



U.S. Army Contracting Command



DIRECT SALES CONTRACTS

How TACOM LCMC Can Be Your Subcontractor

**Presented to
TACOM LCMC APBI**

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The Purpose of Direct Sales....

- Fosters cooperation between Armed Forces and Private Industry
- Preserves and Enhances Unique Organic Capabilities, Facilities and Personnel
- Creates Win-Win Business Relationships

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Public-Private Partnering

Three Primary Ways to Implement

Facility Use	Workshare	Direct Sales Contract
a. Intra-Interservice Support Agreement Between Installation / PM	a. Depot/Arsenal Work Via Gov't Workloading System	Government is Subcontractor to Industry
b. Facility Provided as GFE Via Contract to Industry	b. Industry Work Via Contract	
Direct Sales Contract		

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Principles

- Congressional Authority
 - Depots and Arsenal's Sell Services to Private Industry
- Government is a Subcontractor
 - Government Contracting Officers Sign Subcontract

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Benefits

- Government-Industry Partnerships Leverage the Resources, Innovation, and Leadership of Each Sector to Provide the Best Value to the Warfighter.
 - Improve Operational Efficiencies
 - Lower the Cost of Products and Services
 - Accelerate Innovation
 - Secure Private Investment
 - Sustain Critical Skills and Capabilities
 - Industry Leverages Depot Expertise & Know-How
 - Depot Learns Industry Best Business Practices
 - Organic Facility Complements Private Industry Capabilities
 - Supports Depot & Private Industry Critical Technologies & Core Capabilities

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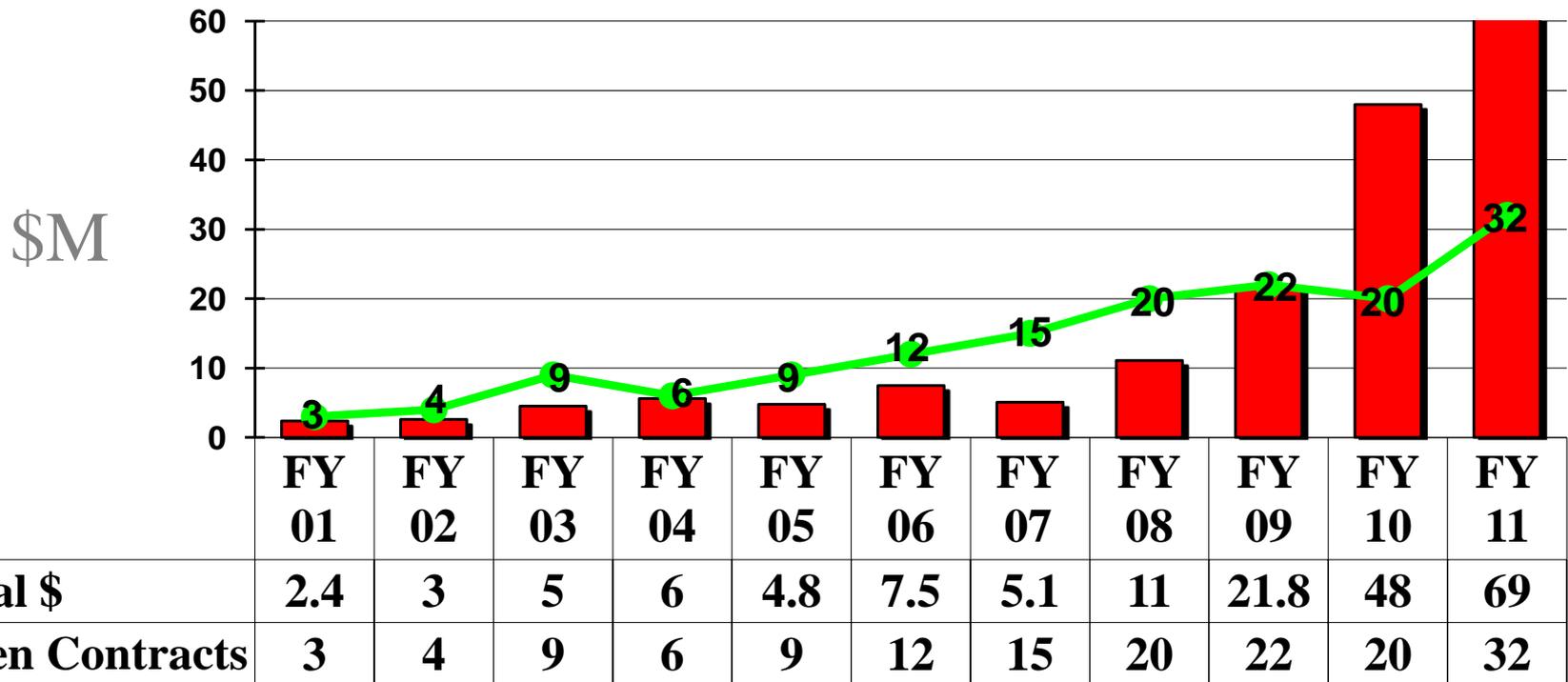
History

