) 605-2243.

11.0 Transportation

CONUS SHIPMENTS
In response to Navy requisitions, the contractor shall arrange delivery of RFI assets to the required destination, according to timeframes specified in Table 1. Delivery terms for shipment to CONUS consignees shall be FOB Origin (FAR 52.247-29 applies). Contractor shall be responsible for using the DOD GSA Small Package Express program for shipments up to 150 lbs. If available, the contractor shall use the NAVTRANS SMART Transportation Solution (STS) tool to arrange shipments. Under FOB origin terms, the STS tool selects a carrier (e.g. FedEx, DHL, etc.) and optimizes shipping type (air, ground, or surface shipment) based on requisition criticality. The STS transportation tool provides the contractor with automated routing/ship to addresses, provides an automated feed into the Global Transportation Network for in-transit visibility, provides the automated creation of shipping labels and transportation documentation, and provides a measure of contractor and carrier performance. If NAVTRANS STS is not available the contractor shall use the DAAS DODAAD web page to obtain CONUS activity shipping addresses if the consignee's address is not specified on the requisition/order. The DAAS DODAAD web page address is as follows: https://daynt6.daas.dla.mil/dodaac/dodaac.htm. This system allows users to access shipping addresses using the activity's DODAAC. The "TAC2" (freight) shipping address from this database shall be used to make shipments. Use the TAC 1 address only if a TAC 2 address is missing from the database. Use of TAC 3 address from this database could result in misdirected shipments.

OCONUS SHIPMENTS:
For shipments to OCONUS consignees up to 150 lbs, delivery terms shall be FOB Origin (FAR 52-247-29 applies). Contractor shall be responsible for using the DOD Worldwide Express program to ship material where a commercial street shipping address is available. Contractor shall prepay and add freight charges. If available, the contractor shall use NAVTRANS STS tool to arrange shipment. Navy will provide information on the use of the STS tool. Otherwise, contractor shall contact the NAVTRANS "Fleet Locator" desk, as needed, to obtain overseas commercial air shipping address information for OCONUS activities at (757) 443-5434 or contact the NAVICP-M Transportation Office by sending an Email to: "NICPM_TransOff@icpmech.navy.mil" with requisition number, weight and dimensions of shipment and phone number.

For shipments, greater than 150 lbs, to OCONUS consignees and shipments not covered by the Worldwide Express contract or otherwise required to be shipped by military airlift, delivery terms shall be FOB Origin (FAR 52.247-29 and FAR 52.247-52 apply). Shipment will be made to the CONUS military aerial port specified by the Navy, for ultimate delivery to OCONUS customer sites. If available, contractor shall use the NAVTRANS STS tool to obtain shipping address information and arrange for shipment. Otherwise, contact the NAVTRANS "Fleet Locator" desk as needed to obtain military airlift shipping information for OCONUS activities at (757) 443-5434 or contact the NAVICP-M Transportation Office by sending an Email to: "NICPM_TransOff@icpmech.navy.mil" with requisition number, weight, dimensions of shipment, and phone number. Contractor shall address the shipment to the military aerial port and mark the shipment for the OCONUS activity as specified by NAVTRANS. Specify TAC "N901" for consumable items, or TAC "N928" for repairable items, on shipping documentation and as part of the "Mark for" instructions.
Contractor shall comply with all applicable labeling, marking and documentation requirements specified by MIL-STD-129N, Standard Practice for Military Marking and DOD 4500.32-R, and
Military Standard Transportation and Movement (MILSTAMP). Transportation Control and Movement Documents (TCMDs) and bills of lading shall cite Transportation Account Code (TAC) "N901" for consumable items, and "N928" for repairable items.

Retrograde shipments:
The Government will be responsible for shipment of NRFI material back to the contractor.

12.0 Storage

The contractor shall provide storage facilities adequate to maintain the RFI and NRFI integrity of the inventory. In addition adequate security measures and procedures shall be maintained for all material that is classified or contains classified software.

13.0 Diminishing Manufacture Sources (DMS)/Obsolete Items (OI)

The contractor shall be responsible to provide for all valid fleet/shore-based requisitions, including instances where DMS/OI issues occur. As the recognized leader in managing this equipment, the contractor should plan as far in advance as possible to alleviate DMS/OI occurrences. The contractor needs to identify DMS/OI situations to NAVICP as early as possible. The contractor shall also provide a proposed resolution plan which may include life-of-type buys or re-design being taken to meet the requirements of the current contract and suggestions for the post contractual period. DMS/OI issues will not provide relief from meeting performance metrics.

14.0 Reporting Procedures

The contractor shall provide a monthly performance report, due the 15th of the following month, citing the three monthly metrics performance, supporting data, and the number of backorders held.

15.0 Quality Deficiency Report (QDR)/Report Of Discrepancy (ROD)

The contractor's quality assurance program shall respond to generated reports of quality deficiency known as Quality Deficiency Reports (QDR) and Supply Deficiency Report (SDR), formerly Reports of Discrepancy (ROD). The contractor shall notify NAVICP within 30 days of QDR/SDR resolutions. If the

contractor ships a defective unit, another 'A' condition asset shall be re-shipped to the requisitioner under a second received requisition within the prescribed response time while their QDR is being processed.

