



**DEPARTMENT OF THE AIR FORCE
HEADQUARTERS OGDEN AIR LOGISTICS CENTER (AFMC)
HILL AIR FORCE BASE, UTAH**

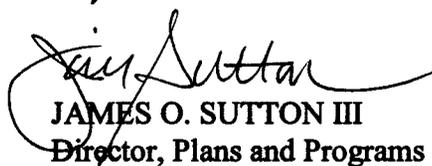
11 JUN 2003

**MEMORANDUM FOR OO-ALC MAJOR STAFF, 75 ABW STAFF OFFICES, DIRECTORS
AND UNIT COMMANDERS**

FROM: OO-ALC/XP
7981 Georgia Street
Hill AFB, UT 84056-5824

SUBJECT: Center Guidance for Public/Private Partnerships

1. This memorandum provides guidance on the Center's public/private partnering process and reporting requirements. It outlines partnering objectives, thresholds for coordination, roles and responsibilities of the Center Partnering Office (OO-ALC/XPXP) and the participating organizations, key definitions, and reporting requirements.
2. Our point of contact for this effort is Ms. Christina Hernandez, OO-ALC/XPXP, 586-3471.

v/jk

JAMES O. SUTTON III
Director, Plans and Programs

Attachment:
Public/Private Partnership Guidance, Apr 03

PUBLIC/PRIVATE PARTNERSHIP GUIDANCE

June 2003

1. Partnering Definition

- a. **Partnering Vision:** Partnering is a formal relationship with industry for the purpose of increasing war fighter capabilities, enhancing weapon system performance and availability, sharing data and jointly solving issues. The intent of partnering is to move from single transaction based business to a more permanent and enduring relationship. Public/private partnerships create opportunities for the government to sell articles and/or services, or to lease facilities/equipment to private industry working on DoD contracts. Attachment 1 provides specific definitions of partnering arrangements.
- b. **Partnering Characteristics:** Typical characteristics of successful partnerships include: long-term relationship and commitment; shared vision and objectives; the right metrics and incentives; complementary skills and abilities; senior-level advocacy and support; sound business case analysis; mutual trust and shared risk; flexibility to change the scope of the agreement; balanced workload and clearly documented goals in the partnering agreement.
- c. **Partnering Objectives:** Partnering is a long-term agreement used when a government organization provides articles or services in conjunction with or directly to a private contractor. The objectives of partnering, set-forth in various statutes (Atch 2), are to:
 - (1) Maximize the use of ALC production capacity;
 - (2) Reduce the ALC's cost of operation and maintenance;
 - (3) Reduce the ALC's cost of products and services and
 - (4) Encourage private investment in ALC facilities.

2. Buying Supplies or Services

Partnering is not purchasing articles or services from private industry. The private partner may provide to OO-ALC services, supplies or equipment to support work completion at either no charge or for 'in-kind' compensation (i.e. reduction in price, facility use, etc.) under a partnering agreement. If OO-ALC is required to purchase supplies or services, it must do so using contracting procedures under the Federal Acquisition Regulations and Competition in Contracting Act. Purchases cannot be accomplished directly under a partnering agreement, unless supported by an appropriate Justification and Approval.

3. Vehicles for Agreements:

- a. **Partnering Agreement (PA)—Long Term:** A PA is used to define general terms, conditions, and rules of engagement between the parties. If a potential public/private partnering activity meets the criteria found in the upper left quadrant of Fig. 1, the Center Partnering Office (OO-ALC/XPXP) will facilitate and provide guidance regarding the partnering process between the Center organization and the private company (see Atch 3).

- b. **Implementation Agreement (IA)—*Specific Focus***: An IA describes the specific requirements and obligations of each party to the partnership. It is the governing document prepared under the authority of an established PA. The IA includes technical requirements, financial arrangements, delivery schedules, metrics, performance criteria, resource contributions and exit criteria for specific work or effort performed within or between OO-ALC and a private company. A jointly prepared cost/benefit analysis—scoped to the size of the activity—should be used to justify entering into an IA. Semi-annually, Center organizations that have sold articles and/or services to private industry are required to report those sales to the Center Partnering Office. Reporting requirements are outlined in paragraph 5 of this document.
- c. **Memorandum Of Agreement (MOA)—*Single Purpose***: An MOA is used when the Center sells articles and services to private companies valued under \$25K as illustrated in figure 1 below. The participating organization is responsible for development of the MOA. However, because the Center is required to prepare reports on sales, organizations selling articles or services to private entities will be required to provide a semi-annual report on those sales to the Center Partnering Office. The specific reporting requirements are outlined in paragraph 5 of this document.