- **1996** – First TACOM LCMC Direct Sales Contract (10 USC 4543)
- **2001** – Quadrennial Review Mandate to Transform Government
- **2001 / 2002** – Army Designates Centers of Industrial and Technical Excellence (CITE)

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Anniston Army Depot Direct Sales Contracts Historical Trend



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Depot and Arsenal Locations



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Types of Services

- Welding Services
- Fielding Team Support
- Manufacture/Remanufacture Components
- Reset, Remanufacture, and Depot Level Repair of Class VII major end items
- Painting / Plating
- Test Track Usage
- Grit Blasting
- Facility Use
- Kitting/Assembly
- Rapid Delivery Logistics
- Supply Chain Management

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Experienced Primes

- General Dynamics Land Systems
- Honeywell
- BAE Systems
- Research Triangle Institute
- Raytheon
- L3Com
- Textron Marine & Land Systems
- Caterpillar, Inc.

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Statutory Authority

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Most Frequently Used Statutes

	2208	2358	2539b	4543	2770	2667	2371	2474	4532	3710a	4544
Anniston Army Depot, Anniston, AL				X				X			
Red River Army Depot, Texarkana, TX	X							X			
Sierra Army Depot, Herlong, CA						X		X			
Joint Manufacturing Tech Ctr, Rock Island, IL				X				X			
Watervliet Arsenal, Watervliet, NY						X		X			

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10 USC 2474

- Requires designation of depot maintenance activities as Centers of Industrial and Technical Excellence (CITEs)
- Authorizes/encourages public-private Partnerships
- Permits performance of work related to core competencies
- Permits use of facilities and equipment
- Permits sales proceeds to be credited to depot accounts

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TACOM LCMC CITEs

- [Anniston Army Depot, Anniston, AL](#) – Combat Vehicles (except Bradley), artillery, and small caliber weapons, organic repair of Stryker family of vehicles.
- [Joint Manufacturing Technology Center, Rock Island, IL](#) – Mobile Maintenance Systems, consisting of the Forward Repair System and the Shop Equipment Contact Maintenance.
- [Red River Army Depot, Texarkana, TX](#) – Tactical wheeled vehicles, Small Emplacement Excavator (SEE), Bradley fighting Vehicle series, Multiple Launch Rocket System chassis, rubber products for sustainment and support to the US and Allied forces and Agencies
- [Sierra Army Depot, Herlong, CA](#) – All Water & Fuel Systems

