

## **SECTION C – DESCRIPTION/SPECIFICATIONS/WORK STATEMENT**

Note: FY'03 activity – 1,321 line items procured for an estimated cost of \$1,474,000.00.

### **C.1. INTRODUCTION**

The purpose of this contract is to provide for the repair parts and ship support material replenishment necessary to maintain and enhance the Maritime Administration's (MARAD) Logistics Support Programs in support of the Ready Reserve Force (RRF).

### **C.2. BACKGROUND**

The Ready Reserve Force (RRF) is the high readiness component of the Maritime Administration (MARAD) National Defense Reserve Fleet (NDRF), established to support the rapid deployment of U.S. military forces. A key element of strategic sealift, the RRF is specifically structured to transport military unit equipment to forces deploying anywhere in the world. Ships of the RRF are moored at three reserve fleet sites in Virginia, Texas, and California, and at various ports throughout the United States and overseas.

RRF vessels are maintained in various states of readiness. Those ships requiring the most rapid activation (4 and 5 days) are maintained in Reduced Operational Status (ROS, i.e., ROS-5). The RRF-ROS vessels are manned by a minimal crew. When a vessel is activated, the crew becomes the core of the ships force. Most vessels are required to be fully mission-capable within four or five calendar days from notice to activate.

Other RRF vessels are maintained in a lesser state of readiness. Vessels in deep lay-up must be fully mission capable within 10 or 20 calendar days from the receipt of notice to activate (RRF-10, RRF-20, or other RRF designations).

### **C.3. STATEMENT OF WORK**

#### **C.3.1 MARAD Logistics Support System (MLSS):**

- A. MLSS is a “cradle to grave,” integrated logistics support system. It is a modularly developed system that provides engineers and logisticians the capability to determine requirements for repair parts, equipment and material through evaluation of maintenance data, experience and policy/business rules. After requirements are identified, the system queries the organization to determine deficiencies and whether those deficiencies can be satisfied by excess quantities drawn from other parts of the organization. If the deficient parts must be procured, MLSS provides procurement personnel Technical Research capability to find the least expensive and timeliest procurement options.

If the Federal Supply System (FSS) is the best procurement option, the system provides the electronic procurement via coordination throughout

MARAD and automatic ordering and status reporting through the Defense Automated Message Exchange Services (DAMES) for items carrying National Stock Numbers.

If the best procurement option is commercial purchasing, MLSS provides buyers the capability to process delivery orders, solicit quotes, track vendors, conduct bid analysis, conduct sole source procurements, issue Purchase Orders, ? electronic invoices, and receive, ship and transfer material. When items are received at the warehouse, the system allows warehouse personnel to certify or reject orders. After items are certified as complete and correct, and staged for shipment to end users, the system will track shipping and stowage to the end user. At the end of a part or equipment useful life, MLSS will electronically coordinate disposal activities throughout the organization and integrate these actions with the General Services Administration (GSA) disposal system.

Through the use of an Internet browser, MLSS provides centralized visibility of MARAD assets to designated personnel. A person can view deficiencies, what is being done to resolve deficiencies, where in the procurement process the deficiency is, and the expected resolution date. MLSS provides robust canned and ad-hoc accountability, maintenance, budgeting and financial reporting capability, including integrated reporting to the Department of Transportation Financial and Accounting System (DELPHI).

- B. The MLSS was developed in Object Oriented Pascal (Delphi) and Active Server Page.Net (ASP.Net), and has a Microsoft SQL Server Database. It is a combination of thin client applications for data manipulation, and a web browser for read-only queries. The architecture is developed with redundant, off-site capabilities, with a data shadowing feature that provides the highest level of Business Continuity protection. Security features include Sonic wall Firewalls and Network Address Translation (NAT) within a managed Virtual Private Network (VPN). Additionally, the browser applications have Secure Socket Layer (SSL) protection. The shipboard and warehouse applications employ state of the art bar code technology programs developed and implemented in the PALM Operating System on Personal Data Assistant (PDA) hardware. MLSS is modularly designed, meaning many of the capabilities listed above are implemented in the form of nine “plug and play” modules.
- C. The MARAD Logistics Support contractor has sole responsibility for the enhancement, development, maintenance, and updating of MLSS. With regard to the purchasing modules and MLSS, the purchasing contractor and representatives shall coordinate all efforts with the logistics support contractor to ensure the enhancement, development, maintenance, and

update of MLSS and its modules with up-to-date procurement data. This will enable the agency to meet its required mission.

- D. The MARAD purchasing contractor shall interface, update, maintain, make recommendations for improvement of, and use the MARAD Logistics Support System (MLSS) purchasing, receiving, and invoicing modules. These modules constitute the approved purchasing system for acquiring items from commercial sources for MARAD.

The purchasing contractor will use the MARAD approved purchasing system (MLSS) to purchase commercially ship support material, and will receive, inspect, stage, and ship materials to designated locations. In addition, the contractor will use the MLSS invoicing module to bill MARAD for materials procured. "Ship Support Material", as defined in this contract, includes expendable and non-expendable items, i.e. consumable material, repair parts, tools, complete components, end items, and equipment.