Figure 1 outlines the partnering criteria

OO-ALC's Partnering Criteria		Figure 1	
		More than \$25K	Less than \$25K
Requirement exceeds 3 times a year	Definite Partnering Candidate! (XPPX Involvement)	Potential Partnering Candidate (use MOA)	
Requirement Less than 3 times a year	Potential Partnering Candidate (use MOA)	Not a Partnering Candidate (use MOA)	

4. OO-ALC Partnering Roles and Responsibilities: These roles and responsibilities may be updated as product support partnerships are developed. If the criteria (Fig. 1) has been met defining the relationship as a partnering candidate, then:

a. **Center Partnering Office, XPPX:**

- (1) Acts as the center focal point to provide training and interpretation of partnering statutes and guidelines.
- (2) Assists in the development of organizations partnering strategies.
- (3) Facilitates partnering meetings among the ALC organizations and between industry and the ALC.
- (4) Drafts the PA with input from both industry and the ALC organizations.

- (5) Guides development in drafting the initial IA and coordinates on subsequent IAs.
- (6) Assists in the preparation of support documents for coordination and signature of the staff summary for OO-ALC/CC or CD signature.
- (7) Supports Center organization to prepare for signing ceremonies for PA's with major partners.
- (8) Maintains original documentation set (PAs and IAs).

b. Center Organizations:

- (1) Prepare required support documents for PA coordination (XP, JA, LG, FM, PK and MA) and signature of the staff summary for OO-ALC/CC or CD signature.
- (2) Develop their organization's partnering strategy to correspond with the Center's depot strategy plan.
- (3) Assign a point of contact for each partnering effort.
- (4) Ensure availability of ample capability and capacity to perform the requirement.
- (5) Advise and notify their senior management.
- (6) Develop a realistic cost/price and schedule.
- (7) Perform a general risk assessment (i.e. possible schedule impact to other mission critical items, chance of cost overrun if fixed priced, lack of available material).
- (8) List potential costs and benefits scoped to the effort.
- (9) Develop metrics and goals and reviews for the partnership or IA.
- (10) Implement the terms and conditions of a PA and IA.
- (11) Report to Center Partnering Office on progress/status (see paragraph 5).

5. Reporting Requirements:

- a. The Center's Partnering Office will request reporting data in January and July. A template will be posted at: www.hill.af.mil/site/business.
- b. Items to report:
 - (1) Type of PA (government furnishes resources, direct sales, work share, lease, teaming)

- (2) Company name
- (3) How many people (FTEs) are working on the partnership activity
- (4) Value, both monetary and labor hours (costs/hours)
- (5) What the government and contractor provided (equipment, direct repair/ touch labor, facilities, tech data, productions engineering, packaging/shipping, other)
- (6) Weapon system supported
- (7) Type of workload—new, reengineered or ongoing
- (8) Legislative authority used to enter the PA (see Atch 3)

5. Approval Thresholds for Signature:

a. Partnering Agreements Signature Authorities—

- (1) SECAF—supplies or services for commercial end-use (10 USC 2563)
- (2) SAF/IA—provides a non-availability of domestic sources for foreign end-use through a prime contractor (22 USC 2770)
- (3) AFMC/CC is signature authority for PAs greater than \$10 M
- (4) OO-ALC/CC is the signature authority on all PAs less than \$10 M

b. Implementation Agreements require coordination from OO-ALC/XP and OO-ALC/JA. Signature authorities per dollar amount are as follows:

- (1) 0-250k – Division
- (2) 250k-1M – Director
- (3) 1M – 10M – Commander
- (4) 10M – over – HQ AFMC

Attachments:

1. Partnering definitions
2. Statutory regulation (thumb nail)
3. Process of public/private partnering
4. List of current and upcoming partnerships

Definitions

Direct Sales: An agreement for an ALC to sell services or supplies (manufactured or repaired) to private companies that are fulfilling a Department of Defense contract or subcontract. This arrangement is formalized through a PA and later through more detailed IAs. In this arrangement the private companies pay the ALC activity.