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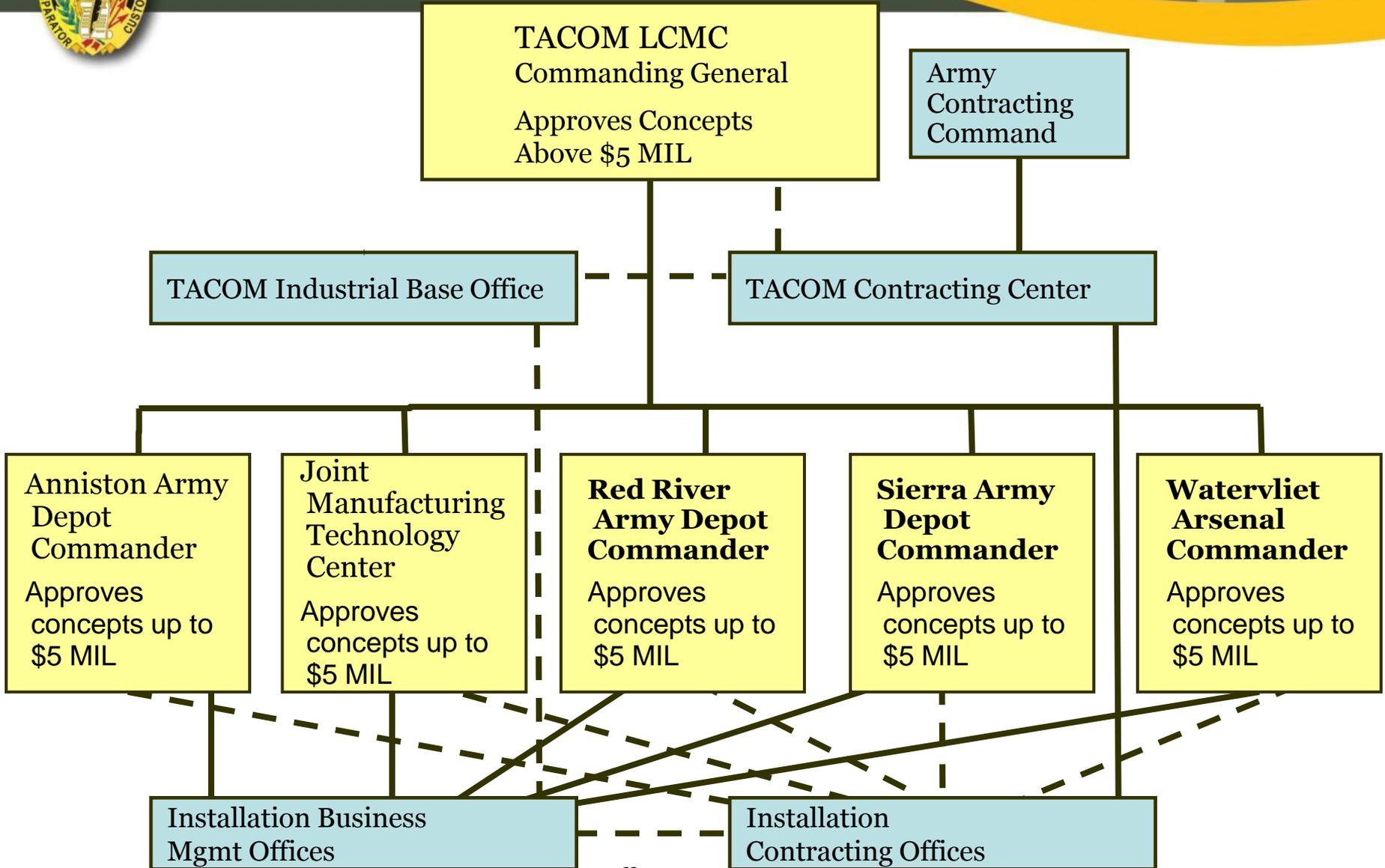
Procedures

...An Experience in Collaboration

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Direct Sales Process

Step 1

- Initial Contact
- NDA
- Teaming Agreement
- Identify Capabilities & Work

Step 2

- BCA-like review
- Business
- Legal
- KO
- Approval to proceed

Step 3

- Negotiate
- Business/KO lead
- Cost Estimate
- T&Cs
- Direct Sales Agreement

Step 4

- Sign Agreement

Step 5

- Receive \$
- Perform
- PMRs
- Reports
- Mods

Step 6

- Close Out

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1. Statement of Work

- Draft of the Requested Services
 - Skills Needed/Certifications Required
 - Description of Work
 - Length of Time
 - Location of Work
 - Delivery Schedule
 - Travel Requirement (CONUS/OCONUS)

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2. Submit Request for Direct Sales Partnership

- BMO/BDO is Point of Entry to Installation
- Integrated Process Team of all Government Key Stakeholders (ROM, if Requested)
- Risk Assessment and Initial Government Approval of Concept
- CG Approval to Pursue, if Over \$5MIL
- May Write an MOA/Partnering Agreement

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3. Negotiate

- Government Contract Specialist is Lead for Process
- Draft Contract
- Final Cost Estimate
- Finalize Details of Payments, Terms and Conditions
- Staff for Concurrences

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4.

Sign Contract With Depot/Arsenal

- Depot/Arsenal Chief of Contracting Signs Contract for the Government
- Contractor Submits First Payment

NOTE: Work Can Not Start until Payment Received and Contract Signed.

