



Defense Supply Center Richmond

BRAC Privatization and Chemical Management Services (CMS)

Aviation Strategic Material Sourcing Group

26 October 06



DLA's Aviation Supply & Demand Chain Manager



Base Realignment and Closure (BRAC) Recommendation # 175

DLA's Aviation Supply & Demand Chain Manager

Decision

- Defense Logistics Agency (DLA) will privatize “contract out” the supply, storage, and distribution for:
 - Packaged Oils & Lubricants (POLs) and Chemicals
 - Cylinders / Gases
- DLA will retain only the supply contracting function for each commodity.
- DLA’s intention is to leverage the commercial industry and take advantage of the latest technologies, expertise, and business practices.



Federal Supply Classes (FSC's) Impacted

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Privatizing 7 FSCs

→ 6484 NSNs

→ Value: \$126 M
(2005 only)

6830	Compressed Gases
8120	Cylinders
9150	Pkg Petroleum, Oil & Lubricants
6810	Chemicals
6820	Dyes
6840	Pest Control Agents, Disinfectants
6850	Misc Chemicals



Acquisition Strategy

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Acquisition Strategy →

2 Worldwide Contracts

- Gases & Cylinders (100% SB Setaside)
- Pkg POL, Chemicals, Dyes, Pest Control, Disinfectants & Misc Chems. (Unrestricted)

Advantages:

- Economies & efficiencies (cost avoidance)
- IT Integration / interface
- Centralized approach
- Clear lines of communication
- Industry best – logistical network
- Simplifying transition process
- Minimizing duplicate overhead cost

- Type of contracts: Fixed price w Economic Price Adjustment (EPA)
- Term: 10 year (5 year base w 5 year option - redetermination of prices at 5th year)
- Incentives:
 - Fill rate (Chems, POLs, Gases & Cylinders)
 - SB subcontractors (Chems & POL)
 - Cost containment: (Chems & POL)



OCONUS Support

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Tier I (2007-2008)

- **Continue to use existing CONUS CCPs to ship to OCONUS Defense Distribution Centers (DDCs), requiring activities & supply points (current process).**
- **Contractor will continue (as required) to ship direct delivery to the OCONUS DDCs, requiring activities & supply points (current process).**

Tier II (2009-2010)