- E. Performance Measurements (TBD)

### **C.3.2 Procurement Requirements:**

- A. The Contractor shall develop and implement procedures to procure the requested ship support material. These procedures shall be provided to the Contracting Officer for review within 14 days of the award. The contractor will not be authorized to proceed with ordering parts under this contract until the Contracting Officer has approved in writing the Contractor's Procurement Procedures. Failure to obtain the Contracting Officer's Approval shall result in termination at NO COST to the Government. The following pertains:

1. **Expedited Buys** are requirements for ship support material impacting the logistics readiness of high priority RRF ships. They warrant special action or monitoring to ensure contract and delivery times meet a specific time frame to ensure material availability for use in casualty repairs, expedited sail date's, critical inspection requirements, or essential work or repair.
2. **Routine Buys** are requirements to support logistics readiness situations that do not warrant any special action or monitoring since contract/delivery times are less stringent. Unless otherwise specified, requisitions will normally be processed as Routine Buys, which should be approximately 95% of all requisitions.
3. **Lot Buys** consist of a single requisition that encompasses a number of line items (generally low dollar cost and readily available) for material supplied from one manufacturer or supplier,

to be shipped at the same time, with procurement status provided against a single requisition rather than by material line item. The number of line items under a single requisition for a lot buy may range from five to fifty items. If appropriate, the contractor may procure and receive material that exceeds this range. Lot Buys are to be identified by MARAD as either expedited or routine buys.

4. **Administrative Lead Time:** The Contractor shall maintain an Administrative Lead Time (ALT) (number of days between date between receipt of requisition and date purchase order is issued by contractor) as follows:

**Expedited Buys** not more than 5 days.

**Routine Buys** not more than 15 days

- B. MARAD or its designated representative will furnish to the contractor a requisition (TEXT WORD Document) to procure parts. The requisition shall consist of:

1. Requisition number
2. Procuring Office Control Number
3. Item description
4. Procurement quantities
5. Unit of Issue
6. Estimated unit and extended price
7. Estimated Material Costs
8. Estimated Freight Costs
9. Purchase Support Fee
10. Estimated Total Cost

NOTE: The procuring office control number will be the control mechanism for tracking each item through the entire procurement process. It will be referenced on all correspondence, status reports, and invoices.

- C. The contractor shall procure ship support material approved and identified by MARAD or a MARAD designated representative as follows:
  1. Identify sources and pricing for the material requirements. Conduct an appropriate procurement effort to obtain competition in accordance with FAR 52.244-5.
  2. For all material obtained from outside the continental United States, the contractor will identify and provide estimated air and surface freight costs and shipment time to MARAD. The mode to be used will be selected by MARAD, based on the urgency of need.

3. Make maximum practical effort to purchase material from small, disadvantaged, minority/women owned and/or labor surplus area business concerns.
4. Make every attempt to purchase from the lowest tier, to eliminate pass through costs.
5. For purchases where the estimated material costs or quantities are less than the vendor minimum cost per order, the contractor is authorized to increase the requested quantity to match the vendor requirement, but not to exceed the maximum cost in the matrix: Figure (1), of this specification. The contractor will make every effort to consolidate buys to avoid incurring added costs.
6. The contractor will purchase material if the costs of material do not exceed the extended value of the requisition (left column Figure (1) by more than the amount specified under Maximum Increase Authorized column (right column of Figure (1). If the extended value exceeds the matrix value and the contractor believes this is the best value, the contractor shall provide in writing the facts pertaining to exceeding the matrix value. This should include the contractor's recommendations and the new extended cost for the item(s).
7. The contractor shall provide new parts from a manufacturer or an authorized distributor. If other than original manufacturer parts are used, the substituted parts must be obtained from the manufacturer and be provided with a statement of fit, form, and function. No reconditioned or after market parts are to be supplied, unless specifically authorized in writing by the MARAD COTR.
8. The contractor will advise MARAD of all procurements that require supplier "tooling up". In such cases, MARAD may authorize the contractor to increase the quantity to procure in order to establish shore-based spare assets.

**FIGURE 1 – Authorized Increases to Requisition Order Extended Value**

<b>Requisition Order Extended Value</b>	<b>Maximum Increase Authorized</b>
Less than \$1000	The greater of 50% or \$50
\$1000 - \$5000	The smaller of 50% or \$1,000
\$5001 or greater	The smaller of 20% or \$10,000

D. **Unworkable Purchases.** Any purchases found to be unworkable by the contractor will be reported to MARAD.

1. Reasons for unworkable purchases, other than exceeding the cost matrix specified in paragraph C6, will be:
  - a. The contractor is unable to identify a vendor using available information provided.
  - b. The designated vendor is unable to identify the item or requires additional information (e.g. serial number of end item/component).
  - c. The production lead-time is determined to be unreasonable or excessive.
2. The contractor will provide to MARAD the following information for all purchases it considers unworkable:
  - a. Requisition number and Procurement action code (PAC)
  - b. Clear statement of the problem
  - c. Recommended solution
3. MARAD will take one of the following actions on the unworkable item:
  - a. Increase authorized price
  - b. Modify the purchase, description or other parameters. In these instances, MARAD will provide the necessary information and/or clarification to continue the procurement process. Included in this response may be either a drawing(s) or other technical documentation, or both.
  - c. Cancel the purchase. If it is not considered feasible to continue the purchase order, MARAD will advise the contractor electronically that the purchase is to be cancelled.