16.0 Pricing Data

The contractor shall prepare and submit an annual listing of burdened and unburdened replacement/repair costs for each NIIN to NAVICP not later than 1 February of each year. Burdened unit costs should include all costs associated with the repair or manufacture of a unit, including but not limited to material, labor, overhead and profit. The information is to be provided in a mutually agreed upon format.

17.0 Inspection/Acceptance

All parts shipped from a contractor's facility shall be processed under the contractor's Quality Assurance Program. The DCM Quality Assurance Representative (QAR) shall continue monitoring the contractor's quality processes. All units will be shipped using a DD 1348-1.
Once a month, the contractor shall submit a DD250 (Material Inspection and Receiving Report) with an attachment that lists all the requisitions filled for the preceding month. The QAR shall sign the Inspection block verifying that all the quality processes are in compliance; then forward it to NAVICP for acceptance.

18.0 Program Reviews

The contractor and NAVICP shall jointly conduct semi-annual program management reviews for PBL Performance Metrics and address issues. Location shall rotate between contractor and NAVICP site.

19.0 Retail Allowances

Retail allowances will be computed by NAVICP in accordance with existing procedures and will factor in improvements to reliability, where appropriate. The NAVICP Program Manager will provide the contractor a list of allowances identifying the NSN, total amount, ship, and Required Delivery Date (RDD) reflected in the NAVICP Planned Program Requirements file. As installation planning data officially changes, NAVICP will inform the contractor of required changes to quantities, ships, and RDDs within 30 days. If NAVICP's failure to take this action results in the contractor's inability to meet performance metrics, this shall not be counted against the contractor during evaluation, provided the contractor can prove a direct causal relationship between NAVICP's failure to take this action and the contractor's failure to meet performance metrics. The contractor shall advise NAVICP in a timely manner of its inability to meet performance metrics with the changed circumstances.

20.0 Termination for Default

If Availability falls below 85% for two (2) consecutive quarters, contractor will be deemed to be in default of the contract. Notwithstanding this contract provision, the contractor shall be responsible for complying with all provisions of this contract. If the Contractor fails to meet any requirement, including delivery and availability requirements under Clause C02.3.1, the Government reserves all rights and remedies under the contract including Termination for Default.

21.0 Supply Transition Plan

Upon the Government's notification of intent to discontinue the PBL contract, the contractor shall provide a transition plan 150 days prior to the contract completion date. The plan shall address at a minimum the

inventory transition process, work in progress, transfer Technical Data Package (TDP) changes, alternate source criteria, return of GFM, and including the contractor's planned support during this period. The plan shall also include a forecast of parts requirements necessary to ensure that the Government has adequate parts on hand to fill requirements for the twelve-month period following the contract completion date. If execution of the plan shall result in additional parts inventory, the contractor and Government will mutually agree on what parts are required. The contractor shall complete in process procurements, repairs, planned induction and Class II ECPs.

22.0 Inventory

At the conclusion of the contract, the contractor shall provide to the Government enough 'A' condition assets to satisfy, at a minimum, quarterly demand (at contract award) for one leadtime (quarterly demand x RTAT). The Government also reserves the right to utilize the Transition CLIN to repair/procure additional material as needed.

All government inventory provided at time of award, and throughout the contract, less the items which were requisitioned, designated scrap and BER, shall be returned at contract completion. This government inventory in the contractor's possession should be accurate, accountable and reflect all the inventory adjustments or changes in configuration of parts that occurred throughout the contract. Any difference between government-provided inventory and the ending balance will require an adjustment at contract completion. The cost to package and transport this inventory from the contractor shall be borne by the Government.

23.0 Technical Data Package (TDP)

The contractor shall maintain/update the TDP to reflect all changes made to the items and shall submit the source data required to provide the Government information necessary to resume organic maintenance and repair of the system. This information shall include, but not be limited to, necessary revisions/changes to existing publications and technical documents. The TDPs provided shall be in "as is" condition representing the same documentation the contractor had used in the performance of this contract.

24.0 Performance Metric I – Average Fill Rate (AFR)

AFR is defined as a percentage (%) of the number of times a part is made available for shipment to the CONUS customer, or Port of Embarkation (POE) for the OCONUS customer, within the time frames identified in Table 1. AFR shall be based on a 12-month rolling average, updated monthly, and achieved once 12-months of history is achieved. The contractor shall be responsible for maintaining a minimum AFR of 85%. The contractor may realize a decrement in the payment, based on Table 2, if the desired performance falls below the specified AFR.