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5.

Execute Work

- Depot/Arsenal Production Program Manager Oversight
- Start of Work Meeting
- Regular Reviews, IAW Customer Requirements
- Cost/Schedule Reports
- Contract Modifications, as Work Changes

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6. Close Out Contract

- Government Assures All Costs are Charged to the Program
- Government Contract Specialist Prepares a Contract Modification to Close Contract
- Government Returns Any Unused Funds to Customer on Cost Reimbursable Contracts

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Challenges

- Nonstandard Processes
 - Reports – Depends on Contract/Customer
 - Contract Administration - Not in PD2/PADDS
 - Contractor Terms & Conditions
- Advance Payments (DFAS Regulation)
 - Sometimes Difficult for Business
 - Incremental Allowed
- Government and Industry Shortage of DS Knowledge and Expertise

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Lessons Learned

- Team and Collaborate Early and Always
- No Substitute for a Good Statement of Work
- Payments Up Front, on Time, Every Time
- Direct Sales Contracts Vital to P3
- Co-Location of Public and Private Entities Add Value and Reduce Cost

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Direct Sales Skills

- Critical
 - Experience In Complex Services Contracting
 - Strong Communication and Collaboration Skills
 - Knowledgeable of Depot/Arsenal Missions
 - Innovative thinking; BIG picture
 - Able to see long term value of P3 relationships
 - Beneficial
 - Working Knowledge of AWCF Budgeting Process
 - Developmental Plan To Ensure
 - Continuity
 - Growth
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FAR vs Direct Sales Contract

	TYPE CONTRACT	
	DIRECT SALES	FAR (PURCHASE)
FAR CLAUSES		X
PRIME K CLAUSES FLOW TO SUB	X	X
POSTED TO ASFI		X
KO is CCO	X	
Gov't Markets it's CITE	X	

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Questions ?

CoS Army
Superior Performance in
Depot Maint Excellence

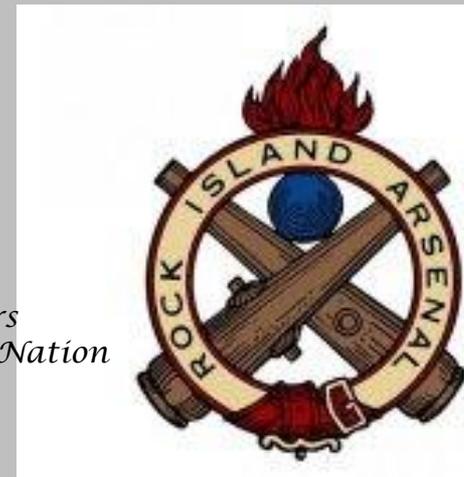
BRONZE & SILVER

ANNISTON ARMY DEPOT
WEAPONS ♦ COMBAT VEHICLES ♦ AMMUNITION

ISO
9001:2008
14001:2004
18001:2007



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Points of Contact

SITE	BUS MGMT OFC	CONTRACTING OFC
Anniston Army Depot	Johnny Thompson 256-235-6512 johnny.thompson@us.army.mil	David Bunt 256-235-6231 david.jesse.bunt@us.army.mil
JMTC-Rock Island	Gary Taylor 309-782-5397 gary.f.taylor.civ@mail.mil	Dana Harris 309-782-4837 dana.pavey@us.army.mil
Red River Army Depot	James E. Bass 903-334-5046 james.e.bass@us.army.mil	Don Kennedy 903-334-2656 don.kennedy1@us.army.mil
Sierra Army Depot	Fredrick Thomas 530-827-5338 or 4888 fredrick.thomas3@us.army.mil	Tracy Marino 530-827-4831 tracy.marino@us.army.mil
Watervliet Arsenal	Kevin J. Henry 518-266-4093 kevin.j.henry@us.army.mil	Deborah Jones 518-266-5309 deborah.a.jones@us.army.mil
TACOM LCMC Industrial Base Operations Office	Annette Lozen 586-574-7181 annette.lozen@us.army.mil	