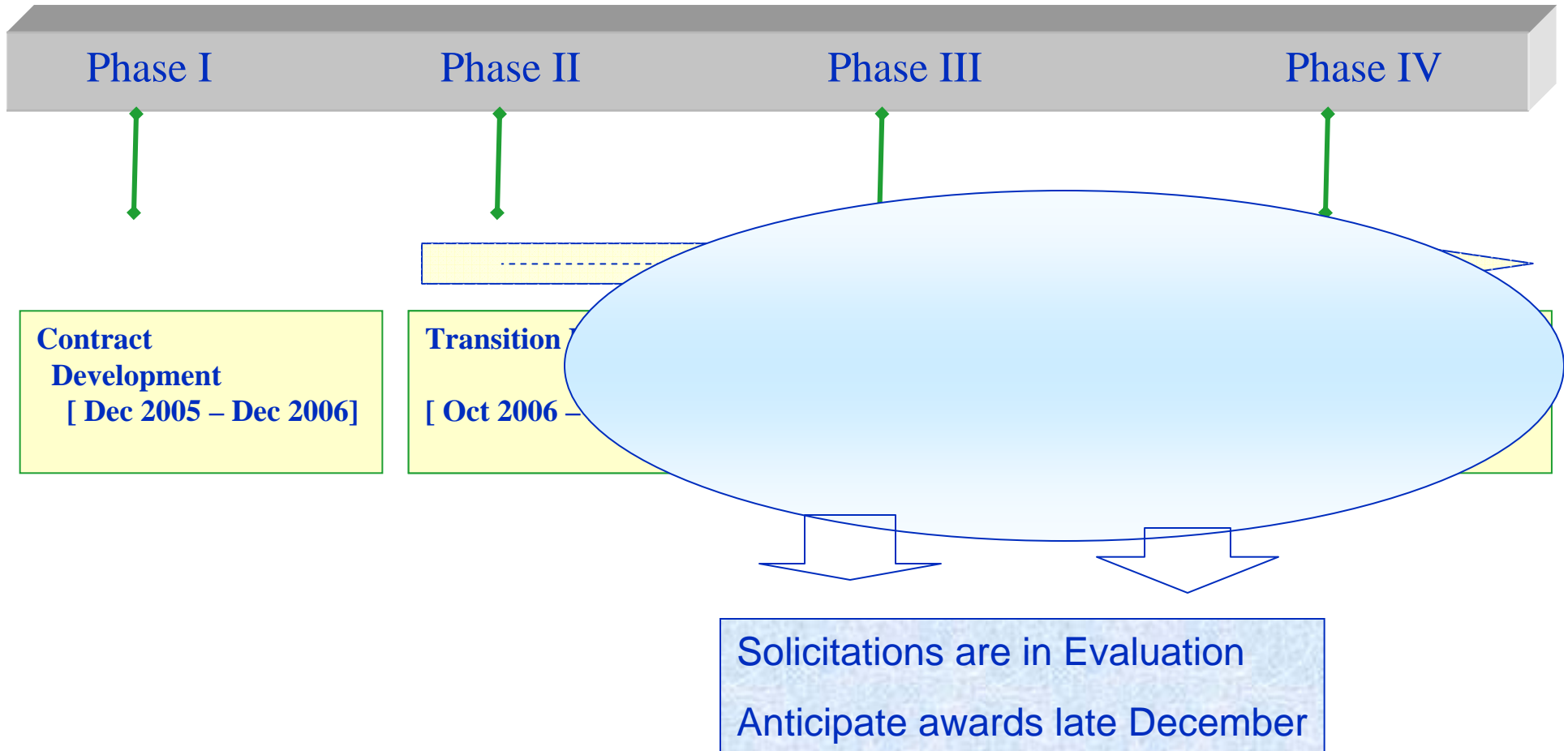
- **Migrate to more commercial OCONUS support for certain items / commodities to support OCONUS requirements.**



Timeframe: Privatization

[Dec 2005 – Dec 2015]

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BRAC Summary

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- Phased Approach to Privatization
- Many moving pieces - Collaboration Required
- Supply pipeline will continue / no break in support
- Extremely complex contract – growing pains
- Our mission is clear – we are to maintain a healthy supply pipeline throughout transition, afterwards we fully expect better support / “best value” to our warfighter..



Chemical Management Services

DLA's Aviation Supply & Demand Chain Manager

Assistant Deputy Under of Secretary of Defense - Logistics & Material Readiness (ADUSD – L &MR) Involvement:

- Feb 05 – ADUSD –L & MR tasked DLA to provide an integrated chemical supply chain management solution for DoD customers
- Expressed interest in Proof of Concept with an Air Force Site
- Recommended consultation with the Chemical Strategies Partnership (CSP)
- June 06: OSD directive to establish DoD wide solution and initiate Tinker AFB Pilot
- June 06 – OSD Supply Chain Capability Group (SCCG) established CMS Executive Steering Group (ESG):
 - To ensure CMS made available for all of DoD
 - To execute CMS Pilot
 - August 06 – 1st ESG



Chemical Management Services

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Goals:

- Streamline Hazmat Supply Chain
- Reduce Chemical Life Cycle Costs
- Reduce Customer Wait Time
- Improve environmental reporting
- Utilize Commercial Practices as Much as Possible

Procurement Phase Officially Started July 06



Chemical Management Services

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Proposed Contractual Concept of Operations:

- Indefinite Delivery/Indefinite Quantity (IDIQ) contract Establishes Vehicle for Repeatable Process DoD Wide
- Multiple Contract Awards at **IDIQ Level**: awards to most technically sound CMS providers
- Task Orders then to be competed among successful awardees
 - First Task Order to be OC-ALC
- End User Customer Significant Participation at the **Task Order Level**:
 - Performance Work Statement (PWS) & other Procurement Documents
 - Formal Source Selection process



Leverage IDIQ CONOPS Into Repeatable Process



Chemical Management Services

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Current Status:

- Finalizing Acquisition Docs in Coordination with Customers
- Working issues related to ordering/payment, stock attrition, and Hazmat reporting processes
- DLA Acquisition Review Board date requested for late October/early November
- Solicitation release anticipated for late November

Current Contractual Efforts Lead to Solicitation Release



Chemical Management Services

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- IDIQ contract/Multiple Awards
- OC-ALC CMS Pilot
- Template for Repeatable process in-place
- Continual roll-out across DoD

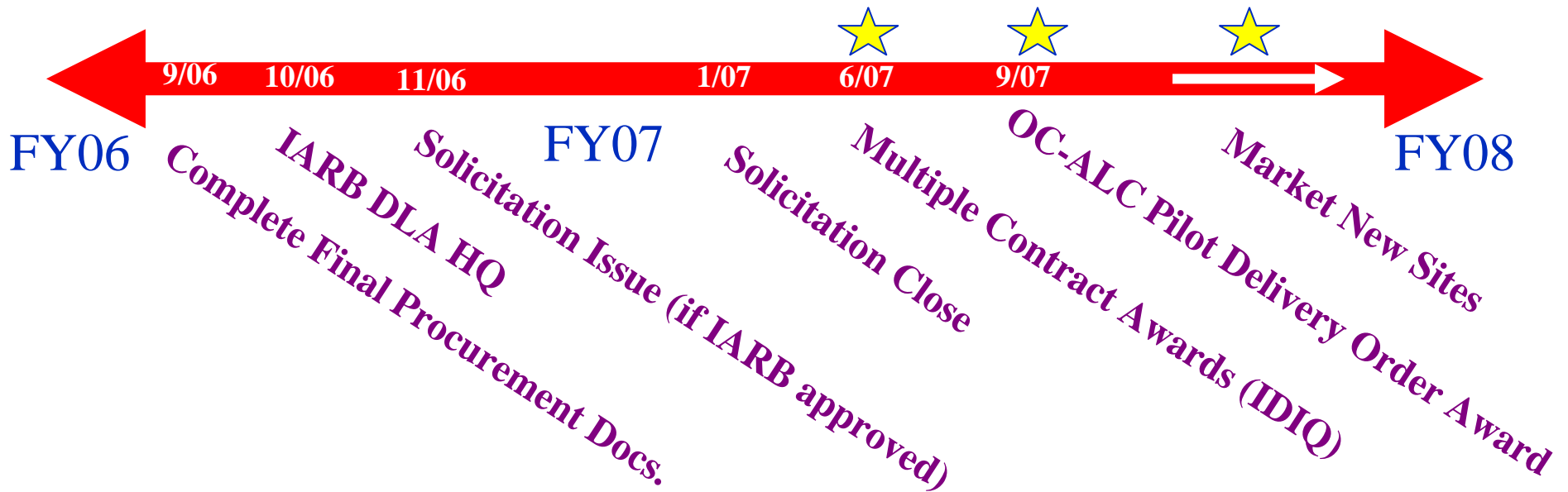
IDIQ Contract (8 months)



OC-ALC Pilot (4 months)



Total Procurement Time = 12 months





BRAC and CMS Relationship

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- BRAC Privatization Contractor provides wholesale support
- CMS Contractor provides retail level support and CMS Services
- CMS retail material will be combination of DLA, GSA, and Service managed items
- BRAC Contractor will be one of many sources of supply for CMS Contractor