Average Fill Rate	
Fill Rate %	**Adjustment**
85% or greater	None
75% - 84.9%	-1%
65% - 74.9%	-2%
Less then 65%	-3%

Table 2

25.0 Performance Metric II – Average Contractor Response Time (ACRT) for stock numbered items

ACRT is a measurement of time the contractor takes to make parts available to the carrier in response to all requisitions received. Both immediate issues and delayed issues are included. Measurement time begins when the contractor receives the requisition and ends when a RFI part is made available for carrier pick-up for delivery to the CONUS customer or POE for OCONUS customer. ACRT is calculated by dividing the sum of the number of days required to make parts available for shipment for all requisitions received in a given period of time by the number of requisitions received. ACRT shall be based on a 12-month rolling average, updated monthly, and achieved once 12-months of history is achieved. The contractor shall be responsible for maintaining an ACRT of no more than 15 days. At no time shall a requisition go undelivered for more than 365 days. The contractor may realize a decrement in the payment, based on Table 3, if the desired performance rises above the specified ACRT.

Average Contractor Response Time	
Response Time (days)	**Adjustment**
15 or less	None
15.1 - 25	-1%
25.1 - 30	-2%
> 30	-3%
All individual requisition greater than 365	$100 per day requisition remain undelivered

Table 3

26.0 Performance Metric III – Average CASREP Response Time (ACasRT)

ACasRT is a measurement of the time the contractor takes to make parts available to the carrier for all CASREP requisitions. Measurement time begins when the contractor receives the requisition and ends when a part is made available for shipment to the CONUS customer or POE for OCONUS customer. ACasRT is calculated by dividing the sum of the number of days required to make parts available for shipment for all CASREP requisitions received in a given period of time by the number of CASREP requisitions received. ACasRT will be based on a 12-month rolling average, updated monthly, and achieved once 12-months of history is achieved. The contractor shall be responsible for maintaining an ACasRT of no more than two days. At no time will parts make available for shipment for CASREP requisitions exceed 12 days. The contractor may realize a decrement in the payment, based on Table 4, if the desired performance rises above the specified AcasRT.

Average CASREP Response Time	
Response Time (days)	**Adjustment**
2 or less	None
>2 – 6	-1%
>6 – 10	-2%
>10	-3%
All individual CASREP greater than 12 days.	$100 per day requisition remain undelivered

Table 4

Contractor Access to the DoD EMall

A contractor does the following to order DLA items from the EMall:

- Obtain a DODAAC, unless he already has one
- Access http://www.emall.dla.mil to register
- On the opening page, he will see "User Accounts" and should click on "New User Registration"
- This opens a form that he fills in and prints on company letterhead
- He sends the completed form (including the "Justification for use of EMall") to the contracting officer
- The contracting officer (listed as POC/COTR on the form) signs the form
- The contracting officer includes his/her supervisor's name and phone number
- The Government organization's Security Officer also signs and includes his phone number (no space on the form for this - just add it at the bottom)
- Mail or Fax to:
  EMall Registration Desk
  Defense Logistics Information Service
  DLIS-VSM
  74 Washington N. Suite 7
  Battle Creek, MI 49017
  Fax number 616-961-4715

- The contractor will receive e-mail confirmation that the account has been activated within 5 work days of receipt of the letter
- Questions may be emailed to: on-line@dlis.dla.mil

APPENDIX 11: SAMPLE TIMEFRAME FOR ORGANIC PBL

Determining whether to go PBL can take as little as a few weeks or as long as a couple of years and is highly dependent upon the HSC and ISEA, the size of the system, and whether the system is legacy or non-legacy.

MOA Development:

- If already established with HSC/ISEA, no time required.
- If not, MOA could take several months as it must be approved by NAVICP's SOW Review Board and signed by both commands. Suggest that MOA and SOW be sent through the SOW Review Process simultaneously. (NOTE: If SOW and MOA are combined into one document, see below.)

SOW Development:

- For legacy systems – This process will take three to four months, from IPT coordination to signing by both parties. The SOW must be approved by the SOW Review Board.
- For non-legacy systems – Developing a SOW for a non-legacy system may take longer than a legacy system depending upon the maturity of the acquisition. However, plan on four to eight months to complete the process.

BCA Process:
NOTE: generally, this process cannot be started until the SOW has been approved.

- Residual BCA (i.e. w/o PBL costs):
  - For legacy systems – with all data at Price Fighters, takes approx three weeks. If PF does not receive all data, will take longer.
  - For non-legacy systems – this process may take longer because of the effort involved in collecting all required data. In many cases, the data are not all available. However, once provisioning has been completed and the data are sent to PF, it will take them approximately three weeks to complete.
- Cost Benefit Analysis – the process is highly dependent upon the vendor, taking as long as ten-twelve months for the vendor to submit. The residual BCA can be completed months in advance of PF receiving the cost proposal from the vendor. It's best not to have the residual completed until you have a good idea when the cost proposal will be submitted. The danger is that the residual will be completed so far in advance that by the time the cost proposal is ready, the residual will no longer be acceptable.
- BCA Reconciliation (if required) – this is required when the BCA does meet the Business Rule of break-even or better to the material budget. This process can take from a few weeks to several months depending upon the level of reconciliation required. If the delta in the BCA is large, the process will probably take several (as many as twelve) months and, even then, the BCA may never cut.
- Funding Documents—must be signed by both commands; process should take less than two weeks from completion of document to signing by cognizant authorities from the commands.