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Backup

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-- SUMMARY OF SALES / UTILIZATION STATUTES --
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STATUTE	SALE OF	SALE TO	FOR	RESTRICTIONS	FINANCIAL	APPROVAL LEVEL
10 USC 4532 (The Arsenal Act)	"Supplies" (articles or services)	Other Army activities	Army use (but can be partial and items supplied as GFE to contractor)	Must establish "economical basis"; make-or-buy decision on out- of- pocket, but pay full cost	Reimbursement, by project order	CDR of facility (By reg)
10 USC 4544 (Cooperative agreements) (exp. 2009 but agreements are not terminated)	Articles, services, use of facilities or equipment, performance of work, joint offers for federal procurements	Non-Army entities	DoD, FMS, direct sale of defense articles or services, commercial items if articles/services not commercially available	Cannot > 5 yrs; buyer indemnifies US, but gross negligence/ willful misconduct / Govt noncompliance excluded ; no adverse impact on DoD work or mission	Reimb. fund; may be incremental or pmnt in kind; cover directly related costs including cap. improvement & depreciation	CDR of MSC responsible for facility (by statute)
10 USC 2208 (h)	AWCF inventory	Contractors	Use in performing DOD contracts		Reimburse fund	PCO (?)
10 USC 2208(j)	Manufactured or re-mfd goods or services as subcontractor	Contractors	Fulfilling DOD contract or subcontract	Solicitation for contract / subcontract must be open to public/private competition	Omit costs of DOD-designated "mission-critical activities", ancillary activities	HCA (Delegation)
10 USC 4543 (Mfr of large cal cannon, gun mounts, recoil mech., munitions or components)	Manufactured items / related services	U.S. company	DOD, USG, friendly foreign government, or commercial	Items/services not commercially available; buyer indemnifies US	Incremental payments; may be FFP / variable costs if commercial item; develop working capital	CDR of MSC responsible for facility (By statute)
10 USC 2563 (NOT mfr of cannon, mounts, recoil mech., munitions/components; DOD may designate, Army cannot now use)	Articles and services	Person outside DOD	Not specified, but subject to Arms Export Control Act	Items/services not commercially available; buyer indemnifies US, but gross negligence/ willful misconduct / Govt noncompliance excluded	Incremental payments; FFP; variable costs + deprec. + capital improvement ; develop working capital	DA level (Delegation)

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--SUMMARY OF SALES / UTILIZATION STATUTES, page 2 --
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STATUTE	SALE OF	SALE TO	FOR	RESTRICTIONS	FINANCIAL	APPROVAL LEVEL
10 USC 2358 (cooperative agreements or grants)	Services, use of employees or facilities	Private sector or other federal agencies	Participation in R & D projects relating to weapon systems or other military needs	Can't duplicate research under other DoD programs; Army funds can't exceed outside funding	Funds to Army	COC-Wrn or Pictny; >\$5 m /yr or \$25m total DA level (del)
10 USC 2371 "other transactions"	Services, use of employees or facilities		Participation in R & D projects	Can't duplicate research under other DoD programs; Army funds can't exceed outside funding; use when standard contract or cooperative agreement not appropriate	Reimburse-ment goes to special Treasury account	COC-Wrn or Pictny; >\$5 m /yr or \$25m total DA level (Delegation)
15 USC 3710a (Cooperative Research and Development Agreements)	R & D work by federal "lab" , or use of lab's equipment and facilities	Non-federal entity	Enhancing technological knowledge of lab and private sector for mutual benefit; transferring technology	R & D must be consistent with lab's purpose, not unduly compete with services in private sector	Reimburse direct & indirect costs to fund that incurred	Director of federal laboratory (By statute)
10 USC 2539b	Samples, drwgs, <u>equpmnt / mtl's</u> lab / test facilities	Person or entity	Independent research & development or use in demonstrations to friendly foreign govts	Equipment /materials must be used exclusively for research and development	recoup direct and indirect costs	PARC ----- instn cdr
22 USC 2770	Defense articles and services	U.S. company	Incorporation into end items for friendly foreign country	Items/services not commercially available; buyer indemnifies US export license/ possible end-user certificate	Advance payment of estimated costs; full cost	HCA (delegation)
10 USC 2474 (Centers of Industrial Technical Excellence)	Services related to depot-level activity core competencies, or use of facilities or equipment	Private industry	Public- private partnership to increase use/decrease costs, or encourage creation and preservation of jobs to maintain skills	Must have no adverse effect on readiness; private industry must indemnify US	Reimburse direct & indirect costs to fund that incurred; can use revenues for facility operation, maintenance & env.restoration	MSC CG (?)

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