E. Performance Measurements (**TBD**)

### **C.3.3 Receipt Processing:**

- A. **Inspection and Identification of Materials Received.** Procedures for contractor inspection and identification of materials received from commercial purchase shall incorporate the following actions:
1. The contractor shall perform a 100 percent receipt inspection, including inspection for correct material, count, quality, and condition.
  2. Inspect for the intrinsic value of the purchased material. In the event of suspected overpricing, contact the vendor for possible refund or correction of any pricing error that may have taken place. If the vendor is unwilling to correct the suspected overpricing, report the situation to MARAD for resolution.
  3. Inspect for lowest tier supplier/part number information on purchased material.
  4. Ensure that all vendor procurement information is identified on the received materials. At a minimum, the contractor shall ensure the requisition number, nomenclature/description, part number, quantity, unit of issue, and equipment in which parts pertain to, are included for each line item shipped.
  5. MARAD may require the contractor to ship material directly to alternate destinations (Drop Ship). In these cases, the contractor will not be able to perform the 100 percent receipt inspection and will be held accountable for the quality or quantity of the material only if the government activity receiving the material files a report of discrepancy (ROD) with the contractor upon receipt of material. In cases of direct shipment, vendor proof of shipment by a traceable means and a duly certified invoice will constitute delivery for accounting purposes.
  6. Maintain an automated procurement tracking system for material procured from both Federal Supply and Commercial sources.
  7. Update the tracking system regularly based on electronic status reports from purchasing and receiving processes.
- B. **Staging Material.** The contractor shall comply with the following requirements for staging material:

1. Proof of delivery on each line item procured by the contractor will be supported by a manifest listing or a DD-1348-1, and requisition number. Proof of receipt and shipment records will be maintained for a period of three years from delivery of material to vessel.
2. To maintain preservation after receipt and inspection, the contractor shall repackage to the original state, so far as practicable.

C. **Preparation of Material Documentation.** The contractor shall prepare all material procured for turnover to the MARAD Logistics Support Contractor, for eventual stowage aboard RRF vessels. The contractor shall provide documentation on all material turned over to the MARAD logistics support contractor. This documentation will be utilized to update PC-SAL and MLSS, and to ensure proper stowage in RRF vessels. Upon turnover and acceptance of material, the logistics support contractor will place items on board the vessel(s).

D. **Availability of Files and Documentation.** The contractor will make all purchasing files available for MARAD review on an as requested basis.

E. **Performance Measurements (TBD)**

#### C.3.4 **Reporting:**

- A. **Deliverables:** The contractor shall maintain the deliverables described below for Ship Support Material, in accordance with Section \_\_\_\_ of this contract.
1. The contractor shall maintain the following data for items purchased by the contractor, and be able to produce this data, upon request, in a machine useable format:
    - a. All outstanding requisition/purchase requirements
    - b. All material received and accepted
    - c. Material held in staging
    - d. Requisition number
    - e. Part number
    - f. Part nomenclature/description
    - g. Unit of Issue

- h. Quantity
  - i. Status
  - j. Unit/Extended Price
  - k. Customs Fee
2. **Reports.** The contractor shall provide upon request a report that may contain, as a minimum, the information delineated below. The reports shall have the capability to be transmitted electronically and shall indicate monthly and cumulative totals.
- a. Number of purchases initiated
  - b. Number of open purchase
  - c. Number of purchases completed
  - d. Number of purchases canceled by MARAD
  - e. Number of purchases reported as unworkable, which are waiting responses from MARAD.
  - f. Percent of completed purchases that were competitively procured.
3. Performance Measurements (**TBD**)

**C.3.5 Facility:**

- A. The government will provide for the contractor's use, a support facility located in Norfolk, Virginia, for receipt of material from commercial and Government sources required in this contract.
- B. Performance Measurements (**TBD**)

**C.3.6 Deliverables:**

- A. Government
  - 1. MLSS Demonstration - the government will provide a MICROSOFT Power Point™ presentation and demonstration of MLSS and its modules.

2. Programmatic Documentation - the government will provide to the contractor all programmatic-related documentation associated with the MARAD RRF Logistics Support Program
3. User Manuals – the government will provide all user manuals associated with the MARAD RRF Logistics Support Program.

B. Contractor

1. Procurement Procedures – the contractor will provide to the government written procedures and a demonstration of its processes for purchasing RRF materials from commercial sources.
2. Receipt Procedures - the contractor will provide to the government its written procedures and will demonstrate its processes for receipt of RRF materials from government and commercial sources.
3. Government Acceptance – the contractor is to provide written procedures and demonstrate its processes for the acceptance of materials procured for the government.