AN ORGANIC PBL CAN TAKE UP TO TWO YEARS TO PUT IN PLACE.

APPENDIX 12: SAMPLE BCA TIME REQUIREMENTS FOR COMPETITIVE PBLS

BCA Development

BCA Prep Time from Pricefighters (Scott Bray)
Three to four week delivery ROM based on type of contract and receipt of a complete data set. A system with > or = 500 NSN's or multiple platforms would take longer. This does not include any type of follow-up, revisions, changes to data set, data problems, negotiation support, etc. The question asked is very difficult to answer based on so many variables.
NAVICP support staff preps for BCA about 40 hours.

CIWS PBL
CIWS – 2600 manhours in contracting

MK-41 VLS
Does not include management's time.
05 Time
Developing SOO and SOW, includes research, metrics, clauses, award fee criteria, etc. = PM 160 hrs
Developing attachments, i.e. Forecasted Items list with inventory/management data, Customer Base and Demand Forecast, Allowances by configuration and SCN REQN schedule and DLA unique items list = PM 40 hrs, IM 40 hrs and Clerical 40 hrs.
PBL Data Base involvement/training = PM 16 hrs.
Meetings to include preparation, attendance, review of minutes/action items. (IPTs, Program Reviews, Legal, CAV/EDI, FMS, etc.) = PM 160 hrs, IM 16 hrs,
Other NAVICP personnel for expert testimony/assistance 80 hrs.
Presentations = PM 24 hrs, IM 8 hrs and Clerical 8 hrs.
MISC. includes responding to management requests for info/clarification, responding to questions from other teams regarding VLS SOW/Metrics, etc., Budget changes/issues = PM 100 hrs.
Total time = PM 500 hrs, IM 64 hrs, Clerical 40 hrs and Other NAVICP 80 hrs
The above is a conservative figure (there are probably some events/issues that we spent time on that I have forgotten).
02 Time
SOO/SOW = 160 hours
PBL Database = 16hrs
Meetings = 160 hrs
Presentations = 16 hrs
Misc = 80 hrs
Total contracting is 432

Total MK-41 VLS PBL hours 1,116.