Lease: An agreement whereby a private company may use non-excess facilities and equipment by paying (in cash or in kind) at the fair market value. In kind payment may include maintenance, protection, alteration, repair, improvement or restoration (including environmental restoration) of property or facilities. Terms for leases are usually 5-years.

Study Team: A joint team composed of commercial/ALC employees, or any combination thereof, established for a partnering agreement (PA) and for each implementation agreement (IA) to cooperatively conduct the operational implementation of the requirements of this PA and the IAs, and to cooperatively share programmatic information as necessary to facilitate the genuine partnership contemplated by these agreements.

Teaming: An arrangement whereby an ALC 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.

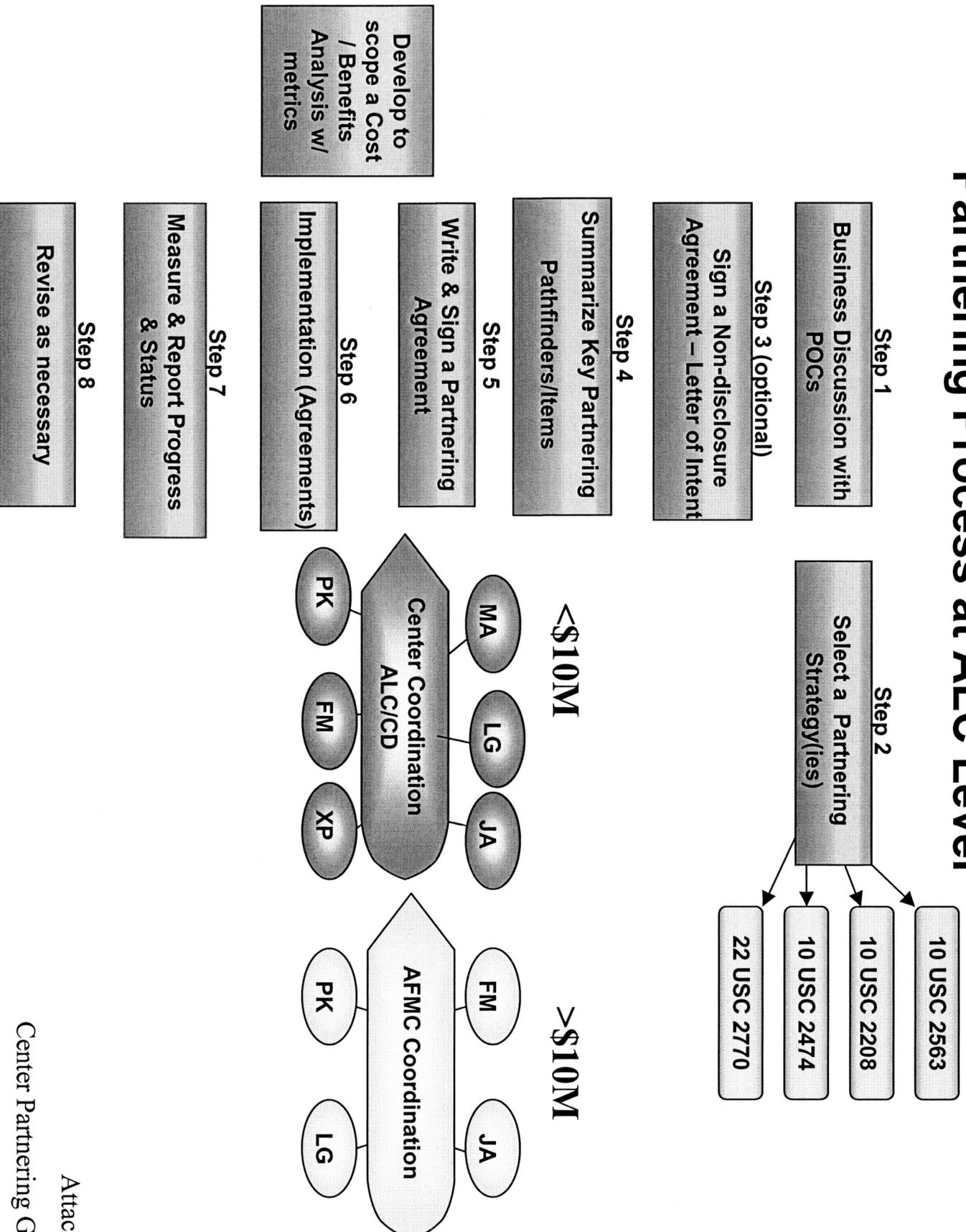
Work share/Government Furnished Supplies & Services: An agreement whereby a combination of ALC and commercial facilities and or employees are used to execute the requiring activity's work package; the requiring activity issues a work order to the ALC participant and a contract to the private sector participant. Therefore, the government program office pays the ALC activity. The relationship between the parties is formalized with a PA and later through more detailed IAs.