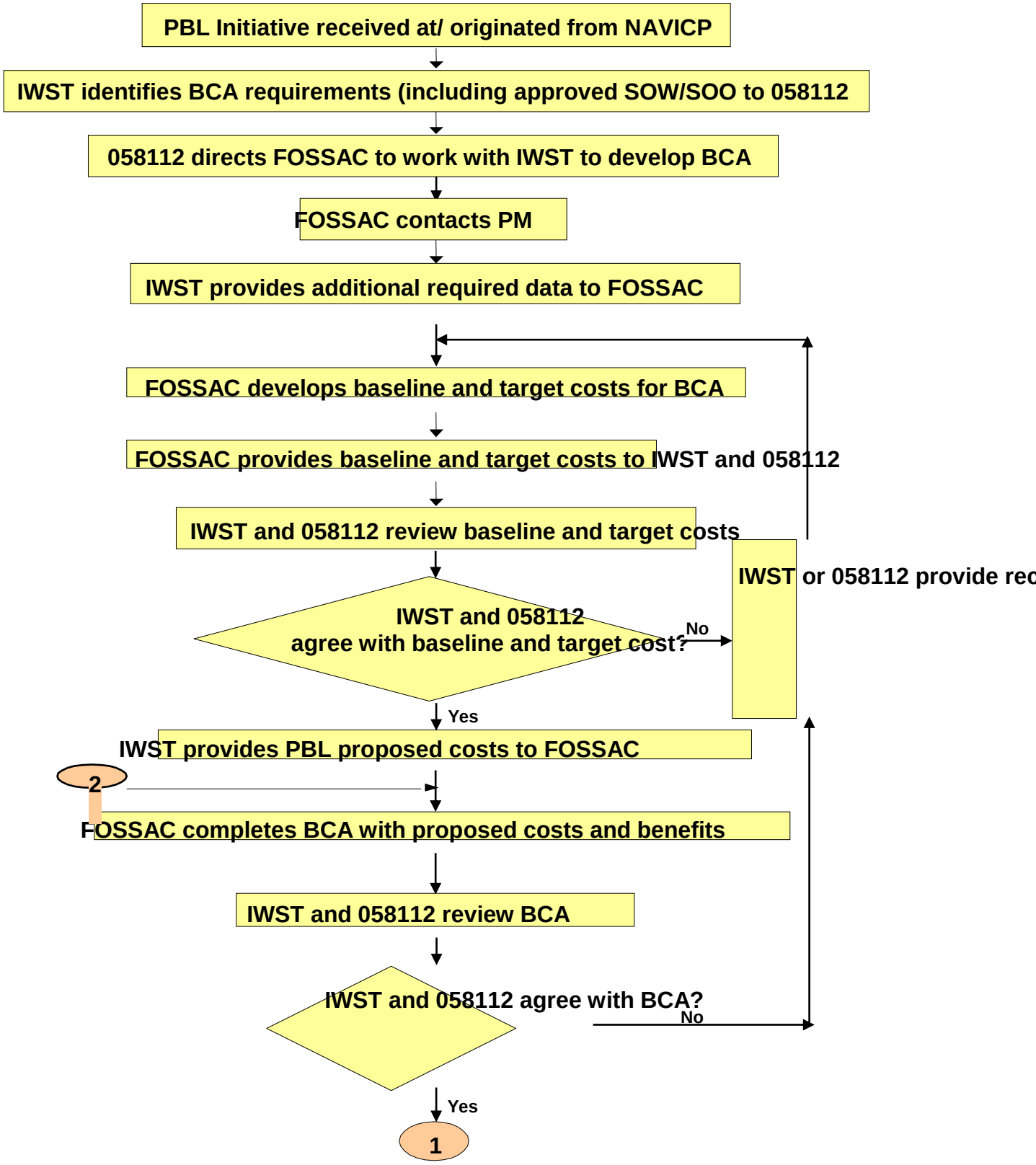
APPENDIX 13

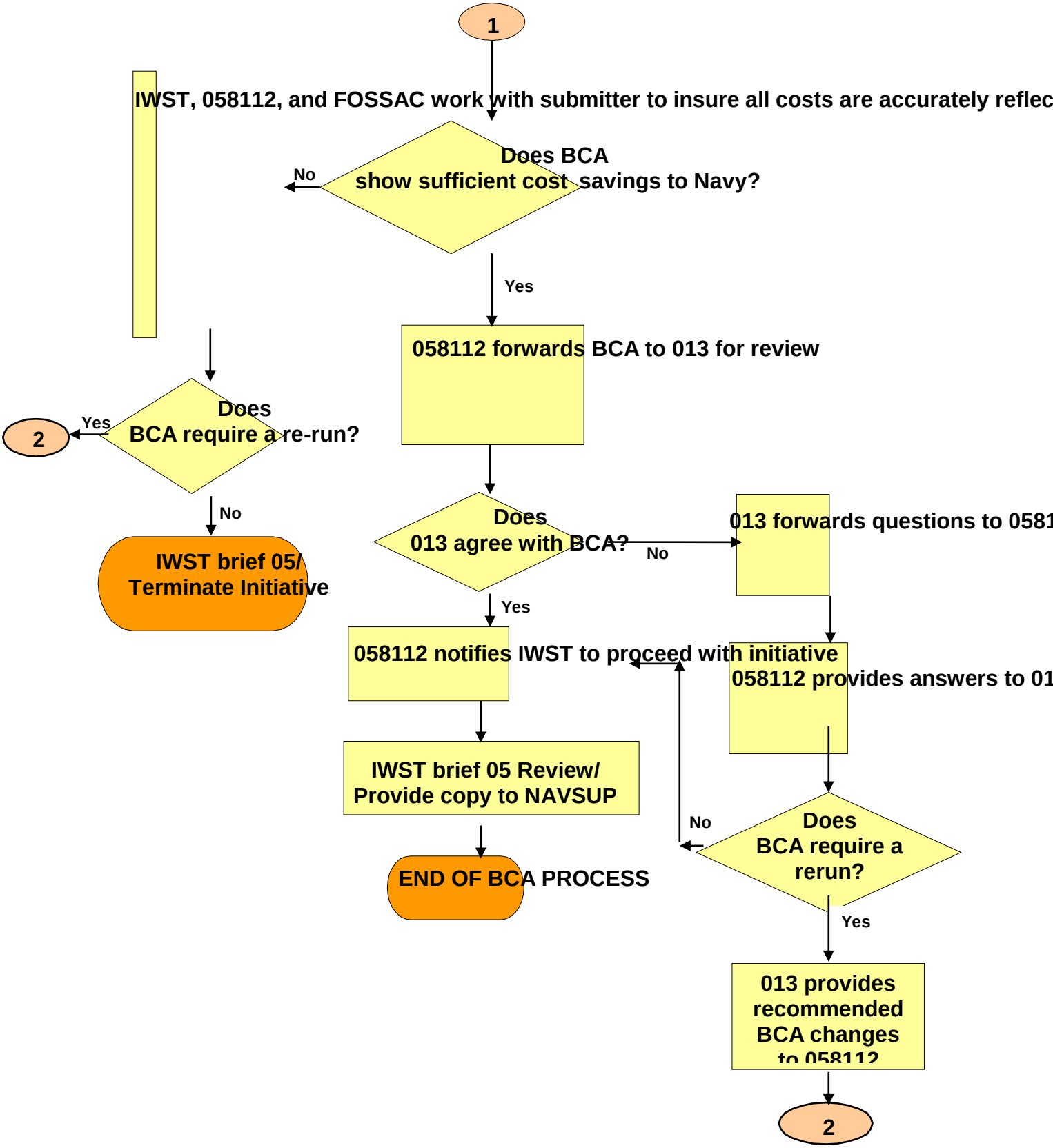
BCA

PROCESS FLOW

DIAGRAM

Performance Based Logistics (PBL) Business Case Analysis (BCA) Process Flow Diagram




1
IWST, 058112, and FOSSAC work with submitter to insure all costs are accurately reflec
Does BCA
show sufficient cost savings to Navy?
No
Yes
058112 forwards BCA to 013 for review
Does
BCA require a re-run?
Yes
2
No
IWST brief 05/
Terminate Initiative
Does
013 agree with BCA?
No
013 forwards questions to 0581
Yes
058112 notifies IWST to proceed with initiative
058112 provides answers to 01
IWST brief 05 Review/
Provide copy to NAVSUP
END OF BCA PROCESS
No
Does
BCA require a
rerun?
Yes
013 provides
recommended
BCA changes
to 058112
2

APPENDIX 14: STATEMENT OF WORK REVIEW BOARD

4400
Ser 058112/014
4 Apr 2001

MEMORANDUM
From: 05
Subj: FY01 STATEMENT OF WORK (SOW) REVIEW BOARD

Encl: (1) Code 05/84 PBL Statement of Work (SOW) Review Board Criteria Objectives
(2) Code 05/84 Review Board Membership for FY01
(3) Code 05/84 Review Board Cover Sheet

1. Enclosure (1) provides direction for the Code 05/84 PBL SOW Review Board process. Enclosure (2) identifies the Review Board Membership Roster for FY01. Enclosure (3) is the cover sheet that must be completed when submitting the SOW to the Review Board.
2. Point of contact is Betsy Graham, Code 058112, ext. 1599.

/s/
E. L. STYRON, JR.

Distribution:
058
0581
0582
0583
0584
0585
058112
841
842
845
All FY01 Board Members

CODE 05/84 PBL STATEMENT OF WORK REVIEW BOARD

PURPOSE

To review and approve all Statements of Work for Performance Based Logistics.

CRITERIA

All Code 05/84 Statements of Work/Performance Work Statements for Performance Based Logistics will be presented to the Review Board by the Program Manager.
Review board will review and approve prior to the Business Case Analysis data being forwarded to Price Fighters located in Norfolk, VA. Consensus of the review board will constitute approval.

OBJECTIVE

To ensure a high quality of Statements of Work generated within Code 05/84.

MEMBERSHIP

Chair

Full PBL or CLS PBL - 05 or 05X
MSP/MSP+, PBL-O, PBL-C - 058 or 058X

Members

One Code 05/84 Management Representative (0582, 0583, 0584, 8421) on a monthly rotating basis.
One Code 013 Analyst.
One Code 021 Management Representative.
One Code 058112 Program Manager Coach.
One Code 0585 Representative.
One Code 842 Representative.
One Program Manager on monthly rotating basis.

Other Attendees

Other personnel, as required by presenter.

Assignment of Personnel

Code 058112 will make assignments by memo.
All PMs who manage a Weapon System will be a candidate for the Review Board Membership.
Members will serve for one month at a time.

PROCESS:

Statements of Work will be forwarded to Code 058112, Betsy Graham, one week in advance. Packages will include :

1) Review Board Cover Sheet
2) SOW/PWS
3) Supporting documentation
    a) J&A if appropriate
    b) Metric Goal Sheet from latest Weapon System Brief
4) Any additional information deemed relevant by presenter

Board meetings will be held on a weekly basis or as deemed necessary. Division Directors will be notified when programs from their division are scheduled for review.

Review Board approval will constitute approval of the Statement of Work being forwarded to Price Fighters.

Critical emergent requirements needing immediate review will be hand carried to 058112, Betsy Graham, who will request an emergency session of the Board, as necessary.

Enclosure (1)

FY 01 Code 05/84 SOW Review Board Membership Roster

Apr 01 0584 Management Representative
0582 PM

May 01 0583 Management Representative
0584 PM

Jun 01 0582 Management Representative
845 PM - Berkley Reid

Jul 01 8421 Rick Washinger
0583 PM

Aug 01 0584 Management Representative
0582 PM

Sep 01 0583 Management Representative
0584 PM

(Enclosure 2)

CODE 05/84 PBL STATEMENT OF WORK REVIEW BOARD

Date:
Type: MSP/MSP+ _____ PBL-O_____ PBL-C____ Full PBL_____ CLS_____

Type of Contract: FFP(Firm Fixed Price) ____ CPAF(Cost Plus Award Fee) _____
CPFF (Cost Plus Fixed Fee) _____ FPI(Fixed Price Incentive)____

Weapon System:_____

$ Value of Agreement _____ Estimated Award Date _____

LRC _____ Unique Yes____ No____

Program Manager: _____ Ext.:_____

Background Comments:

Comments/Recommendations of the Review Board:

Date Approved:_____
Chairperson:_____
Division Director:_____
058112_____
PM Member: _____
PM Coach _____
013 Analyst _____
021 Representative_____
0585 Representative_____
Program Manager _____

Enclosure (3)

Appendix 15: SMART Transportation Solution Guidance

The *SMART Transportation Solution* is being developed to perform the supply chain transportation function for the Naval Supply Systems Command's (NAVSUP) Enterprise Resource Planning (ERP) initiative. The SMART Transportation Solution effectively facilitates the efficient shipment of Navy supplies and material to activities located around the world, it provides enhanced visibility of material to managers and to customers, and it captures and makes transportation decisions related data available for resource planning across the entire enterprise. In performing the transportation function, the solution optimizes transportation decisions making it advantageous for the Government to act as the shipper rather than contracting with vendors to provide material transportation on an FOB destination basis. Additionally, the SMART Transportation Solution significantly automates the shipping process for vendors including the cargo routing function for all Navy activities.