Statutory and Regulatory Provisions Relevant to Depot Maintenance Partnerships

(These descriptions focus on primary aspects of each that apply or are relevant to depot maintenance.
This is not an exhaustive list, nor a complete summary of the content of each provision)

Authority	Thumbnail Description – Not Exhaustive
10 U.S.C. 2208(j)	Permits depot financed through working capital funds to <i>sell articles and services</i> 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 (<i>BRAC</i>).
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 <i>sales proceeds</i> from public-private partnerships to be credited to depot accounts.
10 U.S.C. 2539b	Authorizes the <i>sale of services</i> for testing of materials, equipment, models, computer software, and other items.
10 U.S.C. 2563 (formerly 10 U.S.C. 2553)	Authorizes <i>sale of articles or services</i> outside DoD (excluding those authorized under 10 U.S.C. 4543) under specified conditions.
10 U.S.C. 2667	Allows <i>leasing</i> of non-excess facilities and equipment.
22 U.S.C. 2754	Allows <i>sales or lease of articles or services to friendly countries</i> under specified conditions.
22 U.S.C. 2770	Allows <i>sales of articles and services</i> 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	Permits provision of <i>government-furnished material, facilities and equipment</i> to contractors.

Partnering Process at ALC Level



List of Current and Future Partnerships as of June 2003

Private Partner	Workload Focus	Revenue	Direct Labor Hours	FT Es	Status
Alliant Techsystems	Composites	\$5,250	70	0	On-going, exploring other opportunities
Boeing	C-17 sustainment (landing gear, power systems, hydraulics, instruments and displays)	\$0	0	0	Signed
Depot Services Incorporated	Business development to gain depot workload (i.e. composites, packaging, software)	\$0	0	0	PA in draft, planned signatures FY 03
Goodrich	Process improvement and landing gear focus (FMS F-16 and C-17)	\$0	0	0	Signed, drafting FMS IA(s) FY03/04
Honeywell	Power systems, supply chain management, etc.	\$0	0	0	PA Draft to be signed FY03
LM Aero, Boeing and Pratt & Whitney (also WR-ALC and OC-ALC)	F-22 sustainment (landing gear, air frame, power systems, composites, software, etc.)	\$0	0	0	Charter finalized awaiting signatures FY03—PA in draft signatures FY 04
Lockheed Martin Aeronautics	Cross-platform fighter sustainment for the F-16, F-22 and F-35	\$0	0	0	Umbrella PA signed FY 03, Seeking out opportunities for IAs in FY 03 / 04
Lockheed Martin	F-16 block 40 Software	\$1,430,000	15,900	10	On-going
Northrup Grumman and Atlantic Research	Configuration mgmt., engineering oversight, schedules and process procedures for ICBM	\$0	0	0	PA Signed
Northrup Grumman	B-2 advanced composites production on Northrup Grumman managed items	\$0	0	0	PA in draft, signatures FY 03, IAs to follow PA in FY03
Northrup Grumman	B-2 Advanced Composites	\$6,575,000	55,012	50	On-going
Northwest Machining	Process improvement benchmarking and joint bidding for DoD workload				PA to be signed in FY 03 / 04
TRW— Northrup Grumman	Global Positioning System (GPS)	\$82,000	1,300	1	On-going
TRW— Northrup Grumman	ICBM Automatic Test Systems	\$1,920,000	25,020	21	On-going
Utah System of Higher Education (USHE)	To ensure a prepared workforce for Hill AFB through focused training and education in Utah's colleges and universities	No cost			Signed MOU in FY 03, Exploring curriculum reviews and leadership training FY 03/ 04
Westest Engineering	Digital Analog Test Station	\$340,000	4,212	3	On-going
Totals		\$10,352,250	101,514	85	