The SMART Transportation Solution receives electronic requisition data from the Defense Automated Addressing System (DAAS) and uses this information to populate a web-based order fulfillment module that enables vendors to update requisitions "on-line" with package-specific information. Once the vendor has provided weight and cube information, the shipment is automatically optimized, and the shipping documentation is automatically generated for the vendor. The solution provides near real-time status to legacy requisition status systems, and transaction data captured by the solution throughout the transportation process is in a format consistent with the enterprise-wide resource planning system. The deployment of the SMART Transportation Solution will significantly enhance NAVSUP's ability to effectively manage the Navy's supply chain.

The SMART Transportation Solution will provide highly automated shipping services initially for the Naval Inventory Control Point's (NAVICP) Performance Based Logistics (PBL) vendors and will thereafter be expanded to legacy contracts as well as other transportation applications such as MIT/SIT and retrograde material. Specifically, the SMART Transportation Solution will have the following functionality:

- The ability to receive from DAAS in an automated fashion electronic MILSTRIP requisitions, EDI 940 material release orders, and EDI 850 purchase orders.
- The ability to electronically receive EDI 214 carrier status messages from DAAS and populate the Manugistics NetWorks Visibility module with in-transit requisition status. The system will generate email alert messages when carrier performance falls outside established criteria.
- NetWorks Procurement will possess the capability to allow vendors to manually enter requisition information via the Internet as an additional method of populating NetWorks Procurement with requisition information.
- NetWorks Procurement will possess the capability to enable vendors to make complete shipments, partial shipments, and provide backorder status via a Supplier comments field.
- The ability to electronically retrieve the Cargo Routing Indicator File (CRIF) from the Financial Air Clearance Transportation System (FACTS) and automatically update the "Ship To" address file used in NetWorks Transport.
- The ability to pass NetWorks Procurement information electronically to NetWorks Transport for transportation optimization (carrier selection) using Navy Business rules.

- The ability to electronically populate the Small Package Express (SPE) module of the Global Freight Management (GFM) system to include both CONUS and OCONUS small package shipments as well as CONUS over-the-road shipments [Feb 2002], and electronic population of the associated Military Shipping Label.
- Vendors will be able to access GFM via the Internet and retrieve small package and Military shipping labels for their requisitions.
- Shipment information for each transaction will be passed initially from GFM to the Global Tracking Network (GTN) and thereafter from the transportation carrier for in-transit visibility.
- Shipment invoice information will be passed via GFM to U.S. Bank's PowerTrack system for transportation bill payment.
- The ability to electronically populate requisition information received from DAAS in the Manugistics NetWorks Procurement module.
- The ability to allow vendors to access their specific requisition information in the NetWorks Procurement module via the Internet in order to update their requisitions with package specific details.

Recommendations/Intent

The Smart Transportation Tool should be evaluated and briefed to prospective contractors as a choice of transportation for all NAVICP existing and future contracts. There may be cases that exist that utilization of the tool with a contractor is cost prohibitive and not in the best interest of the government. A business case analysis should be performed to ensure we obtain the most cost effective measure.

The intent is to provide shipment arrangements across all contracts that result in a reduction in transportation costs, provides vendor and carrier performance measurement, standardizes shipping documentation, improves vendor shipping processes, enhances our ability to be better Supply Chain Managers, and provides Enterprise-Wide Information Sharing.

SMART TRANSPORATION SOLUTION
(STS)
BUSINESS RULES

The following are issues agreed upon by the ICP STS Team. The Transportation Timeframes will be put into the **STS** (SMART Transportation Solution) Tool as part of the decision process.

TP1

Priority 1-3 Regardless of RDD

Material available to ship within 24 Hrs after receipt of the Requisition

Carrier will deliver to Shipping Address CONUS – within 24 Hrs

Carrier will deliver to Shipping Address OCONUS – within 96 Hrs

TP2

Priority 4-8 RDD of 444,555,777, N_ _, or E _ _

Material available to ship within 24 Hrs after receipt of the Requisition

Carrier will deliver to Shipping Address CONUS – within 24 Hrs

Carrier will deliver to Shipping Address OCONUS – within 96 Hrs

TP2

Priority 4-8 All other RDD's

Material available to ship within 48 Hrs after receipt of the Requisition

Carrier will deliver to Shipping Address CONUS – within 48 Hrs

Carrier will to Shipping Address OCONUS – within 96 Hrs

TP3

Priority 9-15 All RDD's other than Blank

Material available to ship within 96 Hrs after receipt of the Requisition

Carrier will deliver to Shipping Address CONUS – By delivery date (RDD)

Carrier will deliver to Shipping Address OCONUS – By delivery date (RDD)

TP3

Priority 9-15 Blank RDD

Material available to ship within 96 Hrs after receipt of the Requisition

Carrier will deliver to Shipping Address CONUS – Minimum Cost

Carrier will deliver to Shipping Address OCONUS – Minimum Cost

CASREPS – Requisitions with a **W**, **D**, or **G** in the eleventh position will be handled with the same business rules as TP1.

NEW VENDORS

REQUIREMENTS AND QUESTIONS

Before a new vendor and contract is added to the SMART Transportation Tool system, the following information must be gathered and loaded into the system:

1. Vendor's RIC
2. The DODAAC and complete addresses of all locations that will be the origin of shipments.
3. A complete list of items on the contract (preferably on an excel spreadsheet or a space delimited document). This list should include: The 13 character NSN, Item Description and cost.
4. Information on all users, including: name, telephone number, and email address (this is required to obtain usernames and passwords from GFM).
5. Does the client receive EDI transactions (850s, 940s)? If so, Manugistics/NAVTRANS will need to obtain the qualifiers and segments used.

Additionally, the following questions need to be answered before a new vendor is brought into the system:

1. What is the average volume of shipments on the contract per day?
2. What type of transactions does the vendor receive? MILSTRIP, EDI, other?
3. What percentage of shipments are in excess of 150lbs?
4. Does the vendor receive non-electronic requisitions on the contract (phone, fax, email)?
5. How often do orders include items that would not be on the contract? How often are items on the contract changed?
6. Does the vendor do partial shipments on a requisition?
7. Are requisitions often multi-packed? Is there a limit on the number of requisitions in a multi-pack?
8. How often does a vendor receive a cancellation on a requisition after it is received?
9. Does your network allow traffic to numbered URLs? Example http://199.1.198.140:7001.
10. Do you currently have a scheduled FEDEX pick up? What times?
11. Are your end users familiar with GFM?

Appendix 16: MRIL Coding Guidance

RMF UPDATE FORMAT FOR CARCASS EXPRESS AND DIRECT SHIPMENT OF RETROGRADE

I. To improve the accuracy of the RMF, the sample NIIN below provides a simple layout and explanation of the Key DENs. The examples also show how each DEN should be loaded in order to accomplish Carcass Express and Direct shipment of your items.

II.

Carcass Express Organic Depot	***B075D = 1***	***F016 = N0538A***	***F059 = N0538A***	***F060 = M***
Direct Shipment Organic	***B075D = 2***	***F016 = N0538A***	***F059 = N0538A***	***F060 = M***
Carcass Express Commercial	***B075D = 1***	***F016 = Q65625***	***F059 = C48304***	***F060 = M***
Direct Shipment Commercial	***B075D = 2***	***F016 = Q65625***	***F059 = C48304***	***F060 = M***

In addition to the examples above the option to stow material locally or shipping the material to the nearest FISC, Coding XX is also provided.

Stow Locally Organic Depot	***B075D = 3***	***F016 = N0538A***	***F059 = N00189***	***F060 = M***
XX – Ship to Nearest FISC	***B075D = 3***	***F016 = N0538A***	***F059 = N0538A***	***F060 = S***
Stow Locally Commercial	***B075D = 3***	***F016 = Q65625***	***F059 = N00189***	***F060 = M***
XX – Ship to Nearest FISC	***B075D = 3***	***F016 = Q65625***	***F059 = C48304***	***F060 = S***

PROGRAM DA VERSION A06 **OPTION D OUTPUT MRIL AND RELATED DATA**

III. NIIN: 011521206 MRIL RELATED DATA

B075C: N **B075D: 1** F042: F073: F078: F083: F072:

IV. DOP MRIL DATA

V.

F016	**F016A**	**F016B**	*F059*	*F060*	**F066**
N0538A	*02109*		***N0538A***	***M***	
N49628			***N49628***	***S***	

EX: (1). **MOD CODE B075D**

1 = MPD 03 (DIRECT SHIP ITEM TO DOP OR DSP VIA CARCASS EXPRESS)2 = MPD 13 (DIRECT SHIP ITEM TO DOP OR DSP VIA ROUTINE PRIORITY)
3 = MPD 13 (STOW LOCALLY, "XX")

(2**). DOP DEN:F016, F016D**

SHOWS DOP RECORD. DEN F016D INDICATES THE TYPE OF RECORD FOR F016. A PTDA OPTION G MUST BE EXAMINED TO IDENTIFY F016D.

(3.) **DSP DEN: F059**

SHOWS MRIL RECORD. DEN *B075D* AND *FO60* DETERMINE WHICH *F059* RECORD PRINTS ON THE MRIL.

(4.) **MRIL SUPPRESSION: F060**

IF "M" THE RELATED F059 RECORD WILL PRINT ON THE MRIL

IF “S” THE RELATED F059 RECORD WILL NOT PRINT ON THE MRIL. IF “BLANK” THE MOD CODE DETERMINES IF THE RELATED F059 RECORD PRINTS ON THE MRIL.